

**Special Meeting Minutes of the Town Board of Commissioners Meeting of February 27, 2014 at the First Presbyterian Church, 471 Main St., Highlands, North Carolina.**

Town Board Present: Commissioner John Dotson, Commissioner Amy Patterson, Mayor Pro Tempore Donnie Calloway, Mayor Patrick Taylor, Commissioner Eric Pierson and Commissioner Brian Stiehler.

Also Present: Town Manager Robert Frye, Town Clerk Rebecca Shuler, Parks and Recreation Director Lester Norris, MIS/GIS Director Matt Shuler, Public Works Director Lamar Nix, Planning and Development Director Josh Ward, Finance Director Chuck Young, Police Chief Bill Harrell, Fire Chief Ryan Gearhart, Assistant Fire Chief Robbie Forrester, and Human Resource Director Sonjia Gibson.

**1. Meeting Called to Order**

Mayor Taylor called the meeting to order at 9:02am and stated he looked forward to being given annual updates and reports of the big issues coming in the months ahead at this meeting.

**2. Present and Approve Agenda**

Commissioner Patterson moved to approve the agenda as presented, which was seconded by Commissioner Dotson and the vote was unanimous.

**3. Financials Matters**

**A. Mid-Year Financial Report**

The following are highlights of FY 2013-14 revenues through 01-31-14 as compared to revenues through the same period last year. Staff believes budgeted revenues will be met in all funds.

Property tax collections have increased almost \$59,000 over the same period last year. Sales tax revenue has increased almost \$5,500 over this time last year. Franchise tax revenue is down approximately \$5,000 from this time last year.

The Recreation Fund fees have increased \$30,000 over the same period last year. \$23,000 of that amount is donations for the new fitness equipment. We have received the contributions from Macon County for the first two quarters as we did last year. ABC contribution revenues have decreased approximately \$5,000 over the same period last year.

Water Fund revenues have decreased just over \$9,000 compared to this time last year. Residential water consumption is 11,000,000 gallons less this year than the same period last year.

Sewer Fund revenues have decreased approximately \$7,000 compared to this time last year. This is also because of water consumption being less this year than the same period last year.

Sanitation Fund revenues are essentially the same compared to this time last year.

Electric Fund revenues have increased just over \$200,000 compared to this time last year. Duke Energy imposed a 5% rate increase to the Town effective January 1, 2014, which was built in to the budgeted revenue.

The current Fund Balance Appropriated amount for General Fund is \$457,680 and the amount for the Electric Fund is \$218,229. These amounts were budgeted primarily for construction of the new pool at the Civic Center. The Water Fund has a Fund Balance

Appropriation of \$223,989. This is primarily for the Big Bear Pen waterline replacement. The Sewer Fund has a Fund Balance Appropriation of \$46,411. This is primarily for rehabilitation of one of two storage tanks.

### **B. Preliminary FY2014-15 Budget Outlook/Revenue Estimates**

Manager Frye informed the Board that all rates seem to be ok except for the electric rates and they may need to be increased July 1<sup>st</sup> or January 1<sup>st</sup> due to another Duke increase of between 8 ½ to 10%. If electrical rates are not increased tax rate shifts from electrical to general fund would possibly need to be made to offset the expenses.

Mayor Taylor asked why if no one else is raising rates why the Town keep raises rates. Frye said that costs go up every year. Frye said that enterprise funds need to be self-sufficient.

Commissioner Stiehler questioned what the profit on the electric fund was. Manager Frye said that he would prefer to use the word return on investment as this revenue goes into to other funds to help offset costs. Money has been used for investments such as the pool and vehicles in other departments. Commissioner Stiehler mentioned that it was easy to justify the water, sewer and garbage rates to citizens, but that with such a high profit on the electrical it was hard to justify and questioned structuring revenues a different way such as through use of mileage rate.

Mayor Pro Tempore Calloway said that he didn't feel the Town was at a point to discuss a mileage rate increase with the reevaluation coming up. Manager Frye said the estimates he had heard was a considerable decrease and that even a revenue neutral adjustment would be viewed as an increase by the public.

After some more brief discussions on the year round residents bearing the costs through electricity and a swap to an increased mileage rate making the whole population bear the burden discussions went onto the next agenda item.

### **4. Utility Issues: Fees/Online Billing /Collections/Disconnections**

Town Clerk Rebecca Shuler presented the Board with its current utility billing cycle as compared to several other municipalities and utilities throughout North Carolina, an update on collections, and write off policy. Then MIS/GIS Director Matt Shuler presented the Board with a couple different options for future billing and payment solutions.

After the presentation, Mayor Pro Tempore Calloway questioned why it wouldn't benefit seasonal residents to allow their utilities to be disconnected and then pay the reconnect fee. Manager Frye said that was one of the issues that would need to be discussed. Commissioner Patterson said there is going to be a fixed cost to operate and everyone is going to have to pay a base rate. Mayor Pro Tempore Calloway said that keeps everyone on a level playing field and makes it smooth across the board.

The topic of lowering utility rates and raising the mileage rate came up again. Manager Frye once again mentioned that staff was sensitive to the word profit and to use the term return on investment. Commissioner Pierson said that it didn't matter if we raised rates or taxes citizens were not going to like either.

Commissioner Stiehler said that he felt staff was doing a great job and had enough to do without looking at alternatives to make things harder.

### **5. Capital Projects Overview**

Mike Waresak , PE of McGill Associates gave a presentation on Capital Projects which consist of: Lake Sequoyah Water Intake, Dredging Evaluation ~ Big Creek and Randall Lake, Hydroelectric Facility Review, and Mill Creek Culvert Replacement.

Mayor Taylor questioned how long the lake would be drained for the intake project. Waresak replied it would be approximately 6 months.

Commissioner Patterson questioned how the Town was going to keep sediment from going down the river. Commissioner Stiehler assured we would probably use sediment curtains. Public Works Director Nix said there are regulations and a slow drain would be used to keep sedimentation from moving.

Mayor Pro Tempore Calloway questioned whether we would be working with the fish and wildlife as well. Waresak said that it was considered trout water but there isn't any trout. This led to a brief discussion in reference to the cold water release.

There was one question as to street closings during the Mill Creek Culvert replacement. Lamar Nix informed the Board the Town would never close more than two of the three surrounding streets while replacing those culverts.

## **6. Public Works Matters**

Public Works Director Lamar Nix presented the following Public Works Projects:

- I. Street Projects
  1. Walls
    - A. Oak Street at Playhouse & Fire Dept.
    - B. 3<sup>rd</sup> Street at Main St. Inn
    - C. 4<sup>th</sup> Street at Town Hall
  2. Handrail
    - A. Main Street at Main Street Inn
  3. Sidewalks
    - A. US64 – Replace concrete with brick from 1<sup>st</sup> to Bascom
    - B. Repairs
  4. Paving
    - A. Oak Street – from US64 to 3<sup>rd</sup> (Town Hall)
    - B. Oak Street – from 1<sup>st</sup> to US64 (Bascom)
    - C. Satulah
    - D. Hickory Hill
    - E. Cullasaja Dr.
  5. Chowan
- II. Water Projects
  1. NC28
  2. Split Rail
  3. Chlorine Gas
- III. Wastewater
  1. Tank Rehab Project

There was discussion as to grants for sidewalk repairs, the use of salt on the sidewalks, and brick versus concrete sidewalks. Nix told the Board that if we did the wall at 3<sup>rd</sup> Street, the Town would need to add money to have that that portion of the street paved. Nix suggested put paving Satulah off until next year with as much construction as is being done in that area. Nix also added that Cullasaja Dr. and Hickory Hill are both over 1 mile and will be very expensive and may take longer than a year to complete.

Commissioner Stiehler questioned why the Town wouldn't use chip and seal and was told it was just as expensive and the roads wouldn't be level.

Commissioner Stiehler said that the homeowners in Chowan were starting to get upset because of the inconvenience Chowan being closed has caused. After brief discussion it was determined that the Chowan Project would have to start when the drill becomes available for the anchors and that could be the middle of July, October or in the winter. Commissioner Patterson questioned if the entire portion of 64 would be closed and for how long. Nix stated the entire road would not be closed just one lane. Mayor Pro Tempore Calloway said that the road needed to be stabilized whether it was opened back up or not. Nix stated there really wasn't a need to do anything as long as the road remained closed.

There was a detailed discussion regarding the Chlorine Gas Replacement and four options were given 1) to continue to use chlorine 2) tanking and bleach 3) onsite generation and 4) UV infection. Nix said if the Town pursued this project around \$40,000.00 would be needed to evaluate and decide which direction to proceed. Mayor Pro Tempore Calloway asked what Nix was leaning toward. Nix stated onsite generation or the option to do nothing is also at hand. Commissioner Patterson asked how often we changed out the 9 ~ 150lb tanks we had. Mayor Taylor said Homeland Security would eventually force us to get away from these tanks. Staff sees pros and cons of all solutions, but feels the Town is about a year out to investigate and design so that we can move ahead.

MIS/GIS Director Shuler asked what type of salt was used in the onsite generation. Nix said it was the same salt used during inclement weather on the streets. Commissioner Patterson questioned the difficulty getting this product. Nix stated it would be from a completely separate supplier.

Mayor Pro Tempore Calloway questioned whether the County had been contacted in reference to helping with the NC 28 water line replacement being this would affect people in the County not only the Town. Frye stated the County had been approached. Calloway asked if it was a formal request and was informed it had been, but that the Town could ask again on a Board to Board level.

## **7. Lunch**

Mayor Taylor recessed the meeting for lunch at 11:52am.

The meeting was reconvened at 12:33pm.

## **8. Parks and Recreation Matters**

In this current fiscal year's budget the Town began the process of upgrading the Civic Center by changing out the HVAC system and replacing all exterior doors, which included installing electric sliding doors at the main entrance. Those projects have been completed and the public has been very appreciative of these changes.

Also in this current year's budget was the construction of the new pool facilities. The retaining wall has been poured for the pool and will have to set a couple of weeks before backfilling can begin. The rough-in electrical in the pool house is near completion. This is a time line from Conner Construction going forward with the pool construction as of 2/19/2014, weather permitting:

- \*Demo/Backfill/Start of Pool - Starts March 4th
- \*Pool Shell/Complete - April 23rd
- \*Plumbing/Backfill/Equipment Room - Completed by May 21st
- \*Substantial Completion - Completed by June 18th
- \*Punch List & Turn over to Town - June 30th

Another project that was accomplished this year was the upgrade of the Free Weight room downstairs at the Civic Center. The funds to complete this project were acquired through donations, prepaid memberships and budgeted funds from the Town. Through these efforts, all new free weight racks, cages, benches, bar bells, dumbbells, bars and plate weights have been purchased. The cardio equipment was also upgraded and each piece has its own TV built in. Due to these improvements, membership fee schedules have been reviewed and increased slightly.

The past couple of year's ongoing challenge of upgrading the facilities and continual maintenance thereof has been discussed. This upgrade and maintenance is very expensive. A list of needed improvements with cost estimates and estimated construction time for each project is as follows:

**Lower Level Project**

Renovate/Expand the Restrooms/Locker Areas (8-10 Week Duration) \$85,000.00

- Expand Restrooms to meet ADA Standards
- New showers to meet ADA requirements for 1 Unit min.
- Improve locker dressing area with new lockers
- New tile floors in the bathrooms
- Approx 225sf new restroom area and 570sf renovated

Lower Level Finishes Upgrades (2-4 Week Duration) \$35,000.00

- Carpet
- Ceiling tiles
- Paint
- New Flooring in Halls
- Improve Stair Well Finishes and Rails

Total Lower Level Coordination, AE Drawings (2 Weeks) \$9,500.00

**Total Lower Level Project \$129,500.00**

**Main Level Project**

Refurbish the Main Gym Area (4-6 Weeks Duration) \$220,000.00

- Paint interior and make wall repairs as needed.
- Install new motorized bleachers
- Install motorized goal systems
- Install a new multi-use floor surface
- Electrical Work for new systems
- New Goals, Controls and Operation Systems for Goals

Refurbish the Main Level Bathrooms (3-5 Weeks Duration) \$60,000.00

- New Fixtures/Fittings
- New Tile Floor
- New ceiling tile and tracks
- New toilet enclosure walls
- Paint

Main Level Refurbishment/Finishes (4-6 Weeks Duration) \$172,000.00

- Paint all Areas
- Replace all lay-in Ceiling Tiles(Tiles Only except in Kitchen and Bathrooms)
- Replace all trough ceiling fluorescents with HE Units
- Replace acoustical ceiling tiles in the Lobby Area

Existing Stage Renovation (10-12 Weeks Duration) \$185,000.00

- Renovate stage into Aerobics Room and Mens/Womens Locker Rooms
- New Exit and Ramp to Pool side of Building
- All new finishes
- Lift Installation
- 1,051sf Aerobics Room 445sf Locker Rooms

Total Main Level Consultants, AE Drawings, Administration (4-6 Weeks) \$45,000.00

**Total Main Level Projects \$682,000.00**

**Total Civic Center Projects \$811,500.00**

After a brief discussion on these upgrades and maintenance items, Mayor Taylor questioned small signs and/or banners for classes and events that take place at the Rec. Park. Taylor also asked if we had ever discussed a permanent sign that could be changeable to notify the public of events. Norris said that is something Staff would have to look into.

Manager Frye stated that the Recreation Department continues to operate with a deficit. Frye also mentioned the money allotted by the County for the pool construction and stated that there had been some resistance in receiving it.

## **9. Police Matters**

Police Chief Bill Harrell presented the Board with information on a Detective Manifesto and reasons why he would like to have the position reinstated.

Commissioner Stiehler questioned whether the position would be hired or a promotion within. Harrell said he would like to promote from within. Commissioner Dotson questioned the time frame for certification for this position. Harrell stated 5 years.

Mayor Taylor said he wanted to swap from mayor to magistrate for just a moment and say that detectives really do add a lot to a department.

Mayor Pro Tempore Calloway wanted to know the cost to hire a detective and was given the range of \$35,000 and \$40,000 to promote from within. This will be equal to a 2 ½% raise. Frye said the Town is still looking at an additional salary and benefits.

Commissioner Stiehler said he felt if it was a needed position Harrell should add it into the budget and see how it works out.

Manager Frye then moved into the Parking issue. Frye said discussions had taken place with Planning and Development Director Josh Ward, Police Chief Bill Harrell and himself. Frye said the Town didn't have a parking problem the merchants had a parking problem. Frye said there were three solutions he could see 1) stay where the Town is with extended regulations through December 2) incorporate more enforcement procedures including more stringent penalties but this would add a full time person to mark tires, etc. 3) deregulate the parking and then let merchants handle it.

Mayor Taylor questioned how many parking citations had been issued. Taylor was told 1 every 2 to 3 weeks. Manager Frye stated that the last one issued came into Town Hall wanting to dispute the bill.

Commissioner Calloway said he was the one that recommended doing nothing. He stated that back when he was on the Board previously parking was an issue and it still is now. Commissioner Patterson suggested eliminating all Main Street parking. Frye said he was tired of the Town being drug into the middle of merchants' battles.

Planning and Development Director Josh Ward stated there were 960 some odd parking spaces in Town and that there shouldn't be a parking issue. It was determined that this matter should be brought to the regular Town Board meeting of March 20<sup>th</sup>.

## **10. Information/Technology Matters**

MIS/GIS Director Matt Shuler gave an update on DNET Internet, a possible Verizon Tower, and the Pole Attachment processing and presented Capital Projects of adding Holt Knob Pressure Tank, High Service Pumps to the SCADA system and updating the Hospital Water Tank and Pump Station SCADA systems.

With lots of rumor of a Verizon Tower, Shuler informed the Board Town Staff had been in contact with Verizon but no location had been chosen and no details discussed. When it came down to those decisions the Board would be consulted.

Mayor Taylor requested a microphone for each commissioner and the mayor for meeting nights at the Community Building along with an upgrade to the Community Building equipment mentioned by Shuler.

Taylor also questioned the Town's dark fiber policy and DNET putting up a tower. Shuler informed Mayor Taylor that the fiber had been purchased and was on our lot. As soon as Little Bear Pen and Big Bear Pen are connected, the Town can interconnect with ERC. This would be the route for DNET's first connection and then they would supply to other people.

## **11. Planning Matters**

Planning and Development Director Josh Ward presented on the Comprehensive Plan, Directional Signage, and the Small Town Main Street Program.

### **A. Comprehensive Plan Process**

More than a year ago, the Planning Board started the process of developing a comprehensive plan for the Town of Highlands. Shortly after the process was started, it was put on hold. This spring, the Planning Board will start the process again. A comprehensive plan is a description of the future direction and goals of the Town. The plan will review all the vital components that enable the Town to function effectively. For many years the Town has had a land use plan, mainly concentrating on land uses & regulations. The comprehensive plan will be a broader review of all the Town elements, including Land Use.

### **B. Directional Signage Program**

Several months ago, staff presented the Board with a sample of a directional wayfinding blade sign for approval. Shortly after that time, staff reviewed several of the locations where the signs were to be placed. Due to the size and weight of the sample sign, it was not feasible to have multiple blade signs attached to one pole at each of the locations. Therefore, staff felt like a single sign listing all the specific destinations would be the best fit.

After brief discussion among the Board, it was determined to bring the blade sign samples to the March 20<sup>th</sup> regular scheduled Board meeting for final approval and not to proceed with the next steps of developing and erecting kiosks. Kiosks could be revisited next year.

### **C. Small Town Main Street Program**

The Town of Highlands was selected to participate in the North Carolina Small Town Main Street Program in 2010. For two years, members from the NC STMS Program assisted the town with implementing the program. During that time, two major projects were accomplished, the Highlands Branding Design Project and the Highlands Wayfinding Design Project. In addition, a Highlands Marketplace Report was completed. The report is part of the services the NC STMS Program assists each town with. The report provides the initial assessment of the position of the town's marketplace and suggests opportunities for growing or enhancing that position.

In 2010, the Town of Highlands and John Lupoli submitted a Small Town Main Street Solutions Fund Grant application and was awarded \$200,000 for the redevelopment of Town Square. After the end of the two years of assistance from the NC STMS Program Staff, the Highlands STMS committee has not met regularly due to the lack of guidance and direction.

Staff is seeking direction from the Town Board on the future of the Highlands Small Town Main Street Program.

Several options for the future of the Highlands Small Town Main Street Program could be:

1. Hire a part-time or full-time position to direct the program and establish an Advisory Board to the Town Board and register for a 501.C(3) status in order to apply for grant funding for projects.
2. Keep the committee together and establish an Advisory Board to the Town Board and register for a 501.C(3) status in order to apply for grant funding for projects.
3. Elect not to continue the program at this time.

After brief discussion, it was determined to allow the program to lie dormant for a while.

#### 12. Session Wrap Up: Mayor and Board Comments

Commissioner Stiehler went back to the parking issue again and stated that when the Chamber polled the merchants in regards to parking out of 140 ballots they only received 24 back.

Mayor Taylor thanked Staff for the wonderful information and commented on what a professional staff the Town had. Taylor said he hoped the Town continued to aspire for improvement.

Commissioner Stiehler thanked staff as well.

Commissioner Calloway stated that had enjoyed working with this Board thus far.

#### 13. Adjournment

Mayor Pro Tempore Calloway moved to adjourn the meeting, which was seconded by Commissioner Dotson and upon unanimous vote, the Town Board adjourned at 2:38pm.

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Patrick Taylor  
Mayor

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Rebecca R. Shuler, CMC, NCCMC  
Town Clerk