

**Special Meeting Minutes of the Town Board of Commissioners Meeting of May 21, 2015 at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina.**

**Town Board Present:** Commissioner John Dotson, Commissioner Amy Patterson, Commissioner Donnie Calloway, and Commissioner Eric Pierson.

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

**Not Present:** Mayor Pro Tempore Brian Stiehler

**1. Meeting Called to Order**

Mayor Taylor called the meeting to order at 3:00pm.

Taylor informed the board the 1<sup>st</sup> installment of the pool covering had come in and the water was being put back into Lake Sequoyah.

**2. Adjust and Approve Agenda**

Commissioner Patterson made a motion to approve the agenda, which was seconded by Commissioner Calloway and the vote was unanimous.

**3. Kelsey Hutchinson Founder's Park Coalition Music in the Park Request**

Nick Bazan addressed the board and request that they approve the night time concert allowing alcohol.

After some discussion as to the ability to serve alcohol and accept donations at the same time without an ABC permit, Police Chief Harrell was directed to contact the ABC commission and get answers to these issues.

Commissioner Patterson made a motion to allow the concert to be held on Saturday, May 30<sup>th</sup> from 7pm until 9:30pm in the park with alcohol permitted, which was seconded by Commissioner Calloway and the vote was unanimous.

**4. Review Draft FY15/16 Budget**

Manager Frye addressed the board with the following memo:

As discussed at previous budget meetings, a 1.4 cent tax adjustment to maintain revenue neutrality due to the recently completed Macon County property revaluation has been recommended.

At this time, the enclosed budget document is not balanced as it does not include fund reserve transfers.

As presented, the enclosed draft budget has a combined revenue shortfall of \$1,006,784.00.

This figure includes the following shortfalls across funds:

|                  |              |
|------------------|--------------|
| General Fund:    | \$610,037.00 |
| Water Fund:      | \$118,954.00 |
| Sewer Fund:      | \$36,323.00  |
| Electric Fund:   | \$1,930.00   |
| Sanitation Fund: | \$239,540.00 |

With the exception of the Sanitation Fund, these deficits can be attributed to capital purchases.

As such, it is recommended to appropriate \$396,747.00 from the electric reserve to cover the revenue shortfalls for all non-General Fund Departments.

This will leave \$2,307,245.00 in the Electric Reserve.

In regards to the Sanitation Fund, if the Board wishes to address the \$31,540.00, revenue shortfall in this year's budget; a minimum of a \$2.00 per month fee increase will be required.

As to the General Fund, there is currently \$2,166,567.00 in undesignated general fund balance.

Frankly, Frye is not comfortable with pulling the entire \$610,037.00 projected revenue shortfall from Fund Balance. He said he felt more comfortable with an appropriation of around \$300,000.00. This amount would leave sufficient reserves and not place too much stress on fund balance.

It was suggested that two areas to cut would be from the MIS/GIS Capital budget or the Parks and Recreation Capital budget.

The Parks and Recreation Capital budget specifically, either the lower level renovation to the civic center and/or the stage project. Together these two projects would generate \$400,000.00 in savings.

There will be those that say that we raised taxes to fund these improvements and that is true.

However, an additional \$344,594.00 has been appropriated from fund balance this year to fund several projects that were not included in the current year's original Parks and Recreation budget.

Added to this, when you factor in the funds contributed to the ball fields and pool by Mr. Art Williams, the town has spent well over two million dollars this year on Parks and Recreation capital projects.

It had been shown that the town is committed to upgrading our Parks and Recreation facilities and will continue to do so, but perhaps now is the time to slow the pace down a bit so as to enable the town to move forward on some equally pressing programs in other departments.

**DRAFT**

**Preliminary FY 2015-16 Revenues and Expenditures and Capital Items**

(1.4 cent Revenue Neutral Tax Adjustment Included)

| <b>General Fund</b> | <b>Expenditures</b> | <b>Revenues</b> | <b>Capital Requests</b> |  |
|---------------------|---------------------|-----------------|-------------------------|--|
| Governing Body      | \$36,348.00         |                 |                         |  |
| Administration      | \$959,046.00        |                 |                         |  |
| Planning/Zoning     | \$94,351.00         |                 |                         |  |
| MIS/GIS             | \$267,129.00        |                 | \$362,500.00            |  |
| Police              | \$1,167,160.00      |                 | \$86,200.00             |  |
| Street              | \$615,559.00        |                 | \$300,000.00            |  |
| Recreation          | \$550,420.00        |                 | \$455,500.00            |  |
| Pool Operation      | \$201,214.00        |                 |                         |  |
| Ice Rink            | \$21,708.00         |                 | \$76,000.00             |  |
| Public Buildings    | \$87,826.00         |                 |                         |  |
|                     |                     |                 |                         |  |

|                         |                     |                 |                         |                  |
|-------------------------|---------------------|-----------------|-------------------------|------------------|
| <b>Total</b>            | \$4,000,761.00      | \$4,670,924.00* | \$1,280,200.00          | <\$610,037.00>   |
| <b>Enterprise Funds</b> | <b>Expenditures</b> | <b>Revenues</b> | <b>Capital Requests</b> |                  |
| Water Dept.             | \$600,487.00        | \$1,424,609.00  | \$140,000.00            | <\$118,954.00>   |
| Water Treatment         | \$773,076.00        |                 | \$30,000.00             |                  |
| Sewer                   | \$571,323.00        | \$615,000.00    | \$80,000.00             | <\$36,323.00>    |
| Electric                | \$4,961,930.00      | \$5,150,000.00  | \$190,000.00            | <\$1,930.00>     |
| Sanitation              | \$571,669.00        | \$540,129.00    | \$208,000.00            | <\$239,540.00>   |
| Scholarship             | \$43,500.00         | \$43,500.00     |                         |                  |
| Cemetery                | \$41,200.00         | \$41,200.00     |                         |                  |
| Capital Projects        | \$158,140.00        | \$158,140.00    |                         |                  |
| Fire Department         | \$369,793.00        | \$369,793.00    |                         |                  |
| <b>Total</b>            | \$8,091,118.00      | \$8,342,371.00  | \$648,000.00            | <\$396,747.00>   |
| <b>Grand Total</b>      | \$12,091,879.00     | \$13,013,295.00 | \$1,928,200.00          | <\$1,006,784.00> |

\*Includes 1.9 cent tax adjustment for Revenue Neutrality

**FY 2015-16 Capital Projects**

Red = Capital Projects Identified for Possible Elimination

**Street Department**

**Street Work (Paving)**

Maple Street \$40,000.00

Satulah \$115,000.00

5<sup>th</sup> Street \$176,000.00

Spring Street \$199,000.00

**Sub Total \$490,000.00/\$40,000**

**Repairs**

4<sup>th</sup> Street Wall \$195,000.00

Oak Street Wall (Playhouse) \$140,000.00

**Sub Total \$140,000.00/\$195,000.00**

**Equipment**

Replacement Service Truck \$65,000.00

**Sub Total \$65,000.00**

**Total**      **\$630,000.00/\$300,000.00**

**Sanitation Department**

Replacement Trash Truck (Commercial Route)      \$208,000.00

**Total**      **\$208,000.00**

**Water Department**

**Waterline Replacement Projects**

Split Rail Road      \$670,000.00

Buckhorn Water Tank Rehab      \$30,000.00

**Sub Total**      **\$670,000.00/\$30,000.00**

**Equipment**

Additional Ton Truck      \$65,000.00

Additional Small Excavator      \$45,000.00

**Sub Total**      **\$110,000.00**

**Total**      **\$670,000.00/\$140,000.00**

**Water Treatment**

Bleach Treatment Project      \$550,000.00

Caustic Soda Storage Tank Rehab      \$30,000.00

**Total**      **\$550,000.00/\$30,000.00**

**Waste Water Treatment**

Tank Rehab      \$40,000.00

Replacement Pickup Truck      \$40,000.00

**Total**      **\$80,000.00**

**Electric Department**

Replacement Line Truck

**Total**      **\$190,000.00**

**Police Department**

Replacement Police Vehicles (Ford Taurus) x2

**Total                      \$86,200.00**

**MIS/GIS**

Broadband/Fiber Project                      \$100,000.00

Current Public Restroom Renovation/Repurposing                      \$70,000.00

Downtown Wi-Fi                      \$60,000.00

Email Server and Archiver                      \$20,000.00

Paperless Document System                      \$20,000.00

Technology Grant Match for Police Department                      \$22,500.00

Service/Bucket Van                      \$70,000.00

**Total                      \$362,500.00**

**Parks and Recreation**

Entry Sign                      \$10,500.00

Civic Center Stage Renovations                      \$250,000.00

Civic Center Lower Level Renovations                      \$150,000.00

Ball Field Backstop and Fence Replacement                      \$45,000.00

**Pave Overflow Parking Area                      \$95,000.00**

Incidental Expenses Ice Skating                      \$75,000.00

**Total                      \$625,500.00/\$530,500.00**

**All Projects Included**

General Fund Departments                      \$2,004,200.00

Water Fund                      \$1,470,000.00

Sanitation Fund                      \$208,000.00

Electric Fund                      \$190,000.00

**Grand Total (All Projects)                      \$3,872,200.00**

**Less Projects Listed for Potential Elimination**

|                                   |                       |
|-----------------------------------|-----------------------|
| General Fund Departments          | \$1,280,200.00        |
| Water Fund                        | \$170,000.00          |
| Sewer Fund                        | \$80,000.00           |
| Sanitation Fund                   | \$208,000.00          |
| Electrical Fund                   | \$190,000.00          |
| <b>Grand Total (All Projects)</b> | <b>\$1,928,200.00</b> |

**5. Discussion: Additions/Deletions/Modifications to Proposed Budget**

Commissioner Patterson had several items to question including the tax rate and whether it needed to be raised to another decimal place to produce the same amount of money as this year, the shortfall in the sanitation department, the fund balance total in general fund and overtime cuts.

After discussion on these items, Patterson went through her list of capital projects that could be eliminated this year as well. Those items recommended for removal included \$97,708.00 for the ice skating rink, \$250,000.00 for the stage renovation, \$150,000.00 for the lower level restroom renovation, \$60,000.00 for the downtown WiFi and \$20,000.00 off the renovation of the public restrooms.

The email server and paperless document system were questioned as to their need and for more information.

**6. Discussion: Additional Revenue Adjustments**

No additional revenue adjustments were discussed.

Manager Frye made mention of delivery of the agenda packet for either Friday or Tuesday.

**7. Adjournment**

Commissioner Patterson made a motion to adjourn the meeting, which was seconded by Commissioner Calloway and upon unanimous vote, the Town Board adjourned at 4:27pm.

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Patrick Taylor  
Mayor

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Rebecca R. Shuler, CMC, NCCMC  
Town Clerk