

**MINUTES
BREVARD CITY COUNCIL
Regular Meeting
May 15, 2017 – 7:00 PM**

The Brevard City Council met in regular session on Monday, May 15, 2017, at 7:00 p.m. in the Council Chambers of City Hall with Mayor Pro Tem Morrow presiding.

Present – Mayor Jimmy Harris (joined the meeting in progress at 7:15 pm), Mayor Pro Tem Mac Morrow, Council Members Ann Hollingsworth, Gary Daniel, Charlie Landreth and Maurice Jones

Staff Present – City Manager and Finance Director Jim Fatland, City Attorney Michael Pratt, City Clerk Desiree Perry, Planning Director Daniel Cobb, HR Director Kelley Craig, Parks & Property Mgmt. Director Lynn Goldsmith, Police Chief Phil Harris, Public Works Director David Lutz and Staff Accountant Tom Whitlock.

Press – Matthew McGregor, Transylvania Times

A. Welcome and Call to Order – Mayor Pro Tem Morrow called the meeting to order, welcomed those present and introduced Council members, Manager, Attorney and City Clerk.

B. Invocation – Pastor Mark Hunnicutt, Brevard Community Church, offered an invocation.

C. Pledge of Allegiance – Mayor Pro Tem Morrow led in the Pledge of Allegiance.

D. Certification of Quorum - The City Clerk certified a quorum present.

E. Approval of Agenda – Ms. Hollingsworth moved, seconded by Mr. Landreth, the Agenda be amended to add to the Consent Agenda (K-5) an Ordinance Declaring Road Closure for the Old Time Street Dances, and, to table New Business Item M-1 Agreement for Ecusta Road Project. Motion carried unanimously.

F. Approval of Minutes – Mr. Landreth moved, seconded by Mr. Jones, the April 24, 2017, meeting minutes be approved as presented. Motion carried unanimously.

G. Certificates / Awards / Recognition

G-1. Recognition of Tom Whitlock - Mayor Pro Tem Morrow and Council recognized and congratulated Staff Accountant Tom Whitlock for his achievement of completing the UNC School of Government County and Municipal Administration Course.

H. Public Hearing(s) – None

I. Public Participation

Ms. Lisa Landis stated she is a resident of Brevard and has questions regarding the White Squirrel Festival. Stated she does not understand how some hand crafters were approved to vend while others were not; asked how many hand crafters applied and were approved and how many were denied; number of commercial crafters approved; feels this information should be provided by the Heart of Brevard (HOB) to City Council, as well as, copies of the (HOB) Minutes.

J. Special Presentation (The order of the presentations was changed at the meeting.)

J-2. Transylvania County Community Land Trust Affordable Housing Presentation by Mrs. Claudia Hawkins – (A copy of the presented report is on file

with the Agenda packet.) Mrs. Hawkins explained the Transylvania County Community Land Trust 501c(3) was formed in 2008; has nine volunteer board members with no government staff; studies community assets, make recommendations and facilitates dialogue regarding permanent affordable housing opportunities, with particular interest in workforce housing; and, NCGS enacted legislation to allow the City, Town of Rosman, Transylvania County, and the County Board of Education to partner with the Land Trust to construct and provide affordable housing for city and county employees and for public school teachers. She shared workforce housing is a key component of a healthy community. The most significant housing issues within the County are (a) rent burden/affordability, and (b) limited availability. Housing is considered affordable if cost (rent plus utilities) doesn't exceed 30% of gross income. According to the Bowen Report, the projected availability housing gap for 2020 indicates 375 additional rental units and 494 additional owner units will be needed in the County. Presentation concluded with the following recommended Call to Action:

1. Identify current impediments to the development of workforce housing within the City.
2. Develop a plan to mitigate or remove those impediments.
3. Since this is not a "City" problem, work collaboratively with the County and the Town of Rosman to improve conditions for the development of workforce housing.
4. Adopt goals for increases in workforce housing units.

Mr. Landreth stated, in future discussions, it is important and would be helpful to compare what we have to what the needs are, and considering our limited acreage within the City limits, suggested information like acreage required for 375 rental units to be provided. Need to understand what a subsidy would look like in either per unit, project or acreage. Difficult to enter into discussion until we understand what the size of a subsidy would need to be.

Proposed NC House Bill 442, if adopted, will remove the ETJ from cities. Under our current regulations, Bill would also reduce the ability of the City to extend utility services beyond corporate limits. Encouraged the Land Trust to take a position on the matter.

Transylvania County Director of Planning and Community Development Mark Burrows offered the City of Asheville and Buncombe County are putting some money aside for workforce housing, as well as, have adopted a 25 million bond referendum for affordable workforce housing. Mrs. Hawkins offered to provide Council with additional information on Asheville's programs.

At 7:15 PM Mayor Harris joined the meeting in progress. At 7:42 PM, following the above presentation, he began presiding over the meeting.

J-1 Romanian Sister City Comuna Pietroasa Report by Mayor Harris and Planning Director Daniel Cobb – Mayor Harris shared Mr. Don Lathrop sponsored both his and Mr. Cobb's expenses for the trip to Romania. Mr. Cobb presented a power point of photos taken during the trip, and explained Comuna Pietroasa has many of the same amenities we have here in Brevard and part of their role in going was to offer them ideas on how to capitalize on what they have, similar to what Brevard has done by means of bike/hike/walking trails and other economic/tourism ideas. A copy of the power-point slides are on file with the Agenda packet materials.

J-3 City Manager's FY 2017-18 Budget Message and Presentation – City Manager Jim Fatland presented his budget message and recommended budget to Council. Copies of the presentation power point slides and message were provided to Council members, staff, and all citizens present. (Exhibit A) Manager recommended a 1.5 cent tax increase, with the Heart of Brevard tax rate proposed to remain the same. Total revenue and expenditures proposed at \$28,169,998. Offered now that many water and sewer infrastructure projects are being completed that paving will become a priority; we will continue to see more improvements to the City's parks and recreation

amenities; anticipates County support in Fire Department night coverage, and, recommendations on non-profit funding will be offered.

K. Consent Agenda and Information - Consent Agenda items are considered routine and are enacted by one motion. Mayor Harris read aloud the items listed, and asked if Council desired to remove an item for discussion, or, to add an item(s) to the Consent Agenda. Mayor recommended New Business Item M-3 Board and Committee appointment of Mr. Jaisler and reappointment of Dr. Reicke to the ABC Board of Directors be added to the Consent Agenda. Mr. Morrow moved, seconded by Ms. Hollingsworth the Consent Agenda be amended as recommended and approved. Motion carried unanimously.

K-1. Staff Reports:

- a. Finance Department Report for month ending April 30, 2017
- b. Public Works Department Report, March 2017
- c. Parks and Property Management Report, April 2017

K-2. League of American Bicyclists Bicycle Friendly Community Program Application – Council accepted the Planning Department report and recommendations as presented. Recommendations included: (a) Working with the Committee to explore opportunities to improve bicycling facilities within the City; (b) Explore on-road bike lanes or shared lanes; and, (c) Revisit City’s pedestrian plan and working with the Committee to conduct a full update of the document.

K-3. License Agreement for Positioning of Public Statuary “Cougar Sculpture” – Council accepted the License Agreement thereby authorizing the City Manager to sign on behalf of the City.

K-4. Correspondence (No Action. Offered as information only.)
White Squirrel Festival, May 26-28, 2017

K-5. Ordinance No. 2017-11 An Ordinance Declaring A Road Closure For Old Time Street Dances

**ORDINANCE NO. 2017-11
AN ORDINANCE DECLARING A ROAD
CLOSURE FOR OLD TIME STREET DANCES**

WHEREAS, Brevard City Council acknowledges the tradition of public gatherings with traditional music and dancing for the pleasure and enjoyment of its citizens and visitors; and,

WHEREAS, Brevard City Council acknowledges these gatherings provide an opportunity for the celebration of the heritage; and,

WHEREAS, Brevard City Council acknowledges these street dances require a portion of Main Street (US Highway 276) to be closed for setup, activities, and cleanup.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BREVARD, NORTH CAROLINA THAT:

SECTION 01. Pursuant to authority granted by G. S. 20-169 the City of Brevard hereby declares the following temporary road closures during the days and times set forth below on the following described portion of a State Highway System route:

Dates: June 20th and 27th; July 11th, 18th, and 25th; August 1st and 8th
Time: 6:30PM – 9:00PM
Route Description: Main Street (US 276) from Broad Street (US 64) to Gaston Street.

SECTION 02. This Ordinance shall be in full force and effect from and after the date of its adoption.

Adopted and approved this the 15th day of May, 2017.

K-6. (M-3) Board and Committee Appointment(s)

ABC Board of Directors - Appointed Mr. Jack Jaisler to serve; term will expire July 2020. Reappointed Dr. William Riecke to a second term; term will expire July 2020.

L. Unfinished Business – None

M. New Business

M-1. Agreement for Ecusta Road Economic Development Project – Tabled with motion to approve the Agenda.

M-2. Human Relations Study Committee Report – Mr. Jones reported in May 2014 City Council adopted Resolution No. 2014-08 A Resolution Establishing A Committee To Study The Potential Human Relations Council; he has served as Chairman. The Committee was formed to study the question of how the Human Relations Council should be structured. The Committee has met a number of times, most recently with a larger group of individuals who have shown interest in the creation of a new Human Relations group of some kind. Three separate surveys within the community were taken and, based upon responses received, the Committee believes a large number of persons in our community see a Human Relations group is needed, and, would be as a significant positive force in our community.

The Committee began meeting with a larger group which included representatives from the Chamber of Commerce, law enforcement, the NAACP, Sharing House, SAFE, the Superintendent of our school system, the Boy's and Girl's Club, Rise and Shine, and other. Mark Burrows, Clark Lovelace, Shelly Webb, Jeff McDaris, Phil Harris, Judith West and Tommy Kilgore, among others, took this opportunity to present and discuss ideas, and provided significant input.

The Committee has drafted the Community Relations Board Statement of Organization and Purpose to be presented to City Council at their next regular meeting for adoption consideration. Committee believes that a Community Relations Board, organized and operated in accord with the Statement will be a very positive force in our community, and that it will have a positive impact on human relations of all kinds, on business and economic growth, on the continued reduction of crime, on reducing poverty and its main focus, which is to assist as needed when there are conflicts between persons with differing view points on issues stemming from race, national origin, economy differences and other matters mentioned in the Statement.

A copy of the presented power-point along with a letters of support from Sharing House Executive Director Rev. Shelly F. Webb, Sue Null and Clark Lovelace are on file with the Agenda packet materials.

N. Remarks / Future Agenda Considerations

Mayor Harris shared the Friends of Silvermont was a great program and event, and encouraged folks to attend the White Squirrel Festival.

Mr. Fatland shared Mr. Jacob Dinkins is constructing a second picnic shelter at Franklin Park, and, that the restrooms are now open for public use.

Mrs. Perry expressed her appreciation and thanks to the Manager and Council for the opportunity to attend the 2017 International Institute of Municipal (IIMC) Conference the week of May 21st.

O. Closed Session(s) - Mayor Harris asked the City Attorney if it would be appropriate for Council to hold two closed sessions to discuss matters of economic development and Personnel and/or Employment. City Attorney advised pursuant to **GS § 143-318.11. (a)(3) (4) (5) (6)** it would be appropriate to convene a closed

session on the matters. A closed session requires a separate motion, second and vote to discuss the matter. Council will enter and exit regular session for each closed session.

O-1. Closed Session #1- At 9:10 P.M. Mr. Landreth moved, seconded by Mr. Morrow, Council go into closed session to discuss an economic development matter. Motion carried unanimously. (A ten minute break was taken to allow Council Chambers to be cleared.)

Council Returned to Regular Session – At 9:27 P.M. Council resumed the meeting in regular session. The minutes of the closed session are authorized to be sealed.

Motion – Mr. Morrow moved, seconded by Mr. Landreth, Council adopt the drafted **Resolution No. 2017-11** A Resolution Authorizing The Sale Of Certain Real Estate to The Transylvania Economic Alliance, with one amendment: Section 3, Paragraph (2) time period be changed from five years to ten years. Motion carried unanimously.

RESOLUTION NO. 2017-11
A RESOLUTION AUTHORIZING THE SALE OF CERTAIN REAL ESTATE
TO THE TRANSYLVANIA ECONOMIC ALLIANCE

Whereas, City Council has a strong interest in supporting the development and preservation of good jobs for the citizens of Brevard and Transylvania County;

Whereas, City Council has, to this end, been working with Transylvania County and with the Transylvania Partnership, Inc.(an I.R.C. Section 501(c)(3) corporation, doing business as the Transylvania Economic Alliance, and which is an authority, department, agency, board, commission or institution created and supported by Transylvania County within the scope and meaning of General Statutes Section 160A-274)(and which is referred to herein as the Transylvania Economic Alliance), to implement a plan and strategy to foster and encourage economic development and specifically for purposes of this Resolution, the development and preservation of good jobs in Brevard and Transylvania County;

Whereas, the City of Brevard is the owner of certain property more specifically described as a 6.43 acre parcel in a deed from P.H. Glatfelter Company, Grantor, to the City of Brevard, Grantee, in a deed recorded on November 28, 1995, in Deed Book 395, page 378; and all of the property described in a deed from Harold Siniard and wife, Thelma Siniard, Grantors, to the City of Brevard, in a deed recorded on November 9, 2016, in Document Book 784, page 16;

Whereas, in support of its commitment to encourage and foster jobs for citizens of Brevard and Transylvania County, the City of Brevard has worked with the County of Transylvania and the Transylvania Economic Alliance to come up with a plan that, when implemented, will result in the above described property being developed for industrial uses, and dedicated to the specific use of constructing buildings, parking and other appropriate amenities thereon which will encourage industrial development and the jobs that come with such development, and which will also ultimately be sold or leased to the private sector, which will generate tax revenue for the City of Brevard;

Whereas, it is understood by City Council that Transylvania County will designate the sum of \$3,000,000.00 toward the successful completion of this plan of development, and that the Transylvania Economic Alliance will designate the sum of \$1,000,000.00 awarded to it as a Golden Leaf Grant, to the successful completion of this plan of development;

Whereas, it is understood by City Council that as private businesses and industries occupy spaces on the subject property that they will pay City and County taxes, and that they will pay rentals and or purchase money to Transylvania County and to the Transylvania Economic Alliance, an agreed upon portion of which will be set aside and dedicated by each organization toward future economic development and jobs creation projects; and

Whereas, the City Council has now determined, pursuant to the plans for development which have been agreed upon by the City of Brevard, the County of Transylvania and the Transylvania Economic Alliance, that the property described above should be sold to the Transylvania Economic Alliance for the sum stated herein below, and subject to the terms and conditions stated herein below.

NOW, THEREFORE, BE IT HEREBY RESOLVED THAT:

Section 1: The real estate described above shall be sold to the Transylvania Economic Alliance for the sum of \$80,000.00, which is the approximate cost to the City of Brevard for the acquisition of the properties described above, and that payment should be secured by deed of trust and made in installments of \$20,000.00 per year over a period of four years, without interest.

Section 2: The Mayor is authorized to execute on behalf of the City, an appropriate deed conveying the subject real estate to the Transylvania Economic Alliance, along with other appropriate documents related to such sale, subject to the terms of this Resolution.

Section 3: The deed shall contain the following reversionary language:

REVERSIONARY INTEREST RETAINED BY GRANTOR: In consideration and exchange for this conveyance, Grantee agrees that upon any sale of any portion of this property, it and Transylvania County shall comply with the dedication, earmarking and use of net sales proceeds received as stated in sections (3) and (4) below; and that if either organization fails so to do, the property shall revert to Grantor immediately; further, if any of the following events occur, any unsold portion of the subject property shall revert back to the Grantor upon the Grantor filing an Affidavit of Exercise of Reversionary Interest:

- (1) If the Grantee ceases to exist as an entity or ceases in working for economic development in Transylvania County for a period of one year or more;
- (2) If any portion of the subject property has not been developed and leased or sold to private business or industry within a period of ten (10) years of the date of the recording of this Deed;
- (3) If the County of Transylvania fails or refuses to designate and irrevocably earmark and use at least one third of rentals, sales proceeds or any other income received through the development of this property, subject to a maximum of one third of its funds devoted to the development of this property, for purposes of future economic development or job creation in Brevard and/or Transylvania County; or
- (4) If the Grantee fails or refuses to designate and irrevocably earmark and use rentals, sales proceeds or any other income received through the development of this property, subject to the maximum of \$1,000,000.00, for purposes of future economic development or job creation in Brevard and/or Transylvania County.

Section 4: The Transylvania County Commissioners shall execute the deed to confirm its agreement with the terms contained therein, and especially the Reversionary Clause as to which it must agree, as stated in Section 3 of this Resolution.

Section 5: Notice of this Resolution shall be published more than ten days before the closing on the sale of this property.

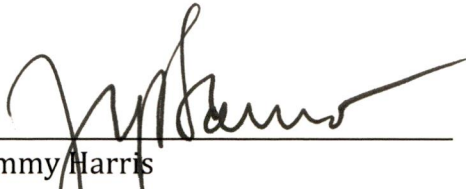
Section 6: This Resolution shall become effective upon its adoption and approval.

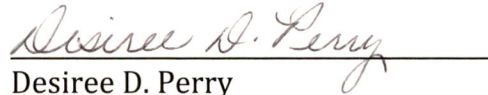
Adopted and approved this the 15th day of May, 2017.

O-2. Closed Session #2 – At 9:28 P.M. Mr. Landreth moved, seconded by Mr. Daniel, Council go into closed session to discuss a personnel matter. Motion carried unanimously.

Council Returned to Regular Session – At 9:50 P.M. Council resumed the meeting in regular session. No official action was taken in closed session and the Minutes of the closed session are authorized to be sealed.

P. Adjourn – There being no further business, Mr. Landreth moved, seconded by Ms. Hollingsworth, the meeting be adjourned. Motion carried unanimously. Meeting adjourned at 9:50 P.M.



Jimmy Harris
Mayor

Desiree D. Perry
City Clerk

Minutes Approved: June 9, 2017

EXHIBIT A
Brevard City Council Meeting



The City of
Brevard
North Carolina

May 15, 2017

The Honorable Mayor Jimmy Harris
Members of the City Council
Brevard, North Carolina 28712

Dear Mayor Harris and Members of the City Council,

Pursuant to North Carolina General Statute 159-11, I am pleased to present the Fiscal Year 18 Budget (2017-2018) for your review and consideration.

BUDGET OVERVIEW

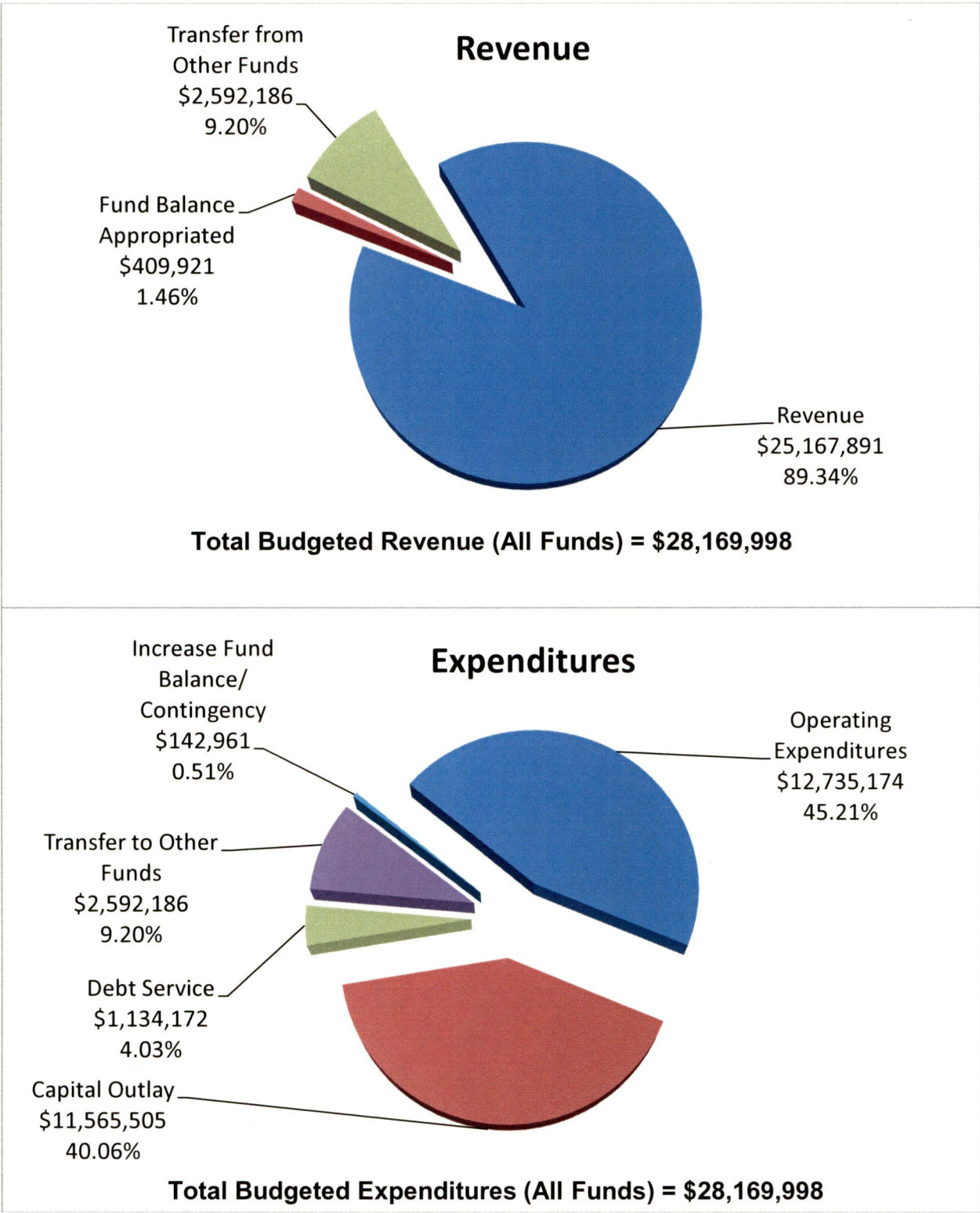
Presented herein is the FY18 Budget for all funds totaling \$28.1 million. The FY18 Recommended Budget funds city operations, capital improvements, and debt service requirements.

GENERAL FUND

The General Fund is used to account for resources that are not required legally or by sound financial management to be accounted for in another fund. Typically, the General Fund includes services that cannot be operated as a business enterprise and rely on tax dollars as their primary source of revenue.

General Fund Departments include Governing Board, Administration, Finance and Information Technology, Legal, Planning, Police Department, Parks and Property Management, Recreation, Public Works Administration, Vehicle Maintenance, Streets, Sanitation, Community Development and Non-Departmental Expenditures.

The FY18 Recommended Budget for the General Fund totals \$9,620,107 or 2.6% more than the FY17 Budget of \$9,374,097.



GENERAL FUND REVENUE

This section highlights the major revenues for the General Fund. General Fund Revenue detail is shown in Tab 6 of the Budget Document.

	Proposed F18 Budget		
Property Taxes	\$4,805,000	INCREASE OVER LAST YEAR	\$259,648
Sales Taxes	\$1,445,051	INCREASE OVER LAST YEAR	\$120,051
Franchise Sales Tax	\$600,000	NO CHANGE	
Refuse & Recycling	\$877,000	NO CHANGE	
County Vehicle Maintenance	\$431,650	NO CHANGE	
Utility Fund Reimbursement	\$575,000	NO CHANGE	
Powell Bill Street Allocation	\$222,000	NO CHANGE	

Brevard ABC	\$150,000	NO CHANGE	
Proceeds from Borrowing	\$220,000	DECREASE FROM LAST YEAR	(\$103,995)
All Other Sources	\$156,100	DECREASE FROM LAST YEAR	(\$40,500)
Fund Balance Appropriation	\$138,306	INCREASE OVER LAST YEAR	\$10,806
Total General Fund Revenue	\$9,620,107	INCREASE OVER LAST YEAR	\$246,010

A discussion of the major General Fund Revenue Sources follows:

Ad Valorem Tax (Property Taxes): \$4,805,000

The General Fund is balanced with a property tax rate of \$0.495 per \$100 valuation which is \$0.0150 higher than the current tax rate of \$.4800. The estimated property taxes total \$4.8 million which reflects 50% of General Fund Revenue. Assessed Valuation for the City of Brevard is \$973,000,000 compared to \$950,000,000 a year ago. This reflects an increase of 2.4%.

Sales Taxes: \$1,445,051

Sales taxes have grown each year from 2011 through 2016. Please refer to Sales Tax Graph for the period 2011 through 2017. The FY18 sales tax revenue reflects a 9% increase over the FY17 Budget.

FY17 Estimated Actual	\$1,430,000
FY16	\$1,395,935
FY15	\$1,347,759
FY14	\$1,290,446
FY13	\$1,252,380
FY12	\$1,201,030

Franchise Sales Taxes: \$600,000

Effective July 1, 2014, the general sales tax rate was applied to the sale of electricity and natural gas. Cities receive a franchise share and ad valorem share of these proceeds. The franchise sales tax share has exceeded traditional franchise fees in prior years by an estimated \$210,000.

Refuse and Recycling: \$877,000

Refuse and recycling fees remain the same as last year. Residential customers pay \$17.00 per month for refuse plus \$3.00 per month recycling fee.

County Vehicle Maintenance: \$431,650

The City garage provides vehicle maintenance services to Transylvania County on a contractual basis. The County reimburses on a monthly basis the cost of personnel, parts, and materials.

Utility Fund Reimbursement: \$575,000

The City has reimbursed the General Fund for services provided the Water & Sewer Utility Fund. This amount was increased last year to more closely reflect the actual cost of services. No increase is proposed for FY18.

Powell Bill Allocation: \$222,000

These funds represent a State Distribution of a portion of the motor fuels tax. The use of these funds is restricted to maintaining, repairing, constructing, streets, curbs and gutters, drainage improvements, and sidewalks. No city street employee costs are funded from Powell Bill monies.

Any funds not spent each year are shown on the financial statements as restricted which may be used in future years. The restricted funds as of June 30, 2016 were \$138,306.

Brevard ABC: \$150,000

This revenue is derived from annual net sales profits generated from the two Brevard ABC stores. Figures are based upon audited financial records with the City receiving 75% of the distribution and the County receiving 25%. FY18 Brevard ABC Store Revenue budgeted revenue is the same as the prior year budget.

Privilege Licenses: \$0

Effective July 1, 2015, the City of Brevard no longer collects privilege licenses. This reflected in an estimated \$35,000 loss in revenue for the General Fund. However, franchise sales tax revenue has more than offset this lost revenue source.

All Other Sources: \$156,100

Other sources of General Fund Revenue include court costs, parking citations, zoning administration, interest earnings, wine and beer taxes, and recreation fees and concessions, cell tower rent, 911 funding, police grant, and miscellaneous. The FY18 budget reflects a decrease of \$56,500 from prior reflecting lower police grants received. The FY18 budget will be amended during the fiscal year pending receipt of new police grants.

Fund Balance Appropriation: \$138,306

The North Carolina Local Government Commission recommends that local governments maintain a minimum undesignated fund balance of no less than 8% of expenditures. The City of Brevard has an adopted minimum fund balance of 30%. The recommended appropriation for the FY18 General Fund Budget is \$138,306 from restricted Powell Bill Funds which does not affect unassigned fund balance. However, in the past few years we have appropriated fund balance for the purchase of police vehicles. This year we anticipate sufficient revenue to pay for patrol vehicles.

GENERAL FUND EXPENDITURES

General Fund Departments	\$8,648,326 \$170,772	INCREASE OVER LAST YEAR
Salary Adjustments (including FICA/Retirement)	\$121,629	
Employee Medical	\$58,500	
Election Expense	\$16,000	
Capital Equipment	(\$93,495)	
Powell Bill-Streets	\$133,206	
Other Expenditures	<u>(\$65,068)</u>	
Total General Fund Departments	\$170,772	INCREASE OVER LAST YEAR
Non Departmental:		
Debt Service	\$155,194	DECREASE FROM LAST YEAR
\$9,042		
Transfers to Other Funds		
Brevard Fire Department	\$422,087	INCREASE OVER LAST YEAR
\$50,439		
DTMP	\$180,000	NO CHANGE
Pedestrian/Bike Paths	\$135,000	INCREASE OVER LAST YEAR
\$45,000		
OPEB	<u>\$12,000</u>	<u>NO CHANGE</u>
Total Non- Departmental	\$904,281	INCREASE OVER LAST YEAR
\$86,397		
Community Development:		
Transylvania Arts Council	\$10,000	NO CHANGE
Chamber of Commerce	\$3,000	NO CHANGE

Heart of Brevard	\$30,000	NO CHANGE
Farmers Market	\$17,000	NO CHANGE
Bread of Life	\$5,000	NO CHANGE
Brevard Music Center	\$0	DECREASE FROM LAST YEAR
\$5,000		
Fireworks	<u>\$2,500</u>	NO CHANGE
Total Community Development	\$67,500	DECREASE FROM LAST YEAR
\$5,000		
Contingency	\$0	DECREASE FROM LAST YEAR
\$6,159		
Total General Fund Expenditures	\$9,620,107	INCREASE OVER LAST YEAR
\$246,101		

WATER AND SEWER UTILITY FUND

The Water and Sewer Fund accounts for all revenues and expenditures incurred in the city’s enterprise fund for its water treatment plant, water distribution system, wastewater treatment plant, and sewer collections system. The sources of revenue are user charges paid by Residential, Commercial, Institutional, and Industrial customers. Because it is an enterprise fund, it must generate revenue to support operations, capital improvements, and debt service.

The FY18 Recommended Budget for the Water and Sewer Fund totals \$5,658,500 compared to \$5,122,699 last year. Three years ago staff shared with the City Council that annual percentage rate increases were not generating sufficient revenue to meet rising costs and incurred debt for master plan utility improvements. To address this problem, the minimum gallons have been reduced by 500 gallons the past three years. The proposed FY18 Budget reduces the minimum gallons from 500 gallons to 0 gallons. This change will increase utility fund revenue by an estimated \$300,000.

Water Distribution System:

Advanced Metering Infrastructure Project was completed in the prior fiscal year and has been operational since July 1, 2016. The project has been closed out with NCDENR. The first loan payment on the no interest loan was made in April 2017.

Water Treatment Plant:

The City has continued to make improvements in the efficiency of water treatment plant operations. The SCADA system enhancements were approved in the FY17 Budget with estimated completion in June 2017.

Wastewater Treatment Plant:

The City has continued to make improvements in the efficiency of waste water treatment plant operations. Included in the FY18 is \$200,000 in lift station equipment improvements.

In summary, the City of Brevard decision to reinvest in its current assets at the Water Treatment Plant and Wastewater Treatment Plant saved its ratepayers an estimated \$50 million in capital improvements plus additional financing cost that would be necessary for borrowed funds.

Sewer Collections System:

The City has invested several million dollars into its sewer collections system the past few years, including upgrade from 6 inch to 8 inch sewers. As a result, city streets have been torn up and patched. Included in the FY18 Budget for the Sewer Collections Department is \$420,000 for street paving. This will be in addition to road paving projects included in the General Fund Powell Bill-Streets Budget.

Water and Sewer Capital Projects Fund

Capital Projects included in the FY18 Budget are as follows:

Sewer Collection System:

The City of Brevard continues to focus emphasis on protecting our natural resources by addressing rain-attributed sanitary sewer overflows (SSOs). Sewer projects that have been completed and under construction addressing this problem have totaled over \$19.3 million. The City Council has awarded contracts last year for Kings Creek Phase II, Kings Creek Phase III and the Neely Road Force Main, Pump Station and Equalization Tank. These projects have been under construction and will continue in FY18.

Kings Creek Sewer Phase II Project \$1,435,784: This project has been under construction this past year and will be completed in FY18.

Kings Creek Sewer Phase III Project \$1,484,150: This project has been under construction this past year and will be completed in FY18.

Neely Road Force Main, Pump Station & EQ Tank Project \$13,666,000: This project has been under construction this past year. The force main project was recently completed and is now in service replacing the old line. The Neely Road Pump Station and Equalization Tank will be completed in FY18.

Brevard Fire Department Special Revenue Fund

The proposed FY18 Brevard Fire Department Special Revenue Fund budget totals \$2,035,640. Transylvania County contracts with the City of Brevard for fire protection services for Sylvan Fire District No. 2. The cost sharing, based upon assessed valuation, is 53.0% City and 47.0% County.

The proposed budget includes evening service. Currently, the Brevard Fire Station is manned 8:00 AM to 5:00 PM seven days per week which covers approximately 57% of calls for service. With the addition of evening service, two firefighters/EMTs will be at the station from 5:00 PM to MIDNIGHT which covers approximately 33.7% of calls for service. With the added evening service, we anticipate responding to over 90% of calls for service with the station being manned.

Also included in the FY18 Budget is the purchase of new fire rescue truck at an estimated cost of \$850,000 to be financed over ten years. Since the ladder truck will be paid off, there will be no increase in annual debt service.

The Brevard Fire Department has a pending FEMA grant application for the purchase of new air packs. If the grant is not received, a ten year loan to purchase air packs would be pursued with loan repayment commencing in FY19.

The cost breakdown is shown below.

City of Brevard	\$422,087
Transylvania County	\$374,303
Loan Proceeds	\$850,000
Grant Proceeds	<u>\$389,250</u>
Total	\$2,035,640

The assessed valuation for the City and Sylvan District No. 2 is as follows:

City of Brevard	\$973,000,000	53.0%
Sylvan District No. 2	<u>\$864,000,000</u>	<u>47.0%</u>
Total	\$1,837,500,000	100.0%

Brevard Trust Funds

The City of Brevard has the following trust funds.

Terrell L. Scruggs Scholarship Fund: This fund was established in the memory of its former Finance Director. Annually, the Scholarship fund awards scholarships to graduating seniors from Brevard High School, Davidson School, and Rosman High School. This fund is used to account for the collection of donations and the payment of scholarships. The proposed FY18 Budget is \$15,000.

Bjerg Trust Fund: This fund is a non-expendable trust fund accounts for assets held in a trustee capacity. The principal is invested with interest earnings applied to maintenance and upkeep of the French Broad Community Center. The investment amount as of June 30, 2016 was \$60,143. The gift establishing this fund was from the Estate of Dorothy S. Bjerg. The proposed FY18 Budget is \$100.

OPEB Trust Fund: This fund (an irrevocable trust) is used to account for the City's contributions and trust earnings for other post-employment benefits. This plan provides post-employment healthcare benefits to retirees of the City. The proposed FY17 Budget is \$18,750.

Housing Trust Fund: This fund is used to account for the Broad River Terrace and The Cottages Developer annual payments on a twenty-year loan. The proposed FY18 Budget is \$19,934 reflecting the developer loan repayments.

Self-Funded Employee Medical Fund

The Self-Funded Employee Medical Fund was established as an internal service fund to account for the accumulation and allocation of costs associated with the City's group health insurance revenue, and expenditures. The proposed FY18 Self-Funded Employee Medical Fund Budget totals \$1,283,249.

Revenue is generated from departmental charges, retiree premiums, dependent dental premiums, and fund balance appropriation. Expenditures are for broker fees, third party administrator, and aggregate insurance premiums, paid claims, wellness programs, employee assistance program, life insurance, and short term disability premiums paid by the City.

Effective July 1, 2016, city employees can now use the County Medical Clinic at an annual cost of \$44,000. A memorandum of understanding was approved by the City and County in June 2016. The City expects significant savings in claims paid during the year. There will be no cost to the employees and their families utilizing the clinic. Annual physical examinations are included, again, at no cost to the employee.

In addition the City is making changes to the design of the high deductible and health savings account plan. No medical changes have been made by the City since 2007 when City Council Resolution adopted the current plan. City of Brevard employees have not seen an increase in employee medical costs since 2008-2009, despite rising medical costs and increased high cost of medical claims. Specifically, the City will increase the deductible amount and out-of-pocket amount for employees. This became effective January 1, 2017.

Heart of Brevard Municipal Services District (HOB MSD)

The City of Brevard receives tax collections from Transylvania County for the HOB MSD and are remitted on a monthly basis to the HOB. The FY18 Budget totals \$134,000. The assessed valuation for the HOB is \$59,500,000 which is up \$2,000,000 from the prior year. The HOB Tax Rate remains unchanged at \$0.225.

Multi-Use Pedestrian/Bike Path Fund

The Multi-Use Pedestrian/Bike Path Fund accounts for project improvements for sidewalks and pedestrian/bike paths. Projects included in the FY18 Budget Recommendations include funding for West Loop and Railroad Avenue projects along with additional neighborhood connections to the Brevard Area Trail System. The proposed FY18 Budget includes an additional half cent tax increase for the repayment of the General Fund Loan to the Pedestrian Fund for the Probart Street Sidewalk Improvement Project. One and a half cent tax generates approximately \$135,000 for the Multi-Use Pedestrian/Bike Path Fund. The FY18 Proposed Budget is \$195,000.

Transfer from General Fund	\$135,000
Appropriation of Fund Balance	<u>\$60,000</u>
	\$195,000

The original pedestrian and bike plan was adopted by the City Council in 2006.

The City Council at its regularly scheduled meeting April 24, 2017 authorized the submittal of a State PARTF grant application for improvements for the Tannery Park. The grant application was submitted on May 1, 2017. Park improvements included extension of the Estatoe Trail, a new Mary C. Jenkins Cultural and Recreation Center, Bike Pump Track, picnic shelter, benches, signage and security fencing around the Tannery Smoke Stack.

911 Communications Fund

The FY17 Budget was amended at the recommendation of our auditors to establish a new fund to account for revenue and expenditures for monies provided the City by Transylvania County Emergency Operations. The FY18 Budget is \$40,163.

Narcotics Task Force Fund

This is a fund to administer restricted cash for drug forfeiture funds for the Transylvania County Sheriff and Brevard Police Department. The FY18 Proposed Budget is \$55,100. The City administers said fund and is shown on the City of Brevard financial statements as restricted funds.

Rosenwald Revitalization Fund

This fund was established for revitalization programs within the Rosenwald Community. The City of Brevard was awarded a State of North Carolina PARTF Grant for 50% of the \$447,000 cost for park land acquisition. The acquisition of approximately 28 acres was completed two years ago. Subsequent to the receipt of the grant, local funds have been spent on environmental clean-up on the property. The FY18 Budget is \$111,191 which is the amount in fund balance.

On the 2017 State PARTF application that was approved by City Council at their regularly scheduled meeting April 24, 2017, improvements on the Tannery Park Property included extension of the Estatoe Trail, a new Mary C. Jenkins Cultural and Recreation Center, bike pump track, picnic shelter, benches, and signage and fencing around the existing smoke stack. The total estimated project cost is \$1.2 million. The City is seeking a \$400,000 grant from the NC Parks Program. If the City is awarded a grant, the FY18 Budget will be amended.

Downtown Master Plan Fund

This fund was established to account for revenue and expenditures for the Downtown Master Plan.

Revenue sources include a General Fund Transfer of \$180,000 representing a 2-cent tax increase approved in a prior year and an annual contribution from the Heart of Brevard. A summary of FY18 revenue, fund balance appropriation and expenditures are shown below.

Revenue:

Transfer from General Fund (Annual)	\$180,000
HOB	\$11,000
Loan Proceeds	\$400,000
Public Parking Lot Revenue	\$51,840
Fund Balance Appropriation	<u>\$100,424</u>
Total Revenue	\$743,264

Expenditures:

DTMP Design/Construction	\$158,264
Clemson Plaza Improvements	\$340,000
Debt for Parking Lot Loan	\$45,000
Caldwell St. Improvements	<u>\$200,000</u>
Total Expenditures	\$743,264

The City has approved the purchase of property located on the corner of Jordan and Caldwell Streets for the purpose of a downtown parking lot. Funds for grading, paving, and demolition of existing building will be paid from the Downtown Master Plan Fund. The City will be installing a kiosk for a credit card machine for paid parking lot.

Clemson Plaza Project Budget Ordinance was approved by the City Council at its retreat held on January 28-29, 2016. Project has been delayed pending NCDOT Caldwell Street widening project. The design consultant is Destination by Design.

The NCDOT Caldwell Street widening project is underway with the City local share estimated at \$200,000.

City Council Committees Established

Two years ago the City Council approved the establishment of the following committees. Council appointments are shown below.

Public Works Committee	Mac Morrow & Maurice Jones
Parks, Trails & Recreation	Gary Daniel & Ann Hollingsworth
Downtown Master Plan Committee	Ann Hollingsworth & Charlie Landreth
Public Safety (Police & Fire)	Maurice Jones & Mac Morrow
Finance and Human Resources Committee	Charlie Landreth & Gary Daniel

The Committees have continued to play a key role that have provided recommendations to the City Council and more importantly enabled responsiveness and accountability to the community in which we serve.

The FY18 Proposed City of Brevard Budget represents the combined efforts and guidance of the City Council, Department Heads and Staff. We look forward to working with you, City Committees and our citizens as we implement this financial plan and document.

I would like to acknowledge Finance Department Staff who assisted in the budget document preparation. I would like to specifically thank Tom Whitlock who coordinated the budget process with City departments and prepared the budget financials and supporting documentation.

Respectfully submitted,

Jim Fatland, CPFO, NCCLGFO,
City Manager and Finance Director

cc: City Attorney
City Clerk
Department Directors

6/20/2017



The City of

Brevard

North Carolina

Proposed FY18 Budget

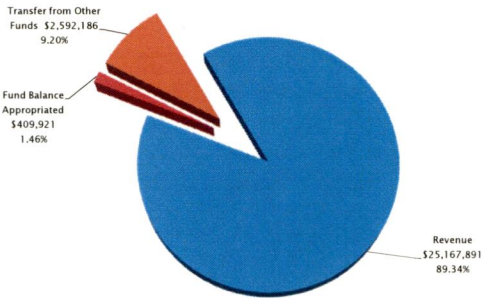
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Brevard City Council -
Exhibit A

Budget Calendar

- May 15 FY18 Budget Presented to Council
- May 22 Budget Work Session #1
- June 5 Budget Work Session #2 (if necessary)
- June 12 Budget Work Session #3 (if necessary)
- June 19 Public Hearing on Proposed FY18 Budget
Budget Ordinance & Fee Schedule

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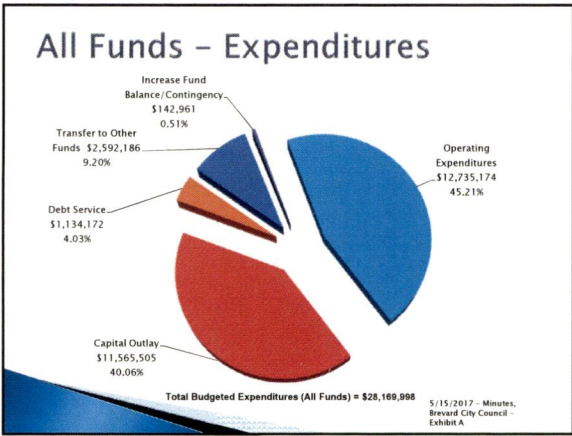
All Funds – Revenue



Category	Amount	Percentage
Revenue	\$25,167,891	89.34%
Transfer from Other Funds	\$2,592,186	9.20%
Fund Balance Appropriated	\$409,921	1.46%
Total Budgeted Revenue (All Funds)	\$28,169,998	

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Brevard City Council -
Exhibit A

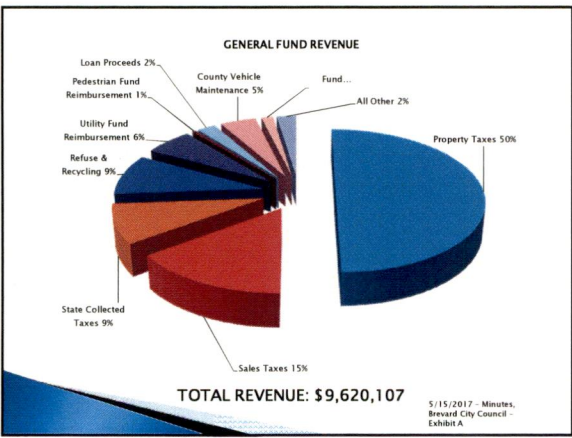
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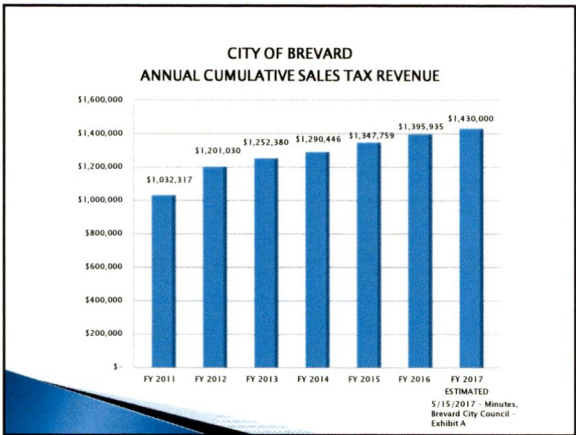
General Fund

	FY-17	Proposed FY-18
Assessed Valuation	\$950,000,000	\$973,000,000
Current Tax Rate	\$0.4800	
Proposed Tax Rate		\$0.4950

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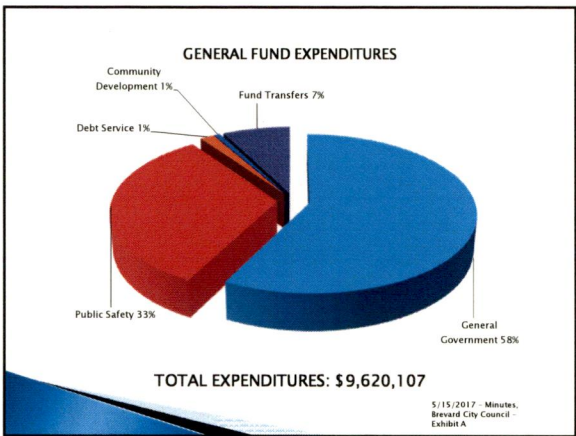
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General Fund – Revenue
Change from Prior Year

Property Taxes	\$259,648
Sales Tax	120,051
Proceeds from Borrowing	(103,995)
Unassigned Fund Balance Appropriation	(127,500)
Restricted Fund Balance Appropriation	138,306
All Other Sources	(40,500)
General Fund	\$ 246,010

5/15/2017 - Minutes, Brevard City Council - Exhibit A



General Fund – Expenditures Change from Prior Year	
➤ Salary Adjustments	\$121,619
➤ Employee Medical	\$58,500
➤ Election Expense	\$16,000
➤ Capital Equipment	(\$93,495)
➤ Powell Bill – Streets	\$133,206
➤ Other Expenditures	(\$65,068)
5/15/2017 – Minutes, Brevard City Council – Exhibit A	

General Fund – Expenditures Change from Prior Year (cont'd)	
➤ Debt Service	(\$9,042)
➤ Fire Department	\$50,439
➤ Pedestrian/Bike Path	\$45,000
➤ Community Development	(\$5,000)
➤ Contingency	(\$6,159)
Total General Fund Expenditures	\$246,101
5/15/2017 – Minutes, Brevard City Council – Exhibit A	

Utility Fund	
➤ Lowered minimum water/sewer from 500 gallons to 0 gallons	
➤ Revenue increased	\$300,000
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Sewer Rehab Capital Projects	
➤ Collections Systems Analysis/Capital Improvement Plan	\$.23M/Completed
➤ Brushy Creek Sewer	\$.75M/Completed
➤ Kings Creek Sewer Phase I	\$.75M/Completed
➤ 6" Sewer Line Upgrade Project	\$1.6M/Completed
➤ Kings Creek Sewer Phase II	\$1.4M/Complete FY18
➤ Kings Creek Sewer Phase III	\$1.5M/Complete FY18
➤ Neely Rd. Force Main Project	<u>\$13.7M/Complete FY18</u>
TOTAL:	\$20M

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FY18 Paving Budget	
General Fund	
➤ Powell Bill	\$360K
Water & Sewer Fund	
➤ Waste Water Collections	<u>\$420K</u>
Total:	\$780K

5/15/2017 - Minutes, Brevard City Council - Exhibit A

Heart of Brevard		
	<u>FY-17</u>	<u>FY-18</u>
Assessed Valuation	\$57,500,000	\$59,500,000
Current Tax Rate	\$0.2250	
Proposed Tax Rate		\$0.2250

5/15/2017 - Minutes, Brevard City Council - Exhibit A

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Closing Comments

5/15/2017 - Minutes,
Board City Council
Exhibit A