

Town Retreat Results

After the town retreat last Thursday, I talked with Lamar Nix. Lamar smiled and told me, "Mayor, you know we just identified about 16 million dollars in needed capital funding." I reluctantly acknowledged his assertion. Lamar responded, "But there is good news, Mayor. About half of that 16 million will be covered by state grant funding."

Lamar made a correct observation. The 3.3 million dollar Dog Mountain water project and the 5 million dollar water plant upgrades are all state-funded. Also, at the retreat, the board allocated around 4 million dollars to address pressing, immediate needs. Funding for the design phase for water plant upgrades will cost \$540,000. This allocation from reserve funds will be reimbursable through a state grant.

The board heard a report from the consultant who had just completed the electric grid study. Before and after the pandemic our electric department has been tracking significant increases in electric usage. Bob Thomas, our electrical consultant, stated he didn't know how the grid remained intact during the Big Freeze, except for some heroic efforts by our electric crews. Thomas stated Highlands increasing use of electricity necessitated the immediate start of upgrading the grid. Our public works director and town manager agreed. The board approved a 2.8-million-dollar budget amendment so that the process can get underway without delay. This first phase of the grid upgrade will take about 2 to 3 years. Thomas indicates additional grid improvements will be needed after completing this first phase.

The board also approved a \$700,000 budget amendment to stabilize a large section of Little Bear Pen Road that is showing signs of collapsing and if left unchecked will fall down the hill. This is an emergency project that must be completed now.

Both of these projects were funded from town reserves. Every budget year, a portion of these reserve funds is used for capital projects. Maintaining strong reserves has enabled Highlands to keep utility rates, taxes, and debt loads low. For instance, the utility grid upgrades will not translate into immediate electric bill increases.

But how long can the town continue to maintain this mode of financial operations? More people stay here longer during the year, more visitors come, and utility demands, as witnessed by the current electric grid situation, have grown significantly. At the same time, tax rates and utility rates have remained stable and overall low for the last decade. In our forthcoming budget workshops, as well as into the future, the town board will have to carefully review the town's financial position and possibly institute some unpopular policies to ensure the long-term viability of Highlands. Capital projects will have to be prioritized, and utility rates and tax increases will be considered. The good old days of relying on town reserve funds may be coming to an end.

Another budget session will be held on Thursday, April 11, at 3 p.m. at the recreation center. At this workshop, the town manager and finance director will share with the board a first draft of the new town budget based on discussions at the town retreat.