



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING, RECESSED FROM MAY 27, 2015
TUESDAY, JUNE 9, 2015 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach reconvened their May 27, 2015 recessed meeting at 10:00 a.m. on Tuesday, June 9, 2015 in the Town Hall Public Assembly (original meeting date was May 26, 2015). Present were Mayor J. Alan Holden, Mayor Pro Tem Ken Kyser; Commissioners Sandy Miller, Sheila Young, Dennis Harrington and Gina Martin; Town Clerk Heather Finnell; Police Chief Wally Layne; Public Works Director Chris Clemmons; Shoreline Protection and Recreation Manager Christy Ferguson; Building Official Tim Evans; and Fiscal Operations Clerks Margaret Lancaster and Mandy Lockner. Present from the public were Vicki Myers and Lou Cutajar. Town Manager David W. Hewett arrived at 10:45 p.m.

BUDGET WORKSHOP

Mayor Holden announced that Town Manager Hewett's wife was in a car accident and that he would get to the meeting as soon as possible.

Shoreline Protection and Recreation Manager Ferguson explained there are three port-a-johns at the pier that are cleaned by Waste Management once a week. She reviewed the costs. PVI Enterprises services Oak Island. Oak Island has one at the pier and one at the point. They are cleaned two times during regular weeks and three times during holiday weeks. They are anchored in the ground. Consideration points would be where to place them and CAMA regulations. The cost through one company is \$80 for one unit that is cleaned once a week. Restrooms trailers have renting and purchasing options. A renting advantage is the unit would be under warranty, but it is more expensive in the long run. Advantages of purchasing is the Town owns it and can do what we want with it. The disadvantages are the Town would be responsible for the repairs and we would be required to tag and title the trailer. Shoreline Protection and Recreation Manager Ferguson showed a sample of the product. If the Town rents it, it would be \$3,500 a month, a delivery charge of \$350, and a waste removal charge of \$125 per visit. To buy the unit it would be about \$36,000. The unit is 6' x 22', so you would need to determine where it would be placed. It would need electrical service or a generator. That is not included in the quotes. The trailer would be more eye appealing and climate controlled. Janitorial requirements are not included in price. PVI did not send pricing for the port-a-johns. Waste Management would not give a quote until location are decided.

Public Works Director Clemmons stated the Town is pretty limited in property. He stated the 800 block might work, but he is not sure about other locations. It wouldn't be hard to hook that one to the sewer pit. This year one of his people is cleaning the current bathrooms until he finds a replacement for the person who did it last year. Shoreline Protection and Recreation Manager Ferguson stated they tried to do a site visit to a portable trailer place, but were not able to set up a time convenient to both parties. The Board discussed possible locations. Commissioner Martin stated she likes those units because they could be moved and it would be good to have access to the units in emergency situations. Mayor Holden asked if \$3,500 included cleaning. Shoreline Protection and Recreation Manager Ferguson replied no. Mayor Holden stated if you include everything, you are looking at \$5,000 a month. Commissioner Harrington asked if port-a-johns would be removed at the end of the season. Parks & Recreation Manager Ferguson stated they would have to be anchored in, but we would have to follow regulations. Oak Island has to eliminate some parking spaces on the days the truck comes to clean the units. The Board discussed how many times the units would need to be cleaned.

Commissioner Harrington suggested starting with port-a-johns. Commissioner Young stated that maybe the Town could try the portable stuff in the 800 block, but we might need more on the east end. Mayor Holden stated the Town should have equal solutions for both ends. Commissioner Harrington stated he thinks the first thing the Board should do is to find the location and then assess what the needs are. Building Official Evans stated he agrees the Board needs to find locations first. He suggested the Town look into an individual contractor because he thinks the cost is high. He also explained the Board should consider aesthetics and possible noise nuisances. Commissioner Martin asked if it would be a hassle to design a unit. Building Official Evans stated the Town could have an architect draw it and a carpenter could build it. You would need to meet ADA requirements. Shoreline Protection and Recreation Manager Ferguson stated the prices from Gil Bass at the pier are not handicap accessible, so the price would be higher than that. The Board would like staff to locate potential places on the east end and in the 800 block. Lou Cutajar stated that a contractor has a unit that goes around his port-a-john to make it more aesthetically pleasing. Mayor Pro Tem Kyser stated he wouldn't be against putting port-a-johns out until something gets built. He just wouldn't want them to remain year after year. Shoreline Protection and Recreation Manager Ferguson confirmed that the Board wants staff to find locations and get quotes for two – three times per week. She added the Board for now would like to eliminate the trailers and obtain a quote to fabricate our own. Commissioner Martin stated she would also like to see the timeframe for building a unit. Building Official Evans stated maybe staff should get a quote for adding something like the contractor's. The Board agreed. Mayor Holden stated he is assuming the Board would like the money to come from the BPART Fund.

The Board took a break from 10:41 a.m. – 10:53 a.m.

Town Manager Hewett stated that the short version of the Budget Message is that this budget is not really any different from the ones passed in the past, with the exception of continuing the programs, primarily in the BPART Fund relating to the water tower site improvements and it will be the first year for the water system automated reading system. This will be the first year it will be operational so we are interested to see how it will perform. There is a roll forward of the appropriation for the installation of the water meter reading system. In the budget we probably have about \$40,000 in software support that we have been holding payment on until we are satisfied with the full integration of the system. We also want to make sure there are no glitches in the system. We may need to use rollover funds to fix any potential problems.

The General Fund - adequate appropriations are made to satisfy the debt service for Town Hall and the Emergency Operations Center. Those are obligations that have to be satisfied by law. The capital obligations for the sewer system are also included in the budget. The tax rate is proposed at 13.3 cents as opposed to last year's 12.7 cents, which is the amount necessary to remain revenue neutral. Included in the budget is a 5% merit pool in accordance with the Personnel Policy. The estimated fund balance ratio is 51%. That is a gross ratio and isn't what he refers to as working capital. That calculation, which the Local Government Commission refers to as the unassigned fund balance, is calculated at 23%. Pending legislation is always a challenge. In estimating revenues, there is a lot of monkeying around with the state distributed revenues this year. Sales tax is still up in the air. The mantra in the past was lower the rate, widen the base. Town Manager Hewett explained we have seen some of those things come full circle. The tax rates generates about \$1.5 million. There is another million dollars out there that is real important, which is hard to capture. Last March, the county looked at adding another local sales tax and how the distribution is done. The sales tax failed and so did changing the method of distribution. Town Manager Hewett stated the budget is balanced as required. Commissioner Young asked for confirmation that the privilege tax is done. Town Manager Hewett stated there is a residual there. Fiscal Operations Clerk Lancaster stated that for the current year the Town can only charge for beer and wine vendors.

The Board went through the Budget Message page by page.

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Mayor Pro Tem Kyser stated the Town might want to look at refinancing Town Hall. Town Manager Hewett stated he spoke with Fiscal Operations Clerk Lockner about shopping around all of the Town's debt. Commissioner Harrington asked how many properties' valuations went up or down from last year. Fiscal Operations Clerk Lancaster stated she has not

received the actual tax scroll yet. Town Manager Hewett stated the tax base numbers have come down each time the Town received a report on the tax base. He used the most current report for the budget. Commissioner Harrington asked the dollar difference for calculating the tax base with last year's tax rate. Town Manager Hewett stated he will get that information. He provided the Board with a handout of six properties that showed the rate each would pay this year versus last.

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Commissioner Young asked if the Board feels the Fund Balance is adequate. Commissioner Harrington stated the Town has operated in the past with less. He thinks it is abundant. Commissioner Harrington asked about the 8% Stabilization by Statute item. Town Manager Hewett stated it basically represents 30 days of operating cash. Commissioner Harrington stated the working capital in this year's budget would increase by \$165,734 from last year. Town Manager Hewett stated you would need to use the number from the audit, not the budget message to get an accurate number. Commissioner Harrington stated by the numbers he used, this budget increased working capital by \$165,000.

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Commissioner Young inquired about recycling. Town Manager Hewett stated it looks like there is about a 20 count difference. It seems like there is a cycle where it drops down and comes back up. Commissioner Young stated she is for door to door recycling and would still like to subsidize the cost. She thinks in the long run it might be more cost effective if the Town can get rid of the stuff across the street. Commissioner Harrington stated he talked to Waste Industries about this. He thinks the cost to do the whole island and the cost of rollback would get to be pretty expensive. He stated he compared the cost of rollback with the cost of the current method and the Town would need to pay more. Commissioner Martin stated she sees people using recycling bins as trash bins, so it doesn't get picked up. She thinks it is cumbersome and that is why a lot of people have chosen not to sign up. Commissioner Miller stated she has heard the same thing from Waste Industries.

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Mayor Holden asked about the building permit number. Building Official Evans stated they have been issuing a lot of permits. He is not sure if the amount has peaked. They are issuing permits later into the season this year and not getting a tapering off of major permits this year like in the past. Other areas are also issuing a lot of permits. Town Manager Hewett explained why making a projection on that revenue coming in is difficult.

Commissioner Harrington asked about the Credit Card Site Fee line item. Town Manager Hewett stated that is the fee charged for when people use credit cards. Commissioner Harrington asked about Vehicle Taxes. Fiscal Operations Clerk Lancaster replied that collection rates are higher now based on the new method of collection. Commissioner Harrington asked about the Mosquito Contract line item. Town Manager Hewett stated that is the pass through money the Town receives from the state for vector control. Public Works Director Clemmons discussed current spraying regulations.

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Commissioner Harrington stated Communications seems to be going up in Governing Body. Town Manager Hewett stated that amount would cover any communications related activity, software and equipment to support the governing body. Commissioner Young asked about the Elections line item. Town Manager Hewett responded that it is the fee to the county for the upcoming election.

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Commissioner Harrington stated that the Salaries line item went up in the Police Department. Town Manager Hewett stated that was because of the part time administrative positions. Chief Layne stated he has a job description that he will provide to the Board. He invited everyone to meet one of the new hires. Dorrie Mercer, the other one, will start around June 11th.

Commissioner Harrington asked if there is an insurance increase. Town Manager Hewett stated there was a slight increase, but it went back to the same level it was the previous year. Commissioner Martin stated Blue Cross has filed a request for a 25% rate increase across the board for individual policies due to the new regulations. She foresees other carriers doing the same. They are looking to recover the money they are losing due to Obamacare. Town Manager Hewett explained he appropriated costs by position and not by individual this year. Commissioner Harrington stated he doesn't notice unemployment compensation costs in this year's budget. Fiscal Operations Clerk Lancaster stated if you pay in and you don't use it, it remains there until you do use it.

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Commissioner Harrington asked about Capital Outlay – Vehicles and Equipment. Town Manager Hewett explained that number is for the debt service charged on previous years' purchases. The Town has financed several vehicles over the past three years. Chief Layne stated he feels the lease purchase option is more cost efficient. Commissioner Young asked where the Govdeals income is shown. Town Manager Hewett stated it usually shows up in Miscellaneous Revenue. Commissioner Harrington asked about Police Inoculations. Chief Layne explained that item could be used for testing if someone is spit on or for testing relating to blood borne pathogens. Town Manager Hewett explained it can also be used for new hires.

Commissioner Harrington asked about Contracted Services in Inspections. Town Manager Hewett responded that is for legal services.

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Commissioner Young asked why the Town is not putting money towards Street Improvements. Town Manager Hewett explained what the Board has in front of them is a caretaker budget. If you want to do something about streets, you will need to spend some money. There are over \$1 million of streets needs that have been articulated in an engineering study. This budget can't do that. The Board needs to decide how they would like to proceed. Commissioner Young asked if the Town knows which ones are in urgent need of repair. Town Manager Hewett stated the \$1 million is to bring the roads to Grade A service. The Board would need to look at the assessment to decide the ones that have the greatest needs. Public Works Director Clemmons reviewed some of the areas he feels are in need. Commissioner Harrington stated he rides around and thinks High Point and Brunswick Avenue are the only two with real issues. Public Works Director Clemmons stated there are a bunch of side streets that have problems. Commissioner Young suggested having a multiyear plan to start setting money aside. Mayor Holden stated if the Board wants to put money in, now is the time to talk about it. Town Manager Hewett stated \$0.01 on the tax rate is equal to approximately \$115,000. He stated the bones for a capital type endeavor are there. He talked about how the street assessment could be used as a guideline. Commissioner Harrington would like a plan to be put in place before committing money. Commissioner Martin stated if the Board doesn't take action now it will be another year before anything can be done. She feels it is the Board's job to establish a plan. Town Manager Hewett stated he thinks it would be helpful for the Board to get copies of the streets assessment. He suggested that the plan be updated. Based on that, the Board can decide how to move forward with scoping a capital plan. Town Manager Hewett stated there wouldn't be time to update the plan before the Board approves the budget. You can set money aside if you want to base it on the current plan, with the idea of updating the plan.

Commissioner Harrington asked for confirmation that one person was taken out of Public Works and realigned into the Police Department. Town Manager Hewett stated that is where the money from that position went to. He explained the benefits would not move over to the Police Department since those positions are part-time.

Commissioner Harrington asked about bulkheads. Public Works Director Clemmons stated that for the past couple of years, they try to repair one each year. They worked on Scotch Bonnet this year. Town Manager Hewett stated that Building Official Evans is getting ready to do a canvas on all of the bulkheads on all of the canals. This initiative was started after the ordinance mandating bulkheads was established. The feedback from the canal subdivision folks is very positive.

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Commissioner Harrington asked about the Residential Impact fee. Fiscal Operations Clerk Lancaster explained it is based on the square footage of new construction. Building Official Evans added it is an impact fee.

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Commissioner Harrington asked if all of the new meters are installed. Public Works Director Clemmons stated they are at about 100% of meters installed at the actual house. You have to figure signal coverage into the coverage level. He is not getting signal from about 250 meters. He explained they are still adding infrastructure, which is at no cost to the Town, but they may need something in the future. Town Manager Hewett stated new construction is being sourced from a different line item than the original project. He wants to be able to differentiate the project cost from new construction costs.

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Mayor Holden asked if there is anything in the budget for the smell near the bridge. Public Works Director Clemmons stated he has been working with Shane Lippard from Right Angle Engineering. He has come up with a design that Public Works will try to install. He would like to try and keep it under control until the end of the season. Town Manager Hewett explained the difference between the Contracted Services and Communications line items. Public Works Director Clemmons provided information on his supply of valve pits.

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Commissioner Harrington asked what the Depreciation line item is. Town Manager Hewett explained that is for the sewer assets. The increase in Training is due to the installation of the new system. We will need to get the guys trained and keep the training current.

The Board discussed the budget process to this point and when they would continue their discussion.

RECESS

Mayor Holden announced at 12:36 p.m. that the meeting will be recessed until 5:00 p.m. on June 9, 2015 in the Town Hall Public Assembly.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk