



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
FRIDAY, APRIL 8, 2016 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, April 8, 2016 at 10:00 a.m. Present were Mayor J. Alan Holden; Mayor Pro Tem H. Ashley Royal, Commissioners Peter Freer, Kim Isenhour, John Fletcher and Ken Kyser; Town Manager David W. Hewett; Town Clerk Heather Finnell; Shoreline Protection and Recreation Manager Christy Ferguson; Fiscal Operations Clerks Margaret Lancaster and Mandy Lockner; Detective Jeremy Dixon; Building Official Tim Evans; and Public Works Director Chris Clemmons.

BUDGET WORKSHOP

Town Manager Hewett explained this is the formal kick off to the budget season. He reviewed the proposed budget schedule. The May 17th meeting would be to review revenues. We are looking at increasing building fees and the potential of recalibrating the water rate structure. He reviewed large scale issues.

We have received a formal extension of the FEMA project. The idea is to dovetail the project with the Central Reach Project (CRP). The CRP requires obtainment of financing and the establishment of a municipal service district (MSD). There is pending legislation that might affect how we go about establishing the MSD. We have a rough report drafted for the MSD that will need to come before the Board, probably in August. Town Manager Hewett explained the MSD. The rough draft of the interlocal agreement for the CPR has been drafted. The engineer is moving forward with the plans and specs. All properties in the project area will need easements.

The terminal groin permitting effort continues. Town Manager Hewett believes the publishing of the final Environmental Impact State will happen in the next 30 days. There will be another opportunity for public input after the final Environmental Impact Statement is released. The record of decision will be forthcoming after that. The CAMA review will come after the Corps' record of decision.

We have talked with Waste Industries and are working towards bringing a revision to the Board on the solid waste contract. The same contract has been rolling over for many years. Town Manager Hewett explained staff will make sure to address the review of the recycling program as part of the contract process.

Bridgeview Park is moving along. The multipurpose court is in final grading. We believe they will lay the court surface down next week. We are coordinating the final logistics on the modular restrooms. The dock is in fabrication. All of those should be in place by Memorial Day.

The contract end date for the DOT Bridge Project is June 6th. Town Manager Hewett stated he hasn't seen anything happen yet. The Town has coordinated and finished our portion.

The Sewer Vulnerability Assessment is ongoing. The committee meets again April 12th. We did get the engineer's structural analysis this morning. Town Manager Hewett stated he doesn't think that will intersect with the budget process. He said what we might end up with is a capital appropriation from the Sewer Fund Balance.

We have been having trouble with the mini excavator. We will need to make a decision on what to do with that.

Town Manager Hewett stated he doesn't see any requirements for a vehicle request so far. The Police Department is on a lease/ purchase plan. He hasn't heard from Chief Layne if he needs to replace one this year. Commissioner Freer stated he understands the Police ATV is being borrowed by the trash rollback people. Public Works Director Clemmons is looking at alternatives for them to use.

Town Manager Hewett said we are looking into a rent a wreck program as part of the dock program.

We use a cloud based system for the execution of our Information Technology. We recently completed a migration of our servers from Wallace to Plano, Texas. We will be looking at the benefits/ risks of bringing the IT infrastructure back in house.

Town Manager Hewett reviewed the current fund balances. He also showed a slide on the BPART Fund Balance.

The Board agreed to schedule the next meeting on May 17th at 9:00 a.m.

Commissioner Fletcher would like to see staff come back with a proposed budget that has a reduction from the current year. Town Manager Hewett said the services provided in the existing budget are what people want. If the Board want services cut, they need to tell him what they want to cut. He explained the Town is running a caretaker's budget. Mayor Holden added the Board that was elected after this building and the Emergency Operations Center were built had to overcome and absorb the cost of the building. The fat was really cut at that time. He admires the previous boards who made up for the buildings. They had to raise extra funds and didn't raise taxes. Mayor Holden stated it will be a challenge. The Town has less staff than years ago, but the island continues to grow. He stated the 9.5 cents tax increase is before he has sharpened his pencil and looked at things like new inspection fees and restructuring the water rates. The product the Board gets from the staff will be a skeleton.

Mayor Holden said the consensus is the program the Town is using for vehicles seems to be the best. Town Manager Hewett explained it is a lease/ purchase program and the Town sells the older vehicles on GovDeals. Mayor Holden added they have found pickup trucks are best. They have a better value when the Town sells them and they work better on the beach and in storm situations. Having the Police Department share vehicles was discussed.

Mayor Pro Tem Royal asked if staff has been provided with specific targets. Town Manager Hewett replied he manages it by each line item. Mayor Pro Tem Royal suggested budgeting for contingencies. He is used to monthly reports and thinks that kind of analysis is healthy. Mayor Pro Tem Royal inquired about last year's pay raises. Town Manager Hewett said the raises were budgeted at 5%, but were distributed based on the individual's performance. With the implementation of this year's budget, salaries have been equalized. Town Manager Hewett stated there are statutory limitations on contingencies. He will look it up. Mayor Pro Tem Royal asked how the increased revenues will be reflected in the budget. Town Manager Hewett explained how he comes up with his revenues. Building Official Evans discussed revenue in the Inspections Department. Mayor Pro Tem Royal asked where the Town is today in budget performance for this fiscal year. Town Manager Hewett provided current stats on the budget.

Town Manager Hewett explained employee benefits/ retirement in response to Mayor Pro Tem Royal's inquiries. The Rewards and Wellness Program line item includes the amount the Board dedicated to salary adjustments. The line item has not had the funds moved to the corresponding line items. The Board discussed part-time staff in response to Commissioner Freer's question on if seasonal part time employees would help relieve the overtime budget. Commissioner Freer would like to look at other areas to learn what they are doing differently. He suggested

the Town revisit the items like the Police administrative staff and take home vehicles to make sure everyone is satisfied with the current environment before a 9.5 cents tax increase. Commissioner Freer would like people to see how they can trim the budget and do things differently. Public Works Director Clemmons stated he has shaved his budget as much as he could regarding employees. He said it hard to let people use their accumulated time because his staff is so small.

Commissioner Freer suggested parking fees as a revenue source. Town Manager Hewett replied it has not been looked at as a revenue source. He said it could be looked at as a Board initiative.

The Board discussed water and inspection fees.

Mayor Pro Tem Royal used the automated reading system as an example of saving money. Commissioner Isenhour stated she thinks people are hearing the nervousness of the Board due to the large upcoming projects. She would like an idea of how the Town will pay for the projects. She would like to see a projection of where the money would come from for the projects over the next several years. Commissioner Fletcher inquired about Chief Layne's retirement.

Dennis Harrington asked for an explanation of the proposed state legislation that would affect the Town. Town Manager Hewett explained the current status of the proposed changes to the Municipal Service District.

RECESS

Motion by Mayor Pro Tem Royal at 11:55 a.m. to recess until May 17, 2016 at 9:00 a.m.; second by Commissioner Fletcher; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk