



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
THURSDAY, MARCH 28, 2019 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Thursday, March 28, 2019 at 10:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem John Fletcher; Commissioners Mike Sullivan, Pat Kwiatkowski and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Planning Director Tim Evans; Public Works Director Chris Clemmons; Detective Jeremy Dixon; and Fiscal Operations Clerks Margaret Lancaster and Mandy Lockner. Commissioner Joe Butler was unable to attend the meeting.

Mayor Holden called the meeting to order.

PUBLIC COMMENT

No public was present to comment.

BUDGET WORKSHOP

Town Manager Hewett explained he went to the Shallow Draft Users Group meeting yesterday. Events have transpired and the Corps has changed the rules on beach placement of beneficial spoil material. Attorney Fox would like to call a Special Meeting, preferably on April 3rd to discuss the Shallow Draft Users Group meeting feedback.

Town Manager Hewett said following up from the last meeting, the Town paid portion of dependent insurance is about 1/3 of the total health insurance budget. The insurance lines in the spreadsheet reflect research and adjustment on our part with the quotes we have in hand. Looking at the most recent quote, based on the programmed employee structure it is actually a decrease of about \$6,000. The increase reflected in the spreadsheets is directly attributed to the added positions that are requested in the proposed budget.

Town Manager Hewett explained that what is reflected in the spreadsheets is one major project coming from the Beach Capital Reserve Fund, being executed through the BPART Fund. For consistency, he will recommend that both major projects (Inlet Crossing Project and the Deeper- Wider Project) come from the Capital Reserve Fund and the minor project (sidecaster Murden, projected estimate) come from the operations account in BPART. Unless the Board has guidance to the contrary, that is what will be reflected in the next spreadsheets. What is shown today is just one major project. Assistant Town Manager

Ferguson explained that if the Corps does the Inlet Crossing Project next year, the Town would have the opportunity to piggyback on the bend widener as we have done in the past. Town Manager Hewett said there is some federal AIWW money, but the bend widener is where most of that sand is and where we have piggybacked. It's still up in the air if it will be executed through the Corps' authorization or the Town's. He explained what is occurring with Oak Island this year. Deeper-Wider is pumping sand on the beach. It is about a quarter million cubic yards of sand. Commissioner Freer asked if the 75/25 split is still in negotiation. Town Manager Hewett answered that the Town has communicated our desire for something else.

Town Manager Hewett stated that administratively, Detective Dixon has a couple of late entries. We need to add another \$5,400 on the Maintenance and Repair Vehicle line. The equipment line is plus another \$6,000. Fiscal Operations Clerk Lockner said the new Police budget is \$825,587.

Town Manager Hewett said he didn't receive anything about the elements of the Budget Message the Board would like to see. We can defer that to later in this discussion. We are four weeks out from needing a deliverable. He needs the Board's input soon in order to be able to incorporate those type of things in the message.

Mayor Pro Tem Fletcher asked if Town Manager Hewett has a feeling on the 18/19 budget if the Town will come in on budget, over budget or under budget for the year. Town Manager Hewett replied there are still several FEMA reimbursements coming in. He explained we only ring in revenues that we make deposits on in the budget. We have received information that we have approval on a couple of FEMA reimbursements. The Board will see a budget amendment for about \$90,000, which is basically salaries and overtime work for Florence. We will not break the budget. There may be some lines overspent, but bottom line we will not be over budget, unless on the water side, which is an enterprise function. We might treat more water or buy more water than anticipated. There are corresponding revenue lines that go along with those service deliveries. He doesn't look at that as busting the budget because you have an offset revenue there. He is projecting the Town will be under budget for the General Fund. Any unexpended appropriations automatically will fall to Fund Balance. Fund Balance is a relative measure calculated at the end of the fiscal year. It is an amount available for appropriation as a function of the following year's expenses. We will have that calculated as part of the Budget Message. He said he still doesn't have the audit from the year ending 2018 yet. That is a piece of making that calculation. Town Manager Hewett said he won't be in a position to say what the estimated Fund Balance will be until the Budget Message is delivered.

Fiscal Operations Clerk Lockner reviewed the budget schedule. There will be another workshop on April 12th at 10:00 a.m. The spreadsheets have not changed drastically since the last time we were here other than Detective Dixon's additions and recalculating some of the insurance and salaries to reflect merit increases that have not been done for employees yet. She said if the Board has questions, now is the time to ask. We did receive a tax base number back. It was a little lower, but it really didn't change too drastically from our last meeting.

Detective Dixon provided the Board with a breakdown on the uniforms. He wants to redo everything. They have had the current gear since he started here. There are officers whose duty belts are held together with tie wraps. His original quote was \$30,000. His final number is closer to \$23,000. This doesn't account for getting the uniforms fitted to each officer. The low end for the vehicles he is replacing will be about

\$49,000, the high end \$59,000. He still needs to research what will work best. The price list is based on everything they are offering for Police Departments on state contract. The cheapest quote is for a truck and the high end would be a SUV. He explained he needs to replace one vehicle and the other vehicle he is requesting is for if they hire another officer. Commissioner Freer said he thought the policy was for patrol officers to have trucks. Detective Dixon said he still wants to go with trucks, he is researching all options. He does like trucks for patrol, he thinks they work well. Town Manager Hewett added unless there is a special need for a different vehicle. Detective Dixon stated they have eight vehicles and a spare. He explained the spare will be cycled out. Under Maintenance and Repair Vehicles he is requesting to restripe the vehicles. He doesn't have the hard price at this time. Under the Equipment line, the request for \$6,000 is for a Computerized Voice Stress Analysis (CVSA). He would like to explore the option of getting one for the Town. The amount will cover the equipment and training. It would be a beneficial tool for the department. They can also use it for background investigations. Town Manager Hewett stated it is his opinion that we need to add another \$5,000 to add an Investigations line item. It was very apparent over the last couple of weeks that budget wise we were ill equipped to handle the type of event we had. He needs an operational line item to be able to react in real time to similar things. Commissioner Freer asked if Detective Dixon anticipates doing a lessons learned from the recent case. Detective Dixon said they are already working on that in-house and also with the other agencies involved. Town Manager Hewett explained that due to the nature of some of the information, it may not be public.

Town Manager Hewett said there is still some pushing around staff will do with all of the numbers.

Fiscal Operations Clerk Lockner explained the delta sheet is a sheet she likes to keep for herself. She explained how she uses it. Commissioner Freer said he would like a column added on the far right showing projected fund balances. Town Manager Hewett said that is a Budget Message piece of information that we will come forward once we get closer to how we push this stuff around. We do have the treasury balance by fund. That will be about two months in arrears based on outstanding encumbrances. We could provide that information by fund, but it would not be directly linked in real time to the delta. Fiscal Operations Clerk Lockner explained it is really hard to do Fund Balance calculations without having an audit.

Mayor Pro Tem Fletcher asked about purchasing capacity for the sewer from the county. Town Manager Hewett said through an interlocal agreement we pay the county for the capacity in the plant. There is an annual obligation to pay the bond debt that the county has underwritten. We have a contractual obligation to annually pay to the county about \$1.1 million for the sewer capacity until 2026. At that time, the debt service falls off to about \$500,000 a year. In addition to the debt we pay to the county, we also have Town debt for the sewer collection lines. The obligation to the county is capacity and transmission lines. This year is the last payment on the debt for the collection lines. Our interlocal agreement with the county is that the county manages the capacity in the plant. The county is facilitating the expansion of the regional plant for Southport's benefit. They has been paying the county a rent for the excess capacity. In the budget there is a Miscellaneous revenue line. Those are not budgeted revenues; they are received revenues because there is some flux on the actual programming of the improvements. The county has told us not to count on that money. We are not budgeting for it next year because the county is using those funds to fix some major issues at the plant, to the tune of about \$1 million. Public Works Director Clemmons provided information on the work being completed at the plant.

Town Manager Hewett explained attorney fees are scattered throughout the budget. We try to apportion those costs according to the function that creates them. Primarily, in the Governing Body there is an expense item there under Professional Services. The work that gets done on the beach is in the BPART Fund. Planning Director Evans also has a small Professional Services line.

Commissioner Kwiatkowski said she knows the Board needs to have a discussion in the near future about the objectives. Looking at the ones that are over 10 points, she said she wants to make sure we didn't miss anything that might need a study or have a cost of some sort. One of the things at 13 points was addressing the water retention issue on Ocean Boulevard. She said she wonders where stuff like that fits. Town Manager Hewett said that particular one is a DOT road and he is not sure what we can do with it. Public Works Director Clemmons stated DOT does not have a solution for the road. He did leave a message for DOT this week to see if we can get an update on the paving schedule for Ocean Boulevard. At that time he communicated his concerns to them and did not receive anything encouraging back from them. Planning Director Evans said he did talk to Iris McCombs from DOT and she said she would take a look. He also told her about the hole in the road by Town Hall. Town Manager Hewett said if the commissioners have specific locations they would like staff to direct attention to there is an administrative process that we would need to follow if we are going to do improvements in the DOT right-of-way. From past experience there is not a lot of right-of-way to work with. We don't have enough area to handle the impervious surface that is required. He said they are setting up an unrealistic expectation with a grade of 13 to fix the flooding on Ocean Boulevard. Planning Director Evans talked about flooding and areas of environmental concern. Commissioner Kwiatkowski said if the public understands the situation and what is available when there is a true safety issue that is addressing the Ocean Boulevard water retention issues. She said it doesn't have to be an engineering study, but if there is something that needs an expense now is the time to address it. Town Manager Hewett explained that in Public Works Director Clemmons' budget he has an additional bypass pump in the Water and Sewer Fund for the lift stations. That pump could also be transformed into a stormwater control device on an as needed basis. Public Works Director Clemmons talked about areas that flood, concerns and how he addresses them.

Commissioner Kwiatkowski said the Board is overdue on addressing the interim development fees. If part of that is another study, something should be put into the budget if the Board isn't going to do it under this year's budget. The other thing to look at would be if the Board is going to look at a second water tower. Town Manager Hewett said the water tower shows up in year two of the Capital Improvement Plan (CIP), which the Board does not have yet. Mayor Pro Tem Fletcher asked about the expense showing in the budget for the water tower. Public Works Director Clemmons explained that is for the work that was recently completed; that was financed over a few years. Commissioner Kwiatkowski asked if the Board believes it would be a good decision for money to be put into the budget for a second development fee study and further evaluation for a water tower. Commissioner Freer said he thinks for sure for the development fee. He is not too convinced on the water tower. The Board talked about if it was better to do the study this current year or in the next budget. Town Manager Hewett stated it will require a budget amendment. He needs a consensus so we can program the amendment with whoever will sponsor the action. Commissioner Freer offered to put it on the agenda. Town Manager Hewett said in the CIP, the programmed construction cost for a second water tower is in year two. He said what Commissioner Kwiatkowski is talking about is the professional services report to make the evaluation that would enable the Board to make a decision on proceeding with a second water tower. He doesn't know what the amount would be. If the Board decides that is the way they want to go, we will scope what we think and make an Engineering Services line for an upcoming budget meeting.

Commissioner Sullivan asked if there are any days in the last year or two when the island was unmanned with the current police manpower. Detective Dixon replied that they have never let that happen. It has been tough. He is currently the on call officer. Commissioner Sullivan asked if they needed to pay overtime to man the island for every tour. Detective Dixon responded yes, he would have to research the amount of tours. Commissioner Sullivan asked if we anticipate that the overall overtime budget would be reduced if we hire another officer. Detective Dixon answered yes, excluding hurricanes and things like that. He calculated his numbers for the uniforms at plus one so that they have extra equipment in case something breaks. His plan is to implement a completely different uniform than what is worn today. The ones they are wearing now are functional, but there are ones that are more professional that still provide safety.

Commissioner Freer said he is trying to look back on the Board's goals to make sure they are meeting the goals. His opinion is if you have three pages of goals, you have none because it is way too much. Commissioner Kwiatkowski said she pulled out a list of everything over ten points on everything but the financials since they were already discussed. She also listed the policies/ procedures/ resolutions with 10 points to take a look at it, figuring that is where the Board would want to focus their attention. She would be happy to provide it to the clerk to send to everyone so they could discuss it as a group. Commissioner Freer thinks it makes sense for everyone to look at what they view as the top priorities. He suggested two or three per section. The Board talked about discussing that at the next meeting.

Mayor Holden asked about scheduling. Town Manager Hewett said Attorney Fox is available to meet on April 3rd. The Board agreed to set the meeting at 2:00 p.m. Mayor Holden asked if they could piggyback on the meeting for Town Manager Hewett's review.

ADJOURNMENT

Motion by Mayor Pro Tem Fletcher to adjourn at 11:16 a.m.; second by Commissioner Freer; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk