



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
WORKSHOP/ SPECIAL MEETING
MONDAY, MARCH 9, 2009**

The Board held a Workshop/Special Meeting on Monday, March 9, 2009 at 9:00 a.m. in the Emergency Operations Center Training Room. Present were Mayor J. Alan Holden; Mayor Pro Tem Sandy Miller; Commissioners Ray Lehr, Don Glander, Ken Kyser and Gary Staley; Town Manager David W. Hewett; Town Clerk Heather Finnell, Public Works Director Chris Clemmons; and Police Chief Wally Layne.

BUDGET REVIEW

Town Manager Hewett pointed out a couple of corrections to the packet: on pages 8 and 22 there should be line items to reflect the \$16,480 refunded from the Corps for the amount of the project not completed during the last dredging project; and on page 19, under Debt Service Sewer it should show an expense of \$766,723.76, making the fund total \$1,583,651.30. Town Manager Hewett went over the highlights of each fund.

Under the General fund the ad valorem tax collection rate is about 97%. The USDA loan for the EOC has still not been closed. The water/sewer fund transfer has not been executed yet. The Franchise Tax hasn't been distributed yet. Building revenues, sales and use tax and Powell Bill distributions are down this year.

Town Manager Hewett went over numbers in the Water and Sewer fund. The Water and Sewer fund is showing a surplus in assessments. The Town is working on arranging it so payments made by automatic draft are drafted on the same day of each month. The line items for water and sewer taps are down.

BPART Fund - Rental collections are up. We are at 92%. Mayor Holden stated from speaking with his contacts rental reservations started out strong in the beginning of the year, but over the past few weeks have fallen behind. Commissioner Staley stated that would most likely affect next year's budget more than this one since this current one ends in June.

Capital Projects – The collection for Holden Beach Harbor dredging assessments looks good. We are at over 100%, but the lots were undercounted when the amount was determined. Heritage Harbor and Harbor Acres have some people who haven't paid. On page 8 there is an error, the Holden Beach Harbor year-to-date revenue should be the same entry as the budget appropriation.

Expenses in the General Fund - Governing Body is where the debt service is for the new Town Hall, contribution to the capital reserve and the EOC debt service are located. The Town hasn't paid those bills yet, so those numbers are skewed. The Town Hall lease is on a month-to-month basis. Some of the overage for that item is for being in that facility longer than anticipated, but the other part is Town Manager Hewett didn't realize we were renting the building for the Police Department when the budget was completed.

In Administration, the Town is overspent on salaries. Town Manager Hewett brought in some extra help.

The Town has appropriated funds to do work on the Fire Department. The Fire Chief would like to discuss having a fulltime station on the island. We would need to discuss with the Fire Chief what their plans are before we do any more work on the building. Public Works Director Clemmons explained there is not much stored there, but he can take inventory of what is there. Town Manager Hewett explained we now have the insurance ratings for the new Town Hall and that it is an over-budgeted line item.

Water and Sewer Expenses - the issue Town Manager Hewett sees is the fact that our debt service obligations to the County are in and are about \$1 million. It will be tight to fulfill that obligation. Town Manager Hewett explained that Public Works Director Clemmons and Commissioner Kyser attended the most recent Sewer Regional Partners Meeting; the County is allowing Oak Island to use their share until the expansion of the plant takes place. The money from the County taking over the Shallotte plant was put into building a force main. He doesn't think Holden Beach will benefit from Oak Island or Shallotte joining at this time because there hasn't been a reduction in the capital for Holden Beach. He doesn't think there will be a reduction in the operating expenses either. Mayor Holden stated he understood at the time we agreed to this that the Town's cost was to go down when the other towns joined. He thinks it may be time for the Town to review the agreement to see if there is anything the Town can do. Town Manager Hewett said there is an interlocal agreement, but he will need to review it because he doesn't know the details, Mayor Holden would like to have the Town Attorney review it with the Board's permission. The Board came to a consensus to have Attorney Tyson review it.

BPART – The Town spent a lot of money on engineering the beach. We had to prove to FEMA that we lost 200,000 cubic yards during the storm, so several engineering line items are high. Mayor Pro Tem Miller asked about the Holden Beach Promotion item. Town Manager Hewett stated it looks like we are \$3,000 over, but he is not sure off the top of his head why that is overspent. Public Works Director Clemmons stated the Access and Recreation item is for repairs to accessways and other similar items.

Capital Projects – The new Town Hall is coming to a head. The furniture is in. We are down to communications, information technology, filling up the generator and those types of things. The testing for the generator has to happen once a week for 30 minutes under operating hours in order to comply with the warranty. Town Manager Hewett asked the contractor for a quote to muffle the sound from the generator. All mobilization costs and the first couple of payment requests have been paid on the dredging project. The Town will be withholding payment based on the most recent survey because there are some parts that the contractor needs to come back and redo.

The Board took a break at 9:58 a.m. – 10:04 a.m.

Commissioner Kyser stated we are down significantly in the amount of money we collected in water and sewer from what we projected. He asked if that number will go up. Public Works Director Clemmons advised that consumption does start to pick up a little after Easter. Commissioner Kyser asked when we anticipate the EOC loan will close. Town Manager Hewett explained we do have a Certificate of Occupancy but, the real issue as he understands it is that until we have a lien waiver from the contractor, the USDA won't close the loan. Town Manager Hewett doesn't think we should hinge the future on the USDA loan and that we may need to look at finding funding elsewhere. The Board came to a consensus to have Town Manager Hewett look at other financial institutions to see what other programs are available for the funding of the EOC.

Commissioner Glander asked about the Time Warner contract. Town Manager Hewett thinks the contract was for about 10 years and it was signed within the past few years. Town Manager Hewett stated that the Town has not received the cable distribution yet.

Commissioner Staley asked about the amount of interest the Town is losing due to the Town Hall loan. Town Manager Hewett explained it is a fixed rate and they have not dropped the rate. Commissioner Kyser asked when any extra money that wasn't spent when building Town Hall would be given back. Town Manager Hewett stated that he is not sure how much noise suppression for the generator will cost, but that is the only amount he is not aware of. Mayor Holden added that there is an issue with the parking lot and the potential for people to get stuck in the rock. Mayor Holden stated he would encourage the Town not to move the money until the end of the fiscal year in case any issues come up.

Commissioner Lehr asked about the Police and Inspections Departments having overtime. Town Manager Hewett explained that overtime for Inspections was accrued during Hanna. Chief Layne explained that Lieutenant Kenny Smith was out on extended injury; there is training that they are responsible for completing; officers need to go in court; and those sorts of things. He stated that in the past the overtime budget was blown by December, so they are in better shape than in the past. Town Manager Hewett stated that there was some catch up evaluations embedded in the salaries expense, so that affected the numbers, Commissioner Staley commented that if the Town did hire the 10th officer that was approved the salaries would be over, but the overtime may be less. The 10th officer was approved so there would always be two officers on duty. Chief Layne explained that in the wintertime, there aren't always two officers on duty because it is not their busiest time, but a majority of the time there is some overlap because of the way the shifts are configured.

Commissioner Staley stated that Public Works is to be congratulated on their numbers. Town Manager Hewett stated that the only thing that bothers him is the sanitation issue (where the budget vs. actual is).

Commissioner Kyser stated that it is his understanding that we have stopped all discretionary spending. Town Manager Hewett stated that in regards to travel and training - there are two classes the Finance Department needs to attend and the Police Department has a lot of required classes that need to be attended. Chief Layne stated that over the last couple of years he has been trying to get his department to the point where they do not have to depend on other people for mandatory training. He has two certified instructors and has one other person in instructor training. The Town will be able to conduct our own in-service training, which other departments can attend.

Commissioner Staley asked where the expenditures for the EOC are. Town Manager Hewett showed him where they are in the General Fund. He explained that the \$75,000 spent on the septic tank was for the construction, engineering, permitting and annual maintenance of it.

Town Manager Hewett stated that he believes by Statute, Department Heads have to get their budget requests to him by April 15th. He will prepare a draft budget shortly thereafter, probably in the beginning of May. Town Manager Hewett stated there are still a bunch of expenses associated with the new Town Hall that are unknown at this time, such as the light bill. He will not be making any expenses that are not necessary because he realizes times are tight. Mayor Pro Tem Miller asked if the Department Heads could have must haves list and wish lists. Town Manager Hewett stated that this year everything will be must lists. The Board talked about having a schedule for replacing cars so that all cars wouldn't be replaced at the same time.

Mayor Holden stated that in the past the Town hasn't been looking at operating costs of our different facilities individually. Each location needs to stand on its own. There will be some major expenses that we have not had in the past associated with facilities. Mayor Holden also stated that the Town is not doing anything to put money aside to take care of any future problems with our water system. He thinks the budget process will be more in depth this year. Public Works Director Clemmons would like to put some type of plan together to purchase equipment yearly to have on hand as spares in case of problems. Commissioner Lehr talked about preventive maintenance for our facilities. Town Manager Hewett stated that some of the things talked about are geared towards crafting a capital budget. He explained we can have an annual budget and a capital budget. Town Manager Hewett stated he will need to look at the Town's fee structure to see if it is adequate.

EXECUTIVE SESSION TO CONDUCT TOWN MANAGER'S EVALUATION PURSUANT TO NORTH CAROLINA GENERAL STATUTE 143-318.11(a)(6)

Motion by Commissioner Kyser to go into Executive Session at 10:49 a.m.; second by Commissioner Lehr; approved by unanimous vote.

OPEN SESSION

The Board went back into Open Session at 12:08 p.m.

ADJOURNMENT

Motion by Commissioner Kyser to give Town Manager Hewett a 3% pay raise; second by Mayor Pro Tem Miller.

Commissioner Staley protested giving the raise in this meeting. The Board discussed giving the raise in this meeting.

Motion passed by unanimous vote.

ADJOURNMENT

The meeting was adjourned at 12:12 p.m.