



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
BUDGET WORKSHOP
TUESDAY, MAY 26, 2009 – 2:00 PM**

The Board of Commissioners of the Town of Holden Beach met for a Budget Workshop on Tuesday, May 26, 2009 at 2:00 p.m. in the Holden Beach Town Hall General Assembly. Present were Mayor Pro Tem Sandy Miller; Commissioners Ray Lehr, Don Glander, Ken Kyser and Gary Staley; Town Manager David W. Hewett; Town Clerk Heather Finnell; Police Chief Wally Layne; Zoning Official Rhonda Wooten; Tax Collector Margaret Lancaster; and Public Works Director Chris Clemmons. Mayor J. Alan Holden arrived at 2:07 p.m.

Mayor Pro Tem Miller called the meeting to order. Town Manager Hewett explained the Town received a letter from the LGC regarding the last audit and reviewed the contents of the letter. Highlights of the letter include that the audit was late and the Board is urged to determine the cause and make sure the audit is on time this year; the LGC cautions the Town about the fund balance because the amount of the fund balance at the time of the audit seems to be lower than comparable municipalities; the Water/ Sewer Fund operated at a loss; and the LGC pointed out that there was an appropriation made in excess of that authorized in the budget ordinance. The LGC does note the reasons for the decreases in fund balance and the Water Sewer Fund are the contributions to capital improvements. Town Manager Hewett explained that the appropriation not authorized by the budget was completed prior to him, but it is obvious it was the prior Board's intention to make the appropriation. It just wasn't done correctly. Included in the packets is information on the Town's goals and accomplishments. Town Manager Hewett explained that the decision was made not to complete some small projects during the current budget such as repairs to the Fire Department and bulkhead repair. He stated that on pages 20 and 21 of the packets the contribution to capital reserve has not been made yet. On page 21, there is a \$99,000 over-budget for insurance and bonds. The packets also include the most current budget vs. actual to-date, a cash balance sheet and the 2010 budget worksheets. Town Manager Hewett explained that he has not included any 2010 projections at this point. He stated that he did have a working session with the Department Heads to review their needs. At this point, he believes the Town will continue using a part-time building inspector; the Police Department will continue with nine officers; and one of the big things for Public Works is to do something with the land across from Town Hall. The LGC doesn't think the Town is charging enough for water and sewer rates, so that is something that is being looked at. The Water and Sewer Fund had \$1 million set aside in capital reserve. The \$1 million was re-appropriated to fund capital improvements. \$500,000 was used to pay for part of the Emergency Operations Center and \$500,000 was used to pay down the debt service on the sewer capital loan from BB&T. Town Manager Hewett inquired if the Board's intention was to replace \$500,000 in the General Fund and \$500,000 into the Water Sewer Fund because that is not what the existing budget does. Mayor Holden stated that the life expectancy of our water lines has passed and he thinks it is foolish to take money from the Water/ Sewer Fund. The Board discussed that the intention was to pay the Water/ Sewer Fund back once the money was received from the USDA loan. The Board also discussed the additional money borrowed for the Town Hall project. Town Manager Hewett reminded the Board that the total cost of the EOC was approximately \$1.3 million, not \$1 million. The Board discussed where to get the money to pay the extra \$300,000 from. There are also additional issues associated with the Town Hall project that will incur additional expenses. Mayor Holden brought up the parking issue on the north end of the building. Kitchen access, sound proofing and stormwater issues with the building have not been addressed yet, so there could be charges associated with that. When the remaining revenues programmed into the current budget would be received was discussed. The Miscellaneous item on page 38 is the smaller reimbursements from FEMA which were put back into the General Fund.

Public Works Director Clemmons stated that he would like a vehicle for the sanitation department to be used for trash collections. The vehicle does have to be four wheel drive. He explained there are 10 vacuum pumps in the pump stations that are \$22,000 each, eight sewage pumps at \$21,000 each, four wet well pumps at \$15,000 each for a total of \$500,000. He thinks the Town needs to get on a program to have replacement parts on hand. We currently only have one backup generator to share between the four pump stations. The cost of a generator is approximately \$60,000. Public Works Director Clemmons is doing research to see if it is required to have a generator available for each station. The water flow for Memorial Day weekend was up from last year. Public Works Director Clemmons stated projects that were postponed during this budget included coating on wet wells, fire station repairs and bulkhead repairs. He stated the Town does need to have a new fence put around the water tower.

Zoning Official Wooten stated that there are not any major items needed for the Inspections Department, but she would like to keep money under Maintenance and Repair for Vehicle because of the shape the Blazer is in and they need to keep money in case new computers need to be purchased. The computers they have now are old, but they do work at this point. There are 146,000 miles on the Blazer. Town Manager Hewett explained that the money to maintain the Durango which has been used for Administration support has been taken out of the Inspections budget. Town Manager Hewett stated he will get back to the Board if he thinks either the Blazer or Durango need to be replaced. The Board discussed having a capital project budget for vehicles.

Town Manager Hewett stated that the big ticket item for Administration this year was the overestimate of insurance for the new buildings. He doesn't see any radical changes for Administration. Town Manager Hewett explained that he hasn't set up a cost estimate per building for utilities, cleaning, maintenance, etc. The Board would like to see it separated by facility in the next budget. Town Manager Hewett stated that for the expense side of the BPART Fund there are no major projects on the horizon except for establishing a master plan for sand. Town Manager Hewett stated that he may want to fund the sanitation vehicle from there. He stated he still sees General Fund employees and Water and Sewer employees that subsidize work in the BPART Fund. Mayor Holden stated he thinks the consensus of the Board is that they would like to see a better accounting of employees' time so the money is taken out of the appropriate fund.

Chief Layne doesn't see the need for any major changes to the Police Department's budget for the upcoming year. He stated that they made it with the nine officers that they had this past year. Congressman McIntyre sponsored a conference call last week. The State received \$34 million that can go back to localities. They will limit the amount each town can get to \$20,000. Chief Layne intends to apply for this money and will take care of some of his equipment needs with that if he receives it. He would also use the money to replace his oldest car with a highway patrol car. No match would be required from the Town. The Police Department no longer has the trailer, but does have the 2.5 ton truck to block the bridge during emergency situations. Chief Layne explained that the Town can request command post equipment from the County if we need it. Town Manager Hewett explained that he is still looking at the number of employees he will recommend to be budgeted for in each department. Commissioner Staley stated he would like Town Manager Hewett and Chief Layne to consider the amount of positions it would take to have two officers scheduled at all times.

Sheila Young asked if there would be any discussion on the take home vehicle policy for employees. Commissioner Glander stated that there are a lot of details to look at. Mayor Pro Tem Miller stated that New Hanover just did an assessment and is still deciding, but it seems they were leaning towards letting the employees take them home based on the assessment.

ADJOURNMENT

Motion by Mayor Pro Tem Miller to adjourn at 3:26 p.m.; second by Commissioner Kyser; approved by unanimous vote.