



**Town of Holden Beach
Board of Commissioners
Budget Workshop
Wednesday, June 4, 2008**

The Board held a Budget Workshop on Wednesday, June 04, 2008 at 9:30 a.m. in the Holden Beach Chapel Fellowship Hall. Present were Mayor J. Alan Holden; Mayor Pro Tem Sandy Miller; Commissioners Ray Lehr, Don Glander, Ken Kyser and Gary Staley; Town Manager David Hewett; Town Clerk Heather Finnell; Police Chief Wally Layne; Planning & Inspections Director Jason Walker; Public Works Director Chris Clemmons; and Tax Collector Margaret Lancaster. Also present were homeowners Sheila Young, Ron Skubic and Sue Kyser; and Steve Jones from the Sun News.

Mayor Holden called the meeting to order. The proposed budget shows a revenue/expenditure increase of \$400,000 over the current fiscal year. Mayor Holden would like to identify the sources of the difference and identify if it is the appropriate amount.

Town Manager Hewett highlighted some of the major changes in the proposed budget. He explained that \$182,010 was spent in excess of what was collected in 2007. In order to retain the services at the same level as they were delivered last year and to support the new structures, he showed a transfer of \$600,000 from the BPART Fund and \$139,000 from the water/sewer fund. If the Board uses the \$1 million USDA loan, the money would not need to be transferred from the BPART Fund. Other options are to cut \$600,000 from the budget or to raise taxes. There will be some project carryovers into the next budget. The County is going up \$0.13 on their water rate. In the proposed revenues, Town Manager Hewett proposed that the Town should increase our rate \$0.20 for 1,000 gallons. The County is going to lower their sewer operations rate by \$0.06 per 1,000 gallons. He didn't recommend the Town change their rates because the rate has fluctuated every year. Capital projects for the dredging operations were included in the proposed budget. Town Manager Hewett will verify that the amount for the dredging assessment needs to be set concurrent with the budget.

The revenue listed under cable franchise is the fee we get for allowing companies to have an antenna on our water tower. The revenues/ expenditures listed are only showing through March 31st, more will be collected/ spent prior to the end of fiscal year. Tax Collector Lancaster will run a report on the amount collected from cell phone companies for using the Town's water tower.

Town Manager Hewett led the Board through a discussion on each section of the budget. Page 5 shows summaries for each department.

In the Governing Body section the proposed budgeted expense for legal services has been increased to \$60,000; Appointed Board Training increased because the Town has six new committees that will increase the need for that line item. Commissioner Staley suggested that if all line items are reviewed there would be opportunities to cut some expenses.

The Board discussed legal fees for the canal dredging projects and if they should be included under Professional Fees listed under Governing Body. The Board needs to determine if legal fees should be deducted from the general fund or from the dredging accounts. Town Manager Hewett explained that since he has been

at Holden Beach, he has been debiting the Holden Beach Harbor dredging account for legal fees associated with the dredging. The Board will discuss it at their next Regular Meeting.

The line item for Operational Contingencies gives Town Manager Hewett the ability to have flexibility in a time of crisis. Interim lease includes three extra months of rent. The Board discussed the costs associated with the Town Hall/ Police Department and the Emergency Operations Center and if there is any way to reduce the costs associated with it. Paying back some of the money and adjusting the numbers accordingly was mentioned. Potential change orders and the unknowns of the project were discussed. There will need to be a review of the audio/visual proposal for the Town Hall. There is no debt service line item for the Facilities Capital Project.

Under Administration there is a significant increase listed under Travel/training because responsibilities will be shifted and additional training will be required. The Communications line item includes the expense for the licensing for taking the computer systems offsite. The cost is \$100 per employee per month. There is an increase in Supplies/Materials because it is a bigger building. The Town would not be able to provide services to new facilities without an increase. The Safety Program is for OSHA compliance training. The Insurance and Bonds includes the bonding of municipal employees and the insurance on the new facilities. The cost of insurance was discussed.

In the Police section Town Manager Hewett stated he is budgeting at a complement of 10 positions as is currently budgeted. The line items for overtime and gas have been increased. In the past barbeques and those types of items have been paid for under the Community Relations item.

The Inspections section reflects one less position than last year's budget. Town Manager Hewett didn't include a recommendation for an additional vehicle because he thinks they can make do between the Durango and Blazer for the next year.

Chief Layne has one vehicle that needs to be replaced, but they will make do with what the Police Department has. Besides that vehicle, the Police Department shouldn't need another vehicle for another few years. Town Manager Hewett would like to work with Chief Layne to establish a vehicle replacement policy.

Town Manager Hewett explained that the Inspections Department is a deficit budgeted service, its collected about half of the money expended so far. Planning & Inspections Director Walker explained the amount doesn't include all revenues collected. They also collect grant monies, CAMA and impact fees. Planning & Inspections Director Walker stated that they supplemented general revenue by almost ½ cent. Town Manager Hewett explained how grant amounts are shown in the budget. The cost and status of Jordan Boulevard was discussed.

For the Public Works budget, Town Manager Hewett is proposing \$486,900 for this year. The salary increase does not reflect an additional number of employees. He restructured personnel costs throughout the departments. The amount listed under Building Utility Payments has tripled from the current budget. He is not sure what the costs will be for the new facilities. Buildings and Ground Maintenance includes the cost of siding for the Fire Department. Town Manager Hewett will work on quantifying all Public Works expenses that can be accounted for and directly charged to the BPART Fund. The line item on Maintenance on Streets doubled because asphalt is a petroleum based product. Maintenance for Bulkhead/Retaining Walls has been increased. There are two that definitely need to be replaced. The gas budget has been doubled.

The Sanitation section shows a nominal increase in Supplies and Materials. Town Manager Hewett anticipates the Waste Industries contract will go up due to the cost of fuel, so that amount has been increased.

Town Manager Hewett wasn't able to split the Water and Sewer funds in time for the budget proposal. The County increased their water rates by \$0.13, the budget reflects an increase in our rates by \$0.20 per 1,000 gallons. The major expenses are the proposed meter replacement and Vactor truck. The meters can be upgraded at a later time if the Town decides they want to go with radio read. The County is going to reduce the sewer treatment charge but revenue projects made on current charges

Commissioner Staley asked about the increase in health insurance for employees. Town Manager Hewett explained he is getting new proposals in, but the way it is accommodated in this budget is to pick up the increase.

This year the BPART Fund reflects revenues generated from the accommodations tax only. This proposal does not include an appropriation for a sand project this year. On the expense side there are engineering fees that will tell us if a project is warranted and an appropriation can be made at that point. An appropriation is included for the Lockwood Folly dredging study. Beach vegetation is listed, but there is no line item for fencing. We do have a stockpile of fencing to use if areas are identified where it can be placed. Town Manager Hewett will see what the Town is currently doing to promote Holden Beach which the Town is required to do according to State statute. A line item for fitness equipment has been inserted.

Town Manager Hewett explained that he prepared the worksheets on Capital Projects to show a better picture of the expenses associated with current projects.

Town Manager Hewett asked if the Board wants him to revise the budget ordinance to reflect the \$1 million from the USDA loan coming in as the revenue in lieu of using money from the BPART Fund. The Board came to consensus that they would.

There is no specific money designated as project funds for Jordan Blvd. There is nothing outside of footprint of the building in the budget for the Emergency Operations Center. The Board discussed how the budget will be presented.

The Board came to a consensus to cancel the next Regular Meeting scheduled for June 10th.

ADJOURNMENT

Mayor Holden adjourned the meeting at 12:22 p.m.