

MINUTES  
OAK ISLAND TOWN COUNCIL  
SPECIAL MEETING – BUDGET WORKSHOP  
APRIL 17, 2020 – 10 A.M.  
COUNCIL CHAMBERS - OAK ISLAND TOWN HALL

Present: Mayor Ken Thomas, Mayor Pro Tempore Jeff Winecoff (present via Zoom), Council members John W. Bach, Sheila M. Bell, Charlie K. Blalock, and Loman Scott, Town Manager David Kelly, Finance Director David Hatten, and Town Clerk Lisa P. Stites, MMC.

Mayor Thomas called the meeting to order at 10 a.m.

Mr. Kelly reviewed the format for the meeting, and reminded everyone that the proposed FY 2020-2021 budget was just a draft document and that numbers could change. Mr. Hatten reviewed the budget for Town Council. Mr. Hatten said that he had lowered the projected legal fees for the year; this number would be for cases other than the ongoing sewer district fee cases. Councilor Bach said that he thought they should send out an RFP for legal services as it had been a long time since that had been done. Staff confirmed that it had been at least since 2006. Mr. Hatten said he also reduced advertising costs under Council's budget, and said that Development Services' advertising costs would now be reflected in that department budget. Councilor Bach asked about "other professional services," asking if that included money for public relations. Mr. Kelly said that would be under Admin. Mr. Hatten said that the professional services figure included in the Council budget was for the audit. Councilor Bach said that he would also recommend seeking proposals for doing the audit as well. Councilor Scott asked what the reduction in the budget was; Mr. Hatten said that every other year, they needed an actuary to fulfill certain accounting requirements. Mayor Pro Tempore Winecoff asked if there was funding for how the Town broadcasts; Mr. Kelly said no, that staff was working to implement Granicus software already, but that they may need to look at replacing audio equipment that could cost \$30,000. Councilor Bach said he would propose adopting a schedule to RFP critical services such as preparing the audit, etc. Mr. Kelly said that sometimes when you put something out for proposals, you see that you're already getting a good price. Councilor Bach said that it helps to see what the market will bear and sends a very clear message to the providers to offer the very best service they can. Councilor Bach said it would be an advantage to the incumbent if they are satisfied, but that the process itself ensures integrity and the best possible cost structure. Regarding auditing, Mr. Hatten said that there are not many CPAs who are doing municipal audits. Mayor Thomas said that there is also an advantage to working with someone who knows the Town rather than starting with a new person. Mr. Kelly said they had been monitoring when attorneys were hired at other towns to see the prices other towns were paying.

Water: Mr. Kelly said that with people being home, they are using water. He said bills are being paid and that we would still be dealing with the same people who don't pay monthly. He said there would be reduced penalty revenues though, since the penalties are not being charged right now, according to the Governor's directive. Mr. Kelly said that with more people at home, water usage is up, and though staff is dealing with the same people as far as nonpayment, most people are paying their bills. Mr. Kelly said that they were trying to be conservative with projected revenues. Mr. Hatten said that they would still collect revenue from water tower leases. Councilor Bell asked if water usage and payments were down. Mr. Kelly said that usage was up, so that would increase some revenue, though they would not collect from some people and they would not collect penalties. He said that they were down about \$20,000 last month in uncollected late fees and reconnect fees. Councilor Bell asked if it was the same 150 people who never pay their bill; Mr. Kelly said that was correct. Councilor Bell said that the Governor's order waives late fees, but not the bills. Mr. Kelly said that was correct, though people would have until December 31 to

pay the outstanding balance and that there would be payment plans. He said that they would probably send a notice out prior to the end of the year so that the whole outstanding balance wouldn't be due at once. Councilor Bach asked how revenues would be affected if more people were out of work. Mr. Kelly said that he thinks the numbers are pretty good, because there are a lot of retirees, the construction industry is still working, and that there are lots of people still working. Councilor Bach said that there are states that will go belly up, which will affect retirees with pensions.

Mr. Kelly reviewed the Utility General Services, and said that the projected cost to the County would be \$1.2 million for water in the coming fiscal year. Mr. Kelly said that the County may take another look at those rates given the current circumstances.

Mr. Kelly said that 3-year plans have been included for all departments' fleet. Regarding the software for people to see their water usage online, Mr. Kelly said they have only had a handful of people had asked for it, but that it was a \$60,000 investment with no return. He said that if anything needed to be cut, this would be one of the items. Councilor Bell asked if staff could see if a rental property had water usage. Mr. Kelly said they could and that they had already looked at it.

Regarding the Water Maintenance fund, Water Superintendent Tray Bivins said that the department tracks water usage daily. He also reviewed planned budget reductions for the coming year, including replacing a pickup truck and a backhoe. Mr. Bivins also spoke about planned expenditures, including fencing around two water towers. Mayor Pro Tempore Winecoff suggested asking the cell carrier companies install fencing. Mr. Bivins said the cell companies would still need to let us know when they were coming and provide IDs. Councilor Bell said that would be her concern, was that if they installed the fencing, they would think they could come and go as they pleased. Mr. Hatten noted that the proposed budget listed two trucks, but should only list one.

Regarding the wastewater fund, Mr. Hatten said that there are significant numbers in this fund that have to be met before they even look at salaries, such as wastewater treatment costs, debt service and County O&M costs. Mr. Kelly said that revenue projections were largely left the same, as building was still going on; the revenue also includes money the Town gets from the County for Caswell Beach capacity. Councilor Bach asked if the projections were low, where money would be transferred from. Mr. Kelly said this was a self-sufficient fund; it is an enterprise fund that has to support itself. He said that everything they had done the last several years to set money aside for debt payments put us in a good position.

Mark Moore, Wastewater Superintendent, reviewed the proposed wastewater budget. There is a request for a tractor to help with maintenance at the treatment plant and at Bill Smith Park. There is also a request for a cargo van for the Town's electrician. Mr. Hatten also noted that increased maintenance for this department for Bill Smith Park would be seen as a reduction in the Parks and Recreation budget. Councilor Bach said he would like to know, on a percentage basis, the increase for employee benefits. He said he knew there were costs that we were not in control of, though it would be good to have that information during discussion with the public. Mr. Hatten said that one reason was that the Town's retirement benefits costs were higher. Mayor Pro Tempore Winecoff said he'd like to see quotes for the cargo van because that number seemed high. Mr. Moore said that was fully outfitted with shelving and toolboxes. Mr. Moore also spoke about the fund for the collection system. Mr. Kelly said that as the system gets older, there would be additional maintenance costs.

Mr. Kelly said that a few departments hold off on purchases until later in the fiscal year, just so they can make sure they have money for repairs or replacing equipment. He said that the budget starts in summer,

then there are slower times and then it gets busy again toward the end of the fiscal year. He said that in the coming budget, they would look at that closely, and possibly go back to Council with items that would be delayed or removed to plan for the remainder of the fiscal year. Councilor Bach asked how much they were projecting building to decrease; Mr. Kelly said Mr. Edwards had given a number the other day of between 8 and 15 percent.

Mr. Moore said that capital outlay for this department includes replacing a pickup truck. He is also asking for an insert valve, as there is no way to cut off flow off the island until it reaches Mercer Mill. Mr. Moore said he also plans to install some emergency bypasses. He would also like to purchase backup pumps for the vacuum stations that do not have one. Mr. Hatten noted that the sewer district fee legal fees had been moved into the sewer fund, at an amount of \$70,000.

Mr. Hatten said that they anticipated raising stormwater fees \$1.17/month. Mr. Kelly said that the stormwater director is retiring, though those duties would be absorbed into the department for now. A stormwater maintenance worker would be hired, and the Public Works Director would assume direction of those activities. Mr. Kelly reviewed equipment needs for the department. He said that they would be incorporating more into the GIS system so they could track rain events. Returning to a question asked earlier by Councilor Bach, Mr. Kelly said that the current stormwater rate was \$4.13/month. Mr. Kelly said that capital outlay for this department include a new pickup truck, replacing a 1998 dump truck and a backhoe. Councilor Bach said that they need a chart to see what the equipment needs were rather than continuing to handle those year by year. Mr. Kelly said that had been provided in the budget books. He also said that like the police department, there were years when new purchases were not allowed for all departments. Councilor Bach said that he was frustrated, and that it was directed at those who preceded all of them and failed to plan. Councilor Scott asked if the stormwater department was still working fulltime on those issues, and Mr. Kelly reviewed the work they had been doing. Councilor Bach asked for the rationale for raising the fees. Mr. Kelly said it was to cover operation and maintenance of the system. Councilor Bach said that it would then be more of a service; last year they added personnel and this year they were looking at equipment. Mr. Kelly said that there were no equipment purchases planned for the stormwater department in the following fiscal year.

**Councilor Bell made a motion to adjourn at 11:42 a.m. Councilor Bach seconded the motion and it passed unanimously.**

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Ken Thomas, Mayor

Attested: \_\_\_\_\_

Lisa P. Stites, MMC  
Town Clerk

*Clerk's Statement: Minutes are in compliance with the open meetings laws. The purpose of minutes per the open meetings laws is to provide a record of the actions taken by a Council or a Board and evidence that the actions were taken according to proper procedures. All actions of the Council are recorded in the official minutes. Not all portions of Town of Oak Island meetings are recorded verbatim in the official minutes, with general discussion items, reports, presentations, and public comments being paraphrased or summarized in many instances. Public comments in writing should be submitted to the clerk via hard copy, electronic mail, or other means so as to ensure an exact verbatim account. The Town of Oak Island provides full coverage of meetings on Government Channel 8 so that the Citizens and the Public may view and listen to the meetings in their entirety.*