

MINUTES  
OAK ISLAND TOWN COUNCIL  
SPECIAL MEETING – BUDGET WORKSHOP  
APRIL 23, 2019 – 1 P.M.  
COUNCIL CHAMBERS - OAK ISLAND TOWN HALL

Present: Mayor Cin Brochure, Council members John W. Bach, Sheila M. Bell, Charlie K. Blalock and Loman Scott, Town Manager David Kelly, Assistant Manager/Town Clerk Lisa P. Stites, MMC, Finance Director David Hatten, Water Superintendent Tray Bivens, and Wastewater Superintendent Mark Moore. Mayor Pro Tempore Winecoff was not able to be present.

Mayor Brochure called the meeting to order at 1 p.m.

Mr. Kelly said they would begin with the Water Department, specifically water maintenance. There is a request for an additional employee, for a backflow prevention technician. The State is asking for an ORC to be put back in the position. There are people on staff with the required certification, but we need to have someone in that position.

Councilor Bach asked about the across-the-board increases in retirement. He said that he would prefer to hear all requests for personnel, even those Mr. Kelly hasn't included in the budget. Mr. Kelly said that he had added this position into the budget since it is needed to fill a function the State requires. He said that he had not included the three firefighters the Chief requested because he thinks it needs further review. Mr. Kelly said that just because we want to open up Station 2, the Chief still needs to show that by adding Station 2, that we're not going to roll Station 2 and 3 at the same time and have four people instead of two for calls at the east end. He said he is still waiting for numbers from the Chief. Councilor Bach said that he wanted to know the rationale behind deciding which departments get additional staff. He also asked about the Police Department's request; Mr. Kelly said the Police Department had not requested new personnel and that Council had decided at the January retreat to fill the Community Resource Officer position, and then others were promoted or moved within the department. Councilor Bell said that she trusted Mr. Kelly's judgment since he had been doing this for 30 years and said some departments would ask for things that could not fit in the budget or were not as necessary as other positions. Mr. Kelly said that he was looking at adding additional positions in Public Works as well, due to the volume of work for that department. He said that if he didn't see the need for a position, he wouldn't bring it to Council. Councilor Bach said he just wanted that discussion for the record. Mayor Brochure said that she thought they understood there was a lengthy process to get the draft budget to this point.

Mr. Bivens reviewed the proposed budget for the Water Department. There is a small increase in vehicle repair, but they believe that they can maintain older vehicles rather than replace any. There is \$127,000 included to start installing automatic flushing devices at street ends; it will help save manpower and improve water quality. There is also \$66,000 budgeted to begin replacing parts and making repairs to all of the fire hydrants, starting with 100 hydrants this next budget year. There is a request for a truck to haul heavy equipment. The Department was behind on new water taps at about 100, and now they are down to about 40 outstanding. The weather has cooperated, and demand has slowed slightly.

Under Water Administration, Mr. Kelly noted that there is actually one fewer employee; those duties have been split among other employees. Mr. Kelly said they are still evaluating the need for two meter readers/maintenance employees. These employees have to look at meters with odd readings, check if a customer thinks something is wrong, etc. One of the positions will be eliminated by the end of the year. Councilor Bell asked if we still have to manually turn water on and off. Mr. Kelly said it would have cost

almost \$600/meter to have that capacity and that we did not do that, though we may consider it for some customers. There is a request for one new vehicle; the truck being replaced has approximately 180,000.

Regarding water and sewer rates, Mr. Hatten said they were not proposing a rate increase. Mr. Kelly said there would be a proposed increase for the stormwater fees.

Under the Wastewater budget, Mr. Kelly said they continue to advertise for an instrumentation specialist for the Town. Answering a question from Councilor Bell, Mr. Kelly said the salary is actually reasonable, but not with the building boom still going on. He also said that we need someone who has experience with newer equipment. Councilor Bach said it sounded like the choices were looking at the pay scale or continuing to outsource it. Mr. Kelly said they have talked to vendors about providing that service permanently, and they would have to bring on additional personnel to do that.

Mr. Moore reviewed the Wastewater budget, including capital outlay expenses for an epoxy coating for a concrete area and rehab pipes. Councilor Bach asked about the reduction in the line item for professional services. Mr. Hatten said that was higher in previous years was for legal fees to defend against the Sewer District Fees lawsuits. Councilor Bach asked about the number for treatment; Mr. Hatten said that we had already gone over this year's estimate, so he increased it for next year. Mr. Moore also said that the storm put a lot of rain into the system for treatment.

Mr. Kelly reviewed the collection side of the budget. He said there is not a request for new personnel. Councilor Bach asked about the increase in overtime costs. Mr. Kelly said that there is more maintenance needed on weekends; he said he did not think there was a need for a new employee at this time. Mr. Kelly noted that they still have AirVac inspect the system annually. Councilor Bach said that it was very shrewd to build as much redundancy into the system as possible.

Mr. Kelly reviewed the stormwater budget and introduced our new Stormwater Administrator, Rich Baker. Mr. Kelly said Mr. Baker had been helping out a lot since he came on board a few weeks ago. He said that Mr. Baker was doing a good job explaining stormwater issues to citizens. Mr. Baker reviewed the proposed budget. He said crews had been doing a good job restoring ditches, but there is still much more to do. There is a request for a new pickup truck; the one being replaced has more than 140,000 miles and the gearshift comes off. One of the big ticket items he is requesting is GIS inventory so he can show the work that is being done, show where the ditches are, etc. Councilor Blalock asked Mr. Baker if he had a list of hot spots. Mr. Baker said he did, and said that some areas will be tough to address, such as NE 8<sup>th</sup>, where they need to make water run uphill. Councilor Bach asked if there was enough budgeted for maintenance, and Mr. Kelly said that they didn't want to ask for funds for projects they couldn't get to in the upcoming fiscal year, and that some of the projects are smaller and can be completed more quickly than others. Last year, with more than 100 inches of rain, he said there wasn't much that could be done to address that volume. Mr. Kelly said that the budget includes a residential stormwater rate of \$4.13/month, up from \$2.75 per month, or an increase of \$16 and some change for the year. Mr. Baker said that stormwater projects are generally designed to handle typical rainfall amounts. Councilor Bach said that it was a question of scale to the problem, about whether we had the sufficient commitment and sufficient resources to solve the problem. Councilor Blalock said he hoped there would be some communication to the public as problem areas are addressed. Mr. Baker agreed that would be important.

Council took a brief recess from 2:05 p.m. to 2:12 p.m.

Mr. Kelly introduced Scott Thornall, the new Public Works Superintendent. Mr. Thornall said that the facilities budget was largely level as he is still in evaluation mode. He said that the number for walkovers

and docks hasn't changed, though there would soon have to be some money spent on the walkways. He is currently assessing them for safety, repair needs, etc. He said he is working on an assessment of all the facilities to be able to better track maintenance and repairs going forward. Mr. Kelly said that they will probably bring some projects and numbers for Council to consider at the January retreat. The Public Works Admin budget has not been changed much. Regarding Fleet Maintenance, Mr. Thornall said that he would be reviewing this department. He said he thought the fleet was in poor condition and that he wanted to see better recordkeeping so that decisions can be made about when it becomes no longer feasible to maintain a vehicle.

Councilor Bell asked about the water tower leases and if there was a limit as to how many cell towers can be put on them. Mr. Kelly said that those decisions are made based on structural analysis. There are different charges for apparatus on the tower versus equipment on the ground. Leases are renegotiated every five to seven years and some are automatically renewed. Mr. Kelly said that the cell companies keep pushing for the ability to put apparatus on light poles, etc. so this revenue to the Town may end at some point.

Regarding the Council budget, Mr. Kelly said they were considering breaking out the advertising costs per department rather than including them all in the Council budget, though that change may not be made until the following fiscal year. Councilor Bach asked when the last time an RFP had been done for legal services; Mr. Kelly said it had probably been a while. Councilor Scott said that the raise for Council last year was the first one done in a long time, and he suggested tying it to the COLA increase like it is done for the employees. Councilor Bach said Councilor Scott was a brave man. He also said that if Council salary was not increased for a decade, that was problematic, that he would support a review of it every two or three years, and that would take it out of the political term that you're in. Councilor Blalock said that he would support Councilor Scott's suggestion. Councilor Bach said that maybe not for this year, but with the next year going forward, it would make sense. Councilor Bell agreed that it would take the politics out of it. This discussion will be added to the January retreat. Councilor Bach said he would like to also discuss RFPs for legal services, the audit, etc. and putting that on a regular schedule; this will also be on the January retreat agenda.

For Administration, Mr. Kelly said that he would provide a memo to Council regarding the top three employees' salaries for the last several years. Regarding proposed increases across the board in the 401(k) expenses, Mr. Kelly said they had included numbers for raising the matching rate from 3% to 5%. Councilor Bach said that he wanted to talk about communications strategy to have access to professional services when necessary. Councilor Bell clarified that what she had asked for was the top five employees, and what they made in 2016 and what they make now. Council and Mr. Kelly had additional discussion about the pay scales, and COLA and merit raises. There is money in contracted services for PR assistance and for IT services. Councilor Bach asked that we include an assessment of our cyber security in the IT RFP. Mr. Kelly said that would be part of it. Mayor Brochure asked if there would be any staff changes made as a result, and Mr. Kelly said that was possible.

Under Hurricane damage expenses, Mr. Hatten noted that the \$18 million figure reflects what the Town has spent on Hurricane Florence; we are in the process to get reimbursed as much as possible from FEMA. Mr. Hatten said they are also looking for ways to decrease credit card fees.

Councilor Bach said that during the budget process last year, there was discussion about fund balance, and he said that Mr. Hatten was correct in wanting to keep a larger balance, considering the \$1.8 million used for hurricane clean up. He said that we should have at least that much available in fund balance

going forward. Mr. Hatten said that was correct. Mr. Kelly said that last year, they had a spreadsheet that showed all the expenses for beach and hurricane-related projects. He said that now, there is still the Sea Turtle Habitat Restoration Project to be done, for \$8.7 million that we'll have to have the money for it and be reimbursed later. The dune project we hope to do from Hurricane Florence is \$5.6 million. He said there is a lot of money that we'll have to spend; we'll get it back, but we have to have it available.

Action on the Splash Pad: **Councilor Scott made a motion to adopt the amendments to the FY 2018-19 Fee Schedule for the Splash Pad fees as presented. Councilor Bell seconded the motion and it passed unanimously.**

**Councilor Bach made a motion to adjourn at 3:01 p.m. Councilor Bach seconded the motion and it was approved unanimously.** (There will be another budget workshop May 1).

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Cin Brochure, Mayor

Attested: \_\_\_\_\_  
Lisa P. Stites, MMC  
Assistant Manager/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.*