

MINUTES
OAK ISLAND TOWN COUNCIL
SPECIAL MEETING – BUDGET WORKSHOP
May 7, 2019 – 4 P.M.
COUNCIL CHAMBERS - OAK ISLAND TOWN HALL

Present: Mayor Brochure, Mayor Pro Tempore Winecoff, Council members John W. Bach, Sheila M. Bell, Charlie K. Blalock, and Loman Scott, Town Manager David Kelly, Finance Director David Hatten and Assistant Manager/Town Clerk Lisa P. Stites, MMC.

Mayor Brochure called the meeting to order at 4 p.m.

Consideration of Expending Funds for Oak Island Water Rescue's Purchase of a Truck: Mr. Kelly reviewed the discussion from a previous budget workshop. Oak Island Water Rescue is asking for \$12,500 to use toward the purchase of a truck. Mr. Kelly said the funds were available in the current budget. **Mayor Pro Tempore Winecoff made a motion to expend funds for Oak Island Water Rescue's purchase of a truck. Councilor Bach seconded and the motion carried unanimously.**

Consideration of Acquiring Vehicles for the Police Department: Mr. Kelly said Council had previously discussed leasing five of the vehicles requested in this fiscal year and the other five next fiscal year. Councilor Bach said that he wanted to see a plan for vehicle replacement for all departments so that we're not facing such large needs at one time. Mr. Kelly said that he was working with the Public Works Superintendent on such a report. Mayor Pro Tempore Winecoff said that he would like to see a 5-year plan from all the departments for capital needs. Mr. Hatten said they would be leased for a three-year period at 5.99 percent. **Councilor Blalock made a motion to lease five vehicles in this fiscal year, Mayor Pro Tempore Winecoff seconded and the motion passed unanimously.**

Consideration of Fire Fees for FY 2019-2020: Mr. Kelly said that increasing the fire fees was not in his proposed budget, and that neither was adding three employees to the Fire Department. Mr. Kelly said that at the meeting with Brunswick County, the Town's representatives (Councilor Scott and Chief Anselmo) indicated there would be a 15 percent increase, but Council still had to make a decision on that. Mr. Hatten said if the fire fees were increased 15 percent, the revenue from fire fees would be \$1,698,000, or an increase of approximately \$265,000. Councilor Bell said she was not in favor of raising the fire fees. She said she would rather go with staff's recommendations. Mayor Pro Tempore Winecoff said that he would also follow the Manager's suggestion. Councilor Bach said that his recollection was that although there was a request for manpower, the Manager did not believe there was adequate need. Consensus was not to request a 15 percent increase.

Discussion of FY 2019-2020 Budget items:

Mr. Kelly reviewed a sheet showing numbers for the new employees requested, the tax revenue, etc. Mr. Hatten said that the total value of assessed property within the Town is \$3,000,237,273, and that one cent will generate \$323,727 of revenue. Keeping the same tax rate would generate approximately \$10 million. Mr. Hatten said that for a \$150,000 home, the same tax rate would increase taxes by \$112 in the coming year; that tax rate would mean an additional \$223 for a \$300,000 home. Mr. Kelly reviewed a list of other area towns and whether they are going revenue neutral. He said that Brunswick County would not be going revenue neutral. Mayor Pro Tempore Winecoff asked where the extra money would go if the tax rate stayed the same, asking if it would go to the beach fund. Mr. Hatten said that would be his preference. Mr. Kelly said that the Town still owes \$1.8 million for the engineering contract with Moffatt & Nichol. Mayor Pro Tempore Winecoff clarified that keeping the same tax rate would set aside 6 cents

toward the beach fund instead of 2 cents. Mayor Pro Tempore Winecoff said that they should plan for revenue neutral for the general fund and then the additional 4 cents could go toward the beach fund. Councilor Bach said that they should be gradually increasing the tax to start saving for the beach nourishment project. He also said it was ironic that we were transferring money from fund balance to pay for the engineering project they were unwilling to fund. He said they needed to look at a minimum of an additional two cents. Councilor Bell said that if they maintained the tax rate, that extra revenue could go toward sand. Mr. Hatten said that he could give them a breakdown of the numbers. Councilor Bach said that the other option would be to add a line item into the budget and pay for the engineering/beach project each year, because otherwise, they're just taking it from fund balance and that was not a good practice. Mr. Kelly said they should also remember there is \$12 million promised for FEMA projects that has to come from fund balance. Mayor Brochure said it would come out of fund balance but then hopefully reimbursed by FEMA. Mr. Hatten said that would take two to three years; there is still reimbursement money expected from Hurricane Matthew (2016).

Mr. Kelly reviewed a sheet showing figures for the proposed merit and COLA increases. Councilor Bach asked about the percentage of employees regularly "exceeding expectations" on evaluations. He said that 66 percent seemed high. Mr. Hatten said that he would look into it further. Mr. Hatten also reviewed the increases on the Town's participation in the NC Retirement system; it will cost an additional \$126,783. Mr. Hatten also reviewed a proposed increase to the 401(k) match. With the 3 percent match, approximately 80 percent of the employees participate. The increase proposed would cost \$106,134. The actual spent this year is very close to what was budgeted. Mr. Kelly said that increasing the match is one of the things that we can do to attract and retain employees.

Mr. Kelly also reviewed information on the new employees requested in the proposed budget; there would be one position deleted as well.

Councilor Bell said that she wanted to revisit the fees for the Splash Pad. She said that if we're not going to charge for walking on the Pier or for some of our other activities, we shouldn't charge for the Splash Pad, at least this first year. She said that by the time we pay staff to take money, etc. it wouldn't be worth it. Mayor Pro Tempore Winecoff said he agreed, and said they could consider it during the January retreat. Councilor Bell said that they could still charge for after-hours rentals. Councilor Blalock asked if there would be a way for people to donate to help support it. Mr. Hatten said that they could donate to the newly-formed 501(c)(3) for the Parks and Recreation Department. Regarding the fees, Councilor Scott said that the Parks and Recreation Advisory Board felt that at least a small fee should be charged. He said that they thought that it would help prevent people from dumping a bunch of kids off there for us to babysit. He said he would still prefer to charge a fee. Council had additional discussion about whether to charge for the Splash Pad. Mayor Brochure said she thought the concern was that it would be a place for people to just come off the beach to rinse off. Councilor Bach asked about the process for money collection; Mr. Hatten said there would be a drop safe downstairs for deposits. He said they would use armbands, and they would have to essentially inventory those every day. Councilor Bell asked if a 16-year-old could be bonded; Mr. Hatten said he did not think so. Mayor Brochure polled Council -- Mayor Pro Tempore Winecoff said that we should not charge this first year. Councilor Blalock agreed. Councilor Scott wanted to go with what they had already voted on. Councilor Bell said they should not charge for use. Councilor Bach said that he would always support the method with a plan. The rental fee would still be in place for after-hours rental.

Councilor Bach asked for a status update on the Pier. Mr. Kelly said they had interviewed one person for crew leader at the Pier; other interviews were scheduled as well. Councilor Blalock asked who would be on site during events. Mr. Kelly said they would be using the same people at the Pier and 801 Ocean. Councilor Bach said that he still thought that they needed an economic development officer, someone

with marketing experience to attract new business. He said we needed to build sustainable ratables and work with the current business community to improve the central business district. Councilor Bach said that he hoped the person running 801 Ocean would be able to market it and run it at a profit. Mayor Brochure said that she read the job description and that it was pretty specific. She also said there would be ads in upcoming issues of *Our State* magazine to help put it out in the public a little bit. She said she didn't understand why an economic development director would be needed. Councilor Bach said that he would rather look at solutions on an island-wide basis, and the mainland, and someone with that skill set could attract businesses, help businesses improve and run the Pier. Mayor Brochure said the County has an economic developer, and that the County can offer incentives while the Town cannot. She also said that tourism was our economic development.

Councilor Bell made a motion to adjourn at 5 p.m. Councilor Blalock seconded the motion and it passed unanimously.

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.