

VILLAGE OF BALD HEAD ISLAND
COUNCIL WORK SESSION
November 13, 2012
Bald Head Association

COUNCILORS IN ATTENDANCE

Mayor Andrew Sayre
Councilor Gene Douglas
Councilor Art Morris

STAFF PRESENT:

Calvin R. Peck, Jr., Village Manager
Chris McCall, Asst. Manager/ Shoreline
Protection Manager
Ben Liddle, Public Works Director
Ken Bowling, Utilities Director
Deb Straub, Finance Director
Karen Ellison, HR/ Communication Director
David Cox, Systems Administrator
Charles Baldwin, Village Attorney
Debra Talbert, Village Clerk

1. Call to Order/ Approval of Agenda

Mayor Sayre called the November 13, 2012 Council Work Session to order at 9:30 a.m. Mayor Sayre entertained a motion to approve the amended agenda as presented. Councilor Douglas made motion, with all in approval.

(MOTION CARRIED 3-0)

2. Review of Council Meeting Agenda

3.1- 1st Reading/ Set Public Hearing for Utility Rate Changes

Calvin stated there is not a requirement to set a public hearing for Utility Rate changes, but he felt this is something Council should consider.

3.3- Resolution- Loss of Transitional Hold Harmless Reimbursement Funds

Calvin reviewed the proposed Resolution on the additional sales tax concerns with the local action sales tax. Calvin stated the Village could possibly lose \$30k if this Resolution is not passed. Mayor Sayre stated he had mixed emotions on the proposed Resolution. Calvin stated in 2002 the General Assembly authorized an additional local option sales tax, and repealed existing reimbursements to local governments resulting from earlier repeal of the inventory tax base of local governments. The State budget for 2011-2012 does not include the extension of the “transitional hold harmless”. Calvin stated this should be supported by the Village of Bald Head Island.

3.4- October Financial Statement Report-

Deb Straub reviewed the financial statement for the month of October.

The General Fund revenues are slightly ahead of prior years. The General Fund expenditures are below budget. The Utilities Fund revenues and expenditures are slightly below budget. The Beach Fund balance at end of month is \$1.4m. The Stormwater

Management fund balance at end of month is \$61k and the Infiltration Pond System fund balance at end of month is \$84k.

3. Utility Rate Changes

Deb Straub reviewed the proposed recommendations from the utility rate study and possible changes from the Utilities/ Public Works Committee. The December 16, 2011 letter from the Local Government Commission (LGC) stated “We noted signs of financial weakness in the Water and Sewer Fund indicating that the water and sewer system could have problems if not monitored. Cash flow from operations, while positive, is not sufficient to cover the cash outflows necessary to provide water and sewer services to your customers and the related debt service payments”

The consultant had gathered historical data and projected costs and revenues through 2022 which has confirmed the LGC concerns regarding potential financial weakness of the utility fund.

Deb presented a power point on the summary of findings and recommendations from the Utility Rate Study. Deb stated if no action is taken, there will be a deficit in 2014 and results are negative Fund Balances beginning in fiscal year 2016. The committee recommendations after reviewing various scenarios of rate changes are as follows:

1. All rates and charges are increased 4% effective January 1, 2013 with 3 exceptions:
 - a) Tier 2 Water Usage Charge (over 3,000 gal) and irrigation rates increase to \$8.50 per 1,000 gal- currently \$7.82
 - b) Residential Sewer Service is increased to \$58.00 per month- currently \$50.61
 - c) Minimum Non-Residential Sewer Service Charge is increased to \$58.00- currently \$50.61.
2. Combine debt and capital recovery charges to one charge
3. Potential increase of all rates and charges 2% per year (to keep up with inflation) beginning with fiscal year 2015- with yearly committee review of financial results

Deb stated the committee agreed that:

- A general increase of 4% would allow the enterprise fund to catch up for a number of past years that saw no increase in spite of rising costs due to inflation
- A bigger differential for Tier 2 rates will provide a better message on the value of water with the first year of increases
- The monthly sewer service charge should be more in line with the actual costs of providing sewer service

Deb stated the proposed increase would begin January 1, 2013.

Council and staff discussed the proposed changes. Handouts will be with approved minutes.

4. Public Works Duties

Karen Ellison gave a review of the Public Works Department assessment. Karen stated a feasibility study was completed with anticipation of the Village acquiring The Common and Whalehead parks. The study indicated that one additional full time employee should be added to the Public Works Department to handle the additional landscaping and maintenance work at the parks.

Karen reviewed the organizational chart for Public Works and the degree of specialization for each.

Karen stated the organizational structure of the department should be given further consideration. It is unclear why there is both a Director and an Operations Supervisor for a relatively small team. The Director should do more to communicate proactive strategies the department is undertaking and improve the public image of the department. Council discussed the study. Council directed the Parks and Recreation Committee to develop a strategy for how the Village should manage the additional park resources and report back to Council.

5. Deer Management

Dr. Suzanne Dorsey gave a report on the island meeting with Wildlife Resource Commission (WRC) and the Conservancy. Dr. Dorsey reviewed the methods to control the population of the White-tailed deer and the process of immuno-contraception. The BHI Citizens Group suggests beginning the process of immuno-contraception and not having a deer cull on the island. To begin the process of immuno-contraception on 40 does, the initial cost will be \$70k. This would be privately funded. Dr. Dorsey stated there are concerns with beginning the immune-contraception prior to a small deer cull. The BHI Conservancy is requesting that the Village of Bald Head Island conduct a deer cull that reduces the number of does to a level that will enable immune-contraception program in 2014.

Councilor Douglas supported the Conservancy and stated he feels the logistics of the plan submitted by the BHI Deer Group is not feasible. Councilor Douglas stated the original plan was to have a cull in 2013 to decrease the number of doe to a manageable number and then begin the immuno-contraception program in late 2013/ early 2014. Councilor Douglas stated his concerns with the program were that it would not succeed if not followed as recommended by the Conservancy. Councilor Douglas stated there are several persons on the island who are opposed to culling and are willing to sacrifice the success of the proposed program to avoid this cull. Councilor Douglas stated there is no way 40 deer can be immunized within the stated timeframe of 6 weeks, beginning January 2013. The success of the program will be jeopardized and neither the Conservancy and nor the Village should support a program doomed to fail. Councilor Douglas stated his concerns that if the program fails; WRC would not support future immuno-contraception programs for either BHI or North Carolina. Councilor Douglas stated Calvin and he have discussed with David Cox and all agreed that attempting to cull deer following the darting for the immuno-contraception program would not be possible. Dr. Dorsey agreed attempting a cull following 6 weeks of darting to be accomplished in a 3 week period would not be possible. Dr. Dorsey indicated that the Conservancy felt the recommended program was feasible for long term management of the island deer herd and financially feasible.

Council agreed and directed staff to begin planning for a small deer cull for early 2013 and to support the immuno-contraception program in late 2013/ early 2014. This immune-contraception program will be funded by private citizens.

6. Chamber of Commerce

Calvin reviewed a prior meeting with the BHI Business leaders. Bald Head Island business owners and operators gathered on the island to begin discussions on the possibility of formalizing a business organization- either a Chamber of Commerce, or an organization to combine interest and resources for long term marketing and business

alliance for the island. The Council had directed Councilor Helgesen to represent the Village. Calvin stated Councilor Helgesen made recommendation for the Village to become a founding member of the Chamber. There will be a \$250 founding membership fee prior to January 31, 2013. Council agreed to support the BHI Chamber of Commerce.

7. Village Council Retreat Discussion

Calvin reviewed the prior Council Retreats and locations. Calvin stated Council attended Litchfield Plantation in 2009 with total cost \$8527 and 2012 had the retreat on island with total cost \$3078. The difference in cost included travel and accommodations. Calvin asked Council what option they would recommend.

Mayor Sayre stated the Village should deal with the committee concerns at the retreat. Mayor Sayre stated to address the concerns; the Council should stay on the island. There are some advantages having the retreat off island; however, suggestion is to stay on the island. Councilor Morris stated the retreat should focus on the Village and Council. Councilor Douglas stated his only concern is whether on island or off the prior retreats have been extended work sessions. Mayor Sayre he would like to have input from Mayor Pro Tempore Fisher and Councilor Helgesen. Calvin stated a decision should be made prior to the Thanksgiving holidays. Council agreed.

8. Manager's Report

Calvin reviewed meetings with the CRC and the bidding and awarding process. The awarded bid was given last week and is awaiting notification of process for sand placement.

Calvin stated he has received a verbal approval from the Division of Coastal Management for a plan to move sand and place behind the revetment wall. A minor modification permit has been applied for a revetment wall permit. This is a complicated process; however the Village is moving forward in this process.

Calvin stated the application process for Director of Public Safety has ended. 64 applications have been received and with assistance from the committee there will be telephone interviews given and narrow down for on island interviews.

Calvin spoke on the concerns of a number of dead trees on the island. The Village will get an estimate for the removal of the trees and hanging limbs for this winter.

9. Closed Session Pursuant to N.C. General Statutes 143-318.11 (a)(3), (5)

- ❖ Village of Bald Head Island vs. US Army Corps of Engineers Lawsuit
- ❖ Harbour Roads and Parking

Mayor Sayre entertained a motion to enter into Closed Session at 10:58 a.m. with Councilor Morris made the motion with all in favor.

(MOTION CARRIED 3-0)

Mayor Sayre entertained a motion to come out of Closed Session at 12:05 p.m., with Councilor Morris made the motion with all in favor.

(MOTION CARRIED 3-0)

10. Adjournment

Mayor Sayre entertained a motion to adjourn at 12:06 p.m. Councilor Douglas made motion, with all in approval. **(MOTION CARRIED 3-0)**

Andy Sayre, Mayor

ATTEST:

Debra C. Talbert, CMC/NCCMC
Village Clerk