

VILLAGE OF BALD HEAD ISLAND
COUNCIL WORK SESSION
October 19, 2012
Bald Head Association

COUNCILORS IN ATTENDANCE

Mayor Andrew Sayre
Mayor Pro Tempore John Fisher
Councilor Gene Douglas
Councilor Art Morris
Councilor Bob Helgesen

STAFF PRESENT:

Calvin R. Peck, Jr., Village Manager
Chris McCall, Asst. Manager/ Shoreline
Protection Manager
Ben Liddle, Public Works 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 October 19, 2012 Council Work Session to order at 9:30 a.m. Mayor Sayre entertained a motion to approve the amended agenda as presented. Councilor Morris made motion, with all in approval.

(MOTION CARRIED 5-0)

2. Review of Council Meeting Agenda

3.3- Resolution/ Notification of Disposal of Fixed Asset 1993 Ford Ranger- Calvin reviewed the recommendation of disposal of the Ford Ranger as it is non-functional and has been stored at Timber Creek Mulch site a period greater than 10 years.

3.4- Resolution/ Notification of Fixed Asset 40 HP Boat motor- Calvin reviewed the request to declare the boat motor surplus property and .

3.5- Resolution/ Notification of Disposal of Surplus Property donation to Hope Harbor Home- Calvin reviewed the surplus property to be donated to Hope Harbor Home.

3.6- Approval of Committee Member for Public Works/ Utilities Committee- Rick Nelson has filled out an application for the committee and must be approved through Council.

3.7- Approval of Re-appointment of Planning Board Committee Member- Calvin stated Scott Starks with the Planning Board has agreed to serve the committee and must be re-appointed by Council.

4.4- Adoption of Amendment of Zoning Ordinance of Home Occupation to Amend the Definition of Employee- Calvin stated the proposed amendment would be effective January 1, 2013.

5.1- Adoption of Amended Records Retention and Disposition Schedule- Calvin reviewed the amended 2012 schedule with Council.

5.2- September Financial Statement Report- Deb Straub reviewed the September financials. Deb reviewed the Utility Rate Study from 2011. December 16, 2011 letter

from the Local Government Commission “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” Deb stated as a result of this letter the Village hired a consultant to gather historical data and projected costs and revenues thru 2022 which confirms Local Government Commission concerns regarding potential financial weakness. Deb reviewed with Council various projections. If no action is taken, there will be a deficit in 2014 with a negative fund balance in 2016 and again in 2017. The service revenues are slightly higher and tap fees are down. There were 8 tap fees budgeted for this year and 2 ½ have been received.

The second projection shows overall rate increase of 8.5% in 2014 with a deficit in 2017. This is including the capital expenditures. Mayor Sayre asked for the capital expenditures for the plant. Calvin stated the Village is working on 3 phases of the plant modification to produce re-use and not construction. This will take care of the plant but not the distribution. Mayor Sayre asked if this would take the water to the lagoons at hole 11. Calvin stated no. Deb stated this is budgeted in the infiltration fund not the utility operations. Deb stated the infiltration pond system fund balance is \$86k. Mayor Sayre stated he understood there was funding budgeted for Phase 1. Calvin stated Phase 1 was funded for this year at \$168k.

The 3rd projection shows that there will be a 3% inflation costs 2.18% per year. Deb stated this indicates that something should be done with the rate structure.

The committee discussion included:

1. Increase Tier 2 Water Usage Charge (over 3k gallons)
2. Implement Sewer meter charge based on water usage
3. Determine true cost of tap fees and compare to charges
4. Include surcharges on all bills regardless of usage
 - Lower tap fees encourage development or
 - Increase tap fees to cover costs
 - Metered sewer- should not affect full time residents if based on water usage

Calvin stated at the next committee meeting there will be recommendations to be presented to Council for the November Council meeting. The plan is to have rate changes to be effective January 1, 2013.

Council and staff discussed and agreed to discuss further at the November Work session.

Deb stated FEMA had a final inspection and close out of Bald Head Creek dredging project on October 17, 2012. The totaled project was \$1.7m. There was \$250k of expenditure for engineering, environmental analysis, monitoring and permitting. Due to the expenditures occurred before the hurricane, a higher approval from FEMA was needed. Deb reminded Council the GO Bond debt payment of \$1.7m is due January 18, 2013.

Deb reviewed a budget amendment request of \$18k. This budget transfer from Public Safety- Medical Services would go to the Administration- Medical Services expenditure line to cover employee physicals and drug testing for fiscal year 12-13. This is for the Director of HR/Communications can administer the employee physicals and drug testing.

Deb reviewed the Hazard Mitigation Grant Program. The Village has applied for a grant and a Resolution must be passed to designate the applicant’s agent. Calvin Peck would be

the primary agent and David Cox is the secondary contact agent. This grant is for secondary power supply and surge protection to the Utility facility as well as the 16 remote water supply wells and 38 wastewater lift stations located island-wide. Mayor Sayre asked what the responsibility is for the applicant agent. Calvin stated the agent is the person who signs the forms. The Village has requested \$103k on this grant to be mitigated is the adverse effects of storm related electrical power surges on potable water production and wastewater treatment equipment, facilities and associated infrastructure. The water utility system is consistently damaged by storm related electrical power surges that result in service disruptions and delays in post storm event inhabitability of Bald Head Island.

3. Resolution- Insurance Rate Increase

Council and staff discussed the concerns of the possible insurance rate increase. Mayor Sayre read the below Resolution.

Whereas, the North Carolina Rate Bureau is recommending to the North Carolina Department of Insurance a large rate increase for homeowners insurance, which will severely impact coastal counties, including Brunswick County; and

Whereas, the proposed increase is 30 percent for the coastal counties and comes after a 17.5 percent increase for those areas in 2009, in addition to rate increases in every rate cycle since 1992; and

Whereas, homeowners in coastal communities must carry separate wind and hail policies and already pay premiums at two to three times the rate charged for inland properties, which often also have significant and sometimes more damage from large storms than coastal communities; and

Whereas, the proposed rate increase has not been linked to any history of claims and does not take into consideration the higher standards for construction in coastal areas; and

Whereas, the increases seem to once again place an undue and excessive burden on homeowners in coastal counties; and

Whereas, given these difficult times and the severe negative impact an increase in the cost of insurance will have on homeowners in the coastal counties, the North Carolina Department of Insurance should not approve yet another rate increase; and

Whereas, changes in state law now mandate the North Carolina Department of Insurance to receive public comments prior to adopting rate increases; and

Now, therefore be it resolved, that the Village of Bald Head Island opposes the rate increase requested by the insurance industry for the citizens and homeowners of Brunswick County.

This, the 19th day of October, 2012

Mayor Sayre entertained a motion to approve the above Resolution. Mayor Pro Tempore Fisher made motion, with all in approval. **(MOTION CARRIED 5-0)**

Citizen Comment:

Rhonda McNairy stated concerns to Council of the resignation of 2 additional committee members. Ms McNairy asked if Council had spoken with the subjects to find out the reasoning of their resignation. Mayor Sayre stated the Council will be addressing these concerns during the Work Session.

Mayor Sayre stated he had spoken with John Jelinik and not with Judy Brawner. Ms. McNairy asked if there was an explanation for their resignations. Councilor Morris stated Judy Brawner's resignation is a protest of what occurred with the Public Safety Chief. Calvin stated a Council statement could be provided to Ms. McNairy issued at the last Council meeting. Karen Ellison was directed to assist Ms. McNairy with the request.

6.6 -Parks and Recreation Committee Report-

Councilor Douglas reviewed the Master Plan and survey for the Parks and Recreation Committee. Committee recommendations were presented to Council as follows:

Consideration of adding the cost of a new ADA Accessible Creek Access launch dock and walkway to the 2013- 14 budget year. The estimated cost: \$80k

Consideration of adding the cost of a new boat ramp to the 2013-14 budget years. The estimated cost: \$90k

Consideration of purchasing 5 benches and placement throughout the Island for public use. The benches will be initially purchased from the vendor by the Village with the Village being reimbursed by the individual. The expected cost of these benches will be no more than \$600 each to include transportation to the Island, taxes and the plaque. The estimated cost: \$3k

Calvin reviewed the recommendations with Council. These recommendations are to be considered for the 2013-14 fiscal year budget.

Citizen Comment:

Rhonda McNairy asked for the committee to contact the BHA Beautification Board for approval to place the benches in Stage One. There are Stage One requirements for property owners. The board asks for the Council to contact prior to placing the benches with a picture of each bench. Calvin stated the Village would consult.

4. Make of Committees

Council and staff discussed the loss of volunteers for the Village Committees. Council agreed to focus on these issues at the Council Retreat.

Mayor Sayre stated the Village committees need to be restructured and should be given direction. The 2 committees required are the Board of Adjustments and the Planning Board. There is a re-appointment of a committee member for the Planning Board for the afternoon meeting. This committee still requires 1 additional person to have a quorum.

5. Staffing Needs Parks & Recreation Additions/ Admin-Landscaping Creek Access, Dog Park, Common

Karen Ellison reviewed the prior Council meeting, Council assumed responsibility of the Commons. With additional responsibilities to Public Works, staff is recommending a full-time person to address these responsibilities. Staff is requesting input from Council of these concerns. Karen reviewed the proposed staff responsibilities to include: creek access registration, dog park registration, landscaping of all concerned areas and parks and recreation activities.

Mayor Sayre requested a responsibility structure of the Public Works department. This would include the task for each person. Ben Liddle, Public Works Director explained the concerns with the additional responsibilities and the expected time frame.

Calvin took direction from the Mayor to review the structure of the Public Works department and report back to Council.

6. Harbor Village Roads

Staff and Council will discuss in Closed Session.

7. Reuse Timing/ Schedule

Calvin reviewed the Wastewater System improvements anticipated schedule. The plant process modifications are Phase 1 of what is being done now. The permit documents are completed and are in the permit approval stage. The draft permit has been received and is being reviewed by the Club and the Developer. The 1st week in November is the deadline for comments and concerns to be submitted. The Utilities Fund has budgeted \$250k for

Phase 1. Complete construction for Phase 1 is 74 days and should end the 1st quarter of 2013. Council and staff discussed the modifications in Phase 1 improvements. Phase 2 will include Chlorine backup. The estimated cost is \$70k. Attorney Baldwin stated the Village has committed to Phase 2 and this is something that has to be done. Phase 3 will include Carbon Source addition if needed in the plant process. The estimated cost is \$35k.

Calvin reviewed the timeframe and process for a reuse permit. Approximately 300 days for completion and an estimated cost of \$325k. The sprinkler head survey and well conflict issue concerns were discussed. After reviewing the reuse irrigation design, permitting and construction, Calvin stated concerns of the total amount of budgeted monies for this project. \$86k in the budgeted fund will cover permit documents and submit for the permit. Council and staff discussed what is required to have a reuse plant in the required timeframe.

Mayor Sayre asked Gene Ramm if he had anything he would like to add to the conversation. Mr. Ramm stated the experience for the past 24 months have been good. Mr. Ramm stated he was confused on the budgeted monies for 2011/2012. Calvin stated the plan was to have Phase 1 completed in 2011/2012 to have ended June 30, 2012. When the project was not completed, the monies were transferred to 2012/2013 budget line. Taxes were paid to produce the monies in 2011/2012 and the revenue and expenditure was brought forward 2012/2013.

Mr. Ramm stated the agreement between the Village and the Club needs to be done when scheduled to avoid a delay in production. Mr. Ramm stated the Club is asking the Village to please get this done as soon as possible, so the Club can start using the reuse.

Calvin stated the timing of the schedule and the reuse on the golf course will not occur prior to next summer.

Handout will be with signed Council minutes.

8. Resolution of the Wilmington Transportation Management Area

WHEREAS the Federal Highway Administration designates urban transportation planning areas and provides significant funding to support transportation planning within those areas; and

WHEREAS the 2010 Census will result in the Wilmington Metropolitan Planning Organization being upgraded to a Transportation Management Area and will significantly increase its resources; and

WHEREAS Bald Head Island and several other southeastern Brunswick County municipalities are located within an "urban cluster" that lies in very close proximity to the boundaries of the Wilmington Transportation Management Area; and

WHEREAS Bald Head Island and its neighboring municipalities have close economic, cultural, and transportation connections to the Wilmington area; and

WHEREAS the Wilmington Transportation Management Area must resolve, in the near future, the boundaries of its planning area; and

WHEREAS participation in the Wilmington Transportation Management Area is appropriate only if the two principal transportation arteries – NC 87 and NC 133 – that connect southeastern Brunswick County to the Wilmington area are included within the planning area;

BE IT RESOLVED by the Village Council that the Village of Bald Head Island should request inclusion and appropriate representation in the Wilmington Transportation Management Area, provided that the boundary of the transportation planning area includes NC 87 and NC 133.

BE IT FURTHER RESOLVED that the Village of Bald Head Island invites and encourages the City of Boiling Spring Lakes, the Town of Oak Island, the Town of Caswell Beach, the Village of St. James, and the City of Southport to join the Village of Bald Head Island in requesting affiliation with the Wilmington Transportation Management Area.

Adopted by the Village of Bald Head Island in regular session, October 19, 2012.

Mayor Sayre entertained a motion to approve the above Resolution. Councilor Helgesen made motion, with all in approval. **(MOTION CARRIED 5-0)**

9. Manager's Report

Councilor Helgesen reviewed discussions at the Chamber meeting on the tourism options and benefits for the island. Councilor Helgesen stated the ideas and plans would be good for the island. Mayor Pro Tempore Fisher suggested involving the Jet Port with the discussions for additional information on tourism.

Calvin stated the Village has plans and specs for the project channel dredge for Reaches 1 & 2 and Smith Island. The amended project does include 50k cubic yards on West Beach. Bid opening is October 24, 2012. Calvin stated there are 3 proposed projects to be combined to include: Carolina/Curie Beach, Storm reduction project and the Wilmington Channel Maintenance project. Council and staff discussed the proposed project. Calvin stated he has authorized the production for the replacement of groins. This will take 6-8 weeks from the manufacturer to prepare.

Mayor Sayre stated he will not be able to attend the November Council meeting. Council discussed and agreed to re-schedule the November Council meeting to Tuesday, November 13, 2012.

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

- ❖ **Village of Bald Head Island vs. US Army Corps of Engineers Lawsuit**
- ❖ **Property Taxes**

Mayor Sayre entertained a motion to enter into Closed Session at 11:15 a.m. with Councilor Helgesen made the motion with all in favor.

(MOTION CARRIED 5-0)

Mayor Sayre entertained a motion to come out of Closed Session at 1:15 p.m., with Councilor Douglas made the motion with all in favor.

(MOTION CARRIED 5-0)

11. Adjournment

Mayor Sayre entertained a motion to adjourn at 1:15 p.m. Councilor Douglas made motion, with all in approval. **(MOTION CARRIED 5-0)**

Andy Sayre, Mayor

ATTEST:

Debra C. Talbert, CMC/NCCMC
Village Clerk