

BOARD OF ALDERMEN MINUTES

MAY 16, 2024, 9:00AM

TOWN HALL CONFERENCE ROOM, 321 CAUSEWAY DRIVE, WRIGHTSVILLE BEACH

A duly-noticed special called meeting of the Board of Aldermen was called to order at 9:00am by Mayor Mills. The following were present:

Board of Aldermen

F. Darryl Mills, Mayor
Hank Miller, Mayor Pro-tem
Jeff DeGroot, Alderman
Ken Dull, Alderman (via Zoom)
Vivian (Zeke) Partin, Alderman

Staff

Tony Wilson, Acting Town Manager
Lance G. Heater, Town Clerk
Katie Ryan, Recreation Program Supervisor
Matt Holland, Acting Fire Chief
David Squires, Police Chief
Brian Murray, Finance Director
Bill Fay, Public Works Director
Evan Morigerato, Asst. Public Works Director

(Miller began the meeting participating via Zoom, but arrived in person at 9:28am.)

BUDGET WORKSHOP

Wilson reviewed changes to the draft budget which had been made since the last budget workshop as follows: 1) increased sewer use revenue from 750k to 825k based on prior year and current year trends; 2) increased water and sewer use, and water and sewer system maintenance revenues to reflect a 5.1% rate increase, producing an additional \$175,000 in revenue in order to mimic CFPUA's rate increase so that in the event of a merger with CFPUA, TOWB customers will see less of an impact on their monthly bill; in the event of a non-merger, these additional revenues will be needed for capital improvements; 3) reduced water department contracted services from \$875,000 to \$787,500 and sewer department contracted services from \$1,850,000 to \$656,751 reflecting negotiations with CFPUA to keep bulk water and sewer rates status quo with FY23/24 rates; 4) increased NEI capital cost in sewer budget by \$50,000 to account for a 15% increase in Town sewer usage; 5) changed Fleet Maintenance budget Forklift Replacement from 10k to 25k to replace the forklift sooner than originally planned; 6) changed board member salaries and FICA to reflect the same COLA increase as staff; 7) added cell phone allowance for board members and PIO position and auto allowance for PIO position to Governing Body budget; 8) removed \$750k beach nourishment CIP transfer from Governing Body budget and placed additional \$750k in Streets budget for bulkhead improvements; 8) increased PD uniform stipend from \$12,000 to \$13,000 to include additional amount needed for payroll taxes; 9) for discussion purposes, increase of \$180,000 in PD budget for 2 additional officers, and other associated increases for necessary vehicles and equipment; 10) increased fund balance appropriation for general fund by \$24,738 to balance budget; and 11) reduced fund balance appropriation in water/sewer fund to zero due to rate increase creating enough revenue to balance budget.

Wilson provided an overview of the draft budget as follows: 1) expenditures for 24/25 are projected to be at \$17,800,461 with projected revenues at \$17,371,033, which requires a \$429,428 contribution from fund balance to balance the budget; 2) 8% Cola/Merit is included; 3) 5.1 % water and sewer rate increase proposed; 4) water and sewer fund expenditures are projected at \$4,237,000, with projected revenues at \$4,237,000; 5) general fund proposed revenues from \$15,980,644 in FY 24 to \$17,371,033 in FY25; 6) no property tax increase, with the rate remaining at .0923; 7) major increase in room occupancy tax revenues utilized, from \$650,000 to \$1.3 million, reducing the year end ROT fund balance from \$1.5 million at the end of FY24 to \$1.2 million at the end of FY25; 8) increase in

parking revenue from \$5.2 million to \$5.75 million, a conservative estimate based on Pivot's budget of \$6.5 million; 9) increase in interest earnings utilized from \$500,000 to \$750,000, a conservative increase given the estimate of \$1 million; and 10) increase in sales tax revenue utilized from \$1,410,000 to \$1,525,000, a conservative increase given the projection of \$1.65 million projected this year, \$1.69 million collected in FY22, and \$1.65 million collected in FY23.

GOVERNING BODY

In response to a question from Partin, Wilson stated that cell phone reimbursement had been included to reflect compensation for Board members for the use of their personal cell phones for Town business. In response to a question from Mills, Wilson stated that once the budget is adopted, he would obtain an engineering design for repair work to perhaps two bulkheads to be scheduled in FY 24-25. In response to a question from Partin, Murray stated that the \$75,000 budgeted for the Town Attorney should be sufficient to cover annual legal expenses, however, the Town had not received an invoice for legal expenses in approximately a year and a half and a budget adjustment would likely be necessary when the catch-up billing is received.

INFORMATION TECHNOLOGY

In response to a question from Partin, Squires and Wilson provided an update on the status of security cameras, describing the options for improving the existing situation by upgrading communications facilities.

PUBLIC WORKS FLEET MAINTENANCE

Fay asked for direction with regard to a new fueling system for Town vehicles. Fay stated it was estimated that a new system was estimated at \$200,000. Fay noted that going off island for fuel was an option and one that had been utilized in the past. It was the consensus that the issue would be brought back to the Board once actual bids had been received.

PUBLIC WORKS BUILDING MAINTENANCE

In response to a question from Dull, Fay stated that he did not anticipate the need for major building repairs in the next fiscal year. In response to another question from Dull, Miller stated that, as a part of the process of developing long term leases for the Town's properties, major repairs would likely be the responsibility of the Town with minor maintenance issues the responsibility of the tenant.

POLICE DEPARTMENT

Squires reviewed the changes which had been made to the initial budget, with four main items: 1) two additional police officers (\$180,000 in wages and benefits); 2) increasing deputies to add an additional four weeks of service (\$3,500); 3) contracted traffic controllers for the 3 holiday weekends (\$9,000); 4) an experimental noise camera (\$15,000); 5) one additional car to accommodate 2 additional officers (\$42,000); and 5) up fitting of the additional car (\$13,300). The total additional cost would be \$262,800.

There was a lengthy discussion regarding these items, with it being noted that this would be the first use of a noise camera in the State. Squires stated that Newport, Rhode Island had used the system and that his department had been in touch with the Police Department there. Squires noted that there were several problems with the system, such as interference by wind, legally operated motorcycles and commercial vehicles triggering the system, and questions over whether the resulting civil citations would be upheld if challenged in court. Miller suggested that the Board consider increasing the penalty for violating the noise ordinance, even if it may not hold up in court, as it would serve as a deterrent. After discussion, it was the consensus of the Board that the additional items be included in the budget.

FIRE DEPARTMENT

Murray stated that the budget provided for \$200,000 for a new fire engine, which combined with \$150,000 already funded in the CIP and \$850,000 received in American Rescue Plan funding, would be enough to purchase the apparatus in FY24-25. Holland explained that there was a lengthy wait time on delivery following the order of the equipment, and that this would allow for the apparatus to be placed on the island to provide backup in the event that one of the bridges were out of service due to the bridge replacement projects. There was a discussion in which it was pointed out that the NCDOT's plans for the bridge replacements were still very much in flux and it was unknown at this time what the end result would be. It was the consensus of the Board that the \$200,000 would remain in the budget, but that the engine should not be ordered until plans become more clear.

PUBLIC WORKS STREETS

Fay noted that it was advisable to conduct a study which would create a priority listing for street paving, which had been previously discussed by the Board and approved for exemption from competitive bidding under the Mini Brooks Act. It was noted that \$50,000 had already been included in the CIP for street paving, therefore, funding for the study would be included in the FY24-25 budget, to be paid for by transferring these funds from the CIP.

A recess was declared at 10:35am. The meeting resumed at 10:43am.

OTHER ITEMS

There was a discussion with Fay regarding purchase or rental of two generators needed for water and sewer purposes prior to the possible merger with the CFPUA. It was the consensus that Fay would explore rental options.

Wilson noted that the new PIO position would be classified as Range 18 and that the Park Ranger position would be split into Park Ranger I and Park Ranger II, with no change in pay.

There was a discussion regarding Fire Department staffing. It was noted that the FY23-24 budget included funding for a Deputy Fire Chief and 3 firefighter positions and that the FY24-25 budget included an additional 3 firefighter positions in anticipation of changes related to bridge closures. The Town did not receive the grant for which it applied funding the 3 positions for FY23-24 and those positions have not been filled. It was the consensus of the Board to remove those positions from the FY24-25 budget and to remove the 3 additional positions related to the bridge closures (since those projects are not going to occur until a later fiscal year) for a total reduction of 6 firefighter positions over what had been included in the draft budget. The Deputy Chief position was allowed to remain in the draft budget.

There was a discussion regarding employee health insurance coverage. Murray reported that the current provider, United Healthcare, offered coverage for FY24-25 at a 27% increase. Murray had included a 15% increase for budgeting purposes. The Town's current broker, One Digital, sought quotes from other providers which offered substantially better renewal rates. Murray reported that the Town had also discussed health insurance with Gallagher, which offered coverage through NCHIP's group program with Blue Cross as the provider, and Robison Insurance Services, a local firm, which also offered coverage through Blue Cross. The cost of the two proposals was similar, with Robison's being slightly less. Murray stated that the advantage to going with NCHIP was to join a group of over 500,000 members in order to control costs over time and the advantage to going with Robison was possibly enhanced service to employees through a local broker. It was the consensus of the Board to choose Robison, with the understanding that the Town could opt to apply to the NCHIP group in a future year if it became advantageous to do so.

There was a discussion regarding pay increases for Town employees. The draft budget included an 8% COLA. It was the consensus of the Board to instead provide for a 4% COLA and a 4% possible merit increase.

Mills stated that it was likely that the Board would have a special called meeting on June 21, 2024 to conduct a public hearing on the possible merger of the Town's water and sewer system with CFPUA.

The meeting was adjourned at 11:28am.

Respectfully submitted,

Lance G. Heater, Town Clerk