

Belhaven Town Council Meeting

Regular Session

Minutes – April 27, 2009

Call to Order/Invocation/Pledge of Allegiance

The Belhaven Town Council met in regular session on Monday, April 27, 2009 at 7:00 P.M. at the Boyette Civic Center located at 257 W. Pungo Street. Mayor Adam W. O'Neal called the meeting to order with the following Council members present: Steve W. Carawan, J. Nelson Guy, Mayor Pro-Tem; Howard D. Moore, McKee "Mac" Pigott and Robert L. Stanley. Dr. Guinn Leverett, Town Manager and Town Clerk Marie J. Adams were also present.

Invocation/Pledge of Allegiance

Mayor O'Neal introduced and recognized Mr. Johnny Donnell Clark, Deacon with Hoggard's Temple Church of God in Christ who gave the invocation and led the Pledge of Allegiance.

Approval of Minutes – April 13, 2009

Mayor O'Neal stated that the minutes of the Belhaven Town Council for April 13, 2009 regular session were open for review and adoption. Councilman Carawan stated that there was one correction to the minutes on the first page, 5th paragraph: Mayor Guy should be "Mayor Pro-Tem Guy". Councilman Moore made the motion to approve the April 13, 2009 minutes with the above stated correction. Councilman Stanley seconded the motion which carried unanimously.

Public Comments

Mayor O'Neal recognized Mr. Tal Hamilton, resident of 1150 W. Pungo Street who asked the following questions:

1. What are the plans to finish the roads, water and sewer systems and electric to Battalina Creek?
2. When can the property owners at Battalina Creek apply for building permits?
3. Will the bond the town has, pay for the boat ramp, parking area, day dock and permitting process and if not, will the town be liable?
4. Will the bond pay the liens against Battalina Creek and if not who is liable?
5. How much money have we, the taxpayers, paid in attorney fees, so far this fiscal year?

Mayor O'Neal replied to Mr. Hamilton's questions follows: 1) the Town is not out one dime on the Battalina Creek Subdivision issue and the bond funds will be used to complete the roads and water and sewer systems 2) building permits can be applied for when the infrastructure is complete; Mayor O'Neal also stated that with his experience with subdivisions is that the subdivisions are sometimes sold out before the infrastructure is complete; 3) the developer is the responsible party for those amenities, not the Town 4) the Town is not liable to the contractors; and 5) the figures spent on attorneys can be obtained by contacting the Town Manager at his office and stated that he felt that Turnpike Lawsuit attorney fees will be the only fees.

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Amend Agenda – Postpone Latham Resolution; Add Wynne’s Gut Harbor Review – Mr. Hood Richardson

Councilman Carawan made the motion to amend the agenda by postponing the Latham Resolution and by adding Wynne’s Gut Harbor Review – Mr. Hood Richardson.

Councilman Pigott seconded the motion which carried unanimously.

Wynne’s Gut Harbor Plan Review – Mr. Hood Richardson, Engineer

Mayor O’Neal recognized Mr. Hood Richardson, Engineer for the Wynne’s Gut Harbor Plan which the Town received a grant of \$150,000. Mr. Richardson overviewed the plans for the boat dock, pic nic shelter and walking deck. Mr. Richardson further explained that the number of areas for docking a boat may be increased from nine to ten but may have to delete some of the last footage of the walking deck to add another dock. Councilman Pigott stressed the need to involve the local marinas for their input on this project. Mr. Richardson stated that the plan had been reviewed by the Division of Water Quality and CAMA today. Mayor O’Neal asked if a motion was needed in order not to hold the project up time wise. Councilman Carawan reiterated that the Council’s intent was not to delay the project but to proceed. Mr. Richardson stated that the project plan would be ready for the Mayor’s signature next week. Councilman Carawan made the motion to move forward with the Wynne’s Gut Harbor Plan and that the Mayor execute any necessary documents to proceed with this project. Councilman Moore seconded the motion which carried unanimously.

Community Gardens Update – Mr. Marty Overholt

Mayor O’Neal stated that about fourteen volunteers had participated in the planting of the Community Garden on W. Pantego Street this past Saturday. Mayor O’Neal recognized Mr. Marty Overholt, Code Enforcement Officer and asked for an update on the gardens. Mr. Overholt stated that the planting of bush beans, water melon and tomato plants on the E. Pantego Street Garden would take place this Saturday. Mr. Overholt stated that the Farmer’s Market shelter (40’ x 16’) to be built on the former temporary Post Office site on Main Street would cost approximately \$8,000 to \$10,000 dollars as the Public Works Department would not have the man power or the time to building during their mowing season. Mayor O’Neal stated that the purpose of the Farmer’s Market was to draw people to the downtown area and to provide a place for the local farmers to sell their fresh produce and that he felt a shelter 50’ x 16’ would be more appropriately sized. Mayor O’Neal stated that this shelter could also be used for fundraisers. Mayor O’Neal asked that a sketch of the proposed shelter be provided at the next meeting for inclusion in next year’s budget. Mayor O’Neal thanked Mr. Overholt for his work in this Community Garden Project. Mayor O’Neal reminded the public that the planting of the Community Garden would be on E. Pantego Street at 9 A.M. this Saturday in front of Sea Safari, Ltd.

Mayor O’Neal also stated that he was sponsoring a “Clean Sweep” this Saturday, at 10 AM and encouraged volunteers to meet in front of his business office to participate in liter pick up.

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NCEMPA/ElectriCities of North Carolina – Mr. Ken Raber, Senior Vice President of Services/NCEMPA: Update on Rate Increases and Renewable Energy Discussion

Mayor O'Neal recognized and introduced Mr. Ken Raber, Senior Vice President of Services for North Carolina Electric Membership Power Agency/ElectriCities. Mr. Raber stated that he wanted to compliment this Council for absorbing a 2% increase in December and a 14% increase in August. Mr. Raber stated that another small increase in electric rates is projected. Mr. Raber stated that rate increases were being mitigated for 2010. Mr. Raber also stated that the Town had "no lost time accidents" in 2008. Mr. Raber stated that Belhaven's representation at their board meetings was valued.

Rewable Energy: Senate Bill (3)

Mr. Raber stated that Senate Bill (3) mandates that every wholesale electric organization document conservation by these entities. Mr. Raber explained that this House Bill is forty (40) pages with two-hundred (200) pages of interpretation. Mr. Raber stated that the Town should participate with ElectriCities for the compliance part of this bill on the Town of Belhaven's behalf. Mr. Raber explained that a ten (10) year cancellation notice would be required for those town's who decided to cancel their renewable energy policy with ElectriCities. Councilman Carawan stated that the 10 year cancellation notice was a great concern. Councilman Pigott asked about the use of wind power. Mr. Raber stated that the base cost today was 9.5 per kw, wind .23 per kw and solar .17 per kw. There was some discussion concerning the renewable energy program offered by ElectriCities, Councilman Carawan made the motion to postpone a decision as to how to comply with House Bill 3 for thirty (30) days as the deadline was October 2009. Councilman Pigott seconded the motion which carried unanimously. Mayor O'Neal stated that the Town's cost would be \$60,000 - \$70,000 if the town performed in-house and that if ElectriCities performed on behalf of the Town, it would be done so at no additional costs to the Town. Councilman Carawan asked when the contract for the Town to purchase electricity from NCEMPA expired. Mr. Rayburn stated that the Town's contract would expire in 2036. Councilman Carawan made the motion to amend the motion to include that the Town Manager review the Senate Bill 3 and the offer from ElectriCities to see if there is a better deal. Councilman Pigott seconded the amendment to the motion which again, carried unanimously.

Belhaven Community Chamber of Commerce – Mr. Gary Dean, Executive Director

Mr. Dean stated that membership with the Chamber had increased by ten (10) and that he hoped to double the membership. Mr. Dean reported that the Annual Banquet (Citizen of the Year) had turned a small profit this year, as it had not turned any profit in the past. Mr. Dean informed the Council and public that "Business Block Videos" were being aired on cable access channels which are provided by the local cable stations including Tri-County Cable and had some 50,000 viewers. On the down side, Mr. Dean reported that the Chamber was about to run out of money as it took about \$900 per month to operate. Mayor O'Neal asked if the funding was needed before the new budget year. Mr. Dean answered yes, that \$1,000 was needed to keep the door open through June. Councilman Carawan suggested that the Town's of Bath and Pantego be contacted for

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funding. Following some discussion, Councilman Pigott made the motion to appropriate \$1,500.00 as a stimulus to the Belhaven Community Chamber of Commerce. Councilman Guy seconded the motion which carried unanimously.

Fiscal Year 2007-2008 Audit Report – Mr. Ken Chilcoat, CPA

Mayor O’Neal recognized Mr. Ken Chilcoat, CPA who performed the Town of Belhaven Audit for Fiscal Year 2007-2008. Mr. Chilcoat summarized the audit for the Council and asked that the Council ask any questions and to make mention if further explanation was needed on any item.

Page 6 - Assets Total \$14,214,276; Page 6 - Total Liability \$4,646,212; with the ratio of assets over liabilities of 6 to 1 which is very favorable; page 11 General Fund – Total Revenues \$1,601,992; Fund Beginning \$2,702,497; and ending \$2,059,651; page 12 – Total Liabilities and Fund Equity: Electric Fund \$2,542,472; Sewer Fund – 7,008,449 totaling \$9,550,921; page 13 State of Revenues, Expenses and Changes in Fund Net Assets Propriety: Income (loss) before transfers: Electric \$279,598; Water and Sewer Fund \$46,012 with a total of \$325,610; page 20 Capital Assets General Fund \$2,392,51; page 22 Capital Assets Water and Sewer \$6,934,807; pages 26& 27 – Debt Service Payments – Water and Sewer Serial Bond due in annual installments through June 2042 – interest 4.5% - \$2,146,000; Town liable for repayment of Community Development Block Grant Urgent Needs Loan #04-C-1269 \$360,000 with forgiveness conditions to be forgiven within a five year period beginning May 3, 2007 which will remain on the books CDBG until outstanding loan is paid of outstanding balance of the loan is forgiven; page 46 – Ad Valorem Taxes – collected \$427,045 which is a collection percentage of \$87.76% which is usual for Belhaven’s tax collection. Findings page 50 – Inadequate Bonding, has been corrected; Internal Control over Financial Statement Presentation – Corrected; Expenditures over Appropriation – Corrected; Segregation of Duties – Mitigating controls put in place with CPA on Staff and Mishandling of the Administration of Funds from Grantor Agencies – Corrected with five year monitoring plan.

Mayor O’Neal stated that the previous “Cost Allocation Study” adopted by the previous Council, was a sham. Mayor O’Neal stated that Guinn Leverett, Town Manager is responsible and that the Town would have the best budget yet. Mayor O’Neal stated that Beaufort County was responsible for the Town/County not having a 24/7 EMS as the Town had appropriated \$145,000. Mayor O’Neal stated that the Town had \$4 million in the bank. Councilman Stanley made the motion to accept the 2007-2008 Fiscal Year Audit as presented. Councilman Moore seconded the motion which carried unanimously.

Miscellaneous Comments/Concerns

Sewer Rate Adjustment – Mayor O’Neal stated that a sewer rate adjustment was needed for Beaufort County Schools (Northside High School). Mayor O’Neal recognized and introduced Mr. Steve Hall, Superintendent and asked him to approach the Council in case of any specific questions. Mayor O’Neal stated that the water meter readings (which is where the Town gets the figure to bill for sewer) were under-billed for about six years as part of the dual meter system was not working properly. Mayor O’Neal stated that the

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total revenue not billed was an estimated \$19,425. Mr. Hall explained that recently one of the sewer pumps at Northside High School failed and to replace that pump with a new one could have been a cost of \$70,000. Mr. Hall stated that luckily the pump was able to be repaired for \$6,000. Mayor O'Neal emphasized that this was not a good situation for the Town of Belhaven to be in as the Town would be losing money with the sewer at Northside High School (with the cost of pump replacement) and also would be a losing endeavor as with the development by Turnpike Properties, LLC. Mayor O'Neal further explained the Turnpike situation with the following scenario: if one house per month is built over the next twenty years, then the Town could lose \$1 million. Mayor O'Neal stated that the Town should get an average for the billing of the sewer usage at Northside High School for that time period when the meters were not reading properly and bill the County. Mayor O'Neal asked that the commissioners be invited to the next meeting to discuss this issue. Mayor O'Neal stated that the Town citizens subsidize the school with the current sewer policy and also pay taxes. Councilman Pigott asked if the school and other out of town sewer users paid the same rate as the in-town sewer users. Mr. Hall stated yes. Mr. Hall further explained that that part of the meter at Northside was not working properly during peak times. Following some additional discussion, Councilman Carawan made the motion to invite the Beaufort County School Superintendent to attend our next meeting to discuss this undercharge. Councilman Carawan stated that he understood that some of the town's other out of town users were actually using their well water therefore there would be no charge (or a minimum charge) for sewer as there was not water reading. Mayor O'Neal stated that the town needed to read those out of town water meters instead of relying on the county to give the Town their readings. Councilman Carawan noted the Water and Sewer Departments monthly reports which detailed a lot of out of town maintenance, etc.

Recess and Reconvene Into Closed Session for Personnel According to GS

143.318.11(6)

Councilman Guy made the motion that the Town Council recess from regular session and reconvene into Closed Session to discuss personnel issues as permitted in the GS 143.318.11(6). Councilman Pigott seconded the motion which carried unanimously.

The meeting recessed at 8:35 P.M. at which time Town Clerk Adams left the meeting.

Reconvene Into Regular Session and Adjournment

Councilman Pigott made the motion to reconvene into regular session. Councilman Carawan seconded the motion which carried unanimously. The meeting reconvened into regular session at 8:55 P.M. There being no further business, Mayor O'Neal declared the meeting adjourned.

Respectfully submitted,

Marie J. Adams, CMC
Town Clerk

Guinn Leverett, Town Manager
Recording Secretary

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