

## MINUTES

The Town of Manteo Board of Commissioners held their November 7<sup>th</sup> Recessed Session November 14<sup>th</sup>, 2007 at 4:00 pm at the Manteo Town Hall meeting room

The following members were present: Mayor John Wilson  
Commissioner Edward Etheridge  
Commissioner H.A. Creef, Jr.  
Commissioner Hannon Fry  
Commissioner Lee Tugwell  
Commissioner David Farrow

The following member(s) were absent: Commissioner Darrell Collins  
Commissioner Edward Etheridge

Also present at the meeting were: Town Manager Kermit Skinner  
Assistant Town Manager/Planner- Shannon Twiddy  
Town Clerk-Becky Breiholz  
Department Heads: Erin Trebisacci; Steve Jozik;  
James McCleave; Carl Jordan; Chief Vance Haskett;  
Josh O'Brien representing water and sewer  
department; Johnny Boniface

Mayor Wilson called the workshop meeting to order at 4:00 p.m. and allowed Public Comments:

Tom Maher with the Board of Education and he gave the Board an update on the Schools in Manteo, the trailers are gone. He gave the school capacities and they have plenty of room to grow. They have some ADA issues but are working on them, they did well in the state tests and fell short on the no child left behind and they are addressing that. They had an issue with the water ponding at the elementary school and they continue to work on it.

Malcolm Fearing-wanted to talk about two things; thank the Architectural Review group chaired by Beth Storie. They are involved in a renovation project at the old Fernando's and the problem started with a leak and there was a need to rip the flooring and walls out. The group that responded to them about the porch they were tearing out wanted to review and within 24 hours they reviewed and passed it and that response was most appreciated by the circumstances they were in; the other thing he wanted to discuss is Magnolia Market; he has been reading in the paper about the building coming for lease in 2008, it is being advertised over a year in advance; in talking with some Commissioners there may or may not be some confusion about what has to be done or does not have to be done with the lease. Commissioner Tugwell was the Mayor when his wife Susan leased the property for 10 years which did not have to be advertised. Mr. Fearing thinks it is important for the new board members to understand what they are reading in the paper about a payment of \$59,000 to lease is not the total lease profit. He had Bonnie from his office pull the records from the tax preparer and the construction of the building was \$110,203; we anticipated an open air market to cost about \$30,000 and to help with the revitalization of the Town. As they started it cost more money and spent more money than anticipated and for the

record that building cost \$110,203. So not only has the town collected or will collect \$59,641.80 it also collected \$110,000 and we went into this with the greatest intentions as a gift to the town. He sees they are advertising and his feelings are hurt because the present tenant which is his wife was not approached and asked if they desired to re-lease the property. Mr. Fearing also offered to meet with any of the Board members to discuss the lease or cost of upkeep he would be happy to meet with them.

**SUBJECT:** Department Head Reports-these were given to the Board at their regular November meeting for review and will be on file for one year. Josh O'Brien is representing the Water and Sewer Department since Mr. Pharr is out of town. Commissioner Creef asked about a complaint from Atlantic Flooring that they could not use their restrooms and Mr. O'Brien commented that Mr. Pharr investigated it about 2 months ago and as far as he knows the problem has been fixed. Mayor thanked staff for a job well done during the OBX marathon and it was great boost to the businesses. Mr. Boniface commented that the floors and drywall have been completed at the cookhouse before the contract date and he will get an update on the trim; and the windows are being re-worked so they will be operable.

Mayor Wilson commented that Commissioner Collins will not be here and has asked that he be excused from the meeting.

**MOTION:** Commissioner Farrow seconded by Commissioner Creef to excuse Commissioner Collins was approved by the following vote: Commissioners Etheridge, Farrow, Fry, Tugwell and Creef Noes: None. Absent: Collins

**SUBJECT:** Audit Report-Theresa Osborne CPA presented the June 30, 2007 audit statement to the Board and has issued an audit opinion that they conducted with auditing standards generally accepted in the country and an unqualified opinion is the best you can get on an audit report. She highlighted some of audit and on page 15 is a budget to actual statement synopsis of what happened in the general fund last year. In the actual there was a total revenue of \$3,198,115 which is the total revenue in the general fund and then the expenditures were \$3,211,556 giving you revenues of over or under \$13,444; you also transferred \$22,300 to the cemetery fund which gave you expenditures over revenues last year of \$35,741 and that number is important because she wants to relate it to the fund balance appropriated which is \$674,329. Last fiscal year you were planning to use \$674,000 of your fund balance and as it turned out you had revenues come in over budget and you did not use the full \$674,000. She pointed that out it was a good thing because if they used those funds it would have a big impact on amount of fund balance available at the end of the year. She reported we had an increase in property tax revenues, sales tax and occupancy taxes; there was a decrease land transfer tax which affected building related revenues which was down; there was less grant activity and investment earnings increased 47%. She commented there were a lot of capital projects which she detailed on page 7. She also commented that the Town has enough savings to get 10 months of operating expenses and thinks overall the general fund was in good healthy condition at the end of the year. In the water and sewer fund page 16-17 the operating revenues decreased by about \$130,000 and can be attributed to less sewer use at the Justice Center; another part of that has to do with a billing error that occurred in the 06 revenue year. On page 17 the operating revenues was less than the operating expenses and can be a problem in future; she commented sewer connection fees should be for

future expansion to sewer system and not used for operating fees and thinks they need to take a look at their water rates. She is not an expert but thinks the rates need to be checked or cut operating expenses. Commissioner Tugwell asked why we increased operating expenses and does it appear to be mismanagement. She said she is not an expert-you had some significant overtime and the cost of buying water from Dare County increased \$50,000; there were significant repairs expenses at the plant. New auditing standards have changed the way auditors are required to report internal control issues to governing boards and that they have each received a letter which is included in the audit report. Mrs. Osborne went over the letter and they are: inadequate design of internal control overtime pay; the second grouping in letter is inadequate design of internal control of water and sewer billing and accounts receivable and she made some suggestions; one is to get proper meter readings. She also commented that the town has been buying meters for a touch read meter system which has not been implemented and is not sure it can be done with the staff we have and the Board might want to look at getting someone to come in to help get that implemented. Mrs. Osborne also went over second letter in the audit which is the management letter. She commented that the General fund is in good financial shape. Commissioner Farrow thought we were going to gradually implement the electronic reading of the meters. Mrs. Twiddy commented that she got an estimate to convert all 11 books and it was 1.4 million and this year for budget planning she put \$30,000 in the budget to purchase additional radio touch meters and now we are replacing all meters over 1 million gallons and all new meters for new subdivisions and annexations. She is currently waiting on prices from Ferguson which is a supplier and contractor for each of the 11 books. Commissioner Tugwell commented it appears in previous years the main emphasis of the water and sewer department was to read meters, billing and maintaining the facility and it seems the last year or so emphasis has been placed on maintenance line repair, actual installations and things we typically contracted out and thinks it might have a huge impact on the operating cost and we should take a hard look at the operating cost and get back to our primary duties which were reading meters, accurate billing and maintenance of the sewer plant and contract out to professionals the maintenance things we seem to do every weekend. Mayor Wilson commented that each time we receive an audit we get recommendations and he would like to put it in perspective in 1979 tax rate was \$1.09 today it is .21 ½ cent. We didn't even have 3 months operating revenue in reserve; today we have 10 months in operating reserve. We went through years of virtually no maintenance at the water and sewer plant, having many violations and a tremendous amount of delayed maintenance and it appears to him that our new water and sewer superintendent has done more maintenance since he has been here than had been done in the 4 or 5 years before he arrived. Mayor Wilson also commented it is true he has put in irrigation systems and patched water and sewer lines where we have sink holes in the street, but in the past decade we hired a contractor to do it and he would venture to say never did he see a hole fixed that it didn't cave back in two or 3 months and since Nathan has been doing it that has not happened. He would encourage that we should not increase water and sewer rates. Mayor Wilson also commented he is not sure how much money we should put aside for expansion of the plant but thinks we should be putting money away for maintenance of the plant and is doubtful that the plant will be able to be expanded.

Commissioner Comments:

Commissioner Farrow-commented about the planted island at the entrance to Marshes Light on Fernando Street with two mailboxes located and someone is going to go by there and knock them out and does not like the way it looks and does not know if there is anything we can do about it. He also stated that signs advertising Marshes Light during the marathon were placed in the island and does not think it should be done. Before we approve anything else we need to make recommendations of what can go on those islands. Manager to ask attorney if it is possible to have an amendment to the codified ordinances to prevent mailboxes in the bulb outs. Commissioner Farrow commented that when we approved it at Marshes Light he thought we were having flowers, shrubs or grass. We will also ask the attorney to look into it being retroactive to come back at the December workshop.

Commissioner Tugwell asked last week for a report on what we could do with Magnolia Market. Mayor Wilson commented that the Request for Proposals are the result of the former tenant of the Magnolia Grill restaurant asking us to help him to know what he can expect in his long term future and the RFP went out to include Mrs. Fearing and she was notified at the direction of this Board well in advance. Mayor Wilson gave the Board information sent to him from a current or former tenant Chase Crawford showing that the Magnolia Market is more complicated than they knew and a lot of controversy on who holds the lease on Magnolia Grill.

Mayor Wilson passed copies of the light fixture and if approved could replace the standard town lighting fixture, the one we have used for 25 years is no longer made and the one he handed out is the closest we could find, it is Cooper Lighting a major manufacture; you can buy the arms single or double; the pole is 5 inches and the tops can be used on our existing poles. A copy of the fixture will be made part of these minutes. Roanoke Island Commission is looking to the Board to adopt a new light because they need to replace some 40 fixtures at Festival park and he hopes they will give the Town the fixtures they are taking down so that we will have plenty of spare parts to be able to keep our fixtures going. If this Board will adopt this recommended fixture then Festival Park will be able to move forward to replace their fixtures. The same design and style is going to be used in a N.C. Power pilot program they are gong to implement.

**MOTION:** Commissioner Creef seconded by Commissioner Farrow to adopt the light fixture as the recommended Town light fixture was approved by the following vote: Commissioners Etheridge, Farrow, Fry, Tugwell and Creef Noes: None. Absent: Collins

**MOTION:** Commissioner Creef seconded by Commissioner Tugwell to enter into Closed session personnel NCGS 143.318.11 (a) 6 was approved by the following vote: Commissioners Etheridge, Farrow, Fry, Tugwell and Creef Noes: None. Absent: Collins

NCGS 143.318.11 (a) 6 Personnel

**MOTION:** Commissioner Tugwell seconded by Commissioner Creef to exit Closed session personnel was approved by the following vote: Commissioners Etheridge, Farrow, Fry, Tugwell and Creef Noes: None. Absent: Collins

**MOTION:** Commissioner Tugwell seconded by Commissioner Fry to enter into Closed session personnel NCGS 143.318.11(a) 6 was approved by the following vote: Commissioners Etheridge, Farrow, Fry, Tugwell and Creef Noes: None. Absent: Collins

NCGS 143.318.11 (a) 6 Personnel- Town Attorney Daniel Khoury with the law firm of Vandeventer Black LLP had sent a letter requesting an increase in his hourly rate and to re-state the fact that clients for which they render legal services can present a conflict with their representation of the Town and those clients are: Marshes Light, LLC, Pirates Cove, Salt Meadow Landing, Inc. and Cypress Cove, LLC and in connection with this representation he drafts developmental documents and represent the clients in real estate transactions.

**MOTION:** Commissioner Creef seconded by Commissioner Fry to exit Closed session was approved by the following vote: Commissioners Etheridge, Farrow, Fry, Tugwell and Creef Noes: None. Absent: Collins

**MOTION:** Commissioner Creef seconded by Commissioner Farrow to accept Town Attorney Daniel Khoury letter of proposal for an increase fees and acknowledge the potential conflicts that he represents was approved by the following vote: Commissioners Etheridge, Farrow, and Creef. Noes: Tugwell and Fry. Absent: Collins

Mayor Wilson informed the Board that Planning and Zoning Board member Bebe Woody has missed two consecutive meetings and according to the Town Codified Ordinance if two consecutive meetings are missed it is automatic dismal from the Planning Board and needs to be reinstated for her existing appointment. Commissioner Tugwell commented he thought it should be a courtesy to the new Board and they should take care of this at the organizational meeting.

**MOTION:** Commissioner Creef seconded by Commissioner Farrow to reinstate Bebe Woody  
**MOTION WAS WITHDRAWN.**

**MOTION:** Commissioner Tugwell seconded by Commissioner Creef to adjourn at 5:45pm was approved by the following vote: Ayes: Commissioners Farrow, Etheridge, Fry, Tugwell and Creef Noes: None. Absent: Collins.

Adopted this 14<sup>th</sup> day November 2007

ATTEST:

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Mayor John Wilson

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Town Clerk Becky Breiholz