

## **Town of Lake Santeetlah**

### **Special Called Meeting Minutes**

**May 26, 2018**

Mayor Jim Hager called the meeting to order at 10:00AM. Council Members Keith Predmore and Patrick O'Donovan were present for the meeting. Town Administrator Kim Matheson and Clerk Emily Hooper were also present. There were thirteen Town residents in attendance. Councilman Bob Wehr was not available.

The first order of business was the approval of the agenda. Mayor Jim Hager suggested that public comment be received throughout the workshop as budget items were presented. Councilman Patrick O'Donovan made a motion to approve the agenda as amended. Councilman Keith Predmore seconded. All others approved. The motion carried.

### **New Business**

**#1 Proposed Budget for 2018/19 Fiscal Year/Public Questions and Comments:** Mayor Jim Hager, Finance Officer Patrick O'Donovan, and Town Administrator Kim Matheson presented the budget with detailed explanations of any major changes in the upcoming fiscal year. Mayor Jim Hager began by informing those present that he had spent some time researching tax rates. 85% of other Municipalities in NC have a higher tax rate than the Town of Lake Santeetlah. There is no plan for an increase in tax rate at this time.

### **General Operating:**

Finance Officer Patrick O'Donovan reviewed; the audit expense is \$12,000. This is the same from last year. The audit is completed by Joseph Turchetti, CPA. The Town has been very satisfied with his work.

A new line item for this year is the expected revenue from land sale, \$82,350.00. The Town of Lake Santeetlah has five lots for sale on Santeetlah Trail. The purchase of this property would allow the property owners who currently have a dock permit to renew the permit in December 2020 and be in compliance with Brookfield. This would also allow certain property owners in that area who currently own lake view property to become lakefront and qualify for a dock permit.

The Land Sale line item, is the incoming fee for those purchasing the three foot strip of land from the Town of Lake Santeetlah in order to comply with Brookfield regulations. The \$7,500.00 is an estimated amount of ten potential purchases for the upcoming year. There have been approximately seventy transfers at this time. The Town collects \$750.00 for each transfer. This amount is dispersed to The Graham Star for advertising and Mack Tallant for deed preparation. The advertising cost is different for each parcel. The Town typically profits approximately \$100 or less for each transfer.

Item 53: The annual attorney fees for the upcoming year is \$12,000. This does not include any litigations only expenses for Town related business.

Quiet Title Action: \$20,000 has been allotted for the Town to hire surveyors, attorneys, or take necessary measures to defend Town Property. Mayor Jim Hager stated that he hoped the Town did not

have to spend any of those funds, but felt the need to budget if needed. The Town had been advised by two attorneys that we were required to defend Town property.

\$26,500.00 is the amount budgeted for all other pending litigation. This figure was approved by Litigation Attorney Bill Brazil as an adequate amount for the litigations. If this amount is exceeded a budget amendment would be necessary.

Codifications, \$3240.00 is a carryover that has been in the budget for at least three years. This is a review of the Town ordinances by Town Attorney Ellen Davis. Davis has agreed to work with Town Staff to review and update the codifications but with the other things going on within the Town this has not been completed.

\$30,000 for renovating the front entrance is a carry over as well. This project is in the planning process but will hopefully be completed in this budget year.

The tax collection fee (the amount we pay Graham County) was budgeted at \$9,000 last year but has exceeded that amount therefore \$12,000 is budgeted for the upcoming year. This is due to more residents paying taxes late and the fee for collection is 10% for all late payments.

#### **Water Operating:**

Long Term Maintenance has \$28,419.59 budgeted. Contract Water Operator Lamar Williams has requested a transmitter that can detect signal levels from the water tank on Cheoah Trail. The quote for this transmitter is \$3,600. The insurance company recommended that fencing be installed around the water tank. The outside of the tank also needs to be painted in this upcoming year. The water system is twenty three years old. Each year pumps are going out, pipes rusting and necessary repairs are depleting the water fund. Mayor Hager and Town Administrator Kim Matheson researched implementing a special assessment tax to pay off the loan for the water meters to increase revenue in the water account. Attorney Ellen Davis explained there are several steps required in a special assessment tax which could not be completed quickly. Town Staff contacted surrounding counties and cities concerning water rates. Most raise water rates on a yearly basis in order to meet demands. No changes will occur this year, however Mayor Hager addressed that there could be additional expenses in the future in order to keep the water account self-sufficient. The pipes cost approximately \$2,000 to replace, a valve which recently failed was \$2,400. Each piece of equipment for the water to operate effectively is expensive and uses the funds quickly.

#### **Discussion:**

Doug Burgess asked if there was currently a water reserve account in the case of an unforeseen emergency that could be used if necessary. Town Administrator Kim Matheson confirmed that the Water Reserve balance is approximately \$70,000 that is split in two different accounts. The reserves should remain at that balance if no major issues occur. Raising the water rate was approached when preparing the budget however it only increased the revenue by \$2,000-\$2,500 which did not seem to justify the increase. We are simply hoping not to have any major occurrences until the truck and loan are paid off which will both allow an increase in revenue and allow funds to be placed into reserves.

Tina Emerson asked if the \$10,000 owed to the water fund had been paid back. The explanation near the line item states (payment 2 of 3). The total due to the water account was \$30,000. Town

Administrator Kim Matheson felt that the payment had been made but the explanation had not been updated. However Matheson informed Emerson that she would look back to confirm three payments were completed.

Emerson explained that it was hard to detect changes and increases from year to year when looking at the budget and would like to see a comparison sheet that allowed those interested to compare easily. Finance Officer Patrick O'Donovan and Town Administrator Matheson agreed to complete the request and have available at Town Hall.

Emerson had prepared a budget worksheet that was distributed to all in attendance. Emerson explained that her spreadsheet provided a better breakdown and portrayed clear month by month totals. Councilmember Patrick O'Donovan expressed that the creation of the worksheets obviously took time but would not be considered Town documents or official, but could be reviewed and explained as Emerson felt necessary. Emerson pointed out that in the water budget \$47,000 each year went to staff salary. She proposed that the Town would save a large amount of money by outsourcing water billing and payments. Through Emerson's explanation she argued that the Town paid \$47,000 for the Town to prepare bills and stuff envelopes quarterly. The quarter base rate for residents is \$103.75 and Emerson stated that a large amount of that rate went to pay salary. The point Emerson wanted to make through her research was that the residents were being overcharged for water simply to pay salary which she felt unnecessary and recommended that billing be outsourced. Finance Officer Patrick O'Donovan explained that certain expenses within the Town were split between the General and Water account (ex. Town truck payment, phone and internet services, town technician cell phone, and staff salary). That number is not simply a pre-determined figure but rather a split among accounts (65%/35%). If this amount did not come from water it would be required to come from general therefore outsourcing payroll would only add additional expenses from the water account.

Doug Burgess explained if the Town elected to change water billing rates then the taxes would obviously have to increase, therefore why change anything.

Diana Simon stated that the audit should have shown if anything had been done incorrectly.

Patrick O'Donovan explained that the Town Council would review the allocation of finds, and also study water rates from surrounding counties to determine if a change should be made. A large amount of staff time is spent in dealing with water related issues. This will be itemized and reviewed.

Tina Emerson stressed that the water operating account should stand alone and paying that amount in salaries will keep that from happening.

Connie Gross asked for clarification of land sale revenue, \$82,350. Gross stated that she had understood that the Town would not benefit from the land sale but only charged enough to complete the transfer.

Mayor Jim Hager clarified that the Santeetlah Trail land sale was different from the three foot strips. The five parcels are valued much higher than the minimum bid price.

Jack Gross asked for an estimated amount that the Town profited from each transfer. The amount that each resident is required to pay is \$750. The advertising cost varies depending on description. Mack Tallant's fee for deed preparation comes from this payment. The amount left is typically around \$100 for each transfer. Gross asked if the \$20,000 set aside for quiet title action seemed logical to only profit

\$100 per transfer. Mayor Hager explained once again that he hoped not to use the funds but according to the advice of more than one attorney the Town must defend the property. Therefore, the Town will be required to spend that money if necessary. Gross also asked how the litigation funds set aside were determined. Hager confirmed that the litigation attorney had agreed that \$26,500 should be an adequate amount for pending litigations.

There were no further questions or comments, Mayor Hager explained that the budget and budget ordinance would be approved at the June 8, 2018 Council Meeting.

The Town is considering hosting a block party in July. There will be further discussion and a date set at the June meeting.

### **Announcements**

Mayor Hager announced that the next Council Meeting would be June 8, 2018 both at 10:00AM at Town Hall. With no further business at this time Councilman Patrick O'Donovan made a motion to close. Councilman Keith Predmore seconded. All others approved. The motion carried. Mayor Hager adjourned the meeting at 11:00AM.

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Jim Hager, Mayor

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Emily Hooper, Town Clerk