

Town of Spring Lake
Special Meeting of the Board of Aldermen
Municipal Building
300 Ruth Street
Spring Lake, NC 28390

December 16, 2021

MINUTES

8:30 a.m.

The Board of Aldermen held a special meeting in the Grady Howard Conference Room of the Spring Lake Municipal Building with Mayor Kia Anthony presiding.

Board Members Present: Mayor Pro tem Robyn Chadwick (via Zoom)
Alderwoman Sofia Cooper
Alderman Marvin Lackman
Alderman Raul Palacios
Alderwoman Adrian Thompson

Others Present:

Samantha Wullenwaber, Interim Town Manager
Catherine Bamba, Attorney (via Zoom)
Melissa Pereira, Town Clerk
Banard Lemon, Audio Visual Coordinator
Renee Robinson, Water Revenue Supervisor
Tim Garner, Water Resources Director
Dysoaneik Spellman, Interim Police Chief
Jason Williams, Fire Chief
Zefrim Lewis, Interim Parks and Recreation Director
Debra Mack, Finance Consultant
Susan McCullen, North Carolina Department of State Treasurer
David Erwin, North Carolina Department of State Treasurer
Mark Baker, North Carolina Department of State Treasurer

1. Call to Order

Mayor Anthony declared a quorum and called the meeting to order.

2. Invocation and Pledge of Allegiance

Alderwoman Cooper led the Pledge of Allegiance and gave the invocation.

3. New Business

a. Board Orientation

Mrs. Samantha Wullenwaber provided information regarding the two-day board training, and the items that will be discussed. Mrs. Wullenwaber gave details to the Board that she is now contracted through the Council

of Governments as the Interim Town Manager for the Town of Spring Lake. She opened the floor for each department to give a brief overview of their daily operations.

The first briefing was conducted by the Customer Service/Revenue Billing and Collections. Mrs. Renee Robinson explained to the Board the operations of the Water Department. Mrs. Robinson gave details about the departments meter readers, billing invoices, trash collections, and retiree's health insurance. Mrs. Robinson informed the Board about customer services they provide daily. She stated customer service generates invoices for new services and transfers. She stated they also collect payments for water bills. Mrs. Robinson stated they're currently working with various resources such as assistant utility programs to help customers who need help paying their monthly water bills. Mrs. Robinson stated the meter readers read approximately 4,700 meters a month, and 2,600 meters are read manually, whereas, the other 2,100 meters are read with a wand. Mrs. Robinson stated disconnections start around the 26th of each month, and then illegal usage. She stated around this time the Meter Readers start reading again. Alderman Lackman asked about illegal usage. Mrs. Robinson explained the individuals who are residing at a residence and haven't started water service. She stated the meters readers have to go out and turn the meter off. Mayor Anthony asked about making meter reading more efficient. Mayor Anthony asked about the cost. Mrs. Robinson stated \$1.5 million to install an automated system. Alderman Lackman questioned what areas will the automated system effect. Mrs. Robinson stated the whole town. Alderwoman Cooper questioned the town's outsource billing method. Mrs. Robinson stated the town does the billing, but a part of our bills are outsourced. Alderwoman Cooper asked how much do we pay. Mrs. Robinson stated \$1,900 a month for outsourcing. Alderman Lackman asked about the life cycle of the automated meters. Mrs. Robinson stated the life cycle is 10 to 12 years. Alderman Lackman questioned how accurate are the meters because the town citizens' concerns are with the inconsistent prices on their monthly water bills. Mrs. Robinson explained holidays and weather play a part in the fluctuating monthly billing cycle. Mrs. Robinson stated if customers call with concerns, we will reread the meter to ensure accuracy, and monitor the meter for 30 days.

Mrs. Samantha Wullenwaber introduced the Water Treatment Plant presentation.

Mr. Tim Garner presented to the Board the operations of the Water Treatment Plant. Mr. Garner gave details about the infrastructure and its resources. Mr. Garner explained the Water Treatment Plant encompasses three different divisions, and they are water operations, water collections, and stormwater. Mr. Garner stated the water operations takes care of approximately 67 miles of watermains, 70 miles of sewer mains, and the meter lines. Mr. Garner provided information regarding environmental water sampling. He stated they test the water daily, monthly, and quarterly. Mr. Garner stated we have an interlocal agreement with Cumberland County to service the OverHills sewer system, Cedarwood Shopping Center, a mobile home park, and two in the Overhills area. Mr. Garner stated the town uses around one million gallons of water a day. Mr. Garner provided details about the town's stormwater division. Mr. Garner provided information regarding the State Distressed Utility List. He stated the town is on the list due to the town's financial situation. Mrs. Wullenwaber added there will be training to attend on this matter. She would like a board member to volunteer to attend the training. Mayor Anthony had concerns regarding the town only having 500,000 gallons of excess in the water supply. Mr. Garner explained the State's cutoff is 75 percent. Alderwoman Cooper asked how much does the town use. Mr. Garner stated between 58 to 65 percent. Alderwoman Cooper questioned the funding that is available to repair the infrastructure. Mr. Garner stated yes, they are looking into the funds that are available. Alderman Palacios asked with the new housing development going on Odell Road is that factored in the amount of the town's water supply. Mr. Garner stated yes, the average home uses 100 gallons a day. Alderman Lackman questioned the frequency of water main breaks and the infrastructure declination. Mr. Garner stated ninety percent of our service is water service lines, and main service lines are ten to twelve a year.

Mrs. Samantha Wullenwaber introduced the Police Department presentation.

Interim Police Chief Dysoaneik Spellman provided information regarding the Spring Lake Police Department. Interim Police Chief Spellman stated he has been employed since 2014 with the police department. He gave a brief overview about the Spring Lake Police Department services. Interim Police Chief Spellman stated our department gives out police reports Monday thru Friday, and accident reports are provided at the Department of Motor Vehicles. He stated the police department conducts health and welfare checks for citizens periodically. Interim Police Chief Spellman stated he would like to start the community watch meetings again. He stated they offer a hotspot at 300 Ruth Street for people that use Craigslist to sell items. Alderman Palacios asked what are the biggest challenges for the police department, and what help does the department need. Interim Police Chief Spellman stated staffing is our biggest issue with patrol officers. He stated the department needs three patrol officers to be fully staffed. Alderwoman Thompson questioned court ordered child custody meetings. Interim Police Chief Spellman stated the police department supports the child custody meeting orders. Alderwoman Cooper asked about the Cumberland County Watch, and if the town could participate. Interim Police Chief Spellman stated yes. Alderman Lackman questioned the police departments biggest infraction. Interim Police Chief Spellman stated percentage wise they're balanced out. Alderman Lackman expressed thanks and appreciation for the police officers sitting on the side of the road to deter speeding in the town.

Mayor Anthony asked Renee Robinson and Tim Garner to come back to the podium. Mayor Anthony asked Mrs. Robinson and Mr. Garner what was the biggest challenge in their department. Both said staffing is their biggest issue.

Mrs. Samantha Wullenwaber introduced the Fire Department presentation.

Fire Chief Jason Williams gave a brief overview of the Spring Lake Fire Departments duties and responsibilities. Fire Chief Williams stated they have 18 firefighters with three shifts. He stated the fire department leads the Cumberland County Safe Kids Coalition. Fire Chief Williams stated we have installed over 600 car seats, and we have grants we use to buy car seats for needy families. Fire Chief Williams gave details about the Burn Child Fund, and other programs the fire department offers. Alderwoman Cooper expressed thanks and appreciation for the Christmas Tree Lightening Ceremony.

Mrs. Samantha Wullenwaber introduced the Finance Department presentation.

Ms. Debra Mack gave a brief overview about the general rules and state laws that govern the finance department. Ms. Mack gave details regarding how we calculate revenues, expenditures, and accounts payable within the departments. Ms. Mack explained how purchase orders are processed, and budget line items. Ms. Mack provided information regarding internal control within the finance department. Mayor Anthony asked what is the town's biggest challenge with the finance department. Ms. Mack stated cash flow is the town's most significant issue due to the negative fund balance. Ms. Mack stated it's very difficult when you have negative cash and savings. Ms. Mack recommended to hire sufficient staff in the finance department. Alderwoman Cooper questioned about the contracting positions being budgeted. Mrs. Wullenwaber stated yes, the salaries from the budgeted positions are being used to pay the contractors. Alderwoman Cooper questioned the previous audits not being accurate. Ms. Mack stated based on the information she has saw, there are significant problems with bank reconciliations not being finished, and checks and balances were not completed. Alderman Lackman questioned about a completion date with audit, and staffing the finance department. Ms. Mack stated two years at the most.

b. Local Government Commission Financial Training

Mrs. Wullenwaber introduced Ms. Susan McCullen to present the Local Government Commission training.

Ms. Susan McCullen provided information about the Fiscal Accountability Agreement. Ms. McCullen explained to the Board that they have inherited a town that is broke, and in a deficit. Ms. McCullen stated the Board will have training on the American Rescue Plan funds. Ms. McCullen provided a booklet to all board members. Ms. McCullen provided details on the importance of responsibilities as board members. Ms. McCullen stated the Board has a fiduciary responsibility to the taxpayers and residents to manage its funds. Ms. McCullen stated N.C.G.S. §159 Local Government Budget and Control Act sets forth requirements for local governments in such areas as budgets, fiscal control, and borrowing money. She stated the Local Government Commission will make all financial decisions with the Board's input. Ms. McCullen explained the town's water treatment plant is under distress, and the town can apply for money to help repair the infrastructure. Alderwoman Cooper had concerns about the water treatment plant being in a flood zone. Ms. McCullen stated she knows the plant sits by the river. Alderwoman Cooper questioned relocating the water treatment plant. Mayor Anthony asked would it be feasible to sell the plant, and join Cumberland County water supply. Ms. McCullen stated they would talk with North Carolina Department of Environmental Quality. Ms. McCullen stated the town could decommission the plant and tap into Harnett County, but the town would need Fort Bragg's permission.

Ms. McCullen continued to provide details about budget overview, budget ordinance, budget preparation and calendar, budget adoption process, and budget amendments. Ms. McCullen explained when preparing for your budget; the general fund is the biggest fund of revenue. Ms. McCullen provided the timeline for the budget preparation. Mayor Anthony asked if the department heads have any involvement. Ms. McCullen stated yes; they may have ideas that help the town. Ms. McCullen gave details about the budget adoption process. Alderwoman Cooper questioned in regards to moving the budget timeline back so the board and citizens could digest the information. Alderwoman Cooper recommended moving the budget adoption process to the month of May instead of June. Ms. McCullen stated the budget has to be adopted by July 1, 2022. Ms. McCullen explained in detail the process of budget amendments. She stated the Local Government Commission has control over the town's budget amendments.

Ms. McCullen discussed the importance of a finance officer. Ms. McCullen stated Mr. David Erwin is now the finance officer for the town. Ms. McCullen stated the finance officer should understand reporting and accounting duties so they can monitor what the town finance operations, and ensure the work is being completed in a timely and accurate manner. Ms. McCullen stated the Local Government Budget and Fiscal Control Act (LGBFCA) requires the finance officer to be bonded at an amount not less than \$50,000. Ms. McCullen stated that a finance officer is responsible for maintaining the accounting system, disbursements of all funds, preparing financial reports, managing receipt and deposit of monies, managing debt, and supervising cash investments. She gave details about the monthly financial reports and understanding the fund balance. Ms. McCullen stated the finance officer should be presenting a monthly financial report. Alderman Palacios asked about the town manager and finance officer duties. Ms. McCullen stated they both have different roles. Alderman Palacios questioned the Local Government Commission levying taxes. Ms. McCullen stated because the town is under 181c (Under Local Government Commission Control), nevertheless, they haven't changed the operations of the town. Ms. McCullen provided information on the importance of internal financial control.

Ms. McCullen presented to the Board the pre-audit process. Ms. McCullen stated it's the responsibility of

the governing board to make sure the audit is completed on time. She stated the finance officer cannot disperse funds unless there is a budget to pay, and then when the check is cut, pay the obligation.

Ms. McCullen provided information that the town may reach a deficit in 2021. She stated the town does have an audit firm that will conduct the 2021 audit. She stated the audit firm is Cherry Bekaert. Ms. McCullen stated they will not begin the audit until the State Auditor's investigation is complete. Ms. McCullen explained the details about a modified and unmodified audit. Alderwoman Cooper questioned the town had an unmodified opinion. Ms. McCullen stated the town had an unmodified opinion, and it means a clean opinion. Alderwoman Cooper questioned the 2019-2020 audit's findings as unmodified. Ms. McCullen stated that's a good question because we asked ourselves the same thing. Alderwoman Cooper questioned the bank reconciliations that were not completed, and false results as an unmodified audit. Ms. McCullen agreed.

Ms. McCullen provided information regarding the Code of Ethics training for board members. Ms. McCullen stated having a strong set of financial internal controls is the most important factor. Ms. McCullen stated the Local Government Commission is looking forward to working with the Board and the community to get to a better place.

Action: Mayor Anthony recessed the Special Meeting until December 17, 2021 at 8:30 a.m.

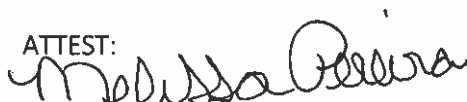
Motion: Alderman Palacios

Second by: Alderwoman Cooper

Vote: unanimous



Kia Anthony
Mayor

ATTEST:

Melissa Pereira, CMC
Town Clerk