

**REGULAR MEETING
BOARD OF COMMISSIONERS
HOLIDAY ISLAND SUBURBAN IMPROVEMENT DISTRICT (HISID)
NOVEMBER 23, 2020**

The Regular Meeting was held via Zoom 97970444652 and was called to order by **ACTING CHAIR BILL NOONAN** at 9:00 a.m. Start time late due to technical difficulties.

INVOCATION: Retired Pastor, Myles Schultz, retired Missouri Synod Pastor, gave the invocation.

ROLL CALL: Present for roll call were **COMMISSIONERS BILL NOONAN, DAN KEES,** and **DAVID ORR.** **COMMISSIONERS KEN BROWN** and **NITA HOLLEY** were absent. With three commissioners present, a quorum was declared.

APPROVAL OF AGENDA: **COMMISSIONER Kees** moved to approve the agenda. **COMMISSIONER NOONAN** seconded the motion. Motion approved unanimously.

APPROVE MINUTES: 9-28-20 Regular Meeting, 10-2-20 Special Meeting, 10-19-20 Regular Meeting, and 10-19-20 Special Meeting. **COMMISSIONER KEES** moved to approve the 9-28-20 Regular Meeting, 10-2-20 Special Meeting, 10-19-20 Regular Meeting, and 10-19-20 Special Meeting minutes. **COMMISSIONER ORR** seconded. Motion approved unanimously.

CEREMONIAL: None

ANNOUNCEMENTS: None

PUBLIC COMMENTS: None

REPORTS:

A) October Financial Report

COMMISSIONER KEES moved to approve the October Financial Report, requesting the approved financials be updated on the website. **COMMISSIONER ORR** seconded the motion. Motion approved unanimously.

B) Deputy Report

Deputy Ingle gave his report for October. He listed the 148 calls for service.

D) District Manager Report

DISTRICT MANAGER BLOOD reported the District is slightly ahead of last year with assessments.

BUSINESS

OLD BUSINESS:

- 1) Marina Walkway CIP

I need to know if we need to pursue this project that was put on hold due to Covid-19. The main four-foot-wide walkway replacement was budgeted at \$60,000.00 in 2020. Kolin Paulk was asked to give his input to this project. Due to the original pre-covid price, which has not gone out for bid, and the inefficient 4' by 200' walkway being structurally inadequate and repaired several times, he recommended three scenarios for its replacement: 1) A new six-foot-wide ADA compliant walkway, holding over the current \$60,000.00 in Capital Improvement until next year when a new quote can be acquired; 2) get a new four-foot-wide walkway quote, or 3) fix what we currently have at an approximate cost of \$500.00 adding anchors on each side of the walkway and improve current leveling leg which is in the maintenance budget at this time. After further discussion, **COMMISSIONER ORR** moved to spend the \$500 to repair the existing walkway now and hold over the capital improvement amount of \$60,000.00 from the 2020 budget until a quote for an ADA compliant 6' walkway can be acquired, with the additional funds coming from the 2021 budget. **COMMISSIONER KEES** seconded the motion and amended the motion to table the issue until new quotes can be acquired before approving the 2021 budget. Barbara Talbot, 9 Horseshoe Drive, asked if the commissioners and District Manager Blood received her questions and comments made in writing to each of them while also asking if the draft budget was going to be posted for public review. **DISTRICT MANAGER BLOOD:** There is no requirement to put the budget out for review three weeks before approving it. **COMMISSIONER ORR** discussed Barbara Talbot's requests. **DISTRICT MANAGER BLOOD:** A lot of questions and comments from Barbara Talbot were making comparisons between the 2020 and the 2021 budget. This is not done in setting the new budget, which is based on projected upcoming revenues and expenditures, not using the 2020 budget for reference. Barbara Talbot responded that it was in the spirit of wanting to help with her comments. I will continue to make comments and hope someone will find them helpful. **COMMISSIONER ORR** asked for clarification on a few of the line items, including increased payroll, personnel, and golf operations.

2) Sand and Salt Storage Area CIP

DISTRICT MANAGER BLOOD: The sand and salt storage area gives us a capability we currently do not have. We put this project on hold with \$72,000.00 going into Work in Progress in 2020 while adding \$30,000.00 in 2021 to complete the project for the winter of 2022. The additional cost of \$30,000.00 is for a metal frame building with a heavy-duty fabric covering for insulation. It will also house four Roads Department ice and snow response vehicles. **COMMISSIONER ORR** asked if the concrete slab would be affected by the stored salt. After further discussion regarding the use of asphalt or a different surface rather than concrete, it was suggested by **DISTRICT MANAGER BLOOD** that a visit be made to two areas near Berryville to inquire as to the storage surface in these buildings. David Bischoff shared his comments regarding asphalt or concrete, there being a trade-off of longevity versus durability. Further discussion followed. **DISTRICT MANAGER BLOOD:** By approving the budget, the \$30,000.00 will be added to the \$72,000.00 carried over from this year, will carry the project over for completion in 2021.

PUBLIC COMMENTS: David Bischoff, 50 Bandy Drive: Should the \$10,000.00 budgeted for the Administrative office remodel not be a part of the new Town budget? **DISTRICT MANAGER BLOOD:** This will be addressed in our discussion of the budget. David Bischoff also asked about the various

unemployment rates of the different departments. Lou Da Rosa, Senior Accountant, explained the difference is due to errors found in previous years' incorrect rates.

NEW BUSINESS:

1) Resolution 2020-5 Recognizing the Incorporation of Holiday Island as an Incorporated Town

DISTRICT MANAGER BLOOD read the Resolution, copy attached. He addressed the question regarding office space of the Town Hall sharing space with the District, substantial contributions will come from the Town. When looking at a lease agreement, the financial benefit of sharing this space far exceeds the expense to make the space available for leasing. **COMMISSIONER ORR:** Is there a monetary value to this lease agreement? **DISTRICT MANAGER BLOOD:** No, it does not. The Resolution will allow the Chairman of the District and myself to enter into an agreement with the City on a square footage ratio and any administrative support there would be. My office will become the Town Office with its separate entrance, while Lou and I will share her current space with a private office for me with that space. A quote will be available at our next special meeting. Kathy Bischoff, 50 Bandy Drive: Once the Chair and the District Manager have a lease agreement, is it to be approved by the Board? **DISTRICT MANAGER BLOOD:** Yes. Kathy corrected the date at the bottom of the Resolution to be changed from 2017 to 2020. **COMMISSIONER KEES** moved to approve the Resolution with the date corrected and with the understanding that any contracts will be reviewed and approved by the Board of Commissioners. **COMMISSIONER ORR** seconded.

PUBLIC COMMENTS: David Bischoff, 50 Bandy Drive: He asked about mutual employment between the City and SID arrangement and how it is going to be tracked between the two? **COMMISSIONER KEES:** The city is going to be contracting for services, with employees remaining HISID employees, and they will continue to be responsible for all payroll taxes. David Bischoff, 50 Bandy Drive: Confirmed his understanding that HISID is going to be responsible for all benefits as if they are solely HISID employees with his concern being reimbursement for their time from the City/Town. **COMMISSIONER KEES** listed some of the minimal involvement of HISID employees and the various contracts by the City for contractual services. After considerable discussion, **DISTRICT MANAGER BLOOD** confirmed that our auditors recommended doing as Commissioner Kees stated. The Town plans on being self-sufficient. We field all calls that are outside of the scope of my job and will be able to refer to the Town. There is no need to have a separate contract for the leasing of HISID employees. Lou Da Rose, Senior Accountant: The staff has discussed Mr. Bischoff's concerns repeatedly and the "HISID is providing a service to the city like as if the City pays a separate company to provide IT services, or trash pickup or any services, not an employee." No employee is going to be paid any differently than they are today. It is our responsibility as HISID providers that we insure the \$1,000.00 we get per month is agreed upon, be sure that it is enough to cover what we foresee to happen and if not sufficient, the next year's budget would have to increase that amount in the next contract. The budget shows an income of \$24,000.00 for 2021 from rental and employee resources hiring for from the Town. **CHAIR NOONAN** called for the motion. Motion approved unanimously. Holley Wescott, ES Independent: Confirmed her understanding that no employee of this District is going to be paid differently or added; and no floor space is being added for the District to be able to receive this rent. **DISTRICT MANAGER BLOOD:** That is correct.

2) Mountain Bike Trails (discussion only)

COMMISSIONER KEES reviewed the purpose of building the Skylight Trail and the Haddock Lane Trail, our intent from the beginning that they are hiking and mountain biking trails. They were built mainly with volunteers and donations; we were not able to build a mountain bike trail that would be up to the standards of what is expected from mountain bike trails these days. The Carroll County Riders walked our two trails and they have come up with a plan that would require minor modifications to both trails to allow for switchbacks more suitable for mountain biking and they would do some work on the rest of the trail where necessary to improve the trail surface and maybe widen the trails out a bit. They will do this totally with volunteers. They are willing to make a presentation to the Board. Since these changes were very minimal, so I did not think it was necessary to involve the Board. Unless there are some concerns about this, I am going to tell them they can go ahead and accomplish their recommendations. They were told to go to the District Office and sign volunteer waiver forms for them to be working on HISID property. **COMMISSIONER NOONAN:** Will these trails be used simultaneously with bikes and hikers? **COMMISSIONER KEES:** Yes. This is not a problem. This is one reason they make the trails wide enough to accommodate both. **COMMISSIONER NOONAN:** Are these trails available for both residents and visitors? **COMMISSIONER KEES:** Yes. Holley Wescott, ES Independent: What was the name of the group making these improvements? **COMMISSIONER KEES:** The Carroll County Riders. **DISTRICT MANAGER BLOOD** commented on the value of these trails, especially at no cost to the District.

3) Draft 2021 Budget

DISTRICT MANAGER BLOOD thanked everybody for their input to address the budget, the public, Board members, staff. I am turning this budget over to the Board for your consideration, so it is no longer a staff budget, it is now the District's budget. Typically, we have a lot of capital improvements. Using discretion, I moved the budget down to have a balanced budget. This year was unusual in that we have a projected infusion of cash into the District from the incorporation of the town for 2021. The capital improvements offer discretion on what to approve and what not to improve. Right now, we are expecting a \$283,000.00 surplus. If the budget goes as is planned right now, projected revenues, expenses and we get the projected revenues from the Town, the \$283,000.00 surplus could potentially be a 14% decrease in assessments. We do not budget for the amount of assessment. It is the other way around. You set your budget and then levy the necessary funds to meet the revenue projections. Staff is recommending a 4% decrease to a maximum of a 7% decrease. I would rather recommend the smaller decrease that would give us a surplus in the budget, depending upon what we do next year, but there are so many unforeseen circumstances coming up, especially with Covid-19 getting worse rather than going away. I would rather be more conservative. I have listed 4%, 7%, and 14% as they reflect a decrease. You are not going to levy until the beginning of next year to meet the revenue requirements for this budget. The 14% decrease is not a promise in any way shape or form. Any changes you make in Capital Improvement Projects could make that go up or down and it is a fact that the Board hasn't levied the assessment until next year. From this point forward, you will not see this portion any longer. **COMMISSIONER KEES:** The budget does not include depreciation for rolling stock that we would normally include in the budget because by Regulation, at the end of the year, we are supposed to transfer an amount of money equivalent to that depreciation expense into the rolling stock reserve account, but at the end of this year, we expect that the fund balance will be about three times what the minimum requirement is by Regulation, so there is no need to continue funding it as long as the fund balance is that substantial. If we were to fund that Rolling Stock Reserve, the net surplus would be about half the \$283,000.00. **DISTRICT MANAGER BLOOD:** We depreciate all of our

equipment every single year. This is a mathematical formula on how much we need to put into the reserve fund. The reserve fund is fully funded per the Regulation, so we are not suspending the depreciation, we are fully funded so it is unnecessary to take that out as a non-cash expense in each one of the departments.

Going to Capital Improvements and the Rolling Stock replacement. On the Administration side, replacement of the office carpet has been on the budget for several years and is not a priority, so it got moved to 2022. The remaining covers two air conditioning units and the \$10,000.00 discussed earlier for the District Manager relocation. On Water and Wastewater, the \$10,993.00 and the \$75,000.00 are mandatory assessments we have to do based on a 10-year maintenance plan, and those costs are for rehabilitation we already received, amortized between three and five years. PRVs are budgeted at \$25,000.00 this year. For the system upgrade, we have \$9,000.00 in both Water and Wastewater that is not critical, and pushed it out until 2022. For Sanitary Survey deficiencies, we estimated \$20,000.00 but is not critical for building improvements. We decided to do \$10,000.00 in 2021 and push \$10,000.00 out until 2022. We had a Water Source Alternative Study. I was significantly concerned that at some point in time we would need to find another source, either by drilling a new well connecting to Carroll/Boone, using reverse osmosis, or doing something to find a new water source. Our quote on that was \$35,000.00 and pushed that out another year. Lift station rehabilitation is normally \$12,000.00. There are some rehabilitations we would like to do like moving control systems above ground and invest in some new pumps. We split this up to \$41,000.00 this year and \$41,000.00 in 2022. Clarifier seal and paint have been on the budget for several years and we are going to have to do it at some time, but it is not critical at this time so we moved the \$25,000.00 to 2022. Road Construction is normally budgeted at \$240,000.00. That is \$200,000.00 HISID funds and \$40,000.00 from the County. We only received \$20,000.00 from the County so we reduced that to \$220,000.00. Last year we started allocating \$15,000.00 for striping. We received \$30,000.00 additional funds for the sand and salt storage area. The siding of Station No. 1 is going to have to be replaced so it is moved to the future. The Pro Shop replace doors, fire, and handicap, and lounge flooring were pushed to 2021. The Ballroom, the downstairs remodel, replace doors for fire and handicap, and landscaping were pushed out as non-essential.

David Bischoff, 50 Bandy Drive: What was the Alternate Water Source for? **DISTRICT MANAGER BLOOD:** We currently have Well #2 shut down for radium. One alternative is the blending method which I believe is a non-starter from the very beginning. There are other techniques such as reverse osmosis that we could look at, but that is very expensive. Outside of Well #2 our other options are potentially drilling a new well or hooking up to Carroll/Boone. Doing the study now, we will know what our costs would be and what are alternative if we ever run into that situation and how long a project like that would take. There are a couple of non-essential projects: The air conditioners in the shower room went out. However, we took out the covered pool structure and the winterized pool covers and pushed them to 2022. We have changed the budget to reflect just resurfacing the pickleball court at \$25,000.00, and not repurposing the tennis courts. There was \$30,000.00 for the collapsed wall of #12 pond on the 18-hole course which has been moved out to 2022. The Marina Walkway and Dock 2 replacement were deleted and moved to 2022. Our Capital Improvement budget for this year is \$503,000.00. On the equipment reserve fund, in 2021, we have \$22,000.00 to replace Admin 1 which is my truck. In my opinion, it does not need to be replaced so this could be cut. On the Water side: We have a 1 ½ -ton dump truck that is split between Water and Wastewater, a ½-ton truck for the meter reader, a ¾-ton, which is split between Water and Wastewater. In Roads Department, we have a Ventrak mower with a base price between \$36,000.00 and \$40,000.00. The additional \$10,000.00 is for additional attachments. Fire Department: We had the command rescue vehicle and tanker #2 scheduled for this

year. Neither requires replacement so they got pushed out. \$12,000.00 for a Golf maintenance UTV to navigate the driving range safely. The mower at the Rec Center needs to be replaced. Further discussion ensued. **COMMISSIONER KEES** recommended eliminating the \$22,000.00 for Admin 1 and show justification for purchasing the Ventrak and UTV equipment. **DISTRICT MANAGER BLOOD** agreed with his recommendation except for the Ventrak and will bring back the justification that was filed a couple of years ago. Are there any items moved to 2022 that need to be brought back into the 2021 budget? As we sit right now with the transfers, we have a \$283,000.00 surplus. We are not funding the reserve fund. **COMMISSIONER ORR**: Are we at the point where we are trying to decide to do a reduction in the assessment fee? **DISTRICT MANAGER BLOOD**: From everything I've heard everyone would like to see a decrease in the assessments. I am trying to put forward a budget that allows you to do that but that comes at the beginning of next year. Whatever you do today, you are going to have to levy enough money against the assessment of benefits to fund the budget. At this point, you could have as much as a 14% decrease and still have a balanced budget. **COMMISSIONER ORR**: Given Covid-19 and an emergency, we could find ourselves extremely short. **DISTRICT MANAGER BLOOD**: That is why from a staff point, we are recommending a 4% decrease, but if that is not sufficient enough there is a 7% decrease. **COMMISSIONER KEES**: The number one reason for incorporating is to bring revenue in to allow us to reduce the assessment and extend the life of the assessed benefit. It is a long-term viability of the District's decision. We need to reduce the annual assessments to avoid exhausting the assessed benefits at some time in the relatively near future. I recommend we leave the Ventrak in the Capital budget and take the other two items out and then prepare a couple of budget options, one with maybe a 4% reduction in assessments and one with maybe an 8% reduction, and see if we need to be somewhere in between. Further discussion ensued concerning the use of the Ventrak and UTV. David Bischoff, 50 Bandy Drive: What happened to the two to three Cushman carts that were being kept to refurbish? **DISTRICT MANAGER BLOOD**: I have no information on that question.

PUBLIC COMMENTS:

Rebecca Sherman, 288 Wild Turkey Drive: Asked about three hydrants. **DISTRICT MANAGER BLOOD**: One was replaced last week and there are two more waiting to be installed. I need to know which hydrants she is referring to and find out where they are located. I also had a question asking how much was the projected revenue from the Town. We can get that information at the next meeting. Another question was asked regarding liability if a person is injured on the driving range. All employees are covered under Workman's Compensation insurance policy which covers both the employee and the employer. If it is a non-employee, under State statute, we have tort immunity up to the amount of \$1 million per incident. We are addressing the fire hydrants at the same time as finding leaks.

Kathy Bischoff, 50 Bandy Drive: Regarding the auditor's opinion that the HISID employee was going to be considered a use of services. I would like to FOIA that opinion if I may. I will email that to Lawrence.

COMMISSIONER COMMENTS:

COMMISSIONER KEES: Regarding my resignation from the Board, having been elected Mayor of the Town of Holiday Island, I am waiting for Judge Barr to sign the Order indicating the petition was ratified by a vote of the citizens. He has issued an Order that allows his assistant to sign an Order on his behalf and she was going to get with the attorney and draw up the Order. The date of that order is the date the Town becomes official and the elected officials take over. Until then, I will remain on the Board to be able to form a quorum to approve the budget.

PUBLIC COMMENTS: None

COMMISSIONER AGENDA SCHEDULING:

Monday, November 30, 2020 Special Meeting to Approve 2021 Budget

ADJOURN: **COMMISSIONER KEES** moved to adjourn the meeting. **COMMISSIONER NOONAN** seconded. Motion passed unanimously. Meeting adjourned at 11:46 a.m.

Respectfully submitted,



David Orr, Secretary, Holiday Island Board of Commissioners