



TOWN COUNCIL MINUTES

BUDGET WORKSHOP #1 TOWN HALL

Monday, April 1, 2019 @ 9:00 a.m.

The Kure Beach Town Council held budget workshop # one to review the proposed FY19-20 budget. The Town Attorney and a quorum of Council was present.

COUNCIL MEMBERS PRESENT

Mayor Craig Bloszinsky
Mayor Pro Tem David Heglar
Commissioner Joseph Whitley
Commissioner Allen Oliver
Commissioner John Ellen
Commissioner Joseph Whitley (Via Telephone)

COUNCIL MEMBERS ABSENT

STAFF IN ATTENDANCE

Finance Officer Arlen Copenhaver
Police Chief Mike Bowden
Fire Chief Ed Kennedy
Building inspector John Batson
Public Works Director Jimmy Mesimer
Recreation Director Nikki Keely
Town Clerk Nancy Avery
Deputy Town Clerk Mandy Sanders

CALL TO ORDER

Mayor Bloszinsky called the meeting to order at 9 am.

BUDGET PRESENTATION

Finance Officer Copenhaver presented the proposed budget assumptions, summary by fund and summary by department. Said presentation is herein included in these minutes.

PRESENTATION OF FIRST DRAFT OF FY19-20 BUDGET (Copenhaver)

1. Budget Assumptions

- No changes in services provided or level of services provided
- No change to tax rate (\$0.33) or other General Fund fees
- No changes to water and sewer rates
- No General Fund Contingency
- No transfer from the General Fund to the Beach Protection Fund
- General Fund full-time headcount increased by 3 (Public Works, Police & Building Inspections)
- Employee Compensation
COLA: 2.8%



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Merit: 1.5%

2. Previously, Workers Compensation Insurance was budgeted in the Administration Dept. and split between the General Fund and Water/Sewer Fund. Beginning in FY 2020, it is being allocated to the respective departments as presented in agenda packet.

Highlights:

- General Fund is short by \$131,526 – Does not include a transfer to the Beach Protection Fund or Contingency
- Water Fund is short \$61,593
- Storm Water Fund is over by \$29,803
- Powell Bill Fund is balanced
- SERF Fund is balanced
- Beach Protection Fund is balanced - Does not include a transfer from the General Fund
- Asset Forfeiture Fund is balanced

DEPARTMENT HEAD STATEMENTS

1. Public Works Department, Public Works Director Mesimer stated:
General Fund increases are:

- Asking for in the Streets & Sanitation budget is a new gator at a cost of \$15,000
- No major changes this year to the budget
- New lights on the boardwalk in the cost of \$20,000 to repair lights damaged by elements of the sea
- Increase in budget for the landscape maintenance contracts totaling \$18,000 for Town Hall, Ocean Front Park and the Community Center

Water and Sewer Fund increases are:

- Upgrade of 17 year old Well System
- Received a couple prices for the Well
- \$90,000 to upgrade the system
- Place holder for Carolina Beach Treatment since we haven't heard back from them yet
- Debt services increase is due to the water meter replacement project

Storm Water Operations increases:

- Debt service increase for new Loan in FY 2019 for 50% of street sweeper
- Increase in the amount of \$15,000 for maintenance



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2. Police Department

Police Chief Bowden stated:

- Increase in budget for new police officer
- Cut \$25,000 from the reserve budget to help offset costs
- Tougher to get reserve officers to help out
- Trying to always have two police officers on shift at a time
- Currently relies on the County for backup
- Radio reception is still having issues with not working well
- Increase in gas, tires and oil will new officer position
- Estimate on utilities for new building
- Increase of 3% for new uniforms
- Vests need to be replaced every 5 years
- Looking into grant in the amount of \$50,000 for new radios that would help during the storm
- Grant would be for 30 new radios

3. Fire Department & Lifeguards

Fire Chief Kennedy stated:

- One small increase in the full time related expense to get one full time employee up to the minimum of his salary band
- Increase in the Telephone/Cable from VC3 and spirit
- Workers Comp insurance is a new expense
- Utilities are on track for the new building
- Decrease in budget for lifeguard equipment
- Works comp insurance was shifted to lifeguard budget
- Items sent to Council this week were not included in budget regarding third person on shift
- Purchased new 4 wheeler and jet ski that was in the past year budget and will be picking up later this week
- Hourly salary for lifeguard is \$11.25 and feels confident in filling the lifeguard spots this summer

4. Building Inspections

Building Inspector Batson stated:

- Increase in full time related costs for one additional full time employee



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- Surrendering part time position, so there will be a decrease in part time related costs of \$16,148
- Administrative Assistant Zielinski currently works 16 hours a week plus Planning and Zoning meeting once a month
- Office traffic has increased in the past few years
- Goal to have someone in the office all day long
- Full Time position would be administration and code enforcement
- Increase in gas allowance in the amount of \$1,000
- Increase in the budget for equipment rental in the amount of \$3,940 for the copier contract

Break 10:00 am

Resumed: 10:15 am

5. Administration

Deputy Town Clerk Sanders stated:

Administration

- Split between General Fund and Water Fund
- Decreased relocation expenses
- Workers Comp is now allocated to each department
- Codification expense has decreased as it will now be done in house with new software
- Increase in computer services as we now have back up internet with spectrum
- On April 4th at 5pm VC3 will be on site to incorporate new fiber and do maintenance
- Increased supply line in the amount of \$5,000 for re-entry packets
- Increased travel expense as Administrative Assistant Chase will complete her clerk certification and Deputy Town Clerk Sanders will attend the Municipal and County Administration course at School of Government
- Advertising has increased – this is for all departments

Governing Body

- Decrease in telephone line item since Council switched over to ipads

Legal

- Professional legal service has increased \$4,600 for Attorney Eldridge for future work on the overlay district. Increase in his hourly rate from \$150 to \$175
- Town Attorney is requesting an increase of 1.5% in his retainer for the year

Mayor Bloszinsky stated no pay increases for phone reimbursement or salary changes for Council. He believes the Council would support that.



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OUTSIDE AGENCY FUNDING REQUESTS

Finance Officer Copenhagen stated funding requests totaled \$17,500 as follows:

- Chambers of Commerce requested increase from \$8,800 to \$9,800
- Katie B. Hines Senior Center, no application received for the second year in a row
- Federal Point Help Center, no application received
- Federal Point Historic Preservation Society requested \$5,000
- Island of Lights requested \$1,200
- Friends of Fort Fisher, Inc requested \$1,500

Town Council to fund the requests as follows:

- Chambers of Commerce - \$9,800
- Katie Hines Senior Center - \$0
- Federal point Help Center - \$1,500
- Federal Point Historic Preservation Society - \$1,500
- Island of Lights - \$1,200
- Friends of Fort Fisher, Inc - \$1,500

Emergency Management:

Deputy Clerk Sanders stated she didn't include in the budget but wanted to mention the satellite phones. She estimated around \$6,000 to purchase the phones and minutes would be purchased as needed.

John Batson commented he got rid of his satellite phone and now uses satellite text. Satellite text is about \$32 a month.

MPT Heglar stated it is important for department heads to be able to communicate with each other during the storm, rather than talking with someone out of town. During the last storm it was mostly internal usage. He requests getting one satellite phone. The satellite phone would be used to reach the Town Clerk to send updates during the storm for the website.

CONSENSUS- Town Council directed the Administration department to include in draft of budget the purchase of one satellite phone

MOTION – Commissioner Oliver made a motion to excuse Commissioner Whitley from the rest of the meeting

SECOND- Commissioner Ellen

VOTE- Unanimous



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Town Clerk Avery stated at the April Council meeting she will be presenting the CAMA grant for the existing crossover at access 1004 1/2 in the amount of \$75,000. CAMA would cover 75% of cost and the Town would pay 25%. \$25,000 would be your cash max. It doesn't mean Council is obligated to follow through if the Town applies for the grant. It's not currently in the budget.

6. Recreation

Recreation Director Keely stated:

- Parks & Recreation
 - Increase of full time personnel-related costs
 - Increase in travel and training for Recreation Specialist Geer to receive Playground Safety Certification
 - Increase in telephone and computer budget for new hire
 - Decrease in part time related costs
 - Blue fish increased a bit last year but this next year will only be new purchases
 - Sponsorship maintenance has decreased as Recreation Specialist Geer is doing the sanding and painting of the Town benches
- Community Center
 - Maintenance contract covers once a week cleaning
 - 4 windows have been replaced
 - Replaced a few lights fixtures
 - HVCC repairs completed
 - Budgeted 13,000 for the Community Center revenue

7. Finance

Finance Officer Copenhaver stated:

- Increase in full time personnel related cost
- Included additional 5% pay increase for full time staff member for the quality of work
- Increase in Re-Entry Decals as more are being purchased
- After July 31st we will no longer sell the decals
- Need a supply to sell or give out after a storm
- No complaints received regarding new decal process
- Increase in equipment for copier machine
- Decrease in credit card fees
- Decrease in Unemployment insurance – based on history



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Committee

- Only one committee, Shoreline Access and Beach Protection
- Budget higher because current budget includes improvements to E and I beach accesses
- Committee asked for \$5,005 for the purchase of beach access signs and sea oats

Debt Service

- New Loan in FY 2019 for dump truck and 50% of street sweeper in the amount of \$154,052

Tax Collection

- Not projecting any increase
- Property evaluation hasn't changed
- Paid fees for credit card
- Transfers not projecting any at this time

Contingency

- Haven't spent any of this budget at this point
- Include in budget \$25,000 for the CAMA grant for access 1004 ½

CONSENSUS- Town Council requests to put \$20,000 in the Contingency budget for the CAMA grant for the existing crossover at access 1004 ½ in the contingency budget

ADDITIONAL POSSIBLE CAPITAL EXPENDITURE

- Town Fuel Tank
Quote received from GO ENERGIES:
 - 5,980 gallon tank – split gas & diesel
 - Card reading system
 - Pumps 22 gallons per minute
 - Total year one cost is \$103,067
 - On-Going annual costs of \$4,260

Police Chief Bowden stated he is looking into the Duke grant that would cover 50% of the cost. Need Councils approval before the Police Chief moves forward with the process of applying for the grant.

MOTION- MPT Heglar made a motion to give Police Chief Bowden authority to move forward with the process of applying for the grant with Duke regarding the Town Fuel pump.

SECOND- Commissioner Ellen

VOTE-Unanimous



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ADDITIONAL TOPICS

Sand Fencing for nourishment project

Commissioner Oliver stated they recommend putting sand fencing for dune protection. Previous Councils haven't been in the sand fencing business. Thought about putting sand fencing at the beach accesses where they're planting the new sea oats.

Mayor Bloszinsky stated the Town installs sand fencing in the public areas but will not be installing in the private areas.

CONSENSUS- Town Council has agreed the Town will do no additional sand fencing

REVENUE REVIEW

Finance Officer Copenhagen presented projected revenue numbers. Said presentation is herein incorporated as part of these minutes.

PROPOSED GENERAL FUND BUDGET

- Property Taxes - Increase in property valuation. Assumes no increase in tax rate (\$0.33).
- Sales Tax - Actual growth in FY 2019 greater than budgeted. FY 2020 estimated to be moderate increase over FY 2019 forecast.
- Garbage & Recycle Fees - Decrease in trash pickup revenue
- TDA- FY 2020 budget is for lifeguards, Pleasure Island Chamber of Commerce concerts & some OFP activities.
- Communication Tower Rent - FY 2020 includes annual increase for existing leases.
- Building Permits - Upward trend in building related fees.
- Sales Tax Refund - Estimated sales tax refund based on sales tax paid in prior fiscal year. Significantly higher due to Town Hall/Fire Station capital project.
- Community Center and Parks & Recreation - Estimated decrease in bluefish sales.
- Town Facility Rentals - Upward trend in facility rental revenue.
- ABC Revenue - Upward trend in ABC revenue.
- Motor Vehicle License Tax collected as part of vehicle registration.
- Re-Entry Decal Sales - FY 2020 estimated to be lower due to property owners being provided with 2 free decals.



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PROPOSED WATER & SEWER FUND BUDGET

- Sewer Charges projecting to be higher
- Water & Sewer Tap fees has significant increase for next year based on estimated building activity
- Cutoff & Reconnection Fees small increase for upward trend in account cutoff & reconnections.
- Other Revenue/fees decrease primarily consist of past due charges and new account setup fees

PROPOSED STORM WATER FUND BUDGET

- Storm water fees are flat
- Storm Water Building Fees increase based on estimated building activity
- Interest Income increase in CD interest rates & NCCMT earnings.

ONLINE MERCHANDISE STORE

Recreation Director Keely stated:

- Always looking for ways to increase revenue
- Recreation no longer wants to do onsite selling for storage purposes
- Found an online store that doesn't require any money upfront
- Town will receive commission check with every item we sell
- Banner logo doesn't work well with every item
- Recommendation to Council to let recreation department work with a graphic artist to tweak the banner logo
- Create a commercial logo to sell merchandise

CONSENSUS- Recreation Director Keely to bring to Town Council a commercial logo to be used for the online merchandise store

Property Taxes:

- Increase the current tax rate of 33 cents per \$100 of value by an amount to be determined by Town Council
- Current estimate of property tax increase, assuming no reductions to the expense budget and not implementing any other fee or rate increases:
 - Increase of 1.5 cents (4.55%) generating approximately \$134,000 of annual revenue



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WATER & SEWER FUND POTENTIAL RATE/FEE INCREASES

- Short about \$62,000
- Lower minimum gallons from 2,500 to 2,000
- Increase monthly minimum rate by 10%
- Increase monthly minimum rate by 20%
- Lower minimum gallons to 2,000 & 10% rate tier increase
- Lower minimum gallons to 2,000 & 20% rate tier increase
- 10% rate tier increase
- 20% rate tier increase
- 10% total rate increase (minimum & tiers)
- 20% total rate increase (minimum & tiers)

CONSENSUS- Directed Financial Officer Copenhaver to include in the budget to lower minimum gallons to 2,000 & 10 % rate tier increase

CONSENSUS ITEMS AND MOTIONS

Consensus

- Directed Administration department to include in budget the purchase of one satellite phone
- Directed Financial Officer Copenhaver to include \$20,000 in the Contingency budget for the CAMA grant for the existing crossover at access 1004 ½ in the contingency budget
- Town Council has agreed the Town will do no additional sand fencing
- Directed Financial Officer Copenhaver to include in the budget to lower minimum gallons to 2,000 & 10 % rate tier increase
- Recreation Director Keely to bring Town Council a commercial logo to be used for the online merchandise store

ADJOURN

MOTION - MPT Heglar made a motion to adjourn the budget meeting at 1:38 p.m.

SECOND - Commissioner Ellen

VOTE – Unanimous



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Craig Bloszinsky, Mayor

ATTEST: 
Nancy Avery, Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. An audio recording of the meeting is available on the town's website at www.townofkurebeach.org, under government/kurebeachcouncil.