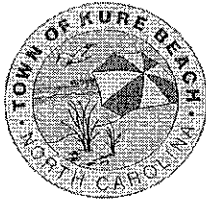


MINUTES

TOWN OF KURE BEACH TOWN COUNCIL

117 Settlers Lane ■ Kure Beach, NC 28449



Dean Lambeth, Mayor
Chuck Keener, Mayor Pro Tem
Jim Dugan, Commissioner
Barry Nelder, Commissioner
Emilie Swearingen, Commissioner

PRE BUDGET WORKSHOP

FEBRUARY 23, 2011 at 2:00 pm

The Kure Beach Town Council held a pre budget workshop on February 23, 2011 at 2:00 pm. Attorney Canoutas was in attendance and there was a quorum.

COUNCIL MEMBERS PRESENT:

Mayor Dean Lambeth
Mayor Pro Tem Chuck Keener (arrived 2:15 pm)
Commissioner Emilie Swearingen
Commissioner Jim Dugan

COUNCIL MEMBERS ABSENT

Commissioner Barry Nelder

STAFF PRESENT

Public Works Director Sonny Beeker
Police Chief Dennis Cooper
Building Inspector John Batson
Finance Officer Arlen Copenhaver
Town Clerk Nancy Avery

COMMITTEES REPRESENTED

Beautification
Citizens Budget and Finance
Parks and Recreation

Call to order

Mayor Lambeth called the workshop to order at 2:05 pm and turned it over to Finance Officer Copenhaver.

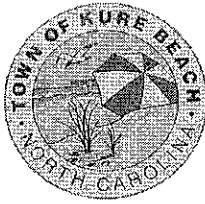
Finance Officer Copenhaver stated the purpose of the pre budget workshop was to get Council's expectations and extent of Council involvement for the FY11-12 budget process.

Commissioner Dugan stated that in the past, liaisons and department heads met with the finance/budget officer. Then, Council would be presented with an unbalance budget and would give direction from there.

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Finance Officer Copenhaver reviewed the following items:

Draft budget calendar

Finance Officer Copenhaver presented a draft calendar for review.

Commissioner Swearingen stated she is not here on April 13th. She said she could meet any other day that week.

CONSENSUS

- The date for the April workshop will be the 14th at 10:00 am.
- The date for the May workshop will be the 5th at 10:00 am.

Commissioners brought up concerns about the tax revaluation that will be finished in 2012 and beach re-nourishment funding and that these might impact revenue.

Appropriations

Finance Officer Copenhaver stated this budget year Council appropriated \$219,000 from the general fund to balance the budget. Is that how Council wants to handle for FY11-12?

Commissioner Swearingen asked what the options are.

Finance Officer Copenhaver stated the options are to decrease spending, or increase taxes. An appropriation would be used only on a necessary basis.

Fund Balance policy

Finance Officer Copenhaver stated the Citizen Budget and Finance Committee has talked about setting a fund balance policy which would set up a minimum amount the Town doesn't go below. The Town has no policy now. He said he would draft a policy and propose a percentage.

Commissioner Dugan stated we haven't had a policy since David Heglar was on Council. He said he would like to have one so we know when we spend money not budgeted, it isn't coming from savings.

Bill McGee, member of Citizens Budget and Finance committee, stated communities our size have a higher percentage. The state wide average is thirty-seven percent and statutory is eight percent.

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Mayor Lambeth stated he has no problem with it as long as there is a caveat that in case of real emergency, we can use the funds.

Staffing

Finance Officer Copenhaver provided a chart with staffing levels for the last seven years. Commissioner Swearingen stated the Fire Department wants their third full time position back.

Officer Copenhaver stated we will start with existing staffing levels and have department heads request additional staffing in the first round of the budget.

Merit and COLA

Commissioner Dugan stated in the past, Council was given various scenarios for certain percentages of increase.

Officer Copenhaver stated a three percent increase would be \$40,800. He said he could work up several different scenarios. He wants to make the budget process as efficient as possible.

Mayor Lambeth stated a lot is going to depend on the preliminary budget to see where we are at and see real numbers.

Commissioner Swearingen asked if the Town has ever discussed a one time bonus rather than an increase. Maybe the Department Heads can work on suggestions for a number.

Charles Allo, member of Citizens Budget and Finance committee asked if the three percent/ \$40,000 increase is based on the assumption that all employees will get an increase. Do we have anything that outlines what warrants merit pay?

Officer Copenhaver replied that in the past each department would get three percent of salary and the Department Head would disperse. We have performance evaluations and a ranking process that is based upon employee's performance.

Benefits

Officer Copenhaver presented information on past costs for benefits.

Police Chief Cooper asked if we have made any progress on the actuarial table for adding retirees to the State Health Plan.

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Town Clerk Avery replied that we haven't. She said the rate has increased from 4.1% to 4.9%. The State Health Plan and the State Retirement Accounting Office are in disagreement about whether we are eligible and she stated she is pursuing this.

Finance Officer Copenhaver stated we will start with the assumption that benefits will remain as is.

Town Services

Finance Officer Copenhaver reviewed the list of current town services and asked Council's thoughts on continuation of services.

There was general discussion about cost of providing certain services, but no consensus reached.

Revenue

Finance Officer Copenhaver stated he provided a revenue type and source updated sheet showing what was collected last year and so far this budget year.

Mayor Lambeth stated sales and use tax could take a hit.

Commissioner Swearingen stated she talked to Warren Lee about 911 money. It is a one time shot. Everyone has surplus. There is a committee in Raleigh that may consider decreasing for everyone. Lee suggested working with other towns to talk with Richard Taylor at the 911 committee to open it up and expand it to emergency services because most towns have run out of things to pay for. You can only buy 911 related items so many times.

Mayor Lambeth replied that if Commissioner Swearingen wants to get with Warren Lee and draft a letter, then Council will move forward with it. The other two beach communities might be interested in joining also

Fees

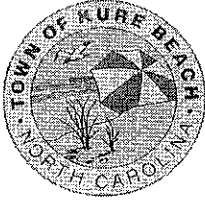
Finance Officer Copenhaver presented a chart of property valuation and tax rates for information purposes.

Mayor Lambeth suggested looking at increasing privilege license fees.

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Parks and Recreation (P&R) committee

Finance Officer Copenhagen stated we need to set rates for what we charge for fees for classes. Fees for P&R with a 90/10 ratio need to be discussed. We need to look at opening/closing fee costs. It is costing the Town about \$1,000 to \$1,500.

Mayor Lambeth said he thought the Community Center (CC) was coming to Council with a recommendation to change fees. Mayor Pro Tem Keener said their recommendation has to do with outside reservations. Local people sponsor outsiders say they pay a lower fee. The committee is trying to decide what the fee schedule should be. It has nothing to do with Parks & Recreation (P&R). Apparently something got scheduled through P&R that CC didn't know about – that can't happen. We need to make sure P&R schedules through CC.

Garbage collection fees

Finance Officer Copenhagen stated current fees don't cover the cost of garbage collection. Does Council want to increase fees?

Public Works Director Beeker stated we never did have a fee for garbage before. It was paid for out of tax money. Any increase, whether fee or tax, is still a tax. Is it better to raise as a tax or a fee?

No consensus was reached.

Expenses

Commissioner Dugan recommended not funding any ad hoc committees in advance. We should let them bring us individual costs and we fund them, rather than give Shore Line Access and Parking (SLAP) \$10,000 and they look for stuff to spend that on. We should set an amount for committee projects. The alternative is to have one pot. All projects are decent projects, but it should be a matter of how much money we spend.

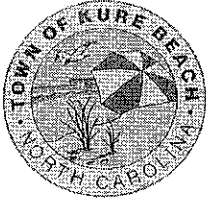
Commissioner Swearingen said she can see us setting aside a pot of \$20,000 for all the committees, then by October, Tony (SLAP) has been to us three times for parking stuff and we have spent that money and there is no money for other committees. We could have a pot with a line item amount for each committee.

Mayor Pro Tem Keener said now each committee has money they feel they should spend, so we end up spending money on things we don't really need.

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Tony Gonsalves (SLAP committee) said even though it is directed to SLAP, it is Town money for Town projects. He said he budgets based on projects we are going to do. Council can't really approve something if they don't know what it costs.

Finance Officer Copenhaver stated we could have an overall budget for committees. I recommend each committee bring what they want and then Council prioritizes. If a committee has a line item amount, they may think they have to spend that amount.

Mayor Lambeth stated that P&R has been working off of park bond money. Finance Officer Copenhaver responded that's just for capital expenditures, not operating expenses. We are not coming close to covering our costs.

Existing Debt

Finance Officer Copenhaver said existing debt is \$400,000. That is the first thing that will have to be budgeted for.

Ocean Front Park Development

Finance Officer Copenhaver stated the Town may be looking at another loan of \$521,000 for development of the Ocean Front Park.

Commissioner Dugan stated he has heard some discussion among Council members about stopping the park if we needed to. He said he wanted input from other Council members if they think we can stop the park. My personal opinion is that the commitments we have would put the Town in major financial debt if we stopped. We need to push on through and finish.

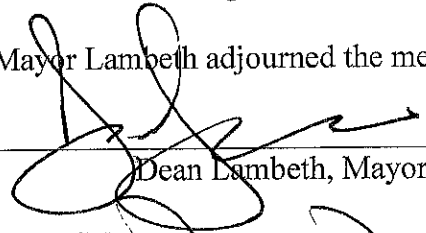
Outside agency funding

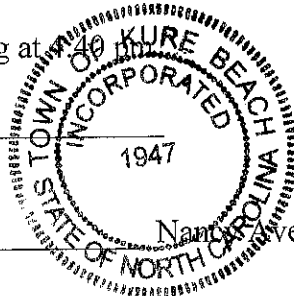
Commissioner Swearingen asked if are we going to fund outside agencies this year and is there a limit? If we aren't funding, there is no need to put through the process.

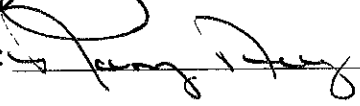
Finance Officer Copenhaver replied that we could put the application out there and that should be the last thing authorized. We need to cover operating costs first. We could make the form available on the website.

Commissioner Dugan said I don't see a need to go looking for people that want funding.

Mayor Lambeth adjourned the meeting at 7:40 pm


Dean Lambeth, Mayor



ATTEST:  Nancy Every, Town Clerk