



TOWN COUNCIL MINUTES

SPECIAL MEETING

JULY 8, 2014

The Kure Beach Town Council held a special meeting on Tuesday, July 8, 2014 at 6:30 p.m. The Town Attorney was present and there was a quorum of Council present.

COUNCIL MEMBERS PRESENT

Mayor Dean Lambeth
Mayor Pro Tem Craig Bloszinsky
Commissioner David Heglar
Commissioner Steve Pagley

COUNCIL MEMBERS ABSENT

Commissioner Emilie Swearingen

STAFF PRESENT

Finance Officer – Arlen Copenhaver
Assistant Fire Chief – Ed Kennedy
Town Clerk – Nancy Avery
Deputy Town Clerk – Nancy Hewitt

CALL TO ORDER

Mayor Dean Lambeth called the meeting to order at 6:30 p.m., stating that the purpose of the meeting is to discuss two proposals from the Kure Beach Fire Department.

1. STUDENT PROGRAM

Commissioner Heglar said the Student and Live-in Programs were presented to the Kure Beach Volunteer Fire Department (KBVFD) Board of Directors, and they support the programs. He said the idea of the Live-in Program was presented to Council during the budget planning work sessions, but Assistant Fire Chief (Captain) Ed Kennedy decided to also propose the Student Program. He said if Council is comfortable with both programs, they can vote to approve them tonight; but if they're not comfortable with them, they may have to wait until the regular Council meeting on July 22, 2014, to discuss them further and decide whether or not to approve them.

Captain Kennedy said that the Student Program's goal is to attract younger people into becoming volunteers for the fire department. He said that there is a great brotherhood that is the bedrock of the department, nurtured by the Heglar family which includes Fire Chief Harold Heglar, and his son, David Heglar. He said there are about six older guys in the fire department, as well as a good group of younger guys. He said the problem is that when Chief Heglar retires, a lot of the older volunteers are probably going with him. He said most of the younger guys are more short term volunteers than long term, since they come from over the bridge. He said that because education is a big thing in today's society, this will be a good recruiting tool to entice younger guys into the department. He said he surveyed the younger volunteers, and they've told him that they would rather receive tuition reimbursement, which is a lower compensation overall, than receive \$30



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per night to stay overnight as a fire department volunteer. He reviewed the proposed Student Program tiers, as follows:

- Tier One would require the participant to serve as a volunteer ten nights per month, with half of his tuition and books paid for by the program.
- Tier Two would require the participant to serve as a volunteer ten nights per month and one day per week, with all of his tuition and books paid for by the program.
- Tier Three would require the participant to serve ten nights per month and two days per week, with all of his tuition and books paid for by the program, including \$50 per week allowance for gas.

Captain Kennedy proposed starting out with only one student per year, and the student could choose the tier he wished to work under. He said the maximum payout for the program would not exceed \$4,500 per year under any of the tiers.

Commissioner Heglar said that the KBVFD's Board of Directors understand that Captain Kennedy will be the supervisor of both programs. He said it would depend on which school was chosen by the student whether he would max out the \$4,500 or stay within that amount for both semesters under Tier Three.

Finance Office Copenhaver said the Town would have to look into the financial/tax liability of the Town and the participant because the tuition and other benefits would be considered taxable compensation.

Commissioner Heglar agreed and said the student would have to file for taxes just like any employee. He said the correct information would need to be conveyed to the student before the program begins.

Town Clerk Avery recommended that Council only approve Tier One. She said the Town has to be careful with the Wage and Hour tax laws as to the fine line between a volunteer and a paid employee. She said the compensation for a volunteer is supposed to be between a nominal fee and a reasonable benefit, which is an extremely gray area.

Captain Kennedy said the proposal includes paying tuition up front for the student in return for their time as a volunteer, and if the participant left school within the semester, he would have to pay the Town back for the tuition. He said the student would be required to maintain a 2.5 GPA and provide an unofficial transcript of his grades midway through, and at the end of, each semester.



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Mayor Pro Tem Bloszinsky asked, if the participant did his Tier Three work and came back with a 2.3 GPA, would the Town really require the tuition be paid back.

The Finance Officer said that most programs require people to submit their grades before they get tuition reimbursement, not afterwards.

Captain Kennedy said that, if the participant doesn't have at least a 2.5 GPA at the end of the semester, then they would definitely get kicked out of the program.

Mayor Pro Tem Bloszinsky asked if Council really cared if the student even had a 1.98 GPA, as long as he can show that he finished the semester and the fire department gets the labor out of him. He recommended not requiring the participant to pay back the tuition, as long as he fulfills his labor obligation; but the student would also not be able to continue in the program.

Commissioner Heglar said that, if the student stopped working the hours required of him, then the Town would want its money back. He agreed with the Mayor Pro Tem's argument against requiring a 2.5 GPA or having to pay the tuition back.

Captain Kennedy said he could change the contract requirement to 2.0 GPA, which is a university standard. He said if the GPA goes below that, the student is usually put on academic probation and, if the grades aren't pulled up, the student usually gets kicked out.

Mayor Pro Tem Bloszinsky recommended keeping the student in the program, even if the student goes below 2.0 GPA, with hopes he will pull his grades up before the end of the semester. He said that, if the participant doesn't hit the 2.5 GPA at the end of the program year, he won't need to repay the tuition, but he also won't get to continue in the program.

The Town Clerk asked if the student would continue getting drill pay while on duty, to which Captain Kennedy replied he would.

Captain Kennedy explained that he wouldn't get the \$30 per night, which is the normal compensation for staying overnight, but he would be paid the \$12.50 drill pay for every call he has to go on. He said the \$12.50 gets paid whether the responder works 30 minutes or six hours on the call.

Commissioner Heglar further explained that the student would be getting what every other volunteer that shows up on a call gets, which is \$12.50 per call; but he will be spending the night at the station for free, without the \$30 overnight pay. He explained that this would help lower the department's response time on night calls. He asked



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Captain Kennedy to change the agreement to say, if the student doesn't maintain his grades, he can't continue in the program; and if he doesn't stay his nights, then he would have to pay the Town back.

The Finance Officer asked if the Town would really expect the tuition to be collectable, to which Commissioner Heglar stated that, if the student stayed with the fire department, the tuition would be taken out of his drill pay; otherwise he doubts the Town would take the participant to small claims court.

The Town Clerk recommended that Council structure the Student Program to pay the tuition after the semester, to which Mayor Pro Tem Bloszinsky said there is much more value to the participant if the tuition is paid up front.

Town Clerk Avery warned that it was Council's risk if the student quits the program half way through and doesn't reimburse the Town for the tuition, to which Commissioner Heglar said that the student will have to sign a contract with the Town which would be enforceable in small claims court, or Council could try to work something out with him to get the money back.

Captain Kennedy suggested evaluating the program after giving it a try in order to fix anything that doesn't work. He said the Town may want to cancel the Live-in Program and go to all Student Programs, or vice versa, depending on how things go.

Commissioner Pagley said that, for approximately \$2,200 per semester expense to the Town, he thought it was a good idea and the Town should try it. He asked Captain Kennedy if he had someone in mind for the program.

Captain Kennedy said he had someone in mind, but that person just got a full time job; but, he knows plenty of guys who would like a chance to be in the program. He said he'd still rather give the student a chance to pick which tier he wants to work under. He said that the goal is to not burn the participant out but to keep him around as long as possible while providing him a benefit.

MOTION – Commissioner Heglar made the motion for the Finance Officer to review what the tax implications are and communicate them; to approve the concept for Captain Kennedy to work out with the Finance Officer; and to remove the “payback for grades” clause but leave in “if they don't do the service” clause.

SECOND – Commissioner Pagley

VOTE – Unanimous



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2. LIVE-IN PROGRAM

Captain Kennedy said that the reason for the Live-in Program is the same as the Student Program. He gave Council the Standard Operating Procedure for the program that was approved by Chief Heglar and examined by Town Clerk Avery to make sure it didn't clash with the Town's personnel policy.

Finance Officer Copenhaver said that this is definitely taxable to the participants, although he wasn't sure how much or what the process or reporting would be.

Captain Kennedy said he already has a house picked out and has already picked three guys for the program. He said keeping the house and grounds in top order would be their responsibility, and he and Hunter Ford would do weekly inspections of the property. He said he has a three-bedroom house lined up, located on the corner of S. 4th Avenue, that would rent for \$1,000 per month. He said the property owner plans to rent it out by August and asked Council if the guys could pay for the first month's rent themselves to secure the property, if Council doesn't plan on approving the program tonight.

Finance Officer Copenhaver said he will continue digging to get the answers on the financial reporting. He said that the Town needs to also consider the insurance implications of renting the house in the Town's name. He said that, if someone gets hurt there, we need to know who is liable.

Attorney Canoutas said there is renter's insurance that could take care of that kind of liability and suggested the insurance be in the non-profit KBVFD's name, not the Town's name.

Commissioner Heglar said that the KBVFD's Board of Directors would have to approve that. He said their Relief Fund is protected and the other fund, which doesn't have much in it, is money from fundraising.

Mayor Pro Tem Bloszinsky reminded Council that the owner of the building has to have his own liability insurance for his property. He asked if anyone would really be fooled if the Town put the insurance in the non-profit KBVFD's name, as opposed to the Town's name.

Commissioner Heglar asked the Town Attorney if that type of arrangement would really even work, to which the Town Attorney responded yes.
Finance Officer Copenhaver said that he would have to make sure that it is allowable for the Town to make payments like that.



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Finance Officer Copenhaver said that he would have to make sure that it is allowable for the Town to make payments like that.

Attorney Canoutas asked the Town Clerk if the general liability insurance policy for the Town would cover this, to which the Town Clerk said she thought it would. She said if the Town was to rent a building for its own use, then she would think the Town's policy would cover it. Attorney Canoutas said that, if that's the case, the payments should be made under the Town.

Mayor Pro Tem Bloszinsky asked if there was an honor code that the participants would be asked to abide by, to which Commissioner Heglar answered that there was one in the contract on the last page of the information provided by Captain Kennedy.

The Finance Officer asked Captain Kennedy if he expected the program to stay within the \$15,000 budget, to which Captain Kennedy said he did and Commissioner Heglar added that Captain Kennedy understands the budget.

MOTION – Commissioner Heglar made the motion that, pending the Finance Officer finding out about the taxes, and the Town Clerk getting an affirmative answer from the liability insurance company to make sure they would cover a rented building for sleeping, Council approve the Live-in Program.

SECOND – Commissioner Pagley

VOTE – Unanimous

Commissioner Heglar said the Town Attorney will work with Captain Kennedy on the lease agreement. He asked the Town Clerk to make sure the liability insurance covers the property and, if not, to ask the insurance providers if they'll do a renter's policy for the Town. He asked the Town Clerk to work out the numbers with the Finance Officer to make sure they stay within budget. He said, if it doesn't stay within budget, then they will need to come back to Council for a budget amendment or the fire department will have to figure out how they will come up with the difference. He thanked the staff for trying to restrain Council from doing "dumb things" and told them they can say they warned Council if it doesn't work out.

ADJOURNMENT

MOTION – Commissioner Heglar made the motion to adjourn.

SECOND – Mayor Pro Tem Bloszinsky

VOTE – Unanimous



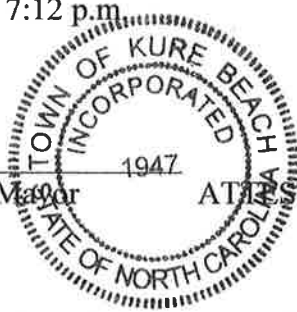
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The meeting adjourned 7:12 p.m.

Dean Lambeth, Mayor



ATTEST:

Nancy Hewitt, Deputy Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. Persons wishing to hear the recording of this meeting may request to do so by contacting the Town Clerk.