



# TOWN COUNCIL MINUTES

**FY17-18 BUDGET WORKSESSION #1**

**April 7, 2017**

The Kure Beach Town Council held a budget work session for Fiscal Year (FY)17-18 at the Community Center on Friday, April 7, 2017. A quorum of council was present. The town attorney was unable to attend.

## **COUNCIL MEMBERS PRESENT**

Mayor Emilie Swearingen  
Mayor Pro Tem (MPT) Craig Bloszinsky  
Commissioner David Heglar (via conference call first hour)  
Commissioner Joseph Whitley  
Commissioner Jim Dugan

## **STAFF PRESENT**

Finance & Budget Officer (FO) – Arlen Copenhaver  
Town Clerk – Nancy Avery  
Building Inspector – John Batson  
Police Chief – Mike Bowden  
Fire Chief – Harold Heglar  
Assistant Fire Chief – Ed Kennedy  
Public Works Director – Sonny Beeker  
Crew Leader – Jimmy Mesimer  
Recreation Manager – Nikki Keely  
Personnel and Facilities Manager – Mandy Sanders  
Deputy Town Clerk – Nancy Hewitt

## **CALL TO ORDER**

Mayor Swearingen called the meeting to order at 9:05 a.m.

## **PRESENTATION OF FIRST DRAFT OF FY17-18 BUDGET**

### **1. Budget Assumptions**

FO Copenhaver reviewed the assumptions he used to plan the first draft of the proposed budget, as follows: 1) no changes in services provided or level of services provided; 2) change current tax rate from \$0.285 to estimated Revenue Neutral tax rate of \$0.2737; 3) no General Fund contingency; 4) no transfer from General Fund to the Beach Protection fund; 5) no additions to head count; and 6) employee compensation increase of 1.5 percent for COLA and 2.5 percent for Merit. He said there is currently a Contingency of \$53K, and this year's transfer to the Beach Protection Fund was \$50K.

Commissioner Heglar said he would like to transfer something into the Contingency and Beach Protection Funds in the draft budget.



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## 2. Budget Summary by Fund

FO Copenhaver said the General Fund is short by almost \$37K, which doesn't include anything for the Contingency or Beach Protection Funds. He said the Water/Sewer Fund is over by almost \$130K which could be allocated to future capital projects, but that could change with some new information he received from the Sewer Authority. He said council may have to look at putting another \$10K in the budget, since it looks like some of the rates from Carolina Beach are going up. He said in order to balance the Storm Water budget, there is a fund balance appropriation of about \$331K to finish relining pipes and other projects. He said Storm Water's fund balance has been significantly depleted from the projects that are almost finished this year, going from a balance of about \$1 million to one of about \$200K. He said the Powell Bill, SERF, Beach Protection and Asset Forfeiture funds' revenues and expenses are level.

FO Copenhaver compared the proposed budget requests compared to this year's budget and budget amendments. He said the requests decreased for the coming year because a number of large capital projects have been accomplished this year.

MPT Bloszinsky said, when we share with the community our draft budget as well as what we spent this year, it is important to highlight the work done by public works to improve the town's infrastructure, as well as the important work done by the fire and police departments to keep our fire rates and crime down.

## 3. Budget Summary by Department

FO Copenhaver showed the difference between FY17-18 and FY16-17, by department, in the town's three main funds.

### INDIVIDUAL DEPARTMENT BUDGET EXPENDITURE OVERVIEW

#### 1. Public Works Department

Director Beeker said he tried to keep his budget tight and asked his Crew Leader, Jimmy Mesimer, to present the Public Works budget.

Mr. Mesimer presented the budget noting the following changes:

- **STREETS & SANITATION (GF):** Significant increases in uniforms, garbage cart purchases, Christmas decorations, minor equipment and Joe Eakes Park maintenance. Significant decreases in building maintenance, capital outlay for equipment and capital outlay for vehicles. Overall, the proposed budget is under by 12.6 percent.
- **WATER/SEWER OPERATIONS (W/S):** Significant increases in telephone, equipment rental, permit/lease fees, minor equipment, capital outlay for sewer rehab and debt service. Significant decreases in system maintenance, vehicle supplies and capital outlay for equipment. Overall, the proposed budget is under by 9.9 percent.



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- **STORM WATER FUND (SW):** The proposed FY17-18 request is for \$385K, compared to an amended FY16-17 budget of \$887K due to this year's storm water pipe relining project and the storm water outfall replacement due to Hurricane Matthew storm damage.

MPT Bloszinsky said Kure Beach's sewer usage numbers are down so council can expect to see increased rates from Carolina Beach.

Director Beeker said the plan is to figure out our treatment process and slowly drop the town's sewage flow to Carolina Beach way down.

FO Copenhaver explained the Debt Service listed in the Water and Sewer Fund. He said it is going to go up by a lot because of the \$475K loan for the lift station. He said that those payments will start in the upcoming fiscal year.

## OUTSIDE AGENCY FUNDING REQUESTS

Outside Agency representatives gave a summary of their organizations, as follows:

- Rebecca Taylor, Federal Point Historic Preservation Society: They have exhibits, a library, photographs and artifacts. Funding from the town will go to the operation of the history center. They will have a display at the KB Community Center for the 70<sup>th</sup> Anniversary celebration. Commissioner Dugan said about half of their members are from Kure Beach.
- Eleanor Magnus, Federal Point Help Center: They have served over 4,000 people and 119 Christmas baskets last year. They work with KB police to help people who are homebound and, so far, have helped over 900 individuals with food, rental assistance, childrens clothing, bus passes and vehicle fuel on the island.
- Sarah Williams, Katie B. Hines Senior Center: They are open to all ages and have free lunch three times a week and free dinners on Christmas and St. Patrick's Day, paid for strictly by donations. They have exercise, dance and other classes. They raise funds through membership fees, donations and a monthly pancake breakfast. The money they get from KB will help them maintain their building and grounds.
- Paul Laird, Friends of Fort Fisher: They are the #1 visited historic site in the state. While the state pays for a portion of building and grounds maintenance, they depend on donations for additional upkeep, free public programs, exhibits, re-enactment equipment and PT/temporary employees. The money from the town will help finance the 27 free public programs planned for this year.
- Nancy Busovny, PI Sea Turtle Project: Patrol for new turtle nests begins on May 1<sup>st</sup>, and last year Kure Beach had 11 nests. They monitor the nests, handle stranded turtles and transport injured turtles to the Karen Beasley Sea Turtle Hospital. They give Turtle Talks at the Ocean Front Park every Monday evening in the summer. All funds received from Kure Beach are used for Kure Beach to rent beach vehicles and buy gear and supplies.



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- Greg Reynolds, PI Chamber of Commerce: Their goal is to get people to come to the island for improved business and tourism. All funds received from the town will be used to pay for the bands, set-up and sound system for the annual Summer Concert Series held at the Ft. Fisher Air Force Rec Area on the 2<sup>nd</sup> and 4<sup>th</sup> Fridays from June through August.
- Frances Massey, Island of Lights: They host the public Christmas events for the island, and the New Years Eve Countdown. They raise funds through a fashion show and Christmas cards and ornaments sales. These funds are used for the events and to help the towns purchase lighted Christmas displays. Their events draw large crowds for improved tourism on the island.

Mayor Swearingen asked Ms. Massey to discuss the town's need for more lighted Christmas displays with Director Beeker and Recreation Manager Keely, as she'd like them to help the town purchase some more.

At 10:40 a.m., Mayor Swearingen called for a break.  
The meeting resumed at 10:55 a.m.

## 2. Police Department

Chief Bowden presented his budget, noting the following changes:

Significant increases in minor equipment and computer services, and significant decreases in part-time pay, taxes and capital outlay for vehicles. Overall, his proposed budget is over by 3.4 percent.

Chief Bowden said the minor equipment includes funds for a camera to be placed near the Ocean Front Park to provide 24/7, 360-degree surveillance. He said one camera is \$16,800 for a three-year contract to provide equipment, maintenance, tech support and warranty. He said the system needs WiFi and power access, and the camera is weather proof with night vision and audio. He said he'd like to get another system for surveilling the park pavilion, bathrooms and children's play area.

MPT Bloszinsky said surveillance by camera provides a tremendous amount of safety and security at minimum cost, compared to the cost of paying officers to surveil the area for the same amount of time. He also suggested they put a camera in the leased downtown parking area, since there have been issues there in past years.

Chief Bowden said they are looking at an estimated cost of \$105K for Motorola radios that he wants to put in the FY18-19 budget. He said they applied for a Motorola grant and will know in about 10 days if they get it.

MPT Bloszinsky suggested the police department put the radios in the upcoming budget rather than the FY18-19 budget.



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Discussion ensued about also purchasing radios for the emergency manager and public works, with Commissioner Dugan pointing out that they can use the lifeguards' new radios, when needed.

**CONSENSUS** – Council directed the police and fire departments to work with the finance officer to figure out how to put the cost of radios in the upcoming budget and bring their information to the next budget workshop.

FO Copenhaver said this would increase capital expenditure, but the offset would be grant funds which he can't factor in until he knows the grant has been awarded. He said financing the radios won't change the overall percent, over or under, but it will change the debt service numbers.

Mayor Swearingen said she has been talking to Chief Bowden about one or two police officers participating in the Special Olympics Torch Run on May 24<sup>th</sup>. She asked that the town donate \$1K from the current budget.

FO Copenhaver said the money would have to come from the Contingency Fund, since council doesn't have enough money in their current budget.

**CONSENSUS** – Council directed the clerk to put the Mayor's request for a \$1K donation to the Special Olympics Torch Run on the April council meeting agenda for further consideration.

### 3. Fire Department & Lifeguards

Assistant Chief Kennedy presented his budget, noting the following changes:

Significant increases in part-time pay and taxes for hiring two part-time employees rather than one full-time employee. Significant decreases in building maintenance because the increased staff has been keeping the building maintained and the town is getting ready to break ground on the new fire station. Overall, the proposed budget is over by 2.3 percent, compared to the current budget. He said he will know by the end of April if they get the \$160K grant for radios, which also includes radios for the lifeguards.

MPT Bloszinsky said attendees at the recent NCBIWA meeting complained to the state's new insurance commissioner that the training requirements for firefighters wishing to become certified were too oppressive, so he said he would look into online learning capabilities for them.

Mayor Swearingen said there are house and senate bills being introduced this year that propose to make it a requirement for municipalities to provide retirement for firefighters.

FO Copenhaver said, if the bills pass, the town would be required to pay for those eligible for retirement. He said small towns like Kure Beach operate on a "pay-as-you-go" basis; the town



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would recognize the expense only when it occurs. He said the town would need to recognize the liability and pay for an Actuary Study, if this goes through.

Fire Chief Heglar said it won't affect his department for quite a few years because one has to be at least 55 years old and have 20 years of service with the department to be eligible.

Assistant Chief Kennedy said the Lifeguards budget decreased by 1.7 percent with the most significant decrease coming from capital outlay. He said the USLA, which provides certification of the lifeguards, removed the requirement for a skin cancer check, and the department was able to find someone who will perform all of the required physicals for just \$1K.

FO Copenhaver told council that the lifeguards' TDA reimbursement is located on the revenue side of the draft budget.

#### 4. Building Inspections

Inspector Batson presented his budget, noting the following changes:

Significant increases in part-time pay and taxes, and beach-related costs. Overall, his proposed budget is over by 8.4 percent, compared to the current budget. He said the part-time pay and tax increase is for a temporary, part-time fire inspector, as well as a full year of increased hours for his new assistant. He said the increase in beach-related costs is for sea oats but, after riding the beach with Spencer Rogers (Sea Grant) and two SLABP Committee members, Spencer said sea oats were probably not needed this year. Inspector Batson explained that Ocean Dunes is trying to create parental dunes, and sand needs to build up behind them which sea oats could prevent from happening. He said Ocean Dunes may still ask the town to buy sea oats, but it will be up to council what they want to do.

Commissioner Whitley said that, if Ocean Dunes decides to plant sea oats, he thinks the people who live there will volunteer to help plant them.

Inspector Batson said he hears that purchasing sea oats right now is difficult since Oak Island and Holden Beach are planting a lot of them because of the damage from Hurricane Matthew.

FO Copenhaver reminded everyone that there is no money in the current budget for sea oats, if anyone is looking to purchase sea oats before the next fiscal year.

Discussion ensued about a house bill regarding Impact Fees that stems from the NC Supreme Court ruling that only counties can charge for them.

FO Copenhaver said Attorney Eldridge is helping the town research this. He said the town's impact fees may not be a problem because of the way they are described in the ordinances.



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Mayor Swearing said she talked with Rick Catlin about The Riggings condos. She said he sees no reason why they can't do beach nourishment there, even though the Army Corps of Engineers (USACE) study said it shouldn't be done. He told her there is plenty of room for beach nourishment there and it won't affect the cochina rock. He said he would like to meet with the HOA reps and an engineer from USACE to show how and why they can do it. She added that someone from a town above Nags Head gave a good presentation on the work being done by different towns to raise their own funds for beach nourishment.

MPT Bloszinsky said it's not a matter of protecting the cochina rock, it's that the sand isn't very deep there and it won't stay on the rock; it will wash away.

Inspector Batson said that the town's project expires in 2047 and adding more square footage of sand would nullify the current contract. He added that it's also state law that cochina rock can't be covered with sand.

Inspector Batson proceeded to review his department's revenues, stating revenues from stormwater taps and permit fees will decrease as the town moves from development to redevelopment. He said permit fees are about \$8K-\$12K for new builds compared to permit fees of about \$2K for rebuilds, no matter how big the rebuild size. He said the finance officer and Attorney Eldridge are working on the legality of the fees and then it's crucial that council revisit them.

Director Beeker said that the influx of people living in or renting these huge homes is affecting the budget of every one of the town's departments.

The mayor called for a lunch break at 12:15 p.m.  
The meeting resumed at 1:00 p.m.

## 5. Administration & Recreation

### • GOVERNING BODY

Deputy Clerk Hewitt presented her budget, noting the following changes: Increases in dues/subscriptions, contributions and governmental relations. Decrease in travel & training. Overall, the proposed budget is over by 3.7 percent. She said governmental relations includes funds for one special mailing to residents and funds for council to place "appreciation" notices in the newspaper to recognize town volunteers. She said the budget also depends on how much council decides to approve for Outside Agency Funding.

### • EMERGENCY MANAGEMENT

No change

### • ELECTIONS

Deputy Clerk Hewitt said the town received a quote from the county's Election Board for almost \$3K to pay for the election in November.



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## Outside Agency Funding Requests

Mayor Swearingen asked why the annual Christmas Show wasn't included in the agency requests.

FO Copenhaver explained that the town can only give money to tax exempt organizations, so the show is budgeted under the Parks and Recreation budget. He explained that the \$1,500 difference in funding requests is from the historic society asking for \$3K, compared to the \$1.5K council approved in the current budget.

MPT Bloszinsky said council should approve the same or less than the amount they approved for the current budget.

Commissioner Dugan said he would like to at least give to the organizations that help people who can't help themselves.

Commissioner Whitley said he doesn't have a problem matching the draft budget with what council approved for this year.

Mayor Swearingen said she won't cut the Island of Lights off the list, but she expects them to help pay for at least \$1,200-\$1,500 worth of Christmas light displays for the town, and she agreed that council should only approve what they approved for this year.

MOTION – Commissioner Whitley moved to approve funding for Outside Agencies as follows: PI Chamber of Commerce \$8,800, Katie B Hines Senior Center \$2K, Federal Point Historic Preservation Society \$1,500, Federal Point Help Center \$1,500, Island of Lights \$1,200 and Friends of Fort Fisher \$1,500: for a total of \$16,500.

SECOND – Commissioner Dugan

VOTE – Unanimous

## Council Pay

Town Clerk Avery said there is no increase in council pay in the proposed budget. She gave council a comparison of council salaries from similar-sized beach towns and asked them to decide what they wanted to do. She pointed out that they are making significantly less than the other town councils.

FO Copenhaver advised council that their salaries can't be changed with a budget amendment once the budget has been adopted, so they need to decide now what they want to do.

Comments made were, as follow:

- Members don't do this job for the compensation; leave it the same (Bloszinsky)





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- Pay doesn't make any difference, but the time and effort spent on the job is over what the members are making. Wages should be equal to what's going on in the industry. (Dugan)
- Council pay is fine where it is; some months are busier than others. Council is getting ready to spend a large sum on the facilities expansion project and doesn't need to also increase their pay. (Whitley)
- She will not be here next year, but she has spent more money performing her mayoral duties than she has received in pay. She is embarrassed to say how much her salary is, and everyone's salary should be doubled. (Swearingen)
- Council should address the need for a town manager as things have gotten far too complicated for the town to not have one. (Swearingen)

Discussion ensued on additional ways to compensate council, besides pay.

CONSENSUS – Council asked that consideration of increasing council pay be moved to the next budget workshop so that Commissioner Heglar can give his input.

- **PARKS AND RECREATION**

Recreation Manager Keely said Parks and Recreation's overall budget is the same as the current budget. She said she had an increase in part-time pay & taxes and decreases in activity expenses, supplies, Street Festival expenses and minor equipment. She said there are no bus trips planned, and most of her supplies and equipment have already been purchased.

- **COMMUNITY CENTER**

Recreation Manager Keely said the Community Center's overall budget amount is the same as the current budget.

Mr. Mesimer from Public Works said the Community Center and the Public Works buildings are getting their exteriors painted this year.

Town Clerk Avery said some of the center's roof shingles had to be replaced this year, and it has been determined that the entire roof needs to be replaced in the upcoming year.

Ms. Keely said this year's rental revenue for the center and the Ocean Front Park has increased by 25 percent, compared to last fiscal year, and she expects the trend to continue.

- **ADMINISTRATION**

Personnel and Facilities Manager Sanders presented her budget, noting the following changes: Significant increases in telephone costs and computer services. Significant decreases in travel and training, codification costs and minor equipment. Overall, the proposed budget is only 2.7 percent over. She said the town has contracted with Spirit Communications to deliver fiber optic



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internet since Charter's cable service has been unreliable. She said computer service costs increased because VC3 will be maintaining the systems 24/7, providing cloud coverage and monitoring. She said the minor equipment is for wiring the new offices after the expansion project.

Town Clerk Avery said minor equipment it also includes replacing any computers that fail with cloud-based equipment consisting of a screen and keyboard; no terminal needed.

- **LEGAL**

Town Clerk Avery said the legal budget is only increasing by \$50. She explained that this budget is for Attorneys Canoutas and Eldridge, and anything paid to Attorney Crouch is budgeted in the Project Ordinance budget.

Mayor Swearingen asked if Attorney Canoutas has mentioned to anyone about retiring this year since the legal opinions they have received over the last year have been from Attorney Eldridge and not him. She said that Attorney Canoutas isn't an employee and council should be able to discuss this in an open session.

Town Clerk Avery asked council to think about having this conversation with Attorney Canoutas before discussing it in public.

MPT Bloszinsky said the subject warrants discussion, but he would rather discuss it in closed session.

Commissioner Dugan said he would rather someone talk to Attorney Canoutas, first.

Mayor Swearingen asked Town Clerk Avery to talk to Commissioner Heglar about this and suggested holding a closed session with council only, at the April council meeting, and then deciding if Attorney Canoutas should be invited into the meeting.

**CONSENSUS** – Council will hold a closed session at their April meeting to discuss this personnel matter without Attorney Canoutas present, and decide whether or not to bring him into the session for further discussion.

Mayor Swearingen asked Town Clerk Avery to check with other towns that have contracted attorneys to find out if they pay for their attorneys to attend the Municipal Attorney Conferences, or if their attorneys attend at their own, personal expense.

6. Finance, Committee, Debt Service, Contingency, Tax Collection  
FO Copenhaver presented his budget, noting the following changes:



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- **FINANCE (GF & W/S)**

FO Copenhaver said he took out the parking lot lease expense since council is still undecided if they will lease it again. He said there were increases in personnel related costs and auditor/actuary fees, so his budget went over by .7 percent. He said the finance budget went over by 4.5 percent for the Water/Sewer Fund due to personnel-related costs.

- **COMMITTEES**

FO Copenhaver said this budget is over by 877.3 percent because it includes the paving and lighting project for E and I Avenue beach accesses, which are partially funded by grant proceeds. He said he also budgeted for town signs and appreciation certificates for Adopt-A-Beach volunteers.

- **TAX COLLECTION**

FO Copenhaver said this budget increased by 8 percent because of an increased tax base and collection rates.

- **DEBIT SERVICE**

FO Copenhaver said this budget increased by 13.9 percent because of new loans added in FY2017 for a garbage truck and other vehicles.

- **CONTINGENCY**

FO Copenhaver said he will add in an amount for this fund, as requested by Commissioner Heglar, similar to what was added to the current budget.

- **BEACH PROTECTION**

FO Copenhaver said he will add money to this fund, as requested by Commissioner Heglar; probably \$50K.

Discussion ensued about the downtown parking lot lease, whether to pursue it or not this season. Council decided to discuss this further during their April council meeting.

FO Copenhaver concluded that, overall, the draft budget shows the General Fund expenses under by less than 1 percent, the Water/Sewer Fund expenses under by 9 percent, the Storm Water Fund expenses under by 43.6 percent, no change to the Powell Bill Fund, the SERF expenses under by 83.2 percent, the Beach Protection Fund expenses under by 98.7 percent and no change to the Federal Asset Forfeiture Fund.

## BUDGET REVENUE

FO Copenhaver reviewed the projected town revenues. The most significant changes are listed, as follows:

**GENERAL FUND REVENUE BUDGET:** an overall decrease of 1.8 percent in revenues.

- **SALES TAX:** a 6.2 percent increase since the actual growth in FY17 was greater than what was budgeted, and FY18 is estimated to be the same.
- **FRANCHISE & UTILITY TAXES:** a decrease of 5.8 percent since electricity sales tax has been lower than anticipated.



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- **ABC REVENUE:** an increase of 18.7% due to an upward trend in sales.
- **VEHICLE LICENSE TAX & RE-ENTRY DECALS:** an increase of 25 percent now that the license tax is collected as part of vehicle registration and there is a slight upward trend in re-entry decal sales.
- **COMMUNITY CENTER/PARKS & REC/STREET FEST/BLUEFISH:** a decrease of 20.4 percent due to a decrease in activity fees, market fees and bluefish sales.
- **TOWN FACILITY RENTALS:** an increase of 9.1 percent with an upward trend in facility rentals.
- **SALES TAX REFUND:** an increase of 13.7 percent, based on sales tax paid in the prior fiscal year.
- **ALL OTHER REVENUE:** an increase of 34.7 percent which includes a CAMA grant for E & I Avenue access paving. This year, there was a \$50K fund balance appropriation transferred to the Capital Project Fund.
- **OTHER FINANCING SOURCES:** a decrease of 75.9 percent in capital outlay requiring financing.

**WATER/SEWER FUND REVENUE BUDGET:** an overall decrease of 3.1 percent in revenues.

- **WATER & SEWER TAP FEES:** an increase of 33.3 percent in revenues based on estimated building activity.
- **INTEREST INCOME:** an increase of 45.6 percent in revenues due to changes to investment allocation.
- **TRANSFER FROM SERF:** a decrease of 100 percent in revenues because FY17 included a transfer from SERF for the sewer bypass project.
- **OTHER FINANCING SOURCES:** an increase of 41.5 percent in revenues from loans for half of a mini-evacuator and the sewer rehab project.

**STORM WATER REVENUE BUDGET:** an overall decrease of 43.6 percent in revenues.

- **INTEREST INCOME:** an increase of 45.8 percent in revenues due to changes in investment allocation.
- **HURRICANE REIMBURSEMENT:** an overall decrease of 100 percent in revenues because of this year's revenue from a significant FEMA reimbursement for storm water outfall repairs from Hurricane Matthew damage.
- **OTHER FINANCING:** an overall decrease of 44 percent in revenues because of a loan for half of a mini-evacuator.
- **APPROPRIATE FUND BALANCE:** an overall decrease of 50.5 percent in revenues due to fund balance appropriations for the remaining projects in the Kure Beach Village area.

FO Copenhaver concluded that, at the beginning of the meeting, council was looking at an overall shortage of \$37K in the projected General Fund, but they are now looking at a shortage of \$140K, because of the request to add funds to the Contingency and Beach Protection Funds.



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## REVALUATION UPDATE

FO Copenhaver said the county's tax department shows an estimated valuation increase of \$48 million for the town and, based on the new values, the revenue neutral tax rate would be .2737 cents which is .0113 less than the town's current tax rate. He pointed out that the town had the least percent of change, compared to the county's other towns and its fire district.

## SUGGESTIONS TO REDUCE BUDGET SHORTFALL

1) FO Copenhaver said that he thinks the county may decide to go revenue neutral because of the numbers from the tax department. He proposed that council not reduce the town's current tax rate to the revenue neutral rate in order to create a 4.1 percent increase, or an estimated \$98K, in tax revenues. He said this would take care of a good portion of the budget shortfall.

2) FO Copenhaver proposed scenarios to increase the rates for residential garbage pickup, and/or commercial garbage pickup, and/or trash pickup by 25 or 50 percent. He showed the calculated revenue for each scenario. He noted that Carolina Beach's trash pickup fees start at \$30 compared to the town's \$10 base fee.

Council liked the idea of only raising the fees for trash pickup because it is an optional service. The following suggestions were made by council members:

- Leave the garbage fees the same, increase the trash pickup fee by 25 percent and keep the tax rate the same. (Swearingen)
- Leave the garbage fees the same, increase the trash pickup fee to whatever is best and keep the tax rate the same. (Dugan)
- Leave the garbage fees the same, increase the trash pickup fee by 50 percent and keep the tax rate the same. (Bloszinsky)
- Leave the garbage fees the same, increase the trash pickup fee by 50 percent and keep the tax rate the same. (Whitley)

FO Copenhaver said the budget will still be about \$32K short, even if council raises the trash collection fee by 50 percent and keeps the tax rate as-is.

MPT Bloszinsky suggested subtracting the \$32K from the total amount that FO Copenhaver was going to transfer to the Contingency and Beach Protection Funds. He also suggested council could increase the Community Center rental rate from \$100/hour to \$125/hour.

Inspector Batson asked why council doesn't charge commercial garbage rates to the homes that are paying ROT, especially since council now has a list of those properties.

FO Copenhaver said it would make a huge difference in the budget, but he will ask Attorney Eldridge if it's legal. He added that he doesn't want his department to have to track those properties and keep flipping the status back to residential when the properties aren't renting out.



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Town Clerk Avery suggested charging the commercial rate to anyone that has five or more garbage carts, rather than basing it on short-term rental properties.

Inspector Batson said to charge the commercial rate to those who have more than two carts.

CONSENSUS – Council directed the finance officer to increase the trash pickup fees by 50 percent, leave the tax rate as-is, and adjust transfers to the Contingency and Beach Protection Funds to nullify the remaining shortage. They also instructed him to research the feasibility of charging commercial garbage rates to ROT properties or homes with more than two carts.

3) FO Copenhaver reminded council that the Storm Water Fund reserves have been significantly depleted and suggested that council build the fund back up by either increasing the Storm Water Fee by 14.8 percent to bring in an additional \$33,200 in revenues, or increasing it by 37.8 percent to bring in an additional \$85,200 in revenues. He said the last time these fees were increased was FY2012.

Mr. Mesimer said storm water issues in areas for which the town is responsible have been fixed, and the only issues left are on private properties that have issues with standing water at the south end of town.

FO Copenhaver said that, even though the town will be getting 75 percent reimbursement from FEMA for Hurricane Matthew damage, the other \$45K must be paid from town funds.

Questions were raised on how the storm water fees were originally calculated and what they were based on. Mayor Swearingen asked the finance office to find out, as the fee may need to be calculated more logically.

## APRIL COUNCIL MEETING DATE

Deputy Clerk Hewitt reminded council that Commissioner Heglur wanted them to consider rescheduling their April council meeting since he will be unable to attend it on the 18<sup>th</sup>.

Council wasn't able to come up with a good, alternate date, so they decided to not reschedule the meeting.

FO Copenhaver mentioned to council that, during their annual retreat, Mayor Swearingen requested they wait until the budget workshop to set their annual goals.

Mayor Swearingen agreed to forego planning their goals at this time.

## ADJOURNMENT

MOTION – Commissioner Dugan moved to adjourn.



# TOWN COUNCIL MINUTES

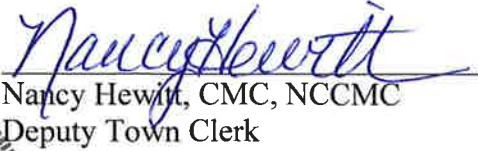
**FY17-18 BUDGET WORKSESSION #1**

**April 7, 2017**

SECOND – Commissioner Whitley  
VOTE – Unanimous

The meeting adjourned at 3:45 p.m.

  
Emilie Swearingen, Mayor

  
ATTEST: Nancy Hewitt, CMC, NCCMC  
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.

