



TOWN COUNCIL MINUTES

FY17-18 BUDGET WORKSESSION #2

April 21, 2017

The Kure Beach Town Council held a budget work session for Fiscal Year (FY)17-18 at the Community Center on Friday, April 21, 2017. The town attorney was present and there was a quorum of council members.

COUNCIL MEMBERS PRESENT

Mayor Emilie Swearingen
Mayor Pro Tem (MPT) Craig Bloszinsky
Commissioner Joseph Whitley
Commissioner Jim Dugan

COUNCIL MEMBERS ABSENT

Commissioner David Heglar

STAFF PRESENT

Finance & Budget Officer (FO) – Arlen Copenhaver
Town Clerk – Nancy Avery
Building Inspector – John Batson
Police Chief – Mike Bowden
Public Works Director – Sonny Beeker
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 9:06 a.m.

PRESENTATION OF REVISED DRAFT OF FY17-18 BUDGET

FO Copenhaver reviewed the changes and additions that council made to the assumptions he presented during the previous budget worksession.

- Maintain tax rate at current amount of \$0.285, rather than estimated revenue neutral tax rate of \$0.2737 (changed)
- Increase trash pickup fees by 50 percent (added)
- General Fund Contingency comparable to FY2017 (changed)
- Transfer to Beach Protection Fund comparable to FY 2017 (changed)

FO Copenhaver reviewed the changes that were made to the first draft of the budget, which decreased the budget shortage from \$36,865 to a balanced budget.

- On the expense side, council increased Transfer to Beach Protection by \$50K, increased the Contingency by \$52K, and lowered the historic society's funding by \$1.5K.
- On the revenue side, keeping the tax rate the same increased revenue by \$98K, changing trash pickup fees increased revenue by \$11K, revising the Community Center rental fee increased revenue by \$2K and revising OFP rental fee increased revenue by \$1K (the last two changes were made based on current rental trends).



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- Council instructed the finance officer to split any remaining shortage between the Contingency Fund (reduced to \$38,885) and the Transfer to Beach Protection Fund (reduced to \$37,750).

MPT Bloszinsky said he was pleased that provision was made for the contingency and beach protection funds, and he commended FO Copenhaver for doing a great job balancing the budget. He asked what the total amount of payroll is for everyone who works for the town.

FO Copenhaver replied that total payroll is about \$2 million, and benefits are another 20-25 percent on top of that.

MPT Bloszinsky asked where the money will come from if the town ends up owing Carolina Beach (CB) more than anticipated for water and sewer.

FO Copenhaver said it will come from the Fund Balance, if there's not enough money in the water/sewer fund. He said there's a meeting with the KB/CB Water and Sewer Authority in a couple weeks and the information he has received from CB, so far, shows the town may owe them an additional \$26K.

Police Department (PD) Radios

FO Copenhaver said Chief Bowden decided against buying new radios for now. He said the county has no plans to convert to the new system. He said, if the Fire Department (FD) gets their \$160K grant for radios, the town should go ahead with getting the FD radios since the town's share of the "match" will be fairly low. He said, if they get it after the budget is approved, then council can do a budget amendment.

Commissioner Dugan said it may be five years before the PD needs new radios.

Garbage Fees

FO Copenhaver showed what the revenue would be if residential and/or commercial garbage fees are increased. He said that similar NC beach town fees range from \$8.71 to \$22.50 per cart, compared to the town's \$6.00 per-cart fee. He said that the town's ordinance states that short term rental (ROT) properties should be charged the same fees as commercial, but that would mean they would have to be provided commercial service.

Director Beeker said commercial garbage pickup is five days a week and having to do this for all of the ROT properties would create such a burden on his department that he would need to contract with a garbage collection company.



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MPT Bloszinsky said there are about 300 ROT properties, to which Town Clerk Avery added that would mean all of their garbage carts would be out on the curb constantly, including weekends, if they are charged and treated like commercial properties.

FO Copenhaver said council could create a higher fee, like \$18 per cart for every cart over one. He said this is more comparable to what other towns charge and would yield an extra \$35,568 in revenue for the town.

Director Beeker said that the free annual trash pickup is getting worse each year. He said he had to hire a contractor to come in this year to haul the enormous amount of trash away because his department can't keep up with it. He said they start picking up trash on Monday morning and there's still trash to pick up by Friday, this all during a time period when his crew needs to be doing other things.

MPT Bloszinsky said charging more for anything over one cart for residences would be better than charging ROT homes the commercial rate and burdening Public Works with picking up their garbage five days a week.

Discussion ensued about garbage and trash pickup costing the town more than what the town collects in garbage fees, with MPT Bloszinsky stating this needs to be explained to the residents so they understand why council is thinking of increasing the fees. He also said whether or not to raise the garbage fees should be discussed in a council meeting.

Mayor Swearingen said if everyone agrees they don't want any kind of increase, then there's no need to talk about it in a council meeting. She asked for council's opinion on increasing the per-cart fee.

MPT Bloszinsky said council may not need to do anything this year, but he supports increasing the garbage fee for ROT properties next year, since those property owners probably increase their rental rates each year. He said the rest of the town shouldn't be subsidizing their garbage pickup.

Mayor Swearingen said his idea should be researched over the next few months and the results made ready for next year's budget worksession. She said she supports increasing the per-cart rate to either \$9 or \$12 per cart.

MPT Bloszinsky said if the residents are shown at the May council meeting why their rates may increase for garbage, it might be better than approving it now.

FO Copenhaver said that the draft budget is usually presented at the May council meeting for council, at which point they schedule a public hearing and publish the budget message.



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Commissioner Whitley asked council if they wanted to talk to Commissioner Heglar about it.

Mayor Swearingen said that the only way council is going to know to do it or not is to vote on it; and if we vote it down, we vote it down.

FO Copenhaver reminded council that just because they vote to do something now doesn't mean they can't change it again later.

MOTION – Mayor Swearingen moved to increase the cost per cart to \$12 for residential properties that have more than one cart, as part of the proposed budget.

SECOND – Commissioner Dugan

VOTE – **PASSED** four to one, as follows: Mayor Swearingen and Commissioners Heglar, Whitley and Dugan **FOR**, and MPT Bloszinsky **AGAINST**.

Council noted that they forgot to excuse Commissioner Heglar at the beginning of the meeting, so that counts as a “yes” vote from him.

Comment was made that people might get rid of their extra carts and leave bagged garbage next to their one cart. It was suggested that Public Works only dispose of garbage in the cart and leave the rest for the resident to clean up or for code enforcement to address.

Downtown Parking Lot Lease

MPT Bloszinsky said he thinks Mike Robertson and Sam Katib are going to go to paid parking for their lots. He said he talked to Mike who said that he and Sam had talked about this. He told the finance officer to take the item off of the proposed budget until he gets a definite answer next week.

Storm Water (SW) Fund

FO Copenhaver said the SW Fund went from having \$2 million in it at the start of this fiscal year to now having about \$300K, which is enough to complete the KB Village project. He said it will take time to build the fund back up but, for now, council can finance additional funding if an emergency comes up. He showed potential revenue from SW fees at an increase of 14.8 percent and 37.8 percent. Referring to council's request at the previous worksession to find out how the SW fees were initially calculated, he said he still doesn't understand it, but there was a study done a long time ago on building size, which may have been a factor in how the fees were calculated.

The mayor commented on the SW fee ~~inconsistencies~~ “opportunities,” and asked the building inspector and finance officer to come up with a better way to calculate them.



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Inspector Batson said they may need to look at what the ordinance says about it, or someone will have to physically go out and get a footprint of every property in town.

Mayor Swearingen said council may want to wait until next year to make adjustments until this could be researched further.

FO Copenhagen said he didn't think they needed to wait on a decision to adjust the fee, but he wasn't sure what approach to take in setting it.

Deputy Clerk Hewitt reminded council that they may want to vote to excuse Commissioner Heglar from the meeting, if they plan to vote again.

Director Beeker suggested contacting other towns to ask how their storm water fees are calculated.

FO Copenhagen said there is a list from UNCW that compares the storm water fees of 50 towns, including Kure Beach. He said the monthly residential fees average from \$0.50 to \$10.18, with CB's rate at \$9 and Wrightsville Beach's rate at \$7. He said non-residential fees average from \$0.75 to \$117, with the highest rate coming from CB. He said the town's fees were increased six years ago which enabled the fund to grow large enough to pay for all the SW projects this year.

Director Beeker said that the mayor should refer to the SW fees as "opportunities," and not "inconsistencies." Mayor Swearingen asked the deputy clerk to change any of her references to SW fee "inconsistencies" to SW fee "opportunities" in the minutes.

MOTION – MPT Bloszinsky moved to make no change to the Storm Water fees.

SECOND – Commissioner Whitley

VOTE – Unanimous

The mayor said she still wants the "opportunities" in the storm water fees cleared up.

At 10:52 a.m., Mayor Swearingen called for a break.

The meeting resumed at 11:10 a.m.

The mayor reviewed meetings that are coming up soon to get the names of council members who want to attend them.

DISCUSSION AND CONSIDERATION OF COUNCIL PAY

Commissioner Dugan said he talked to Commissioner Heglar about council pay, and he wants to discuss it further and possibly make changes to it at the end of the calendar year.



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FO Copenhaver said council pay is one of the only things in the budget that council can't change after the budget has been adopted.

Attorney Canoutas said that the only way council can have their pay rate changed during the fiscal year is to set the amount and a date that the change is to be made during the budget planning process.

MPT Bloszinsky said he had suggested during the previous budget worksession to pay for gas and phone rather than increase council pay. He said he would rather have a gas allowance than have to submit a request for reimbursement every time he drives somewhere.

FO Copenhaver explained that gas allowance is considered compensation and has to be taxed.

Mayor Swearingen said she didn't like the policy that requires council members to get prior approval to travel to a meeting, since sometimes she doesn't know about an upcoming meeting opportunity until after council has already met.

FO Copenhaver pointed out that the travel policy to get prior approval was requested by council, not town staff, and council can choose to change that policy if they wish.

After further discussion, council asked what the total expense would be to have a \$75/month gas allowance and a \$25/month cell phone allowance for each council member.

FO Copenhaver explained that council expenses and pay are split between the General Fund and the Water/Sewer Fund. He reviewed what the total gas and cell phone allowance expense would be for each fund. He said, if this is what council wants to do, they may want to set a policy that if they travel 50 miles or less, their gas allowance will cover it; but, any more mileage than that, they can submit an expense report for gas reimbursement.

MPT Bloszinsky said he would talk to Commissioner Heglar about the gas and cell phone allowance and let the finance officer know by next week if this is something that should be put in the draft budget.

Mayor Swearingen asked for approval to travel to Hampstead on Monday night for an MPO meeting, and she will turn in her mileage for reimbursement.

MOTION – MPT Bloszinsky moved to approve Mayor Swearingen's travel, as presented.

SECOND – Commissioner Dugan

VOTE – **PASSED** four to one, as follows: Mayor Swearingen, MPT Bloszinsky and Commissioners Heglar and Dugan **FOR**, and Commissioner Whitley **AGAINST**.



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IRRIGATION METERS

FO Copenhaver reminded council that a resident came to their regular meeting on Tuesday night asking for council to lower the amount the town charges to install an irrigation meter. He said that the town charges \$4K for one, and CB charges \$655, but CB has a much different rate structure than the town's for water from an irrigation meter. He explained that the whole idea of the increased charge for irrigation meters is to promote water conservation. He said the resident uses about 30,000 gallons of water, per month, to irrigate her property.

MPT Bloszinsky said he was interested in knowing how the \$4K meter charge was decided.

Director Beeker said that it was decided years ago that for every 100 irrigation meters the town installed, a new well would have to be put in. He said it looks like that may not be true, since the town has about 400,000 gallons of water in reserve, per day; but, if council makes irrigation cheap, water usage can add up quickly. He said most people hold their irrigation usage to about 15,000-20,000 gallons per month to keep their costs down, which also helps conserve water. He said water usage has decreased since council put in the new tier for water/sewer fees this year. He said, during the drought of 2007, piping had to be extended on one of the main wells, and there was a voluntary water restriction; but, if a worse drought comes requiring mandatory water restrictions, people with irrigation meters who have put in nice gardens and grass aren't going to be happy.

FO Copenhaver said the resident at the council meeting told them she paid between \$600-\$700 on her water bill, but her highest bill was only \$429, and that included garbage and storm water fees.

CONSENSUS – Council decided to leave the town's price for an irrigation meter, as-is.

COUNCIL GOALS

Mayor Swearingen said she needed help from everyone to plan the council goals, requesting that council and staff give her one or two words describing the most important thing they do for the town. They are, as follows: Dugan – life and property safety; Bowden – safety; Copenhaver – financial stability; Bloszinsky – true cost for service and balanced budget; Avery – council and departmental support; Sanders – personnel and benefits; Batson (per Whitley) – customer service (residents & staff); Beeker – quality of services/infrastructure; Keely – events and public relations; Hewitt – accurate record keeping; Canoutas – loyalty, consideration and respect.

Mayor Swearingen asked everyone to pick from the entire list what they think the three most important things are for Kure Beach in the coming year. The most popular selections were life, property, safety, financial stability, quality of services and infrastructure.



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Mayor Swearingen divided the popular selections and asked four assigned groups to each come up with a sentence that best describes council's overall goals for the coming year.

The mayor called for a lunch break at 12:20 p.m.

The meeting resumed at 12:40 p.m.

The list of council goals submitted by each group were, as follows:

1. Work smarter and harder to maintain and improve our quality of life in Kure Beach.
2. Ensure the integrity of Town financial data, and maintain financial stability in all town funds.
3. Enable an optimum working environment for staff to produce high levels of service to the public.
4. Provide support to all departments to maintain the town's current level of safety.

Mayor Swearingen asked council if they wanted to make any changes to the goals. She instructed the department heads to ask their staff if their goals addressed these goals. She said every department should maintain these goals.

MPT Bloszinsky said he would reword the last goal to state, "Provide all departments with the support to maintain a safe working and living environment." He questioned if this was a list of goals, or if it was a list of principals that drive the goals.

Mayor Swearingen said that principals are things we have for the town, permanently.

FINALIZATION OF PROPOSED BUDGET

MPT Bloszinsky said he will give the finance officer the following information before the end of next week:

- He will get a definite answer regarding the downtown parking lot.
- He will talk to Commissioner Heglar about council compensation. He said there are four choices: increase pay, get an allowance for gas and phone, continue to submit receipts for reimbursement or make no changes.

Mayor Swearingen said that Commissioner Heglar is out of town a lot and usually only goes to the Emergency Management meetings, and she questioned if he should receive a \$1,200/year stipend.

MPT Bloszinsky said Commissioner Heglar may, at any point in time, be expected to travel to meetings, and he is willing to do so when he is home. He said he travels for anything relative to any type of safety issue.



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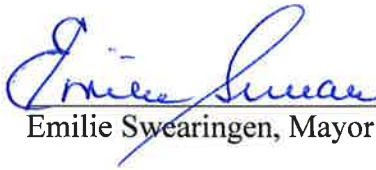
ADJOURNMENT

MOTION – MPT Bloszinsky moved to adjourn.

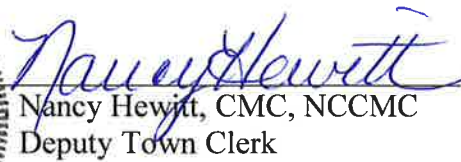
SECOND – Commissioner Whitley

VOTE – Unanimous

The meeting adjourned at 12:53 p.m.


Emilie Swearingen, Mayor




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.