

# 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

The Kure Beach Town Council held a work session on April 14, 2011 at 10 am for the purpose of reviewing the draft budget for the Fiscal Year 11-12. Attorney Canoutas was in attendance and there was a quorum of the Council present.

### **COUNCIL MEMBERS PRESENT:**

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

### **COUNCIL MEMBERS ABSENT**

None

### **STAFF PRESENT**

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

Mayor Lambeth called the budget work session to order at 10:00 am stating Finance Officer Copenhaver will be running the meeting. The objective today is to get through all of the line items of the Draft FY11-12 Budget and then, time allowing, discuss ways to reconcile the budget.

Finance Officer Copenhaver stated:

- There are some differences from this year's and last year's budgets.
- I made a separate department for debt service to make it easier to track and report at the end of year.
- I changed the way we account and budget for capital outlay. Council also raised the limit of what is considered a capital expenditure to \$5,000. For example: when a vehicle is purchased, the full cost needs to show in the first year with the offset being anticipated loan proceeds. It will be a wash and is the correct way to budget for capital expenditures.
- Another change is that we combined three departments: Administration, Town Clerk and Finance. This is a more efficient and easier way to track expenses and requires fewer accounting entries.
- There is a 3% COLA built in as a starting point in the initial draft budget. This amount is based on history.

- There are new retirement rates for Police of 7.04%, and 6.88% for other employees. These were increased this year and are determined by the State Retirement System.
- GASB 45 Retiree Medical: 4.9% has been budgeted as a placeholder. This is the amount required by the State Retirement System, should we decide to add our retirees to the State Health Plan.
- The Governing Body line items include all outside agency funding requests received. Council will need to make a decision on what they want to fund.
- I am handing out a recommendation from the Budget and Finance Advisory Committee regarding using Fund Balance to balance the budget. They are against it. I am also handing out a summary of where we stand as of today, showing the difference between revenue and expenses and whether we are over or short.
- I am providing you with a summary of each department showing the FY11-12 budget compared to this year's budget and any differences.
- The biggest change that I have made is how we are accounting for debt service and capital items. I'm confident that the figures presented here are accurate and current.
- All benefits are assumed to stay the same.

#### Questions

Commissioner Dugan asked if it is still reliable to look at past expenses to determine future expenses.

Finance Officer Copenhaver replied, "Yes, for the most part. There are a few differences with debt service and capital.

Mayor Lambeth asked, "What were we short last year?"

Finance Officer Copenhaver replied, "About \$219,000."

Mayor Lambeth said, "We aren't building reserves if we fill these shortfalls, correct?"

Finance Officer Copenhaver replied in the affirmative.

Commissioner Nelder stated that he had a problem with COLA, but not with merit, as Kure Beach residents depending on Social Security are not getting a COLA.

#### Review of Department Budgets

#### PUBLIC WORKS

##### ***General Fund***

Commissioner Swearingen asked what percent of staff would not get an increase if the Town did a merit increase instead of COLA.

Director Beeker answered, "Probably 20% wouldn't get merit increases. I am not asking for additional staff. There are few changes in the draft budget for FY11-12. Costs are budgeted roughly the same. The recycling contract expires this June, so there may be an increase. Tipping fees may increase. If they increase my budget numbers will be tight."

Finance Officer Copenhaver stated that, by his comparison sheet, the Public Works budget is up 24.44%. The biggest difference is the \$180,000 cost to purchase a new garbage truck. Without the truck, it is up about 2%.

Commissioner Nelder asked Director Beeker how he felt about outsourcing garbage pickup.

Director Beeker said his employees do a better job. He stated, "Once we outsource, we can't go back without a lot of expense. The outsource contract may look good the first year or two, and then it will increase. It costs approximately \$320,000 per year with salary and expenditures. We would have to raise the rate to about \$11.50 per can for residential, per month.

#### ***Water Fund***

Director Beeker stated telephone and postage jumped a lot beginning 02-03 when the Town added a well house and additional emergency phones. The cost keeps increasing. Most other items are the same with no increase.

#### ***Stormwater Fund***

Director Beeker stated most of the expenses are the same. A feasibility study needs to be done for future projects. The Town could use some of the money from the Powell Bill Fund, but the \$2,000 budgeted is not enough for an engineering study.

#### **Break**

Mayor Lambeth called for a fifteen minute break at 11:15 pm.

Mayor Lambeth resumed the work session at 11:30 am.

#### **POLICE DEPARTMENT**

Chief Dennis Cooper stated he is asking for funding for a part-time officer for \$20,000 to \$25,000 in order to hire a seasoned veteran officer. He continued, "I have asked for a full-time officer for the last three years and haven't gotten one. Part-time is salary only; no benefits. This fiscal year, I'll probably be in the "red" in part-time and reserve pay because there have been events that have cost money. My staffing level is way below any other agencies for beach communities and population in North Carolina. I have 10 full-time officers. The rest are part-time. Ocean Isle has 14 with a population of 500. Wrightsville Beach has 31 officers with a similar population. Our department runs 24-7, and we staff all holidays and weekends. Running 10 officers around the clock and keeping up with training and vacation time is tough."

## Questions

Charlie Allo, resident and member of the Citizens Finance and Budget Committee, asked what extra events have created a situation that caused the police department to go in the red.

Police Chief Cooper replied that one extra person on weekends costs \$12,000. The Street Festival cost \$1,200. The Cape Fear Fishing Tournament, the Christmas Parade, Easter Week, July 4 and Memorial Day weekend, as well as State-mandated in-service training runs around \$10,000. He stated, "There is an unwritten rule that we don't take vacation in the summer time, but that is unfair to staff. We need to revisit Town fees, especially for Town events. Allocating \$25 for an officer is not enough, and we lose money. We do a lot of things as community service and don't expect to get paid back, but it eats into my budget. Since my staff works shift work, they aren't interested in overtime because they are catching up on their sleep. So, we try to stay away from special events."

Mayor Pro Tem Keener asked if the disc golf course was using a lot of his manpower.

Police Chief Cooper replied that, for the last couple of weeks it hasn't because I have not had staff to put over there because of training.

Eric Vann, resident, stated he would like to see the Town add a new officer. He stated, "We are going to have to have a tax increase. I think it's time we gave Chief Cooper what he asks for. I think the citizenry would be happy to pay for that."

Commissioner Dugan commented that the Town will be looking at more requests from committees for police presence in the future. The island has inadequately policed State and County land which our officers inevitably get saddled with.

Commissioner Swearingen asked if the activities at Fort Fisher are policed by the Town.

Police Chief Cooper replied, "No. We don't police those. We are under an obligation to respond, though. I use County and sheriff resources a lot. We do have to put staff out on the road to help clear traffic after these events."

Commissioner Swearingen said it sounds like the Town is willing to pay for bands for events at Fort Fisher, but not willing to pay for additional officers.

Police Chief Cooper stated that his budget is mainly personnel costs of \$855,000, and operational costs are the rest at approximately \$110,000.

Grace McGee, resident and member of the Citizens Finance and Budget Committee, asked Police Chief Cooper what the staff utilization was for the last two years and requested statistics on staff due to events, including which events are staffed.

Police Chief Cooper stated he could try to provide that information but it would take him a long time. He said, "My officers work approximately 42 hours per week, or 128 hours

in a 28 day period. So, 10 officers work 12-hour shifts of two days for one week, and they work for five days the next week. Ideally, I would have two people on duty at all times. I don't have that. Sometimes I have only one officer, and from 4:00 am to 8:00 am there is only one officer. I know money is tight and the Town has a deficit. I'll make a run at it with a part-time guy, but I can't put people on the beach, golf course and street all at the same time. Committees get upset with me because of this. We haven't even spoken about officer safety. When you are on by yourself at 3:00 am, you have to be super careful. It only takes one crazy person to change everything. It all depends upon what taxpayers want. If you want it to stay a safe, family community like it is now, I'm telling you what we need.

#### BUILDING DEPARTMENT

Building Inspector Batson stated that he included an increase of \$1,000 for a raise for his part-time person. His supply needs increased by \$1,000. He asked for \$13,900 for beach renourishment. This includes the turtle monitoring program at \$6,300 and fertilization at \$5,500. He increased lawn maintenance from \$1,000 to \$3,000. He stated, "I have had problems this year, particularly getting reimbursed; and I get many complaints in the summer about unkempt yards."

#### Comments

Commissioner Dugan said that the Town doesn't have its inspector doing the New Hanover County-required fire inspections because it doesn't want a conflict of interest.

Building Inspector Batson replied that he will be certified later this year.

#### Lunch Break

Mayor Lambeth called for the lunch break at 12:30 pm.

Mayor Lambeth resumed the work session at 1:00 pm

#### FIRE DEPARTMENT

Fire Chief Heglur said he is asking for his third person back this year, and that calls were up and paper work was increasing. Medical calls have increased 32% in the last two years. He said, "We are obligated to respond. I need to keep some part-time help so that I don't have to fill in when someone is on vacation. I have two full-time employees, including myself, and five part-time. I want to start a new person at \$27,500. In the past, the third person's salary was \$28,000. I am adding \$12,400 to the part-time budget and reducing the drill pay by \$5,000. Training and travel is down by \$1,000, as we are doing more in-house. The State doubled fees, so I had to increase. Capital outlay is down."

#### Questions

Commissioner Swearingen commented that it looked like the estimated expense for uniforms was \$1,000 and asked if he still needed to budget \$4,000.

Chief Heglur replied, "Yes. We usually buy in May of each year when they run a special. Uniforms are given to 30 volunteers.

Commissioner Swearingen said that one of her neighbors had a medical emergency and there were at least 15 members of the fire department there. She asked how much that cost.

Chief Heglar stated it cost \$12.50 per fireperson. It is not an hourly rate, but a per-call rate. This is paid as Drill Pay. They also have to stay until EMS releases them.

Commissioner Nelder stated that, when figuring the total cost of adding another full time employee, FICA, Social Security, etc., needed to be considered. He asked, "Do we have the total cost for this additional salary? I want to know what we are obligating the Town for now and in the future."

Finance Officer Copenhaver stated that on a salary of \$27,500, plus the benefit package, the cost is about \$40,000.

#### LIFEGUARDS

Chief Heglar stated it is tight for this year's budget. All lifeguards are part-time. No overtime or benefits are paid. He said, "We only pay salary and FICA as required. I dropped the training line item from \$2,000 to \$1,200. The price of gas is going up and uniforms are a little higher in cost this year."

#### Questions

Mayor Lambeth asked if Ocean Rescue ran its expenses and revenue through his department.

Chief Heglar replied that they ran through the Fire Department non-profit. Ocean Rescue is made up of firemen, not lifeguards. Bill Farriss heads that up.

Commissioner Dugan asked him if he had gotten any official word about whether there would be lifeguards at the State park.

Chief Heglar said he had not heard.

Mayor Lambeth asked Chief Heglar to draft a letter for Council to sign which says that the Town doesn't have the resources to provide lifeguard assistance at the State park.

#### ADMINISTRATION AND FINANCE

Town Clerk Avery reviewed the proposed budget stating \$4,000 was included for the purchase of chairs for the Council Room, \$4,000 for revamping and updating the website, \$4,000 to add another customer service window in the lobby, \$6,000 for four newsletters and the rest of the costs are the same as the current year.

#### Questions

Commissioner Dugan asked what total amount was paid to the Town's IT person, Steve Woodard.

Finance Officer Copenhaver stated it was approximately \$8,000, annually.

Commissioner Swearingen asked if we ever ticketed anyone for not having a decal.

Mayor Lambeth and Commissioner Dugan stated we have done so in the past.

#### GOVERNING BODY

Town Clerk Avery stated the contributions line item includes requests received as follows: Chamber \$8,000 for concerts, Island of Lights \$1,500, Katie B. Hines \$3,000, Christmas Show \$3,300, Federal Point Help Center \$1,500, for a total of \$17,300. The attorney requested a \$200 per month increase and that is included in this budget.

#### COMMUNITY CENTER

Town Clerk Avery stated that \$7,000 is included for HVAC replacement and \$1,200 for opening/closing fees for Town sponsored events.

Commissioner Nelder wanted to know the amount that all of the committees cost the Town; i.e. Community Center, Parks & Recreation, etc.

Finance Officer Copenhaver said he'd put that together.

#### PARKS AND RECREATION

Finance Officer Copenhaver said he met with Gabby Kraus and Bob Fitzsimons about expenses. The main component of expenses is the cost of bus trips and then instructor fees. There will be about \$30,000 left in the County's Park Bond fund after the expenses for the disc golf course.

Commissioner Swearingen asked Commissioner Dugan to get an estimate from Public Works Director Beeker for repaving the basketball court.

#### COMMITTEES

Finance Officer Copenhaver stated the following committee requests were:

##### ***Beautification***

The committee requested \$5,000 for changing to sign posts with Town logo at street entrances. There was discussion about the Beautification Committee wanting the Town to contract with a landscaping firm to maintain Town landscaping.

##### ***Beach Protection***

The committee requested \$4,600 for planting, education and awareness, beach clean-up and signage.

##### ***Storm water***

The committee requested \$3,000 for education and training purposes.

### ***Shoreline Access and Parking***

The committee requested \$5,000.

### ***Street Festival***

The committee budgeted \$8,000, based on past expenditures.

Commissioner Swearingen said that the Citizen Budget and Finance Committee suggested Council run future committee projects through them to determine if funding is available or not. She thinks this is a good recommendation.

Finance Officer Copenhaver stated Council could use a contingency fund in the budget to use for committee projects. It would require Council approval to expend the funds.

Grace McGee suggested using the contingency fund and having the committee chairperson work together with the Citizen Budget and Finance Committee to determine how to use that funding and which projects take precedence.

Commissioner Dugan thought this made more sense than giving each committee a separate budget to work with and then having the committee scramble to find ways to spend the money.

Mayor Pro Tem Keener said he loved the idea of the committee chairperson working together to determine what is spent.

Commissioner Nelder said it might possibly cause in-fighting among the committees.

CONSENSUS – Put Beautification, Beach Protection, SLAP, and possibly Storm Water Committee requests in one line item such as ‘Contingency Fund’ which requires Council action before the money is spent.

Town Clerk is to get storm water education requirements from the ordinance and work with the Finance Officer to make suggestions on where to book expenses.

### **Debt Service**

Finance Officer Copenhaver handed out an itemized list of General Fund debt service. The list is herein included as part of these minutes. The Water Fund debt service was included in the Public Works budget.

### **Conclusion**

Finance Officer Copenhaver handed out different scenarios for balancing the budget, herein included as part of these minutes.

There was discussion about different considerations for tax increase or garbage fee increase, but no consensus was reached.



MOTION - Mayor Lambeth made the motion to schedule another budget work session for Wednesday, 4/27 beginning at 10 am until. Lunch will be served.

SECOND- Mayor Pro Tem Keener

VOTE – Unanimous

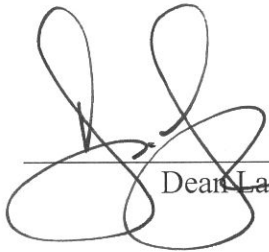
CONSENSUS – Finance Officer Copenhaver will estimate the cost of adding an additional police officer and present the information at the next budget work session on 4/27/11.

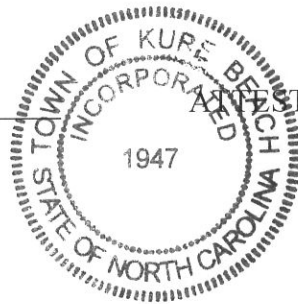
Adjournment

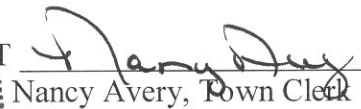
MOTION – Commissioner Nelder made the motion to adjourn at 4:37 pm.

SECOND – Commissioner Swearingen

VOTE – Unanimous

  
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Dean Lambeth, Mayor



  
\_\_\_\_\_  
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. Persons wishing to hear the recording of this meeting may request to do so by contacting the Town Clerk