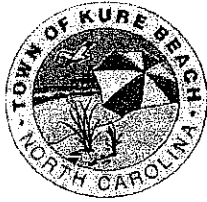


TOWN OF KURE BEACH TOWN COUNCIL

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 May 5, 2011 at 1 pm 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 1:01 pm stating Finance Officer Copenhaver would begin with presenting the second draft of the FY11-12 budget with modifications agreed upon at the April 27, 2011 budget work session.

Finance Officer Copenhaver handed out a summary of his answers to the variety of questions he received from Council members since the last meeting, and he reviewed his answers briefly with everyone. The handout is herein incorporated as part of these minutes.

Revised FY 11-12 Draft Budget

Finance Officer Copenhaver handed out the second draft of the budget that included the consensus items from the last two budget work sessions.

Commissioner Nelder asked how much debt the Town would have with the bids that the Town received today for the park.

Finance Officer Copenhaver stated we most likely won't need to borrow the full \$600,000.

Mayor Lambeth stated we will probably have to borrow \$300,000.

Charlie Allo, resident and member of the Citizens Budget and Finance Committee, asked if the \$4 increase in the water and sewer rate for businesses includes rentals. He stated, "If rentals are using more, they should be charged more. We need to put the cost where the cost is generated."

Finance Officer Copenhaver said, "We are going by how it is classified now. If it is classified as business/commercial, then the increase will be \$4."

Public Works Director Beeker stated that the Town might need to start looking at User Fees to begin determining whether they are billed as a residence or business.

Charlie Allo asked what the definition of merit was and how it is being determined. He wanted to know how it was different from a bonus.

Commissioner Dugan replied, "We have evaluations that each Department Head has to perform on each employee, and Council evaluates the Department Heads' performances."

Finance Officer Copenhaver stated that a merit increase raises the employee's salary. A bonus doesn't change the employee salary amount. Higher taxes are figured on a bonus, per IRS regulations.

Commissioner Nelder stated we should give the Building Inspector a raise for doing fire inspections.

Mayor Lambeth said the Building Inspector needs to be certified first before a raise for him is considered.

Building Inspector Batson stated he is currently certified to do fire inspections. New Hanover County has performed 50 inspections in Kure Beach so far this year at a charge of \$45 per inspection.

Mayor Lambeth said that the Building Inspector hasn't started doing inspections and needs to do that first before a raise for him can be considered.

Charlie Allo asked why everyone has to have a storm water fee increase. He asked if everyone would be impacted by this, and he stated that he is not creating any storm water run off.

Mayor Pro Tem Keener responded that he has to pay for Police and Public Works but that they haven't been to his house.

Charlie Allo asked what the justification was in giving the Chamber of Commerce \$8,000 for bands.

Mayor Lambeth said it was for tourism and is eligible for Tourism Development Authority (TDA) reimbursement.

Commissioner Nelder asked if Council could allocate the salary he is giving up to a special function. He said he wanted his earmarked for a certain thing.

Mayor Pro Tem Keener said, “We gave up our fees and telephone reimbursement and at the same time we determined what funding requests we would fund. What we are giving to charities will cover what we gave up in salaries.”

Commissioner Swearingen said, “We eliminated Katie B. Hines Senior Center and the Federal Point Help Center funding.” She said that she abstained from voting on this.

Finance Officer Copenhaver said if Council decides to give up a dollar amount to fund a charity, then they could say their salary went to the charity.

Commissioner Swearingen said these are two different topics. “We said we were going to give up our salaries and cell phone reimbursements to help the General Fund; that’s all.”

Commissioner Dugan said he did it to help the budget, even though it’s in a small way.

Governing Body Salary and Cell Phone Reimbursement

CONSENSUS – Four to one said not to budget any governing body salary or cell phone reimbursement. It was not stated clearly for the record who the Council person was that didn’t agree.

Additional Police Officer in Police Department

CONSENSUS – Four to one voted to add an additional police officer.

Lambeth – Against

401K

Commissioner Dugan said he had discussions with staff regarding the 2% raise and cutting the 401K back. He said, “If we forgo the raise and leave the 401K at 5% for the Town contribution, it costs \$11,000 less than giving a 2% raise and cutting the 401K. The 401K is a better benefit for the employees. This puts money away for them for their pension.” He stated he doesn’t think we have the ability to do both a raise and keep the 401K. He said he wants to do what will help the employees the most and he thinks that is leaving the 401K as it is.

Mayor Lambeth stated he thinks we should forgo the 2% raise and leave the 5% Town contribution to the 401K for all employees.

Commissioner Nelder asked if Council could make the rest of the employees contribute to the 401K.

Commissioner Swearingen stated she thinks Public Work employees’ 401K should be equal to what the Police Department gets. She said that she is in favor of the 5% for all employees across the board with no employee contribution for the 401K and that she would like to give the employees a 2% raise also.

Police Chief Cooper recommended going with the 5% Town contribution to the 401K across the board and a 2% raise for all employees except for the police. He stated, “The employees are the Number One asset that you have, and 85% of them leave here at 5 pm. You should give something back to these guys.”

Public Works Director Beeker said, "We don't want to get in a situation where we have to fight for the 401K again next year."

Mayor Pro Tem Keener stated that Council needed to make this fair for all employees.

Commissioner Dugan stated that he doesn't want departments fighting against departments.

CONSENSUS – Unanimous to keep the current 5% Town contribution to the 401K with no contribution required by employees

Salary Increase

Finance Officer Copenhaver stated a 2% salary merit increase for all employees would be \$32,000 or 25% of a 1-cent tax increase.

CONSENSUS – Four to one voted to give 2% merit increase to all employees.
Lambeth – Against.

Rates

Recycling

Mayor Lambeth recommended increasing the recycling fee by 5 cents.

CONSENSUS – Wait until the recycling contract is renegotiated before considering an increase in recycling fee.

Garbage

Mayor Lambeth asked, "What is the shortfall on the cost of garbage pickup?"

Finance Officer Copenhaver said that it is \$200,000 to \$250,000.

Eric Vann, resident, said he thought that Council should cover this with a tax rate increase, not a fee increase. He said that would be more helpful to residents.

Commissioner Swearingen said that she is not in favor of directing taxes to garbage.

CONSENSUS – No increase in garbage fee.

Tax Increase

Commissioner Dugan asked if the 2.75-cent tax increase, the \$3 water/sewer rate increase and the \$4 storm water rate increase were simply a "band aid."

Finance Officer Copenhaver replied the increases were not a band aid; they would give the General Fund a \$75,000 contingency.

Commissioner Dugan stated that he was okay with the second draft of the budget with the changes agreed to.

Commissioner Nelder asked, "If we agreed to a 3-cent tax increase from a 2.75-cent tax increase, what additional revenue would that bring in?"

Finance Officer Copenhaver said \$29,000 additional revenue would be brought in.

CONSENSUS – Four to one for a 2.75-cent tax increase.
Lambeth – Against. He suggested a 2.5-cent tax increase

Second Draft of FY11-12 Budget

CONSENSUS – Accept second draft of budget as follows:

- 2% merit to all employees.
- 5% contribution to 401k for all employees, with no requirement for employee contribution.
- Add another full-time police officer at a cost of \$57,000.
- \$0.0275 tax increase.
- No increase in recycling fee.
- No increase in garbage fee.
- No salary or cell phone reimbursement for governing body.
- \$1.50 per month increase to minimum water rate for residential.
- \$1.50 per month increase to minimum sewer rate for residential.
- \$2 per month increase to minimum water rate for commercial.
- \$2 per month increase to minimum sewer rate for commercial.
- \$4 per month increase to storm water fee for residential and commercial.

Fee Schedule


CONSENSUS – Discuss at May 17, 2011 Council meeting before adopting FY11-12 budget.

Adjournment

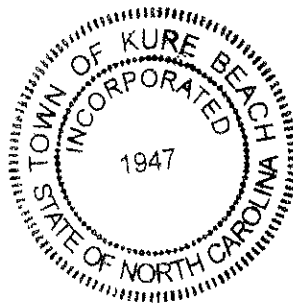
MOTION – Commissioner Nelder made the motion to adjourn at 3:01 pm.

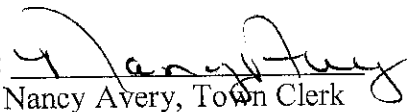
SECOND – Commissioner Swearingen

VOTE – Unanimous



Dean Lambeth, Mayor



ATTEST: 
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.