



KURE BEACH TOWN COUNCIL  
BUDGET WORKSHOP  
APRIL 24, 2008  
5 PM

## *MINUTES*

On April 24<sup>th</sup>, 2008, The Kure Beach Town Council held a budget workshop for the purpose of reviewing the preliminary fiscal year budget for 2008-2009. Notice of this workshop was published in the Island Gazette newspaper on April 9, 2008 and posted at Town Hall on April 1, 2008.

**COUNCIL MEMBERS PRESENT:**

Mayor	Mac Montgomery
Commissioner	Dean Lambeth
Commissioner	Barry Nelder
Commissioner	Jim Vatr

**COUNCIL MEMBERS ABSENT:**

Mayor Pro Tem	Jim Dugan
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**STAFF PRESENT:**

Town Administrator	Michelle James
Building Inspector	John Batson
Finance Officer	Susan Suggs
Fire Chief	Harold Heglar
Police	Dennis Cooper
Town Clerk	Nancy Avery

A quorum of the Town Council was present.

1. Call to order

Mayor Montgomery called the workshop to order at 5:04 pm stating the purpose of the workshop is for Council to receive and review the preliminary budget for fiscal year 2008-2009.

2. Vote to excuse Commissioner Dugan from the meeting

**ACTION -** Commissioner Lambeth **MADE THE MOTION** to excuse Commissioner Dugan from the meeting. Commissioner Nelder seconded the motion. **THE VOTE OF APPROVAL WAS UNANIMOUS**

3. Approval of the agenda with an amendment

**ACTION –** Commissioner Lambeth **MADE THE MOTION** to approve the agenda with one change:

add a closed session to discuss personnel as it pertains to the 2008-09 Budget Year  
Commissioner Vatr seconded the motion. **THE VOTE OF APPROVAL WAS UNANIMOUS**

#### 4. Purpose of Workshop/Overview

Commissioner Vatrt stated:

- This is the initial high level view of the proposed fiscal year 2008-2009 (FY08-09) budget.
- This is a strategic session for top and bottom lines, detail to come later.
- The general reserve fund is roughly \$1.2 million. The league suggests 25% of the budget to be held in reserve. The Town is in good shape. In past years, the Town has dipped in to the reserve quite a lot. If this continues, the Town is going to have a hard time, particularly in emergency situations.
- We need to operate this year's budget at "0 balance" which means not dipping into the reserve to balance the budget.
- The overall budget is currently \$4.4 million - that includes water and general funds.
- There is currently 25% in reserve.

Discussion of reserve fund:

- A good part of the reserve comes from previously collected impact fees that the town has invested. We won't be able to replace that as there is no more significant development left.
- 25% reserve is a good idea.
- FEMA has set new restrictions since Hurricane Katrina.
- Need to maintain credit rating and credit lines so that Town can borrow if needed in an emergency.
- Better to borrow at a low rate and leave reserve as collateral.

#### 5. COLA and merit

Commissioner Vatrt explained that:

- The budget is calculated with a 4.1% cost of living (COLA).
- The average among other towns is 2-3% COLA and the CPI is currently 4.1%.
- 46% of entire budget is salary.

Discussion about using 4.1% COLA:

- A lot of taxpayers are on social security and their COLA was 2.3%.
- We get feedback from residents that employees do an exceptional job.
- Goal should be that COLA is competitive with surrounding towns the same size.
- Need to develop a universal performance review.

#### 6. Revenue Highlights

Susan Suggs, Finance Officer, reviewed and answered questions on revenues.

Discussion::

General fund revenues:

- Line item 10-335-10-01 Beach access improvement grant - \$46,875 amount to be removed from this line item – captured elsewhere.



W/Serf expansion reserve fund:

- Line item 31-377-00-00 – change estimated from \$0 to \$20,000.
- Increase grand total from \$20,500 to \$40,500.

## 7. Expense Highlights

Michelle James, Town Administrator, stated:

- Expenses are estimated at \$6,909,962.
- Salaries are the largest expense – \$2.1 million total.
- A 4.1 COLA and 3% merit are budgeted.
- The largest departmental budget is Public Works – both general and water fund.
- Largest departmental budget, just general fund, is police.
- \$4.6 million is the recommended operating budget.
- \$2.45 million in projects and grants.
- Revenue total without grants is \$4.5 million.
- The budget is in the red – roughly \$180,000.

Discussion:

Governing body

- Line item 10- 410 14-00 – reduce travel from \$20,300 to \$8,000.

Town Clerk

- Line item 10- 411-45-01 – contracts banking fees - move to finance.

Finance Department

- There will be a salary change due to moving the receptionist position from administration to finance.
- Explore accepting water bill payments via credit card.

Administration

- Salary line will be only for Town Administrator and Administrative Assistant (Hewitt).
- Line item 10-420-60-00 Funding requests – remove \$10,000 – will be shown elsewhere in budget.

Elections

- Line item 10-430-00-00 Election expense – don't zero out, need to budget amount – Finance Officer to get the figure.

Legal department

- Line item 10-470-04-02 Court Cases – reduced from \$20,000 to \$5,000.

Police department

- Salary line reflects an added additional position at \$35,000.
- Over time budget reduced by \$10,000.

- Line item 10-510-45-00 Contract – added \$5,265 for contract with Smith, Rogers and Strickland, attorneys for legal issues such as civil liability issues. Gives 24/7 access to attorneys.
- Line item 10-510-74-02 Capital outlay equipment - \$2,187 of this is for someone to do audio/video equipment in the police dept (burglar alarm).

#### Fire department

- Line item 10-530-02-00 Salaries – bring fire fighter/driver position up to \$22,000 from \$11,000. Regrade interview scheduled for August 11, 2008 – to get a better grade, need to have someone in the fire department during the day.
- Line item 10-530-06-01 – Supplemental insurance – increase to \$1500 from \$1000 - \$500 per employee – 3 employees.

#### Lifeguards

- Line item 10-531-02-00 Salaries - increased by \$20,000.
- Last year over time was paid – not paying it this year.
- Line item 10-531-02-01 over time – reduced from \$9,775.12 to \$0 – moved to salary.

#### Comments and discussion regarding lifeguards:

- Need more areas of beach to be covered.
- Not currently covering areas of beach where residents live.
- Cost is \$10,000 to add tower – need four more towers to cover town limits or \$40,000 more.

ACTION – consensus – Fire Chief Heglar to bring to Council a recommendation as to how soon he can hire, train, and supervise additional guards on beach and the cost for Council to make a decision.

#### Building Department

- Decreased advertising, printing and computer support.
- Decreased fire inspection fees.
- Submitted bare bones budget.
- Make insurance supplement \$500.

#### Streets and sanitation department

- Public Works Director Beeker to forecast cost to increase recycling from every two weeks to once a week.

#### Water and sewer operations

No comments

#### Storm water department

- Line item 32-610-02-00 – Salary for one employee



- Line item 32-610-74-00 Capital Projects is money to replace outfalls - \$104,866. This figure was put in the budget for discussion.

Comments:

- Should be shared expense with other agencies

8. Timeline and Wrap-up

Michelle James, Town Administrator, stated:

- She wants to meet with department heads and their liason commissioner next week to prioritize.
- This is to determine value of expenses. What can we live without – what can't we?
- She will do a sign up sheet for department heads to choose a time at staff meeting on Monday.
- May 20<sup>th</sup> is the next Council meeting – an updated and accurate financial statement will be presented then with a forecast for the ending fund balance for FY07-08.
- She is proposing May 29<sup>th</sup> as a budget retreat to formalize the budget.

9. Closed session

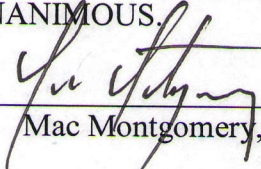
ACTION – Commissioner Vatr MADE THE MOTION to go into a closed session for the purpose of discussing a personnel issue as it pertains to the 2008-09 Budget Year. Commissioner Nelder seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.

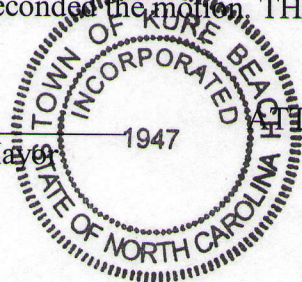
10. Return to open session

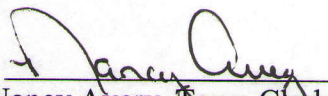
ACTION - Commissioner Nelder MADE THE MOTION to return to open session at 8:35pm. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.

11. Adjournment

ACTION – Commissioner Nelder MADE THE MOTION to adjourn at 8:36pm. Commissioner Lambeth seconded the motion. THE VOTE OF APPROVAL WAS UNANIMOUS.

  
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 Mac Montgomery, Mayor



  
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 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.