



TOWN COUNCIL MINUTES

FY12-13 BUDGET WORKSHOP
MEETING MINUTES

April 26, 2012

The Kure Beach Town Council held a Budget Workshop for Fiscal Year 2012-13 Budget on Thursday, April 26, 2012, at 7:00 am.

COUNCIL MEMBERS PRESENT:

Mayor	Dean Lambeth
Mayor Pro Tem	Chuck Keener
Commissioner	Emilie Swearingen
Commissioner	Steve Pagley
Commissioner	David Heglar

STAFF PRESENT

Building Inspector -John Batson
Finance Officer – Arlen Copenhaver
Town Clerk – Nancy Avery
Deputy Town Clerk – Nancy Hewitt

CALL TO ORDER

Mayor Dean Lambeth called the meeting to order at 7:00 am.

Finance Officer Copenhaver said he hadn't gotten any changes from anyone since the last budget session held on April 12, 2012, so he would make proposals on how Council could balance the budget. He said he was going to go through his information rather than discussing them in the stages presented on his agenda.

He handed out an information sheet which laid out the estimated revenue and expenses as of the last budget session, including adjustments he made in order to balance the budget.

- He proposed increasing the revenue neutral tax rate by \$0.015.
- He proposed increasing the monthly recycling fee by \$0.36 to cover the shortfall in recycling costs versus the Town's revenues and to provide recycle carts at beach accesses.
- He presented estimated expenses as of 4/12/12 that included an increase in the recycling expenses, an increase in utilities for streets and sanitation, estimated maintenance costs of the Ocean Front Park, tax collection fees that will increase if Kure Beach's taxes increase and possible FICA compensation for Parks & Recreation program instructors. He also included miscellaneous reductions of expenses from the various Town departments.

Finance Officer Copenhaver said increasing the tax rate and recycling fees as proposed would create an overage of \$44,288 which could be added to the existing Contingency



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Fund of \$75,000, increasing the fund to \$119,288. He reminded Council that the Contingency Fund can be used for unbudgeted expenditures.

Commissioner Pagley asked if Council really wanted to put recycling carts at the beach accesses.

Town Clerk Avery stated Council directed her to look into ordering carts from Waste Management (WM) to put one at each beach access. She is working with WM to decide on the right kind of cart to be used.

Commissioners Swearingen and Heglar said they didn't feel that the recycling fee increase was enough of an expense to residents to exclude putting recycling carts at the beach accesses.

Finance Officer Copenhaver handed out an information sheet with an analysis of recycle revenue and expenses for FY 12-13, showing how he came up with the proposal to increase the recycle fee.

Commissioner Heglar said it was the responsibility of the Town to follow County ordinances that state the landfill isn't supposed to be receiving recyclable materials.

CONSENSUS Council agreed to propose increasing the recycle fee to \$0.36 per month.

Discussion ensued about the Town's share of the expense of beach renourishment which is approximately \$270,000 every three years. The Town would need to set aside \$90,000 per year in a reserve fund for this.

Council discussed the revenue neutral tax for the County and Kure Beach.

Commissioner Heglar stated that, if the County goes revenue neutral with its tax rate, this would be the year for Kure Beach to increase their tax rate above revenue neutral.

Finance Officer Copenhaver said that Town properties, on average, went down by 33%. For Kure Beach taxpayers to break even on taxes, property values had to go down about 22%.

Council discussed the proposal to increase employee salaries by 4.6%, which includes 2.6% on Cost of Living and 2% merit.



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Finance Officer Copenhaver handed out an information sheet that provided garbage collection expenses and revenues. He stated that garbage collection is another service provided by the Town that isn't recovering all of its expenses.

Council discussed raising the tax rate by \$0.02 so that it would be a tax deduction for residents, rather than trying to find more fees to increase to balance the budget.

Finance Office Copenhaver said increasing the tax rate by \$0.02 would increase the Town's contingency fund to provide financial stability for the Town. In so doing, it would set funds aside for beach renourishment, the purchase of a fire truck and other capital projects. It could also pay for any unexpected expenses that may arise while building the Ocean Front Park.

Council discussed the funding requests received from Outside Agencies which included requests from the Pleasure Island Chamber of Commerce, the Federal Point Historic Preservation Society, KB Fire Department's Christmas Fantasy Show and Island of Lights.

CONSENSUS Council agreed to propose funding \$8,000 for the Pleasure Island Chamber of Commerce to put on the Summer Concert Series and proposed funding \$3,300 for the KB Fire Department's annual Fantasy Christmas Show.

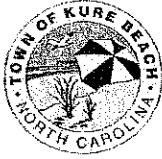
Council discussed the Committee requests made by the following Town committees: Shoreline Access & Parking, Beach Protection, Beautification and Stormwater & Environment.

CONSENSUS Council agreed to propose putting \$7,500 into the Committee budget for use by all of these committees.

Finance Officer Copenhaver reminded Council that they hadn't come to a consensus on the tax rate. He asked if Council wanted to do anything with that.

Commissioner Pagley suggested raising the tax rate by \$0.02 in order to balance the budget, and Commissioner Heglar said he agreed.

Further discussion ensued, and Town Clerk Avery reminded Council that, if Council didn't leave with a balanced budget at the end of today's budget session to present at the May 15th Council meeting, they would need to schedule another session.



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CONSENSUS Council agreed to propose a \$0.02 tax increase, above revenue neutral, as follows: FOR Mayor Pro Tem Keener, Commissioners Swearingen, Commissioner Heglar and Commissioner Pagley; AGAINST, Mayor Lambeth.

Finance Officer Copenhaver handed out an information sheet showing his proposal to increase the monthly rates for water and sewer usage over 3,000 gallons. He put in a 50% overall change to the fees. He said this increase would provide the necessary funds to build reserves for future capital improvements such as the replacement and upgrade of water lines.

CONSENSUS Council agreed to propose increasing the incremental water and sewer rates as follows:

Residential water per each 1,000 gallons over minimum of 3,000 will cost \$1.20 more.

Residential sewer per each 1000 gallons over minimum of 3,000 will cost \$1.55 more.

Commercial water per each 1000 gallons over minimum of 3,000 will cost \$1.85 more.

Commercial sewer per each 1000 gallons over minimum of \$3,000 will cost \$1.90 more.

Out of town water per each 1000 gallons over minimum of \$3,000 will cost \$2.10 more.

Out of town sewer per each 1000 gallons over minimum of \$3,000 will cost \$2.70 more.

Commissioner Heglar said that this might generate people coming back to Council to ask for a separate meter for watering their lawns.

Town Clerk Avery said that residents are still allowed to have separate meters put in at their own expense, but it is expensive.

Finance Officer Copenhaver said that the Storm Water Fund is exactly where it was last year and he didn't see a need to change anything in the upcoming fiscal year.

Commissioner Swearingen asked whose responsibility it is to monitor grants for the Public Works Department, like Clean Water Fund grants and grants for infiltration systems.

Commissioner Heglar said he doesn't know who is responsible, but it is something that should be discussed.

Town Clerk Avery said she isn't actively looking for them, but that she is on a notification list to receive emails about upcoming grants from Grants.gov and Marlow & Company. She said that, in the past, Engineering Services (ES) has written the grants for the Water Department because of the detail that is required. The Town needs to pay them to write the grant.

**GENERAL FUND
POTENTIAL BUDGET CHANGES SINCE 4/12/12 WORKSHOP**

Estimated Revenue as of 4/12/12		\$3,207,949
1) - Increase revenue neutral tax rate by \$0.015 (6.2 %). Adjusted rate = \$0.2565	\$117,086	
2) - Recycling - increase the monthly fee per account from \$4.52 to \$4.88 (inc. of \$0.36 (8%)) to cover the cost of containers at beach accesses (\$6,000) & cover shortfall in recycle costs vs. revenue	<u>\$10,000</u>	
Total Change In Estimated Revenue		<u>\$127,086</u>
Revised Revenue Estimate		<u><u>\$3,335,035</u></u>

Estimated Expenses as of 4/12/12		\$3,289,176
1) - Increase recycling expense - add recycle containers at beach accesses (Adm/Fin)	\$6,000	
2) - Increase amount for Utilities expense (Streets & San.)	\$2,500	
3) - Estimated maintenance costs at the OFP (12/12 to 6/13) (Streets & San.)	\$5,000	
4) - Increase tax collection expense due to increase in tax rate noted above	\$2,000	
5) - Add potential FICA taxes for Parks & Rec instructors resulting from potential change in method of payment	\$1,071	
6) - Miscellaneous reductions from various department budgets	<u>(\$15,000)</u>	
Total Change In Budgeted Expenses		<u>\$1,571</u>
Revised Expenses Estimate		<u><u>\$3,290,747</u></u>

Revised Budget Overage/(Shortage) - This amount will be added to the existing Contingency of \$75,000 to have a revised Contingency of \$119,288. The Contingency can be used for unbudgeted expenditures including beach renourishment.

\$44,288

**TOWN OF KURE BEACH
ANALYSIS OF RECYCLE REVENUE AND EXPENSES
FISCAL YEAR 2012/2013**

Estimated Recycle Revenue 2015 accts x \$4.52 (per month)	\$109,293.60
Estimated Recycle Costs For FY 12/13	<u>\$112,000.00</u>
Shortfall (before beach accesses)	(\$2,706.40)
Estimated Annual Recycle Costs For Containers At Beach Accesses	<u>\$6,000.00</u>
Total Shortfall	<u><u>(\$8,706.40)</u></u>
Monthly Fee Increase Required To Cover Shortfall Before Beach Accesses \$2,706.40 / 2015 accts/ 12 months	\$0.11
Monthly Fee Increase Required To Cover Beach Accesses \$6,000 /2015 accts / 12 months	<u>\$0.25</u>
Total Monthly Recycle Fee Increase (New Monthly Fee = \$4.88)	<u><u>\$0.36</u></u>

TOWN OF DURE BEACH
 PROPERTY TAX RATE INCREASE SCENARIOS
 ADDITIONAL REVENUE GENERATED BY RATE INCREASES
 FY 2012/2013

	TAX RATE INCREASE						
	0.1 Cent	0.5 Cents	1.0 Cents	1.5 Cents	2.0 Cents	2.5 Cents	3.0 Cents
Percentage Increase in Tax Rate	0.41%	2.07%	4.14%	6.21%	8.28%	10.35%	12.42%
Estimated Tax Base	\$796,500,000	\$796,500,000	\$796,500,000	\$796,500,000	\$796,500,000	\$796,500,000	\$796,500,000
Tax Levy Related To Tax Rate Increase	\$7,965	\$39,825	\$79,650	\$119,475	\$159,300	\$199,125	\$238,950
Collection Percentage	98%	98%	98%	98%	98%	98%	98%
Net Increase To Town Revenue	\$7,806	\$39,029	\$78,057	\$117,086	\$156,114	\$195,143	\$234,171
Tax Rate After Increase (\$0.2415 + increase)	\$0.2425	\$0.2465	\$0.2515	\$0.2565	\$0.2615	\$0.2665	\$0.2715
Impact on Household With Home Valued at \$400,000:							
Annual	\$4.00	\$20.00	\$40.00	\$60.00	\$80.00	\$100.00	\$120.00
Monthly	\$0.33	\$1.67	\$3.33	\$5.00	\$6.67	\$8.33	\$10.00

ASSUMPTIONS:

(1) - Revenue neutral tax rate of \$0.2415 is the beginning point. Above increases would be added to the revenue neutral rate.

TOWN OF KURE BEACH
 OUTSIDE AGENCY FUNDING
 ACTUAL AMOUNTS FY 2008 - 2012 AND REQUESTED FOR FY 2013

ORGANIZATION	REQUEST REC'D FY 2013	ACTUAL FY 2012	ACTUAL FY 2011	ACTUAL FY 2010	ACTUAL FY 2009	ACTUAL FY 2008
Pleasure Island Chamber of Commerce (concert series)	\$8,000.00	\$8,000.00	\$8,000.00		\$8,500.00	\$14,000.00
Kate B Hines Center			\$2,950.00		\$500.00	
Federal Point Historic Preservation Society	\$3,000.00		\$3,000.00		\$500.00	\$1,500.00
Federal Point Help Center			\$1,250.00		\$1,250.00	\$750.00
Kure Beach Volunteer Fire Dept (Christmas Show)	\$3,300.00	\$3,300.00	\$3,300.00	\$3,000.00	\$3,000.00	\$1,934.01
Island of Lights (1)	\$1,100.00		\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Kure Beach Parks & Rec				\$500.00		
NC Aquarium					\$1,412.55	\$150.00
TOTAL	\$15,400.00	\$11,300.00	\$20,000.00	\$5,000.00	\$16,662.55	\$19,834.01

(1) - Island of Lights request for FY 2013 also includes \$900 of in-kind (Total request of \$2,000).

**TOWN OF KURE BEACH
FY 2013 BUDGET
COMMITTEE REQUESTS**

COMMITTEE	DESCRIPTION OF REQUEST	AMOUNT
SLAP	Signage, parking bumpers & other miscellaneous items (\$5,000) & 2 ADA beach wheelchairs (\$5,000)	\$10,000.00
Beach Protection	Brochures (\$500) and sea oats (\$1,100)	\$1,600.00
Beautification	Town entrance signs (Dow Rd entrance & south Ft Fisher entrance)	\$3,400.00
Storm Water & Environmental	Dog waste stations	
TOTAL REQUESTED		\$15,000.00

**WATER/SEWER FUND
POTENTIAL BUDGET CHANGES SINCE 4/12/12 WORKSHOP**

Estimated Revenue as of 4/12/12 \$1,461,725

- 1) - Increase incremental rate (rate charged over the monthly minimum) by 50% :
 - Residential Water from \$2.40 to \$3.60/1,000 gal
 - Residential Sewer from \$3.10 to \$4.65/1,000 gal
 - Commercial Water from \$3.70 to \$5.55/1,000 gal
 - Commercial Sewer from \$3.80 to \$5.70/1,000 gal
 - Out of Town Water from \$4.20 to \$4.65/1,000 gal
 - Out of Town Sewer from \$5.40 to \$8.10/1,000 gal

\$240,000

Total Change In Estimated Revenue

\$240,000

Revised Revenue Estimate

\$1,701,725

Estimated Expenses as of 4/12/12

\$1,461,725

- 1) - Increase amount for Utilities expense (W/S Operations)

\$2,500

Total Change In Budgeted Expenses

\$2,500

Revised Expenses Estimate

\$1,464,225

Revised Budget Overage/(Shortage) - This amount will be added to the existing improvement projects/ depreciation reserve of \$44,678 to have a revised improvement projects/depreciation reserve of \$282,178. This can be used for current and/or future infrastructure projects.

\$237,500



Town of Kure Beach

117 Settlers Lane • Kure Beach, NC 28449

(910) 458-8216 • (910) 458-7421 Fax

www.townofkurebeach.org

FOR IMMEDIATE RELEASE

APRIL 26, 2012

FOR MORE INFORMATION, CONTACT:
Dean Lambeth, Mayor, Town of Kure Beach
910-619-2077

TOWN OF KURE BEACH FISCAL YEAR 2012-2013 PROPOSED BUDGET

At the end of the second budget session for fiscal year 2012-2013 budget, Council directed the Finance Officer to present a balanced budget to Council at the May 15th, 2012 meeting.

The proposed budget contains the following impacts to the citizens of Kure Beach.

Tax rate - 2 cent increase over revenue neutral

The proposed budget adopts a tax rate that is 2 cent over the revenue neutral tax rate. The result of the recent property revaluation reduced the overall property value of the Town from \$1,185,560,035 to \$796,500,000 (33% decrease). As a result of the revaluation, a revenue neutral tax rate must be determined. The revenue neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred. The revenue neutral tax rate is \$0.2415 per \$100 of property value. To provide funding for future capital projects as well as potential beach renourishment costs, Council elected to set the tax rate at 2 cents above revenue neutral, which is \$0.2615 per \$100 of value. The current, pre-revaluation tax rate, is \$0.1625.

New Hanover County officials have stated that the county tax rate for the upcoming fiscal year will be the revenue neutral rate of \$0.554 per \$100 of value. Considering the County's revenue neutral rate and our proposed rate of \$0.2615, the overall property taxes for the Town will be approximately \$950,000 less than the current year.

The estimated annual County and Town property taxes on a property revalued to \$400,000 will be \$3,262. This assumes a County revenue neutral tax rate.

Recycling fee increase

The proposed budget adopts a 36 cent (\$.36) per month increase in the recycling fee. This increase is necessary to cover costs associated with providing residential and commercial curbside recycling and to provide recycling containers at the public beach accesses. Containers at public beach accesses will help reduce the stream of recyclable material going into the landfill.

Water and sewer fee increase for above minimum usage

The proposed budget increases the monthly fee for usage above the 3,000 gallon minimum. This does not increase the cost for minimum usage.

Fees would increase as follows:

Residential water per each 1,000 gallons over minimum of 3,000 will cost \$1.20 more.
Residential sewer per each 1000 gallons over minimum of 3,000 will cost \$1.55 more.
Commercial water per each 1000 gallons over minimum of 3,000 will cost \$1.85 more.
Commercial sewer per each 1000 gallons over minimum of \$3,000 will cost \$1.90 more.
Out of town water per each 1000 gallons over minimum of \$3,000 will cost \$2.10 more.
Out of town sewer per each 1000 gallons over minimum of \$3,000 will cost \$2.70 more.

For a residence using 5,000 gallons per month (2000 over minimum), the monthly water/sewer charges will increase from \$48.00 to \$53.50 for a total of \$5.50. (This figure does not include storm water, garbage and recycling fees)

This increase is necessary to build reserves for future capital improvements such as replacement/upgrade of water lines.

Employees

The proposed budget allows a 2.6% cost of living (COLA) adjustment for employees and a 2.0% merit increase for employees based on performance.

The Town maintains the minimum staffing level which is consistently less than other beach towns of the same size. With the increase of number of year round residents and demands in services, the Town staff performs at a high level and keeps costs as low as possible. The Town Council elected to provide both a cost of living adjustment and merit.

Cost of living adjustments run consistent with the Consumer Price Index and Social Security cost of living adjustments.

Governing Body salary

The proposed budget includes compensation to Town Council as follows:

Mayor - \$3,600 annual
Mayor Pro Tem - \$2,700 annual
Commissioners - \$2,400 annual

Council elected to not receive any reimbursement for cell phone expenses.

For the current fiscal year 11-12 budget, Council voted to not receive compensation. The proposed budget re-establishes compensation.

Outside Agency funding

The proposed budget funds the Chamber of Commerce \$8,000 for concerts and funds \$3,300 for the annual Christmas Show.

Public comments

The public hearing to receive comments on the proposed budget is scheduled for Tuesday, June 5th, 2012 at 6:30 pm or soon thereafter. Council will vote to adopt the proposed budget at the June 19th, 2012 regular meeting.

As always, the Town Council welcomes and encourages comments at any time. Should you be unable to attend the public hearing or Council meeting, comments for Council may be provided via email to townclerk@townofkurebeach.org or in writing to Town Council, 117 Settlers Lane, Kure Beach, NC 28449.



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Commissioner Heglar said he felt the Town Clerk should watch the notifications and notify Council of any grants that would be good to apply for. Council could then agree to allocate money from the Contingency Fund to pay a grant writer. He said Town Clerk Avery should ask ES to notify her of upcoming grants for which Council could engage their services to write the grant.

Commissioner Heglar said he'd like to get ahead of inquiries from the media and have the Town Clerk and the Finance Officer get together and write a press release that lays out Council's concept of the budget

Commissioner Swearingen said it was important to include in the letter why Council wants to increase taxes and fees.

CONSENSUS Council directed Town Clerk Avery and Finance Officer Copenhaver to write a press release to be approved by Council.

Council discussed compensation and cell phone usage for the Governing Body budget.

CONSENSUS Council agreed to reestablish Council compensation and take out cell phone reimbursement from the Governing Body budget.

Town Clerk Avery asked Council if they were opposed to her buying I-Pads for them to use at Council meetings to view their agendas and complete other tasks.

Commissioner Heglar said Council should consider doing that, but he doesn't want them purchased until Council approves the expense.

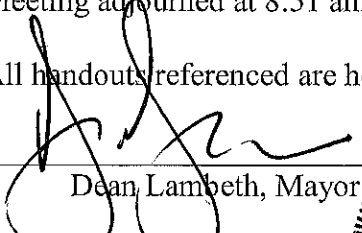
MOTION – Commissioner Heglar made the motion to adjourn.

SECOND – Commissioner Pagley

VOTE – Unanimous

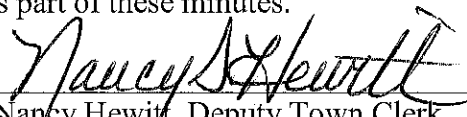
Meeting adjourned at 8:51 am

All handouts referenced are herein incorporated as part of these minutes.



Dean Lambeth, Mayor





Nancy Hewitt, 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. Persons wishing to hear the recording of this meeting may request to do so by contacting the Town Clerk.