



TOWN COUNCIL MINUTES

PUBLIC HEARING

June 5, 2012@ 6:00 pm or soon thereafter

Fiscal Year 2012-2013 PROPOSED BUDGET

The Kure Beach Town Council held a public hearing on Tuesday, June 5, 2012 at 6:00 pm for the purpose of receiving public comments on the proposed Fiscal Year 2012-2013 (FY 12-13) budget. Town 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	Emilie Swearingen
Commissioner	David Heglar
Commissioner	Steve Pagley

STAFF PRESENT

Finance Officer	Arlen Copenhaver
Fire Chief	Harold Heglar
Town Clerk	Nancy Avery
Deputy Town Clerk	Nancy Hewitt

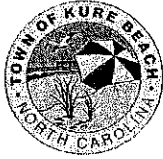
CALL TO ORDER AND OPENING OF PUBLIC HEARING

Mayor Lambeth called the public hearing to order at 6:00 pm stating the purpose of the hearing is to receive public comments on the proposed FY 12-13 budget as follows:

General Fund	\$3,374,374
Water/Sewer Fund	\$1,701,725
Storm water Fund	\$ 232,750
Sewer Expansion Rsv Fund	\$ 10,000
<u>Powell Bill Fund</u>	<u>\$ 60,000</u>
TOTAL All Funds	\$5,378,849

Finance Officer Copenhaver reviewed the highlights of the budget, as follows:

- Tax rate of 26.15 cents per \$100 of value. This rate is 2 cents greater than the revenue-neutral tax rate resulting from the January 2012 property revaluation. For a home valued at \$400,000, annual increase will be \$80.
- 36 cents per month increase for residential and commercial recycle rates. Rate increase to cover operating costs of curbside pickup and recycling containers at public beach accesses.
- Increases to the water and sewer charges for usage above the 3,000 gallons per month minimum (per 100 gallons over the minimum):



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- Residential Water – 12 cents
- Residential Sewer – 15.5 cents
- Commercial Water – 18.5 cents
- Commercial Sewer – 19 cents
- Out of Town Water – 21 cents
- Out of Town Sewer – 27 cents

Monthly minimum remains unchanged. Rate increases are needed for future infrastructure improvements.

- Average 2% merit increase for employees performing above expectations. 2.6% employee cost of living adjustment consistent with the Consumer Price Index and Social Security adjustments.
- Reinstatement of Town Council compensation and continue to forego cell phone allowance.
- Contingency for potential beach renourishment costs and down payment for future fire truck replacement. Fire truck replacement maintains the Town's existing fire rating resulting in significantly lower homeowner's insurance rates for property owners.

PUBLIC COMMENTS

1. Charlie Allo, 954 S. Fort Fisher Boulevard, Kure Beach

- He asked Council to take care in how it moves forward and not pursue or accept grants unless it benefits the Town and doesn't include additional costs to the Town to matching grant funds. In future, grants should be accepted only if they reduce Town costs.
- He cautioned Council on spending money on studies that they don't use. He said the Town should have five Land Use Plans on file, covering data over a period of 25-30 years that should be used.
- He asked Council to define what the real reason for the vehicle decals is. He thought it used to determine if people were members of the community and asked about the fees and penalties associated with it.
- He is concerned about the rental and deposit fees for renting the Community Center. He asked why residents didn't get a break and had to pay as much as a non-resident or commercial entity.
- He is concerned that all businesses have to pay the same amount for garbage collection, using the example of garbage generated from a real estate office versus garbage generated from a restaurant. He said he knows it is impossible to break up the charge by poundage but thinks it is inequitable how garbage collection is calculated for commercial properties.

2. Ron Griffin, 841 Sloop Pointe Lane, Kure Beach

- He has been a resident of Kure Beach for over 16 years.



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- Years ago, he served on the KB Community Center (CC) Committee. One of his duties was to prepare the budget and present it to Council. One of the sources of revenue for the CC was rental fees. At that time, there was a graduated fee schedule where residents paid the least rent and non-residents & commercial entities paid the most rent.
 - The rental rate was \$10 per hour for residents at the time he served and he said he doesn't recall a stampede of residents coming to rent the facility for that amount, but the opportunity was there. He said he heard that the rate had been increased another time to \$20, but felt that was a fair price.
 - The CC Committee chairperson at that time, Frances Regan, said there were two objectives in renting the facility: 1) to bring in a reasonable amount of revenue annually to help counterbalance the expenditures, and 2) to provide a break for the residents who wanted to rent the center for their private function.
 - He state he recently wanted to rent the facility for a six hour period and was told that the rental is now up to \$100 per hour.
 - He said he heard one of the reasons the CC Committee changed the rental rate was because a resident started renting the facility on behalf of non-residents using the resident rental fee. He feels that increasing the rental rate because of this is punishing the residents for something that another resident did, which he feels isn't fair. He feels the solution would have been to tell the people that violated the "rules" that they would no longer be allowed to rent the facility.
 - He asked Council to correct this "injustice" and drop the rate for residents wanting to rent the center to a fee of \$20 or something less than it is now.
3. Ronnie Pernell, 109 S. Fifth Avenue, Kure Beach
- He said he was concerned about the water and sewer rates for businesses. He said his hotel water fees are 18% more and his sewer fees are 35% more than his residential water fees.
 - He asked for Council's reasoning behind the difference in rates for residents as compared to businesses.
 - He said businesses are beginning to get huge bills and feels they are paying a lot more than they should have to.
 - He asked Council to take a look at the difference between residential and commercial water and sewer rates and consider narrowing the gap.

Commissioner Heglar said that Mr. Pernell makes money from his hotel guests to pay for the water, whereas residents use it to live. He said one of the reasons for increasing the rates is to encourage people to use less water. That's why Council didn't change the minimum rate.



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CLOSING OF PUBLIC HEARING

As no one else indicated their intent to speak, the Mayor closed the hearing at 6:27 pm.

COUNCIL DISCUSSION OF PROPOSED BUDGET

Commissioner Heglar mentioned an email that Council received from a resident that questioned the tax rate, employee raises and debt service, among other things. He was going to respond to her but wanted to talk to members of Council first. He said his plan was to explain to her how the tax increase would affect her. He would also tell her that the average increase to government employees throughout North Carolina was 1.9% for 2012, not 0% as she stated in her email. He would tell her that the debt service needs to be paid and nothing can be done about that since the Town has debts. He asked Council if it was okay for him to respond to her email.

Mayor Lambeth said he was planning on responding to her email, as well, and they could discuss what to say after the meeting.

Mayor Lambeth said that there are plans for the County to increase its tipping fees for garbage to \$93 per ton. He asked Council where that would leave the Town, financially. He also said that the Governor included beach renourishment in her budget, but that State Legislators didn't include it in theirs. Council needs to pursue the legislators to approve renourishment or the Town will need to come up with \$1.4 million to pay for it.

Commissioner Pagley said that he thought the increase to the contingency fund was for beach renourishment. He also thought it was only for renourishment and not also for the fire truck.

Commissioner Heglar said the contingency fund will be used where it is needed and he doesn't propose to change the budget since Council isn't sure for a fact that beach renourishment will not be paid for by the State.

Mayor Lambeth asked Mayor Pro Tem Keener to share the details about the KB Community Center rate.

Mayor Pro Tem Keener said that there were too many people in town who would book the center for relatives from out of town for their family events. That's why the committee made the decision to go to the same rate for everyone. As far as the fee amount, the CC Committee researched and found that they were requiring a lot less for rent than surrounding centers. He said that, even with the rent amount increase, they are still receiving a lot of bookings. The committee will hold a training meeting on how to book events allowing alcohol and will start accepting those bookings by July 1, 2012.



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Commissioner Heglar said he agreed with Mr. Griffin that the people who abused the system should have been called out.

Commissioner Swearingen said that when people have to spend \$600 to rent the facility for six hours for a birthday party, they can rent the largest room at the Marriott for the same amount.

Mayor Lambeth suggested there could be a senior citizen rate or some other compromise.

Commissioner Heglar said Council should give the feedback to the CC Committee and ask them to recommend what to do. He would like to have the split rate restored.

Discussion ensued about Water and Sewer rates from Carolina Beach.

Town Clerk Avery said that the information she received from the Town of Carolina Beach contains the rates from Fiscal Year 2010-2011.

Finance Officer Copenhaver said that Carolina Beach adjusts the rates for this year based on last Fiscal Year's audit. Right now they are in the "truing up" process to adjust what this year's rates should be.

Town Clerk Avery said that there is no proposed increase and that Finance Officer Copenhaver has some questions for Carolina Beach.

Finance Officer Copenhaver said that although there's no rate increase, the variable rate went up. So it is going to cost the Town more because of the variable rate increase.

Commissioner Pagley asked if Town employees got pay rate increases last year.

Finance Officer Copenhaver said there was a 2% merit increase last year and the last Cost of Living Allocation (COLA) was in 2008.

Commissioner Pagley then asked if all employees received the full 2% merit increase.

Finance Officer Copenhaver said that everyone got something last year, but not necessarily a 2% increase. He explained how there was a 2% merit pool given to each department, and the department head could allocate the merit raise to their employees at their own discretion.

Town Clerk Avery said that it was possible for some employees to have received more than 2% merit, but that meant others didn't get the full 2%. She stated that every employee receives the same amount of COLA. She added that department heads are included in the



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same merit pool as regular employees. Last year, department heads tended to give most everyone the same merit increase rather than give one employee 5% and another employee nothing.

Mayor Pro Tem Keener said he remembered talking to some department heads last year who said they didn't take a merit increase at all for themselves so that they could spread the raise among their employees. He asked if, during department head evaluations, Council should give 2% automatically or if they should recommend what merit increase the department head should get.

Town Clerk Avery said that is up to Council what they do about that. Last year, if Council dictated it, the department head got 2%. She asked Council to not put department heads in the position of having to decide whether they should give themselves a merit increase or not.

After discussion ended, Commissioner Pagley said he would still have some questions on the issue.

Mayor Lambeth asked if anyone else had something to say and no one responded.

ADJOURNMENT

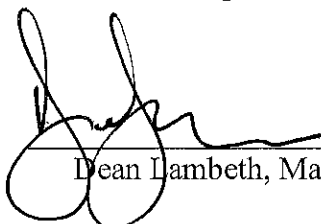
MOTION – Commissioner Heglar made the motion to adjourn

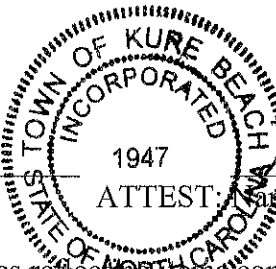
SECOND – Commissioner Pagley

VOTE - Unanimous

Meeting adjourned at 6:43 pm.

Council will consider adoption of the FY 12-13 budget at its June 19, 2012 regular meeting to be held at 6:30 pm.


Dean Lambeth, Mayor




ATTEST: 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