



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

The Kure Beach Town Council held a Fiscal Year (FY) 14-15 Budget Work Session on Thursday, April 10, 2014 at 8:00 a.m. A quorum of Council was present. The Town Attorney was absent during the first part of the meeting, arriving at 10:00 a.m.

COUNCIL MEMBERS PRESENT

Mayor Dean Lambeth
Commissioner Emilie Swearingen
Commissioner David Heglar
Commissioner Steve Pagley

COUNCIL MEMBERS ABSENT

Mayor Pro Tem Craig Bloszinsky

STAFF PRESENT

Finance Officer – Arlen Copenhaver
Town Clerk – Nancy Avery
Building Inspector – John Batson
Police Chief – Dennis Cooper
Fire Chief – Harold Heglar
Fire and Ocean Rescue Captain – Ed Kennedy
Deputy Town Clerk – Nancy Hewitt

STAFF ABSENT

Public Works Director – Sonny Beeker

CALL TO ORDER AND WELCOME

Mayor Lambeth called the meeting to order at 8 a.m. and asked that Mayor Pro Tem Bloszinsky be excused from the meeting, as he was unable to attend.

MOTION – Commissioner Swearingen made the motion to excuse Mayor Pro Tem Bloszinsky from the meeting.

SECOND – Commissioner Heglar

UNANIMOUS – Unanimous

At the Mayor's request, Commissioner Swearingen gave an update on the state of beach renourishment. She said that the Army Corps of Engineers (USACE) has over \$7.4 Million for beach renourishment of which Kure Beach will get \$5.4 Million and Carolina Beach will get \$2.2 Million. USACE has proposed that Carolina Beach (CB) do another beach renourishment this fall, in case they don't get their extension; and then, depending on how much money is left over, they will renourish certain remaining areas on the island by December 2014. She reported that, at the Port, Waterway and Beach Commission meeting held yesterday, Layton Bedsole presented four scenarios for beach renourishment. She said that NC State has around \$250,000 for Kure Beach and \$727,000 for Carolina Beach, which could be used if beach renourishment is done this fall, or the State said they could hold the money until 2016; but she worries the money won't be there after that amount of time. She said Mr. Bedsole is putting together a spreadsheet on the ROT that spans to Year 2054 and is also writing up the four scenarios to give to Council



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

to help them make a decision on the course of action, including local, state and Federal funding figures. She said that CB Commissioner Shuttleworth said that the County isn't putting in one penny into beach renourishment, and she thinks it is about time that they contribute. She said Council needs to let Mr. Bedsole know if they want to go to a 4-year cycle of renourishment, or stick with the 3-year cycle, and USACE needs Council's decision on its renourishment wishes, as soon as possible. She asked Council members to be ready to make that decision at next week's Council meeting, if an emergency meeting isn't needed before then.

Mayor Lambeth said that the beach town mayors are meeting today with Kim Hufham from the Tourism Development Authority to talk about taking 50% of the last 1.5% of ROT funds for beach renourishment, rather than taking 100% of it.

PRESENTATION OF FIRST DRAFT OF FY14-15 BUDGET

1. STATUS OF FY13-14 COUNCIL GOALS AND FY14-15 COUNCIL GOALS

Finance Officer Copenhagen gave everyone the status of the FY13-14 Council goals, as follows: the first five goals have been completed; in progress are "develop a long-term plan for beach renourishment" and "review opportunities for dune infiltration systems;" and the final goal regarding Police Department video surveillance was deemed by the Police Chief to be cost prohibitive. He proceeded to review the FY14-15 Council goals set at the Council retreat in January.

2. BUDGET SUMMARY BY FUND/DEPARTMENT AND ASSUMPTIONS

Finance Officer Copenhagen presented the overall FY14-15 Budget Summary by Fund and the General Fund Budget Summary by Department, comparing FY14 to FY15. He said the assumptions he used to create the proposed budget were, as follows:

- No changes in services (including levels of service).
- No increase in the tax rate.
- Maximum amount for the general fund contingency (5% of appropriations).
- Include a transfer from the General Fund to the Beach Protection Fund.
- Ocean Front Park litigation to be completed before FY15.
- Employee salary increases of 1.5% for Cost Of Living Allocation (COLA) and 3.5% for merit.

The Finance Officer concluded the first part of his presentation by stating that, after including all of the requests for funding made by outside agencies, Town committees and departments, he was able to balance the budget, as proposed.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

BUDGET REVIEW

1. POLICE DEPARTMENT

Police Chief Cooper said the only significant request he put in his FY14-15 budget is for two police vehicles. He said he had an overall increase of 3% in personnel-related costs. He said he lost two key members of his staff this year: a supervisor and his investigator, so he is restructuring his staff to compensate and has also hired two rookies. He said that training and building maintenance increased and operating expenses decreased.

Finance Officer Copenhaver said he used 12% to calculate the increase in employee health insurance and the State Health Plan switched this year from running per fiscal year to running per calendar year, so the current rate runs until December 31, 2014.

Commissioner Heglar said he'd like Council to meet with all Department Heads who are planning to retire in the next five years to go over their plans to turn over their departments.

Commissioner Swearingen asked the Finance Officer to look at department head salaries from other towns to compare with the Town's salaries so Council can adjust what it plans to offer incoming department heads in order to offer a comparable salary rate. She proceeded to recommend that Council to consider promoting Finance Officer Copenhaver to Department Head status beginning July 1, 2014.

Commissioner Heglar said he would like Mayor Pro Tem Bloszinsky involved in that discussion and suggested Council bring it up during closed session at next week's Council meeting.

2. FIRE DEPARTMENT AND LIFEGUARDS

Fire Captain Kennedy said that the overall increase to the department's personnel-related costs is 6.6%, and other changes include an increase in training, capital outlay equipment to replace the hose in one of the fire trucks, computer-related expenses and the estimated cost of the proposed Live-in Program. He handed Council information on the program showing the national average cost for this program is \$21,600; including \$1,000/year in tuition assistance. He said that \$15,000 has been included in the proposed budget for the program. He suggested four possible actions Council could take, as follows:

- 1) Wait to find a house to rent for \$800 per month, or less, for an overall annual cost of \$13,800; or
- 2) Find a house for an average of \$1,200 per month to start 7/1/14, for an overall annual cost of \$18,600; or
- 3) Wait until the FY15-16 to the start program, expecting to pay about \$1,200 per month in rental; or
- 4) Table the program until further notice.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

Fire Chief Heglar said it will cost \$4,500 to fix the concrete floor that is cracked where the fire truck parks and he'd like it fixed before the new fiscal year.

Commissioner Heglar asked Captain Kennedy to provide the rules and regulations for the program, as well as a proposed formal agreement, before Council moves forward with it. He said to leave the \$15,000 in the budget, for now, and Council can decide after reviewing the information whether to pursue the program or table it.

Captain Kennedy stated there is a 10% increase in personnel-related costs for the lifeguards, and an increase in supplies for an additional lifeguard tower which would be stationed between Tower 1 and the Kure Beach side of the pipe near Alabama Avenue. He said this is where the majority of their rescues and missing children occur.

3. BUILDING INSPECTIONS

Inspector Batson said he increased employee-related expenses, including \$3,000 to provide health insurance to his part-time employee. He said he would like to get a full-time employee within the next five years, since flood insurance regulations are increasing his department's workload, but, he will wait until his part-time assistant is ready to retire before doing so.

4. PUBLIC WORKS DEPARTMENT

Due to Public Works Director Beeker's absence, Finance Officer Copenhaver briefly reviewed the Public Works budget.

Streets and Sanitation

Finance Officer Copenhaver said there was a decrease in capital outlay for improvements and minor equipment, and an increase in truck maintenance. He said there was also an increase of 8% in personnel-related costs to allow for salary adjustments, different than the 5% COLA/Merit increase being proposed in the budget assumptions. He said that Director Beeker would like to give his employees an average raise of 6%.

Commissioner Heglar said he would like Director Beeker to review his request with Council so that they understand his salary increase request.

Water/Sewer Operations

Finance Officer Copenhaver said personnel-related costs/training increased by 9.6%. He said that other changes include increases in equipment/building maintenance, supplies/materials, minor equipment, computer-related costs and capital outlay for equipment, which includes a sewer/storm water vacuum truck (to be split between Water/Sewer and Storm Water). He said decreases include water/sewer tests, CB treatment charges, which dropped by \$35,000, and capital outlay for improvements.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

Stormwater Operations

Finance Officer Copenhaver said that there is a 6% increase in personnel-related costs, as well as an increase in supplies, engineering and capital outlay for equipment, which includes the vacuum truck. He said there is a decrease in capital outlay for improvements.

Mayor Lambeth asked if that would provide enough money to do storm water improvement for KB Village, to which the Finance Officer said he's not sure if Director Beeker was planning to do that in the upcoming year.

Commissioner Heglar said Council would like Director Beeker to let them know about that at the next budget work session.

Commissioner Swearingen said that there is State money available for storm water projects at 0% interest, and the application process takes place in April and September.

5. ADMINISTRATION AND FINANCE (A&F)

General

Town Clerk Avery said she moved the salary for the Recreation staff out from under the A&F budget into the Parks and Recreation (P&R) budget. She said that helped reduce the General Fund by 11.1%. She said decreases were also in audit-related fees, retiree medical costs, unemployment charges and boardwalk fish expense. She told Council there's a gap of \$6,500 annually in recycling fees, a good part of which is because of the additional recycling bins provided throughout the Town, so she didn't recommend passing the expense to the citizens. She said the Town had an increase in its property liability insurance, relating mostly to workers compensation.

Discussion ensued about the Town's liability for playground equipment to which Mayor Lambeth added that it was his understanding that Public Works was responsible for keeping track of the shape of the playground equipment in the parks.

Town Clerk Avery said that information is never requested by the Town's liability insurance company, although the Town would be liable if someone was hurt on playground equipment that wasn't maintained properly.

Commissioner Heglar asked that Director Beeker let Council know what records he keeps on maintaining the playground equipment, in case a liability issue ever arises.

Water/Sewer

The Town Clerk said there were increases in retiree medical costs, property liability and computer-related costs, including the COLA/Merit increase, and a decrease in audit costs. She



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

concluded by saying that, even with the proposed COLA/Merit increase of 5%, the A&F budget is pretty much the same as last year.

6. PARKS AND RECREATION (P&R)

Town Clerk Avery said that, because she moved the Recreation personnel under the P&R budget, it increased 84%. She said she also added \$3,000 to the budget for temporary personnel since the P&R Board is adding more events to this summer's event and entertainment line-up, and the current staff will need assistance. She said that the Street Festival Committee no longer has a chairperson, and three members of the committee she spoke with don't have any interest in running the festival.

Commissioner Swearingen commended the Events Marketing Coordinator, Nikki Keely, stating she fits right in with the Town and works very hard, over and above what she was hired to do.

Town Clerk Avery reviewed event expenses that the P&R Board has planned and said she is concerned that they have only planned adult-oriented events. She said the Town has contracted to do Storytime In The Park again, but the vendor has doubled her price from last year. She said that it will cost the Town \$24,000 for concerts/performances and \$2,700 for Storytime, compared to the \$20,000 overall cost last year.

Chief Cooper said he would like the P&R Board to understand what the Town's ordinances are concerning alcohol on Town property because his department will not tolerate anyone violating the ordinance. He said he also isn't sure how well he will be able to staff the Sunday concerts for patrolling and traffic control, so he needs everyone's cooperation.

Town Clerk Avery said that she has talked with them about the ordinance, and even put a stipulation in the band contract that says they are not to be drinking alcohol, or going to get alcohol during their break, when they are being paid by the Town to perform.

Mayor Lambeth called for a break at 9:50 a.m.

Mayor Lambeth called the meeting back to order at 10:00 a.m.

7. GOVERNING BODY

Town Clerk Avery reported that there was no change to the budget and a salary increase for Council was not considered in the assumptions. She said that she accounted for Council computers to be used during meetings in her A&F budget, and she will put the topic on the May Council agenda. She noted that CB inlet dredging was budgeted in Governmental Relations.

Finance Officer Copenhaver said he put all of the Outside Agency Requests that he received in the proposed budget, without change.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

Commissioner Heglar said that Council should also put a placeholder of \$2,000 for the Katie B. Hines Senior Center and \$1,000 for the Federal Point Help Center, in case they come in late with their requests for funding.

To account for the additional \$3,000, Mayor Lambeth suggested reducing Federal Point Historic Society's request by \$2,000, and Commissioner Swearingen suggested reducing Friends of Fort Fisher's request by \$1,000, since TDA marketing funds will most probably help advertise the Historic Site's 150th battle anniversary. She said that the Marketing Committee is supposed to discuss the budget at their April meeting and she will let Council know if money was earmarked to advertise the anniversary.

Commissioner Heglar said he would like to have that information at the next budget work session to finalize the agency requests.

8. EMERGENCY MANAGEMENT, ELECTIONS AND LEGAL

Commissioner Heglar confirmed that the Emergency Management budget won't change.

Town Clerk Avery said that there will be no local elections this year, so no money was needed in the budget for it. She said that the legal budget for this year was decreased, based on the assumption that there will be no more legal expenses for the Ocean Front Park and there is no increase in pay for the Town attorney.

9. COMMUNITY CENTER

Finance Officer Copenhaver said that additional funding to make the restrooms ADA-compliant was added to the budget and he decreased the revenue for the center since the committee isn't having as many activities this year.

10. COMMITTEES

Finance Officer Copenhaver said he received a request from the Shoreline Access, Beach Protection and Parking Committee, asking for \$10,500 for sea oats, brochures, a parking study and necessities to make the corral a parking lot. Comment was made by some that their request could be reduced to \$7,500. The Finance Officer said that the Stormwater and Environmental Committee didn't submit any requests for funding this year.

11. DEBT SERVICE

Finance Officer Copenhaver said that this increased because of two loans added during FY13-14: one for a police vehicle and one for the downtown project.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

12. GENERAL FUND CONTINGENCY

Finance Officer Copenhaver said that five percent of appropriations is the maximum allowable amount. He said if Council makes any changes to the budget, then there will need to be some rebalancing of this item.

13. TAX COLLECTION

Finance Officer Copenhaver explained that there is an anticipated increase of \$2,000 in expenses and elaborated on its relation to the Tag and Tax Together Program.

REVENUE

1. GENERAL FUND

Finance Officer Copenhaver estimated that revenues in the FY14-15 will see an increase in the areas of property taxes due to property valuations, sales tax, TDA, garbage and recycle fees, building-related fees, privilege licenses and communication tower rent. Estimated decreases will be in the areas of franchise and utility taxes, ABC revenue, vehicle decals, Community Center/Parks and Recreation/Street Festival and other financing sources. No funds were input under grants and appropriate fund balance which decreased those items from last FY.

Commissioner Swearingen asked if the Town was going to apply for any grants to do special programs, to which the Town Clerk responded that the Shoreline Access, Beach Protection and Parking Committee is going to apply for a CAMA grant.

2. WATER/SEWER FUND

Finance Officer Copenhaver said that there is an increase in water and sewer tap fees because of an upward trend in building related activities. He said that Other Financing includes financing for the sewer/storm water vacuum machine. Decreases are in water charges, sewer charges, other revenues/fees and interest income.

After being asked by Mayor Lambeth about it, the Finance Officer said he didn't budget for any revenue from the Sandman Drive properties because Council hasn't decided what they are going to do, yet.

3. STORM WATER FUND

Finance Officer Copenhaver said that a minimal increase in the revenue is mostly due to an increase in storm water charges and building fees.

The Finance Officer quickly reviewed the status of other funds: Powell Bill, Asset Forfeiture, Appropriate Fund Balance and SERF.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

DISCUSSION

Commissioner Heglar said, besides hearing what Public Works Director Beeker has to say about his budget requests, Council needs to address the following items at their next budget work session:

- Need Marketing Committee budget to make a decision about the funding request from the Friends of Fort Fisher.
- Consider reducing Shoreline Access, Beach Protection and Parking Committee's budget request for \$10,500.
- Need more detailed explanation and documentation from staff about the COLA/Merit increase request.
- Need to see Director Beeker's documentation on playground equipment maintenance for liability insurance.

Town Clerk Avery asked Council if they think it is unreasonable to ask for 1.5% COLA and 3.5% Merit, when the Finance Officer has presented them with a balanced budget that includes all requests and no requests for additional staffing.

Commissioner Heglar said he doesn't think it is unreasonable, but he wants to look at the data in case it shows large differences, either too much or too little, compared to other towns' requests. He said Council wants to signal to its employees that they should want to stay attached to Kure Beach, but they also want to justify their decisions on salary increases to the Town people who are paying the bills. He said he would like to see data from similar towns on their trends for increases over the last few years.

Commissioner Swearingen said she wasn't concerned about the increases as much as she was concerned about how the salaries for Kure Beach employees compare with the salaries of other towns.

The Town Clerk said she feels like staff gets mixed signals from Council when they start out by saying they want to encourage staff to stay with the Town because they're appreciated, but then Council seems to want to nickel and dime them on their salary increases. She said that actually happened last year over the proposed increase which was lowered, even when the Finance Officer presented them with proper data to show the increase was reasonable. She said it's hard to go back to staff and tell them how much they're appreciated when someone making \$28,000 gets a \$300 increase for the entire year. She said that's not looking to the employee like appreciation.

Commissioner Heglar said that whenever he was on Council, he approved higher increases than other towns gave their employees.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

Finance Officer Copenhaver read Council what he gave them during last year's work session, as follows:

- Over the past six years, from 2008 to 2013, the Town averaged a COLA increase of 1.4%, whereas other towns averaged 2.7% on COLA.
- Over the past six years, from 2008 to 2013, the Town averaged a Merit increase of 2.2%, whereas other towns averaged 2.7%.
- Over the past three years, from 2010 to 2013, the Town averaged 2.6% COLA increase, compared to other towns at 2.7%; and the Town averaged 2% Merit increase, compared to other towns at 3%.
- He listed the beach towns he used in his data: Atlantic Beach, Emerald Isle, Kitty Hawk, Holden Beach, Bald Head Island, Ocean Isle, Sunset Beach, Topsail Beach and Wrightsville Beach.

Commissioner Swearingen asked the Finance Officer to calculate an average of how much lower Kure Beach employees' salaries are compared to other, comparable towns. She said, if other towns average higher salaries than Kure Beach, this information will help Council know how to plan salary increases to become comparable with other towns.

Commissioner Heglar said the averages should be derived from the information provided from towns that are a similar size as Kure Beach.

Town Clerk Avery said she feels that Council shouldn't consider the size of the town, as much as the size of the town's staff compared to the size of the town.

OTHER BUSINESS

Building Inspector Batson handed Council information on a proposal to move beach sand to the 600 to 1000 block of North Fort Fisher Boulevard, to fix the dunes stating that he has the CAMA permit and needs Council's blessing to proceed with the work; he will have the Town attorney review the contract.

Commissioner Swearingen said she wanted Council to send a clear message to everybody that Council isn't going to do this every time there is a Nor'easter.

Mayor Lambeth commented that the dune line at this area keeps growing and being pushed out toward the beach. He said, if they want more beach, they need to knock the dunes down a little bit.

Commissioner Heglar said that, as Emergency Manager, he doesn't know that Council would ever want to agree to knock down a dune.



TOWN COUNCIL MINUTES

FY14-15 BUDGET WORK SESSION #1

APRIL 10, 2014

Commissioner Swearingen suggested Council determine the areas where sea oats should be planted, especially if they're being planted where there is already plenty of dune, to which Inspector Batson said that sea oats are usually planted on the southern part of the beach strand, not in the beach area being discussed.

MOTION – Commissioner Heglar made the motion to approve a one-time “sand moving” on the beach to fix the dunes at the area between the 600 to 1000 block of North Fort Fisher Boulevard, with no precedent-setting expectations, per the drawing provided by the Building Inspector.

SECOND – Commissioner Swearingen

VOTE – Unanimous


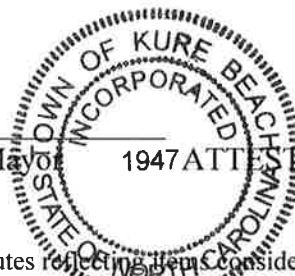

ADJOURNMENT

MOTION – Commissioner Heglar made the motion to adjourn.

SECOND – Commissioner Swearingen

VOTE – Unanimous

The meeting adjourned at 10:55 a.m.

Dean Lambeth, Mayor 1947 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.