



TOWN COUNCIL AGENDA

REGULAR MEETING

May 17, 2016 @ 6:30 p.m.

***Asterisks indicate documentation is included in agenda packet**

CALL TO ORDER – Mayor Pro Tem (MPT) Bloszinsky

INVOCATION & PLEDGE OF ALLEGIANCE – Pastor Cathy Chester, Carolina Coastal Vineyard Church

VOTE TO EXCUSE MAYOR SWEARINGEN FROM MEETING

***OPENING AND PURPOSE OF PUBLIC HEARING – MPT Bloszinsky**

The purpose of the hearing is to receive comments on two optional draft proposals to amend Chapter 19 Zoning as follows:

OPTION 1: Prohibit container homes by 1) amending Section 19-1 Definitions, for “Building,” 2) adding a definition for “Container,” and 3) amending Section 19-79.5 to add the use of containers as buildings to the list of prohibited uses.

OPTION 2: Regulate container homes by 1) amending Section 19-1 Definitions, for “Building,” 2) adding a definition for “Container,” 3) adding a definition for “Dwelling, Container,” 4) removing Section 19-78, 5) amending Section 19-79.5 to add “Containers as buildings for any use other than as container dwellings” to the list of prohibited uses, and 6) amending Section 19-177 to insert “Container dwellings” as item 3 to permit “Container dwellings” in the RA-2T district.

Notice of the public hearing was posted at Town Hall and on the town’s website on April 25, 2016, and was published in the Island Gazette on May 4 and 11, 2016.

PUBLIC COMMENTS (sign in at podium, if you wish to make comments)

1. *Pat Triplett, 102 Leeward Court – Letter

CLOSING OF PUBLIC HEARING – MPT Bloszinsky

AWARDS & RECOGNITION (MPT Bloszinsky)

1. *Presentation of Certificate of Appreciation to Tony Gonsalves
2. *Presentation of Certificate of Appreciation to Denyse Fredrickson, Island Women
3. *Presentation of Certificate of Appreciation to the Wilmington Regional Association of Realtors (Ea Ruth)

APPROVAL OF CONSENT AGENDA ITEMS

1. *Adopt Proclamation P16-01, declaring May 21-27, 2016 National Safe Boating Week
2. *Accept Tony Gonsalves’ and Linda Cheshire’s resignations from the Shoreline Access, Beach Protection and Parking Committee.



TOWN COUNCIL AGENDA

REGULAR MEETING

May 17, 2016 @ 6:30 p.m.

3. *Building Inspections Report – April 2016
4. *YTD Finance Report
5. Minutes:
 - *April 13, 2016, budget work session
 - *April 19/21, 2016, public hearing & regular meeting
 - *April 22, 2016, budget work session

ADOPTION OF THE AGENDA

DISCUSSION AND CONSIDERATION OF PRESENTATIONS TO COUNCIL

1. Mike Cramer, Cape Fear Sale & Power Squadron for National Safe Boating Week
 - a. *MPT Bloszinsky to read Proclamation P16-01, declaring May 21-27, 2016 National Safe Boating Week

DISCUSSION AND CONSIDERATION OF PERSONS TO ADDRESS COUNCIL

Sign up at podium (3-minute limit)

DISCUSSION AND CONSIDERATION OF COMMITTEE BUSINESS

1. Board of Adjustment
2. Community Center Committee
3. Marketing Committee
4. Parks & Recreation Advisory Board
5. Planning & Zoning Commission
6. Shoreline Access, Beach Protection and Parking Committee
7. Non-town Committee Reports

DISCUSSION AND CONSIDERATION OF DEPARTMENT HEAD BUSINESS

1. Administration and Recreation (Avery)
 - a. Request consideration of holding a special meeting at Town Hall on Tuesday, June 21st at 2:00 p.m., preceding the regular council meeting, for the purpose of holding a closed session per G.S. 143-318.11.(a)(6) to perform department head evaluations
 - b. Request consideration of holding a special meeting at Town Hall on Thursday, June 9th at 6:45 p.m., or immediately after the public hearing on the budget, for the purpose of holding a closed session per G.S. 143-318.11.(a)(6) to discuss personnel and holding an open session to review proposed amendments to the Personnel Policy
2. Finance Department (Copenhaver)
 - a. *Presentation of budget message, draft FY16-17 budget ordinance and fee schedule, with direction to Town Clerk to advertise for budget public hearing and budget inspection
3. Building Department



TOWN COUNCIL AGENDA

REGULAR MEETING

May 17, 2016 @ 6:30 p.m.

4. Fire Department
5. Police Department
6. Public Works Department

DISCUSSION AND CONSIDERATION OF OLD BUSINESS

1. *Chapter 19 Zoning Ordinance regarding Container Dwellings (Whitley)
2. Update on ATVs on beach strand for handicapped (Dugan)
3. *Resolution R16-09 for E Avenue beach access parking lot CAMA grant to pave parking area and add solar lighting with a cash match of \$11,257 from FY17-18 budget (Avery)
4. *Resolution R16-10 for I Avenue beach access parking lot CAMA grant to pave parking area and add solar lighting with a cash match of \$14,121 from FY17-18 budget (Avery)
5. *Southern Grantworks MOU for work on final CAMA grant applications for paving E and I Avenue beach access parking lots for approximately 26.5 hours at \$75 per hour, not to exceed \$2,000; to be charged to the Committee line item 10-412 (Avery)

DISCUSSION AND CONSIDERATION OF NEW BUSINESS

1. *Adopt 2016 Emergency Operations Plan (Heglar)
2. Outside showers and laundry proposal for residents (Heglar)
3. *Letter to Albert Eby, Director, WAVE Transit Authority, supporting application for Federal grant
4. *Letter to NHC Board of Commissioners, asking them to not cut WAVE transit budget funding for Route 107, Route 301 and Paratransit service south of Monkey Junction

COMMISSIONER ITEMS (no action required)

CLOSED SESSION, if needed

ADJOURNMENT



TOWN OF KURE BEACH NOTICE OF PUBLIC HEARING

Notice is hereby given that Kure Beach Town Council will hold a Public Hearing at Town Hall as the first item of business at their meeting on Tuesday, May 17, 2016 beginning at 6:30 p.m., or soon thereafter. The purpose of the hearing is to receive comments on two optional draft proposals to amend Chapter 19 Zoning as follows:

OPTION 1: Prohibit container homes by 1) amending Section 19-1 Definitions, for "Building," 2) adding a definition for "Container," and 3) amending Section 19-79.5 to add the use of containers as buildings to the list of prohibited uses.

OPTION 2: Regulate container homes by 1) amending Section 19-1 Definitions, for "Building," 2) adding a definition for "Container," 3) adding a definition for "Dwelling, Container," 4) removing Section 19-78, 5) amending Section 19-79.5 to add "Containers as buildings for any use other than as container dwellings" to the list of prohibited uses, and 6) amending Section 19-177 to insert "Container dwellings" as item 3 to permit "Container dwellings" in the RA-2T district.

A copy of the two proposed ordinance amendments is on file in the office of the Deputy Town Clerk for viewing and can be found under Town News on the Town's website at www.townofkurebeach.org.

All interested persons are encouraged to attend. If you are unable to attend, you may submit your comments in writing to Town Hall, c/o Town Clerk, 117 Settlers Lane, Kure Beach, NC 28449.

Nancy Hewitt, Deputy Town Clerk
Posted 4/25/16

To be run in the May 4th and 11th editions of the I.G.



KURE BEACH
PLANNING & ZONING COMMISSION

Meeting Date: April 6, 2016

Agenda Item #V. C. Container Housing

Present to Town Council on:

Date: April 19, 2016

PLANNING AND ZONING COMMISSION
CONSISTENCY STATEMENT
N.C. Gen. Stat. 160A-383

(To be read into the record as a motion, seconded, and voted upon)

- This recommendation is consistent with the objectives and policies of the Town of Kure Beach Land Use Plan adopted by Town Council September 27, 2006 (Adopted and Certified by Coastal Resources Commission November 17, 2006)
- This recommendation applies to Section 8 Part I of the Town of Kure Beach Land Use Plan, subsection "Constraints to Development"
- Consideration of recommended text amendment to The Town of Kure Beach Code ,
(a) Chapter 19 Zoning, Art. I. Definitions - *Building (amending)*
(b) Chapter 197, Art. I. Definitions -adding *Container*
(c) Sec. 19-79.5 Uses that are prohibited (amend)
- This recommendation applies to the John Sawyer Architects B1 District Study (HPA 2007)

The Planning and Zoning Commission considers its recommendation to be reasonable and in the public interest based on the following:

1. To clearly and specifically identify *building and container*
2. To propose test amendments prohibiting the use of Containers as buildings in light of the emerging interest of containers
3. To prohibit the use of containers as residential or any other type of buildings in any zoning district.
4. Limit Town liability in compliance with NC Supreme Court decision, *Byrd v. Franklin County* by expressly identifying containers as a prohibited use.

Therefore, the Planning and Zoning Commission requests Town Council's consideration of the above recommendation.

Attest:



John Ellen, Chairman
Planning and Zoning Commission

**PROPOSED TEXT AMENDMENTS PROHIBITING
THE USE OF CONTAINERS AS BUILDINGS**

Chapter 19 Zoning

Sec. 19-1. Definitions

1. Amending the definition for "Building" as follows:

Building shall mean a structure enclosed and isolated by exterior walls constructed or used for residence, business, industry, or other public or private purposes, or accessory thereto, and including tents, lunch wagons, dining cars, and trailers; provided that, however, the term building shall not mean nor be construed so as to include a container. The term building shall be construed as if followed by the words or part thereof.

2. Adding a definition for "Container" as follows:

Container shall mean any standardized shipping container used for intermodal freight transport. Also known as cargo or freight container, ISO or intermodal container, and shipping, sea, or ocean container.

Sec. 19-79.5. Uses that are prohibited.

1. Adding the following to the list of prohibited uses:

The use of containers as buildings

Commentary:

1. These amendments should preclude the use of containers as a building for any purpose in any zoning district.
2. An ordinance adopting these particular amendments should include appropriate findings providing a rational basis for Council's action.

CURRENT ORDINANCES (showing changes) PERTAINING TO OPTION TO PROHIBIT

Sec. 19-1. Definitions

Building shall mean a structure enclosed and isolated by exterior walls constructed or used for residence, business, industry, or other public or private purposes, or accessory thereto, and including tents, lunch wagons, dining cars and trailers; **provided that, however, the term building shall not mean nor be construed so as to include a container.** ~~All provisions of building area will apply to term building.~~ The term building shall be construed as if followed by the words or part thereof.

Sec. 19-79.5. - Uses that are prohibited.

[The following uses are prohibited:]

- Adult book and video stores: SIC codes 5731, 5192, 5947, 5932, 5942 and 5961.
- Internet gaming devices: SIC codes 7993 and 7999.
- Adult oriented dancing: SIC code 7911.
- **The use of containers as buildings**

KEY TO FONTS USED FOR CHANGES

~~Strikethrough~~ – info deleted

BOLD – info added

ELDRIDGE LAW FIRM, P. C.

ATTORNEY AND COUNSELOR AT LAW

201 NORTH FRONT STREET, SUITE 906
WILMINGTON, NC 28401

REPLY TO:
JAMES E. ELDRIDGE
POST OFFICE BOX 1380
WILMINGTON, NC 28402

TELEPHONE: (910) 815-0107
MOBILE: (910) 232-6005
FACSIMILE: (910) 815-0188

MEMORANDUM

TO: KURE BEACH PZC; JOHN BATSON
FROM: JAMES E. ELDRIDGE, PZC ATTORNEY
DATE: APRIL 6, 2016
RE: REGULATING UNLISTED USES

INTRODUCTION

Sec. 19-78 of the Town's zoning regulations provides in pertinent part that: no building or land shall be used and no building shall be erected or altered which is intended or designed to be used in whole or part for any use other than those listed as permitted for that district.

As PZC's members know, that "catchall" prohibition has been invalidated by the North Carolina Supreme Court's decision in *Byrd v. Franklin County*, 2015 WL 6799552 (Nov. 6, 2015) (hereinafter cited as *Byrd*) which "rejected the notion that a zoning ordinance may prohibit uses not explicitly allowed." Given the impossibility of expressly identifying every prohibited use, PZC's attorney was instructed to research alternative methods for effectively regulating unlisted uses. I have completed that review and my findings are discussed below.

DISCUSSION

The *Byrd* decision is actually the most recent appellate decision on this issue and follows a line of cases dating back to 2010 which addressed a variety of attempts to regulate unlisted uses. Having reviewed those cases and other materials, PZC's attorney recommends the following measures to more effectively regulate prohibited and unlisted uses.

1. The Town's zoning regulations should clearly specify non-permitted uses whenever possible. This measure has already been implemented under Sec. 19-79.5 which prohibits the following uses: adult book and video stores; internet gaming devices; and adult-oriented dancing. This list can be expanded as necessary as new land uses in unanticipated districts arise. For example, this list could be amended to expressly prohibit the use of

containers as buildings [residential or otherwise] in any zoning district should Council adopt such a regulation.

2. The Town should periodically update its zoning regulations to address specific emerging or controversial land uses. Such new uses can be expressly prohibited in Sec. 19-79.5 or regulated as permitted or special uses in particular zoning districts. It appears that the Town does periodically update its zoning provisions in this respect based on the express inclusion of internet gaming as a prohibited use in Sec. 19-79.5 and by the current consideration of how to regulate the emerging use of containers as buildings.

3. Finally, the Town should consider amending the zoning regulations to require that unlisted uses be treated the same as the most nearly similar use in lieu of a blanket provision prohibiting all unlisted uses. Such an amendment is recommended in light of the *Byrd* decision under which the State Supreme Court apparently “does not favor interpretations or ordinance provisions that presume an otherwise lawful use of land is prohibited.” David Owens, *Coates’ Canons Blog: Dealing with Land Uses Not Specifically Addressed in a Zoning Ordinance: The Saga Continues*, School of Government at the University of North Carolina, November 17, 2015 at 2. As Owens points out, such a provision requires close attention to clearly setting forth uses which policy dictates should be prohibited as discussed above. Such a provision also requires that the zoning regulations “give some definition and guidance to staff as to how to evaluate the similarity of uses to avoid...an impermissible degree of discretion in [staff].” *Id.* at 3.

CONCLUSION

Given the impossibility of listing all possible land uses, the Town’s zoning regulations should clearly specify, whenever possible, prohibited uses and update those provisions when presented with emerging or controversial uses. The Town should also consider, given that “the law favors uninhibited free use of private property over government restrictions,” *Byrd v. Franklin County*, ___ N.C. App. ___, 765 S.E.2d 805, (2014) (dissenting opinion), amending the zoning regulations to require that unlisted uses be reviewed as the most nearly similar use and provide staff with the guidelines and standards deemed necessary for making such determinations.



KURE BEACH
PLANNING & ZONING COMMISSION

Meeting Date: April 6, 2016
Agenda Item #V. C. Container Housing

Present to Town Council on:
Date: April 19, 2016

PLANNING AND ZONING COMMISSION
CONSISTENCY STATEMENT
N.C. Gen. Stat. 160A-383

(To be read into the record as a motion, seconded, and voted upon)

X This recommendation is consistent with the objectives and policies of the Town of Kure Beach Land Use Plan adopted by Town Council September 27, 2006 (Adopted and Certified by Coastal Resources Commission November 17, 2006

X This recommendation applies to Section 8 Part I of the Town of Kure Beach Land Use Plan, Subsection "Constraints to Development"

X Consideration of recommended text amendment to The Town of Kure Beach Code ,
(a) Chapter 19Zoning, Art. I. Definitions - *Building (amending)*
(b) Chapter 19Z Art. I. Definitions -adding *Container*
(c) Sec. 19-79.5 Uses that are prohibited (amend)
(d) Delete Sec. 19-78

 This recommendation applies to the John Sawyer Architects B1 District Study (HPA 2007)

The Planning and Zoning Commission considers its recommendation to be reasonable and in the public interest based on the following:

1. To clearly and specifically identify *building and container*
2. To propose test amendments prohibiting the use of Containers as buildings in light of the emerging interest of containers
3. To regulate the use of containers for residential purposes in RA-2T district only
4. Limit Town liability in compliance with NC Supreme Court decision, *Byrd v. Franklin County*

Therefore, the Planning and Zoning Commission requests Town Council's consideration of the above recommendation.

Attest:

John Ellen
John Ellen, Chairman
Planning and Zoning Commission

**PROPOSED TEXT AMENDMENTS REGULATING
THE USE OF CONTAINERS AS DWELLINGS**

Chapter 19 Zoning

Sec. 19-1. Definitions

1. Amending the definition for "Building" as follows:

Building shall mean a structure enclosed and isolated by exterior walls constructed or used for residence, business, industry, or other public or private purposes, or accessory thereto, and including tents, lunch wagons, dining cars, and container dwellings provided that, however, the term building shall not mean nor be construed so as to include a container used for any other purpose other than as a container dwelling. The term building shall be construed as if followed by the words or part thereof.

2. Adding a definition for "Container" as follows:

Container shall mean any standardized shipping container used for intermodal freight transport. Also known as cargo or freight container, ISO or intermodal container, and shipping, sea, or ocean container.

3. Adding a definition for "Dwelling, Container" as follows:

Dwelling, container shall mean a container designed for and used for residential purposes.

Sec. 19-177. Permitted Uses (in the RA-2T district)

1. Insert a new sub-section (3) as follows:

(3) Container dwellings

2. Renumber existing (3)-(7) as (4)-(8).

Sec. 19-79.5. Uses that are prohibited.

1. Adding the following to the list of prohibited uses:

Containers as buildings for any use other than as container dwellings

Commentary: The proposed amendments permit the use of containers as dwellings in the RA-2T district but should preclude the use of containers as any other building in any other zoning district.

CURRENT ORDINANCES (showing changes) PERTAINING TO OPTION TO PERMIT IN RA-2T DISTRICT

Sec. 19-1. Definitions

Building shall mean a structure enclosed and isolated by exterior walls constructed or used for residence, business, industry, or other public or private purposes, or accessory thereto, and including tents, lunch wagons, dining cars and ~~trailers~~ **container dwellings provided that, however, the term building shall not mean nor be construed so as to include a container used for any other purpose other than as a container dwelling.** ~~All provisions of building area will apply to term building.~~ The term building shall be construed as if followed by the words or part thereof.

Sec. 19-177. - Permitted uses.

The following are the permitted uses in the RA-2T district:

- (1) One- and two-family dwellings;
- (2) Manufactured/mobile homes;
- (3) Container dwellings**
- (4) Offices of resident members of recognized professions, dentists, engineers, lawyers, architects, where such professions are carried on in their respective residences (80-11, 21, 31, 41, 42, 43, 49; 8711, 12, 21; 8111);
- (5) Customary home occupations, such as dressmaking, music teaching, preserving, home cooking and laundering, but not including beauty parlors, provided that such occupation shall be engaged in only by residents on the premises and not more than the equivalent of the area of one (1) floor shall be used for such occupation, that no products nor any advertising of any nature shall from the street and that no accessory building; used for such home occupation;
- (6) Churches and other places of worship, include houses and Sunday schools (8661);
- (7) Colleges, schools, public libraries, public museums, libraries, and other public buildings (8221, 8211, 8231, 8412); (S)
- (8) Accessory buildings to permitted uses, provided that no accessory building shall be rented or occupied. Provided, further, that accessory buildings shall be constructed at time or following construction of the main building.

Sec. 19-79.5. - Uses that are prohibited.

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containers as buildings [residential or otherwise] in any zoning district should Council adopt such a regulation.

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Pat Triplett
102 Leeward Court
Kure Beach, North Carolina 28449
ptriplett@caldwellschools.com

April 29, 2016

Mayor Emilie Swearingen
Mayor Pro Tem Craig
Commissioners
Town of Kure Beach
117 Settlers Lane
Kure Beach, NC 28449

Dear Mayor Swearingen and Town Leaders:

I am absolutely against container homes.

Research shows the shipping containers have high levels of chemical residue such as chromate, phosphorous and lead-based paint and the wood floors that line the majority of shipping containers are infused with hazardous chemical pesticides like arsenic and chromium to keep pest away. To correct these harmful problems the average container eventually produces nearly a thousand pounds of hazardous waste before it can be used as a structure.

Another downside is that dimensionally, an individual container creates awkward living/working spaces. Taking into account added insulation, needed steel construction, containers become long narrow boxes with less than eight foot ceilings. Not a home that I look forward to see in our beautiful community.

The most important issue is our community. Individuals did not purchase expensive homes to live beside or near a container park. Thank goodness for HOAs. If neighborhoods have high expectations of residences, why do our governing individuals want to cheapen our community? Citizens move to Kure Beach, as I did, because of the well-regulated HOAs, the small town feel without large beach hotels, shopping malls, low income housing, and strips with tourist attractions. Kure Beach is a treasure. Let's keep it that way.

Kure Beach has so many issues that need to be addressed. Shipping container construction should not be allowed. Let's address important issues such as the many issues discussed in the planning meeting held recently. If my opinion matters to my elected officials, I support Option 1. Thank you for your time.

Sincerely,


Pat Triplett

Certificate of Appreciation

Presented to

Tony Gonsalves

for his dedicated and selfless service as a volunteer fireman
and chairman of the Kure Beach Shoreline Access,
Beach Protection & Parking Committee

May 17, 2016



Signed Emilie Swearingen
Mayor Emilie Swearingen

Certificate of Appreciation

Presented to

Denyse Fredrickson

*for the advice, design, labor and maintenance
she provided for the Kure Beach Town Hall
and Community Center gardens*

May 17, 2016



Signed _____
Emilie Swearingen
Mayor Emilie Swearingen

Certificate of Appreciation

Presented to the

Wilmington Regional Association of Realtors

*for their support and hard work improving the grounds
of the Kure Beach Community Center
with beautiful new landscaping and a new flag pole*

May 17, 2016



Signed *Emilie Swearingen*
Mayor Emilie Swearingen



TOWN COUNCIL
TOWN OF KURE BEACH, NC

PROCLAMATION P16-01

IN SUPPORT OF NATIONAL SAFE BOATING WEEK

WHEREAS, National Safe Boating Week is May 21-27, 2016 and there are 300,000 registered boats in North Carolina; and

WHEREAS, North Carolina has 5,000 miles of water shoreline for boating and fishing with boating being one of the state's most popular activities; and

WHEREAS, drowning is the reported cause of death in 75 percent of boating accidents, with 10.6 percent of those accidents occurring last year alone; and

WHEREAS, there were 26 boating deaths last year in North Carolina, making it fifth in the nation for boating deaths; and

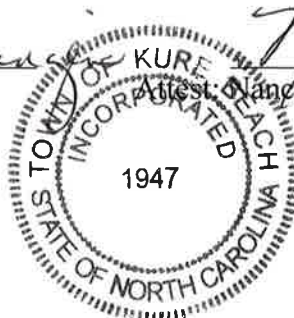
WHEREAS, a significant number of boaters who lose their lives by drowning each year would be alive today had they worn their life jackets; and

WHEREAS, it is both desirable and necessary to remind all boaters of their responsibilities and the constant need for safe boating practices;

NOW, THEREFORE, BE IT PROCLAIMED that Kure Beach Town Council hereby supports the national campaign of the Safe Boating Council to promote National Safe Boating Week and also supports the Cape Fear Sail & Power Squadron which is a major provider of boating safety and training in our area.

Proclaimed this 17th day of May, 2016.


Emilie Swearingen, Mayor




Attest: Nancy Hewitt, Deputy Town Clerk

Nancy Hewitt

From: Debra Gonsalves <debral.gonsalves@gmail.com>
Sent: Sunday, May 01, 2016 10:41 AM
To: frontdesk@tokb.org
Subject: Resignation

Nancy,

Effective May 3rd, 2016 I resign as member and Chairman of thr SLAP committee.

It has been my pleasure to serve while a resident. Kure Beach will always hold a special place in my heart as will those that I have worked with all these years.

I thank you for the opportunity to be a part of this wonderful little Beach town.

Sincerely,

Anthony Gonsalves

April 21, 2016

To: Shoreline Access and Parking/Beach Protection Committee

Town of Kure Beach

After six years of service on the SLAP Committee, I feel it is time for me to resign from my position.

It has been a pleasure to work with all the committee members under the direction of chairperson Tony Gonsalves.

Thank you for the opportunity.

Respectfully,

Linda Cheshire

Kure Beach Inspections Dept.-Building Permits Issue Date: 4/1/2016 - 4/30/2016

PermitNo	Issue Date	Owner	Project Addr	Descript	Fee
Building addition					
160035	4/15/2016	NEWMAN ANN W	739 GULF STREAM DR	Add 68sf of heated space	\$200.00
Total addition 1					\$200.00
Deck					
160034	4/8/2016	HONEYCUTT JEFFREY D TERESA L	426 S FOURTH AVE	Deck repair	\$100.00
Total Deck 1					\$100.00
New Construction					
160033	4/6/2016	WHITT ELIZABETH B	409 I AVE	Addition	\$620.00
160029	4/1/2016	Pleasure Island Partners LLC	100 LAUREL LANE	New townhome	\$4,360.00
160030	4/1/2016	Pleasure Island Partners LLC	104 LAUREL LANE	New townhome	\$4,360.00
160031	4/1/2016	Pleasure Island Partners LLC	108 LAUREL LANE	New townhome	\$4,360.00
160036	4/18/2016	PENSCO TRUST CO FBO EDDIE F HYLER J	217 THIRD AVE S	New SFD	\$11,205.00
Total New Construction 5					\$24,905.00
Replacement					
160037	4/22/2016	STAMP BRIAN AND KATHERINE	810 CUTTER CT	Window replacement	\$25.00
160032	4/4/2016	LUKASZEWSKI PATRICIA A	621 SETTLERS LN	New windows	\$25.00
Total Replacement 2					\$50.00
Total Building 9					\$25,255.00
Total Permits: 9					\$25,255.00

TOWN OF KURE BEACH
REVENUE AND EXPENDITURE SUMMARY
JULY 1, 2015 TO MAY 10, 2016

REVENUES

EXPENDITURES

	2016 Initial Bud.	2016 Amend. Bud.	Actual 05/10/2016	% Collected	2016 Initial Bud.	2016 Amend. Bud.	Actual 05/10/2016	% Spent
GENERAL FUND								
Property Taxes (Cur. & PV)	\$ 2,121,250	\$ 2,121,250	\$ 2,143,493	101.0%	\$ 40,467	\$ 44,467	\$ 29,163	65.6%
Local Option Sales Tax	\$ 785,200	\$ 785,200	\$ 665,930	84.8%	\$ 7,500	\$ 61,794	\$ 26,532	42.9%
Franchise & Utility Tax	\$ 201,500	\$ 201,500	\$ 183,091	90.9%	\$ 146,033	\$ 148,027	\$ 104,308	70.5%
TDA Funds	\$ 203,057	\$ 222,364	\$ 200,292	90.1%	\$ 385,448	\$ 420,638	\$ 317,872	75.6%
Garbage & Recycling	\$ 341,400	\$ 341,400	\$ 292,897	85.8%	\$ 17,750	\$ 17,750	\$ 13,035	73.4%
ABC Revenue	\$ 10,725	\$ 10,725	\$ 12,660	118.0%	\$ 3,200	\$ 3,200	\$ 2,190	68.4%
Bldg. Permit & Fire Inspect. Fees	\$ 54,400	\$ 54,400	\$ 70,555	129.7%	\$ 25,000	\$ 25,000	\$ 17,477	69.9%
Communication Tower Rent	\$ 86,702	\$ 86,702	\$ 63,168	72.9%	\$ 28,900	\$ 28,900	\$ 19,659	68.0%
Motor Vehicle Tags	\$ 7,000	\$ 7,000	\$ 6,595	94.2%	\$ 1,208,819	\$ 1,216,354	\$ 1,008,875	82.9%
Com Ctr/Parks & Rec/St Festival	\$ 28,150	\$ 28,150	\$ 20,982	74.5%	\$ 484,760	\$ 479,760	\$ 384,641	80.2%
Town Facility Rentals	\$ 10,500	\$ 10,500	\$ 9,055	86.2%	\$ 190,957	\$ 194,557	\$ 126,931	65.2%
Beer & Wine Tax	\$ 9,500	\$ 9,500	\$ -	0.0%	\$ 138,748	\$ 138,748	\$ 101,010	72.8%
OFF - Bluefish Purchases	\$ 8,800	\$ 8,800	\$ 10,560	120.0%	\$ 126,565	\$ 126,565	\$ 88,237	69.7%
Sales Tax Refund	\$ 30,000	\$ 30,000	\$ 35,693	119.0%	\$ 740,797	\$ 766,504	\$ 612,456	79.9%
CAMA & Impact Fees	\$ 2,800	\$ 2,800	\$ 2,530	90.4%	\$ 294,205	\$ 294,205	\$ 286,333	97.3%
All Other Revenues	\$ 7,845	\$ 56,350	\$ 30,877	54.8%	\$ 50,000	\$ 50,000	\$ 50,000	100.0%
Other Financing Sources	\$ 111,000	\$ 111,000	\$ 103,287	93.1%	\$ 130,680	\$ 71,172	\$ -	0.0%
Total Revenues	\$ 4,019,829	\$ 4,087,641	\$ 3,851,665	94.2%	\$ 4,019,829	\$ 4,087,641	\$ 3,188,719	78.0%
WATER & SEWER FUND								
Water Charges	\$ 710,710	\$ 710,710	\$ 618,979	87.1%	\$ 16,767	\$ 16,767	\$ 10,548	62.9%
Sewer Charges	\$ 1,011,270	\$ 1,011,270	\$ 859,911	85.0%	\$ 28,900	\$ 28,900	\$ 19,659	68.0%
Tap, Connect & Reconnect Fees	\$ 27,840	\$ 27,840	\$ 58,060	208.5%	\$ 171,402	\$ 171,402	\$ 139,583	81.4%
All Other Revenues	\$ 6,035	\$ 6,035	\$ 6,507	107.8%	\$ 251,919	\$ 251,919	\$ 214,295	85.1%
Other Financing Sources	\$ 130,750	\$ 130,750	\$ 87,136	66.6%	\$ 1,417,617	\$ 1,417,617	\$ 1,118,182	78.9%
Total Revenues	\$ 1,886,605	\$ 1,886,605	\$ 1,630,593	86.4%	\$ 1,886,605	\$ 1,886,605	\$ 1,502,267	79.6%
STORM WATER FUND								
Total Revenues	\$ 523,330	\$ 523,330	\$ 277,283	53.0%	\$ 523,330	\$ 523,330	\$ 234,839	44.9%
POWELL BILL FUND								
Total Revenues	\$ 64,030	\$ 64,030	\$ 65,440	102.2%	\$ 64,030	\$ 64,030	\$ 19,356	30.2%
SEWER EXPANSION RESERVE FUND (SERF)								
Total Revenues	\$ 22,635	\$ 22,635	\$ 62,654	276.8%	\$ 22,635	\$ 22,635	\$ -	0.0%
BEACH PROTECTION FUND								
Total Revenues	\$ 50,000	\$ 50,000	\$ 50,205	100.4%	\$ 50,000	\$ 50,000	\$ -	0.0%
FEDERAL ASSET FORFEITURE FUND								
Total Revenues	\$ 50,000	\$ 60,000	\$ -	0.0%	\$ 50,000	\$ 60,000	\$ 51,440	85.7%

**TOWN OF KURE BEACH
CASH AND INVESTMENTS
AS OF APRIL 30, 2016**

<u>FUND</u>	<u>CASH IN BANK</u>	<u>INVESTMENTS</u>	<u>TOTAL CASH & INVESTMENTS</u>
General	\$2,596,308	\$341,603	\$2,937,911
Water/Sewer	\$1,243,237	\$584,466	\$1,827,703
Storm Water	\$730,531	\$240,153	\$970,684
SERF	\$300,386	\$91,197	\$391,583
Powell Bill	\$243,896	\$19,912	\$263,808
Beach Protection	\$61,640	\$175,205	\$236,845
Federal Asset Forfeiture	\$94,574	\$0	\$94,574
TOTAL	\$5,270,572	\$1,452,536	\$6,723,108
	<u>INSTITUTION</u>		
BB&T	\$5,270,572	\$0	
First Bank - Certificates of Deposit	\$0	\$962,400	
NCCMT Term Portfolio	\$0	\$480,810	
NCCMT Cash Portfolio	\$0	\$9,326	
TOTAL	\$5,270,572	\$1,452,536	

**TOWN OF KURE BEACH
SUMMARY OF CONTINGENCY FUND AND COMMITTEE
EXPENDITURE ACTIVITY
07/01/2015 - 05/10/2016**

CONTINGENCY FUND

Fiscal Year 2016 Budget	\$130,680.00
Less:	
Budget Amendments - Transfer funds to Administration & Finance Departments - Resolution R15-12	\$7,184.00
Budget Amendment - Transfer funds to Committees Budget- Resolution R16-03	\$11,924.00
Budget Amendments - Transfer funds to Council & Administration Budgets- Resolution R16-04	\$34,000.00
Budget Amendment - Transfer funds to Streets & Sanitation Budget- Resolution R16-07	<u>\$6,400.00</u>
Remaining Budget as of 05/10/2016	<u><u>\$71,172.00</u></u>

COMMITTEE (Shoreline Access, Beach Protection & Parking) EXPENDITURES

Fiscal Year 2016 <u>Amended</u> Budget	\$61,794.00
Less Expenditures:	
Grant Writer Fees	\$825.00
Parking Signs	\$104.95
Engineer Deposit - H Ave. Beach Access	\$500.00
Parking Lot Stone/Hauling	\$653.41
Parking Signs	\$105.00
Adopt A Beach Website Fees	\$183.90
Deposit for H Ave. Beach Access Project	\$22,660.00
H Avenue Beach Access Drawings	<u>\$1,500.00</u>
Total Expenditures	\$26,532.26
Projects Approved By Council But Not Yet Expended:	
Engineer - H Ave. beach access	\$2,000.00
H Avenue beach access project	<u>\$31,634.00</u>
Total Approved, Not Expended	<u><u>\$33,634.00</u></u>
Remaining Budget as of 05/10/2016	<u><u>\$1,627.74</u></u>

**TOWN OF KURE BEACH
DEBT LISTING
MAY 17, 2016**

<u>LOAN PURPOSE/DESCRIPTION</u>	<u>FUND</u>	<u>LENDER</u>	<u>DATE OF LOAN</u>	<u>AMOUNT FINANCED</u>	<u>INTEREST RATE</u>	<u>LOAN TERM (YRS)</u>	<u>DATE PAID OFF</u>	<u>BALANCE AT 05/17/16</u>	<u>PAYMENT FREQUENCY</u>	<u>PAYMENT AMOUNT</u>	<u>NEXT PAY DATE</u>	<u>INT. EXPENSE LIFE OF LOAN</u>
Sewer Rehabilitation Project (a)	W/S	Fed Gov	05/01/2010	\$432,660	0.00%	20	05/01/2030	\$147,780.03	Annual	\$10,555.72	05/01/2017	\$0.00
Ocean Front Park (development)	G	BB&T	07/12/2011	\$347,000	4.39%	17	07/12/2028	\$265,352.96	Annual	\$32,060.75	07/12/2016	\$137,099.64
Ocean Front Park (acquisition)	G	BB&T	12/19/2007	\$3,600,000	4.28%	20	12/19/2027	\$778,846.27	Annual	\$98,238.48	12/19/2016	\$690,135.16
334 S. 4th, 402 H & 406 H Ave.	G	BB&T	03/12/2015	\$409,471	2.49%	10	03/12/2025	\$368,524.03	Annual	\$51,142.95	03/12/2017	\$56,077.07
Water Tower & Well House & Town Hall Expansion (b)	G, W/S	BB&T	04/11/2007	\$1,187,187	3.92%	15	05/07/2022	\$558,869.10	Semi-annual	\$52,716.71	11/07/2016	\$394,314.33
O'Brien 7065 Hydroletter (c)	W/S, SW	1st Bank	08/13/2015	\$81,485	1.70%	5	08/13/2020	\$81,484.95	Annual	\$17,149.28	08/13/2016	\$4,202.44
Cutter Court Drainage Project	SW	B of A	07/23/2005	\$875,000	4.40%	15	06/23/2020	\$298,596.56	Monthly	\$6,677.76	06/23/2016	\$326,995.49
FY 2016 Equipment & Vehicles (d)	G, W/S	BB&T	09/14/2015	\$186,000	2.01%	4	09/14/2019	\$186,000.00	Annual	\$48,859.87	09/14/2016	\$9,439.48
(2) 2015 Police Cars	G	BB&T	03/27/2015	\$48,359	2.19%	4	03/27/2019	\$36,659.23	Annual	\$12,758.83	03/27/2017	\$2,676.33
2015 Ford F-250 Utility Truck	W/S	BB&T	10/24/2014	\$32,216	2.19%	4	10/24/2018	\$24,421.80	Annual	\$8,499.73	10/24/2016	\$1,782.92
Downtown Improvement Project	G	BB&T	01/17/2014	\$117,000	1.93%	4.5	06/17/2018	\$71,644.71	Annual	\$24,719.00	01/17/2017	\$6,595.00
2013 Ford F-150 Police Truck	G	BB&T	01/15/2014	\$32,000	2.18%	4	01/15/2018	\$16,345.00	Annual	\$8,440.70	01/15/2017	\$1,762.80
2013 Ford Police Utility	G	BB&T	06/28/2013	\$29,836	2.17%	4	06/28/2017	\$15,238.21	Annual	\$7,867.99	06/28/2016	\$1,635.96
2011 International Garbage Truck	G	BB&T	09/16/2011	\$152,152	1.81%	5	09/16/2016	\$31,531.79	Annual	\$32,102.53	09/16/2016	\$8,360.65

FUND CODES

G - General Fund
W/S - Water/Sewer Fund
SW - Storm Water Fund

TOTAL OUTSTANDING DEBT AT 05/17/2016:

General Fund	\$ 1,810,323.40
Water/Sewer Fund	\$ 731,632.20
Storm Water Fund	\$ 339,339.04
Total	\$ 2,881,294.64

NOTES

- (a) - Total amount borrowed was \$432,660. As part of ARRA, the unpaid balance was immediately reduced by one-half of the loan amount.
(b) - 78% of loan is Water/Sewer Fund and 22% is General Fund.
(c) - 50% of loan is Water/Sewer Fund and 50% is Storm Water Fund.
(d) - 55.5% of loan is General Fund and 44.5% is Water/Sewer Fund.

LOAN PAYMENTS DUE (Next 12 Months):

05/18/2016 - 06/30/2016	\$ 14,545.75
07/01/2016 - 09/30/2016	\$ 150,205.71
10/01/2016 - 12/31/2016	\$ 179,488.20
01/01/2017 - 05/17/2017	\$ 193,722.71
Total	\$ 537,962.37



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

The Kure Beach Town Council held a budget work session for Fiscal Year (FY)16-17 at the Kure Beach Community Center on Wednesday, April 13, 2016 at 9:00 a.m. The town attorney was present and there was a quorum of council members.

COUNCIL MEMBERS PRESENT

Mayor Emilie Swearingen
Mayor Pro Tem (MPT) Craig Bloszinsky
Commissioner David Heglar
Commissioner Joseph Whitley
Commissioner Jim Dugan

STAFF PRESENT

Finance & Budget Officer (FO) – Arlen Copenhaver
Town Clerk – Nancy Avery
Building Inspector – John Batson
Police Chief – Dennis Cooper
Police Lieutenant – Mike Bowden
Public Works Director – Sonny Beeker
Utility Supervisor – Jimmy Mesimer
Recreation Manager – Nikki Keely
Personnel and Facilities Coordinator – Mandy Burton
Deputy Town Clerk – Nancy Hewitt

CALL TO ORDER

Mayor Swearingen called the meeting to order at 9:05 a.m. She thanked staff and council members for helping at the Community Visioning Day event on Sunday.

PRESENTATION OF FIRST DRAFT OF FY16-17 BUDGET

1. FY16-17 Council goals

FO Copenhaver reviewed the eight goals council set at their annual retreat, as follows:

- Resolve outstanding issues relating to the Sandman property.
- Over the next two years, resolve the storm water issues identified during the February 2016 Town Council Retreat.
- Before the end of Fiscal Year 2018, develop plans, obtain financing and construct a new fire station and perform improvements to other Town facilities.
- Maintain the current tax rate, if possible.
- Work with New Hanover County, Carolina Beach and Wrightsville Beach to develop a long-term coastal storm damage reduction funding plan.
- Monitor potential revenue shortfalls that may occur in future years.
- Complete the Town of Kure Beach Comprehensive Plan by February 2017.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

- Address public safety staffing during the Fiscal Year 2017 budget process.

Mayor Swearingen questioned if the first two goals should actually be Public Works goals and not council goals.

Commissioner Heglar said that, although Director Beeker is the lead in how those goals are to be met, there are legal issues involved for which council should be responsible and, therefore, they should remain council goals.

Mayor Swearingen asked Director Beeker if the two year time limit council assigned to the second goal is reasonable, to which Director Beeker said his department will proceed at a fast pace to get the storm water issues taken care of and he expects two years will work if all goes well.

2. Budget Assumptions

FO Copenhaver reviewed the overriding budget assumptions he used as a starting point to prepare the first draft of the proposed budget, as follows:

- No changes in services provided or level of services provided
- Council approves the departmental budget requests, including the increased staffing proposed by the Fire and Police Departments
- No increase in the tax rate (currently \$0.2615)
- No General Fund Contingency
- No transfer from the General Fund to the Beach Protection Fund
- Employee Compensation: COLA two percent & Merit two percent

3. Budget Summary by Fund

FO Copenhaver reviewed a summary of the draft budget by fund for expenses and revenue, noting the following:

- The General Fund is short by \$129,000 because it includes the addition of four full-time firefighters and one police officer.
- The Water/Sewer Fund revenue includes a fund balance appropriation of \$100,385 for lagoon cleaning and a transfer from the Sewer Expansion Reserve Fund (SERF) of \$205,000 for the bypass and manhole/sewer rehab projects.
- The Storm Water Fund includes a fund balance appropriation of \$374,773 and a \$400,000 transfer to the Storm Water Capital Project Fund.
- The SERF includes a fund balance appropriation of \$182,275 and a transfer of \$205,000 to the Water/Sewer Fund for projects.
- The total revenue is calculated to be \$7,505,455 with total expenses calculated at \$7,634,448, leaving the draft budget short by \$128,993.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

INDIVIDUAL DEPARTMENT BUDGET EXPENDITURE REVIEW

1. Public Works Department

Director Beeker reviewed the draft budgets for the three areas he oversees, noting the following:

- **STREETS AND SANITATION**

Increase in building maintenance, minor equipment, equipment maintenance and capital outlay. Decrease in computer costs.

- **WATER/SEWER OPERATIONS**

Increase in water testing, permit fees, debt service, Carolina Beach treatment facility charges, equipment/building maintenance, system maintenance, capital outlay for improvements to the H Avenue lift station project and minor equipment. Decrease in auto supplies, computer costs and capital outlay for equipment/vehicles.

- **STORM WATER**

Increase in minor equipment, equipment rental, supplies, capital outlay of equipment and transfers to the Storm Water Capital Project Fund.

Commissioner Heglar said that rental properties are usually equipped with outdoor showers for renters to use when coming off the beach and wished more properties would have them. He said council should encourage residents to do their laundry during the week in the summer instead of on the weekends when renters are doing their laundry to keep from going over the system's water capacity. He asked that the subject be put on the May council meeting agenda to discuss how to communicate this to the residents. He said anything the residents can do to help the system is best, and last year's water/sewer costs were about \$30,000 over the previous year's costs.

2. Police Department

Lieutenant Bowden said that, when Chief Cooper retires, they'd like to put him back on the department's work roster part-time.

Chief Cooper said, if council approves it, he will only be dealing with the departments I.T. issues, the media and public relations, working for about 19 hours per week.

Lieutenant Bowden said they are asking for one new officer who will be used primarily as a drug investigator. He said that, at certain times, they only have one officer on the street, so this will help with staffing. He reviewed the police department draft budget, noting the following:

- Increase in full-time personnel-related costs due to the new position, increase in part-time pay and taxes, increase in telephone costs and increase in LEO Separation Allowance and taxes which includes Chief Cooper and another police



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

officer's retirement pay. Decrease in building maintenance, auto gas and oil, minor equipment and capital outlay for vehicles.

3. Fire Department and Ocean Rescue

Commissioner Dugan said that the draft budget was prepared by Assistant Chief Kennedy who is unable to be at the meeting because he is training at the National Fire Academy. He reviewed the department's draft budget, noting the following:

- Increase in full-time personnel-related costs for four new employees, and increase in part-time pay and taxes, drill fees and taxes, physical exams, uniforms and capital outlay. Decrease of \$17,000 by eliminating the Live-In Program.

Commissioner Dugan said they are having problems staffing the fire station on a 24-hour basis. He said that their current, five full time employees and one part time employee are only able to provide staffing for 12 hours per day. He listed the reasons they are having problems getting volunteers.

Mayor Swearingen asked if the public works employees should be trained in firefighting to subsidize the fire department's staffing needs.

Commissioner Heglar presented reasons why that isn't a good idea. He added that, for the town's ISO rating to remain the same so that insurance rates don't increase for homeowners, the town needs to have four volunteers for every one full time firefighter on staff.

Discussion ensued about volunteers versus part time employees with the finance officer stating there are different labor department and IRS requirements for the number of work hours and pay for each.

Commissioner Dugan listed six options to hire staff that council should consider, stating the department thinks Options 3 and 4 are the most reasonable requests:

- Option 3 – Hire four full time personnel at a total extra cost of \$176,400 to get close to full compliance, having full compliance by supplementing with volunteers.
- Option 4 – Hire two additional full time and three additional part time personnel, plus offer volunteer incentives at a total extra cost of \$172,220 to get close to full compliance, having full compliance by supplementing with volunteers.

Mayor Swearingen asked if the Kure and Carolina Beach fire departments had ever considered combining into one fire department for the whole island.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

CONSENSUS – Council agreed to not pursue combining, or even look at combining, the Kure Beach and Carolina Beach fire departments.

Mayor Swearingen asked how many of the additional, four full time firefighters would be on duty at any one time and what the firefighters would do while on duty when there are no emergency calls.

Commissioner Dugan responded that there would be three full time firefighters on duty at all times doing any number of things like maintenance, inspections, checking fire hydrants, doing drills, etc., adding that there is always something for them to do.

Town Clerk Avery said it's not a matter of emergency staff being busy all the time, it's a matter of the assurance that the town has trained firefighters, EMTs, and police officers available at all times for the safety of its residents and visitors.

The mayor called for a break at 11:20 a.m.
The meeting resumed at 11:40 a.m.

FO Copenhaver reviewed the draft budget for Ocean Rescue stating there are no significant changes in personnel-related expenses, and there is an increase in minor equipment and a decrease in travel, training and telephone expenses.

Commissioner Heglar asked if Assistant Chief Kennedy included in his draft budget the staff needed to remove equipment left on the beach after hours to enforce the town ordinance.

FO Copenhaver said he would check but, if it wasn't included, the draft budget may go up by about \$2,000.

4. Building Inspections

Inspector Batson reviewed his draft budget, noting an increase in supplies and a decrease in building maintenance and contracts for lawn maintenance. He said people are being better about keeping their grass cut than they used to be.

5. Administration & Recreation, Governing Body, Emergency Management, Legal, and Elections

Town Clerk Avery said that she now has three FTE in her department after one finance employee transferred to her department to handle facilities, IT, personnel and benefits. She reviewed the draft budgets she oversees under the GENERAL FUND, noting the following:



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

- **ADMINISTRATION**

Increase in retiree medical insurance with the pending retirement of Chief Cooper and the addition of an Employee Assistance Program.

- **GOVERNING BODY**

Decrease in Governmental Relations and telephone/internet costs.

- **EMERGENCY MANAGEMENT, LEGAL & ELECTIONS**

No significant changes.

Commissioner Heglar asked the town clerk to get an estimate from Waste Industries for recycling, just for comparison; but he added he is not advocating changing companies.

MPT Bloszinsky said town hall looks great and Mayor Swearingen said town hall looks wonderful. She asked how much was spent this year on furniture and new appliances.

Town Clerk Avery said she wasn't sure of the total of everything and only a new refrigerator was purchased and the new stove was donated to the town. She estimated the total cost of everything was around \$8,000.

FO Copenhaver said he'd have to go back and look; he didn't want to throw a guess at it.

Commissioner Heglar asked the finance officer provide council with the total cost of the new furniture and appliances in town hall.

FO Copenhaver presented council with a list of funding requests from outside agencies.

COUNCIL CONSENSUS: Council will fund Pleasure Island Chamber of Commerce (\$8,800), Katie B. Hines Senior Center (\$2,000), Federal Point Historic Society (\$1,500), Island of Lights (\$1,200 plus a \$900 in-kind contribution), Friends of Fort Fisher (\$1,500), Pleasure Island Sea Turtle Project (\$5,400-part of the Building Inspections budget), the KB Christmas Show (\$3,500 listed under the Recreation budget and usually paid with TDA funds) and the Federal Point Help Center \$1,500.

The town clerk asked council what they want to do with their pay.

Commissioner Heglar said he would like it to stay the same but be considered for an increase when the next council takes office.

Mayor Swearingen said that she doesn't expect it while she is mayor, but the mayor should get a pay increase. She asked the finance officer to research what mayors are being paid in similar towns. She added that council will need to take a serious look at



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

hiring a town manager in about three years, since some of the town's long-time department heads will be retiring around that time.

Town Attorney Canoutas said converting to a Manager/Council form of government will require approval from the legislators in Raleigh to change the town's charter.

Town Clerk Avery reviewed the draft budgets she oversees under the WATER/SEWER FUND, noting the following:

- ADMINISTRATION

Decrease in retiree medical insurance.

- GOVERNING BODY

Decrease in Governmental Relations and telephone/internet costs.

6. Parks & Recreation, Community Center

Recreation Manager, Nikki Keely, reviewed the draft budgets for the departments she manages, noting the following:

- PARKS & RECREATION

Increase in part-time personnel costs, the cost of boardwalk fish, and the annual Christmas Show what was previously listed in the council budget. Decrease in telephone, travel/training and the street festival.

- COMMUNITY CENTER

Increase for utilities and maintenance costs.

Manager Keely said there is a Boogie in the Park concert scheduled for Sunday, July 3rd this year and one scheduled for the Sunday before Labor Day.

Commissioner Heglar said that he would rather not have concerts booked on the July 4th weekend and was also concerned about the Labor Day concert.

Town Clerk Avery said that the advertisements have already gone out for this year's concerts, but they will bring the recreation calendar to council next year for approval before it is set.

Discussion ensued about the maintenance and durability of the bluefish on the boardwalk.

Manager Keely said that discussions have begun about holding a 70th Anniversary celebration in 2017 and asked for council's input.

Council comments were, as follows:

- Skip the 70th and have a 75th anniversary. (Dugan)



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

- There was a 50th and 60th anniversary celebration, so there should be a 70th anniversary celebration, but there should also be a 75th anniversary. (Heglar)
- The celebration should only be a one-day event and there should be a parade. (Swearingen)
- Island Women and other island organizations should be solicited to sponsor the event. (Bloszinsky)

CONSENSUS – Council agreed to hold a 70th anniversary celebration in place of the 2017 street festival, limited to one day with the possibility of a parade included. The budget should be \$10,000, with \$6,000 of that coming from the street festival budget. Sponsorship should also be solicited to help pay for the event.

Manager Keely said some of the increased budget for Community Center maintenance was to remove and possibly replace the flagpole and the center's marquee/letter sign.

Mayor Swearingen said she asked Director Beeker about removing the letter sign and he told her that there was nothing wrong with it and it wasn't broken.

Manager Keely explained that, when she changes the lettering on the sign, she has to hold the glass hatch open with her head, and the frame that holds the letters in place is beginning to come apart.

Town Clerk Avery said the sign is an accident waiting to happen and she is not going to have one of her employees be put at risk changing the lettering.

Mayor Swearingen asked the Utility Supervisor, Jimmy Mesimer, to let Director Beeker know that council would like him to take the center's marquee/letter sign down.

Manager Keely said she thinks the improvements to the interior of the center will help bring in more rentals.

Mayor Swearingen said the Community Center Committee is going to hold an open house at the center, during the street festival, which will include a raffle and demonstrations from some of the classes offered there.

MPT Bloszinsky said that the committee and Nikki Keely are doing a good job, and he also thanked Mandy Burton for doing a good job updating the center.

The mayor called for a lunch break at 1:00 p.m.
The meeting resumed at 1:35 p.m.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

7. Finance, Committee, Debt Service, Contingency, Tax Collection

FO Copenhaver reviewed the major changes in his GENERAL FUND budget, nothing the following:

- FINANCE

There is an increase in travel/training and sales tax expense.

- COMMITTEES

The Shoreline Access, Beach Protection and Parking Committee requested \$4,300 in their budget for sea oats, brochures, parking blocks, Beach Sweep supplies, signs and internet for the Adopt-A-Beach website.

- DEBT SERVICE

There were two new loans added in FY 2015 for vacant lots and police vehicles.

- TRANSFERS

The draft budget doesn't include transfers to the Beach Protection or Contingency Funds because the General Fund is already short by about \$129,000.

- CONTINGENCY

Five percent of appropriations is the maximum allowable amount in the Contingency Fund.

MPT Bloszinsky said that he confirmed with the new owner of the land the town rents for downtown parking that it is still available for rent this year.

Council said to pursue the lease, and Town Clerk Avery said she will use the lease from last year's rental to create a new lease and get the signatures needed.

FO Copenhaver reviewed the draft budgets he oversees under the WATER/SEWER FUND, noting the following:

- FINANCE

Increase in travel/training and decrease in computer costs.

- TRANSFERS

There is a large transfer of funds for the H Avenue Lift Station Capital Project Fund.

BUDGET REVENUE

FO Copenhaver reviewed the GENERAL FUND revenue estimated for FY 2017, compared to FY 2016, noting that he expects about 5.6 percent in overall increased revenue. Significant changes are as follows:

- FRANCHISE & UTILITY TAXES expected to increase because of the electric sales tax that replaced the electric franchise fee in FY2015.
- ABC REVENUE expected to increase.
- COMMUNICATION TOWER RENT expected to decrease because Nextel terminated its lease.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

- MOTOR VEHICLE DECALS expected to increase because of a slight upward trend in sales.
- ALL OTHER REVUE expected to decrease by 36.6 percent.
- OTHER FINANCIAL SOURCES expected to increase the town's revenue from loans for the garbage truck, service truck and two police vehicles.

Discussion ensued about a new state statute that allows municipalities to raise their decal tax up to \$30 to be split as follows: \$5 can be used for town-owned mass transit, \$5 can be used for anything and the rest has to be used for non-state street improvements. Municipalities can collect the payment through the vehicle registration/tax bill which should yield a 100 percent collection rate for every motorized vehicle in town.

Further discussion ensued about how residents would receive their decals if the tax was collected through the registration tax/bill.

PARKS AND RECREATION & COMMUNITY CENTER REVENUE

Manager Keely said she expects an increase in revenue to the Parks and Recreation budget due mostly to the boardwalk bluefish fundraiser. She also showed council a sample of the "freakers" (knitted beverage insulators for drink cans and bottles with the town logo) made famous on the show "Shark Tank" that will be sold for \$10 each at the street festival. She said she expects an increase in revenue to the Community Center budget from an anticipated increase in facility rentals.

FO Copenhaver reviewed the WATER/SEWER FUND revenue estimated for FY 2017, compared to FY 2016, noting that he expects about 16.6 percent in increased revenue. Significant changes are as follows:

- INTEREST INCOME expected to increase due to changes in investment allocation.
- OTHER REVENUE/FEES expected to increase primarily from past due charges of \$5,500.
- CUTOFF & RECONNECT FEES expected to increase.
- OTHER FINANCING SOURCES expected to decrease from loans for a generator and half of a backhoe.

FO Copenhaver reviewed the STORM WATER FUND revenue estimated for FY 2017, compared to FY 2016, noting that he expects about 31.9 percent increased revenue. Significant changes are as follows:

- INTEREST INCOME expected to increase due to changes in investment allocation.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #1

April 13, 2016

- APPROPRIATE FUND BALANCE expected to increase to allow for a transfer of \$400,000 to the Storm Water Capital Projects Fund.
- OTHER FINANCING expected to increase from the loan for half of a backhoe.
- STORM WATER BUILDING FEES expected to decrease.

FO Copenhaver said, if council proceeds with the H Avenue lift station project, he recommends transferring \$50,000 from the Water/Sewer Fund and financing the remaining \$450,000; all to be set up in a separate fund. He said that, for the Kure Beach Village Phase IIA storm water project, he recommends transferring \$400,000 from the Storm Water Fund and financing the remaining \$250,000. He said the town could pay the whole amount out of the fund balance which increases by about \$100,000 per year, but he's not sure if that's wise.

Further discussion ensued about how to pay for the projects with council deciding to follow the recommendation of the finance officer.

FO Copenhaver reviewed a list of eight potential options from which council could choose to balance the draft budget. Options included appropriating fund balance, cutting budget expenses and various property tax increase scenarios. He reminded council that he didn't budget for anything to go into the Beach Protection and Contingency Funds.

Commissioner Heglar said he would like to know the average amount of money council spends each year out of the Contingency Fund.

The finance officer said it has probably been in the \$60,000 range, but he would find out and bring the information back to the next work session.

Commissioner Heglar said he would rather not touch the fund balance but thinks the draft budget should include funds going into the Beach Protection and Contingency Funds.

Discussion ensued about the proposed town hall expansion and new fire station. The finance officer said that he didn't reflect that in this draft budget since the expense to build may not hit this year's and even next year's budget, even if it was started today. He suggested handling the project in a separate budget the same way as the lift station and storm water project budgets. He estimated if the town borrows about \$2 million for the building project, the loan payment would probably be around \$195,000 per year.

Commissioner Heglar asked where the two percent COLA and two percent merit came from and wondered if that should be scrutinized.



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The town clerk said that the NCLM's survey shows that is pretty even with the towns that are considering giving COLA and merit. She said Carolina Beach is starting with two percent COLA and three percent merit.

FO Copenhaver said that, for every one percent increase in COLA or merit, it costs the town about \$16,000 total, which includes taxes, so the total increase of four percent would be \$64,000 total to the town.

Discussion ensued about increasing fees versus raising taxes. Commissioner Heglar asked the finance officer to look into ways to increase revenue from water/sewer fees, but he pointed out that the good thing about increasing property taxes instead is they are tax deductible.

MPT Bloszinsky said council's priority should be safety through police and fire personnel and infrastructure. He said if the building project has to be set aside, that's the way it has to be.

Commissioner Heglar said council shouldn't be afraid to raise taxes if it can be accounted for in the services the town provides. He asked the department heads to comb through their budgets and try to cut some things before council considers a tax increase.

Town Clerk Avery said that two of the departments are asking for additional staffing, so what in their budget are they going to cut that they haven't already cut. She also asked what services council wanted the department heads to cut.

Commissioner Heglar said council could go line item by line item with the department heads at the next budget work session, but he would rather the department heads choose what to cut from their own budgets.

CONSENSUS – Council asked that the department heads look closer at their budgets to make cuts and for the finance officer to revise the draft budget with their information including scenarios of putting \$25,000 and \$50,000 into the Beach Protection and Contingency Funds.

SALARY BANDS

Town Clerk Avery presented council with a proposal for new salary bands to replace the existing salary grade and classification schedule that was adopted 15 years ago. She asked for council's input.

Discussion ensued on the four bands and their descriptions and pay structures.



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The town clerk stated the band structure would only increase as COLA is granted. She added that the Fair Labor Standards Act's required pay for exempt employees has gone from \$23,660 to \$50,440.

Commissioner Heglar asked the town clerk to plot out all of the job titles on the spreadsheet for all four salary bands so he can understand which jobs go in each band.

Town Clerk Avery said she would like to include a pay philosophy with the salary band recommendation and will bring everything back to council at next week's budget work session for further consideration.

POSSIBLE AMENDMENTS TO PERSONNEL POLICY

Town Clerk Avery presented council with a review of the existing personnel policy and related ordinances, stating the disciplinary requirements in ordinances are different than those in the personnel policy, and she would like them to match each other.

Discussion ensued whether council wants department heads to have sole discretion to hire, discipline and fire within their departments, or if others should be involved.

Mayor Swearingen said that personnel policies should be removed from the town ordinances.

Commissioner Heglar said he doesn't want town council politics involved in the disciplinary decisions.

CONSENSUS – Council asked the town clerk to bring them wording to replace Article IX, Sections 1, 3 and 4 of the personnel policy and then, once approved, they will repeal Section 2-18 of the town ordinance.

Town Clerk Avery presented council with a proposed new benefit: an Employee Assistance Program. She listed its benefits and said the annual cost to cover all employees is only \$2,450, which she included in her draft budget. She said the benefit will become effective July 1, 2016, if council approves it.

Commissioner Heglar and Dugan both stated this is an excellent program which enables employees dealing with special problems.

Personnel and Facilities Coordinator, Mandy Burton, said that just about every municipality offers this benefit to its employees.



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COUNCIL CONSENSUS – Council directed the town clerk to put the Employee Assistance Program proposal on the April council meeting agenda for approval.

ADJOURNMENT

The mayor adjourned the meeting at 4:01 p.m.

Emilie Swearingen, 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.



TOWN COUNCIL MINUTES

REGULAR MEETING & PUBLIC HEARING

April 19 & 21, 2016

The Kure Beach Town Council held their regular meeting on Tuesday, April 19, 2016 at 6:30 p.m., recessed it after the Public Hearing, and reconvened it on Thursday, April 21, 2016 at 6:30 p.m. The Town Attorney was present and there was a quorum of council members.

COUNCIL MEMBERS PRESENT

Mayor Emilie Swearingen
Mayor Pro Tem (MPT) Craig Bloszinsky (4/22 only)
Commissioner David Heglar
Commissioner Joseph Whitley
Commissioner Jim Dugan

STAFF PRESENT

Building Inspector – John Batson (4/22 only)
Finance Officer – Arlen Copenhaver (4/22 only)
Police Chief – Dennis Cooper (4/22 only)
Recreation Manager – Nikki Keely (4/22 only)
Town Clerk – Nancy Avery
Deputy Town Clerk – Nancy Hewitt

CALL TO ORDER

Mayor Swearingen called the meeting to order at 6:30 p.m. and opened the public hearing stating that its purpose is to receive comments on the revised draft proposal to amend Chapter 19 Zoning, Article VI Signs, Section 373 Exceptions, number (7), for political signs. Changes proposed to the current code include removing specifics on placement of political signs on private property while clarifying the time period in which they can be erected, revising the distance signs can be placed in reference to the polling place (Town Hall) and specifying where signs can be placed within the Extraterritorial Jurisdiction (area outside of official town limits). Notice of the public hearing was posted at Town Hall and on the town's website on March 29, 2016, and was published in the Island Gazette on April 6 and 13, 2016.

PUBLIC COMMENTS

1. John Ellen, 181 Seawatch Way/Planning and Zoning (P&Z) Commission Chairman
Mr. Ellen said he came to give a background on the reason for the draft ordinance amendment but, since no one else came to address council, he would like to speak to council as a concerned citizen of Kure Beach. He proposed striking the part about the Extraterritorial Jurisdiction (ETJ) and to not allow political signs along Dow Road. He said there will be a general election this year and, if the ordinance is approved as-is, the signs for the upcoming election will be lined along Dow Road. He said this causes it to become a safety issue since he can't keep his eyes out for deer if his eyes are looking at the signs.



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Mayor Swearingen asked if anyone else wanted to address council and, as no one indicated their desire to speak, she asked for a motion to close the hearing.

CLOSING OF PUBLIC HEARING

MOTION – Commissioner Heglar moved to close the public hearing.

SECOND – Commissioner Dugan

VOTE – Unanimous

MOTION – Commissioner Heglar moved to recess the regular council meeting to be reconvened at Town Hall on Thursday, April 21, 2016 at 6:30 p.m. or soon thereafter.

SECOND – Commissioner Whitley

VOTE – Unanimous

Meeting recessed at 6:35 p.m.

Mayor Swearingen reconvened the regular meeting of the Kure Beach Town Council on Thursday, April 21, 2016 at 6:30 p.m.

MPT Bloszinsky delivered the invocation and led everyone in the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA ITEMS

1. Adopt Resolution R-16-07, transferring funds from the Contingency line item to FY15-16 Streets and Sanitation budget for street light upgrades
2. Approve Budget Amendment 16-09 authorizing transfer of \$6,400 from the FY2016 General Fund Contingency to the Streets and Sanitation budget for LED street light upgrades
3. Approve Budget Amendment 16-10 totaling \$19,307 for Ocean Front Park maintenance expenses and the related increase in TDA revenue
4. Approve Budget Amendment 16-11 to establish a \$2,535 budget for the U.S. Department of Justice Body Armor Grant
5. Approve application for funding from NHC TDA totaling \$19,307.44 for expenditures incurred for maintenance and improvements to the Ocean Front Park pavilion for the upcoming 2016 tourist season
6. Appoint Bill Moore as a member of the Emergency Operations Committee
7. Appoint Sandra Finch as a member of the Emergency Operations Committee
8. Renew three-year term for Tony Garibay on the Board of Adjustment
9. Building Inspections Report – March 2016
10. Fire Department Report – March 2016
11. YTD Finance Report Meeting
12. Minutes: March 24, 2016 regular meeting
13. Adopt Resolution 16-06 to adopt a Memo of Understanding for the Wilmington Metropolitan Planning Organization



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Mayor Swearingen asked that Item 1 under New Business, the adoption of Resolution R16-06, be moved under the Consent Agenda as Item 13.

MOTION – Commissioner Heglar moved to approve the Consent Agenda Items, as amended.

SECOND – MPT Bloszinsky

VOTE – Unanimous

The resolution and budget amendments are herein incorporated as part of these minutes.

ADOPTION OF THE AGENDA

Mayor Swearingen asked that Mayor Travel to Raleigh be added as Item 1 under New Business, to replace the item she moved to the Consent Agenda, and asked that NCBIWA Meeting Update be added under Mayor Updates.

Commissioner Whitley asked that Item 3 under New Business, Guns in or on town property, be moved up to Item 1 so that the people who came for that discussion don't have to stay through the entire meeting.

MOTION – Commissioner Heglar moved to adopt the meeting agenda as amended by Mayor Swearingen and Commissioner Whitley.

SECOND – MPT Bloszinsky

VOTE – Unanimous

DISCUSSION AND CONSIDERATION OF PERSONS TO ADDRESS COUNCIL

1. Fred Edgecomb, 106 Bluefish Lane

Mr. Edgecomb said the proposal to restrict firearms is only going to affect law abiding citizens since criminals won't pay any attention to it. He said that the safest group of people he can imagine are gun owners who don't violate laws. He said that gun accidents have been declining for many years and there have been no incidents in Kure Beach that he knows of.

2. Tami Hahn, 309 E Avenue

Ms. Hahn said she understands council has a positive intent to discuss this subject, but she asked if they would put a sign on their door that said they aren't home tonight and their doors are unlocked. She said when you put up a gun-free zone sign and ban law abiding citizens from carrying guns, you have essentially announced to a criminal that this is a place where people have been disarmed. She said that, with two exceptions, every public mass shooting since 1950 has taken place where citizens were banned from carrying guns. She presented council with studies and statistics on the public safety benefits of allowing law abiding citizens to carry guns.



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3. Nate Berry 1322 Spring Valley Road, Wilmington

Mr. Berry said that he is a member of law enforcement. He said that legalized concealed gun carriers are the last people he is worried about and wishes every citizen who has a concealed carry would be able to carry their weapon onto any property. He said they are the most law abiding citizens out there.

4. George Turner, 521 S. 5th Avenue

Mr. Turner said he had an incident at his burger house where an intoxicated individual banged on the window of his business before it opened and demanded to be waited on. He said he asked the man to wait until he opened and, when he kept banging, Mr. Turner asked him if he believed in God, showed him his gun, and the man left right away.

Mayor Swearingen thanked everyone for coming to the meeting to share their concerns and presented her thoughts on the subject, as follows:

- Her intention was not to do anything other than review the issue and be an educational time for council.
- She gave two real-life scenarios involving shootings during parking disputes and also presented “what if” scenarios to consider.
- She said that alcohol consumption often plays a part in shooting incidents, stating that the Community Center allows alcohol to be served at functions that are specially permitted.
- She asked what council should do to keep Kure Beach safe and asked the public to send her their recommendations via her town email address.
- She read portions of N.C.G.S. 14-415.23 on Statewide Uniformity for the regulation of legally carrying a concealed handgun.
- She said she isn’t as concerned about the “good guys” as she is about the “bad guys,” but she doesn’t know how to tell the difference between them, sometimes.

Commissioner Heglar said the laws regarding open carry in North Carolina are broader and, if concealed carry is banned, some people may start wearing them in the open and the police couldn’t stop them from doing so. He said Article 1, Section 30 of the State Constitution gives even more rights for open carry than the U.S. Constitution. He said concealed carry requires training, while open carry does not.

Commissioner Whitley said it’s a long process to get a permit to carry a gun.

Commissioner Heglar said guns can be easily bought from a personal sale, second-hand, which he thinks is much worse than people carrying concealed weapons who have at least been trained. He said citizens should be able to choose for themselves what to do and council can talk about anything they want; but he wants to be notified by council of any controversial issues they wish to put on the agenda so he will be ready to answer questions from the public and not be blind-sided.



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MPT Bloszinsky said Second Amendment rights have been defined by the government, and he doesn't want to change any of them for Kure Beach. He said it's always good to have a discussion on any topic, but council has plenty of weighty matters and local issues that need to be addressed for the benefit of the citizens other than matters that have already been determined nationally.

Commissioner Whitley said he is a concealed carry permit holder and has supported that right for years.

Commissioner Dugan said it's important for council members to share ahead of time any issues they want put on the agenda that involve research or the possibility of controversy; that goes for all council members, not just the mayor.

DISCUSSION AND CONSIDERATION OF COMMITTEE BUSINESS

1. Community Center Committee

a. Plantings and flag pole

Robin Sack, chairman, thanked volunteers from the Wilmington Regional Association of Realtors (WRAR) for planting, weeding and cleaning up around the Community Center on April 5th, during Realtors Action Day. She said that, between the WRAR and the Community Center Committee members, over 20 volunteers helped plant the flower bed in the center's parking lot. She said that the plants were donated by Denyse Fredrickson from Island Women and added that the WRAR is also going to donate a new flag pole to be installed in front of the center.

MPT Bloszinsky thanked the WRAR and the Community Center Committee for helping beautify the parking lot median, and he also thanked Town Clerk Avery for her role in coordinating it.

2. Planning and Zoning (P&Z) Commission

a. Interview John Cawthorne for alternate position

Mr. Cawthorne of 281 Seawatch Way said he has lived in Kure Beach for less than a year and shared his background as an Air Force Civil Engineer and his involvement with planning. In answering questions from council, Mr. Cawthorne gave the following feedback:

- He is interested in being a member of the commission because he wants to be more involved in, and support, the community.
- He can use his background in planning and civil engineering to help.
- He understands the commission reviews the current zoning and planning laws, they make recommendations to council, and they review applications which is the same thing he does as a civil engineer.
- His background is in environmental engineering, and dealing with noise, air compatibility use zones and parking on military bases.



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MOTION – Commissioner Heglar moved to appoint John Cawthorne as an alternate member on the Planning and Zoning Commission.

SECOND – MPT Bloszinsky

VOTE – Unanimous

b. Proposals for new ordinances regarding container houses

John Ellen, chairman, said P&Z has presented two options for an ordinance regarding container dwellings: one that would prohibit them and one that would allow container dwellings only in the RA-2T district.

Commissioner Dugan asked if there was any discussion as to using containers for businesses.

P&Z Attorney, James Eldridge, said the text amendments to the definitions in the code limits containers to be used as “container dwellings.” So, by regulating the definition of a container to being a dwelling, it prohibits them from being used for any other purpose.

Mayor Swearingen asked if the commission considers short term rentals a business.

Chairman Ellen said, if council decides to regulate rather than prohibit containers, the container dwelling can be rented just like any other dwelling in Kure Beach. He added that P&Z will come back to council as they continue the process of updating the zoning ordinances on new issues that come to their attention.

Commissioner Heglar agreed with Chairman Ellen stating he would like P&Z and the building inspector to always keep their eyes out for new zoning-related issues as more and more unusual things come up regarding properties, and to keep council informed about them so they can be proactive. He said that it was the citizens of Kure Beach who brought the issue of container homes to council’s attention.

Attorney Eldridge said, to handle unusual zoning requests, the recommendation is to take an unlisted use and treat it the same way the most similar use would be treated. He said it will take a lot of work, but drafting proper amendments, guidelines and standards will enable the permitting decision to not appear arbitrary.

MPT Bloszinsky asked if there are any towns that have prohibited the use of containers, to which Attorney Eldridge said none have been identified that he knows of.

Attorney Eldridge said that, anytime one considers prohibiting or limiting by regulation a use, one needs to be cognizant of potential legal challenges; so, in order to safe guard the town from the expense of those challenges, the town needs to make sure the prohibitive or limiting



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ordinance includes proper findings (legitimate reasons) in it, such as detrimental effects on property values, etc.

Chairman Ellen reminded council that they can either allow or prohibit certain buildings in the code but, if allowed, council can't regulate their aesthetics.

MOTION – Commissioner Heglar moved to schedule a public hearing at Town Hall for the purpose of receiving public input on container dwellings in Kure Beach as the first item of business on the agenda at the council meeting on Tuesday, May 17, 2016 at 6:30 p.m., or soon thereafter.

SECOND – Commissioner Dugan

VOTE – Unanimous

Council asked Chairman Ellen to present the context of the two proposed options to the public during the hearing.

DISCUSSION AND CONSIDERATION OF DEPARTMENT HEAD BUSINESS

1. Administration and Recreation

- a. Approve the repeal of Code of Ordinance Sec. 2-18 regarding disciplinary action for employees and department heads and amend Secs. 1, 3, and 4 of Personnel Policy Article IX regarding unsatisfactory job performance and detrimental personal conduct

Town Clerk Avery said that, during the budget work session last week, council agreed to repeal Section 2-18 of the code and also asked her to amend Sections 1, 3 and 4 of the Personnel Policy as she recommended. She said the town attorney reviewed the amendments and approved them.

Commissioner Dugan said these amendments to the policy simplify disciplinary action for the town by giving department heads sole discretion to discipline their employees and by giving council sole discretion to discipline department heads.

MOTION – Commissioner Dugan moved to approve the repeal of Code of Ordinance Sec. 2-18 regarding disciplinary action for employees and department heads, and to approve amendments to Secs. 1, 3, 4 of Article IX of the Personnel Policy regarding unsatisfactory job performance and detrimental personal conduct.

SECOND – Commissioner Heglar

VOTE – Unanimous

Mayor Swearingen asked the Town Clerk to make sure that the word “council” in the policy manual is always capitalized.



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b. Approval of new Employee Assistance Plan benefit

Town Clerk Avery said that, during the last budget work session, she presented the Employee Assistance Plan benefit to council and they asked her to put it on their regular meeting agenda. She asked them to approve the plan stating it would be included in the FY16-17 budget and would take effect on July 1, 2016.

Commissioner Dugan said that this gives the department heads something to offer their employees who may have special problems for which they need help.

MOTION – Commissioner Heglar moved to approve the new Employee Assistance Plan benefit, as presented.

SECOND – Commissioner Dugan

VOTE – Unanimous

c. Approval of request from the Pleasure Island Disc Golf Club to hold their Chainstorm Disc Golf Tournament at town's disc golf course on June 18th

Recreation Manager, Nikki Keely, asked council to approve the request from the Pleasure Island Disc Golf Club to hold their Chainstorm Disc Golf Tournament at town's disc golf course on June 18th. She said that members of the club help the town, explaining that once a month they hold a work day to keep the town's course clean, they help with the sponsorship program for the disc catchers, and one of them volunteers on the Parks and Recreation Advisory Board and helps set up town events.

Commissioner Heglar asked who would be liable if the town co-sponsors the event and anything goes wrong with the bounce house, to which he was told the group would get liability insurance.

MOTION – Commissioner Whitley moved to have the town co-sponsor the Pleasure Island Disc Golf Club's Chainstorm Disc Golf Tournament to be held at Joe Eakes Park on Saturday, June 18th, and to waive the special event fees; to allow for a food and ice cream truck during the event; and to permit a bounce house and a radio station van, contingent on their placement being approved by Public Works.

SECOND – Commissioner Dugan

VOTE – Unanimous

2. Building Department

Building Inspector Batson said the beach nourishment demobilization should start next week, weather permitting. He said the crew is in the middle trying to get an extension for the demobilization in case of bad weather. He said that the H Avenue crossover is going to have to shift to an eastern angle or it will run into a frontal dune, but the price should be the same. He said that Tony Gonsalves, Chairman of the SLABPP Committee, is going to be moving away. He



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said he would like council to approve dedicating the H Avenue ADA crossover to Mr. Gonsalves by putting up a plaque at the crossover, since he has done so much work for the town.

Mayor Swearingen said that was a great idea and asked that a Certificate of Appreciation also be presented to him during the May council meeting.

MOTION – Commissioner Heglar moved to dedicate the H Avenue crossover to Tony Gonsalves, Chairman of the SLABPP Committee, and award him a Certificate of Appreciation from the town.

SECOND – Commissioner Dugan

VOTE – unanimous

In response to Mayor Swearingen's inquiry into the current status of The Riggings, Inspector Batson said they applied for a variance with the Coastal Resources Commission and were approved to remove their old sand bags and install new ones along the entire front of their complex. He said he issued them a permit to repair their pool and put in wooden decking around it and, eventually, they want to put in a new beach crossover to stretch out over the sand bags.

DISCUSSION AND CONSIDERATION OF OLD BUSINESS

1. Draft proposal to amend Chapter 19 Zoning, Article VI Signs, Section 373 Exceptions, (7) for political signs

MOTION – Commissioner Heglar moved to approve the amendment to Chapter 19 Zoning, Article VI Signs, Section 373 Exceptions, (7) for political signs, as presented.

SECOND – Commissioner Whitley

VOTE – Unanimous

The ordinance amendment is herein incorporated as part of these minutes.

2. Update on discussion with police and fire chiefs regarding ATVs on beach strand
Commissioner Dugan said, at the last council meeting, a citizen requested to be allowed to use an ATV to get him to the beach to fish since he is handicapped. He said he checked with the police and fire chiefs and also did some computer research of state laws and ADA regulations. He said he needs time to contact people in Raleigh before coming up with a recommendation for council and he will bring it to the May council meeting.

MPT Bloszinsky said the lifeguards use the dune line to ride back and forth, but this will be an ATV going to the tidal line, and he is worried about the safety of small children during the summer. He wants to know what days and times, and how many times, the individual would be allowed to take his ATV on the beach before council approves it.



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3. Letter from Beachwalk Homeowners Association (HOA) requesting use of Sandman Drive property for laydown area

Commissioner Heglar said that the Beachwalk HOA has sent a request to council to use the town's Sandman Drive property as a laydown area during the repair of their retention pond. He said they didn't want the large equipment driving back and forth through Kure Beach all summer, so they'd like to be able to store the equipment there, possibly along with some piping. He said that they notified the HOA that oversees the adjacent properties to Sandman Drive, in case they have concerns. He said that no pond spoil or hazardous materials will be dumped there.

MOTION – Commissioner Heglar moved to approve the use of the town's Sandman Drive property for a laydown area for heavy equipment and piping supplies during Beachwalk HOA's repair of their retention pond.

SECOND – MPT Bloszinsky

VOTE – Unanimous

DISCUSSION AND CONSIDERATION OF NEW BUSINESS

1. Mayor Travel to Raleigh

Mayor Swearingen said she'd like to attend a legislative breakfast with the legislators in Raleigh on May 19th, being hosted by the NC Association of Resort Towns and Convention Cities, explaining her reasoning. She said she will stay overnight at a relative's house but will need the town to pay for her round-trip gas expense.

MOTION – Commissioner Heglar moved to approve Mayor Swearingen's travel to Raleigh 5/18-5/19/16, at an estimated cost of \$156 for gas reimbursement from the council budget, to attend a legislative breakfast.

SECOND – MPT Bloszinsky

VOTE – Unanimous

2. Resolution R16-08, adopting the Southeastern NC Regional Hazard Mitigation Plan

Commissioner Heglar said that three of the town commissioners attended the meeting where the plan was discussed and reviewed. He said the plan is required by FEMA.

MOTION – Commissioner Heglar moved to adopt Resolution R16-08, adopting the Southeastern NC Regional Hazard Mitigation Plan.

SECOND – Commissioner Whitley

VOTE – Unanimous

MAYOR UPDATES

Mayor Swearingen said that she and Commissioner Dugan attended the NC Beach, Inlet and Waterway Association (NCBIWA) Coastal Local Annual meeting over the last two days, and



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thinks it was one of the most informative sessions that they've held. She and Commissioner Dugan presented the following information:

- Three local, elected officials told them that part of the problem is there are 20 counties that represent the coast in North Carolina and 80 counties that don't; so, for sand and some tourism issues, it's 80 against 20. Also, the 20 counties may have 20 different ways of doing things on the coast, so the idea is for all of the coastal counties to combine their ideas into one message to be shared with legislators every time they sit down with them.
- The NCBIWA wants to do an economic study because they keep being told by the state legislators that the coastal municipalities are living off the rest of the state and there's not a current study that gives good, hard numbers to prove it's not true.
- The reason the economic study is so important is that someone talked to Governor McCrory about beach nourishment, and he said he has never been shown data to support its importance; so he will do nothing about it from the state level.
- There are new things that CAMA has approved that they will discuss with the building inspector and others in the area to see if anything is worth pursuing.
- There was serious discussion that the NC Legislature may possibly change the percentages of Room Occupancy Tax distribution to go to an 80-20 split, with 20 percent allocated for advertising.
- Someone said that, as of last week, the U.S. House and U.S. Senate have each put \$50 million dollars into the budget for beach nourishment. If they keep it in there, we have a chance of fighting for some of it since it is for towns that have an agreement with the Federal government.
- The state is working on how funding is handled for water, sewer and storm water projects. They have taken the five big funding sources and combined them into one, so only one application is needed. There's a lot more money available than has been in the past. That may be something they can talk to Director Beeker about.

COMMISSIONER UPDATES

MPT Bloszinsky said citizens have approached him about certain town safety issues that some of the department heads should take a look at, as follows:

- Citizens have suggested putting reflective tape or reflective paint on the first concrete parking block on K Avenue, coming from Dow Road since people may mistakenly drive over the block at night if no one is parked there.
- Citizens are complaining about the obscured site line at the intersection of S. 4th Avenue and K Avenue when making a left turn, due to the way parking is set up along K Avenue. They'd like to see the end parking position eliminated to enable better visibility.
- Last year, a citizen lost her life after overshooting the curve on Dow Road coming onto K Avenue. Larger signs need to be erected to warn drivers about the sharp curve and to instruct drivers to reduce their speed from 55 to 15 MPH at the curve.



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Other comments made:

- There is also a problem with people trying to take a left instead of a right from S. 3rd Avenue onto K Avenue, going the wrong way. (Swearingen)
- Most of the arrow signs on the curve coming into Kure Beach are gone now, and also some of the ones at the curve on the way to the ferry are gone. (Whitley)
- The curve warning signs are gone because people keep hitting them. (Heglar)
- About two weeks ago, another curve sign got hit by a driver and cut in half. Public Works should be the department responsible for contacting the DOT about new signs. (Dugan)

ADJOURNMENT

MOTION – Commissioner Heglar moved to adjourn the meeting.

SECOND – Commissioner Whitley

VOTE – Unanimous

The meeting adjourned at 8:07 p.m.

Emilie Swearingen, 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.



TOWN COUNCIL MINUTES

FY16-17 BUDGET WORK SESSION #2

April 22, 2016

The Kure Beach Town Council held a budget work session for Fiscal Year (FY) 16-17 at the Kure Beach Community Center on Friday, April 22, 2016 at 9:00 a.m. The town attorney was present and there was a quorum of council members.

COUNCIL MEMBERS PRESENT

Mayor Emilie Swearingen
Mayor Pro Tem (MPT) Craig Bloszinsky
Commissioner David Heglar
Commissioner Joseph Whitley
Commissioner Jim Dugan

STAFF PRESENT

Finance & Budget Officer (FO) – Arlen Copenhaver
Town Clerk – Nancy Avery
Building Inspector – John Batson
Police Chief – Dennis Cooper
Police Lieutenant – Mike Bowden
Fire Chief – Harold Heglar
Public Works Director – Sonny Beeker
Recreation Manager – Nikki Keely
Deputy Town Clerk – Nancy Hewitt

CALL TO ORDER

Mayor Swearingen called the meeting to order at 9:00 a.m.

PRESENTATION OF REVISED DRAFT OF FY16-17 BUDGET

FO Copenhaver presented council with a list of revisions he made to the General Fund, at council's request, as follows:

- **Increased:** \$1,500 for the Federal Point Help Center contribution, \$1,938 for pay and taxes of a lifeguard to clear the beach of equipment left after hours and \$4,000 for the Street Festival to help finance next year's 70th Anniversary.
- **Decreased:** Federal Point Historic Society and Friends of Fort Fisher contributions; parking lot expenses by \$70; building maintenance, telephone and minor equipment from the Administration budget; maintenance from the Community Center budget; part time pay and taxes, and starting pay for an additional police officer with a delayed hire from the Police budget; Boogie in the Park and children/family programs from the Parks and Recreation budget; and beach nourishment from the Building Inspection budget.



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FO Copenhaver said that the changes made to the original draft budget after the last work session, resulted in it going from a deficit of \$128,993 to a deficit of \$191,558. He said council was trying to decide at the last work session if they wanted to put \$25,000 or \$50,000 into the Beach Protection and Contingency Funds, so they directed him to find out the average annual amount transferred from the Contingency Fund. He said that the average transfer over the last few years has been about \$53,000, so he advised council they may want to budget \$50,000 in that fund as well as in the Beach Protection Fund.

FINALIZATION OF THE PROPOSED BUDGET

FO Copenhaver reviewed a revised list of eight potential options from which council could choose to balance the draft budget, along with the effect each option would have on the budget. Options included appropriating fund balance, reducing budgeted expenses or increasing property taxes by either 2.35, 3, 4 or 5 cents.

MPT Bloszinsky asked the finance officer what the current shortfall for garbage fees is, to which he responded the shortfall is a little over \$400,000 with the town collecting about \$200,000. Discussion ensued about whether or not to increase garbage fees.

Commissioner Heglar said, if council doubles the garbage collection cost, it would cover the budget deficit, but it might be better to raise taxes since they're deductible.

MPT Bloszinsky said the tax increase probably wouldn't help people taking the standard deduction.

It was discussed that the Kure Beach tax rate was raised in FY10-11 by almost three cents and, in FY11-12, taxes increased again through the county's property revaluation. It was calculated that the average cost of a house in Kure Beach is about \$336,721, with a median household income of \$55,000.

Commissioner Heglar calculated it would cost an additional \$80 per year for the average citizen, if council increased taxes by 2.35 cents.

FO Copenhaver said the total existing operating expenses in everyone's budget this year were up by 3.5 percent. He said, if the town proceeds with the town hall/fire station (facilities) expansion project, the debt service could be about \$200,000 per year, which equals out to about 2.5 cents more on property tax. He said the debt service estimate is based on a \$2 million dollar project with a 15 year loan.



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MPT Bloszinsky said he was listening to a report on WRAL that said New Hanover County is not likely to raise taxes this year, although he's not sure what caused them to make that statement; but there will definitely be a revaluation next year.

Commissioner Heglar said he expects the revaluation will be bad for Kure Beach property owners, looking at the values this year.

Town Clerk Avery said, if taxes aren't raised by four or five cents this year, the debt service won't be addressed for the facilities expansion project for the next year.

Commissioner Heglar said that he wouldn't advocate raising taxes for a project that council hasn't agreed to yet and wouldn't start in the next budget year anyway. He said there's plenty of money in the General Fund balance, if starter money is needed.

Town Clerk Avery asked how far out each tax increase option would carry the town before taxes would need to be increased again.

Commissioner Heglar said the increase just gets us to the next year, but something will have to be done again next year anyway with the revaluation coming.

Discussion ensued further about how to finance the facilities expansion project with the following information, based on current interest rates:

- Banks will only do a 15 year loan with an average interest rate of three percent.
- The USDA can do a 15-40 year loan with an average interest rate of four percent.

After Fire Chief Heglar said the town hall and fire station were about 25 years old, Commissioner Heglar suggested that a USDA loan could be taken out for 25 years for the facilities expansion project.

Commissioner Dugan said that it boils down to department head recommendations on actions to take in order to maintain or improve the level of services to the town, and council needs to determine if it's worth it; and he feels it's worth it.

Commissioner Whitley said council should do what they can for the town.

CONSENSUS – Council agreed that a 2.35 cent increase is necessary and asked the finance officer to compose a message for council's approval, to be sent to the Island Gazette, that explains the following:



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- There are new regulations for the fire department that create the need for four, additional full time firefighters, which will also help the town maintain its ISO rating to keep homeowner insurance costs low.
- There is a need for an additional police officer to maintain the high standards of the department.
- Council will increase taxes by 2.35 cents to balance the budget, which includes putting \$50,000 in the Beach Protection Fund and \$50,000 in the Contingency Fund.

Fire Chief Heglar said the reduction in his home insurance rate equaled his Kure Beach taxes when the ISO rating improved several years ago. He said that the town could lose its current ISO rating if something isn't done to provide 24/7 coverage in the fire department, since volunteers can only do so much due to IRS and Risk Management restrictions. He added that the sleepover program for volunteer firefighters will be discontinued.

FO Copenhaver said that the assistant fire chief put the sleepover program in his draft budget, to which Chief Heglar said he only did that because he didn't think council would approve the four, additional full time firefighters; but it will be removed if that is done.

FO Copenhaver asked council if they liked the idea he presented at the last budget work session of collecting the town's vehicle tax through the county's registration/tax system. He said residents can bring their proof of payment to town hall to get their decals, and the town can still sell decals to non-residents who want one. He said the budget should increase by about \$4,000-\$4,500 with 100 percent collection from each registered vehicle in Kure Beach, and the money coming from non-residents for decals.

CONSENSUS – Council instructed the finance officer to arrange with the county to collect the town's \$5 vehicle tax via the county registration/tax collection process.

FO Copenhaver said he will make it part of the budget ordinance and will create a resolution for council to sign.

FO Copenhaver proceeded to review a spreadsheet showing the monthly amount of residential water usage from 4/1/15 to 3/31/16. He provided the following information:

- There are significant increases in water consumption through the summer months.
- The town mails out about 1,900 utility bills to residential customers, per month, with an average total annual water usage of about 94 million gallons.
- About 24 percent of the annual utility bills are for use of over 5,000 gallons, which is 68 percent of the water used.



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- About 15 percent of the annual utility bills are for use over 7,000 gallons, which is 56 percent of the water.
- Accounts using over 10,000 gallons of water in July and August, alone, are using 63 percent of the water.

FO Copenhaver reviewed the current minimum charges for water/sewer and charges for water/sewer usage over 2,500 gallons per month. He proposed that council consider instituting another tier for water usage over 5,000, 7,000 or 10,000 gallons per month. He proposed charging 67.5 cents per 100 gallons for water and 87 cents per 100 gallons for sewer, if council chooses another tier.

Commissioner Heglar said council found out that rental homes cannot be required by the town to pay the commercial rate. He said he liked knowing that a higher tier increase wouldn't affect the residents who are on fixed incomes since they usually don't use as much water.

Regarding properties that use irrigation, Director Beeker said if the rates are raised too high, there may be increased requests for additional irrigation meters. He said that the cost of a meter is so expensive that people don't want to pay for them, but it may get to a point where residents would rather pay \$4,000 to install an irrigation meter than have to pay sewer fees if it gets too expensive. He said that could result in great decreases in the amount of money the town receives from them. He asked council to keep that in mind for the future, but it probably won't be a problem right now.

FO Copenhaver recommended instituting a 7,000 gallon tier since, during the winter months, it will only impact about five percent of the users, and it's a good "middle of the road" approach.

Commissioner Heglar restated his desire from the last work session that short-term rental owners be encouraged to install outdoor showers and full time residents be encouraged to do their laundry in the summer during the weekdays to help with peak usage hours.

CONSENSUS – Council agreed to apply the 7,000 gallon usage tier to the draft budget.

At council's request, FO Copenhaver presented the total cost of expenditures for new furniture and appliances for town hall, including the council chambers. He said the furniture cost \$11,550 and the refrigerator cost \$250.

Town Clerk Avery said the new items are projected to last about 20 years. She said she wanted to bring town hall up to date so that, when she leaves, it will be in shape for many



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years to come. She pointed out to council that she removed her maintenance amount from the draft budget when council requested that the department heads cut their budgets.

CONSENSUS – Council directed the finance officer to prepare his budget message and the amended draft budget, as requested by council, and present it to them at the May council meeting.

The mayor called for a break at 10:15 a.m.
The mayor resumed the meeting at 10:25 a.m.

COMMUNITY VISIONING DAY RESULTS

Mayor Swearingen said about 50 people showed up for Community Visioning Day and everyone seemed to have fun and get something out of it. She listed the seven focus groups that will make recommendations for the Comprehensive Plan, as follows:

- public infrastructure
- public safety
- transportation
- parking
- social well-being/biking
- environment
- business

Mayor Swearingen said the groups will identify the major issues with their group and address all concerns such as:

- pros and cons
- sustainability
- cost effectiveness
- staffing requirements
- repercussions
- changes or additions in legislation or ordinances
- how the issue would be enforced
- required collaboration
- target date to implement

Regarding public infrastructure, Commissioner Dugan said there may be something each department head does that only one department, like administration, could handle for all employees.

MPT Bloszinsky said personnel could be one of them.

Mayor Swearingen said parking and bike paths were listed as the main concerns at each table during the meeting. She said there will be a survey for residents and absentee property owners that the town clerk and a volunteer will work on, using whatever tool is best to conduct the survey. She said people have volunteered to provide administrative assistance in developing the Comprehensive Plan.



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MPT Bloszinsky said that council should be aware of any impacts the Comprehensive Plan may have on the Land Use Plan; he doesn't want it to overreach its goal by containing regulations that limit certain freedoms.

Mayor Swearingen said a new Land Use Plan should be done every five years, and the last one was done ten years ago.

Commissioner Heglar said council needs to approve the survey before it is published to make sure none of the questions give residents unrealistic expectations of what council may consider. He used the example of "Are you against taxes?" as a question and said he wouldn't want it to raise people's expectations that council would consider never raising them.

Commissioner Dugan asked the mayor if "cost to businesses for banning plastic bags" under "repercussions" on her list was an idea from the meeting, to which she responded that she added that herself.

MPT Bloszinsky suggested that "facilities" be added as a focus group to discuss things like the baseball field and other facilities the town already supports, to which the mayor agreed and asked council to recommend to her who should be in that group.

SALARY BANDS

Town Clerk Avery said she took the suggestions made by council at the last meeting and added Sub-band D to Band 1, to separate fire and police duties. She said she also added typical job titles for each band, as requested by council. She asked council if they wanted her to proceed with the salary band structure or just upgrade the current pay grade scale.

Director Beeker said he doesn't care either way as long as council takes into consideration what the department heads have to say about starting salaries for their employees.

Commissioner Heglar said department heads would be expected to use the market rate for the starting salary.

Director Beeker said that the starting salary for public works is a bit different since the market rate depends on what new hires are expected to do and can and can't do, whereas all of his employees do everything, not just some things like CB Public Works.

Mayor Swearingen said she thinks public works employees should be under Sub-band B, rather than Sub-band A.



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Director Beeker said that the numbers are fair under Sub-band A, as long as he can make adjustments.

Commissioner Heglar said, if you're going to hire public works employees, they should be hired more toward the minimum if they're new, hired at mid-point if they have experience, and only the really experienced should be hired near the maximum. He said council looks to the department heads to advise them and get their approval.

Commissioner Dugan said it's perfectly reasonable that some personnel be able to move around in the bands rather than stay fixed within a band.

MPT Bloszinsky said council members come and go, so the new salary band shouldn't interfere with what the department heads are already doing.

Town Clerk Avery said she was concerned about Sub-band C for the fire department where she has listed the minimum salary as \$34,276, but the draft budget from the assistant fire chief shows \$30,000 as the starting salary.

Fire Chief Heglar said that \$30,000 is a good starting salary because the new employees won't have had much, if any, training.

Commissioner Heglar suggested the town clerk add the new firefighters under Sub-band A until they get certified, then they can move up to Sub-band C. The mayor and MPT agreed this was a good idea.

Town Clerk Avery said she may put in a training Sub-band for the fire department since the personnel policy states that, if you come in as a trainee, the department head can recommend a six percent raise after six months of probation if he/she feels it's warranted.

Commissioner Heglar said that, for firefighters, the budget may work out better if you wait a year to give a raise, instead of six months since training would be more complete within a year.

Town Clerk Avery reviewed Band 1, Sub-band A, stating that most of the public works maintenance workers are under it.

Director Beeker said that one point he really wants town council to understand is that the salaries in Sub-band A are based on a 40-hour week, whereas some of the other Sub-bands have employees that work 35-hour weeks.



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Commissioner Heglar excused himself from the meeting at 11:20 a.m.

REQUESTS FOR ARCHITECTURAL SERVICES

Town Clerk Avery presented council with a list of five architectural firms that submitted proposals for design services for the facilities expansion project. She reviewed the recent projects each firm had completed, their qualifications and their proposed costs.

Commissioner Whitley commented that one of the architectural firm's price was much lower than the others at \$11,000 and council shared possible reasons for this.

Inspector Batson said that he is looking for different ideas and renderings showing what could be possible with the expansion, along with a cost estimate for each idea. He said that the firms were told that the fire house should be a metal building.

Mayor Swearingen said that one of the proposals seemed to have a much higher cost per square foot than the others.

Inspector Batson said the difference in cost per square foot may have more to do with finishes and what equipment the firm plans to use.

Director Becker suggested starting with the firm that presented the lowest quote and calling the people for whom they worked to see if they would recommend them.

Mayor Swearingen recommended council meet together to check the firms' references and narrow the field down to two or three firms to interview.

CONSENSUS – Council decided to hold a special meeting at Town Hall on Tuesday, May 10th at 6:00 p.m., or soon thereafter, for the purpose of discussing the merits and qualifications of each architectural firm that submitted a proposal and will choose two or three to interview.

ADJOURNMENT

The mayor adjourned the meeting at 11:25 a.m.

Emilie Swearingen, 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.

Emilie Swearingen
Mayor

David Heglar
Commissioner

Jim Dugan
Commissioner



Craig Bloszinsky
Mayor Pro Tem

Joseph Whitley
Commissioner

Nancy Avery
Town Clerk

TOWN OF KURE BEACH

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May 17, 2016

**RE: TOWN OF KURE BEACH, NORTH CAROLINA
FISCAL YEAR 2017 BUDGET MESSAGE**

The Honorable Mayor Swearingen and Town Council:

In accordance with Section 159-11 of the NC General Statutes (N.C.G.S.), I am pleased to present the proposed fiscal year 2017 budget for the Town of Kure Beach for your review and consideration. The budget is a sound financial plan and has been prepared with the Council's goals and objectives adopted from their annual retreat and budget work sessions. All sections of the proposed budget are in conformance with the Local Government Budget and Fiscal Control Act as amended. A balanced budget for the next fiscal year, or an interim budget, must be adopted by July 1, 2016. Pursuant to N.C.G.S. 159-12, a public hearing on the proposed budget must be held before adoption. With the submittal of the budget proposal to Council, copies will be available for public inspection on the Town's website and in the Office of the Town Clerk. The public hearing has been scheduled for June 9, 2016 at 6:30 pm.

The proposed fiscal year 2017 Town of Kure Beach budget is balanced and totals \$7,743,908 for all operations. This total budget is comprised of the following seven funds: General Fund \$4,488,370; Water and Sewer Fund \$2,219,675; Storm Water Fund \$690,373; Powell Bill Fund \$65,050; Beach Protection Fund \$50,440; Federal Asset Forfeiture Fund \$50,000; and Sewer Expansion Reserve Fund (SERF) \$180,000.

The proposed budget supports the fiscal year 2017 goals established by Town Council at their annual retreat held in February 2016. These goals are:

1. Resolution of outstanding issues relating to the Sandman property.
2. Over the next two years, resolve the storm water issues identified during the February 2016 Town Council retreat.
3. Before the end of fiscal year 2018, develop plans, obtain financing and construct a new fire station and perform improvements to other Town facilities.
4. Maintain the current tax rate, if possible.
5. Work with New Hanover County, Carolina Beach and Wrightsville Beach to develop a long-term coastal storm damage reduction funding plan.
6. Monitor potential revenue shortfalls that may occur in future years.
7. Complete the Town of Kure Beach Comprehensive Plan by February 2017.
8. Address public safety staffing during the fiscal year 2017 budget process.

BUDGET HIGHLIGHTS

PROPOSED TAX RATE FOR FISCAL YEAR 2017

The tax rate being proposed for fiscal year 2017 is 28.5 cents (\$0.285) per \$100 of valuation. This is an increase of 2.35 cents (9%) over the prior year's tax rate. This is the first increase since fiscal year 2013, which encompasses four annual budget cycles. This tax rate change is necessary due to the proposed additions to the number of full time Town employees (see page 5 for more information), the desire to maintain existing Town-provided services at their current levels and the need to maintain reserve funds for potential beach nourishment costs.

The impact on a homeowner with property valued at \$350,000 would be as follows:

Annual tax – existing tax rate (\$0.2615):	\$915.25
Proposed Increase (\$0.0235):	<u>82.25</u>
Total Kure Beach tax after increase for a home valued at \$350,000	<u>\$997.50</u>

Property taxes are the Town's largest single source of revenue. Fiscal year 2017 property tax revenue is estimated at \$2,328,500. This includes both current tax year and prior tax years' collections and represents 51.9% of the General Fund revenue.

The estimated Kure Beach tax base, as provided by the New Hanover County Tax Department, is \$834,370,000. This is an increase of \$14,870,000 (1.8%) over the prior year's estimated tax base. Based on historical data, the property tax collection rate is estimated at 98.75%.

GENERAL FUND FEES

There are no General Fund fee increases being proposed as part of this budget.

WATER AND SEWER RATES

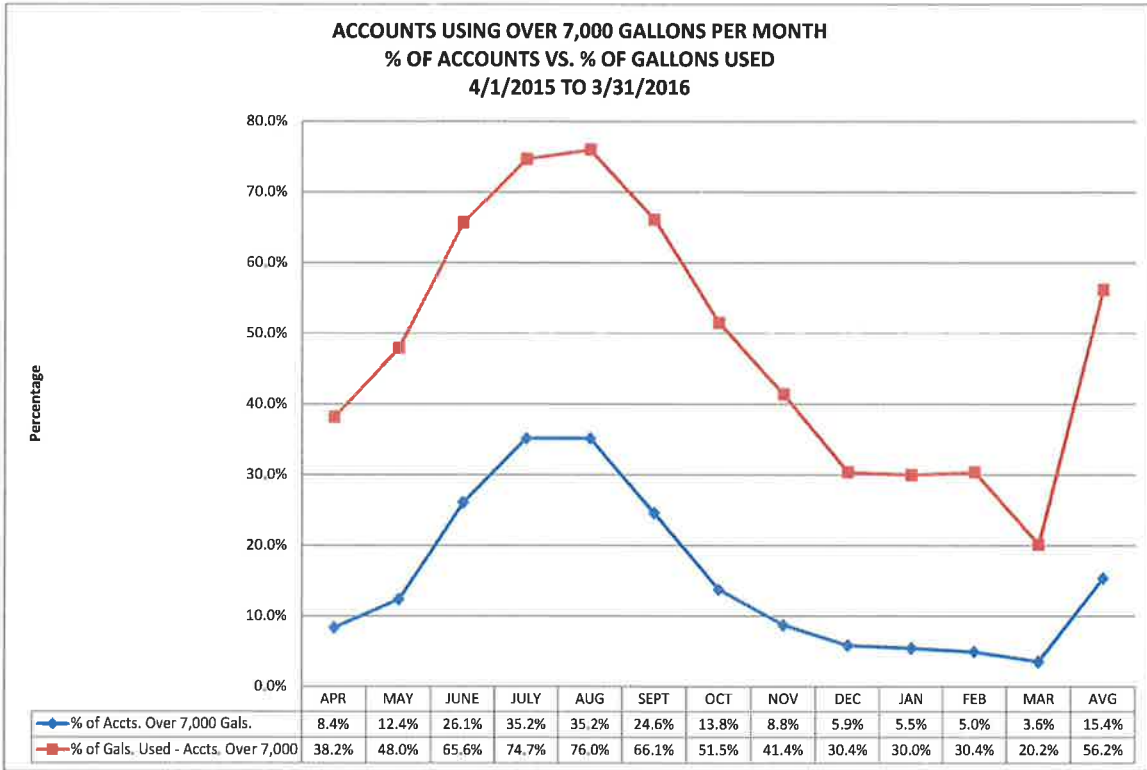
Presently, the water and sewer rates being charged to system users provide funds for the day-to-day operating costs of the Town's water and sewer systems and provide for some additions to the water and sewer reserve funds for future infrastructure repairs and replacement. To provide for sufficient accumulation of reserves for these projects, this budget includes proposed changes to the residential water and sewer rate structure that will impact high usage customers. For residential customers, a second rate tier is being proposed. This new rate will apply to the portion of a residential customer's monthly usage that exceeds 7,000 gallons. Residential customers using less than 7,000 gallons in a month will see no change to their bill. The proposed rates will be as follows:

	<u>WATER</u>	<u>SEWER</u>
0 to 2,500 Gallons (monthly minimum charge)	\$13.50 (a)	\$23.50 (a)
2,501 to 7,000 Gallons (rate per 100 gallons)	\$0.45 (a)	\$0.58 (a)
Over 7,000 Gallons (rate per 100 gallons)	\$0.675	\$0.87

(a) – No change from existing rates.

This proposed change to the residential water and sewer rate structure is estimated to impact approximately 15% of the annual residential billings. Although affecting only 15% of the accounts billed, it is estimated that these billings account for over 56% of the annual residential water usage. An added benefit to the rate structure change is that it hopefully will encourage water conservation.

The chart on the next page shows the percentage of residential accounts that would be impacted and the percentage of gallons used. This is based on data from the 12 month period of April 1, 2015 to March 31, 2016.



The chart above indicates that during the highest usage months (typically July and August), approximately 35% of residential accounts may be impacted, however, these billings account for approximately 75% of the month's residential water and sewer usage. The revenue from the proposed rate changes will be directly attributed to the high usage customers who are placing an increased burden on the Town's existing water and sewer systems.

The table below shows the impact of the rate change on a residential account at various usage levels:

Usage Level	Additional Charge	Percentage Change
Up to 7,000 gallons	\$0	0.0%
8,000 gallons	\$5.15	5.5%
10,000 gallons	\$15.45	13.5%
12,000 gallons	\$25.75	19.1%

STORM WATER FEES

There are no proposed changes to the existing storm water fees as part of this budget.

STAFFING AND COMPENSATION

The fiscal year 2017 budget includes the addition of five full time employees. This will increase the Town’s full time personnel to 45, which is still fewer than other beach towns of a similar size. All five positions are within the General Fund.

Four of the positions are being added to the Fire Department. There are several factors contributing to the need for these additional Fire Department employees:

1. A shrinking base of volunteers. Several older volunteers are retiring and it is becoming more difficult to recruit and retain younger volunteers. This trend is occurring throughout the state and country.
2. Additional training and time commitments are required of existing volunteers. Due to personal and business responsibilities, many of the volunteers have difficulty complying with these increased requirements.
3. The need to handle multiple calls, both day and night, with the properly trained personnel.

Within the Police Department, one full time Police Officer is being added. This is necessitated by the increased tourist traffic as well as the ever increasing population living full time in Kure Beach.

The annual cost (salary, taxes, benefits, insurance, etc.) of adding these full time employees is estimated to be \$179,900 to the Fire Department and \$59,640 to the Police Department. Including the proposed five additional employees, the full time personnel are allocated to Town funds based on the type of work performed, as follows:

<u>FUND</u>	<u>NO. OF EMPLOYEES</u>
General	34
Water and Sewer	9
Storm Water	<u>2</u>
Total	<u><u>45</u></u>

This budget includes a proposed merit increase of 2% to reward those employees who are performing above expectations. Also, a 2% cost of living adjustment (COLA) for all full time employees is included in the fiscal year 2017 budget. The employee benefits are consistent with prior years.

GOVERNING BODY

The budget for Town Council related expenses includes annual compensation for Council members (Mayor - \$3,600, Mayor Pro Tem - \$2,700, and Commissioners - \$2,400), internet service reimbursement of \$1,500 (will be at Council members discretion), travel/training of \$7,000 and dues/subscriptions of \$7,000. The aforementioned expenses will be divided equally amongst the General Fund and Water and Sewer Fund. Also, the General Fund Governing Body budget includes funding for the Pleasure Island Chamber of Commerce concert series (\$8,800), Katie B. Hines Senior Center (\$2,000), The Help Center of Federal Point (\$1,500), Federal Point Historic Preservation Society (\$1,500), Friends of Fort Fisher (\$1,500) and the Island of Lights (\$1,200). Additionally, the General Fund budget includes \$1,750 for funding the portion of the Carolina Beach Inlet maintenance dredging requested from the Town.

DEBT SERVICE

General Fund debt service totals \$316,626 and includes payments on existing loans for the Ocean Front Park (acquisition and development loans), Town Hall renovation, downtown improvement project, vacant land and vehicles/equipment. This is an increase of \$22,421 (7.6%) over fiscal year 2016 which is primarily attributable to the purchase of equipment and vehicles. The Water and Sewer Fund includes debt service totaling \$131,613 (water tower, infrastructure and vehicles/equipment). This is an increase of \$30,317 (29.9%) over fiscal year 2016. Finally, the Storm Water Fund debt service totals \$88,709 relating to the Cutter Court infrastructure project and equipment. This is an increase of \$8,575 (10.7%) over fiscal year 2016. The increases in both the Water and Sewer Fund and Storm Water Fund pertain to financing the purchase of equipment.

Debt service for each fund, as a percentage of the applicable fund's total budget is as follows:

General Fund	7.1%
Water and Sewer Fund	5.9%
Storm Water Fund	12.8%

The Town's total outstanding debt (all funds) is estimated to be \$2,868,211 at July 1, 2016. The Local Government Commission (LGC) uses 8% of the assessed value of property subject to taxation as the maximum debt level. The Town's outstanding debt at July 1 will be approximately 0.34% of the assessed value of property, well within LGC guidelines.

OPERATING EXPENSES

The budget for General Fund operating expenses (excluding capital outlay, debt service, contingency and transfer to the Beach Protection Fund) is 9.5% greater than the original fiscal year 2016 budget and 8.0% greater than the fiscal year 2016 amended budget as of May 17, 2016. The primary factors contributing to the increase in relation to the original budget are the previously mentioned addition of five full time employees and general price increases in purchased services and materials. Disregarding the addition of five

employees for fiscal year 2017, operating expenses would be 2.5% greater than the 2016 original budget.

The fiscal year 2017 operating budget (excluding capital outlay, debt service and transfer to the capital project fund) for the Water and Sewer Fund is 15% greater than the fiscal year 2016 budget. The increase in relation to the fiscal year 2016 budget is the result of increased maintenance costs, higher rates for waste treatment and general price increases in purchased services and materials.

The fiscal year 2017 Storm Water Fund operating budget (excluding capital outlay, debt service and transfer to the capital project fund) is 9.2% greater than the fiscal year 2016 budget. This increase relates to the amount of storm water related work planned for fiscal year 2017, as well as general price increases in purchased services and materials.

CAPITAL OUTLAY

The General Fund capital outlay for fiscal year 2017 totals \$320,000, which includes the following:

- \$70,000 – Replacement of two Police vehicles (will be purchased using installment financing)
- \$185,000 – Replacement of a garbage truck for Public Works (will be purchased using installment financing)
- \$35,000 – Replacement of a service truck for Public Works (will be purchased using installment financing)
- \$30,000 – Fire Department equipment

The fiscal year 2017 budgeted capital outlay for the General Fund is \$199,000 (164.5%) greater than the original fiscal year 2016 budget. The amount of capital outlay varies from year-to-year and is contingent on the useful life of previously purchased capital items.

The Water and Sewer Fund capital outlay totals \$321,500 for fiscal year 2017 and includes the following:

- \$116,500 – Equipment (will be partially purchased using installment financing)
- \$175,000 – Sewer bypass project
- \$30,000 – Sewer rehabilitation work

The Water and Sewer Fund fiscal year 2017 budgeted capital outlay is \$78,471 (32.3%) greater than the fiscal year 2016 budget.

The fiscal year 2017 Storm Water Fund capital outlay is for equipment and totals \$62,500, which is \$21,750 (53.4%) greater than the fiscal year 2016 budget.

FUND TRANSFERS

The General Fund budget includes a \$50,000 transfer to the Beach Protection Fund. The Beach Protection Fund is a reserve fund for beach related expenditures. Refer to page 19 for more information regarding the Beach Protection Fund.

The Water and Sewer Fund includes a \$50,000 transfer to a new Water and Sewer Capital Projects Fund. This new fund is for a project to replace the H Avenue lift station that is scheduled to begin in fiscal year 2017 and will be established under a separate Capital Project Ordinance later in fiscal year 2017.

The Storm Water Fund budget contains a \$400,000 transfer to a new Storm Water Capital Projects Fund. This capital projects fund is for a substantial storm water project that is scheduled for fiscal year 2017 in the Kure Beach Village area. This new fund will also be established under a separate Capital Project Ordinance during fiscal year 2017.

CONTINGENCY

A contingency of \$52,880 (1.2% of the budget) is included in the General Fund budget for fiscal year 2017. This contingency appropriation is to provide for unanticipated increases in budgetary needs during the course of the year.

No actual expenditures can be made from the contingency appropriation. Funds must first be moved from the contingency appropriation to a department or function and then expended. This movement of funds shall be authorized by resolution of the governing body and will be deemed an amendment to the budget ordinance.

GENERAL FUND SUMMARY

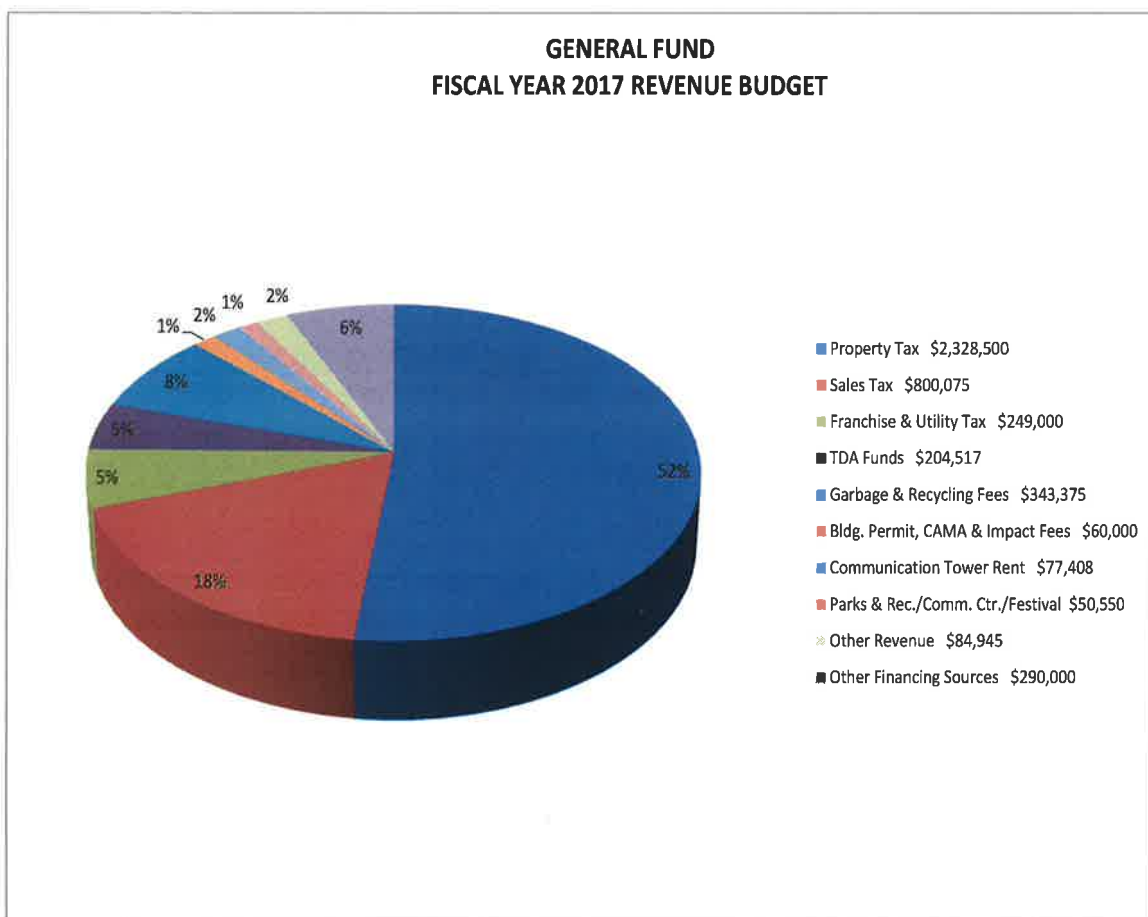
The budget preparation for the General Fund has, as in the past, been the most difficult of all of our funds. The number of non-utility services provided by the Town, as well as the general expenses of operating the government, makes the process of developing and balancing this budget challenging. Issues, including, but not limited to the following have made the allocation of finite General Fund resources difficult:

- 1) Public safety staffing needs arising from regulatory requirements, as well as the increase in tourism and increase in full year residents.
- 2) The desire to maintain the types and levels of service provided to Town residents and property owners.
- 3) The need to build reserves in anticipation of future beach nourishment costs.
- 4) General price increases for purchased services and materials.

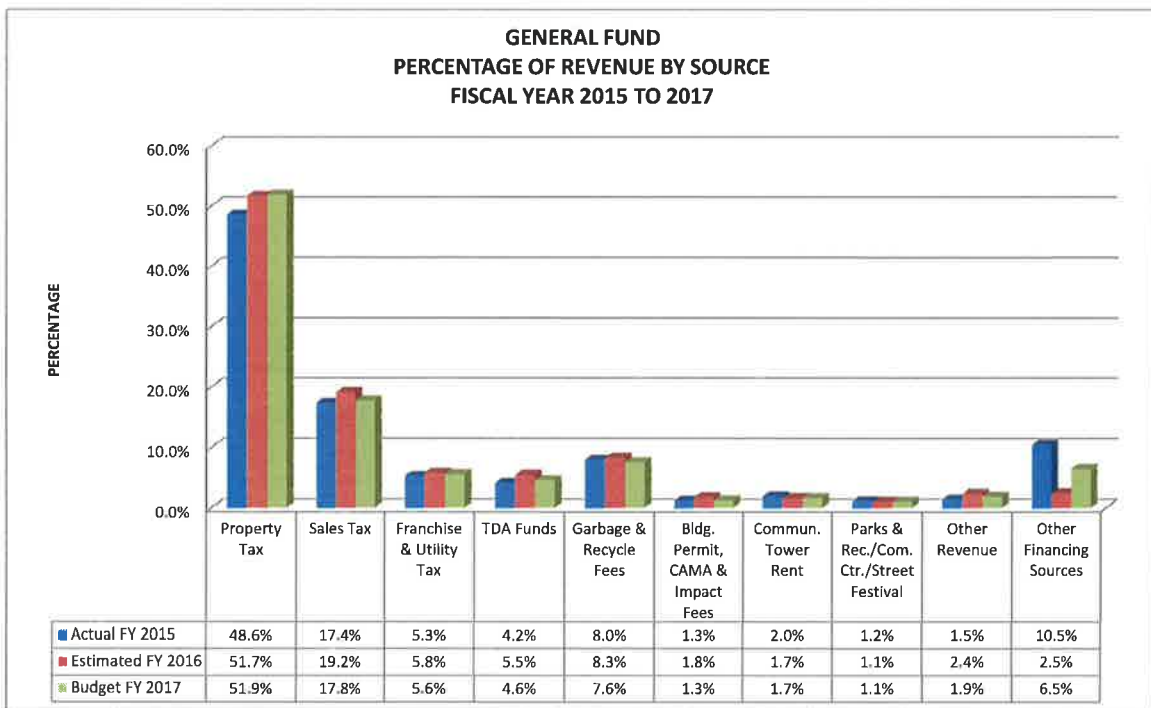
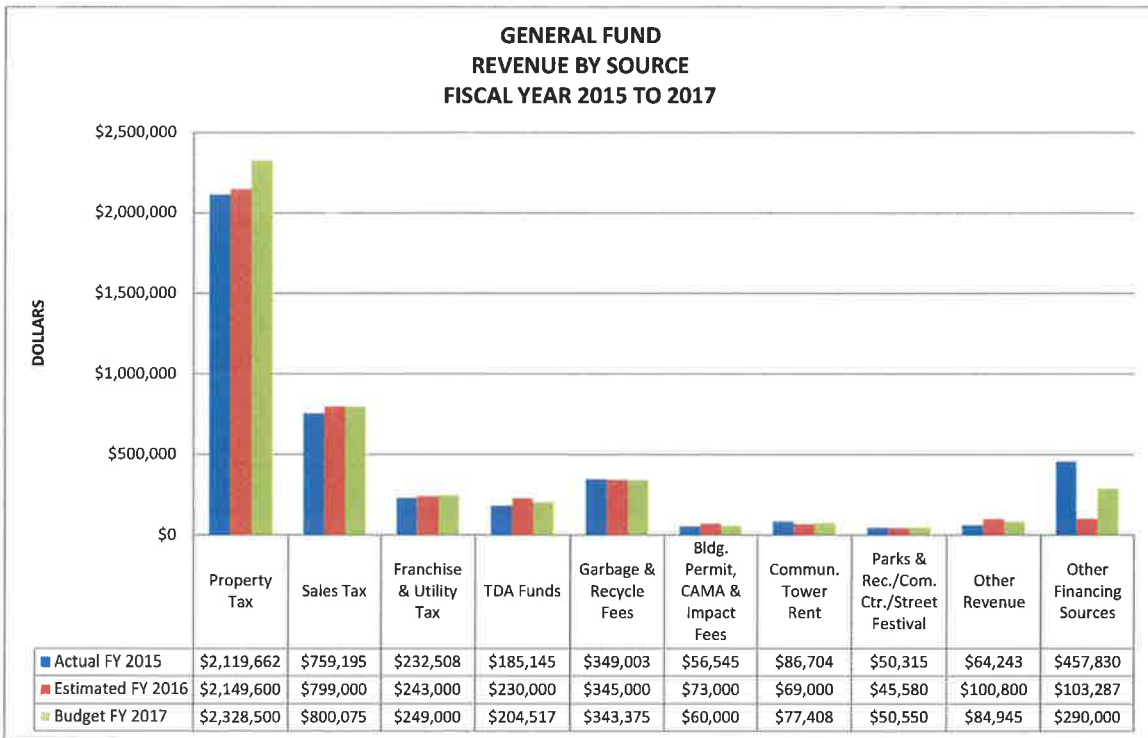
As noted earlier, the issues listed above have led to the need to propose a 2.35 cent increase in the property tax rate for fiscal year 2017; however, no other General Fund fees are changing.

When comparing the total fiscal year 2017 General Fund budget to the fiscal year 2016 original budget and amended budget as of May 17, 2016, the total 2017 budget has increased by 11.7% in relation to the original budget and 9.8% in relation to the amended budget. In comparison to the fiscal year 2016 original budget, operating expenses have increased 9.5%, capital outlay increased 164.5%, debt service increased 7.6%, fund transfers have no change and the contingency decreased 59.5%.

The breakdown of budgeted revenue, by major source, for fiscal year 2017 is as follows:



For comparative purposes, the charts on the next page present the revenue by source and the percentage of revenue by source budgeted for fiscal year 2017 in relation to the estimated revenue for fiscal year 2016 and the actual revenue for fiscal year 2015.

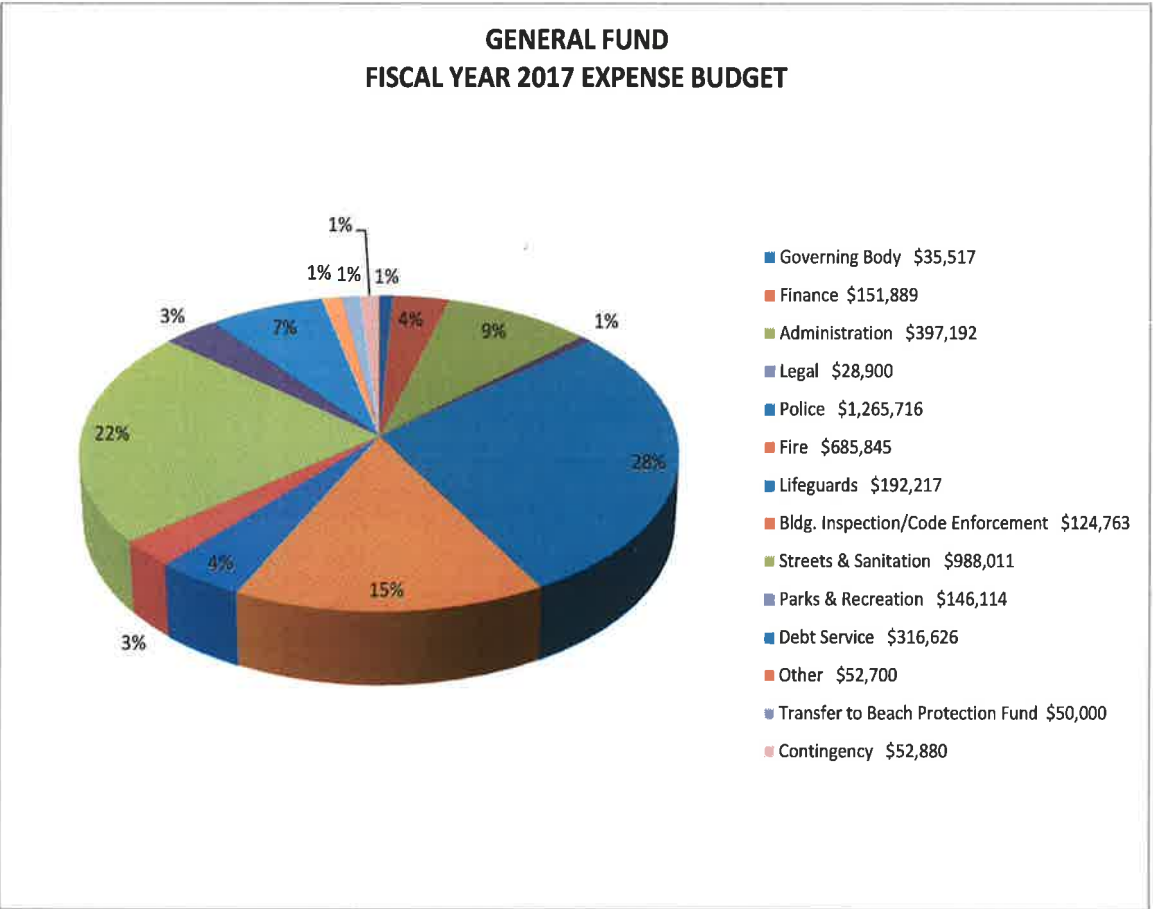


As the charts above depict, revenue from property taxes consistently approximates 50% of the General Fund’s total revenue. The other categories have remained fairly consistent from year-to-year with the exception of “Other Financing Sources” in fiscal year 2015.

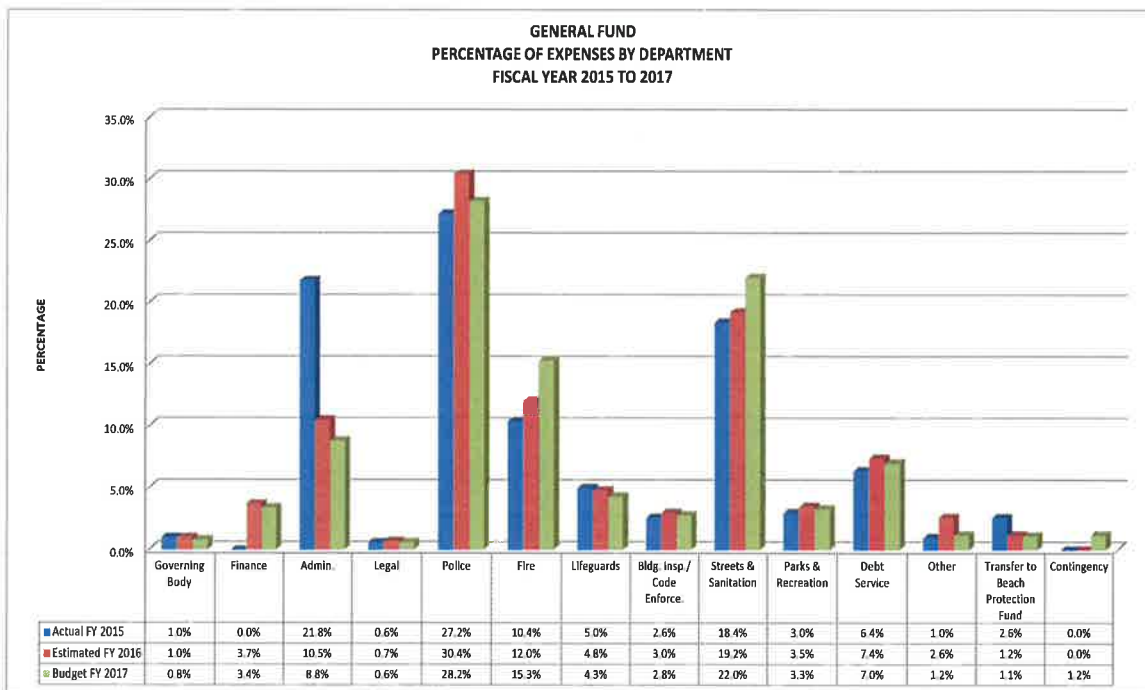
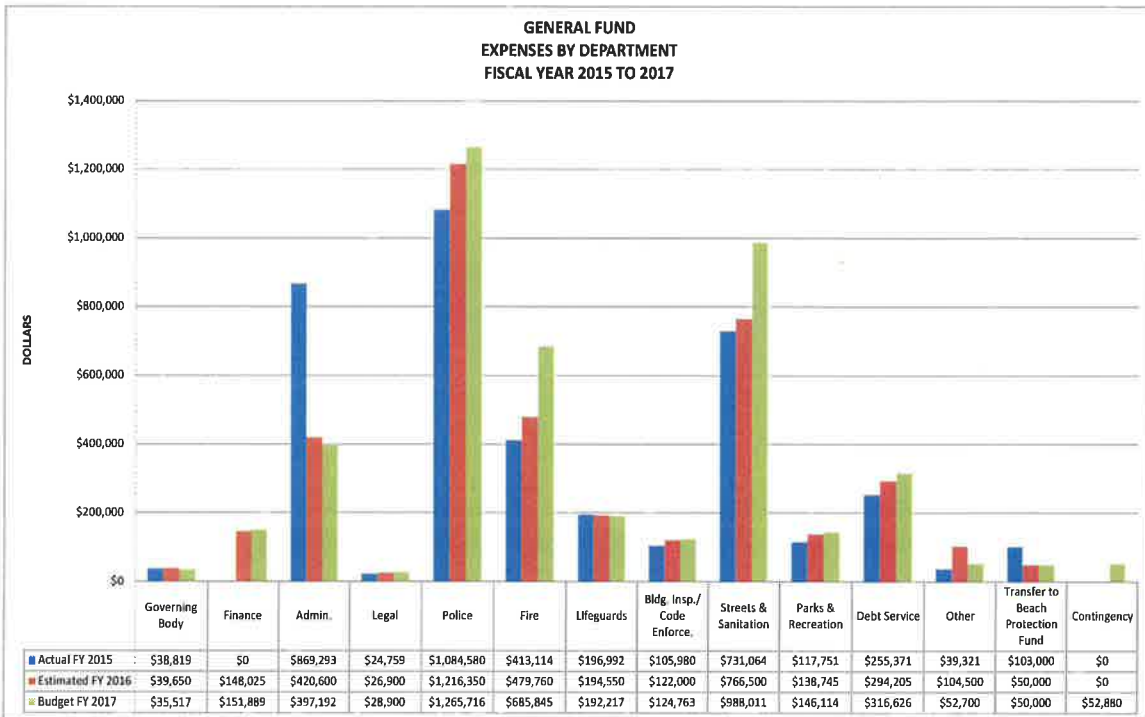
“Other Financing Sources” are installment loans and vary based on the level of capital outlay. Fiscal year 2015 includes a loan of \$409,471 for the purchase of three vacant lots for future expansion of Town operations.

Refer to Exhibit A (on pages 22 to 23) for a summary of the most significant changes, by General Fund revenue source, between the budgets for fiscal year 2017 and 2016.

The breakdown of budgeted General Fund expenses, by department/function, for fiscal year 2017 is as follows:



The charts on the next page present the expenses by department/function and the percentage of expenses by department/function budgeted for fiscal year 2017 in relation to the estimated expenses for fiscal year 2016 and the actual expenses for fiscal 2015.



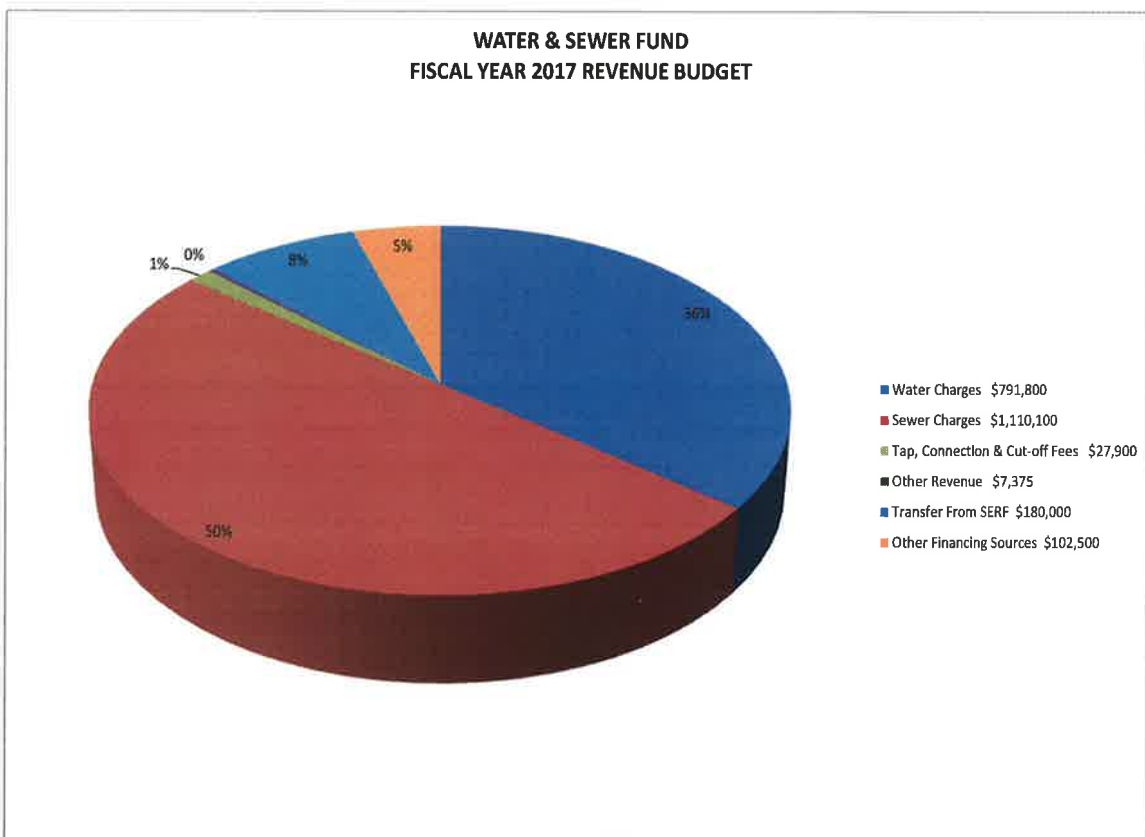
The General Fund expenses by department/function, both dollars and percentage, have remained relatively consistent. Many of the fluctuations relate to the amount of capital outlay for the given year. For example, “Administration” is significantly higher in fiscal year 2015 due to the purchase of three vacant lots that were charged to that department. In regard to the “Fire Department” expenses, the proposed budget for fiscal year 2017 includes the addition of four full time employees.

Refer to Exhibit B (on pages 24 to 27) for a summary of the most significant changes, by General Fund department/function, between the budgets for fiscal year 2017 and 2016.

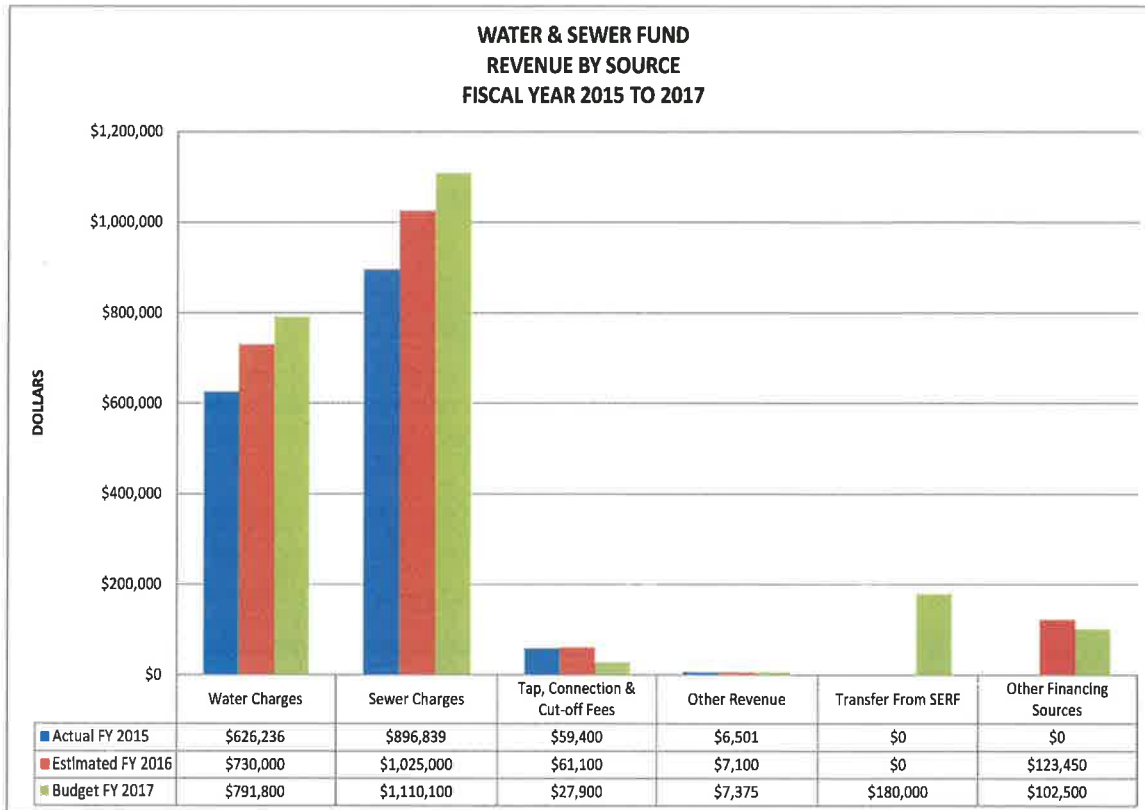
WATER AND SEWER FUND SUMMARY

Overall, the fiscal year 2017 Water and Sewer Fund budget is 17.7% greater than the fiscal year 2016 budget. In relation to the fiscal year 2016 budget, operating expenses have increased 15.0%, capital outlay has increased by 32.3%, debt service has increased by 29.9% and fund transfers have no change. Also, as previously noted on page 3, to continue to provide for sufficient accumulation of reserves for future infrastructure projects, changes to the residential water and sewer rates are being proposed that will impact high usage customers (monthly usage over 7,000 gallons).

The breakdown of Water and Sewer Fund budgeted revenue, by major source, for fiscal year 2017 is as follows:



The chart on the next page shows the Water and Sewer Fund revenue by source budgeted for fiscal year 2017 compared to the estimated revenue for fiscal year 2016 and the actual revenue for fiscal year 2015.

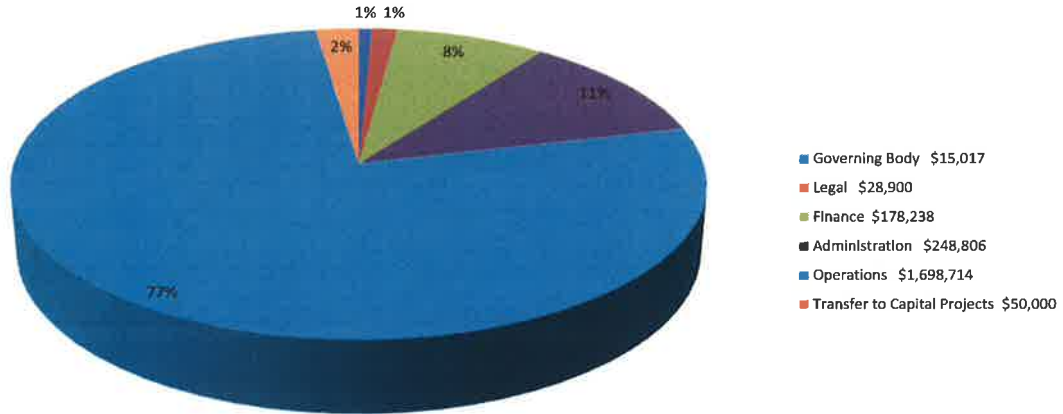


The most significant revenue sources, “Water and Sewer Charges”, have increased in fiscal year 2016 as a result of rate changes to all customer accounts implemented as part of the fiscal year 2016 budget. For fiscal year 2016, the minimum gallons were lowered to 2,500 and the rate charged for usage above the minimum was increased. As previously discussed, proposed for fiscal year 2017 is another rate tier for residential customers when monthly usage exceeds 7,000 gallons. The projected increases for fiscal year 2017 reflect the proposed rate changes. Also, fiscal year 2017 includes a transfer from the Sewer Expansion Reserve Fund (SERF) that will be used for planned capital projects.

Refer to [Exhibit C](#) (on page 28) for a summary of the most significant changes, by Water and Sewer Fund revenue source, between the budgets for fiscal year 2017 and 2016.

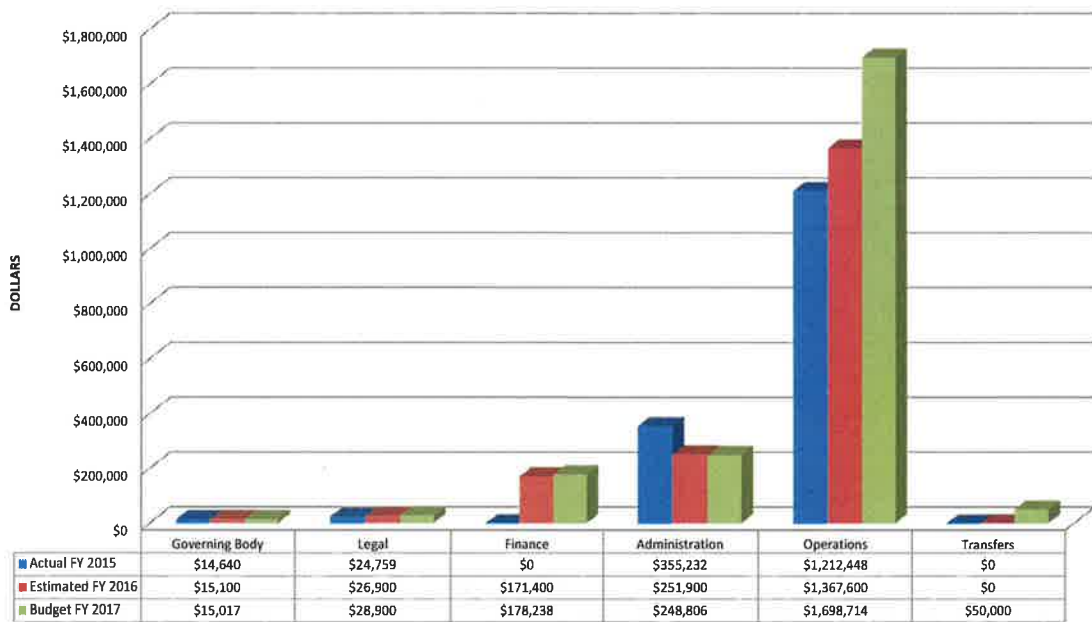
The breakdown of budgeted Water and Sewer Fund expenses, by department/function, for fiscal year 2017 is presented on the next page.

**WATER & SEWER FUND
FISCAL YEAR 2017 EXPENSE BUDGET**



The chart below shows the expenses by department/function for the Water and Sewer Fund budgeted for fiscal year 2017 in comparison to the estimated expenses for fiscal year 2016 and the actual expenses for fiscal year 2015.

**WATER & SEWER FUND
EXPENSES BY DEPARTMENT
FISCAL YEAR 2015 - 2017**



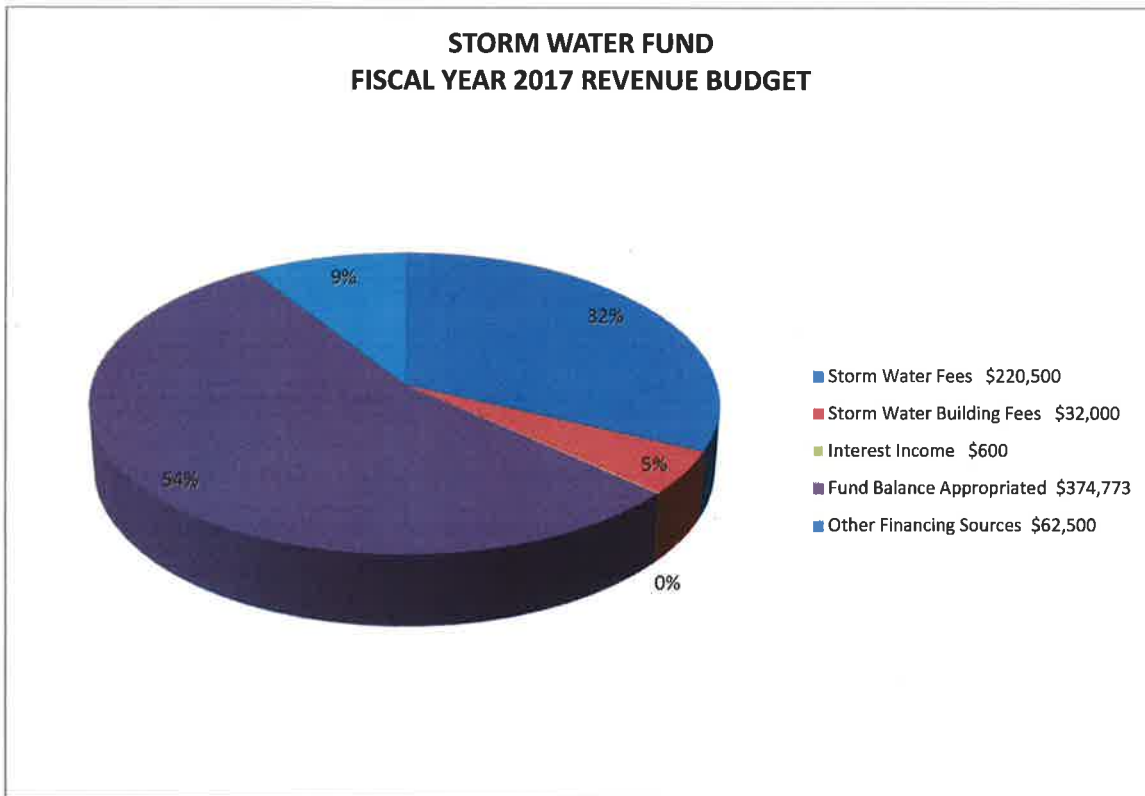
In reference to the chart on the previous page, the variations in “Operations” expenses primarily relate to the amount of capital outlay for the given year and increased system maintenance costs. In regard to “Finance”, this department was separated from “Administration” beginning in fiscal year 2016.

Refer to Exhibit D (on pages 29 and 30) for a summary of the most significant changes, by Water and Sewer Fund department/function, between the budgets for fiscal year 2017 and 2016.

STORM WATER FUND SUMMARY

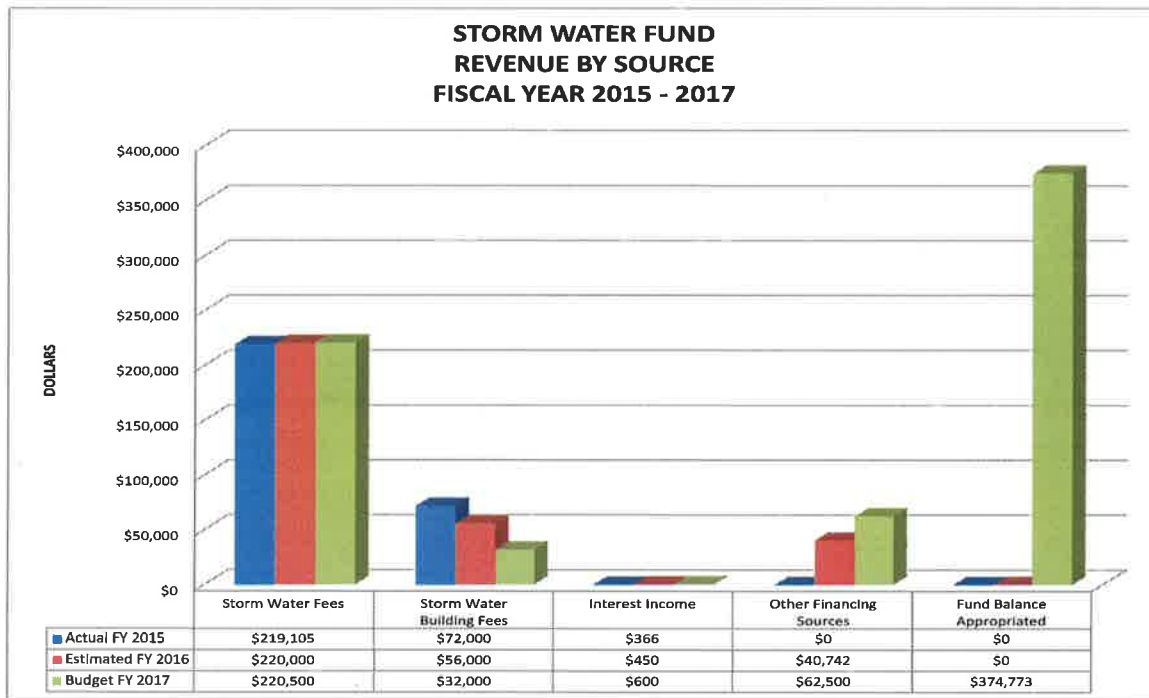
Overall, the fiscal year 2017 Storm Water Fund budget is 31.9% greater than the fiscal year 2016 budget. Operating expenses are 9.2% higher, capital outlay is 53.4% greater, debt service is 10.7% higher and transfers are 45.5% higher. The significant increase in capital outlay is the result of equipment purchases. In regard to transfers; \$400,000 is being transferred to the Storm Water Capital Projects Fund for a storm water project in the Kure Beach Village area.

The breakdown of Storm Water Fund budgeted revenue, by major source, for fiscal year 2017 is as follows:

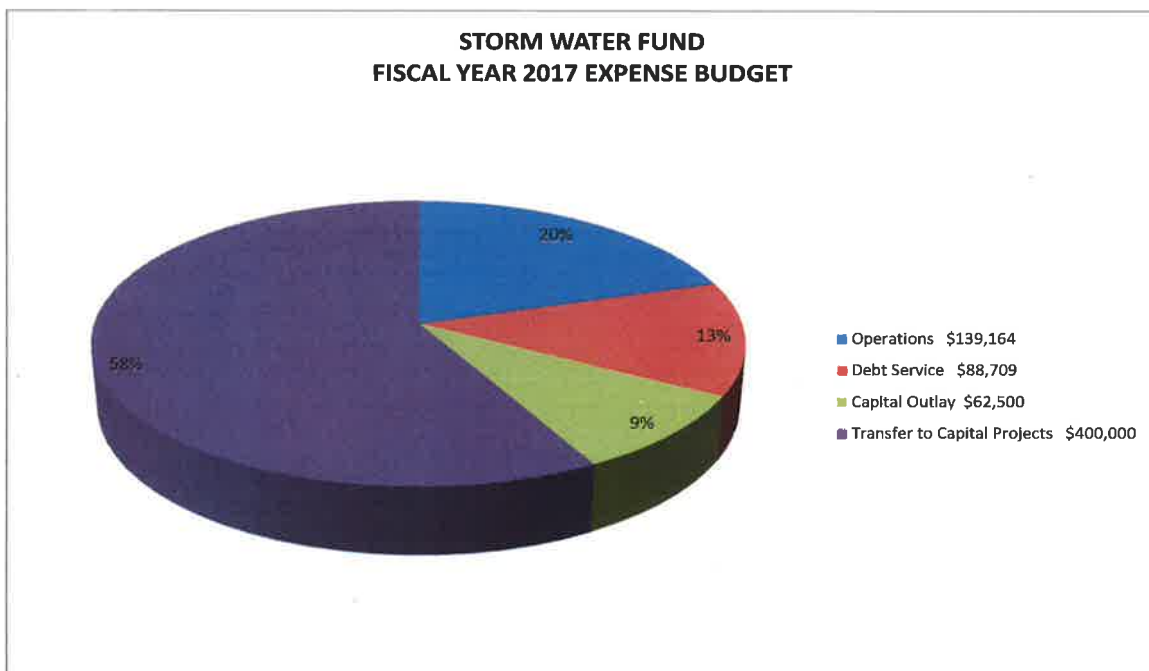


Refer to Exhibit E (on page 31) for a summary of the most significant changes, by Storm Water Fund revenue source, between the budgets for fiscal year 2017 and 2016.

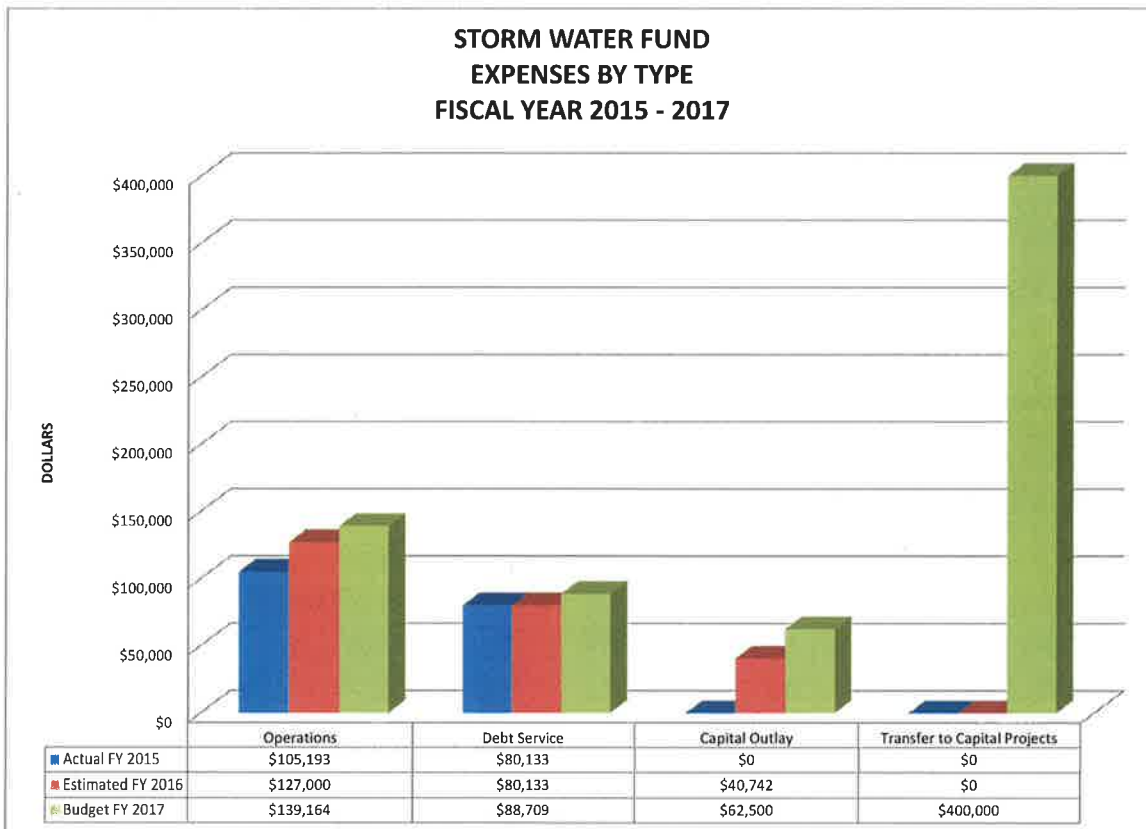
The chart below compares the budgeted fiscal year 2017 revenue to the estimated revenue for fiscal year 2016 and the actual revenue for 2015. As depicted by the chart, the major revenue source, “Storm Water Fees”, has remained steady. “Storm Water Building Fees” fluctuate based on the amount of building activity. Finally, fiscal year 2017 includes an appropriation of fund balance that will be the primary source to transfer funds to the Storm Water Capital Projects Fund.



The breakdown of budgeted Storm Water Fund expenses, by type, for fiscal year 2017 is as follows:



The following chart shows the budgeted fiscal year 2017 expenses by type in relation to the estimated fiscal year 2016 and actual 2015 Storm Water Fund expenses.



As indicated by the chart above, the expenses relating to “Operations” have increased due to an increase in storm water related work performed by Public Works. Fluctuations in “Capital Outlay” relate to the number and size of projects to be performed in a given year. Lastly, fiscal year 2017 includes a transfer to the Storm Water Capital Projects Fund.

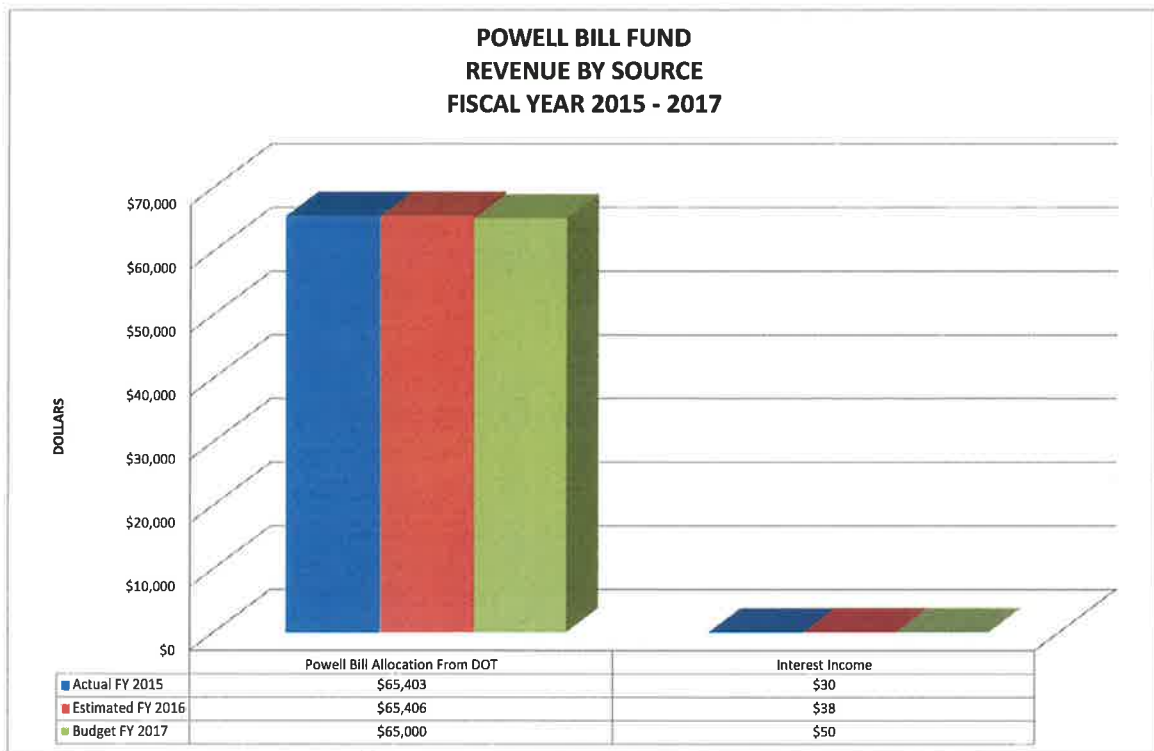
Refer to [Exhibit F](#) (on page 32) for a summary of the most significant changes, by Storm Water Fund expense type, between the budgets for fiscal year 2017 and 2016.

POWELL BILL FUND SUMMARY

Funds received through the Powell Bill may only be used for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curbs and gutters and other necessary appurtenances within the corporate limits. Beginning in fiscal year 2016, the General Statutes relating to Powell Bill funding were changed. The General Assembly may now appropriate funds to the Department of Transportation for State aid to municipalities rather than linking it to fuel tax collections. The total amount allocated to each qualifying municipality is 75% on the basis of relative population and 25% on the basis of relative non-State System

local street mileage. The total budgeted allocation to Kure Beach for fiscal year 2017 is estimated at \$65,000 and interest income is estimated at \$50. Additionally, budgeted Powell Bill eligible expenditures total \$65,050.

The chart below shows budgeted Powell Bill Fund revenue for fiscal year 2017 in comparison to estimated fiscal year 2016 revenue and actual fiscal year 2015 revenue. As indicated by the data, revenue for this fund remains very constant.



BEACH PROTECTION FUND SUMMARY

The Beach Protection Fund was established as part of the fiscal year 2014 Kure Beach Budget Ordinance. It was established as a reserve fund for future beach nourishment expenses, as well as other beach related expenditures including, but not limited to, beach access improvements/repairs, dune maintenance, dune plantings, beach protection signage, dune infiltration systems, etc. The uncertainties surrounding state and federal funding of future beach nourishment projects was the driving force behind the establishment of this fund. For fiscal year 2017, the revenue source for the Beach Protection Fund will be a transfer of \$50,000 from the General Fund and interest of \$440 from Fund investments. Since fiscal year 2014, a total of \$249,000 has been transferred from the General Fund to the Beach Protection Fund.

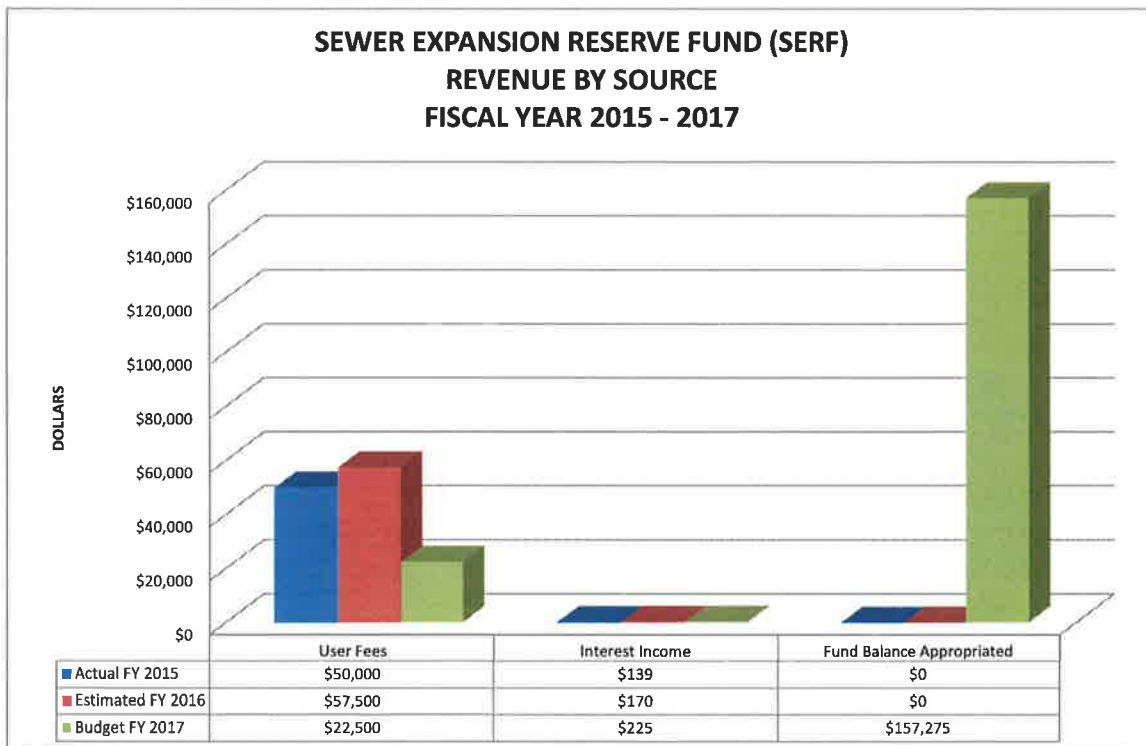
FEDERAL ASSET FORFEITURE FUND SUMMARY

On an as needed basis, the Kure Beach Police Department participates in investigations conducted by several federal agencies. The Police Department shares in the assets that are forfeited based on the outcome of the investigations and the level of resources provided. The funds received may only be used for Police related activities that are beyond the Police Department operating budget (which is a portion of the total General Fund budget). Under no circumstances, can the Police Department operating budget be funded with forfeiture proceeds. For fiscal year 2017, the use of asset forfeiture funds will be appropriated from the fund’s balance and is estimated at \$50,000.

SEWER EXPANSION RESERVE FUND (SERF) SUMMARY

As required by Town Ordinance (Sec. 17-127 – User Fees), user fees will be charged on new construction and these user fees shall be recorded in SERF for the purpose of future expansion, construction, repairs or alterations to the system. Currently, this fee is \$2,500. For fiscal year 2017, revenue from user fees is estimated at \$22,500. Additionally, interest income from Fund investments is budgeted at \$225. Finally, fiscal year 2017 SERF revenue includes a fund balance appropriation of \$157,275 that will be used as the source for a transfer to the Water and Sewer Fund for a sewer bypass project.

SERF revenue budgeted for fiscal year 2017 in comparison to the estimated revenue for fiscal year 2016 and the actual revenue for fiscal year 2015 is presented below. The revenue for this fund is fully dependent on the level of construction activity within the Town.



SUMMARY

The fiscal year 2017 Town of Kure Beach budget reflects a thorough review of Town expenditures and conservative, but reasonable, estimation of revenues.

As tourism to the Town continues to grow and the Town's full time population steadily increases, the resources, both human and financial, required to provide Town services must respond accordingly. As a result, the fiscal year 2017 budget includes a proposal to add five full time public safety personnel; four in the Fire Department and one in the Police Department. An increase in staffing is necessary to continue to offer the exceptional level and quality of Town services. In order to meet the demands noted above, many possible funding sources were considered and evaluated. After much deliberation, a property tax rate increase of 2.35 cents is being proposed.

This budget also includes a process to continue to build reserves for potential future beach nourishment needs. A transfer of \$50,000 from the General Fund to the Beach Protection Fund is included in this budget.

In regard to the Water and Sewer Fund, the revenues are presently covering the daily operating costs and providing for some reserves for future infrastructure projects. Several significant projects are planned for the upcoming fiscal year, including replacement of the H Avenue lift station and the sewer bypass project. These projects will be funded using a combination of accumulated reserves and bank financing. The proposed modification to the residential water and sewer rate structures included as part of this budget assist in ensuring that sufficient reserves are maintained by charging higher rates to those customers using in excess of 7,000 gallons in a month. These changes to the water and sewer rates place increased financial responsibility on those customers who use the systems the most, as well as serve as a means to promote water conservation.

The Storm Water Fund revenues continue to address the day-to-day operating costs and are providing a reasonable level of reserve strengthening for future infrastructure projects. A significant storm water project is planned for fiscal year 2017 that will utilize a portion of the reserves that have been accumulated.

In conclusion, I believe the proposed fiscal year 2017 Kure Beach budget supports the goals established by Town Council, reflects the Council's service priorities and is responsive to the Town's needs. I would like to express my appreciation to all Department Heads, as well as all Town employees, who participated in the development of the fiscal year 2017 budget.

Respectfully submitted,



Arlen Copenhaver
Finance and Budget Officer

EXHIBIT A

**GENERAL FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

REVENUE TYPE	ORIGINAL 2016 BUD.	AMENDED 2016.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Property Taxes	\$2,121,250	\$2,121,250	\$2,328,500	\$207,250	9.8%	\$207,250	9.8%	Proposed 2.35 cent property tax rate increase and higher property valuation provided by New Hanover County Tax Department.
Sales Tax	\$785,200	\$785,200	\$800,075	\$14,875	1.9%	\$14,875	1.9%	Actual growth in FY 2016 greater than budgeted. FY 2017 estimated to be slightly greater than FY 2016 forecast.
Franchise & Utility Taxes	\$201,500	\$201,500	\$249,000	\$47,500	23.6%	\$47,500	23.6%	Telecommunications & video programming taxes remain neutral. Electric franchise fee eliminated in FY 2015 and replaced with an electric sales tax which has generated additional revenue.
TDA	\$203,057	\$222,364	\$204,517	\$1,460	0.7%	(\$17,847)	-8.0%	FY 2017 budget is for lifeguards, Pleasure Island Chamber of Commerce concerts & Kure Beach Christmas show.
Garbage & Recycle Fees	\$341,400	\$341,400	\$343,375	\$1,975	0.6%	\$1,975	0.6%	
ABC Revenue	\$10,725	\$10,725	\$12,300	\$1,575	14.7%	\$1,575	14.7%	Upward trend in ABC revenue.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$57,200	\$57,200	\$60,000	\$2,800	4.9%	\$2,800	4.9%	Upward trend in building related fees.

EXHIBIT A

**GENERAL FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

REVENUE TYPE	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Communication Tower Rent	\$86,702	\$86,702	\$77,408	(\$9,294)	-10.7%	(\$9,294)	-10.7%	Nextel terminated lease subsequent to adoption of the FY 2016 budget. FY 2017 includes annual increase for existing leases and the new Comspeco lease.
Motor Vehicle Decals	\$7,000	\$7,000	\$12,000	\$5,000	71.4%	\$5,000	71.4%	Council decision to include \$5 motor vehicle tax in Tag and Tax Together Program which means that 100% of motor vehicles must pay the tax or the vehicle registration will not be renewed.
Beer & Wine Tax	\$9,500	\$9,500	\$10,000	\$500	5.3%	\$500	5.3%	Forecasted state-wide increases for FY 2017.
Sales Tax Refund	\$30,000	\$30,000	\$47,500	\$17,500	58.3%	\$17,500	58.3%	Estimated refund of sales taxes paid by the Town in FY 2016.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$36,950	\$36,950	\$39,550	\$2,600	7.0%	\$2,600	7.0%	Estimated increase in bluefish sales.
Town Facility Rentals	\$10,500	\$10,500	\$11,000	\$500	4.8%	\$500	4.8%	Rental fees for the Ocean Front Park pavilion and the Community Center.
All Other Revenue	\$7,845	\$56,350	\$3,145	(\$4,700)	-59.9%	(\$53,205)	-94.4%	FY 2016 amended budget includes grant for H Ave. beach access.
Other Financing Sources	\$111,000	\$111,000	\$290,000	\$179,000	161.3%	\$179,000	161.3%	Loans for garbage truck, service truck and 2 Police vehicles.
TOTAL GENERAL FUND	\$4,019,829	\$4,087,641	\$4,488,370	\$468,541	11.7%	\$400,729	9.8%	

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>ORIGINAL 2016 BUD.</u>	<u>AMENDED 2016 BUD.</u>	<u>PROPOSED 2017 BUD.</u>	<u>DIFF. 2017 & ORIG. 2016</u>	<u>% CHG.</u>	<u>DIFF. 2017 & AMENDED 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
Governing Body	410	\$40,467	\$44,467	\$35,517	(\$4,950)	-12.2%	(\$8,950)	-20.1%	Decrease of \$3,500 (47%) in Governmental Relations, \$750 (50%) decrease in telephone/ internet costs and \$700 (4%) decrease in contributions.
Committees	412	\$7,500	\$61,794	\$4,300	(\$3,200)	-42.7%	(\$57,494)	-93.0%	FY 2016 amended budget includes H Avenue handicap beach access project funded by grant proceeds.
Finance	415	\$146,033	\$148,027	\$151,889	\$5,856	4.0%	\$3,862	2.6%	Overall a \$2,592 (3.6%) increase in personnel-related costs. Other changes include \$500 (25%) increase in travel/training and \$4,910 (17%) increase in sales tax expense.
Administration	420	\$385,448	\$420,638	\$397,192	\$11,744	3.0%	(\$23,446)	-5.6%	Overall \$7,219 (6.8%) increase in personnel-related costs. Other changes include a \$6,225 (34%) increase in retiree medical insurance, \$4,000 (3%) increase in recycle service costs, \$3,500 (5%) increase in P&L / WC insurance, \$3,000 (33%) decrease in telephone costs, \$5,000 (40%) decrease in building maintenance and \$1,000 (25%) decrease in minor equipment.
Community Center	421	\$17,750	\$17,750	\$23,300	\$5,550	31.3%	\$5,550	31.3%	Increase of \$500 (25%) for utilities and \$5,000 (67%) increase in maintenance costs.
Elections	430	\$3,100	\$3,100	\$0	(\$3,100)	-100.0%	(\$3,100)	-100.0%	No local election in FY 2017

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Emergency Management	446	\$100	\$100	\$100	\$0	0.0%	\$0	0.0%	
Tax Collection	460	\$25,000	\$25,000	\$25,000	\$0	0.0%	\$0	0.0%	
Legal	470	\$28,900	\$28,900	\$28,900	\$0	0.0%	\$0	0.0%	
Police Dept.	510	\$1,208,819	\$1,216,354	\$1,265,716	\$56,897	4.7%	\$49,362	4.1%	Overall \$32,850 (3.6%) increase in full-time personnel-related costs (1 new position). Other changes are \$32,295 (68%) increase in part-time pay & taxes, \$22,534 (756%) increase in LEO Separation Allowance & taxes, \$4,000 (42%) increase in telephone, \$12,050 (77%) decrease in building maintenance, \$11,500 (28%) decrease in auto gas & oil, \$5,000 (42%) decrease in minor equipment and \$14,000 (17%) decrease in capital outlay - vehicles.
Fire Dept.	530	\$484,760	\$479,760	\$685,845	\$201,085	41.5%	\$206,085	43.0%	Overall \$197,873 (63%) increase in full-time personnel-related costs due to the addition of 4 new employees. Other changes include a \$6,718 (33%) increase in part-time pay & taxes, \$4,494 (12%) increase in Drill Fees & taxes, \$1,500 (46%) increase in physical exams, \$2,000 (44%) increase in uniforms, \$5,000 (20%) increase in capital outlay and elimination of the Live-In Program (reduction of \$17,000).

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>ORIGINAL 2016 BUD.</u>	<u>AMENDED 2016 BUD.</u>	<u>PROPOSED 2017 BUD.</u>	<u>DIFF. 2017 & ORIG. 2016</u>	<u>% CHG.</u>	<u>DIFF. 2017 & AMENDED 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
Lifeguards	531	\$190,957	\$194,557	\$192,217	\$1,260	0.7%	(\$2,340)	-1.2%	Overall \$1,860 (1.2%) increase in personnel-related expenses, \$2,000 (27%) increase in minor equipment, \$2,000 (50%) decrease in travel/ training and \$600 (86%) decrease in telephone.
Parks & Recreation	532	\$138,748	\$138,748	\$146,114	\$7,366	5.3%	\$7,366	5.3%	Overall \$3,391 (5.7%) increase in full-time personnel-related costs and a \$3,229 (100%) increase in part-time personnel costs. Other changes are \$1,800 (43%) increase for the cost of boardwalk fish, \$3,500 (70%) increase in Other Town Events (for annual Christmas Show previously in Council budget), \$2,000 (25%) increase for the Street Festival/70th anniversary, \$804 (35%) decrease for telephone, \$3,000 (60%) decrease in travel/training and \$2,000 (13%) decrease in Boogie In The Park expenses.
Building Inspection/ Code Enforcement	540	\$126,565	\$126,565	\$124,763	(\$1,802)	-1.4%	(\$1,802)	-1.4%	Overall \$3,873 (4.4%) increase in full-time personnel-related costs. Other changes include a \$2,000 (200%) increase in Supplies, \$3,500 (78%) decrease in building maintenance, \$2,000 (24%) decrease in beach-related costs and \$1,500 (60%) decrease in contracts (lawn maintenance).

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Streets & Sanitation	550	\$740,797	\$766,504	\$988,011	\$247,214	33.4%	\$221,507	28.9%	Overall \$15,214 (3.6%) increase in personnel-related costs. Other changes include a \$6,000 (13%) increase in utilities, \$10,000 (333%) increase in building maintenance, \$3,000 (60%) increase in minor equipment, \$4,000 (50%) increase in equipment maintenance, \$208,000 (1733%) increase in capital outlay (garbage truck & service truck) and a \$1,500 (60%) decrease in computer costs.
Debt Service	560	\$294,205	\$294,205	\$316,626	\$22,421	7.6%	\$22,421	7.6%	New loan added in FY 2016 for equipment and vehicles.
Contingency	490	\$130,680	\$71,172	\$52,880	(\$77,800)	-59.5%	(\$18,292)	-25.7%	FY 2017 Contingency based on amount of Contingency used in prior years.
Transfers	580	\$50,000	\$50,000	\$50,000	\$0	0.0%	\$0	0.0%	Transfer to Beach Protection Fund.
TOTAL GENERAL FUND		\$4,019,829	\$4,087,641	\$4,488,370	\$468,541	11.7%	\$400,729	9.8%	

EXHIBIT C

WATER AND SEWER FUND REVENUE BY MAJOR SOURCE

FY 2017 VS. FY 2016

(as of 5/17/16)

REVENUE TYPE	2016 BUDGET	PROPOSED 2017 BUDGET	DIFF. 2017 & 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Water Charges	\$710,710	\$791,800	\$81,090	11.4%	Impact of full year from FY 2016 rate increase and change in residential rate structure for FY 2017 adding an increased rate for usage over 7,000 gallons.
Sewer Charges	\$1,011,270	\$1,110,100	\$98,830	9.8%	Impact of full year from FY 2016 rate increase and change in residential rate structure for FY 2017 adding an increased rate for usage over 7,000 gallons.
Water & Sewer Tap Fees	\$27,000	\$27,000	\$0	0.0%	
Cutoff & Reconnection Fees	\$840	\$900	\$60	7.1%	
Other Revenue/ Fees	\$5,150	\$5,905	\$755	14.7%	Primarily past due charges (\$5,500).
Interest Income	\$885	\$1,470	\$585	66.1%	Changes to investment allocation.
Other Financing Sources	\$130,750	\$102,500	(\$28,250)	-21.6%	Loans for generator & 1/2 of backhoe.
Transfer From SERF	\$0	\$180,000	\$180,000		Revenue source for bypass & manhole/sewer rehab projects.
TOTAL WATER/ SEWER FUND	\$1,886,605	\$2,219,675	\$333,070	17.7%	

EXHIBIT D

WATER AND SEWER FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	2016 BUDGET	PROPOSED 2017 BUDGET	DIFF. 2017 & 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Governing Body	410	\$16,767	\$15,017	(\$1,750)	-10.4%	Decrease of \$1,000 (100%) in Governmental Relations and \$750 (50%) decrease in telephone/internet costs.
Legal	470	\$28,900	\$28,900	\$0	0.0%	
Finance	715	\$171,402	\$178,238	\$6,836	4.0%	Overall a \$5,975 (4.5%) increase in personnel-related costs. Other changes include a \$500 (25%) increase in travel/training and \$685 (11%) decrease in computer costs.
Administration	720	\$251,919	\$248,806	(\$3,113)	-1.2%	Overall \$7,219 (6.8%) increase in personnel-related costs. Other changes include a \$4,632 (29%) decrease in retiree medical insurance, \$3,000 (33%) decrease in telephone, \$5,000 (40%) decrease in building maintenance, \$1,000 (25%) decrease in minor equipment and a \$3,500 (5%) increase in P&L / WC insurance.

EXHIBIT D

WATER AND SEWER FUND BUDGET BY DEPARTMENT/FUNCTION

**FY 2017 VS. FY 2016
(as of 5/17/16)**

DEPARTMENT	DEPT. NO.	2016 BUDGET	PROPOSED 2017 BUDGET	DIFF. 2017 & 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
W/S Operations	810	\$1,367,617	\$1,698,714	\$331,097	24.2%	Overall \$14,609 (3.6%) increase in personnel-related costs. Other changes include \$3,000 (20%) increase in water testing, \$13,000 (186%) increase in permit fees, \$30,317 (30%) increase in debt service, \$50,000 (17%) increase in Carolina Beach treatment facility charges, \$11,000 (92%) increase in equipment/building maintenance, \$130,000 (158%) increase in system maintenance (lagoon cleaning), \$2,700 (37%) increase in minor equipment and \$92,721 (82.6%) increase in capital outlay - improvements. Decreases include \$1,500 (20%) in auto supplies, \$2,500 (33%) in computer costs and \$14,250 (11%) in capital outlay - equipment/vehicles.
Transfers	999	\$50,000	\$50,000	\$0		Transfer to the H Avenue Lift Station Capital Project Fund.
TOTAL WATER/SEWER FUND		\$1,886,605	\$2,219,675	\$333,070	17.7%	

EXHIBIT E

**STORM WATER FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

REVENUE TYPE	2016 BUDGET	PROPOSED 2017 BUDGET	DIFF. 2017 & 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Storm Water Charges	\$218,500	\$220,500	\$2,000	0.9%	
Storm Water Building Fees	\$36,000	\$32,000	(\$4,000)	-11.1%	Change to the Town Fee Schedule during FY 2016 allowing waiver of the storm water building fee with installation of an approved engineered storm water system.
Interest Income	\$360	\$600	\$240	66.7%	Changes to investment allocation.
Other Financing	\$40,750	\$62,500	\$21,750	53.4%	Loan for 1/2 backhoe.
Appropriate Fund Balance	\$227,720	\$374,773	\$147,053	64.6%	The appropriation is to allow for a transfer of \$400,000 to the Storm Water Capital Projects Fund.
TOTAL STORM WATER FUND	\$523,330	\$690,373	\$167,043	31.9%	

EXHIBIT F

STORM WATER FUND EXPENSE BUDGET BY TYPE

FY 2017 VS. FY 2016

(as of 5/17/16)

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>2016 BUDGET</u>	<u>PROPOSED 2017 BUDGET</u>	<u>DIFF. 2017 & 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
SW Operations	610	\$127,446	\$139,164	\$11,718	9.2%	Overall \$3,717 (3.5%) increase in personnel-related costs. Other changes include a \$3,000 (200%) increase for minor equipment, \$4,000 (400%) increase for equipment rental and \$1,000 (20%) increase for supplies.
Debt Service	610	\$80,134	\$88,709	\$8,575	10.7%	Equipment purchased in FY 2016 was financed.
Capital Outlay	610	\$40,750	\$62,500	\$21,750	53.4%	Increase for FY 2017 relates to purchase of a backhoe.
Transfers	610	\$275,000	\$400,000	\$125,000	45.5%	FY 2017 includes a transfer to the Storm Water Capital Projects Fund. The project was delayed from FY 2016.
TOTAL STORM WATER FUND		\$523,330	\$690,373	\$167,043	31.9%	



Ordinance Number: FY 2016-17
Date Adopted: DRAFT
Effective Date: July 1, 2016

DRAFT
BUDGET ORDINANCE FY 2016-2017
KURE BEACH, NORTH CAROLINA

Be it ordained by the Town Council of Kure Beach, North Carolina:

Section I. Budget Adoption: There is hereby adopted the following operating budget for the Town of Kure Beach for the Fiscal Year beginning July 1, 2016 and ending June 30, 2017; the same being adopted by fund. Activity within each fund is listed as follows:

GENERAL FUND

EXPENDITURES:

Governing Body	\$ 35,517
Committees	4,300
Finance	151,889
Administration	397,192
Community Center	23,300
Emergency Management	100
Tax Collections	25,000
Legal Department	28,900
Police Department	1,265,716
Fire Department	685,845
Lifeguards	192,217
Parks & Recreation	146,114
Building Inspections	124,763
Streets & Sanitation	988,011
Debt Service	316,626
Transfer to Beach Protection Fund	50,000
Contingency	<u>52,880</u>
TOTAL EXPENDITURES	<u>\$4,488,370</u>

GENERAL FUND (continued)

REVENUES:

Property Tax (current & prior years)	\$2,328,500
Sales Tax	800,075
Franchise & Utility Tax	249,000
Motor Vehicle License	12,000
TDA Funds	204,517
Garbage & Recycle Fees	343,375
ABC Revenue	12,300
Building Permits/Impact Fees/ CAMA Fees/Fire Inspections	60,000
Communication Tower Rent	77,408
Town Facility Rentals	11,000
Parks & Rec/Community Center/ Street Festival	39,550
Other Revenue	60,645
Other Financing Sources	<u>290,000</u>
TOTAL REVENUES	<u>\$4,488,370</u>

POWELL BILL FUND

EXPENDITURES:

Street Maintenance & Repair	<u>\$ 65,050</u>
TOTAL EXPENDITURES	<u>\$ 65,050</u>

REVENUES:

Powell Bill Allocation	\$ 65,000
Interest Income	<u>50</u>
TOTAL REVENUES	<u>\$ 65,050</u>

STORM WATER FUND

EXPENDITURES:

Storm Water Operations	\$ 290,373
Transfer to Capital Projects Fund	<u>400,000</u>

TOTAL EXPENDITURES **\$ 690,373**

REVENUES:

Storm Water Monthly Fees	\$ 220,500
Storm Water Building Fees	32,000
Interest Income	600
Other Financing Sources	62,500
Fund Balance Appropriated	<u>374,773</u>

TOTAL REVENUES **\$ 690,373**

BEACH PROTECTION FUND

EXPENDITURES:

Beach Protection Reserves	\$ <u>50,440</u>
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TOTAL EXPENDITURES **\$ 50,440**

REVENUES:

Interest Income	\$ 440
Transfer from General Fund	<u>50,000</u>

TOTAL REVENUES **\$ 50,440**

FEDERAL ASSET FORFEITURE FUND

EXPENDITURES:

Federal Asset Forfeiture Expenses	\$ <u>50,000</u>
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TOTAL EXPENDITURES **\$ 50,000**

FEDERAL ASSET FORFEITURE FUND (continued)

REVENUES:

Fund Balance Appropriated	\$ 50,000
TOTAL REVENUES	<u>\$ 50,000</u>

WATER AND SEWER FUND

EXPENDITURES:

W/S Governing Body	\$ 15,017
W/S Legal Department	28,900
W/S Finance	178,238
W/S Administration	248,806
W/S Operations	1,698,714
Transfer to Capital Projects Fund	<u>50,000</u>
TOTAL EXPENDITURES	<u>\$2,219,675</u>

REVENUES:

Water Charges	\$ 791,800
Sewer Charges	1,110,100
Tap & Reconnection Fees	27,900
Other Revenue	7,375
Transfer from Sewer Expansion Reserve Fund	180,000
Other Financing Sources	<u>102,500</u>
TOTAL REVENUES	<u>\$2,219,675</u>

SEWER EXPANSION RESERVE FUND (SERF)

EXPENDITURES:

Transfer to Water and Sewer Fund	\$ <u>180,000</u>
TOTAL EXPENDITURES	<u>\$ 180,000</u>

SEWER EXPANSION RESERVE FUND (SERF) (continued)

REVENUES:

User Fees	\$ 22,500
Interest Income	225
Fund Balance Appropriated	<u>157,275</u>

TOTAL REVENUES **\$ 180,000**

EXPENDITURES **ALL FUNDS** **\$7,743,908**

REVENUES **ALL FUNDS** **\$7,743,908**

Section II. Levy of Taxes: There is hereby levied, for the Fiscal Year 2016-2017, an Ad Valorem tax rate of 28.5 cents (\$0.285) per one hundred dollars (\$100) valuation of taxable property as listed for taxes as of January 1, 2016. This rate shall be levied entirely in the General Fund.

The tax rate is based on an estimated total valuation of property for the purposes of taxation of eight hundred thirty-four million three hundred seventy thousand dollars (\$834,370,000) and an estimated collection rate of ninety-eight and three-quarter percent (98.75%).

Section III. Salaries: The following shall govern salary and wage compensation for Fiscal Year 2016-2017:

A. Pay Plan. There is hereby adopted a pay plan that includes an across the board cost of living adjustment in the amount of 2% applicable to all Town employees.

B. Salary Adjustments. Each employee's salary shall be examined to ensure that the pay grade reflects the years of service, proficiency and quality of work. Merit raises are allotted at 2% this year for employees.

Section IV. The Budget Officer hereby authorized to transfer appropriations within a fund as contained herein under the following conditions as specified in North Carolina General Statute Chapter 159.

A. The Budget Officer may transfer amounts between line item expenditures without limitation and without a report being required up to \$10,000 at any one time.

B. The Budget Officer may transfer amounts within departments and of the same fund and reported as part of the financial statements. He shall make an official report immediately to Council on such transfers.

C. The Budget Officer may not transfer amounts between funds without prior Council action.

Section V. Restricted Revenues: The Finance Officer is hereby directed to fund appropriations that have specified revenues prior to funding with General Fund monies. This is to include but not limited to Local, State and Federal grants.

Section VI. Encumbrances: All outstanding encumbrances from prior fiscal years are to be carried forward to Fiscal Year 2016-2017. All Project Ordinance appropriations are continued.

Section VII. Budget Control: The Town Council in approving the budget has utilized to the fullest extent possible its revenue sources. Over collections of revenues or unanticipated revenue sources cannot be expected during the year. It is therefore of utmost importance that Department Heads initiate steps to insure compliance with the budget as fixed herein and they are hereby directed to do so.

Section VIII. The Town Council hereby authorizes the New Hanover County Tax Administrator to bill and collect taxes for the Town, including the annual five dollar (\$5) motor vehicle license tax.

Section IX. Fees and Charges: There is hereby established, for Fiscal Year 2016-2017, various fees and charges as contained in the attached Fee Schedule. Changes from the Fiscal Year 2015-2016 Fee Schedule are as follows:

Ad Valorem Tax Rate (per \$100 of valuation)	Increase from \$0.2615 to \$0.285
Residential Water – (per 100 gallons for monthly usage in excess of 7,000 gallons)	Increase from \$0.45 to \$0.675
Residential Sewer – (per 100 gallons for monthly usage in excess of 7,000 gallons)	Increase from \$0.58 to \$0.87

This ordinance being duly passed and adopted this day of June, 2016.

Emilie Swearingen, Mayor

Nancy Avery, Town Clerk



**TOWN OF KURE BEACH
FEE SCHEDULE
FISCAL YEAR 2016-2017**

Fee Schedule to be updated each year as part of the adoption of the new fiscal year budget ordinance.

<u>TAX RATE per \$100</u>	\$0.285
<u>WATER FEES</u>	
Residential (monthly minimum - up to 2,500 gallons)	\$13.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum:	
2,501 gallons to 7,000 gallons	\$0.45
Over 7,000 gallons	\$0.675
Commercial (monthly minimum - up to 2,500 gallons)	\$18.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$0.694
Out of Town (ETJ) (monthly minimum - up to 2,500 gallons)	\$23.00
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$0.7875
<u>SEWER FEES</u>	
Residential (monthly minimum - up to 2,500 gallons)	\$23.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum:	
2,501 gallons to 7,000 gallons	\$0.58
Over 7,000 gallons	\$0.87
Commercial (monthly minimum - up to 2,500 gallons)	\$25.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$0.7125
Out of Town (ETJ) (monthly minimum - up to 2,500 gallons)	\$40.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$1.0125
<u>OTHER WATER & SEWER FEES</u>	
Water Service Fee - nonrefundable fee for service technician site visit	\$30.00
Additional Water Service Fee - fee for each additional visit if customer fails to meet technician at site	\$10.00
Water Service Meter Check Fee - customer request that a meter be read, checked, or turned on or off. If problem found with meter, fee can be waived at discretion of the Public Works Director	\$30.00
Water Cut-ons Outside Working Hours	\$25.00
Special Meter Tests - if customer requests meter test and the meter is found to be defective, charge will be refunded	\$50.00
Reconnection Fee - if water is cut-off due to non-payment	\$60.00
Returned Check Fee	\$25.00
Account Past Due Charge - per month	\$10.00

WATER TAP FEE

3/4 X 5/8	\$1,500.00
1 Inch	\$2,000.00
1 1/2 Inch	\$2,500.00
2 Inch	\$3,000.00

SEWER TAP FEE

4 inch	\$1,500.00
4 inch	\$1,500.00
6 inch	\$2,000.00
6 inch	\$2,000.00

USER FEE Sect 17-127 of Code

Common Areas-No Charge	\$2,500.00
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IMPACT FEE

Voluntary Annexation Only Sect 17-128 of Code	\$400.00
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STORM WATER FEES

Building Fee - may be waived w/installation of engineered storm water system and approval of building inspector and public works director	\$4,000.00
Residential-monthly	\$8.71
Business - monthly	varies by account

RECYCLE FEE - per bin monthly (residential)

\$4.88

GARBAGE COLLECTION FEES

Residential -per can monthly	\$6.00
Commercial- per can monthly	\$26.25
Garbage cart purchase	\$80.00

TRASH PICKUP FEE

Minimum	\$10.00
1/4 load	\$30.00
1/2 load	\$60.00
3/4 load	\$90.00
Full load	\$120.00
Appliances	\$10.00

PRIVILEGE LICENSE FEES

Privilege License Fees as stipulated in N.C. General Statute 105-33(C).

VEHICLE DECAL FEES

Resident	\$5.00
Late Fee (resident)	\$10.00
Non-resident	\$5.00

COPY/FAX FEES

Fax: 1 PAGE	\$2.00
Fax: Each additional page	\$1.00
Zoning map - each	\$5.00
Copies: Per page	\$0.10
Copy of Zoning Ordinance	\$10.00
Copy of Town Code	\$70.00
Flood map - each	\$5.00

RENT COMMUNITY CENTER:DEPOSIT & PER HOUR FEES-2 HOUR MINIMUM (then hourly)

Deposit (refundable if center is cleaned, as instructed, and there's no damage)	\$250.00
KB Resident/Property Owner & Non-Profit Organization	\$75.00 per hour
Non-resident & Commercial Organization for Profit	\$100.00 per hour

OTHER FEES COMMUNITY CENTER

Non refundable fee each time existing contract is revised	\$10.00
Service charge for cancellation of contract	\$50.00
Rental fee will not be refunded for cancellation of lease by lessee made within 30 days before the event. Security deposit will be refunded.	

RENT OCEAN FRONT PARK PAVILION:DEPOSIT & PER HOUR FEES-*4 HOUR MINIMUM (then hourly)

***Exception: Can rent pavilion for 1 HOUR, if rented in conjunction with Community Center**

Deposit (refundable if no damage to pavilion/grounds)	\$250.00
KB Resident/Property Owner & Non-Profit Organization, Pavilion ONLY	\$75.00 per hour
Non-resident & Commercial Organization for Profit, Pavilion ONLY	\$100.00 per hour
KB Resident/Property Owner & Non-Profit Organization, Pavilion & Lawn	\$125.00 per hour
Non-resident & Commercial Organization for Profit, Pavilion & Lawn	\$150.00 per hour

PARKS AND RECREATION PROGRAM FEES

Fees for specific Parks and Recreation activities will be set prior to commencement of the activity varies

SPECIAL EVENT FEES

General Use Impact Fees:

minimal use of public property -low impact - per day	\$150.00
includes intermittent traffic control - medium impact-per day	\$300.00
includes closing of public streets - high impact - per day	\$500.00

Personnel:

Police-minimum of two hours - per hour (includes overhead)	\$40.00
Sanitation - per hour (includes overhead)	\$40.00
Street - per hour (includes overhead)	\$40.00
Fireman - per hour (includes overhead)	\$40.00

Facilities Rental:

Council Chambers - per day	\$100.00
Public land per site - per day	\$100.00
Public building - per day	\$100.00

Equipment:

Police/Fire/Lifeguard or other Town Vehicle - per hour	\$25.00
Trash pickup - per cart per pickup	\$15.00
-minimum 2 carts required for recyclable materials and one for regular trash	

PERMIT/CONSTRUCTION FEES

Fence	\$25.00	
Window Replacement	\$25.00	
Prefab Shed	\$25.00	
Handicap Ramp	\$25.00	
Beach Access	\$25.00	
Pool-residential	\$300.00	
Pool -commercial	\$2,000.00	
Landscape	\$25.00	
House moved (plus any cost incurred by public works or police dept)	\$150.00	
House moved out of town (plus any cost incurred by public works or police dept)	\$150.00	
Demolition (residence)	\$150.00	
Demolition (commercial)	\$300.00	
Building -New Construction - processing fee	\$200.00	
Mobile Home Fee-set up (plus permit fee)	\$200.00	
Mobile Home and Travel Trailer Park - \$5.00 space up to 100 spaces	\$350.00	
Yard sale	\$1.00	
Temporary structures in excess of 200 square feet - Sec. 12-45	\$250.00	obtained 7 days prior
Temporary structures in excess of 200 square feet - Sec. 12-45	\$500.00	obtained less than 7 days prior
Replace permit card -Each	\$10.00	
Improvements, additions and renovations to include decks, garages, etc:		
from \$0 to \$500	\$25.00	
from \$501 to \$2,500	\$50.00	
from \$2,501 to \$5,000	\$100.00	
from \$5,001 to \$10,000	\$150.00	
from \$10,001 to \$20,000	\$200.00	
from \$20,001 to \$30,000	\$250.00	
from \$30,001 to \$40,000	\$300.00	
from \$40,001 to \$50,000	\$350.00	
from \$50,100 and above + \$5.00 per \$1,000.00 over \$50,001	\$400.00	
Signs		
from \$0 to \$500	\$25.00	
from \$501 to \$2,500	\$40.00	
from \$2,501 to \$5,000	\$55.00	
from \$5,001 to \$10,000	\$70.00	
from \$10,001 to \$20,000	\$85.00	
from \$20,001 to \$40,000	\$95.00	
from \$40,001 to \$50,000	\$130.00	
from \$50,100 and above + \$3.00 per \$1,000.00 over \$50,000	\$155.00	

PLANNING/ZONING FEES

Text amendment to Town Code	\$100.00
Advertisement for public notices	\$50.00
Application - minor subdivision (per lot)	\$200.00
Subdivision Appeal:	
TRC to Planning Board	\$150.00
TRC to Planning Board (Height Exception Application fee - Sec. 19-333.1)	\$250.00
TRC to BOA	\$375.00
Final plat approval submission (or 50 cents per lot, whichever is greater)	\$125.00
Request for zoning change (plus \$5.00 fee for each notification mailed)	\$100.00
Chapter 19 Zoning violation - Sec. 19-401	\$50.00

BOARD OF ADJUSTMENT FEES

Appeal/Variance	\$375.00
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FIRE INSPECTION AND PERMIT FEES

Commercial New and Existing Construction Permit Fees:

A= Total gross building floor area of construction

B= Fee per Square Foot

0 - 5,000 sf

5,001-15,000 sf

Over 15,000 sf

AxB = Permit Fee

(AxBx.75)+(1250xB) = Permit Fee

AxBx.50) + (5000xB) + Permit Fee

Occupancy Type:

Residential

Storage

Assembly

Institutional

Business

Mercantile

Hazardous

Factory Indust

Education

Fee Per Square Foot

\$0.05

\$0.035

\$0.06

\$0.06

\$0.06

\$0.06

\$0.05

\$0.04

\$0.065

Construction Permits:

Sprinkler Systems

Fire Alarm Systems

Suppression Systems

Fire pump and related Equipment

Private Fire Hydrants

Standpipe Installation per Riser

\$85.00

\$85.00

\$85.00

\$85.00

\$85.00

\$85.00

Additions

Up Fits

Mobile Buildings

Accessory Structures

Commercial Inspection Fee

Occupancy Certification

Occupying building without CO

Working without Permit

Stop Order Removal

Failure to Obtain Final Inspection

Afterhours/Weekend/Holiday Inspections

ABC Permit

Fire Flow Test

Day Care State Inspection

Witness Fire Flow/Pump Test

Commercial Construction Inspection

Reinspection Fee

Standpipe Test per Riser

Temporary Structures (Tents, Etc)

Use Schedule or Min. \$45 + Inspection Fees

Use Schedule or Min. \$45 + Inspection Fees

\$45 + Inspection fee

\$45 + Inspection fee

\$45 Per Inspection per bldg. (Applies to all bldgs.)

\$25 + Inspection Fee

\$250

\$50 or 2x Permit Fee, whichever is greater

\$200

\$100

\$120

\$45

\$45

\$45

\$45

\$45

\$45

\$75

Revert to Building Permit Fee

CIVIL CITATION PROGRAM FEES

Beach:

	<u>1st Offense</u>	<u>2nd Offense</u>
Dogs prohibited on beach strand Sec. 4-17	\$150.00	Misdemeanor
Vehicles prohibited on beach strand Sec. 10-104	\$25.00	Misdemeanor
Fire prohibited on beach strand Sec. 12-40	\$100.00	\$200.00
Litter, glass & alcohol prohibited on beach Sec. 12-35	\$150.00	Misdemeanor
Boats, jet skis prohibited w/in 300' from high tide mark Sec. 12-37	\$25.00	\$50.00
Surfing regulations Sec. 12-33	\$25.00	Misdemeanor
Dune trespassing prohibited Sec. 12-39	\$100.00	Misdemeanor
Digging holes in the beach/beach restoration Sec. 12-46	\$100.00	Misdemeanor
No items on beach between 7pm-8am/No beach equip. within 15 ft of turtles/No -beach equip. within 25 ft of emergency access points Sec. 12-43	\$50.00	\$100.00
Sleeping on beach after midnight prohibited Sec. 12-31	\$25.00	Misdemeanor
Nude bathing, including thong bathing suits or similar attire, prohibited Sec. 12-32	\$25.00	Misdemeanor
Leaping from commercial pier Sec. 12-34	\$250.00	
<u>Animals/Pets:</u>		
Dogs must be on a leash Sec. 4-16	\$150.00	Misdemeanor
Animal/Pet waste removal Sec. 4-16.1	\$150.00	Misdemeanor
<u>Vehicles/Parking:</u>		
Failure to purchase & display Town decal Sec. 10-17	\$25.00	Misdemeanor
Parking Ticket Sec. 10-222 - 235	\$50.00	
Parking in a handicap space	\$150.00	Misdemeanor
Soliciting transportation Sec. 10-68	\$10.00	
Vehicles prohibited certain areas Sec. 10-60	\$50.00	Misdemeanor
<u>Miscellaneous:</u>		
Bicycle regulations Sec. 10-291-308	\$25.00	\$50.00
Noise violations prohibited Sec. 11-31	\$250.00	Misdemeanor
Alcohol consumption/open containers prohibited on public property Sec. 3-1	\$50.00	Misdemeanor
Requirements for taverns and bars Sec. 3-2	\$50.00	G.S.18B-302.1
Beach Vitex Prohibited Sec. 12-41	\$25.00	\$50.00
Numbering of buildings Sec.5-121	\$50.00	
Real estate signs on Town property Sec. 11-80	\$50.00	

Adopted by Town Council on June , 2016.

Emilie Swearingen, Mayor

Attest: Nancy Avery, Town Clerk