

**Town of Sunset Beach
Council Budget Work Session
May 07, 2014
8:30 am**

Members Present: Mayor Ron Watts, Mayor Pro-Tem Lou DeVita, Councilman Wilson Sherrill, Councilman Terry Johnson, Councilman Mike Williams, and Councilwoman Carol Scott

Members absent: None

Attorney & Staff Present: Susan Parker, Town Administrator; Donna Rogers, Finance Director; Cindi Stephenson, Deputy Finance Officer; Sandy Wood, Building Inspector; Dustin Graham, Public Works Director; Lisa Joyner, Police Chief; and Lisa Anglin, Town Clerk.

Mayor Watts called the meeting to order. The Mayor and Council expressed concerns with the limitations of the current accounting and budget software, the assessed property values, and the accounting method currently being used for the accommodations tax and beach renourishment expenses.

Susan Parker reviewed the Budget Message with the Council. Parker reviewed the 5-year financial forecast which included models with no tax increase, a 1.7 cent increase and a 3.30 cent increase.

General Fund Revenues

Donna Rogers, Finance Director, reviewed the general fund revenue accounts with the Council.

10-3194-110 Current Year Tax

The Council questioned the reduction in expected tax revenue since property valuations of unusable lots should show an increase now that the sewer system is operational. The Council requested Staff to research to ensure that the valuations of the unusable lots now reflect accurately. The Council reached a consensus to increase 10-3194-110 by \$50,000. The Council discussed a review of the tax collection arrangement with the County to determine if the collection percentage would increase if the billing and collection process was handled by Town Staff.

10-3194-120 Motor Vehicle Tax

The Council questioned the reduction in expected Motor Vehicle Tax since the tax will be collected, when license plates are renewal, by the NC Division of Motor Vehicle instead of billed and collected by the County tax department as in previous years.

10-3231-351 1% Local Option Sales 39

The Council questioned the increase in 10-3231.351 and requested Rogers to research and report back to Council.

General Fund Revenues (Cont.)

10-3232-351 ½% LOC OPT Sales Tax 40

The Council questioned the increase in 10-3232.351 and requested Rogers to research and report back to Council.

10-3233-351 ½% LOC OPT Sales Tax 42

The Council questioned the increase in 10-3233.351 and requested Rogers to research and report back to Council.

10-3235-351 City Hold Harmless

The Council questioned the increase in 10-3235.351 and requested Rogers to research and report back to Council.

10-3270-110 Accommodations Tax

The Council questioned the collection process and requested Rogers contact the local rental agencies to determine if they are expecting an increase for the rental season and report back to Council.

10-3324-310 Utilities Franchise Tax

The Council reached a consensus to increase 10-3324-310 to \$271,000. The Council requested Rogers to determine what amount could be expected if the Utilities Franchise Tax was computed using an ad valorem rate and report back to Council.

10-3328-310 Telecommunications Tax

The Council questioned the proposed budget which is \$100,000 less than the 2012/2013 budget and requested Rogers to research and report back to Council.

10-3343-410 Building Permits

The Council reached a consensus to increase 10-3343-410 to \$160,000 since the Inspections Department is reporting an increase in construction.

10-3343-430 Certificate of Occupancy

The Council and Wood questioned the current revenue and requested Rogers to research and report back to Council.

10-3431-490 Police Fines

The Council reached a consensus to increase 10-3431-490 to \$7,000.

10-3431-493 County Fire District Taxes

The Council requested Rogers to contact the County to determine what County Fire District taxes can be expected and report back to Council.

10-3837-840 ABC Revenues Local Store

The Council questioned why the proposed revenue was reduced and reached a consensus to increase 10-3837-840 to \$50,000.

Expenses

4110 Governing Body

10-4110-220 Food and Provisions

The Council questioned the current expended/encumbered amount and the proposed budget amount. Rogers was requested to determine what was in this account and report back to Council.

4120 Administration

10-4120-183 MED/DNT/VIS/LFE/DIS Insurance

The Council questioned the proposed reduction in the proposed budget and requested Rogers to research and report back to Council.

10-4120-189 401K

The Council questioned the reduction in the proposed budget and requested Rogers to research and report back to Council.

10-4120-194 Professional Services

The Council reached a consensus to reduce 10-4120-194 to 0.

10-4120-260 Office Supplies

The Council questioned the current expended/encumbered amount and reached a consensus to reduce 10-4120-260 to \$12,700.

10-4120-391 Advertising

The Council questioned the increase proposed and reached a consensus to reduce 10-4120-391 to \$3,000.

10-4120-498 Employee's Misc. Fund

The Council questioned the current expended/encumbered amount and reached a consensus to delete this line item.

10-4120-499 Miscellaneous

The Council questioned the current expended/encumbered amount and discussed the type of items this account should be used for. The Council requested Rogers to determine what invoices are in this account and report back to Council. The Council discussed miscellaneous accounts, the accounting process, current purchasing policy, and the proposed budget for each department's miscellaneous account. The Council requested Susan Parker and Rogers to evaluate the miscellaneous accounts and to develop an internal approval policy that would minimize the need for items to be accounted for in miscellaneous accounts for Council consideration.

10-4120-540 Department Equipment

The Council requested Rogers research the cost of a network printer and the associated cost to connect all stations. The Council discussed a paperless system viewed by Mayor Pro-Tem DeVita and Lisa Anglin, Town Clerk with an associated cost of approximately \$350 per month for the software system. The Council requested Susan Parker to research cost of converting Council and Staff to a paperless system for Council meetings including screens and equipment for an audience paperless system.

4130 Finance

10-4130-191 Audit

The Council discussed the need to receive the audit earlier than in the past. Susan Parker requested permission to send out an RFP for auditors for Council consideration.

10-4130-260 Office Supplies

The Council questioned to increase proposed and reached a consensus to reduce 10-4130-260 to \$1,000.

4140 Tax

The Council reached a consensus for no changes to 4140.

4150 Legal

The Council reached a consensus for no amount changes to 4150. The Council discussed the potential need for an attorney with environmental law experience and reached a consensus to send out an RFP for attorneys.

4170 Elections

The Council reached a consensus for no changes to 4170.

5160 Human Services

Susan Parker requested Council to consider developing a Grants and Donations Policy to establish the procedures for awarding grants and donations to non-profit organizations including a dedicated funding source. The Council reached a consensus to table the discussion for Donations to Organizations until the May 28, 2014 Budget Work Session. The Council requested that the non-profit organizations in 4920 Economic Development be moved to 5160.

COUNCILWOMAN SCOTT MADE A MOTION TO RECESS THE BUDGET WORK SESSION TO MAY 21, 2014 AT 8:30 AM. COUNCILMAN WILLIAMS SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY UNANIMOUS VOTE.

**Town of Sunset Beach
Council Budget Work Session
May 21, 2014
8:30 am**

Members Present: Mayor Ron Watts, Mayor Pro-Tem Lou DeVita, Councilman Wilson Sherrill, Councilman Terry Johnson, Councilman Mike Williams, and Councilwoman Carol Scott

Members absent: None

Attorney & Staff Present: Susan Parker, Town Administrator; Donna Rogers, Finance Director; Cindi Stephenson, Deputy Finance Officer; Sandy Wood, Building Inspector; Randy Walters, Building Inspector; Kevin Dempsey, Fire Chief; Richard Childres, Assistant Fire Chief; Dustin Graham, Public Works Director; Lisa Joyner, Police Chief; Joe Smith, Assistant Police Chief /Detective and Lisa Anglin, Town Clerk.

Mayor Watts reconvened the meeting at 8:30 am.

Follow up From May 7, 2014 Budget Work Session

10-3194-110 Current Year Tax

Donna Rogers advised the Council that as of May 7, 2014 Brunswick County is reporting that the property values are \$1,808,983,936. Rogers recommended that 10-3194-110 be reduced to \$1,824,025 to reflect the reduction in values.

10-3231-351 1% Local Option Sales 39

Rogers advised that after a recalculation 10-3231-351 should be increased from \$271,920.00 to \$350,549.00.

10-3232-351 ½% LOC OPT Sales Tax 40

Rogers advised that after a recalculation 10-3232-351 should be increased from \$126,568.00 to \$181,436.00.

10-3233-351 ½% LOC OPT Sales Tax 42

Rogers advised that after a recalculation 10-3233-351 should be increased from \$138,908.00 to \$170,567.00.

10-3235-351 City Hold Harmless

Rogers advised that after a recalculation 10-3235-351 should be increased from \$125,385.00 to \$162,446.00.

Councilwoman Scott voiced opposition to increasing the Sales Tax and Hold Harmless accounts expressing belief that the amounts are too optimistic.

Follow up From May 7, 2014 Budget Work Session (Cont.)

10-3270-110 Accommodations Tax

Rogers advised that rental companies were contacted to determine if an occupancy increase is expected for this season. Rogers reported that four (4) were contacted and two out of three are not expecting an occupancy increase for this season. The Council reached a consensus not to amend 10-3270-110.

10-3324-310 Utilities Franchise Tax

No report given.

10-3328-10 Telecommunications Tax

No report given.

10-3343-430 Certificate of Occupancy

Rogers advised that research determined that Certificate of Occupancy revenues had been applied to the building permit line item in error which has been corrected; however, an increase in 10-3343-430 is not recommended by the Inspections Department.

10-3431-493 County Fire District Taxes

No report given.

10-4110-220 Food and Provisions

No report given.

10-4120-183 MED/DNT/VIS/LFE/DIS Insurance

Rogers advised that after recalculation 10-4120-183 should be increased from \$27,687.00 to \$43,325.00.

10-4120-189 401K

Rogers advised that the reduction is due to one employee not contributing to 401K.

10-4120-499 Miscellaneous

Rogers recommended that each department budget contain a miscellaneous account with a \$500 budget allocation; however, before a department head can charge an item to the miscellaneous account the Town Administrator must approve the request.

10-4120-540 Department Equipment

Rogers reported that color copiers with networking capabilities range from \$9,471 to \$15,050 to purchase. The Council requested Rogers to research copier prices for lease and report back to Council.

10-4130-191 Audit

Rogers advised that the 2013/2014 Audit Contract has not been signed and recommended remaining with the same auditor as last year since only one month before the fiscal year ends. The Council reached a consensus to send out an Auditor Request for Proposals (RFP).

Follow up From May 7, 2014 Budget Work Session (Cont.)

Copy Fees

Rogers recommended increasing the copy fees to \$.15 for black and white (8 ½ X 11) and \$.16 for color copies. The Council requested Rogers to research the actual cost of copies for all sizes and report back to Council.

Grants and Donations

The Council reviewed the Grants and Donations conceptual policy as provided by Susan Parker for the discussion to be held during the May 28th Work Session.

Paperless Town Council Meetings

The Council reviewed the analysis of costs and savings related to a paperless Town Council Meeting.

Police Department Proposed Budget

Chief Joyner advised the police department is in need of replacing three vehicles but is only requesting one be replaced in this budget. Chief Joyner is recommending the purchase of seven (7) rifles and a bullet proof vest for each detective and patrol officer to fully arm the department. The Department has received a 50% partnership grant from the State for the vest. Chief Joyner advised that the Police Department budget includes a 1.5% COLA increase and an annual bonus for the employees. No changes were made to the Police Department budget with the exception of the Miscellaneous account (10-4310-299) which is being reduced to \$500 in every department.

Fire Department Proposed Budget

Chief Dempsey advised the fire department is in need of replacing the equipment used to extract entrapped accident victims from vehicles commonly referred to as the “jaws of life”. Chief Dempsey advised that the Fire Department budget includes a 1.5% COLA increase and an annual bonus for the employees. Chief Dempsey advised that 10-4340-243 should be decreased to \$10,000. The Council questioned the increase in Uniforms (10-4340-392) account. Chief Dempsey advised that it has been determined that current uniform materials worn under the protective gear during a fire is melting and causing injuries to firefighters; thus the uniforms are being replaced with cotton based clothing. The Council questioned the increase in the Service Contracts (10-4340-440) account and requested an itemized listing of what is included in the account. Rogers will research and report back to Council. The Miscellaneous account (10-4340-499) was reduced to \$500 as in all departments.

Public Works Department Budgets

Public Buildings

The Council discussed the additional landscaping that year with Streetscape, the Park, the Bridge entrance, Gazebo, Town Hall and the roundabout. The Council reached a consensus to hire a landscape contractor this year and to re-evaluate hiring additional personnel next year. Staff was instructed to send out a Request for Proposals (RFP) as soon as possible. With the preliminary bids received, Staff recommended decreasing 10-4190-351 to \$110,000 and the Council agreed. The Miscellaneous account (10-4190-499) was reduced to \$500 as in all departments.

Public Works Department Budgets (Cont.)

Streets

The Council reviewed the Streets budget and made no changes other than reducing the Miscellaneous account (10-4510-499) to \$500 as in all departments.

Sanitation

The Council reviewed the Sanitation Budget and made no changes.

Environmental Protection

The Council reviewed the Environmental Protection Budget. Staff advised that the \$10,000 in the Storm Water Drainage (10-4730-390) account is to repair the Dolphin Street canal bulkhead and any other drainage issues. The Council reached a consensus to reduce 10-4730-390 to \$5,000. The Council discussed the \$10,000 in the Natural Disaster Expenses (10-4730-398) account would be used to clean-up debris in case of a disaster such as the winter ice storm. The Council reached a consensus to reduce 10-4730-398 to 0 and to amend the budget if needed for a disaster. Concerning the Storm Water Run Off Ponds (10-4730-391) account, Staff was instructed to obtain a legal opinion from Attorney Isenberg in writing as to ownership of the ponds and maintenance responsibility for the ponds.

Mosquito

The Council reviewed the Mosquito Budget and made no changes.

Powell Bill

Dustin Graham advised that the Equipment (11-4510-540) account includes the purchase of a new bobcat with attachments. The current bobcat will be used as a trade-in. The Council reviewed the Powell Bill Budget and reduced Department Supplies (11-4510-266) to \$10,000. The Council requested the balance in the Powell Bill fund and questioned if Street repaving funds could be used instead of the Street Resurfacing Reserve Account being depleted. Rogers will research and report back to Council.

The Council reached a consensus to schedule a tentative Budget Work Session for Friday, May 30, 2014 beginning at 8:30 am if needed.

COUNCILWOMAN SCOTT MADE A MOTION TO RECESS THE MAY 21, 2014 MEETING UNTIL WEDNESDAY, MAY 28, 2014 AT 9:00 AM. COUNCILMAN WILLIAMS SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY UNANIMOUS VOTE.

Town of Sunset Beach

Ron Watts, Mayor

Submitted by:

Lisa Anglin, Town Clerk