

**MINUTES OF THE SPECIAL MEETING
OF THE TOWN COUNCIL
TOWN OF CAROLINA BEACH**

April 13, 2009

The Town Council of the Town of Carolina Beach met in a special budget meeting to review and discuss the proposed Budget FY 2009/2010. The meeting was held at 9:00 a.m. in the training room at the Carolina Beach Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. The following were present: Mayor, Joel Macon; Mayor Pro Tem (MPT) Dan Wilcox; Councilman, Alan Gilbert; and Councilman, Jerry Johnson. Councilwoman, Pat Efird was absent. Also present were Town Manager, Tim Owens; Finance Director, Dawn Johnson, and Town Clerk, Lynn Prusa.

Mayor Macon called the meeting to order.

A motion was made by Mayor Macon to excuse Councilwoman Efird from the meeting due to sickness. MOTION CARRIED UNANIMOUSLY.

The town manager presented an Expenditure Elimination Plan and a summary of all 3 funds that he said are currently balanced. He suggested summarizing each budget and then go over the proposed Expenditure Elimination Plan. He reminded Council that he is required to present to Council a balanced budget by June 1st.

Water/Sewer/Stormwater Fund

The town manager went over the highlights of the fund (Exhibit 1).

A suggestion was made to break out the postage and telephone line items that are currently combined.

General Fund

Next the town manager went over the highlights of the General Fund (Exhibit 2).

Tourism Fund

After reviewing the Tourism Fund (Exhibit 3), the Mayor recommended that the town manager give the county a call about that the anticipated requests such as lifeguards. He said they want you to ask in advance for anticipated expenditures.

Conclusion

Mr. Owens restated that all 3 funds are balanced, and he will go over it with department heads and the finance director. He would like to have some firm direction from Council at the next special meeting to be held on April 27th at 9:00 a.m.

Expenditure Elimination Plan

The manager said the budget is balanced, but he went over the proposed plan (Exhibit 4).

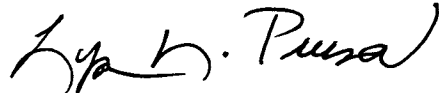
A motion was made by Mayor Macon to go into closed session to discuss the personnel matters. MOTION CARRIED UNANIMOUSLY.

A motion was made by Mayor Macon to return to open session. MOTION CARRIED UNANIMOUSLY. Mayor Macon reported that no action is needed at this time as a result of the closed session.

A motion was made by Councilman Gilbert to give the town manager direction to consider reduction of workforce totaling around \$400,000 +/- and to look at spending elimination and talk about it on the 27th. MOTION CARRIED UNANIMOUSLY.

There being no further business, a motion was made by Mayor Macon to adjourn. MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,



Lynn N. Prusa
Town Clerk

Approved: 7-14-09

WATER/SEWER/STORMWATER REVENUE

- No increase in the water/sewer or stormwater fees proposed at this time.
- The water/sewer/fund is basically balanced and is roughly \$290,000 less than the proposed FY08/09 budget.
- Anticipated water/sewer facility (impact) fees have been reduced to \$50,000 which is down from a FY08/09 budget figure of \$200,000 which the Town will not meet this budget year. This figure equates to the construction of roughly 11 3-bedroom single family homes. Facility fees, in theory, should only be used for servicing capital debt or for capital projects and not to supplement rates.
- The Town Council took significant steps to raise stormwater fees last year so that the department is closer to self-sustaining.
- The Town Council took significant steps to raise water and sewer rates last year to assist in the payment of debt service on a variety of projects that are slated for construction in the upcoming year(s).
- Interest on investments down by \$65,000 due to drop in reserve fund and interest rates
- The current variable rate for water is \$3.30 and the variable rate for sewer is \$5.70. The 3000 gallon flat rate for water is \$12.68 and the 3000 gallon flat rate for sewer is \$23.32. The stormwater rate for a single family home is \$10 and the solid waste fee is \$15.39. A home that has all of the above services and uses less than 3000 gallons would pay \$61.39 per month.
- In general, changes in revenue for each \$1 increase in rates are:
 - Each \$1 increase in flat rate generates approximately \$46,500
 - Each \$1 increase in variable rate generates approximately \$134,000
- Solid Rate Fees will likely increase due to new State imposed tipping fee increase, a downturn in the cost of recyclables and due to COLA adjustment from Waste Industries
- Appropriated fund balance of \$200,000 from the reserve fund used to balance the budget
- **BUDGET IS BALANCED AT:**

| | |
|------------------------------|-------------|
| Total Revenues Projected | \$4,661,000 |
| Total Expenditures Projected | \$4,661,000 |

Items for Consideration and Discussion

1. Current rates and fees should be adequate to undertake the multitude of projects that the Town will be financing in the next year(s).
2. Current budget is balanced.
3. I have not proposed any merit or COLA increases for the upcoming year.
4. I have proposed up to a 2% Town match from the Town for 401K with a 2% contribution by employees. This will be a new program offered by the Town. If all employees participate to the maximum, the impact would be a cost of \$22,300 for the Town. This expense is currently budgeted.
5. The Town Council will need to determine if they wish to continue to keep the stormwater department in the water/sewer fund or move it to the General Fund. If it is moved, an Ad Valorem tax increase of approximately \$.025 per \$100 of valuation may be required.
6. No reduction in work force is proposed in the balanced budget. We currently have one stormwater position that is open and has not been filled. This position is budgeted in the proposed budget. The position will likely not be refilled but the Town will likely use a portion of the budgeted amount for the possible hiring of a temp and for the possibility of restructuring the department as a result of Brian Stanberry being promoted to Interim Public Works Director.
7. A portion of the Interim Public Works Director salary was budgeted in the Stormwater Department and I will seek to classify the position of Public Works Director as a permanent position.
8. All positions will be re-evaluated for the need to rehire as they come open.
9. A 10% increase in health insurance and W/C and liability has been programmed into the budget.

WATER/SEWER/STORMWATER EXPENDITURES

Water and Sewer Administration (\$1,364,350)

- 3 Employees – Administrative Secretary, 2 billing clerks. Employee duties include administrative support and billing. Town brought lock box service in-house this current budget year to save approximately \$25,000.
- No COLA and merit included in line items
- 2% 401k match proposed
- No significant increases or decreases in any typical line items
- One computer funded in small capital items
- Existing debt service on old projects funded with no debt service being expired
- Telephone and postage - \$12,000
- M&R of Equipment - \$10,000
- Professional Services - \$10,000
- \$200,000 in W/S revenue transferred to GF for use of building, GF staff, and partial payment towards Carolina Sands.
- New Projects still remaining in the budget from FY08/09 (\$514,000). Line items to be used to offset engineering and permitting until debt payments begin or used as a down payment on the debt service to lower payments.
 - Lift Station #1 - \$100,000
 - 3MGD Ground Storage - \$120,000
 - New wells and upgrades - \$72,000
 - EQ Basin project - \$72,000
 - New water and sewer line projects - \$150,000

Waste Water Treatment (\$787,100)

- 5 total positions – 1 superintendent, 1 lab tech, 3 operators. 5 positions responsible for 24 hour operation of the WWTP and testing.
- Electric - \$125,000
- M&R Equipment - \$20,000
- Landscaping materials for Nelms - \$15,000
- Chemicals and lab fees - \$46,000 up from \$40,000
- Contract Services - \$81,000
 - Generator service - \$2000
 - Bio-solid removal - \$77,000
 - Service on de-chlor/chlor equipment - \$2000
- Large Capital Projects – none proposed
- Small Capital Projects – none proposed

Waste Water Collection (\$1,072,000)

- Review need for positions as they leave
- Total positions – 11 positions – 1 interim public utilities director, 1 crew leader, 1 PW supervisor, 1 senior mechanic, 2 workers, 5 mechanics. Department responsible for all water and sewer installations, maintenance and repair of mains, daily monitoring of lift stations, hydrants, preventive maintenance on sewer lines.
- No COLA or merit proposed. New 2% 401k Match program included in department.
- Overtime reduced from \$35,000 to \$28,000.
- Electric - \$45,000
- MR Equipment - \$45,000
- MR of Streets - \$40,000
- \$50,000 Maintenance to mains (down from \$80,000)
- Chemicals and lab fees - \$34,000 up from \$25,000 (Used for lift station chemicals and lab fees).
- Contract Services - \$35,000 up from \$20,000
 - Locate service \$2000
 - Quarterly inspections of SCADA \$6000
 - Generator Service \$5000
 - Clean liftstations 1-6 (2/year) \$17,000
 - Misc. Contract work \$5000
- \$60,000 in professional services for engineering, design and permitting of a variety of WW collection projects that are in the process.
- Large Capital Projects (\$132,000)
 - 3/5 debt service on generators - \$35,500
 - SCADA (2/3) - \$50,000
 - New Vactor(2/5) -\$46,500
- Small Capital Projects – none requested

Water (\$716,750)

- 3 Positions – 1 operator and 2 workers: Department responsible for 24 hour monitoring of wells, meter change out, meter cut-off and reading meters.
- No COLA or merit proposed. New 2% 401k Match program included in department.
- Telephone and postage - \$55,000
Telephone for plants and well monitoring, postage and supplies for billing
- MR Equipment - \$19,450
- MR Streets - \$60,000
- Maintenance to mains \$50,000
- Maintenance to tanks \$45,000 down from \$55,000
Maintenance contract for Dow Road Tank \$23,000
Maintenance contract for Alabama Tank \$14,000
Misc. Repairs \$8,000
- Chemical and Lab Fees \$130,000 up from \$40,000
Chemicals \$85,700
Test Kits \$800
Sampling \$41,000
Lab supplies \$2500
State Requiring additional monitoring for lead and copper, phosphate required in all injection points due to lead and copper testing, treatment for TTHM.
- Contracted Services \$21,000
Quarterly inspections on SCADA \$6000
Generator service \$5000
Misc. Contract work \$10,000
- Professional Services \$50,000. Used for permitting and engineering of variety of water projects that are being designed and permitted.
- Large Capital Projects (\$45,000)
3/5 generators - \$36,000
Fire Hydrants - \$10,000
- Small Capital Projects – none requested

W/S Fleet Maintenance (\$190,800)

- 2 positions split between GF and W/S. General maintenance of all equipment and vehicles.
- Gas remains at \$200,000 and is split between GF and W/S

Storm Drainage (\$530,000)

- 7 positions – 1 superintendent, 1 crew leader, 1 construction supervisor, 4 construction specialists. Superintendent promoted to Interm public works director. Will propose to restructure department to fill in for the void of the supervisor being promoted. .5 of interim public works director moved to General Fund. One position is frozen but is budgeted in the FY09/10 budget.
- No COLA or Merit proposed. A 2% 401k matching program is proposed and budgeted.
- Ditch Maintenance - \$15,000
- MR Equipment - \$9,000 up from \$6000
- Street Repair - \$20,000 down from \$27,000
- Pipe Maintenance - \$30,000 down from \$35,000
- Contract Services - \$10,000
- Professional Services - \$20,000
- Large Capital Projects (\$48,000)
 - Street sweeper 4/5 debt payment \$31,000
 - New Lake Pump 2/5 \$17,000
- Small Capital Projects (\$12,600)
 - o Dye - \$9600
 - o Tools- \$3000

GENERAL FUND REVENUE

- Ad Valorem numbers have not been received from the County but our estimated tax base is \$2.445 Billion. Revenue lowered to \$4,065,000 from the prior year estimate of \$4,200,000 due to anticipated collection percentage dropping from 98% to 95%. I have made a request to the County Manager for projections on future property values. Typically, Towns attempt to stay revenue neutral when property values rise. In the event that values fall drastically beginning with the FY11/12, I will likely request that the Board consider, at a minimum, staying revenue neutral.
- Every \$.01 cent in tax generates approximately \$230,000 in revenue
- Privilege tax revenues up from an estimated \$23,000 to \$45,000
- Interest on investments down \$20,000 to \$60,000 due to lower rates and lower FB total
- Utility Franchise tax dropped from \$270,000 to \$220,000. Finance Director and I need to explore the reason this is occurring. I budgeted the \$270,000 which could impact the budget if we find that the revenue estimate needs to be lower.
- Powell Bill down from \$220,000 to \$165,000 as a result of trends
- Statewide sales tax to remain the same at \$1,341,000. Our trends show that sales tax is actually increasing over the prior fiscal year. I have remained neutral on this line item but it is an item that the Finance Director and I will have to discuss further. County governments are seeking significant decreases in their sales tax allocations.
- Building permit fees dropped from \$100,000 to \$50,000 due to limited building.
- Planning permit fees reduced to \$10,500
- Refuse collection fee at \$1,260,000.
- Transfer from W/S fund at \$200,000.
- Transfer from Tourism Fund - \$150,000 used to offset costs of GF employees due to Tourism Fund
- Fund Balance Appropriation at \$289,550
- **BUDGET IS BALANCED AT:**

| | |
|-------------------------------------|--------------------|
| Total Revenues Projected | \$8,159,950 |
| Total Expenditures Projected | \$8,159,950 |

Items for Consideration and Discussion

1. Current ad valorem rate proposed at \$.175 which is the same as the current fiscal year. Ad Valorem valuations remain constant despite some growth and a collection rate of 95% was used instead of the typical 98%.
2. Budget does not include the Wilmington Beach project which will hopefully begin in the Spring of 2010. The estimated debt service on the project will be \$520,000 per year for 20 years. The estimated ad valorem increase as a result of this project will be from \$.02 to \$.025 per \$100 of valuation.
3. I have not proposed any merit or COLA increases for the upcoming year.
4. I have proposed up to a 2% Town match from the Town for 401K with a 2% contribution by employees. This will be a new program offered by the Town. If all employees participate to the maximum, the impact would be a cost of \$57,000 for the Town. This expense is currently budgeted.
5. The Town Council will need to determine if they wish to continue to keep the stormwater department in the water/sewer fund or move it to the General Fund. If it is moved, an Ad Valorem tax increase of approximately \$.025 per \$100 of valuation may be required.
6. All positions will be reviewed if they become vacant for the need to refill. We currently have one environmental position that is open and has not been filled. This position is budgeted in the proposed budget. The position will likely not be refilled but the Town will likely use a portion of the budgeted amount for the possible hiring of a temp and for the possibility of restructuring the department as a result of Brian Stanberry being promoted to Interim Public Works Director.
7. A portion of the Interim Public Works Director salary was budgeted in the Public Works Administration Department and I will seek to classify the position of Public Works Director as a permanent position.
8. Intern position upgraded to a temporary (1year) full-time planner/grants administrator position (Deleted this from the balanced budget proposal).
9. Health Insurance and W/C and Liability have all been budgeted with an anticipated 10% increase.

GENERAL FUND EXPENDITURES

Legislative Department (\$891,600)

- No increase proposed in Council salary or travel fees.
- Reduced travel and training from \$20,000 to \$11,000 based on this year's history.
- Legal fees have been budgeted at \$140,000 which is up from the prior year budget of \$60,000.
- Election expense of \$12,000 added to this year's budget due to upcoming election.
- Project Pre-planning fees were added back to the budget in the amount of \$20,000 for planning of future master development plan related items.
- Reduced special events from \$10,000 to \$6,000
- Non-profits programmed in at \$17,100
- ~~Municipal Complex Loan - \$270,000~~
- Carolina Sands Loan - \$305,000
- Municipal Complex Loan at \$255,000

Executive Department (\$276,550)

- 3 positions – Receptionist, Administrative Asst. to TM, Town Manager
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Contracted Services – Reduced from prior year of \$20,000 to \$5,000
- Large Capital Projects (need to move to small capital)
 - \$5,000 budgeted for potential purchase of computers that are needed throughout Town departments.
- Small Capital of \$3,000 for 2 computers

Clerk Department (\$166,700)

- 1.5 positions appointed to department - Town Clerk and .5 Administrative Asst.
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Printing and Publishing - \$24,500 used for all notices and advertisements
- Contract Services - \$15,000 for copier, and transcription service
- Maintenance of Town Code - \$6,000 for Town Code supplements
- Small Capital – one computer at \$1500

Finance Department (\$291,750)

- 2 positions – Finance Officer and Asst. Finance Officer
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Printing and publishing - \$6,000
- MR Equipment - \$8,000
- Bank Charges - \$26,000
- Tax Collection expense - \$85,000
- Professional Services - \$4100 for audit
- Small Capital of \$2500 for computers

Human Resources Department (\$225,400)

- 1.5 positions – HR Officer, .5 Administrative Asst.
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Group Insurance for retirees and department- \$57,000.
- Wellness Grant - \$10,500
- Incentive Program - \$28,000
- Longevity Pay Plan - \$24,000
- Small Capital Item of \$1,500 for a computer

Planning and Development Department (\$488,400)

- 6 positions and 1 internship – Considered upgrading the intern position to a full-time position of special projects coordinator/grants manager. Kept as intern position in order to be able to balance the budget.
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Printing and Publishing - \$6,000
- Travel and Training - \$6,000
- MR Equipment - \$15,000
- Large Capital Projects \$35,000 for .5 of zoning ordinance revision (DELETED FROM BUDGET TO ASSIST IN BALANCING THE BUDGET)
- Small Capital Projects (\$2000) for the purchase of a computer or computer related devices.

Public Works Administration (\$160,500)

- 2.5 positions – .5 interim public works director. Accounting Tech and Electrician
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Professional Services - \$5,000 to be allocated for engineering and permitting of projects.
- Small capital projects - \$1,500 computer

Police Department (\$1,780,200)

- 26 total positions – Police Chief, 2 lieutenants, 4 sergeants, 4 detectives, 2 police records specialists, 1 administrative support, 1 captain, 4 PO II, 7 PO I
- No COLA or Merit proposed at this time but an additions 2% 401K match is proposed above the required 5% 401k the Town must provide to LEOs
- Continue to fund one part time retired officer to assist investigations and handle police evidence
- Separation Allowance - \$29,000
- Holiday Pay - \$35,000
- Overtime - \$40,000
- Travel and Training - \$13,000
- MR Equipment - \$45,000
- Auxillary Pay was eliminated for a savings of \$9000
- Supplies \$15,000
- Contract Services - \$15,000
- Large Capital Projects (\$60,000)
 - Existing Crown Vic \$12,000
 - New K9 Vehicle (1/3) \$12,000
 - 1 used HP vehicles \$9,000
 - Vehicle Equipment \$15,000
 - File Server \$12,000
- Small Capital Projects (\$20,000)
 - MDTs \$5,000
 - Mobile vision units \$12,000
 - Mobile Radios \$3,000

Fire Department (\$857,100)

- 5 positions – Fire Chief, 4 Firefighters
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Salaries from \$254,000 to \$310,600. Increase due to new part-time and sleeper program.
- Holiday pay - \$6500
- Overtime - \$4000 reduced from \$7000
- Volunteer Call Pay \$70,000
- Contract Services \$13,500 – Ladder testing, fit testing, software, air pack testing, physicals
- Large Capital Projects \$156,000. Line item need to increase if the Council chooses to implement some other measures to include; creation of bays, traffic pre-emption on Dow Road, Roof ventilation. Some items may be able to be included in the loan below.

All Existing truck payments \$141,000
Loan for exterior/interior renovation to station (\$250,000/20 yrs) \$15,000

- Small Capital Projects (\$17,500)
 - 2 laptops \$2500
 - 5 pagers \$2500
 - Thermal Camera \$10,000
 - Debrillator \$2500

Powell Bill (\$165,000)

- Powell Bill Supplies - \$10,000
- Street Maintenance - \$149,000
- Small Capital Projects - \$6000

GF Fleet Maintenance (\$193,250)

- 2 positions with position being split between GF and WSF.
- No COLA or Merit proposed at this time but a 2% 401K match is proposed.
- MR Vehicles - \$22,000
- Tires - \$6500
- Gas and Diesel - \$100,000 total of \$200,000 between GF and WS fund
- No small or large capital projects

Environmental (\$2,223,800)

- 10 positions – PW superintendent, PW Crew Leader, 7 Workers, 1 Maintenance Specialist. One position is currently vacant and will be filled using a temp.
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Review need for positions as they leave
- Overtime – \$15,000
- Telephone and Postage - \$80,000 for the general fund
- Electric - \$250,000
- MR Buildings - \$25,000
- Landscape and Street Signage - \$12,000
- Street lights - \$25,000
- Supplies - \$25,000
- Contracted services - \$1,330,000 for waste collection and landscaping. Additional cost for landscaping added due to new entryway project needs.
- Large Capital Projects (\$13,000)
 - 1 - 4X4 pick-ups (1/3) \$8,500
 - 1 Ford Ranger \$4500
- Small Capital Projects (\$4,000)
 - Small Tools \$2000
 - Repair of Equipment \$2000

Parks and Recreation (\$439,700)

- 6 positions – Director, Maintenance supervisor, 4 rec. leaders, 1 program superintendent. 2 part-time interns for boardwalk and to assist with summer time camp programs.
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Electric - \$25,000
- MR parks - \$4,000
- Contracted services (refs) - \$18,000 down from \$23,000. The Town is currently reviewing its procedures and policies regarding outside contractors giving classes at the Recreation center. The increase is proposed at this time to pay the outside contractors to give classes at the same rate that a referee would receive per game. The Town would collect the revenue from the classes which would offset the expense. No changes are proposed at this time and we are still reviewing the Town's options.
- Programs - \$16,000
- Large Capital Projects - \$15,000
Basketball court and kid park not included in budget
\$15,000 for existing park upgrades
- Small Capital Projects (\$9600)
2 commercial treadmills

TOURISM FUND REVENUE

- Parking revenue estimates - \$260,000
- ROT - \$300,000
- Dock rent - \$139,000
- ABC revenue - \$200,000
- Freeman Park Annual pass - \$190,000
- Freeman Park Daily fee - \$310,000
- Appropriated fund balance - \$125,000
- **BUDGET IS BALANCED AT:**

| | |
|-------------------------------------|--------------------|
| Total Revenues Projected | \$1,642,500 |
| Total Expenditures Projected | \$1,642,500 |

TOURISM FUND EXPENDITURES

Lifeguards (\$348,500)

- 1 full-time officer position
- No COLA or Merit proposed at this time but a 2% 401K match is proposed for full-time employee
- Currently have 27 guards that cover 14 positions on the municipal strand and 6 guards on Freeman Park for a total of 33 guards
- Lifeguards pay to remain competitive with adjacent Towns with no changes in pay schedule.
- Lifeguard salaries - \$230,000
- Small Capital Items (\$0)
Replacement of lifeguard stands as needed.
- Large capital projects (\$10,000)
Jet ski \$10,000

Marina (\$171,250)

- 1 employee paid from marina revenue – Police Captain
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Electric - \$8600
- MR facilities - \$6,000
- Large Capital Projects (\$65,000)
Mooring Field Project \$50,000
Marina Pump Out \$15,000
- Small Capital Projects (\$2,000)
Boat Cover \$2,000

Parking Enforcement (\$402,250)

- Professional services - \$235,000
- Meter Maintenance - \$3,000
- Large Capital Projects – \$160,000
 - Northend lot payment \$122,000
 - Debt service on new paystations \$38,000
- Small capital projects - \$750
 - Sign upgrades

Beach Maintenance (\$720,950)

- 7 employees dedicated to TF. 4 police officers, 2 environmental employees and 1 horticulturist
- No COLA or Merit proposed at this time but a 2% 401K match is proposed
- Holiday pay - \$8,000
- Overtime - \$10,000
- MR Equipment - \$5,000
- Supplies - \$20,000
- Beach Maintenance - \$50,000
- Boardwalk Improvements – Funded from Tourism Fund FY08/09
- Chamber donation - \$64,600
- Large Capital Projects (\$63,000)
 - Can truck 1/5 - \$32,000
 - 2-F250 payments 2/3 - \$16,000
 - Boardwalk cameras - \$15,000
- Small Capital Projects (\$15,000)
 - Computers \$4000
 - Mobile vision unit \$4500
 - Trailer/Port-a-john \$6500
- Transfer to the General Fund - \$136,400

Tourism Fund Revenue Enhancement

1. Install Meters along Lake Park Blvd. and portions of Cape Fear Blvd. with no Meters. Estimated Revenue increase of \$90,000.
2. Increase the hourly rate for parking to \$1.25 per hour with the all day parking total to \$7 per day. Estimated Revenue increase of \$100,000+ per year.
3. Freeman Park Yearly Pass to \$60. Estimated Revenue Increase of \$30,000.
4. Create a CBD parking waiver fee. Any parking that is waived for any business would be required to pay a one-time parking impact fee of \$100 per space. The funds would go into a special capital parking account.

Joel Macon
Mayor

Alan Gilbert
Councilman

Jerry Johnson
Councilman



Dan Wilcox
Mayor Pro Tem

Pat Efird
Councilwoman

Timothy Owens
Town Manager

TOWN OF CAROLINA BEACH
1121 N. Lake Park Boulevard
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FAX 910 458 2997
tim.owens@carolinabeach.org

April 2, 2009

MEMORANDUM

To: Mayor Macon and Council Members
From: Tim Owens, Town Manager
Re: Expenditure Elimination Plan

To date, I have balanced all budget funds. We will go over a summary of the balanced budget at our upcoming budget workshop.

Also, attached is a proposal for cutting expenditures as requested by the Town Council. If the Town Council has other ideas that they would like me to explore, we can discuss them and I can analyze the suggestion and add it to the attached list.

It is my hope that we go through this proposal and that I get some direction at this meeting or, at the latest, at the 2nd budget meeting in April so that I can move forward on completing the budget. If cost cutting measures are implemented by the Town Council, I will seek direction on whether the cost cutting measure will reduce the amount of fund balance used to balance the budget in each fund (GF \$289,550, W/S Fund \$200,000, TF \$125,000) or whether the Town Council wishes to reduce taxes and fees. A reduction in water/sewer fees could reduce the opportunity to apply for some types of grants in the future.

Town of Carolina Beach Expenditure Elimination Plan

1. Eliminate Take Home Vehicle Program

Police

Estimated Savings at \$14,000 to \$18,000. Estimated savings if Chief, Lts, K-9, Detectives, and Lifeguard supervisor continue to take home vehicles is \$9500(GF)

All other vehicles

Estimated Savings at \$10,000 to \$14,000 for the water and sewer fund.

Those that should be considered for take home vehicles are:

Fire Chief

Police Chief

Police Detectives and K-9 Officers

Interim Public Works Director

Interim Utilities Director

On-Call Environmental, On-Call Utilities, On-Call Stormwater

Water Plant Operator on weekends

Sewer Lift Station person on weekends

2. Eliminate the Taping of Town Council Meetings

Estimated Cost savings of \$7,800 (GF Savings)

3. Eliminate Donation to the Chamber of Commerce

Estimated Cost savings of \$64,600 (Tourism Fund). ROT funds to be used for funding lifeguards and possibly paying down debt service on parking lots.

4. Eliminate Donations to non-profits

Estimated Cost savings of \$17,000 (General Fund)

5. Eliminate Donation to the Boardwalk Makeover Effort

Estimated Cost Savings of \$35,000 (Tourism Fund). Not budgeted for next year but taken from this fiscal year's fund balance.

6. Eliminate COLA and Merit

Currently Eliminated with a Cost Savings of (General Fund) \$60,000, (Tourism Fund) \$7,500, and (W/S Fund) \$24,000. This is currently proposed under this year's budget. Total savings of \$91,500.

7. Eliminate 401K Matching Program

This program will have a maximum Cost Savings of \$57,000 (General Fund), \$13,000 (Tourism Fund), and (W/S Fund) \$22,000. This is a new program that is being proposed at this time. This estimate is based on all employees choosing to deposit 2% of their income in the 401K plan. Total Savings of \$92,000.

Capital Projects or Other Items Currently in the FY09/10 Budget that could be considered for elimination (none proposed at this time)

General Fund – Consider when going over the budget

Water/Sewer Fund – Consider when going over the budget

Tourism Fund – Consider when going over the budget

Employee Related Cost Cutting Options

1. **Mandatory Furlough Day** – An 8 hour mandatory furlough day (day without pay) per month would likely result in a potential savings of \$210,000. Additional costs in overtime could be a result of implementation that could negate some of the cost savings. The cost savings are estimated as follows:
 - i. General Fund - \$139,000
 - ii. Water/Sewer Fund - \$54,000
 - iii. Tourism Fund - \$17,000

2. **Eliminate the cost share of family coverage** – The Town currently has a set amount that the Town will cover if an employee chooses to cover their family on the Town's plan. The estimated cost savings for eliminating this benefit would be approximately \$6,000 split between the Funds that those folks work under.

Summary of Personnel Cost Cutting Moves Since the 2006/07 Budget

General Fund Savings from Employees Not Replaced

| | |
|--|------------------|
| Asst. Operations Director | \$85,000 |
| Code Enforcement Officer | \$43,000 |
| Public Information Officer | \$58,000 |
| Planning Administrative Assistant | \$40,500 |
| Human Resources Director (hired in-house) | \$68,000 |
| Recreation Leader | \$34,000 |
| Environmental Employee (switch to temp) | \$20,000 |
| Fire Inspector (budgeted but never filled) | \$41,000 |
| .5 Fleet Maintenance Worker | \$16,000 |
| TOTAL | \$405,500 |

General Fund New Employees Hired Since 2006/07

| | |
|----------------------|------------------|
| Fire Engineer | \$41,000 |
| Fire Engineer | \$41,000 |
| Police Officer | \$46,000 |
| PT Recreation Leader | \$7800 |
| PT Recreation Leader | \$7800 |
| PT Officer | \$14,000 |
| TOTAL | \$157,600 |

| | |
|--|-------------------------|
| <u>TOTAL SAVINGS GENERAL FUND</u> | <u>\$247,900</u> |
|--|-------------------------|

Tourism Fund New Employees Hired Since 2006/07

| | |
|----------------|------------------|
| Police Officer | \$40,000 |
| Police Officer | \$40,000 |
| 6 Lifeguards | \$43,000 |
| TOTAL | \$123,000 |

| | |
|--------------------------|-------------------------|
| <u>TOTAL COST</u> | <u>\$123,000</u> |
|--------------------------|-------------------------|

Water/Sewer Fund Savings for Employees Not Replaced

| | |
|---|------------------|
| Operations Director | \$95,000 |
| Sr. WWTP Plant Operator | \$44,000 |
| WWC Maintenance Worker | \$32,000 |
| Water Employee (budgeted but never filled) | \$32,000 |
| WWC Employee (budgeted but never filled) | \$32,000 |
| Stormwater Employee (currently vacant but budgeted) | \$35,000 |
| .5 Fleet Maintenance Worker | \$16,000 |
| TOTAL | \$286,000 |

| | |
|--|-------------------------|
| <u>TOTAL SAVINGS WATER/SEWER FUND</u> | <u>\$286,000</u> |
|--|-------------------------|

| | |
|---|---------------------------------|
| <u>TOTAL EMPLOYEE SAVINGS SINCE 2006</u> | <u>\$658,900</u> 533,000 |
|---|---------------------------------|

Reduction in Work Force Analysis

General Fund

- 6 FTEs (1 not budgeted and 1 budgeted as a part-time summer employee in current budget proposal)
- 4 Intern/PTEs
- Fire Department Part-time and Sleeper Program

| | |
|--|------------------|
| TOTAL | \$407,600 |
| Estimated Savings on Draft Budget | \$319,500 |

Water/Sewer Fund

- 4 FTEs

| | |
|--|------------------|
| TOTAL | \$163,500 |
| Estimated Savings on Draft Budget | \$133,500 |

Tourism Fund

- 2 FTEs
- 3 lifeguard stands

| | |
|--|------------------|
| TOTAL | \$123,000 |
| Estimated savings on draft budget | \$100,000 |

Reduction in Force Impact on Future Budget Years

A reduction in work force could result in an impact in future budget years that will reduce the overall cost savings witnessed by the immediate reduction in force. This impact is as a result of the Town being liable for unemployment benefits during that time that the employee remains out of work.

Likewise, terminated employees would continue to be eligible for COBRA benefits. Town would front the 65% and then it is recouped through Federal tax deposits for 9 months.

Unemployment Liability

Unemployment Liability estimates per employee based on the maximum weekly benefit amount would be \$494 per week for 26 weeks. If the employee is eligible for a Tier 1 extension at the end of 26 weeks, the benefit may be extended for an additional 13 weeks. The employee may then be eligible for an extended additional benefit of 6.5 weeks. Extensions are based on the current employment rate at the time of the claim request. As the unemployment rate decreases, the ESC suspends the various levels of extensions. In addition to the above (total of 45.5 weeks), I have heard some discussion regarding the possibility of extending unemployment benefits for a full year which would further impact future budgets. In short and based on the above reduction in work force, the potential estimated future budget impacts could be:

Estimate of Future Budget Impacts Based on the Elimination of 10 Positions

| | |
|------------------------------|------------------|
| \$494 per week at 26 weeks | \$128,440 |
| Tier 1 extension at 13 weeks | \$64,220 |
| Final Tier at 6.5 weeks | \$32,110 |
| TOTAL | \$224,770 |

| | |
|---|---|
| Potential Cost Savings the First Year (RIF) | \$693,500 (split by Fund) |
| <u>Potential liability due to Unemployment</u> | <u>\$224,770 (split by Fund)</u> |
| Estimated savings following the First Year | \$468,800 |

Current Staffing

It is my belief that staffing is sufficient to undertake the many demands that are placed on our Town Government. Over the past 3 years, I have re-examined each vacancy to ensure that there was a need for that employee and will continue to do so as others leave. This review of each employee openings has resulted in the termination of a number of positions. When staffing is compared to other similar beach Town's in North Carolina, our workforce seems consistent compared to the amount of activities and duties that we are expected to accomplish.

The demands that are placed on our employees have grown over the years. The Town currently has 100 employees. In the 1999/2000 budget, the Town consisted of 92 employees. Since that time, the Town has; 1. Witnessed the number of residential units increase in Town by approximately 25%, 2. Annexed Wilmington Beach and took over responsibilities, 3. Created a stormwater department to meet new stormwater regulations, 4. Taken over the responsibilities of Freeman Park, 5. Taken over greater responsibilities at the Boardwalk and the activities associated with the Boardwalk, 5. Assisted the Chamber in their many events, 6. Assisted many organizations in implementing their events such as surf competitions, polar plunge, etc., 7. Increased our lifeguard presence, and 8. Added the responsibility for the maintenance and operation of several new tanks, wells and lift station.

Each of these new responsibilities was on top of an already busy work schedule. New projects such as the Wilmington Beach drainage and paving project, implementation of the master development plan, construction of LS#1, construction of 2 additional wells, construction of a 3M gpd ground storage tank, an increased presence at the boardwalk, and a variety of other new initiatives will continue to challenge a workforce that has already been cut by approximately 12 employees since April of 2006.

EMPLOYEES BY DEPARTMENT AS OF APRIL 2009

GENERAL FUND

FT Employees 62
Current vacancies 1 (will use temp for summer)
TOTAL

TOURISM

FT Employees 9
Current vacancies
TOTAL

WATER/SEWER STORMWATER

FT Employees 29
Current vacancies 1
TOTAL

| | |
|------------------|------------|
| TOTAL FTE | 100 |
|------------------|------------|

Employee Comparison (completed last year) of Other Similar Beach Towns

| | Yr. Round Residents | Season Pop. | Miles of Beach | Town Sq. Miles | FTE | PTE | PTE Season | GF | W/S | Other |
|------------|---------------------|-------------|----------------|----------------|-----|-----|------------|----|-----|-------|
| Ocean Isle | 500 | 25,000 | 7 | 2.5 | 36 | 1 | 3 | 31 | 7 | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | | | | | | | | | | |
|------------------|-------|--------|-----|-----|-----|---|----|----|----|--|
| Kill Devil Hills | 6,856 | 35,000 | 4.6 | 5.6 | 111 | 2 | 24 | 97 | 14 | |
| | | | | | | | | | | |
| | | | | | | | | | | |

| | | | | | | | | | | |
|----------------|-------|--------|-----|------|-----|---|----|----|----|--------------|
| Carolina Beach | 5,900 | 25,000 | 8.3 | 2.25 | 100 | 2 | 37 | 66 | 30 | 9 |
| | | | | | | | | | | Town Marina |
| | | | | | | | | | | Freeman Park |

NOTE: Miles of Beach: Alabama to N.E. Pier: 6.3 miles
Freeman Park: Pier to end: 2 miles

| | | | | | | | | | | |
|------------|-------|--------|----|---|-----|----|---|-----|----|---------------|
| Oak Island | 8,000 | 35,000 | 12 | 8 | 129 | 21 | 7 | 137 | 16 | 4 |
| | | | | | | | | | | Sewer Capital |
| | | | | | | | | | | Projects |

| | | | | | | | | | | |
|--------------------|-------|--------|---|------|----|---|----|----|---|--|
| Wrightsville Beach | 2,604 | 18,323 | 4 | 2.07 | 82 | 2 | 33 | 75 | 9 | |
| | | | | | | | | | | |

| | | | | | | | | | | |
|-----------|-------|--------|-----|------------|----|---|---|----|---|--|
| Surf City | 1,813 | 20,000 | 6.2 | 1,300 acr. | 49 | 3 | 3 | 41 | 8 | |
| | | | | | | | | | | |

| | | | | | | | | | | |
|-----------|-------|--------|------|-----|-----|---|----|-------|------|--|
| Nags Head | 3,800 | 36,000 | 11.5 | 6.5 | 116 | 2 | 24 | 102.5 | 13.5 | |
| | | | | | | | | | | |

| | | | | | | | | | | |
|----------------|-------|--------|---|---|----|----|----|----|---|--|
| Atlantic Beach | 1,801 | 50,000 | 4 | 2 | 60 | 25 | 11 | 55 | 5 | |
| | | | | | | | | | | |
| | | | | | | | | | | |