

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

April 26, 2011

The Town Council of the Town of Carolina Beach met in a special/budget meeting on April 26, 2011 at 5:00 p.m. in the Council Chambers at the Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. The following were present: Mayor Pro Tem (MPT) Pat Efird; Councilman Dan Wilcox; and Councilman Lonnie Lashley. Also present was the Town Manager Tim Owens; Town Clerk Lynn Prusa; and Finance Director Dawn Johnson. Mayor Macon and Councilman Bob Lewis were absent.

MPT Efird called the meeting to order.

The meeting began with a presentation given by Hughes Waren with EbenConcepts concerning the proposed health care plan renewal for Carolina Beach.

Mr. Waren began by going over the healthcare reform and he explained that the Town of Carolina Beach is grandfathered and are exempt from certain reform provisions. He explained that one of the provisions is that North Carolina allows rating a group by age, etc., but you can avoid that if grandfathered.

Mr. Waren presented the claim analysis and went over the medical plan bids as follows:

BCBS Original Renewal	12% increase in cost
BCBS Final Renewal	0% increase in cost
BCBS Non-Grandfathered Plan	3% increase in cost
United Healthcare	1% increase in cost
Independence American/MedCost	20% increase in cost

Mr. Waren said he recommends that the town renew with BCBS plan with no changes and remain grandfathered.

The dental bids were presented as follows:

Guardian original rate increase	9%
Revised rate increase	5%

He said the maximum benefit rollover account have \$58,121 accumulated. Many employees and dependents have up to a \$2,000 annual benefit. The lowest cost competitive bid was with a 7% increase. The budget increase for Guardian would be \$140 per month. He recommends the town stay with Guardian.

The employer paid life AD&D is with USABLE Life. There is no rate change. It will remain at \$0.24/1,000 with a 1 x salary benefit. Dependent life is \$2,000/\$0.80 per month paid for by the employee. There is no budget increase to continue with USABLE Life.

Concerning the flexible spending account for healthcare reimbursement, Mr. Waren recommends that employees are allowed to put up to \$2,000 of their pay into tax free spending accounts. This raises the limit from \$1,500 per year to \$2,000. Currently 28 employees participate in this program. It is no cost to the town. The town saved approximately 10% in matching payroll taxes (\$2,500). The total annual elections resulted in \$25,420 in salary reductions.

Councilman Wilcox thanked Mr. Waren and said he appreciated him shopping hard for the town.

Mr. Owens said he is proposed to stick with the same plans and going up to the \$2,000 in medical flexible spending as recommended.

Next, Mr. Owens referred Council to the fund balance sheet (Exhibit 1) for their information. It provides a history of total fund balance, unreserved fund balance and fund balance percentage from 2004 through 2010.

Mr. Owens gave an analysis of the General Fund to date (Exhibit 2).

Councilman Lashley said he likes the \$750 salary increase for all employees over the year. He recommends that employees received a bonus and that way it isn't added into the salaries so you don't increase the base pay and incur the expense the next year.

Next , the manager went over the General Fund revenue projections.

Mr. Owens said the General Fund budget is balanced as presented. Mr. Owens talked about projects and future impacts on the budget (Exhibit 3).

The manager said the Water and Sewer Fund is balanced at \$5,326,482. He presented analysis of the budget and commented on other considerations (Exhibit 4).

The Tourism Fund is balanced at \$2,018,26 (Exhibit 5).

The manager said we probably should hold another meeting.

A motion was made by MPT Efir to recess the meeting to May 2, 2011 at 9:00 a.m. **MOTION CARRIED UNANIMOUSLY.**

Respectfully submitted,

Melinda "Lynn" N. Prusa
Town Clerk

Approved: _____