

**MINUTES OF THE BUDGET MEETING
OF SEPTEMBER 8, 2008 OF THE TOWN COUNCIL
TOWN OF CAROLINA BEACH**

September 8, 2008

The Town Council of the Town of Carolina Beach met in a special session for a budget meeting on September 8, 2008 at 9:00 a.m. in the Council Chambers at the 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; Councilwoman Pat Efird; Councilman Alan Gilbert; and Councilman Jerry Johnson. Also present were Town Manager Tim Owens and Town Clerk Lynn Prusa.

Mayor Macon called the meeting to order. The Mayor thanked everyone for a doing a great job over the weekend during the storm and everyone stepped up, including a couple of new department heads. Tim Owens was also thanked for his good work.

Tim Owens said we will do a follow-up assessment. We will wait two weeks before we do the first debris pick-up to give people ample time to get it all out to the street. He will advertise it in the media.

Mr. Owens reviewed contents of the budget packet. He said the charge was to reduce 15% from each fund. Department heads went back and looked at their budgets and tried to meet the 15% but we had already stripped out a lot of stuff that didn't need to be budgeted and we knew there would be big issues with all of the debt services and the water and sewer fund that we had to budget. He could not meet the 15% goal, but in short with the different tiers the first tier budget cuts basically \$75,000 from the Water/Sewer General Fund can be eliminated because he over-estimated what the cost was going to be for workers comp and property and liability. The Water/Sewer/Stormwater Fund totaled \$254,500 or 5%; the General Fund \$171,800 or 2%; Tourism Fund \$39,700 or 2.4%. This was just on the Tier 1 budget cuts. Tier 2 and Tier 3 each become less. In short, to eliminate 15% from the town's budget requires a complete overhaul of how the town operates and the services it provides and even then it may be a difficult task. He reviewed the budget process, purchase of items, staffing, summary of the FY08/09 Budget and the Tier 1 budget cuts.

TIER 1 BUDGET CUTS (Exhibit 1)

Councilman Gilbert agrees with all the recommendations until you get to stormwater, remove items 3, 4, and 5 from elimination, get rid of contract services, get rid of gator and fountain project. He sees 3, 4, and 5 as needed.

Mayor Macon made a motion to accept the Tier 1 Cost Water/Sewer/Stormwater Fund eliminating Items 3, 4 and 5 under Storm Drainage cuts from the total.

Councilman Johnson said to eliminate Item 3 under Water and Item 3 under Wastewater Collection and combine those for a total of \$49,000 into Wastewater for 4 SCADA units on the lift stations.

Mayor Macon amended his motion to include Councilman Johnson's recommendation. MOTION CARRIED UNANIMOUSLY.

Mr. Owens asked how Council would like him to handle these changes. He understands he needs to bring back budget adjustments. Do you still want to appropriate \$196,300 or do you want that appropriation to go down based on the expenditures that went down. As far as cost savings, we are going to take out the \$10,000 in contract services, gator purchase and then we are going to do Item 6 which would be one or two lake fountain projects. Then we are going to buy two lake pumps at the lake, all the flex valves.

GENERAL FUND (Exhibit 2)

Mr. Owens reviewed General Fund budget cuts. He corrected the total figure of budget cuts for Parks and Recreation from \$20,000 to \$43,500 with a General Fund total of \$195,300.

Mayor Macon made a motion to accept the General Fund cuts eliminating Item 4 Capital Projects for the basketball court under Parks and Recreation to be discussed at the Council meeting public hearing as far as location and public need.

MPT Wilcox suggested leaving funding for director to work on grants.

Mr. Owens said his optimal would be to keep the interns and keep the structure in the parks and recreation department the way it is and let the director work on grants as well as safety programs. Recommendation is to modify Item 1 under Park and Recreation to \$10,000 to allow the interns to be kept.

Mayor Macon amended his motion to include reduction of Item #1 under Parks and Recreation from \$20,000 to \$10,000 to keep the two part-time recreation leaders. MOTION CARRIED UNANIMOUSLY.

TOURISM FUND (Exhibit 3)

Mr. Owens reviewed the Tourism Fund cuts.

Mayor Macon made a motion to accept the Tourism Fund cuts eliminating Item #2 under Lifeguards and Item #2 under Marina for the boardwalk substation and the bulkhead repairs on Canal Drive. MOTION CARRIED UNANIMOUSLY.

TIER 2 BUDGET CUTS (Exhibit 4)

Mr. Owens said these are items that are less favorable, in his opinion, than the Tier 1 cuts. He reviewed the four items. If implemented, the total cost reduction would equal \$33,500. He will add to Council's October agenda policy for gas reduction for employees.

Councilman Johnson made a motion to eliminate the Tier 2 Budget Cuts from consideration at this point in time until we get more information and if the policy is in place for Operations for take home vehicles.

MPT Wilcox asked if that was pending Council's review of these policies.

Mr. Owens said he could bring back everyone of them with more detail.

MOTION CARRIED 3-2 (MAYOR MACON AND COUNCILMAN GILBERT VOTED NO).

TIER 3 BUDGET CUTS (Exhibit 5)

Mr. Owens reviewed the four items. Implementation would equal a total cost reduction of \$290,000.

MPT Wilcox made a motion not to make any adjustments based on Tier 3 other than considering monitoring the merit situation. MOTION CARRIED 3-2 (MAYOR MACON AND COUNCILMAN GILBERT VOTED NO).

TIER 4 BUDGET CUTS (Exhibit 6)

Mr. Owens reviewed elimination of the workforce with a total cost reduction of \$35,000 per employee.

Mayor Macon made a motion to table Tier 4 Budget Cuts for further study whether or not we have the amount of workforce that we need to do the job. MOTION CARRIED UNANIMOUSLY.

ADDITIONAL RECOMMENDATIONS (Exhibit 7)

Council asked the town manager to get a price back to them to do an efficiency/management study.

Mr. Owens said there are multiple firms that can do it. Council and department heads will have to sit down with these folks so they can understand what we are looking for. He is hearing mainly workforce - staff related and job related activity issues. There has not been a pay study since 2003 and he feels they need to look at everything.

Mayor Macon made a motion to pursue Item #1 and Item #2.

Mr. Owens said Item #3 is something he and the finance officer will have to work on.

MOTION CARRIED UNANIMOUSLY.

Councilwoman Efirm made a motion to adjourn. MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,

Lynn N. Prusa
Town Clerk

Approved: _____