

Town of Spring Lake
Regular Meeting of the Board of Aldermen
Municipal Building
300 Ruth Street
Spring Lake, NC 28390

January 25, 2016

MINUTES

7:05 p.m.

The Spring Lake Board of Aldermen held a regular scheduled meeting in the Grady Howard Conference Room of the Spring Lake Municipal Building with Mayor Chris Rey presiding.

Board Members Present: Mayor Pro Tem Larry Dobbins
Alderman James Christian
Alderwoman Densie Lucas
Alderman James O'Garra
Alderwoman Fredricka Sutherland

Others Present:

Tad Davis, Town Manager	Tony Buzzard, Town Attorney
Byron Blumenfeld, Director of Water Resources	Rosa Henegan, Human Resources Officer
Troy McDuffie, Chief of Police	Doris Snider, Senior Center Director
Claiburn Watson, Finance Director	Jason Williams, Asst. Fire Chief
Rhonda Webb, Town Clerk	

2. Invocation

Mayor Pro Tem Dobbins gave a non-sectarian invocation.

3. Pledge of Allegiance

Mayor Rey led the meeting in the pledge of allegiance.

4. Additions or Deletions to Agenda

The Board deleted 8b and 9b from the agenda.

5. Approval of Agenda

The Board approved the agenda as amended.

Action: The Board approved a motion to approve the amended agenda.

Motion by: Alderwoman Sutherland

Second by: Alderman O'Garra

Vote: Unanimous

(A copy of the agenda is hereby incorporated by reference and made a part of these minutes – see attachment one.)

6. Approval of Consent Items

The Board approved the consent items:

- a. Minutes of the January 11, 2016 Regular Meeting
- b. Proclamation, African American History Month 2016

Action: The Board approved a motion to approve the consent items: Minutes for January 11, 2016 Regular Meeting and African American History Month Proclamation.

Motion by: Alderwoman Sutherland

Second by: Alderman O'Garra

Vote: Unanimous

(A copy of the African American History Month Proclamation is hereby incorporated by reference and made a part of these minutes – see attachment two.)

7. Public Forum

No one spoke at the Public Forum.

8. Presentation

a. Annual Audit Report

Mr. Lee Grissom, S. Preston Douglas & Associates, presented the Board with the annual audit report for year ending June 30, 2015. He advised that the Town received an unmodified audit opinion which means we received a “clean” audit indicating the numbers are accurate. He advised that management was supportive in performing and completing the audit. He stated GASB 68 is a new audit standard that requires an accounting entry representing the liability for the Town to pay an employee’s pension. For Spring Lake it is \$639,704 and listed a “Restatement” on page 12 of the audit report. Although the Town received a clean opinion there were several findings: Expenditures Over Budget and Preaudit Process. The overall budget was under budget by more than \$700,000 but several departments spent more than they were allocated in the budget. For every purchase the Town makes, there must be a written statement showing that Finance looked to make sure the money was there prior to the purchase. This documentation was not found. Management will ensure these findings are corrected. The Town’s Fund Balance has increased over the past five years and increased by \$540,000 during Fiscal Year 2015. Mr. Grissom stated he was very impressed with Town staff.

(A copy of the agenda memo and audit report is hereby incorporated by reference and made a part of these minutes – see attachment three.)

b. Salary Compression Study

This item was deleted from the agenda.

(A copy of the agenda memo is hereby incorporated by reference and made a part of these minutes – see attachment four.)

c. Recognition, Police Department

Mayor Rey presented the Police Chief with a plaque commemorating the Town of Spring Lake as an Outstanding Traffic Safe Community from AAA Carolinas. The Town was a “Top 5” finalist statewide for municipalities of equal size.

(A copy of the agenda memo is hereby incorporated by reference and made a part of these minutes – see attachment five.)

d. Recognition, Senior Center

Mr. Davis announced that the Senior Center received accolades from Mid-Carolina Council of Governments on the activities they provide for the seniors of the community and for providing well organized documentation. Mayor Rey presented Ms. Snider with a Certificate of Appreciation.

(A copy of the agenda memo is hereby incorporated by reference and made a part of these minutes – see attachment six.)

e. Quarterly Finance Update

Mr. Watson offered the Board an update on the financial status of the Town. He stated we are basically at the same percentage on expenditures that we were this time last year. He broke down each fund into four categories: Salaries/Benefits, General Operating Expenses, Capital Outlay and Debt Service. We are ahead of the curve in revenues. Mr. Davis advised that Fleet Maintenance was allocated much less money this year and that is why they look over spent at this time. He stated we will watch the funds closely and report and possibly request movement of funds at the end of the third quarter to keep us from overspending in selected departments. Mr. Watson provided an investment report as well.

(A copy of the agenda memo, financial comparison analysis and investment report is hereby incorporated by reference and made a part of these minutes – see attachment seven.)

f. Sales Tax Update

Ms. Cannon, Cumberland County Manager, stated her recommendation is to seek a long term extension of the current sales tax agreement which she believes is the best option for all involved. She stated counties are given the exclusive authority to determine the method of distributing sales tax and explained the two methods: Per Capita and Ad Valorem. She believes counties were given this authority because they are an extension of State government in providing mandated services and the sales tax funds provide a revenue source to help provide these mandated services. She stated counties are mandated by Statute to share some of the revenues with the school system. Under the Per Capita method, sales tax is distributed based on the relative population of the County and each Municipality in that County. Under the Ad Valorem method, sales tax is distributed based on the tax levy of each taxing authority in the County. The County must select the method in April of each year. She offered a historical overview of what has happened over the past twenty years with the sales tax. Sales tax revenues have diminished over time due to annexations because Cumberland County has historically used the Per Capita method. Between 1995 through 2001 the County incurred a \$4M loss in sales tax revenue. Because of this loss, a sales tax working group was formed in 2002 to figure out a solution that would balance the cost to municipalities in bringing in new residents and the loss of sales tax funds to the County. The working group included a representative (mostly Mayors) from each municipality in the County, Board of Education and Cumberland County representatives. The group invited the School of Government to help with the solution. An agreement was created and approved by the County and all County Municipalities. The agreement reimburses Cumberland County by two mechanisms: reimbursing the County for annexations that occurred prior to 2003 and for annexations after 2003 the sales tax was split 50/50 with 50% going to the municipality and 50% going to the County. This helped the municipality pay for services to the new residents while helping to fund mandated County services that the residents still had access to. The group saw this as a “win-win” situation. The current agreement expires in June 2016 and Ms. Cannon would like the municipalities to all agree to continue the current agreement. Options to phase down and/or phase out the agreement have been discussed; however, should the current agreement not be extended, Cumberland County will lose \$3M or \$6M depending on which option was chosen. These options were not acceptable to the County and the loss would significantly impact the mandated services that the County provides. To ensure the County not lose revenue, they would have to reduce services such as library services, education, animal control and veterans services. They would have a potential 3-cent County tax increase or they would need to change the sales tax distribution method to Ad Valorem which would mean a gain for the County but a loss to all municipalities in the County. Ms. Cannon advised this is a community issue and maintains that the current agreement is a “win-win” solution. She stated the County is asking for a long term extension of the current agreement and needs the agreement signed by all jurisdictions no later than January 31, 2016.

Mayor Rey stated that he is committed to us having a long term agreement. He shared his frustration in not getting to the agreement. He asked Ms. Cannon what the intent was in the beginning and if at that time they intended this agreement to be perpetual. Ms. Cannon stated the intent was that this would be a long term solution and possibly a permanent agreement. She believes they did not put a permanent agreement put in place because attorneys do not like to commit future boards for extended amounts of time. The City of Fayetteville’s concern is that they pay out the largest amount and also that as the sales tax grows the agreement should grow. On the flip side of this, if the sales tax decreases or under performs then the amount paid is less.

Mayor Rey again stated that he would like for us to continue the long term agreement. He expressed concern about hurting other municipalities and the loss of funds.

(A copy of the PowerPoint Presentation is hereby incorporated by reference and made a part of these minutes – see attachment eight.)

g. Manager’s Update

Mr. Davis reported the following:

- Appreciation to S. Preston Douglas, they did a great job on the audit. This will set us up for better success next

year.

- Property revaluation will occur in the next year or so which could have an effect on future budgets.
- The Ad Valorem method would impact our budget by \$500,000 each year and may potentially impact us in the current year.
- Town employees rose to the occasion during winter storm Jonas. Sewer plant lift stations went down at two different times over the weekend and caused us to go through an unbelievable reaction drill. We did not have any environmental impact during this time. Recovery operations are underway.
- Fire and Police did an outstanding job staying in contact with our citizens and our IT Department did a great job getting critical information out to the citizens.
- Budget work session is scheduled for next Monday at 10 a.m.

Alderman Sutherland thanked Mr. Davis for the work and leadership he showed during the storm. She expressed concern about not having a shelter for those who were without electricity for several days and this is something we need to work on next time. She also thanked citizens who took in people who were without power.

9. New Business

a. Appointment, Military and Veterans Affairs Advisory Committee

Mr. Davis requested the Board approve appointing Michael Shaw to the Spring Lake Military and Veterans Affairs Advisory Committee for a three year term to end January 31, 2019.

Action: The Board approved a motion to appoint Michael Shaw to a three-year term on the Spring Lake Military and Veterans Advisory Committee.

Motion by: Alderman Lucas

Second by: Mayor Pro Tem Dobbins

Vote: Unanimous

(A copy of the agenda memo and application from Michael Shaw is hereby incorporated by reference and made a part of these minutes – see attachment nine.)

b. Discussion, Board of Aldermen Rules of Procedure, Mayor Pro Tem Position

This item was deleted from the agenda.

(A copy of the agenda memo is hereby incorporated by reference and made a part of these minutes – see attachment ten.)

10. Adjournment.

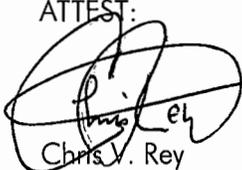
Action: There being no further business to come before the Board, the meeting was adjourned at 8:47 p.m.

Motion: Alderman O'Garra

Second by: Alderman Lucas

Vote: Unanimous

ATTEST:


Chris V. Rey
Mayor




Rhonda D. Webb, MMC, NCCMC
Town Clerk