

Town of Spring Lake
Board of Aldermen Special Budget Workshop Meeting
Municipal Building
300 Ruth Street
Spring Lake, NC 28390

May 14, 2012

MINUTES

5:00 p.m.

The Spring Lake Board of Aldermen held a special meeting in the Grady Howard Conference Room of the Municipal Complex with Mayor Chris V. Rey presiding.

Board Members Present: Mayor Pro Tem Napoleon Hogans
Alderman James Christian (arrived at 5:12 p.m.)
Alderman Richard Higgins
Alderman James O'Garra
Alderwoman Fredricka Sutherland (arrived at 5:06 p.m.)

Others Present: Tommy Burns, Town Manager
Byron Blumenfeld, Water Resources Manager
Allen Coats, Finance Director
Paul Hoover, Director of Inspections
Troy McDuffie, Police Chief
T.J. McLamb, Fire Chief
Ken Metcalf, Recreation Director (arrived at 5:41 p.m.)
Tina West, Human Resources Director
Rhonda Webb, Town Clerk

The purpose for this meeting was to give the Board an Economic Development Presentation and to discuss the FY 2012-2013 budget.

Mayor Rey gave a nonsectarian invocation.

Mayor Rey led the meeting in the pledge of allegiance.

Approval of Agenda

The Board approved the agenda.

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

Motion by: Alderman Higgins

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.)

5. Business

a. Economic Development Presentation

Mr. Hunt provided the Board with an overview of the definition of economic development. The goals of economic development include increasing private investment, creating more and better jobs, expanding and increasing the town's tax base and creating a better quality of life. Community development was explained. The goals of community development are community involvement and input, building individual wealth, improving the quality of neighborhoods and housing stock, redeveloping distressed communities and improving access to affordable housing.

He explained the difference between economic development and community development and why a focus on both is critical for long term viability of any community. Mr. Hunt's presentation included recent trends and historical information. He advised that most economic development corporations operate as a 501(c)(3). He provided information as to how a 501(c)(3) organization operates. Mr. Hunt explained what a Spring Lake Economic Development Corporation could do and provided information on who would control the Corporation. His presentation included how the Corporation would operate and how membership would be established. He stated if the Board of Aldermen decided to create a Spring Lake Economic Development Corporation it would be the umbrella entity for any and all future authorities or non-profit corporations formed. He recommended establishing a Downtown Development Corporation and a Neighborhood Revitalization Corporation.

Discussion included strict accountability since this organization would have authority to borrow money on behalf of the Town. Mayor Rey clarified that the Corporation would be the one accountable if they defaulted on a loan or did something wrong. The Town would not be held accountable for their actions even though they will report their activity to the Town. Mayor Rey also stated growth that is occurring around the state is tied to individual communities having separate corporations because they are able to go after grants and loans the Town just cannot do. Concern was expressed about whether this would mean the Town would turn over all its property to the Corporation to manage. Mr. Hunt clarified the Town would turn over only the property it wanted the Corporation to manage. Alderman Higgins asked if he was suggesting that we withdraw from the Cumberland County Planning Board and create our own and Mr. Hunt stated he is not suggesting we not contract with the County but that we supplement what we have now with the Corporation. Mr. Hunt also stated that he is not ready tonight to fully answer this question as he has not been able to sit down with Mr. Lloyd from County Planning and discuss how the two would work together. Mayor Pro Tem Hogans inquired if costs associated with creating this corporation and professional staff to run it had been considered. Mr. Hunt will be able to return to the Board at a later date with more detailed information. Mayor Pro Tem Hogans stated that he would be 100% in favor of the general direction proposed but expressed concern about being able to accomplish the goals.

(A copy of his PowerPoint presentation is hereby incorporated by reference and made a part of these minutes – see attachment two.)

b. Discussion, Video Recording Board Meetings

Mayor Rey gave the Board information received from RLM on video recording board meetings. Their proposal included three different options. Option one would cost \$211,000, option two would cost \$196,000 and option three would cost \$122,000. He stated we can get other companies to come in and provide comparison quotes but he feels they will be similar to the RLM quote. He stated that his recommendation to the Board would be to put up a tripod and a video camera and keep it moving. Alderman Christian stated that is exactly what he would suggest. Concerns were expressed about it being raw material and Mayor Rey stated that is what happens with other municipalities who broadcast their meetings live; it is exactly how it happens in real time. He also said this would be a really good project for a video college student. Mayor Pro Tem Hogans stated that we either do it right or not do it at all. "Do we really want to just video the meeting and put it up like that?" Mayor Rey reminded the Board they did approve a motion to video the meetings and citizens are asking about this so, " we just need to determine how we want to go about making it happen."

c. Discussion, General Fund

Mr. Coats reviewed some items that were discussed at the last meeting. Currently, we are still \$131,660 short of the needed amount to balance the budget for next fiscal year. The estimated General Fund revenue is projected to be \$7,132,880. The projected expenses are estimated at \$7,389,850. He stated the proposed budget will include a recommendation to increase the online gaming/sweepstakes fees to generate an additional \$40,000 and to increase fire inspection fees to generate an additional \$43,000. Since the last workshop, we have received the health insurance estimates and should see a decrease of approximately \$30,560 and a saving of Worker's Compensation of approximately \$11,750. He stated we may have to consider appropriating fund balance to balance the approximate \$131,660. He reminded the Board most of the time departments do not spend every penny allocated to them. Mr. Burns stated we will hold off on large purchases. Alderman Christian stated even if we take money from fund balance, we may not spend it.

Alderwoman Sutherland stated that it seems we are going to force balance the budget. She expressed concern about departments coming back during the year requesting funds from fund balance stating they have a mandatory purchase. We have done this many times in the past. We have to do what we have to do but it is great if we have department heads who are willing to hold off on projects. As a Board member, she would like to see us have a Human Resource person like we have had in the past that handles HR business and the employees and is not locked into finance. She stated when Michael was here, he brought this idea to the Board but when I talked to him later, he stated that he made a mistake. When I make decisions today or when I vote on anything, my decision can affect someone ten years down the road. So, I try to make sure, with all the stuff that has been presented to me today, understanding exactly what I am doing instead of all the time going along to try to get along. Again, when I say force balance that is what it seems like to me so we can get it balanced because it needs to be balanced. But then we go back into the general fund during the course of the year and take it back out to utilize it to purchase whatever you need to purchase. Mr. Burns stated he wanted to clarify two things. When Allen said hold off on large purchases, he was talking about purchases that are already in the budget that we typically always hold off on like vehicles. Most of the time, we cannot purchase vehicles until November or December anyway, so we typically wait to see how the first two quarters of revenues come in. The second issue is to comment on the HR position. As the Manager, that would be my job to evaluate the need for that position and make a recommendation to the Board. Currently, I just do not think we have the funding for that. Essentially, that would be bringing on another department head level position and with salary and benefits you would easily be talking about \$80,000 to \$90,000. Right now I think the setup is working. We are implementing a lot of new programs. As we grow, it is in the back of my mind that is something we will look at, if nothing else, to alleviate other functions this person is already undertaking as well. Just to follow up on Ms. Sutherland's comments that we have looked at that. It is very difficult this year and I think we have done an excellent job to get it this low. I think this time last year we were about \$300,000 out. We whittled that down. Our department heads are very frugal and we always do a good job of putting money back and we will do the same this year, probably several hundred thousand dollars, that we will not encumber this year. I say balance it with fund balance appropriation but at this point that is merely just because I have to submit a balanced budget to you. I need a means to do that but it does not necessarily mean we will encumber that money. I would hope that would be the last thing we have to do this time next year.

Mayor Pro Tem Hogans stated the population increase over the past two years has been

noteworthy and it would seem we would probably need an additional police officer and additional fire fighters. This gives me pause and I would say based on population increase and the number of new buildings we have springing up all over town, I would say the requests for personnel is justified. How can we afford not to fund these requests? Mr. Burns stated that one of the things we looked at regarding the police budget is that we will pick up 100% funding for two police officer positions that were only funded for 6 months last year. They were mid-year positions and this year we will have to fund them for the whole year. On the fire side, there is a need based on call volume. One of our difficulties is balancing the budget from a political aspect for the Board as well. I could not in good conscience present you a budget with a 10 cents tax increase, you would probably run me out of town. Mayor Pro Tem Hogans stated the concern is public safety. We have a significant increase in the number of people living here and I want to know if the call volume is significant enough to justify another officer? If not, then why did the Chief request it and if so how can we afford not to fund it? The same kind of stuff is true with the firefighter. Do not sit here and ad lib on this, you can just take this into consideration and come back.

Alderman O'Garra stated he would like to increase the fee amount for sweepstakes machines a little more than what was proposed.

d. Discussion, Water and Sewer Fund

Mr. Coats reviewed some items that were discussed at the last meeting. He explained that a rate increase is necessary to keep up with the cost of providing the water service and cover the debt. He stated the cost to repay the debt service is built into the flat rate fee. The majority of residents would see an \$8.12 increase in the water rate. This is for the residents who use 2000 gallons or less each month. These figures change slightly based on the amount of water used. He provided a comparison of Spring Lake's rates with Harnett County, PWC, Dunn and Sanford.

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

Mr. Burns stated that he would like to get guidance from the Board as to the direction they want to go concerning the water/sewer rates, gaming rates, fire inspections fees, septic hauler fees, fund balance, etc. Alderman Higgins expressed concern about the water rates. He stated he knows we have to raise the rates but he just does not understand the numbers that are in the presentation. Mr. Coats explained the debt service repayment is built into the flat rate. He also stated he understands we have to keep our system viable but at what point do we cross ourselves out of the market? Alderwoman Sutherland stated she is totally against the proposed water rate structure. She said the proposed structure is just too much money for our citizens. Mayor Rey stated this is what happens when you have an aging system and one that hasn't been taken care of over time. Mr. Burns stated if we do not put something back into the system, we will have to sell it. Mayor Pro Tem Hogans inquired about the bond referendum and a discussion ensued. There was concern expressed about not using the bond money to get the water system up to par. Mr. Burns stated the bond repayment interest is approximately 4% and the grant and loan funds obtained are at approximately 2%. Mr. Burns reminded the Board that the bond authorization will expire in 2 years.

He requested consensus from the Board to meet next Monday. It was the consensus of the Board to hold a special meeting on June 4, 2011.

6. Adjournment

Action: There being no further business to come before the Board, the meeting was adjourned at 6:44 p.m.

Motion: Alderman Higgins

Second by: Alderman O'Garra

Vote: Unanimous



Rhonda D. Webb

Rhonda D. Webb, MMC
Town Clerk

ATTEST:

Chris V. Rey
Mayor