

Minutes

Meeting of Council Finance Committee (Bennett, Holland)

January 22, 2016 10:00 AM

Town Hall Conference Room

(The meeting was postponed until 4:00 pm due to transportation delay. Notice of time delay was posted.)

Meeting was called to order by Mayor Bennett. Committee members Mayor Bennett and Councilman Holland in attendance. Attending staff were Town Manager Peter Rascoe, Finance Officer Bonnie Swain. Southern Shores resident David Sanders also attended.

1. Review of Budget Performance regarding:

a. Expenses for legal services. The Town Manager (Budget Officer) reviewed the Town's expenses for legal services provided during the second quarter of the fiscal year, and up to date as of January 22, 2016. Currently 65% of the total appropriated budget amount for FY 15-16 has now already been spent. The Budget Officer attributes the increased need for legal services during November, December, and now January to legal briefings for new and current Council members, and to the Town's initiative to prevent construction of large and/or events houses in response to the NC General Assembly's recent enacted legislation prohibiting municipal regulation of the number and type of rooms for a residential dwelling. The Budget Officer reported that he would continue monitoring necessary legal expenses for services requested as well as for any continued Council member inquiries during the upcoming months and make a recommendation to the committee and full Council for a budget amendment requesting funds from the Town's undesignated fund balance to cover as necessary.

b. Expenses for Solid Waste Collection. The Finance Officer reported that when she received the invoice from Dare County Public Works for trash collection for the first quarter of the fiscal year, she noticed a drastic increase from the previous year's first quarter in the number of collection man hours being claimed during those three months. Investigation revealed that the Town of Kitty Hawk, also a Dare County Public Works solid waste collection customer, had also received an invoice revealing a drastic increase in collection man hours from the previous year's first quarter. Investigation revealed that Dare County Public Works had undergone personnel changes during the time period, requiring more collection man hours. The Town's invoice did also reveal an increase in the number of tons of trash collected from the previous year's first quarter. Discussions by the Town Finance Officer and the Town Manager with Dare County Public Works staff and the County Finance Officer and County Manager followed. Pending a decision by the County Manager as to the Town's requested invoice adjustment under its contract with the County, the Town did remit payment to Dare County Public Works for an amount equal to the same collection man hours invoiced for the previous year's same quarter. The extra collection man hours billed for the current year's first quarter computed to an extra expense of approximately \$15,000. Upon further discussions between the Town Manager and the County Manager, the County Manager took the position that the matter had to be considered by the Dare County Board

of Commissioners, as it was the County staff's position that the invoiced expense did represent the County's actual collection expenses, which could be billed under its trash collection contract with Southern Shores. On January 4, 2016, the Dare County Board of Commissioners voted 4-3 in its regular meeting to authorize the County Manager to enter into appropriate settlement with Southern Shores and Kitty Hawk for the extra collection man hours invoiced. Based on man hours needed to collect the extra tonnage recorded for the first quarter, an amount of \$ 6,087.79 was agreed to and remitted by Southern Shores as settlement. The Finance Officer explained that the budget expense for trash collection is appropriated each year based on the previous year's contract performance, and little or no extra funds are included in any projected amount for solid waste collection. Due to this added expense, a budget shortfall for this line will more than likely occur during the final quarter of the fiscal year. The Town Manager reported to the Committee that unless there is an unanticipated surplus in any budget line from which he could transfer, a proposed budget amendment for any solid waste collection expense shortfall will have to be recommended to the Committee and the Town Council.

2. Review of Quarterly Financial Reports. The Finance Officer reviewed the Town's financial statements for the current fiscal year's first two quarters. She is also scheduled to review these at the February 2, 2016 regular Meeting of the Town Council.

3. General Discussion on anticipated revenues for fiscal year 2016-2017. The Town Manager and the Finance Officer reported that traditionally, the projected amount of the Town's share of revenues anticipated from sales taxes, land transfer taxes, and rental dwelling occupancy taxes during the next fiscal year is not received from the County Finance Officer until mid to late April. These revenues, derived from taxes on the tourist and real estate industries, have consistently made up approximately 30% of the Town's budget revenues. They are distributed annually by Dare County to all of the municipalities, in accordance with legislation previously enacted by the NC General Assembly - and in proportion to the amount of ad valorem taxes levied by each town for the preceding fiscal year. Ad valorem (property) taxes have traditionally made up approximately 50% of the Town's budget revenues. Several Towns did raise their tax rates last fiscal year in preparation for a beach nourishment project to be performed beginning this current fiscal year and continuing into next fiscal year. However, due to growth in the Town's property tax base due to increased sales and building activity, it is hoped there will be a negligible effect on the Town's shared revenues.

No action was taken by the Committee to recommend any matter to the full Council.

There being no further matters brought before the committee, the meeting was adjourned, with notice to the attending public citizen that he is encouraged to ask questions of the committee and staff following adjournment.