



# Town of Southern Shores

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Town of Southern Shores  
FY 2007-08 Budget Workshop  
May 21, 2007  
9:00 a.m.-Pitts Center

## Minutes

The Southern Shores Town Council met on May 21, 2007 at the Pitts Center to discuss the proposed FY2007-08 budget.

The following Council Members were present: Mayor Don Smith, Mayor pro tem Dan Shields, Jodi Hess, David Sanders, and Brian McDonald.

Also present were: Webb Fuller, Town Manager; Carrie Gordin, Town Clerk; Bonnie Swain, Finance Office; Mike Hejduk, Code Enforcement Administrator; Police Chief Kole and Public Works Supervisor, Glenn Alexander.

Mayor Smith called the budget workshop to order at 9:00 a.m.

The town manager presented two draft FY07-08 budgets for council's review and discussion.

He stated the highlighted proposed budget reflects department head figures and provides for a tax decrease (tax rate .008). The other proposed budget (tax rate .095) reflects where we started from the previous budget workshop discussion with the appropriate changes with estimated actuals where possible.

Some budgetary issues discussed at the previous budget workshop and for council consideration are to offer council compensation, to eliminate outsourcing of the pay roll and tax collections services and to provide housekeeping of the municipal buildings in house.

The finance officer stated health insurance has been budgeted at 13% but there is actually a 33% increase. She recommends staying with the traditional plan, which this year includes a higher deductible and co-pay, but next year council should consider the use of a Health Savings Account (HSA) plan. She stated the employees would need to be educated on this new plan.

The town manager stated to bring tax collections and payroll back in house would require staff training and possibly additional software costs. The cost savings may not be substantial.

Mayor Smith stated that the administrative assistant, Merrie Smith is capable. She did the tax collections before when they were in house.

Mayor Smith called upon Mrs. Smith and asked if she felt she could do the job. Merrie stated that she could that she helped the previous tax collector do everything.

Council Member Hess questioned placing additional duties onto the staff.

Mayor Smith stated that he is trying to save as much as we can in any way that we can. He is concerned where the town is headed.

The town manager explained the tax collection process and stated the tax bills are sent out in August and due in January; there may not be time for this year. He stated the county contract expires annually with a specified date of termination. He stated that it may take two employees to collect the taxes certain periods of time.

Discussion was held on filling the public works vacancy and assigning the cleaning of the municipal buildings duties to that position.

The town manager stated that the police department is requesting a new ATV and two vehicles.

Council Member Sanders asked if the town would keep the inmate program if the vacant public works position was eliminated. The town manager said yes.

The consensus of the council is to look into bringing tax collections back in house. Council Member Hess stated that she has concerns that the savings may not be worth it.

The finance officer stated that the town has incurred rising solid waste costs and the recycling cost will likely increase upon renewal of contract.

Council Member McDonald stated that when he ran for council he knew he would not be compensated but that he supports compensation for future councils.

Mayor Smith stated that Southern Shores is the only town that council is not compensated. He stated council can be reimbursed for mileage. He stated that in talking with others they feel council should be compensated. He feels it is the fair thing to do.

Council Member Hess stated that she doesn't feel that it is the right thing to do to compensate council when asking that the budget be cut.

Mayor pro tem Shields stated that at another time in talking about council compensation it was discussed if the planning board and board of adjustment should also be compensated and is that on the table. Mayor Smith stated not at this time.

Mayor Smith stated that he would like to keep council compensation in the budget. Council Members Shields, Hess, Sanders and McDonald agreed to remove council compensation from the budget.

Mayor Smith stated that he does not support the police department purchase of a new ATV and two vehicles. He stated that council has not been told which model of cars is better or cheaper. He suggested saving on rising fuel costs the department should look at motorcycles. He stated that painting the police cars two tone is an unnecessary additional cost.

Chief Kole stated there is a limit on model of cars for service and that he could look into the cost of a fully equipped police motorcycle but it would have limited use. He stated that it only cost \$300 or less to paint the cars two-tone and it helps identify the town from the other town's police cars.

The consensus of council is to keep the purchase of an ATV and police vehicles in the budget. Mayor Smith does not support this.

Mayor Smith stated that he would support a budget that would lower the tax rate to eight cents and the use of the fund balance if needed. He would eliminate the purchase of the ATV and the two vehicles in the police department, eliminate the public works employee, eliminate the chipping contract but keep the right-of-way tree cutting and eliminate the roving life guard and supervisor.

Discussion was held regarding the approved fund balance policy and amending the amount to be lower than the current 75% unreserved fund balance for emergencies. Council will review this during the discussion to be held in the fall on the Capital Improvement Plan (CIP).

Council Member McDonald proposed to keep the tax rate the same bring back payroll and tax collection in house, take chipping out and not purchase the ATV for the police department but purchase the police vehicles, keep the public works employee and remove the council compensation. He stated if we lower taxes we lose occupancy tax just keep the tax rate neutral. He stated that he will not vote for a tax increase, it is time to stop wasting money.

Council Member Hess stated she is concerned there is no money to put in the CIP and she supports keeping the chipping service. She stated that she doesn't agree with Council Member McDonald in that the town is the second wealthiest per capita with a low tax rate.

Council Member Sanders stated the citizens like the uniqueness of the town and they expect certain services. He stated that he wants to keep ocean rescue like it is, it is a life safety issue. He stated he supports the chipping program and would be very concerned about the "burn factor" if piles of brush were allowed to remain on the right-of-way for any length of time.

Council Member McDonald stated that when the canal dredging project is completed money will be available.

Council Member Hess stated that would not be for another three to five years and what will happen during that time.

Council Member Sanders stated that the town is dependent on the occupancy taxes, which is 33% of the town's revenues, and proposing to cut the budget substantially and bringing payroll and tax collections in house appears to be an experimental budget.

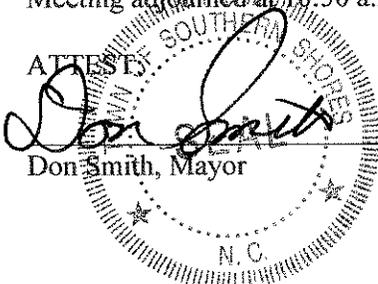
The town manager stated that the budget is the manager's budget until council adopts a budget. He stated his budget would be presented at the budget hearing and following the budget hearing a budget ordinance would be adopted at that time or at a later date but by June 30 the town is required to have a adopted budget.

Mayor pro tem Shields stated that he supports Council Member McDonald's proposal but with a tax rate at .095 and if there are projects to be postponed he doesn't want them to be forgotten. He stated that as a member on the Youth Committee they have not even met to discuss anything because there are no funds. He stated that he feels very strongly that something should be done for the young people in the town. He also would like to see more citizen participation at the budget workshops and asked how the citizens could become informed.

Mayor Smith recommended a tax rate of eight cents and to use the fund balance when necessary, keep council compensation and he would like to talk about ocean rescue again. He stated he will not support a budget with a tax increase.

Council directed staff to prepare a budget as Council Member McDonald proposed.

Meeting adjourned at 10:50 a.m.

ATTEST  
  
Don Smith, Mayor  


Respectfully submitted:

  
Carrie Gordin, Town Clerk