MINUTES

The Town of Manteo Board of Commissioners held their recessed May 2, 2012 meeting in the Manteo Town Hall Police Department Conference room, May 31, 2012 at 5:30 p.m. (this meeting was rescheduled from May 30th, 2012 due to TS Beryl.

The following members were present: Mayor Jamie Daniels
Commissioner Nancy Peele
Commissioner David Farrow
Commissioner Christine Walker
Commissioner Darrell Collin
Commissioner Hannon Fry
Commissioner Richie Burke

The following member(s) were absent:

Also present at the meeting were: Town Manager, Kermit Skinner; Assistant Town Manager/Finance Officer Shannon Twiddy; Town Clerk Becky Breiholz

Mayor Daniels called the recessed session to order 6:00 pm

**SUBJECT:** Budget Workshop FY 2012-2013

Mayor Daniels turned the floor over to Shannon Twiddy, Finance Officer who proceeded to read the budget message to the Board. Town Manager Kermit Skinner commented that as far as he knows we are the only unit of government whose budget balanced without going into fund balance or a tax increase.

Presentation of the recommended Budget for Fiscal Year 2012-2013 for the Town of Manteo, North Carolina took place on May 16, 2011. All components of the Budget have been prepared and assembled in strict accordance with the provisions of the North Carolina Local Government Budget and Fiscal Control Act and conform to all other applicable State and Federal standards and regulations. The proposed Budget is financially balanced and identifies all anticipated revenue sources and amounts, as well as clearly displays all proposed departmental expenditures.

Your Town Manager is the designated Budget Officer in accordance with North Carolina General Statute requirements. The Budget includes requested funding made by Department Heads, and recommended funding from your Town Manager for consideration for approval by the Board of Commissioners.

We anticipate the General Fund undesignated Fund Balance as a percentage of current year expenses to decrease from the audited June 30, 2011 percentage of 85% percent which decreased from 2010 of 88% to approximately 70% at June 30, 2012 due to the use of Fund Balance this year for projects and unplanned expenses. The various small projects were completed without any large capital outlay for repairs or new purchases other than the Solid Waste Packer Truck in the amount of $255,000 and one police car in the amount of $27,500.

As proposed the 12-13 Budget does not include an appropriation of Fund Balance in the amount of -0- to balance the General Fund nor does it include a tax increase in the proposed revenues. But it does include a 10% increase in dock rent slip fees and a transfer of $137,365 to the dock fund and a 15% increase to Water and Sewer Rates, without those proposed increases to user fees fund balance would be required to fund expenditures in both of those funds and would result in the appropriation of undesignated fund balance from the General Fund.

As of May 16, 2012 no loan to the Water and Sewer Fund from the General Fund has been required. A budgeted amount of $647,300 was in the approved budget for 11-12 but has not been needed as of yet in the form of a loan. I am not anticipating having to use more than $100,000 in the 11-12 budget years. If a transfer is made staff recommends a loan from the General Fund to the Water and Sewer Fund. A rate study is currently underway to make the Water and Sewer Fund solvent. I had hoped to have the rate study completed prior to the presentation of the Budget but there are still several issues and calculations that I am uncomfortable with and do not recommend approval at this time.

The Budget was prepared using an ad-Valorem tax rate of $ .235 cents per $100 valuation of real property which does not reflect an increase on property valuation of $682,460,851 and an estimated collection rate of 98 % generating estimated revenues of approximately $1,595,000. Shared Revenues including sales tax, occupancy tax and land transfer tax are distributed based on our ad-Valorem tax levy (in comparison to Dare County and other municipalities) and are estimated at $1,175,000. You will see in the chart the Shared Revenues are estimated at 38% which is a reduction of 46% from the prior year of the total revenue stream. The reduced distribution is a direct result of tax increases approved by the other Town's and Dare County.

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2013 adopted Budget was amended several times during the year for unexpected expenditures requiring the use of additional Fund Balance. Budget Amendments in the Water and Sewer Fund were made in the amount of $404,846.

Fiscal Year 2012-2013 General Fund Expenditure Summary

The Fire Protection fee of $226,000 will be paid per the approved contract using the quarterly payment schedule agreed to by the Town and the Roanoke Island Volunteer Fire Department this amount is a reduction from $232,000 in last fiscal year.

The Planning Department has not requested funding for specific storm water projects for the 12-13 Fiscal Year but $50,000 has been appropriated to use for storm water projects or could be used for required matching funds if any grants are awarded.

The Public Buildings Department includes several line items for the maintenance and repair of the Town Hall, Public Parks, Boat House, Roanoke Island Marshes Light, and the Cook House.

The Public Works Department requested the purchase of a Vacuum truck that could be used by the Public Works Department and the Water and Sewer Department to perform various tasks in the amount of $260,000. This capital outlay request was not recommended for funding in this fiscal year. Solid waste tipping fees are currently $68.10 in this fiscal year and we have received notice that the tipping fee will increase to $74.00 per ton on July 1, 2012.

Several suggestions for cost saving measures were prepared and presented to the Board in March 2010, March 2011 and again in March of 2012 that would reduce the Town of Manteo's solid waste disposal expense. The suggestions were to reduce the number of collection days from 2 x a week to once a week in the winter months, and to charge for commercial dumpster pick up or require that commercial dumpster service be suspended and business owners would be required to contract with a private commercial hauling service at their own expense.

Powell Bill Funds have been budgeted for the Repair and Maintenance of Streets and Sidewalks in the amount of $5,000 each if there are specific projects approved by the Board a budget amendment to transfer the restricted funds will be presented to the Board of Commissioner's for approval. As Powell Bill Un-designated Fund Balance received from the State for Manteo's anticipated share of Powell Bill Funds are restricted and can only be used for specific purposes in specific locations throughout town.

The Budget was prepared and presented with a 5 % employee COLA. The CPI index identified the suggested salary adjustment for year 2010 was 2.3% and for 2011was 2.8% and for 2012 is estimated to be 2.7% The Town of Manteo employees have not had an adjustment since the 2008-2009 Budget year. We respectfully request your consideration of approving a 5% Cost of Living Adjustment. As presented the budget includes a $50.00 per month increase for each Commissioner and a $10 per month increase for Planning and Zoning Board Members.

Each Department has included their requests for funding to the Information Technology Specialist Steve Jozik. Mr. Jozik has reviewed the requests and his recommendations for each department are recorded in each line item.

The Budget includes the training requests identified by each Department, requests were reviewed, changes were made and the Budget reflects the recommendations of the Budget Officer.

The Police Department did request the replacement of a patrol car in accordance with the disposition schedule for residual values versus repair costs and mileage considerations this request is recommended for approval.

The Town increased water and sewer rates 1 x in 08 and 2 x in 09 at an increase of 15% each. The rate increases did not yield an additional 45% in revenues due to reduced consumption, unaccounted for water loss in the distribution system and fewer new customers. The Water and Sewer Department have addressed seven large leaks in the system located by the N.C. Rural Water Association in addition to several small leaks throughout the past three years. We have made significant progress in determining leaks and have undertaken a large meter replacement program which has increased revenues above estimates for the past two years and reduced the unaccounted for water loss.

The meter replacement/change out plan implemented by your W&S Superintendent Nathan Pharr is nearing completion. He is anticipating having the majority of the meters meeting the replacement schedule to be completed in the 2012-2013 fiscal year. The replacement of the non/registering and inaccurate registering meters has significantly attributed to the increased revenue through accurate billing. The Water and Sewer Superintendent Nathan Pharr has stated he submitted to you an operational Budget to meet minimum funding requirements and has implemented cost saving measures where possible throughout the Departments.

The 2012-2013 Budget does not include any loans or transfers from the General Fund but it does include a 15% water and sewer rate increase to be implemented on July 1, 2012 for your discussion and consideration. If the rate raise is not approved a loan from General Fund will be required in approximately the amount of $120,000 which is equal to approximately 2 cents on our current 23.5 tax rate per $100 of evaluation. If a loan becomes necessary Staff would recommend the amount to be a loan from the General Fund to the Water and Sewer Fund not a transfer. If this loan becomes necessary; board approval would be required to establish loan and repayment terms. The recommended Budget for the Water and Sewer Fund is an operational Budget. If any additional repairs or replacements are necessary funding will not be available to meet those needs. Minimal funding is included for repairs and maintenance at the plant, and the collection system.

The Water and Sewer Fund was established as an Enterprise Fund. Enterprise Funds are structured in a manner that the fund is designed to operate in a self supporting/self sufficient way with revenues being generated by collecting user fees. This Fiscal Year is an indicator that we are moving toward that goal.

The Wooten Company is currently working on the Capital Improvement Plan, the Space Needs Study and the Water and Sewer Rate Study. We are still working with them to complete the Space Needs Study which determines the Capital Improvement Plan which then will determine the results of the Water and Sewer Rate Study. This budget includes a request for a 15% W&S rate increase to be effective with the July 1, 2012 billing cycle. If an increase is not approved a loan from the General Fund to the W&S Fund will be required.

If other Towns and Dare County approve Budgets requiring a tax rate increase, every cent they levy will impact the income Manteo receives from Shared Revenue income from sales, occupancy and land transfer taxes which are distributed based on our pro-rata share of the entire County's tax levy. Any increases in tax rates from another Government without an increase from the Town of Manteo will decrease Shared Revenues in FY 12-13.

The budget summary identifies several reductions and requests within each Fund for different departments. Below are listed a few of the line items affected while preparing the recommended budget.

If the Board after discussion would like to return these line items or to add other line items or to adjust amounts to individual line items a tax increase will be required to fund the projects/line items. Each cent on our current tax rate is valued at approximately $65,162.

Removed from consideration $50,000 for the Roanoke Island Festival Park Dredge Project from General Fund
Removed from consideration $50,000 for the bulkhead/dock at the Rain Garden from General Fund
Removed from consideration $50,000 for the purchase of Playground equipment from General Fund
Removed from consideration $130,000 for ½ the purchase of a Vacuum Truck from General Fund
Removed from consideration $100,000 for Storm Water Improvement under Manteo Furniture on Budleigh St. from General Fund
(Green Engineering has been contacted to seek grant funds for this project)
Removed from consideration $10,000 for History Project from General Fund
Removed from consideration $2,000 for Children's Programs from General Fund as this will be incorporated in Museum expenses

Removed from consideration $130,000 for ½ the purchase of a Vacuum Truck from the Water and Sewer Fund
Reduced request $28,500 from Capital Outlay Major Repair from Water and Sewer Fund
Reduced request $28,500 from Capital Outlay Equipment from Water and Sewer Fund
Reduced request $30,000 from meter installation from Water and Sewer Fund

The Board went over each department line item and was informed that if they decide to increase the tax rate the funds would not be received until 2014. Dare County will be re-evaluating property and some of those property values may drop as much as 60%.

The Board discussed the tipping fees for Public Works and was informed the fees were going up to $74.00. In the past it has been discussed possibly doing away with commercial pick up and have those businesses with a dumpster contract out and the Town would no longer pick up commercial waste. The Town ordinance would need to be modified to make sure that that our roll out can ordinance is tight; this would make sure that commercial businesses could not use roll outs. The Board could direct staff to review that ordinance.

Of some of the requests that were removed from the budget Commissioner Fry would like to rename RIFP dredging to just dredging project.

Commissioner Farrow objects to the removal of the $50,000 for the playground equipment and knew that this would happen and tired of seeing money go here and there and not for the children. Mayor Daniels commented that a motion was never made to approve the playground equipment and that at their Board retreat they decided before any project could be done that a motion and a vote needed to be done.

Also discussed was stormwater issues and Mrs. Twiddy asked if the Board had any objections to Green Engineering getting us an updated plan. They would not charge the Town unless they are able to obtain a grant. A previous plan had been done and over $600,000 was spent that was totally unrealistic. The Board did not identify any capital projects during their budget retreat. The Board discussed the request from water and sewer for a vacuum truck and not sure that we really needed one. The Board would like to meet briefly before their June 6th meeting to discuss the budget some more.

Motion by Commissioner Peele seconded by Commissioner Fry the meeting was recessed at 8:45 pm until June 6th, 2012 at 5:30 pm approved by the following vote: Ayes: Commissioner Collins, Fry, Burke, Walker, Peele. Noes: none. Absent: none

This the 31st day of May 2012

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Jamie Daniels, Mayor

ATTEST:

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Becky Breiholz, Town Clerk