

**MINUTES OF THE SPECIAL MEETING OF THE LAKE LURE TOWN COUNCIL  
HELD TUESDAY, MAY 22, 2007, 9:00 A.M. AT THE LAKE LURE MUNICIPAL  
CENTER**

**PRESENT:** Mayor Jim Proctor  
Commissioner Dick McCallum  
Commissioner Jeanine Noble  
Commissioner Russ Pitts  
Commissioner Chuck Watkins

H. M. Place III, Town Manager  
Sam Karr, Finance Officer

**ABSENT:** N/A

<b>CALL TO ORDER</b>
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Mayor Proctor called the meeting to order at 9:00 a.m.

<b>INVOCATION</b>
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Commissioner McCallum gave the invocation.

<b>APPROVE THE AGENDA</b>
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Commissioner Watkins made a motion to approve the agenda as presented. Commissioner Noble seconded the motion and the vote of approval was unanimous.

<b>DISCUSS PRELIMINARY BUDGET ITEMS FOR FISCAL YEAR 2007-2008</b>
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Town Manager Place gave an overview of the preliminary budget items for fiscal year 2007-2008. Finance Officer Sam Karr reported that the classification and pay study which was conducted by the MAPS Group through the North Carolina League of Municipalities was not included in the preliminary budget and needs to be added.

Finance Officer Sam Karr reported that the property tax value estimated is 91.68% over last year (levy is 94% over last year). In order to balance this budget in the General Fund, he had to keep the tax rate at the same rate .28 per \$100; one cent of the tax rate is equivalent to approximately \$95,000. At present, in the General Fund, we are \$20,000 over expenses; to drop the tax rate to .27 cents, \$75,000 would have to be cut from the budget. Otherwise, every penny is equivalent to

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\$95,000.

The proposed budget, as presented, has the same basic level of services with no cuts. There is a request for eight additional full-time employees (6 at the fire department, 1 in public works and 1 in the police department). This budget includes a 3.3% cost of living, which is based on social security and producer price index. Since the Town is now a part of the State Health Plan and we do not have any final figures on cost, the budget included health rates from the League. The town is not expending any more money, but will likely save the Town money by our lower health premiums to be offset by retiree health insurance. Included are the CIP items that were approved and an administrative charge of \$25,000 each to Water/Sewer and Hydro-electric from General.

The estimate in the Hydro-electric fund equals to an average of approximately \$20,000 per month, which includes Duke Power's payback of \$6,146.27 per month (\$73,755.24 per fiscal year). The \$100,000 contribution to silt removal was included since this is all the fund can afford at this time. \$100,000 was also included for silt removal in the General Fund as well for a grand total of \$200,000 allocated for silt removal. The balance in our capital reserve fund-Silt is \$87,882. The Hydro-electric fund shows a surplus of \$3,967. The Water/Sewer fund shows a deficit by over \$241,033.

Mr. Karr noted that council should keep in mind that the audit has exposed a couple of items. The Fund Balance in the General Fund dropped by over 25% (or \$453,553 from last year. LGC has requested a response on how this will be handled to correct the lost fund balance. The Water/Sewer Fund equity needs to be left alone as well. This is difficult because the sewer subsidizes the water department. At the very best, the Hydro-electric Fund can only contribute \$100,000 toward silt removal; our revenues cannot support anything more. The town has a lot of debt service this year. All debt has to be approved by the LGC. The application would more than likely include all projects under one heading (town hall addition, remodel and expand community center and new marina building). The town is budgeting \$55,000 toward new debt service this year, for the sake of the budget the debt is recorded in those individual departments. Also, because of the town's depleting fund balances, there is no guarantee that the projects will be approved.

Finance Officer Sam Karr reported that he added \$6,000 under administration for the strategic plan retreat. This amount is to cover a professional facilitator, facility, meals, etc. Mr. Karr also reported that the professional services showed an increase due to new computer purchases and the new recording system. It was agreed to delay the video conferencing project at this time since it's not an essential need.

Under sanitation the proposed budget shows an increase of \$800 per month due to gasoline increase and area growth. Under the beach and marina budget \$7,500 was added for maintenance and equipment since the town does own the building and the town is responsible for the upkeep of the building and plumbing. Under public works the town needs a current survey on the back side of the golf course prior to the construction of new trails. Commissioner Noble requested price estimates on the surveying.

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Council reviewed the proposed budget for the hydro plant and wastewater treatment plant with Utilities Director William Grimes. No significant changes were noted.

Council reviewed the proposed budget for the public works department with Public Works Director Tony Hennessee. Mr. Hennessee requested the need for an additional employee. Council unanimously agreed this is not the time to add an additional employee since it is important to try and keep the budget down in order to help reduce the tax rate due to the high tax valuations.

Council reviewed the proposed budget for the golf course. Council unanimously agreed to add \$8,500 to the golf course budget for a professional study of how to increase the revenue at the golf course. Signature Golf in Charlotte, NC will be conducting the study, and Commissioner Noble agreed to contact them. It was agreed to hold off on purchasing a tractor for the golf course at this time and hold off on the construction of a storage building until the town gets the result of the study. Council requested that the superintendent, Jeff Hine, obtain an annual lease cost for the tractor at this point.

Council reviewed the proposed budget for the fire department. Fire Coordinator Ron Morgan gave a brief history of the fire department and submitted a proposal for the organization of a municipal fire department for the Town of Lake Lure which would require six additional paid staff. Council was concerned due to the significant tax valuations and trying to keep the tax rate down at this point. Council agreed that public input is needed.

Commissioner Noble made a motion, seconded by Commissioner Watkins to recess the meeting at 12:00 noon until 1:30 p.m. inside the municipal center's conference room.

Mayor Proctor called the meeting back to order at approximately 1:30 p.m. Council discussed the proposed budget for the police department. Chief Hester requested an additional police officer. When Chief Hester became chief, he transferred Thomas Lytle to the detective/sergeant position which is an administrative position and the police department is short one road officer. The police department is not requesting an additional car at this time.

Council discussed the need for a user fee at the gun range for enforcement only. Finance Officer Sam Karr informed council that the liability of the gun range needs to be investigated.

Council reviewed the proposed budget for the community development department. Community Development Director Shannon Baldwin presented his department's budget information showing an increase in subdivisions, etc. Mr. Baldwin spoke on the comprehensive plan and mentioned that council may want to conduct a survey of the community in regard to the needs for medical, dental, etc.

Fire Coordinator Ron Morgan rejoined the meeting continuing his request on the need for additional firefighters. Commissioner Pitts suggested that Mr. Morgan draft a plan with three paid firefighters rather than six at this point. Mr. Morgan informed council of the importance of keeping

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the ISO rating if the volunteer roster is not kept up. The Town's next inspection of the records is due in the year 2008. Mayor Proctor suggested he would like to see what the public has to say in regard to the hiring of six additional full-time employees. Commissioner McCallum expressed that the tax reevaluations made the budget more difficult this year due to a larger tax burden on tax payers. Commissioner Pitts reported that he thinks this is a good plan but that council is in a wrenching mode due to the tax increases. Commissioner Noble stated that council needed to see what the county is going to do about the reevaluations before such a decision could be made.

Council discussed the proposed lake budget. The Lake Advisory Committee requested a full-time lake management officer. The boat permit fees were increased to help provide this position. Commissioner Pitts reported that the committee is proposing that this individual would work a schedule to reflect working during the weekend and schedule two days off during the week.

Council discussed the proposed community center budget. Town Manager Place stated that the community center will be the first facility to be scheduled for renovations and the Municipal Center will be second.

Council requested that Finance Officer Sam Karr recalculate the budget numbers and present at the next budget meeting. At this point the tax rate could possibly be reduced from .28 to .23 per \$100 valuation.

<b>ADJOURN MEETING</b>
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With no further items of discussion, Commissioner McCallum made a motion to adjourn the meeting at 4:20 p.m. Commissioner Watkins seconded the motion and the vote of approval was unanimous.

ATTEST:

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Anita H Taylor, MMC  
Deputy Town Clerk

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Mayor Jim Proctor