



TOWN COUNCIL AGENDA

PUBLIC HEARING

JUNE 9, 2016 @ 6:30 PM

FISCAL YEAR 2016-2017 PROPOSED BUDGET

CALL TO ORDER – Mayor Swearingen

OPENING AND PURPOSE OF HEARING – Mayor Swearingen

The purpose of this public hearing is to receive public comments on the proposed Fiscal Year 16-17 budget which includes the following highlights:

- 1) Increase property tax rate by 2.35 cents over the prior year's tax rate, for a total property tax rate of 28.5 cents (per \$100 of property valuation), due to the proposed addition of five full-time employees, the desire to maintain existing town-provided services at current levels and the need to maintain reserve funds for potential beach nourishment costs
- 2) New rate tier for residential water and sewer usage over 7,000 gallons, as follows, to provide for sufficient accumulation of reserves for future infrastructure repairs and replacements:
 - Water: 67.5 cents per 100 gallons
 - Sewer: 87 cents per 100 gallons
- 3) Four additional full-time employees for the Fire Department due to a decreasing volunteer base and the need to handle multiple day and night emergency calls with properly trained personnel
- 4) One additional full-time employee for the Police Department due to an increase in the town's full-time population and an increase in tourist traffic
- 5) Cost of Living adjustment of two percent for all full-time employees
- 6) Merit increase of two percent to reward employees who are performing above expectation

Official notice of this public hearing was posted on the town's website, town hall bulletin board and in the Island Gazette on May 25, 2016, to meet with public notification requirements per N.C.G.S. 159-12.

PUBLIC COMMENTS

Sign up at the podium, if you wish to make comments

CLOSING OF PUBLIC HEARING – Mayor Swearingen

COUNCIL DISCUSSION OF PROPOSED BUDGET AND POSSIBLE DIRECTION TO FINANCE OFFICER

ADJOURNMENT

Emilie Swearingen
Mayor

David Heglar
Commissioner

Jim Dugan
Commissioner



Craig Bloszinsky
Mayor Pro Tem

Joseph Whitley
Commissioner

Nancy Avery
Town Clerk

TOWN OF KURE BEACH

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May 17, 2016

RE: **TOWN OF KURE BEACH, NORTH CAROLINA
FISCAL YEAR 2017 BUDGET MESSAGE**

The Honorable Mayor Swearingen and Town Council:

In accordance with Section 159-11 of the NC General Statutes (N.C.G.S.), I am pleased to present the proposed fiscal year 2017 budget for the Town of Kure Beach for your review and consideration. The budget is a sound financial plan and has been prepared with the Council's goals and objectives adopted from their annual retreat and budget work sessions. All sections of the proposed budget are in conformance with the Local Government Budget and Fiscal Control Act as amended. A balanced budget for the next fiscal year, or an interim budget, must be adopted by July 1, 2016. Pursuant to N.C.G.S. 159-12, a public hearing on the proposed budget must be held before adoption. With the submittal of the budget proposal to Council, copies will be available for public inspection on the Town's website and in the Office of the Town Clerk. The public hearing has been scheduled for June 9, 2016 at 6:30 pm.

The proposed fiscal year 2017 Town of Kure Beach budget is balanced and totals \$7,743,908 for all operations. This total budget is comprised of the following seven funds: General Fund \$4,488,370; Water and Sewer Fund \$2,219,675; Storm Water Fund \$690,373; Powell Bill Fund \$65,050; Beach Protection Fund \$50,440; Federal Asset Forfeiture Fund \$50,000; and Sewer Expansion Reserve Fund (SERF) \$180,000.

The proposed budget supports the fiscal year 2017 goals established by Town Council at their annual retreat held in February 2016. These goals are:

1. Resolution of outstanding issues relating to the Sandman property.
2. Over the next two years, resolve the storm water issues identified during the February 2016 Town Council retreat.
3. Before the end of fiscal year 2018, develop plans, obtain financing and construct a new fire station and perform improvements to other Town facilities.
4. Maintain the current tax rate, if possible.
5. Work with New Hanover County, Carolina Beach and Wrightsville Beach to develop a long-term coastal storm damage reduction funding plan.
6. Monitor potential revenue shortfalls that may occur in future years.
7. Complete the Town of Kure Beach Comprehensive Plan by February 2017.
8. Address public safety staffing during the fiscal year 2017 budget process.

BUDGET HIGHLIGHTS

PROPOSED TAX RATE FOR FISCAL YEAR 2017

The tax rate being proposed for fiscal year 2017 is 28.5 cents (\$0.285) per \$100 of valuation. This is an increase of 2.35 cents (9%) over the prior year's tax rate. This is the first increase since fiscal year 2013, which encompasses four annual budget cycles. This tax rate change is necessary due to the proposed additions to the number of full time Town employees (see page 5 for more information), the desire to maintain existing Town-provided services at their current levels and the need to maintain reserve funds for potential beach nourishment costs.

The impact on a homeowner with property valued at \$350,000 would be as follows:

Annual tax – existing tax rate (\$0.2615):	\$915.25
Proposed Increase (\$0.0235):	<u>82.25</u>
Total Kure Beach tax after increase for a home valued at \$350,000	<u>\$997.50</u>

Property taxes are the Town's largest single source of revenue. Fiscal year 2017 property tax revenue is estimated at \$2,328,500. This includes both current tax year and prior tax years' collections and represents 51.9% of the General Fund revenue.

The estimated Kure Beach tax base, as provided by the New Hanover County Tax Department, is \$834,370,000. This is an increase of \$14,870,000 (1.8%) over the prior year's estimated tax base. Based on historical data, the property tax collection rate is estimated at 98.75%.

GENERAL FUND FEES

There are no General Fund fee increases being proposed as part of this budget.

WATER AND SEWER RATES

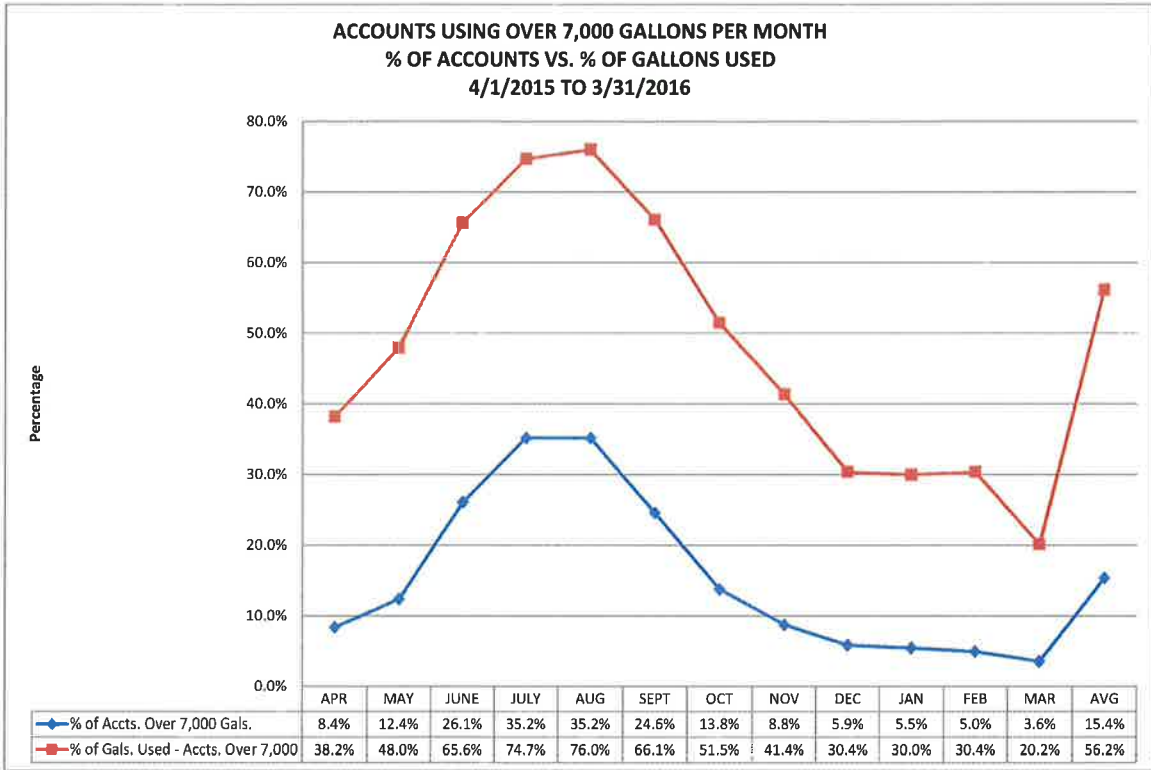
Presently, the water and sewer rates being charged to system users provide funds for the day-to-day operating costs of the Town's water and sewer systems and provide for some additions to the water and sewer reserve funds for future infrastructure repairs and replacement. To provide for sufficient accumulation of reserves for these projects, this budget includes proposed changes to the residential water and sewer rate structure that will impact high usage customers. For residential customers, a second rate tier is being proposed. This new rate will apply to the portion of a residential customer's monthly usage that exceeds 7,000 gallons. Residential customers using less than 7,000 gallons in a month will see no change to their bill. The proposed rates will be as follows:

	<u>WATER</u>	<u>SEWER</u>
0 to 2,500 Gallons (monthly minimum charge)	\$13.50 (a)	\$23.50 (a)
2,501 to 7,000 Gallons (rate per 100 gallons)	\$0.45 (a)	\$0.58 (a)
Over 7,000 Gallons (rate per 100 gallons)	\$0.675	\$0.87

(a) – No change from existing rates.

This proposed change to the residential water and sewer rate structure is estimated to impact approximately 15% of the annual residential billings. Although affecting only 15% of the accounts billed, it is estimated that these billings account for over 56% of the annual residential water usage. An added benefit to the rate structure change is that it hopefully will encourage water conservation.

The chart on the next page shows the percentage of residential accounts that would be impacted and the percentage of gallons used. This is based on data from the 12 month period of April 1, 2015 to March 31, 2016.



The chart above indicates that during the highest usage months (typically July and August), approximately 35% of residential accounts may be impacted, however, these billings account for approximately 75% of the month’s residential water and sewer usage. The revenue from the proposed rate changes will be directly attributed to the high usage customers who are placing an increased burden on the Town’s existing water and sewer systems.

The table below shows the impact of the rate change on a residential account at various usage levels:

Usage Level	Additional Charge	Percentage Change
Up to 7,000 gallons	\$0	0.0%
8,000 gallons	\$5.15	5.5%
10,000 gallons	\$15.45	13.5%
12,000 gallons	\$25.75	19.1%

STORM WATER FEES

There are no proposed changes to the existing storm water fees as part of this budget.

STAFFING AND COMPENSATION

The fiscal year 2017 budget includes the addition of five full time employees. This will increase the Town's full time personnel to 45, which is still fewer than other beach towns of a similar size. All five positions are within the General Fund.

Four of the positions are being added to the Fire Department. There are several factors contributing to the need for these additional Fire Department employees:

1. A shrinking base of volunteers. Several older volunteers are retiring and it is becoming more difficult to recruit and retain younger volunteers. This trend is occurring throughout the state and country.
2. Additional training and time commitments are required of existing volunteers. Due to personal and business responsibilities, many of the volunteers have difficulty complying with these increased requirements.
3. The need to handle multiple calls, both day and night, with the properly trained personnel.

Within the Police Department, one full time Police Officer is being added. This is necessitated by the increased tourist traffic as well as the ever increasing population living full time in Kure Beach.

The annual cost (salary, taxes, benefits, insurance, etc.) of adding these full time employees is estimated to be \$179,900 to the Fire Department and \$59,640 to the Police Department. Including the proposed five additional employees, the full time personnel are allocated to Town funds based on the type of work performed, as follows:

<u>FUND</u>	<u>NO. OF EMPLOYEES</u>
General	34
Water and Sewer	9
Storm Water	<u>2</u>
Total	<u>45</u>

This budget includes a proposed merit increase of 2% to reward those employees who are performing above expectations. Also, a 2% cost of living adjustment (COLA) for all full time employees is included in the fiscal year 2017 budget. The employee benefits are consistent with prior years.

GOVERNING BODY

The budget for Town Council related expenses includes annual compensation for Council members (Mayor - \$3,600, Mayor Pro Tem - \$2,700, and Commissioners - \$2,400), internet service reimbursement of \$1,500 (will be at Council members discretion), travel/training of \$7,000 and dues/subscriptions of \$7,000. The aforementioned expenses will be divided equally amongst the General Fund and Water and Sewer Fund. Also, the General Fund Governing Body budget includes funding for the Pleasure Island Chamber of Commerce concert series (\$8,800), Katie B. Hines Senior Center (\$2,000), The Help Center of Federal Point (\$1,500), Federal Point Historic Preservation Society (\$1,500), Friends of Fort Fisher (\$1,500) and the Island of Lights (\$1,200). Additionally, the General Fund budget includes \$1,750 for funding the portion of the Carolina Beach Inlet maintenance dredging requested from the Town.

DEBT SERVICE

General Fund debt service totals \$316,626 and includes payments on existing loans for the Ocean Front Park (acquisition and development loans), Town Hall renovation, downtown improvement project, vacant land and vehicles/equipment. This is an increase of \$22,421 (7.6%) over fiscal year 2016 which is primarily attributable to the purchase of equipment and vehicles. The Water and Sewer Fund includes debt service totaling \$131,613 (water tower, infrastructure and vehicles/equipment). This is an increase of \$30,317 (29.9%) over fiscal year 2016. Finally, the Storm Water Fund debt service totals \$88,709 relating to the Cutter Court infrastructure project and equipment. This is an increase of \$8,575 (10.7%) over fiscal year 2016. The increases in both the Water and Sewer Fund and Storm Water Fund pertain to financing the purchase of equipment.

Debt service for each fund, as a percentage of the applicable fund's total budget is as follows:

General Fund	7.1%
Water and Sewer Fund	5.9%
Storm Water Fund	12.8%

The Town's total outstanding debt (all funds) is estimated to be \$2,868,211 at July 1, 2016. The Local Government Commission (LGC) uses 8% of the assessed value of property subject to taxation as the maximum debt level. The Town's outstanding debt at July 1 will be approximately 0.34% of the assessed value of property, well within LGC guidelines.

OPERATING EXPENSES

The budget for General Fund operating expenses (excluding capital outlay, debt service, contingency and transfer to the Beach Protection Fund) is 9.5% greater than the original fiscal year 2016 budget and 8.0% greater than the fiscal year 2016 amended budget as of May 17, 2016. The primary factors contributing to the increase in relation to the original budget are the previously mentioned addition of five full time employees and general price increases in purchased services and materials. Disregarding the addition of five

employees for fiscal year 2017, operating expenses would be 2.5% greater than the 2016 original budget.

The fiscal year 2017 operating budget (excluding capital outlay, debt service and transfer to the capital project fund) for the Water and Sewer Fund is 15% greater than the fiscal year 2016 budget. The increase in relation to the fiscal year 2016 budget is the result of increased maintenance costs, higher rates for waste treatment and general price increases in purchased services and materials.

The fiscal year 2017 Storm Water Fund operating budget (excluding capital outlay, debt service and transfer to the capital project fund) is 9.2% greater than the fiscal year 2016 budget. This increase relates to the amount of storm water related work planned for fiscal year 2017, as well as general price increases in purchased services and materials.

CAPITAL OUTLAY

The General Fund capital outlay for fiscal year 2017 totals \$320,000, which includes the following:

- \$70,000 – Replacement of two Police vehicles (will be purchased using installment financing)
- \$185,000 – Replacement of a garbage truck for Public Works (will be purchased using installment financing)
- \$35,000 – Replacement of a service truck for Public Works (will be purchased using installment financing)
- \$30,000 – Fire Department equipment

The fiscal year 2017 budgeted capital outlay for the General Fund is \$199,000 (164.5%) greater than the original fiscal year 2016 budget. The amount of capital outlay varies from year-to-year and is contingent on the useful life of previously purchased capital items.

The Water and Sewer Fund capital outlay totals \$321,500 for fiscal year 2017 and includes the following:

- \$116,500 – Equipment (will be partially purchased using installment financing)
- \$175,000 – Sewer bypass project
- \$30,000 – Sewer rehabilitation work

The Water and Sewer Fund fiscal year 2017 budgeted capital outlay is \$78,471 (32.3%) greater than the fiscal year 2016 budget.

The fiscal year 2017 Storm Water Fund capital outlay is for equipment and totals \$62,500, which is \$21,750 (53.4%) greater than the fiscal year 2016 budget.

FUND TRANSFERS

The General Fund budget includes a \$50,000 transfer to the Beach Protection Fund. The Beach Protection Fund is a reserve fund for beach related expenditures. Refer to page 19 for more information regarding the Beach Protection Fund.

The Water and Sewer Fund includes a \$50,000 transfer to a new Water and Sewer Capital Projects Fund. This new fund is for a project to replace the H Avenue lift station that is scheduled to begin in fiscal year 2017 and will be established under a separate Capital Project Ordinance later in fiscal year 2017.

The Storm Water Fund budget contains a \$400,000 transfer to a new Storm Water Capital Projects Fund. This capital projects fund is for a substantial storm water project that is scheduled for fiscal year 2017 in the Kure Beach Village area. This new fund will also be established under a separate Capital Project Ordinance during fiscal year 2017.

CONTINGENCY

A contingency of \$52,880 (1.2% of the budget) is included in the General Fund budget for fiscal year 2017. This contingency appropriation is to provide for unanticipated increases in budgetary needs during the course of the year.

No actual expenditures can be made from the contingency appropriation. Funds must first be moved from the contingency appropriation to a department or function and then expended. This movement of funds shall be authorized by resolution of the governing body and will be deemed an amendment to the budget ordinance.

GENERAL FUND SUMMARY

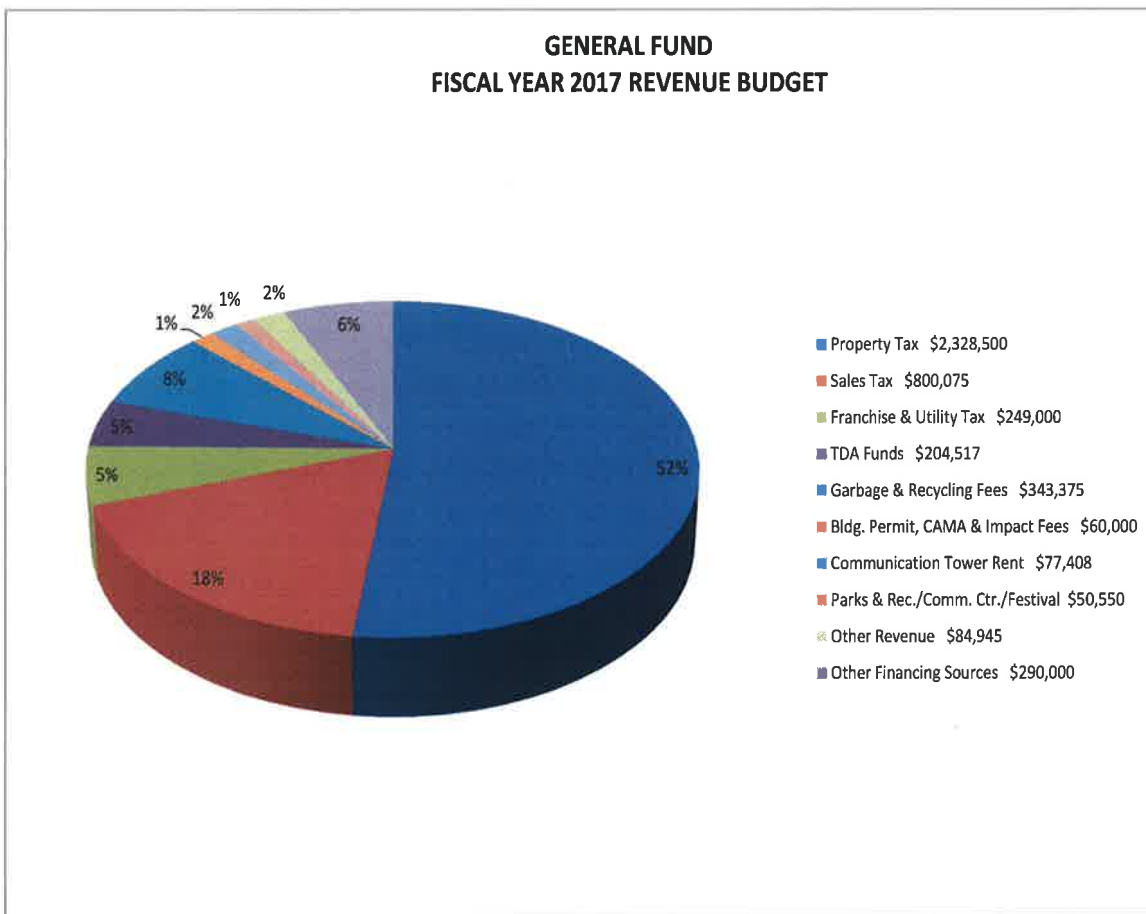
The budget preparation for the General Fund has, as in the past, been the most difficult of all of our funds. The number of non-utility services provided by the Town, as well as the general expenses of operating the government, makes the process of developing and balancing this budget challenging. Issues, including, but not limited to the following have made the allocation of finite General Fund resources difficult:

- 1) Public safety staffing needs arising from regulatory requirements, as well as the increase in tourism and increase in full year residents.
- 2) The desire to maintain the types and levels of service provided to Town residents and property owners.
- 3) The need to build reserves in anticipation of future beach nourishment costs.
- 4) General price increases for purchased services and materials.

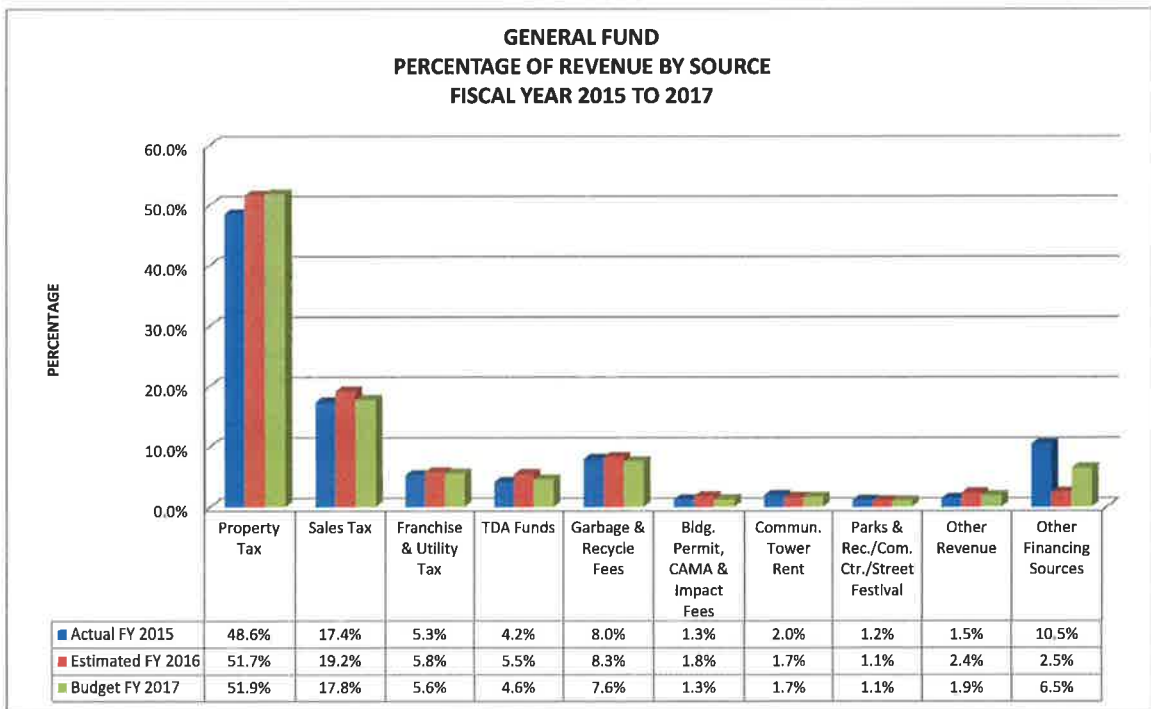
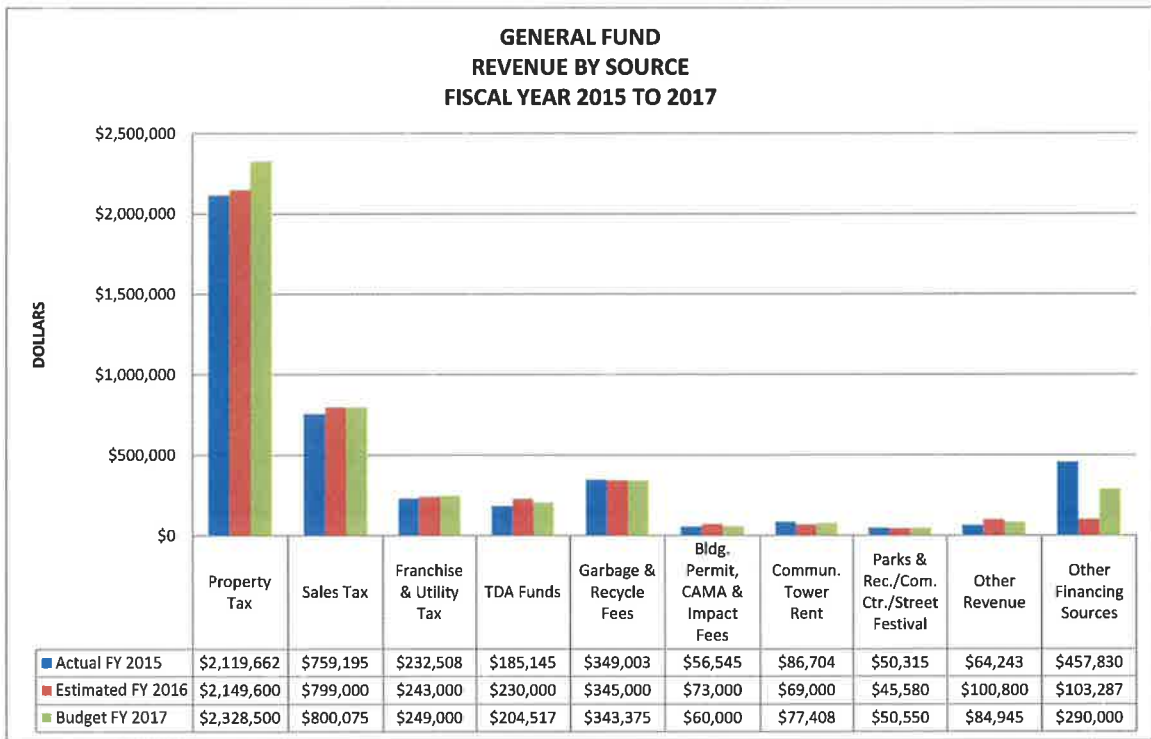
As noted earlier, the issues listed above have led to the need to propose a 2.35 cent increase in the property tax rate for fiscal year 2017; however, no other General Fund fees are changing.

When comparing the total fiscal year 2017 General Fund budget to the fiscal year 2016 original budget and amended budget as of May 17, 2016, the total 2017 budget has increased by 11.7% in relation to the original budget and 9.8% in relation to the amended budget. In comparison to the fiscal year 2016 original budget, operating expenses have increased 9.5%, capital outlay increased 164.5%, debt service increased 7.6%, fund transfers have no change and the contingency decreased 59.5%.

The breakdown of budgeted revenue, by major source, for fiscal year 2017 is as follows:



For comparative purposes, the charts on the next page present the revenue by source and the percentage of revenue by source budgeted for fiscal year 2017 in relation to the estimated revenue for fiscal year 2016 and the actual revenue for fiscal year 2015.

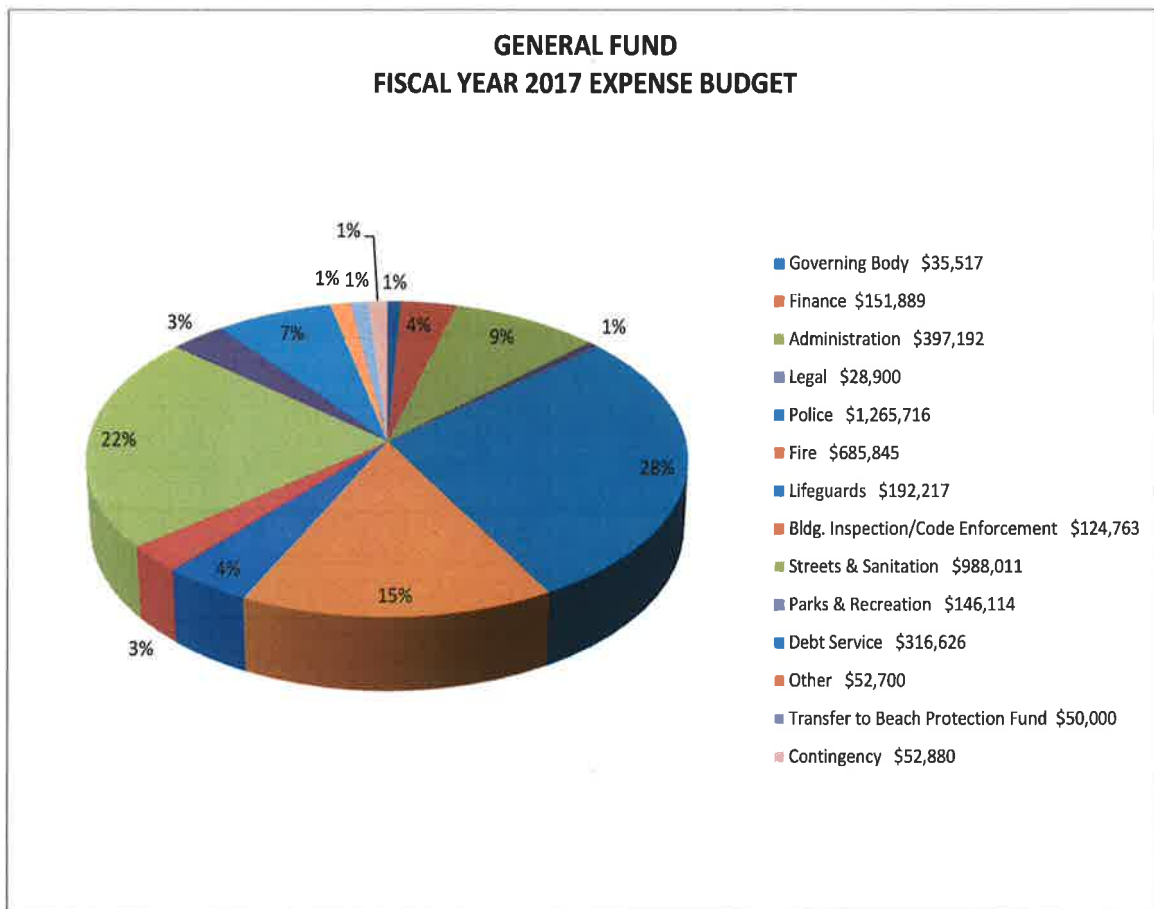


As the charts above depict, revenue from property taxes consistently approximates 50% of the General Fund’s total revenue. The other categories have remained fairly consistent from year-to-year with the exception of “Other Financing Sources” in fiscal year 2015.

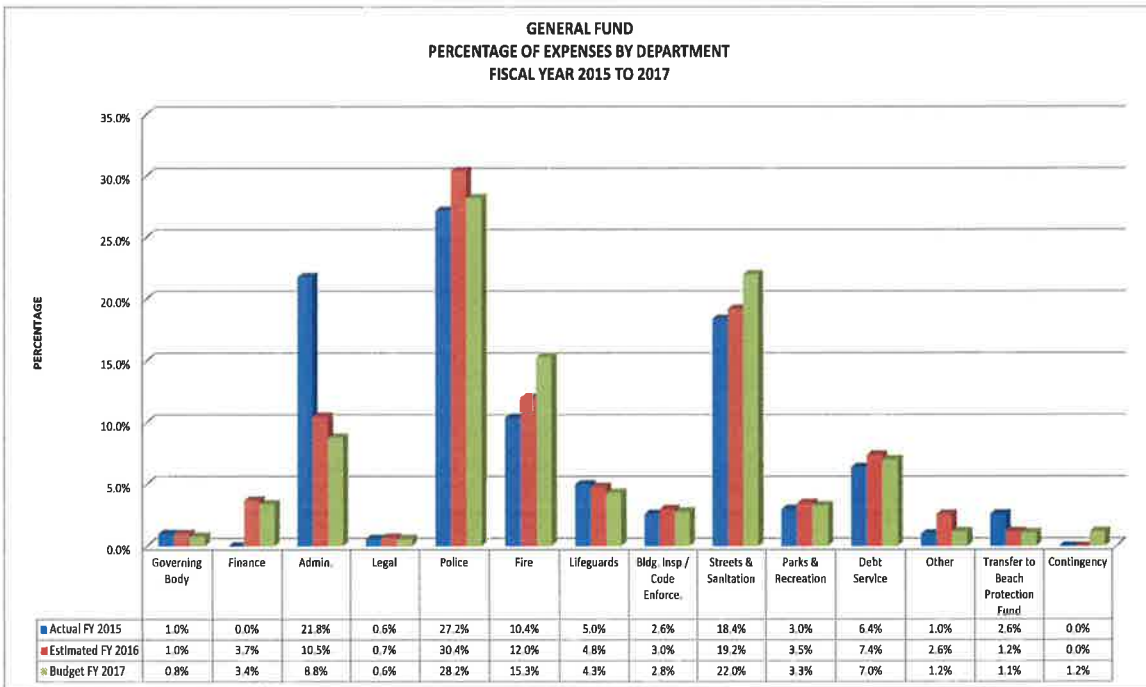
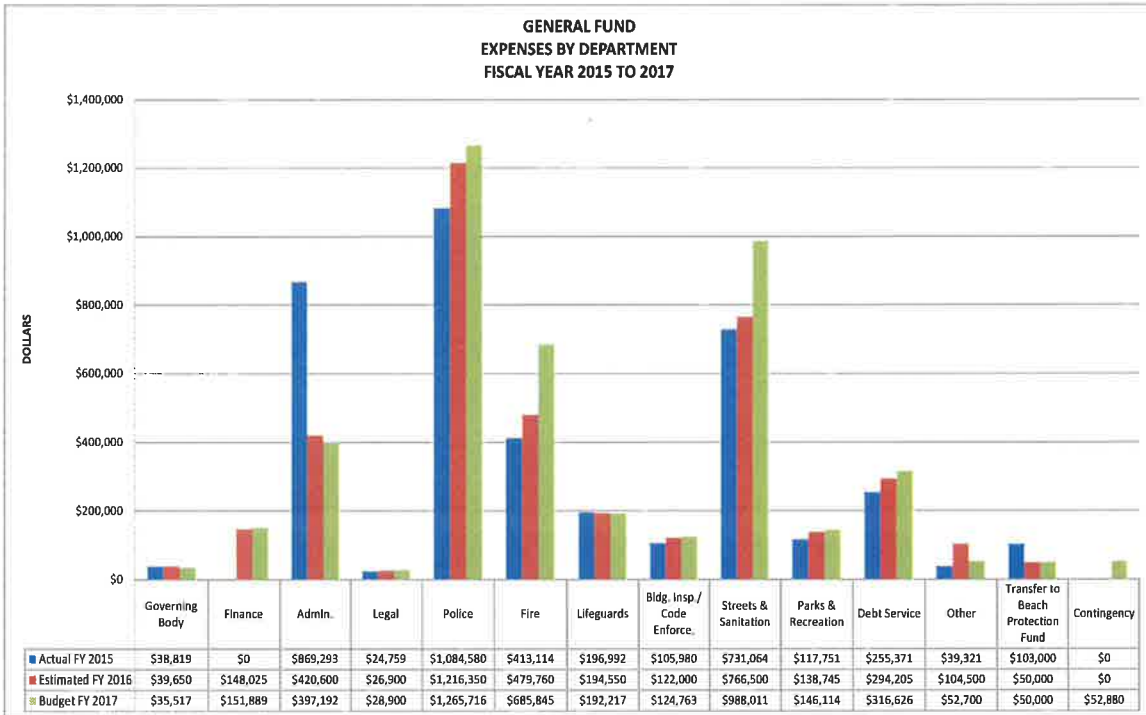
“Other Financing Sources” are installment loans and vary based on the level of capital outlay. Fiscal year 2015 includes a loan of \$409,471 for the purchase of three vacant lots for future expansion of Town operations.

Refer to Exhibit A (on pages 22 to 23) for a summary of the most significant changes, by General Fund revenue source, between the budgets for fiscal year 2017 and 2016.

The breakdown of budgeted General Fund expenses, by department/function, for fiscal year 2017 is as follows:



The charts on the next page present the expenses by department/function and the percentage of expenses by department/function budgeted for fiscal year 2017 in relation to the estimated expenses for fiscal year 2016 and the actual expenses for fiscal 2015.



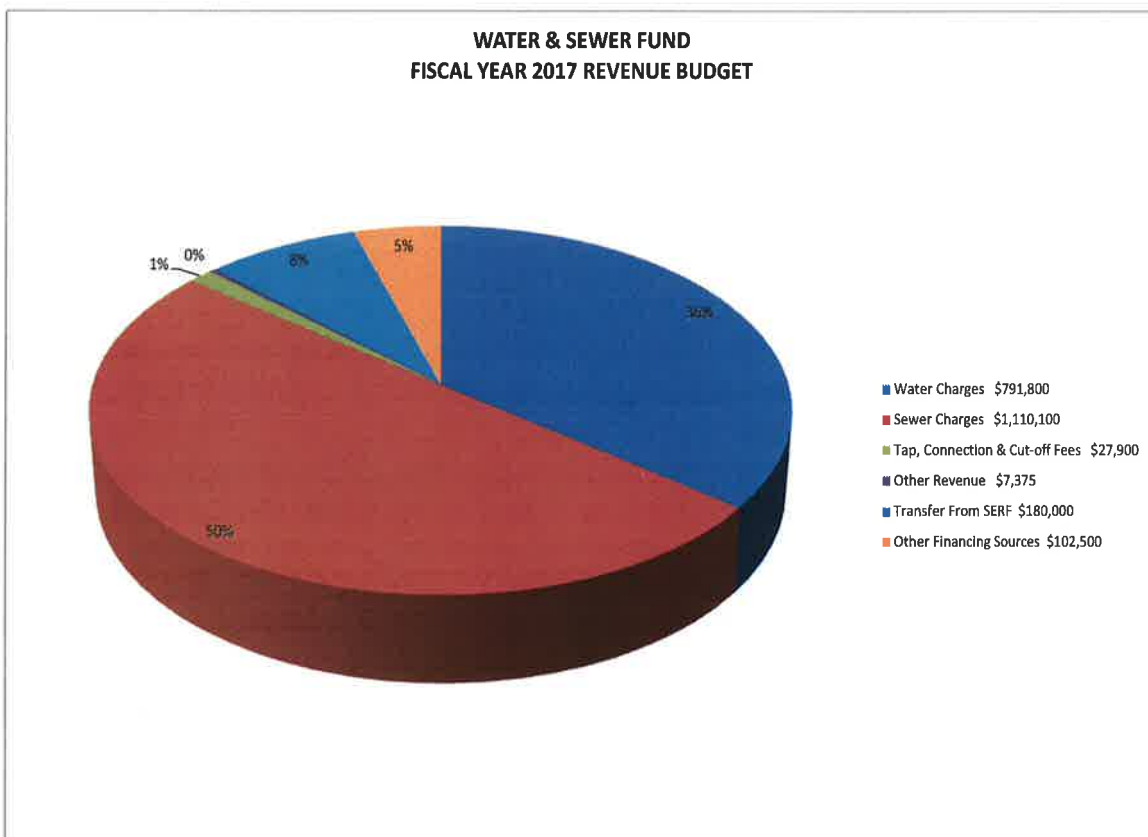
The General Fund expenses by department/function, both dollars and percentage, have remained relatively consistent. Many of the fluctuations relate to the amount of capital outlay for the given year. For example, “Administration” is significantly higher in fiscal year 2015 due to the purchase of three vacant lots that were charged to that department. In regard to the “Fire Department” expenses, the proposed budget for fiscal year 2017 includes the addition of four full time employees.

Refer to Exhibit B (on pages 24 to 27) for a summary of the most significant changes, by General Fund department/function, between the budgets for fiscal year 2017 and 2016.

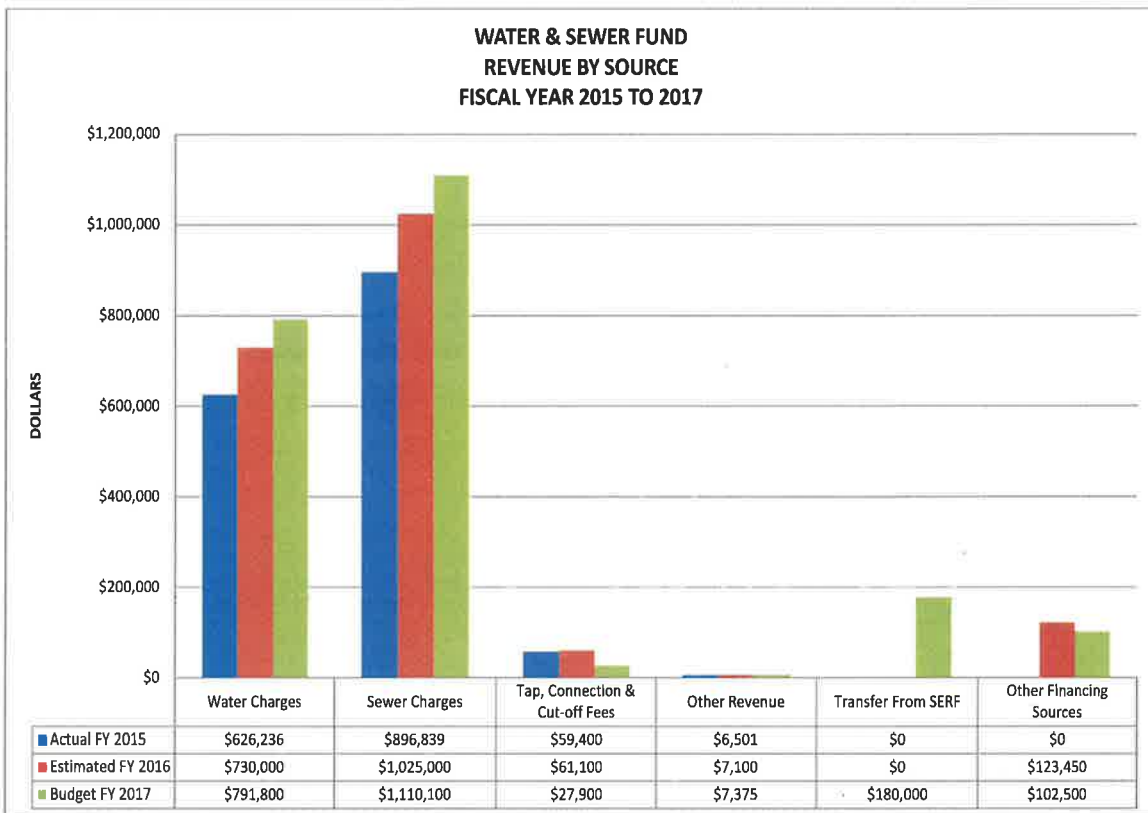
WATER AND SEWER FUND SUMMARY

Overall, the fiscal year 2017 Water and Sewer Fund budget is 17.7% greater than the fiscal year 2016 budget. In relation to the fiscal year 2016 budget, operating expenses have increased 15.0%, capital outlay has increased by 32.3%, debt service has increased by 29.9% and fund transfers have no change. Also, as previously noted on page 3, to continue to provide for sufficient accumulation of reserves for future infrastructure projects, changes to the residential water and sewer rates are being proposed that will impact high usage customers (monthly usage over 7,000 gallons).

The breakdown of Water and Sewer Fund budgeted revenue, by major source, for fiscal year 2017 is as follows:



The chart on the next page shows the Water and Sewer Fund revenue by source budgeted for fiscal year 2017 compared to the estimated revenue for fiscal year 2016 and the actual revenue for fiscal year 2015.

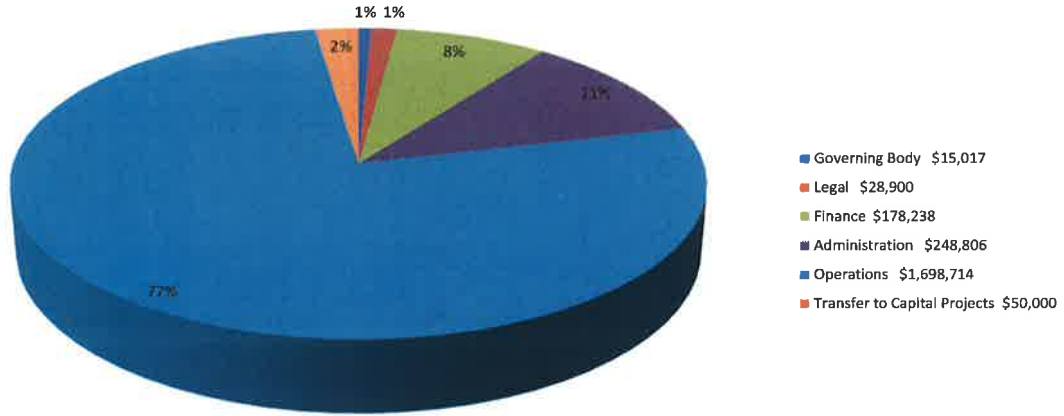


The most significant revenue sources, “Water and Sewer Charges”, have increased in fiscal year 2016 as a result of rate changes to all customer accounts implemented as part of the fiscal year 2016 budget. For fiscal year 2016, the minimum gallons were lowered to 2,500 and the rate charged for usage above the minimum was increased. As previously discussed, proposed for fiscal year 2017 is another rate tier for residential customers when monthly usage exceeds 7,000 gallons. The projected increases for fiscal year 2017 reflect the proposed rate changes. Also, fiscal year 2017 includes a transfer from the Sewer Expansion Reserve Fund (SERF) that will be used for planned capital projects.

Refer to Exhibit C (on page 28) for a summary of the most significant changes, by Water and Sewer Fund revenue source, between the budgets for fiscal year 2017 and 2016.

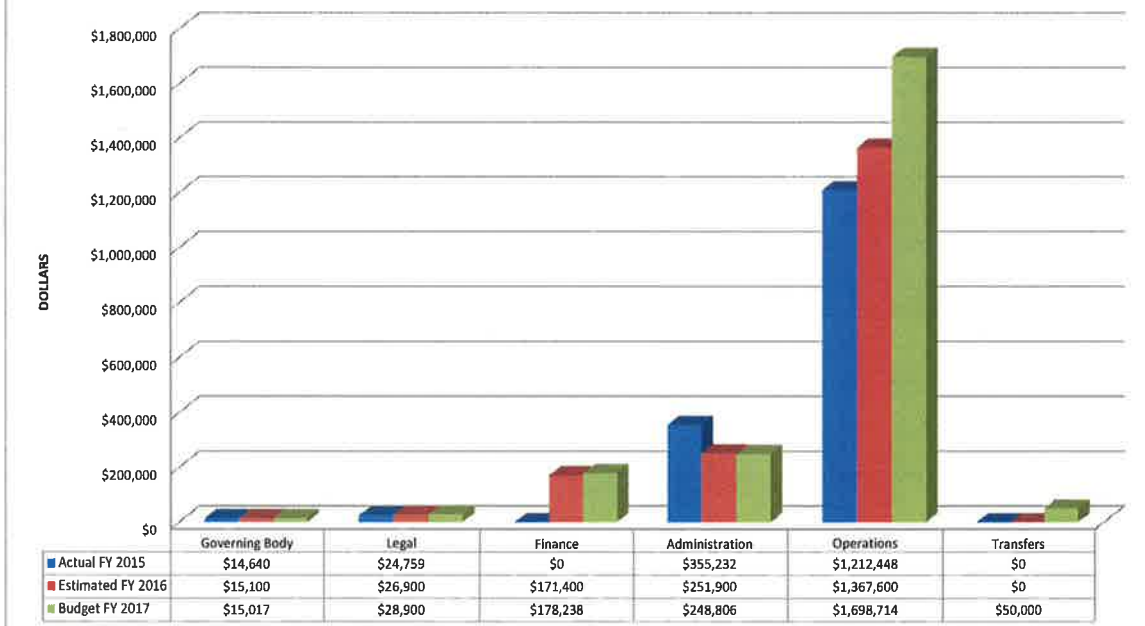
The breakdown of budgeted Water and Sewer Fund expenses, by department/function, for fiscal year 2017 is presented on the next page.

**WATER & SEWER FUND
FISCAL YEAR 2017 EXPENSE BUDGET**



The chart below shows the expenses by department/function for the Water and Sewer Fund budgeted for fiscal year 2017 in comparison to the estimated expenses for fiscal year 2016 and the actual expenses for fiscal year 2015.

**WATER & SEWER FUND
EXPENSES BY DEPARTMENT
FISCAL YEAR 2015 - 2017**



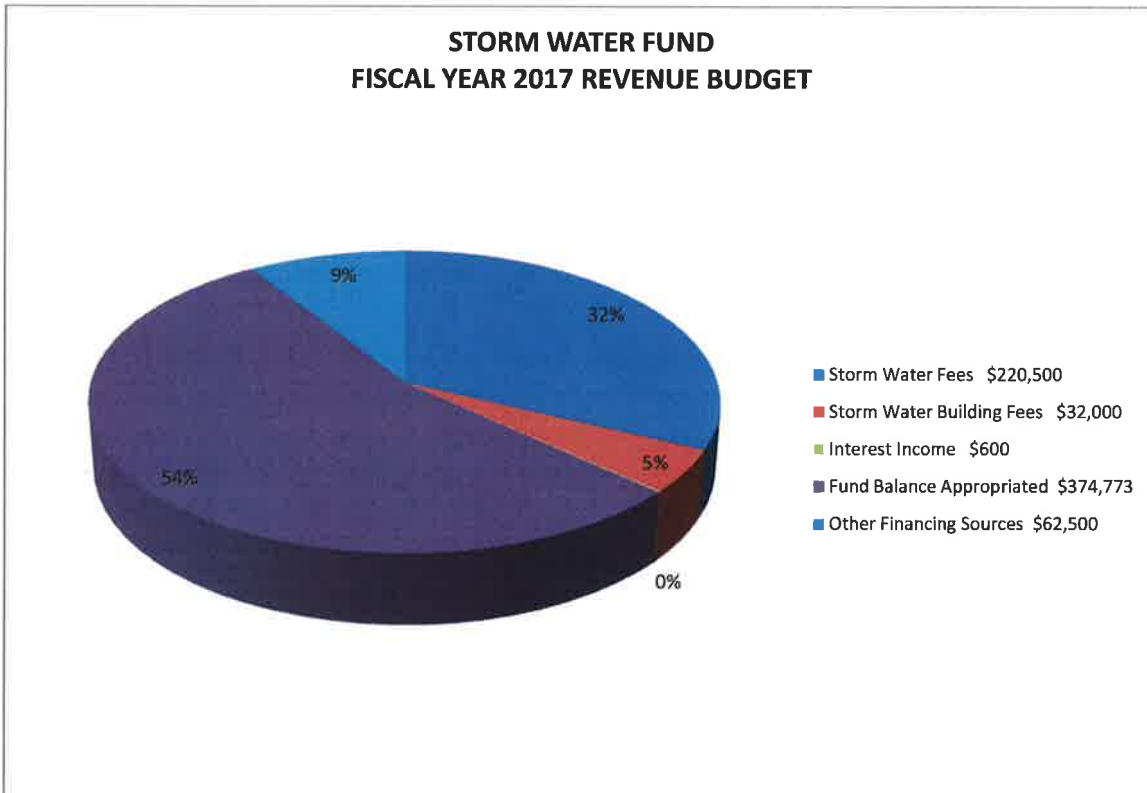
In reference to the chart on the previous page, the variations in “Operations” expenses primarily relate to the amount of capital outlay for the given year and increased system maintenance costs. In regard to “Finance”, this department was separated from “Administration” beginning in fiscal year 2016.

Refer to Exhibit D (on pages 29 and 30) for a summary of the most significant changes, by Water and Sewer Fund department/function, between the budgets for fiscal year 2017 and 2016.

STORM WATER FUND SUMMARY

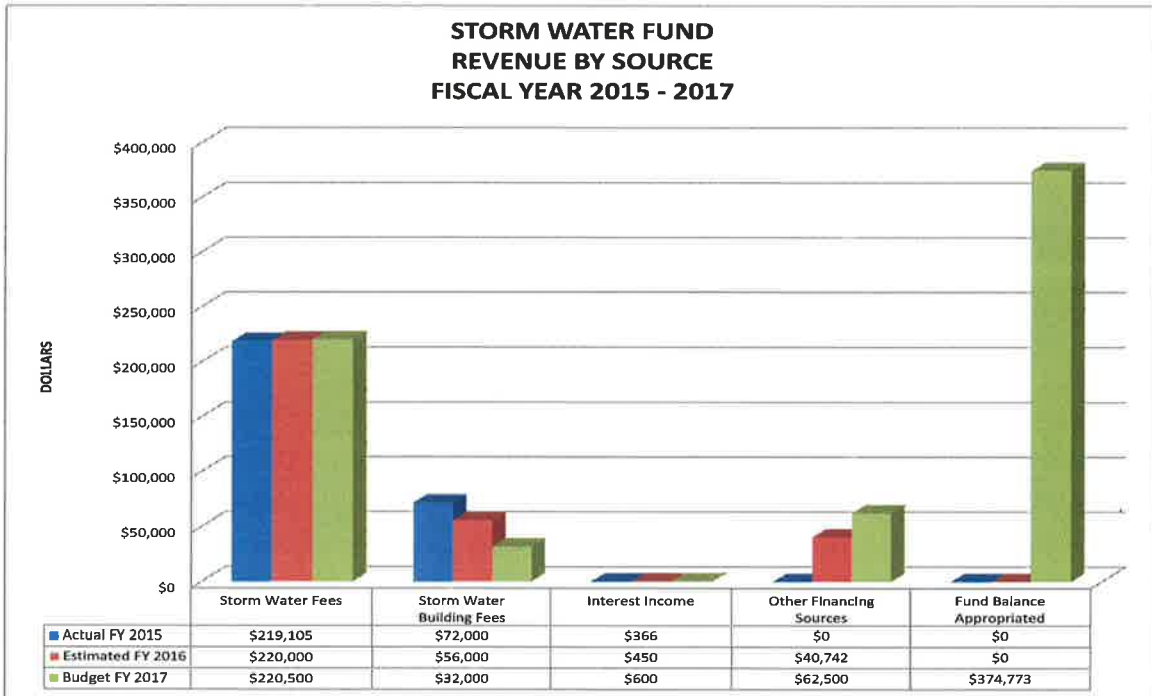
Overall, the fiscal year 2017 Storm Water Fund budget is 31.9% greater than the fiscal year 2016 budget. Operating expenses are 9.2% higher, capital outlay is 53.4% greater, debt service is 10.7% higher and transfers are 45.5% higher. The significant increase in capital outlay is the result of equipment purchases. In regard to transfers; \$400,000 is being transferred to the Storm Water Capital Projects Fund for a storm water project in the Kure Beach Village area.

The breakdown of Storm Water Fund budgeted revenue, by major source, for fiscal year 2017 is as follows:

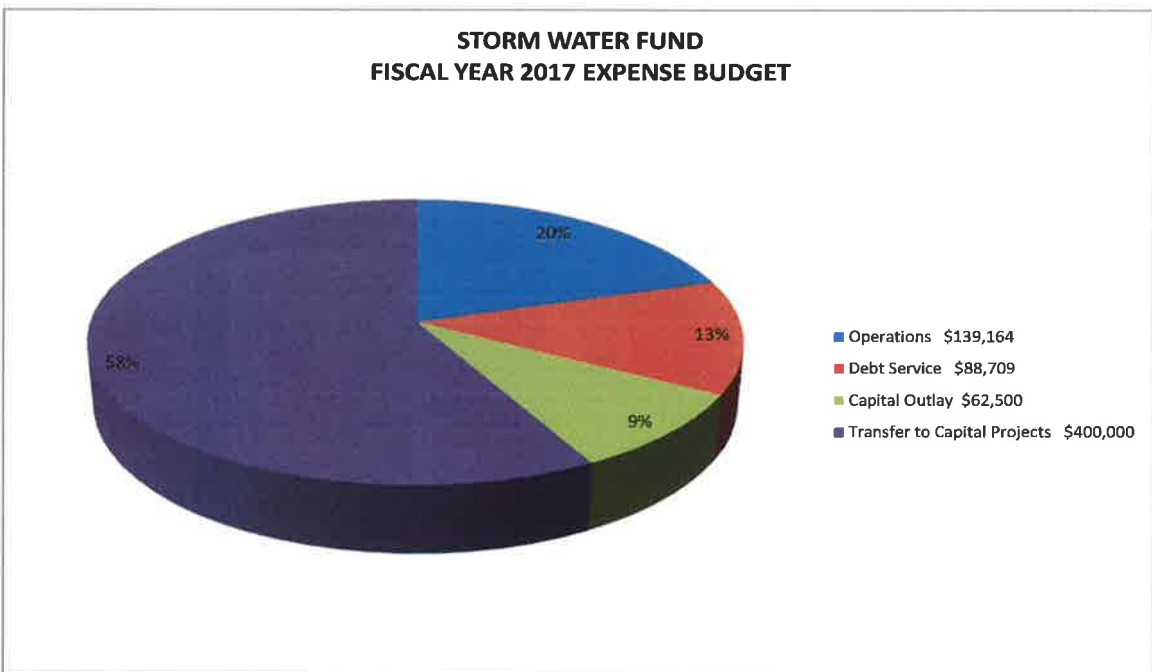


Refer to Exhibit E (on page 31) for a summary of the most significant changes, by Storm Water Fund revenue source, between the budgets for fiscal year 2017 and 2016.

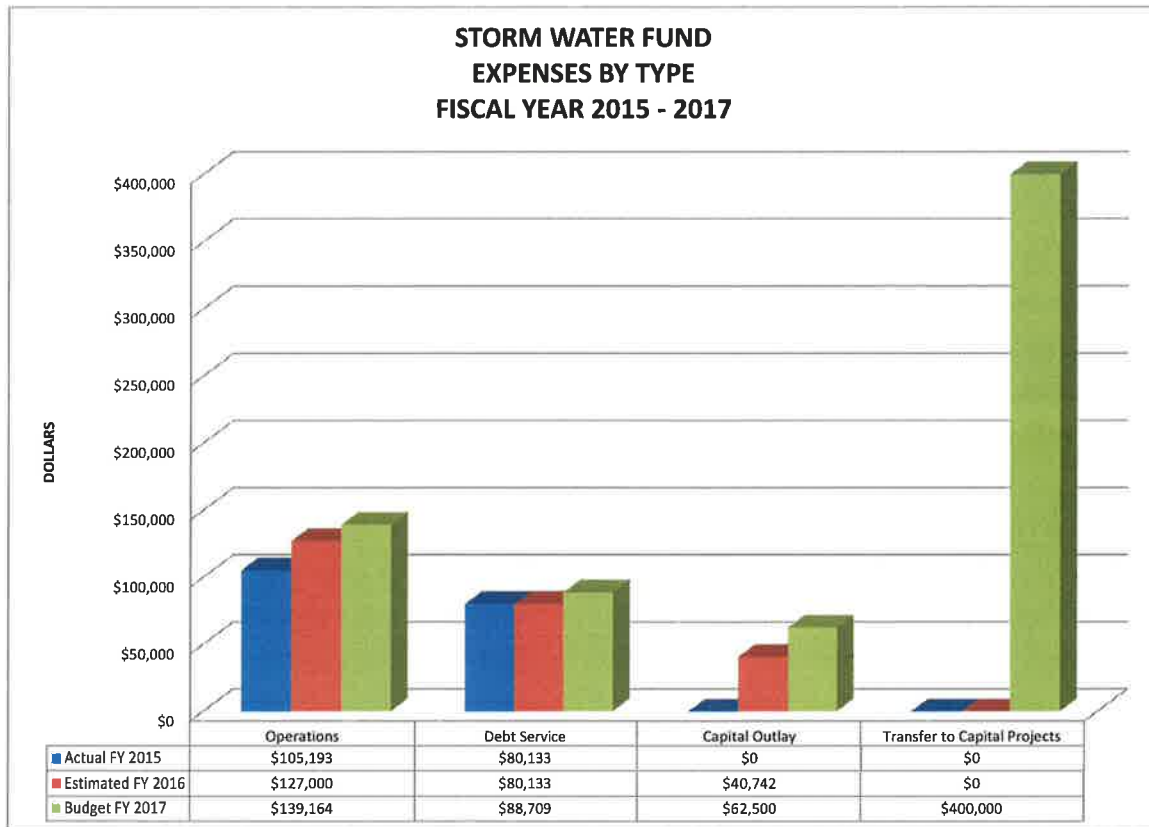
The chart below compares the budgeted fiscal year 2017 revenue to the estimated revenue for fiscal year 2016 and the actual revenue for 2015. As depicted by the chart, the major revenue source, “Storm Water Fees”, has remained steady. “Storm Water Building Fees” fluctuate based on the amount of building activity. Finally, fiscal year 2017 includes an appropriation of fund balance that will be the primary source to transfer funds to the Storm Water Capital Projects Fund.



The breakdown of budgeted Storm Water Fund expenses, by type, for fiscal year 2017 is as follows:



The following chart shows the budgeted fiscal year 2017 expenses by type in relation to the estimated fiscal year 2016 and actual 2015 Storm Water Fund expenses.



As indicated by the chart above, the expenses relating to “Operations” have increased due to an increase in storm water related work performed by Public Works. Fluctuations in “Capital Outlay” relate to the number and size of projects to be performed in a given year. Lastly, fiscal year 2017 includes a transfer to the Storm Water Capital Projects Fund.

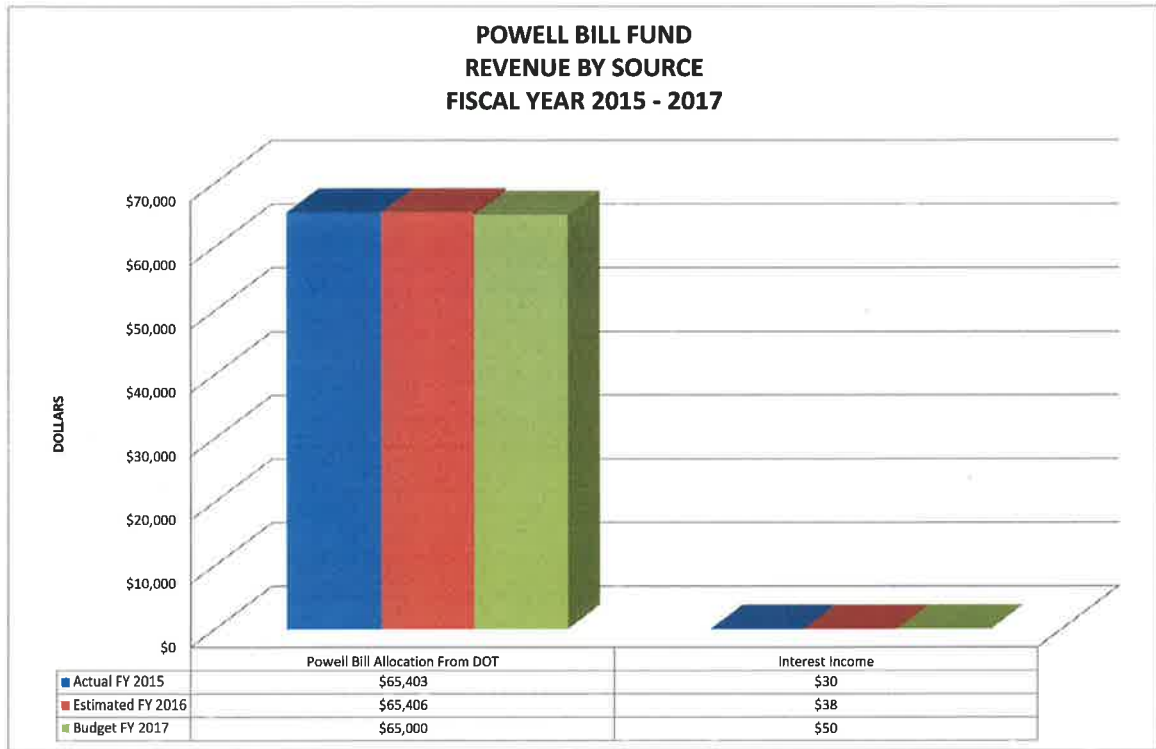
Refer to [Exhibit F](#) (on page 32) for a summary of the most significant changes, by Storm Water Fund expense type, between the budgets for fiscal year 2017 and 2016.

POWELL BILL FUND SUMMARY

Funds received through the Powell Bill may only be used for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curbs and gutters and other necessary appurtenances within the corporate limits. Beginning in fiscal year 2016, the General Statutes relating to Powell Bill funding were changed. The General Assembly may now appropriate funds to the Department of Transportation for State aid to municipalities rather than linking it to fuel tax collections. The total amount allocated to each qualifying municipality is 75% on the basis of relative population and 25% on the basis of relative non-State System

local street mileage. The total budgeted allocation to Kure Beach for fiscal year 2017 is estimated at \$65,000 and interest income is estimated at \$50. Additionally, budgeted Powell Bill eligible expenditures total \$65,050.

The chart below shows budgeted Powell Bill Fund revenue for fiscal year 2017 in comparison to estimated fiscal year 2016 revenue and actual fiscal year 2015 revenue. As indicated by the data, revenue for this fund remains very constant.



BEACH PROTECTION FUND SUMMARY

The Beach Protection Fund was established as part of the fiscal year 2014 Kure Beach Budget Ordinance. It was established as a reserve fund for future beach nourishment expenses, as well as other beach related expenditures including, but not limited to, beach access improvements/repairs, dune maintenance, dune plantings, beach protection signage, dune infiltration systems, etc. The uncertainties surrounding state and federal funding of future beach nourishment projects was the driving force behind the establishment of this fund. For fiscal year 2017, the revenue source for the Beach Protection Fund will be a transfer of \$50,000 from the General Fund and interest of \$440 from Fund investments. Since fiscal year 2014, a total of \$249,000 has been transferred from the General Fund to the Beach Protection Fund.

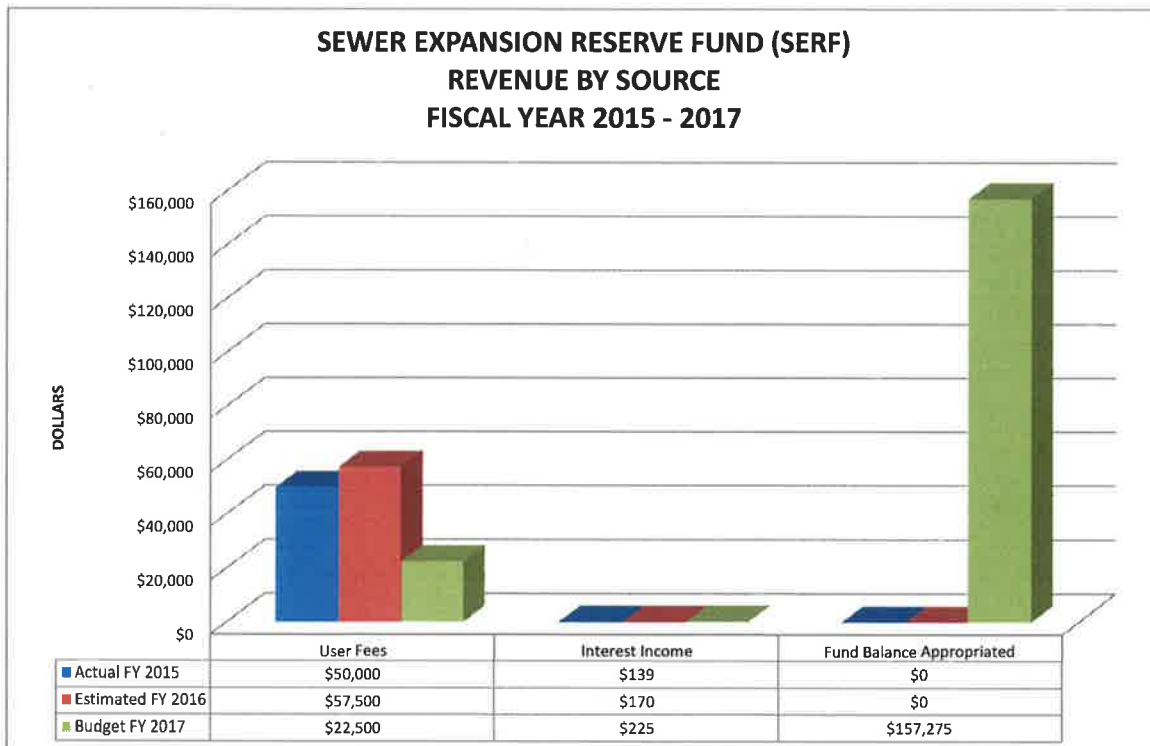
FEDERAL ASSET FORFEITURE FUND SUMMARY

On an as needed basis, the Kure Beach Police Department participates in investigations conducted by several federal agencies. The Police Department shares in the assets that are forfeited based on the outcome of the investigations and the level of resources provided. The funds received may only be used for Police related activities that are beyond the Police Department operating budget (which is a portion of the total General Fund budget). Under no circumstances, can the Police Department operating budget be funded with forfeiture proceeds. For fiscal year 2017, the use of asset forfeiture funds will be appropriated from the fund’s balance and is estimated at \$50,000.

SEWER EXPANSION RESERVE FUND (SERF) SUMMARY

As required by Town Ordinance (Sec. 17-127 – User Fees), user fees will be charged on new construction and these user fees shall be recorded in SERF for the purpose of future expansion, construction, repairs or alterations to the system. Currently, this fee is \$2,500. For fiscal year 2017, revenue from user fees is estimated at \$22,500. Additionally, interest income from Fund investments is budgeted at \$225. Finally, fiscal year 2017 SERF revenue includes a fund balance appropriation of \$157,275 that will be used as the source for a transfer to the Water and Sewer Fund for a sewer bypass project.

SERF revenue budgeted for fiscal year 2017 in comparison to the estimated revenue for fiscal year 2016 and the actual revenue for fiscal year 2015 is presented below. The revenue for this fund is fully dependent on the level of construction activity within the Town.



SUMMARY

The fiscal year 2017 Town of Kure Beach budget reflects a thorough review of Town expenditures and conservative, but reasonable, estimation of revenues.

As tourism to the Town continues to grow and the Town's full time population steadily increases, the resources, both human and financial, required to provide Town services must respond accordingly. As a result, the fiscal year 2017 budget includes a proposal to add five full time public safety personnel; four in the Fire Department and one in the Police Department. An increase in staffing is necessary to continue to offer the exceptional level and quality of Town services. In order to meet the demands noted above, many possible funding sources were considered and evaluated. After much deliberation, a property tax rate increase of 2.35 cents is being proposed.

This budget also includes a process to continue to build reserves for potential future beach nourishment needs. A transfer of \$50,000 from the General Fund to the Beach Protection Fund is included in this budget.

In regard to the Water and Sewer Fund, the revenues are presently covering the daily operating costs and providing for some reserves for future infrastructure projects. Several significant projects are planned for the upcoming fiscal year, including replacement of the H Avenue lift station and the sewer bypass project. These projects will be funded using a combination of accumulated reserves and bank financing. The proposed modification to the residential water and sewer rate structures included as part of this budget assist in ensuring that sufficient reserves are maintained by charging higher rates to those customers using in excess of 7,000 gallons in a month. These changes to the water and sewer rates place increased financial responsibility on those customers who use the systems the most, as well as serve as a means to promote water conservation.

The Storm Water Fund revenues continue to address the day-to-day operating costs and are providing a reasonable level of reserve strengthening for future infrastructure projects. A significant storm water project is planned for fiscal year 2017 that will utilize a portion of the reserves that have been accumulated.

In conclusion, I believe the proposed fiscal year 2017 Kure Beach budget supports the goals established by Town Council, reflects the Council's service priorities and is responsive to the Town's needs. I would like to express my appreciation to all Department Heads, as well as all Town employees, who participated in the development of the fiscal year 2017 budget.

Respectfully submitted,



Arlen Copenhaver
Finance and Budget Officer

EXHIBIT A

**GENERAL FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

REVENUE TYPE	ORIGINAL 2016 BUD.	AMENDED 2016.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Property Taxes	\$2,121,250	\$2,121,250	\$2,328,500	\$207,250	9.8%	\$207,250	9.8%	Proposed 2.35 cent property tax rate increase and higher property valuation provided by New Hanover County Tax Department.
Sales Tax	\$785,200	\$785,200	\$800,075	\$14,875	1.9%	\$14,875	1.9%	Actual growth in FY 2016 greater than budgeted. FY 2017 estimated to be slightly greater than FY 2016 forecast.
Franchise & Utility Taxes	\$201,500	\$201,500	\$249,000	\$47,500	23.6%	\$47,500	23.6%	Telecommunications & video programming taxes remain neutral. Electric franchise fee eliminated in FY 2015 and replaced with an electric sales tax which has generated additional revenue.
TDA	\$203,057	\$222,364	\$204,517	\$1,460	0.7%	(\$17,847)	-8.0%	FY 2017 budget is for lifeguards, Pleasure Island Chamber of Commerce concerts & Kure Beach Christmas show.
Garbage & Recycle Fees	\$341,400	\$341,400	\$343,375	\$1,975	0.6%	\$1,975	0.6%	
ABC Revenue	\$10,725	\$10,725	\$12,300	\$1,575	14.7%	\$1,575	14.7%	Upward trend in ABC revenue.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$57,200	\$57,200	\$60,000	\$2,800	4.9%	\$2,800	4.9%	Upward trend in building related fees.

EXHIBIT A

**GENERAL FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

REVENUE TYPE	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Communication Tower Rent	\$86,702	\$86,702	\$77,408	(\$9,294)	-10.7%	(\$9,294)	-10.7%	Nextel terminated lease subsequent to adoption of the FY 2016 budget. FY 2017 includes annual increase for existing leases and the new Comspeco lease.
Motor Vehicle Decals	\$7,000	\$7,000	\$12,000	\$5,000	71.4%	\$5,000	71.4%	Council decision to include \$5 motor vehicle tax in Tag and Tax Together Program which means that 100% of motor vehicles must pay the tax or the vehicle registration will not be renewed.
Beer & Wine Tax	\$9,500	\$9,500	\$10,000	\$500	5.3%	\$500	5.3%	Forecasted state-wide increases for FY 2017.
Sales Tax Refund	\$30,000	\$30,000	\$47,500	\$17,500	58.3%	\$17,500	58.3%	Estimated refund of sales taxes paid by the Town in FY 2016.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$36,950	\$36,950	\$39,550	\$2,600	7.0%	\$2,600	7.0%	Estimated increase in bluefish sales.
Town Facility Rentals	\$10,500	\$10,500	\$11,000	\$500	4.8%	\$500	4.8%	Rental fees for the Ocean Front Park pavilion and the Community Center.
All Other Revenue	\$7,845	\$56,350	\$3,145	(\$4,700)	-59.9%	(\$53,205)	-94.4%	FY 2016 amended budget includes grant for H Ave. beach access.
Other Financing Sources	\$111,000	\$111,000	\$290,000	\$179,000	161.3%	\$179,000	161.3%	Loans for garbage truck, service truck and 2 police vehicles.
TOTAL GENERAL FUND	\$4,019,829	\$4,087,641	\$4,488,370	\$468,541	11.7%	\$400,729	9.8%	

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Governing Body	410	\$40,467	\$44,467	\$35,517	(\$4,950)	-12.2%	(\$8,950)	-20.1%	Decrease of \$3,500 (47%) in Governmental Relations, \$750 (50%) decrease in telephone/ internet costs and \$700 (4%) decrease in contributions.
Committees	412	\$7,500	\$61,794	\$4,300	(\$3,200)	-42.7%	(\$57,494)	-93.0%	FY 2016 amended budget includes H Avenue handicap beach access project funded by grant proceeds.
Finance	415	\$146,033	\$148,027	\$151,889	\$5,856	4.0%	\$3,862	2.6%	Overall a \$2,592 (3.6%) increase in personnel-related costs. Other changes include \$500 (25%) increase in travel/training and \$4,910 (17%) increase in sales tax expense.
Administration	420	\$385,448	\$420,638	\$397,192	\$11,744	3.0%	(\$23,446)	-5.6%	Overall \$7,219 (6.8%) increase in personnel-related costs. Other changes include a \$6,225 (34%) increase in retiree medical insurance, \$4,000 (3%) increase in recycle service costs, \$3,500 (5%) increase in P&L / WC insurance, \$3,000 (33%) decrease in telephone costs, \$5,000 (40%) decrease in building maintenance and \$1,000 (25%) decrease in minor equipment.
Community Center	421	\$17,750	\$17,750	\$23,300	\$5,550	31.3%	\$5,550	31.3%	Increase of \$500 (25%) for utilities and \$5,000 (67%) increase in maintenance costs.
Elections	430	\$3,100	\$3,100	\$0	(\$3,100)	-100.0%	(\$3,100)	-100.0%	No local election in FY 2017

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Emergency Management	446	\$100	\$100	\$100	\$0	0.0%	\$0	0.0%	
Tax Collection	460	\$25,000	\$25,000	\$25,000	\$0	0.0%	\$0	0.0%	
Legal	470	\$28,900	\$28,900	\$28,900	\$0	0.0%	\$0	0.0%	
Police Dept.	510	\$1,208,819	\$1,216,354	\$1,265,716	\$56,897	4.7%	\$49,362	4.1%	Overall \$32,850 (3.6%) increase in full-time personnel-related costs (1 new position). Other changes are \$32,295 (68%) increase in part-time pay & taxes, \$22,534 (756%) increase in LEO Separation Allowance & taxes, \$4,000 (42%) increase in telephone, \$12,050 (77%) decrease in building maintenance, \$11,500 (28%) decrease in auto gas & oil, \$5,000 (42%) decrease in minor equipment and \$14,000 (17%) decrease in capital outlay - vehicles.
Fire Dept.	530	\$484,760	\$479,760	\$685,845	\$201,085	41.5%	\$206,085	43.0%	Overall \$197,873 (63%) increase in full-time personnel-related costs due to the addition of 4 new employees. Other changes include a \$6,718 (33%) increase in part-time pay & taxes, \$4,494 (12%) increase in Drill Fees & taxes, \$1,500 (46%) increase in physical exams, \$2,000 (44%) increase in uniforms, \$5,000 (20%) increase in capital outlay and elimination of the Live-In Program (reduction of \$17,000).

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Lifeguards	531	\$190,957	\$194,557	\$192,217	\$1,260	0.7%	(\$2,340)	-1.2%	Overall \$1,860 (1.2%) increase in personnel-related expenses, \$2,000 (27%) increase in minor equipment, \$2,000 (50%) decrease in travel/ training and \$600 (86%) decrease in telephone.
Parks & Recreation	532	\$138,748	\$138,748	\$146,114	\$7,366	5.3%	\$7,366	5.3%	Overall \$3,391 (5.7%) increase in full-time personnel-related costs and a \$3,229 (100%) increase in part-time personnel costs. Other changes are \$1,800 (43%) increase for the cost of boardwalk fish, \$3,500 (70%) increase in Other Town Events (for annual Christmas Show previously in Council budget), \$2,000 (25%) increase for the Street Festival/70th anniversary, \$804 (35%) decrease for telephone, \$3,000 (60%) decrease in travel/training and \$2,000 (13%) decrease in Boogie In The Park expenses.
Building Inspection/ Code Enforcement	540	\$126,565	\$126,565	\$124,763	(\$1,802)	-1.4%	(\$1,802)	-1.4%	Overall \$3,873 (4.4%) increase in full-time personnel-related costs. Other changes include a \$2,000 (200%) increase in Supplies, \$3,500 (78%) decrease in building maintenance, \$2,000 (24%) decrease in beach-related costs and \$1,500 (60%) decrease in contracts (lawn maintenance).

EXHIBIT B

GENERAL FUND BUDGET BY DEPARTMENT/FUNCTION

FY 2017 VS. FY 2016

(as of 5/17/16)

DEPARTMENT	DEPT. NO.	ORIGINAL 2016 BUD.	AMENDED 2016 BUD.	PROPOSED 2017 BUD.	DIFF. 2017 & ORIG. 2016	% CHG.	DIFF. 2017 & AMENDED 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Streets & Sanitation	550	\$740,797	\$766,504	\$988,011	\$247,214	33.4%	\$221,507	28.9%	Overall \$15,214 (3.6%) increase in personnel-related costs. Other changes include a \$6,000 (13%) increase in utilities, \$10,000 (333%) increase in building maintenance, \$3,000 (60%) increase in minor equipment, \$4,000 (50%) increase in equipment maintenance, \$208,000 (1733%) increase in capital outlay (garbage truck & service truck) and a \$1,500 (60%) decrease in computer costs.
Debt Service	560	\$294,205	\$294,205	\$316,626	\$22,421	7.6%	\$22,421	7.6%	New loan added in FY 2016 for equipment and vehicles.
Contingency	490	\$130,680	\$71,172	\$52,880	(\$77,800)	-59.5%	(\$18,292)	-25.7%	FY 2017 Contingency based on amount of Contingency used in prior years.
Transfers	580	\$50,000	\$50,000	\$50,000	\$0	0.0%	\$0	0.0%	Transfer to Beach Protection Fund.
TOTAL GENERAL FUND		\$4,019,829	\$4,087,641	\$4,488,370	\$468,541	11.7%	\$400,729	9.8%	

EXHIBIT C

**WATER AND SEWER FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

<u>REVENUE TYPE</u>	<u>2016 BUDGET</u>	<u>PROPOSED 2017 BUDGET</u>	<u>DIFF. 2017 & 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
Water Charges	\$710,710	\$791,800	\$81,090	11.4%	Impact of full year from FY 2016 rate increase and change in residential rate structure for FY 2017 adding an increased rate for usage over 7,000 gallons.
Sewer Charges	\$1,011,270	\$1,110,100	\$98,830	9.8%	Impact of full year from FY 2016 rate increase and change in residential rate structure for FY 2017 adding an increased rate for usage over 7,000 gallons.
Water & Sewer Tap Fees	\$27,000	\$27,000	\$0	0.0%	
Cutoff & Reconnection Fees	\$840	\$900	\$60	7.1%	
Other Revenue/ Fees	\$5,150	\$5,905	\$755	14.7%	Primarily past due charges (\$5,500).
Interest Income	\$885	\$1,470	\$585	66.1%	Changes to investment allocation.
Other Financing Sources	\$130,750	\$102,500	(\$28,250)	-21.6%	Loans for generator & 1/2 of backhoe.
Transfer From SERF	\$0	\$180,000	\$180,000		Revenue source for bypass & manhole/sewer rehab projects.
TOTAL WATER/ SEWER FUND	\$1,886,605	\$2,219,675	\$333,070	17.7%	

EXHIBIT D

WATER AND SEWER FUND BUDGET BY DEPARTMENT/FUNCTION

**FY 2017 VS. FY 2016
(as of 5/17/16)**

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>2016 BUDGET</u>	<u>PROPOSED 2017 BUDGET</u>	<u>DIFF. 2017 & 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
Governing Body	410	\$16,767	\$15,017	(\$1,750)	-10.4%	Decrease of \$1,000 (100%) in Governmental Relations and \$750 (50%) decrease in telephone/internet costs.
Legal	470	\$28,900	\$28,900	\$0	0.0%	
Finance	715	\$171,402	\$178,238	\$6,836	4.0%	Overall a \$5,975 (4.5%) increase in personnel-related costs. Other changes include a \$500 (25%) increase in travel/training and \$685 (11%) decrease in computer costs.
Administration	720	\$251,919	\$248,806	(\$3,113)	-1.2%	Overall \$7,219 (6.8%) increase in personnel-related costs. Other changes include a \$4,632 (29%) decrease in retiree medical insurance, \$3,000 (33%) decrease in telephone, \$5,000 (40%) decrease in building maintenance, \$1,000 (25%) decrease in minor equipment and a \$3,500 (5%) increase in P&L / WC insurance.

EXHIBIT D

WATER AND SEWER FUND BUDGET BY DEPARTMENT/FUNCTION

**FY 2017 VS. FY 2016
(as of 5/17/16)**

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>2016 BUDGET</u>	<u>PROPOSED 2017 BUDGET</u>	<u>DIFF. 2017 & 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
W/S Operations	810	\$1,367,617	\$1,698,714	\$331,097	24.2%	Overall \$14,609 (3.6%) increase in personnel-related costs. Other changes include \$3,000 (20%) increase in water testing, \$13,000 (186%) increase in permit fees, \$30,317 (30%) increase in debt service, \$50,000 (17%) increase in Carolina Beach treatment facility charges, \$11,000 (92%) increase in equipment/building maintenance, \$130,000 (158%) increase in system maintenance (lagoon cleaning), \$2,700 (37%) increase in minor equipment and \$92,721 (82.6%) increase in capital outlay - improvements. Decreases include \$1,500 (20%) in auto supplies, \$2,500 (33%) in computer costs and \$14,250 (11%) in capital outlay - equipment/vehicles.
Transfers	999	\$50,000	\$50,000	\$0		Transfer to the H Avenue Lift Station Capital Project Fund.
TOTAL WATER/ SEWER FUND		\$1,886,605	\$2,219,675	\$333,070	17.7%	

EXHIBIT E

**STORM WATER FUND REVENUE BY MAJOR SOURCE
FY 2017 VS. FY 2016
(as of 5/17/16)**

REVENUE TYPE	2016 BUDGET	PROPOSED 2017 BUDGET	DIFF. 2017 & 2016	% CHG.	SIGNIFICANT CHANGES FY 2017 VS. FY 2016
Storm Water Charges	\$218,500	\$220,500	\$2,000	0.9%	
Storm Water Building Fees	\$36,000	\$32,000	(\$4,000)	-11.1%	Change to the Town Fee Schedule during FY 2016 allowing waiver of the storm water building fee with installation of an approved engineered storm water system.
Interest Income	\$360	\$600	\$240	66.7%	Changes to investment allocation.
Other Financing	\$40,750	\$62,500	\$21,750	53.4%	Loan for 1/2 backhoe.
Appropriate Fund Balance	\$227,720	\$374,773	\$147,053	64.6%	The appropriation is to allow for a transfer of \$400,000 to the Storm Water Capital Projects Fund.
TOTAL STORM WATER FUND	\$523,330	\$690,373	\$167,043	31.9%	

EXHIBIT F

**STORM WATER FUND EXPENSE BUDGET BY TYPE
FY 2017 VS. FY 2016
(as of 5/17/16)**

<u>DEPARTMENT</u>	<u>DEPT. NO.</u>	<u>2016 BUDGET</u>	<u>PROPOSED 2017 BUDGET</u>	<u>DIFF. 2017 & 2016</u>	<u>% CHG.</u>	<u>SIGNIFICANT CHANGES FY 2017 VS. FY 2016</u>
SW Operations	610	\$127,446	\$139,164	\$11,718	9.2%	Overall \$3,717 (3.5%) increase in personnel-related costs. Other changes include a \$3,000 (200%) increase for minor equipment, \$4,000 (400%) increase for equipment rental and \$1,000 (20%) increase for supplies.
Debt Service	610	\$80,134	\$88,709	\$8,575	10.7%	Equipment purchased in FY 2016 was financed.
Capital Outlay	610	\$40,750	\$62,500	\$21,750	53.4%	Increase for FY 2017 relates to purchase of a backhoe.
Transfers	610	\$275,000	\$400,000	\$125,000	45.5%	FY 2017 includes a transfer to the Storm Water Capital Projects Fund. The project was delayed from FY 2016.
TOTAL STORM WATER FUND		\$523,330	\$690,373	\$167,043	31.9%	



Ordinance Number: FY 2016-17
Date Adopted: DRAFT
Effective Date: July 1, 2016

DRAFT
BUDGET ORDINANCE FY 2016-2017
KURE BEACH, NORTH CAROLINA

Be it ordained by the Town Council of Kure Beach, North Carolina:

Section I. Budget Adoption: There is hereby adopted the following operating budget for the Town of Kure Beach for the Fiscal Year beginning July 1, 2016 and ending June 30, 2017; the same being adopted by fund. Activity within each fund is listed as follows:

GENERAL FUND

EXPENDITURES:

Governing Body	\$ 35,517
Committees	4,300
Finance	151,889
Administration	397,192
Community Center	23,300
Emergency Management	100
Tax Collections	25,000
Legal Department	28,900
Police Department	1,265,716
Fire Department	685,845
Lifeguards	192,217
Parks & Recreation	146,114
Building Inspections	124,763
Streets & Sanitation	988,011
Debt Service	316,626
Transfer to Beach Protection Fund	50,000
Contingency	<u>52,880</u>
TOTAL EXPENDITURES	<u>\$4,488,370</u>

GENERAL FUND (continued)

REVENUES:

Property Tax (current & prior years)	\$2,328,500
Sales Tax	800,075
Franchise & Utility Tax	249,000
Motor Vehicle License	12,000
TDA Funds	204,517
Garbage & Recycle Fees	343,375
ABC Revenue	12,300
Building Permits/Impact Fees/ CAMA Fees/Fire Inspections	60,000
Communication Tower Rent	77,408
Town Facility Rentals	11,000
Parks & Rec/Community Center/ Street Festival	39,550
Other Revenue	60,645
Other Financing Sources	<u>290,000</u>
TOTAL REVENUES	<u>\$4,488,370</u>

POWELL BILL FUND

EXPENDITURES:

Street Maintenance & Repair	<u>\$ 65,050</u>
TOTAL EXPENDITURES	<u>\$ 65,050</u>

REVENUES:

Powell Bill Allocation	\$ 65,000
Interest Income	<u>50</u>
TOTAL REVENUES	<u>\$ 65,050</u>

STORM WATER FUND

EXPENDITURES:

Storm Water Operations	\$ 290,373
Transfer to Capital Projects Fund	<u>400,000</u>

TOTAL EXPENDITURES **\$ 690,373**

REVENUES:

Storm Water Monthly Fees	\$ 220,500
Storm Water Building Fees	32,000
Interest Income	600
Other Financing Sources	62,500
Fund Balance Appropriated	<u>374,773</u>

TOTAL REVENUES **\$ 690,373**

BEACH PROTECTION FUND

EXPENDITURES:

Beach Protection Reserves	\$ <u>50,440</u>
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TOTAL EXPENDITURES **\$ 50,440**

REVENUES:

Interest Income	\$ 440
Transfer from General Fund	<u>50,000</u>

TOTAL REVENUES **\$ 50,440**

FEDERAL ASSET FORFEITURE FUND

EXPENDITURES:

Federal Asset Forfeiture Expenses	\$ <u>50,000</u>
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TOTAL EXPENDITURES **\$ 50,000**

FEDERAL ASSET FORFEITURE FUND (continued)

REVENUES:

Fund Balance Appropriated	\$ 50,000
TOTAL REVENUES	<u>\$ 50,000</u>

WATER AND SEWER FUND

EXPENDITURES:

W/S Governing Body	\$ 15,017
W/S Legal Department	28,900
W/S Finance	178,238
W/S Administration	248,806
W/S Operations	1,698,714
Transfer to Capital Projects Fund	<u>50,000</u>
TOTAL EXPENDITURES	<u>\$2,219,675</u>

REVENUES:

Water Charges	\$ 791,800
Sewer Charges	1,110,100
Tap & Reconnection Fees	27,900
Other Revenue	7,375
Transfer from Sewer Expansion Reserve Fund	180,000
Other Financing Sources	<u>102,500</u>
TOTAL REVENUES	<u>\$2,219,675</u>

SEWER EXPANSION RESERVE FUND (SERF)

EXPENDITURES:

Transfer to Water and Sewer Fund	\$ <u>180,000</u>
TOTAL EXPENDITURES	<u>\$ 180,000</u>

SEWER EXPANSION RESERVE FUND (SERF) (continued)

REVENUES:

User Fees	\$ 22,500
Interest Income	225
Fund Balance Appropriated	<u>157,275</u>
TOTAL REVENUES	<u>\$ 180,000</u>

EXPENDITURES **ALL FUNDS** **\$7,743,908**

REVENUES **ALL FUNDS** **\$7,743,908**

Section II. Levy of Taxes: There is hereby levied, for the Fiscal Year 2016-2017, an Ad Valorem tax rate of 28.5 cents (\$0.285) per one hundred dollars (\$100) valuation of taxable property as listed for taxes as of January 1, 2016. This rate shall be levied entirely in the General Fund.

The tax rate is based on an estimated total valuation of property for the purposes of taxation of eight hundred thirty-four million three hundred seventy thousand dollars (\$834,370,000) and an estimated collection rate of ninety-eight and three-quarter percent (98.75%).

Section III. Salaries: The following shall govern salary and wage compensation for Fiscal Year 2016-2017:

A. Pay Plan. There is hereby adopted a pay plan that includes an across the board cost of living adjustment in the amount of 2% applicable to all Town employees.

B. Salary Adjustments. Each employee's salary shall be examined to ensure that the pay grade reflects the years of service, proficiency and quality of work. Merit raises are allotted at 2% this year for employees.

Section IV. The Budget Officer hereby authorized to transfer appropriations within a fund as contained herein under the following conditions as specified in North Carolina General Statute Chapter 159.

A. The Budget Officer may transfer amounts between line item expenditures without limitation and without a report being required up to \$10,000 at any one time.

B. The Budget Officer may transfer amounts within departments and of the same fund and reported as part of the financial statements. He shall make an official report immediately to Council on such transfers.

C. The Budget Officer may not transfer amounts between funds without prior Council action.

Section V. Restricted Revenues: The Finance Officer is hereby directed to fund appropriations that have specified revenues prior to funding with General Fund monies. This is to include but not limited to Local, State and Federal grants.

Section VI. Encumbrances: All outstanding encumbrances from prior fiscal years are to be carried forward to Fiscal Year 2016-2017. All Project Ordinance appropriations are continued.

Section VII. Budget Control: The Town Council in approving the budget has utilized to the fullest extent possible its revenue sources. Over collections of revenues or unanticipated revenue sources cannot be expected during the year. It is therefore of utmost importance that Department Heads initiate steps to insure compliance with the budget as fixed herein and they are hereby directed to do so.

Section VIII. The Town Council hereby authorizes the New Hanover County Tax Administrator to bill and collect taxes for the Town, including the annual five dollar (\$5) motor vehicle license tax.

Section IX. Fees and Charges: There is hereby established, for Fiscal Year 2016-2017, various fees and charges as contained in the attached Fee Schedule. Changes from the Fiscal Year 2015-2016 Fee Schedule are as follows:

Ad Valorem Tax Rate (per \$100 of valuation)	Increase from \$0.2615 to \$0.285
Residential Water – (per 100 gallons for monthly usage in excess of 7,000 gallons)	Increase from \$0.45 to \$0.675
Residential Sewer – (per 100 gallons for monthly usage in excess of 7,000 gallons)	Increase from \$0.58 to \$0.87

This ordinance being duly passed and adopted this day of June, 2016.

Emilie Swearingen, Mayor

Nancy Avery, Town Clerk



**TOWN OF KURE BEACH
FEE SCHEDULE
FISCAL YEAR 2016-2017**

Fee Schedule to be updated each year as part of the adoption of the new fiscal year budget ordinance.

<u>TAX RATE per \$100</u>	\$0.285
 <u>WATER FEES</u>	
Residential (monthly minimum - up to 2,500 gallons)	\$13.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum:	
2,501 gallons to 7,000 gallons	\$0.45
Over 7,000 gallons	\$0.675
Commercial (monthly minimum - up to 2,500 gallons)	\$18.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$0.694
Out of Town (ETJ) (monthly minimum - up to 2,500 gallons)	\$23.00
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$0.7875
 <u>SEWER FEES</u>	
Residential (monthly minimum - up to 2,500 gallons)	\$23.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum:	
2,501 gallons to 7,000 gallons	\$0.58
Over 7,000 gallons	\$0.87
Commercial (monthly minimum - up to 2,500 gallons)	\$25.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$0.7125
Out of Town (ETJ) (monthly minimum - up to 2,500 gallons)	\$40.50
Incremental rate per 100 gallons over the 2,500 gallons monthly minimum	\$1.0125
 <u>OTHER WATER & SEWER FEES</u>	
Water Service Fee - nonrefundable fee for service technician site visit	\$30.00
Additional Water Service Fee - fee for each additional visit if customer fails to meet technician at site	\$10.00
Water Service Meter Check Fee - customer request that a meter be read, checked, or turned on or off. If problem found with meter, fee can be waived at discretion of the Public Works Director	\$30.00
Water Cut-ons Outside Working Hours	\$25.00
Special Meter Tests - if customer requests meter test and the meter is found to be defective, charge will be refunded	\$50.00
Reconnection Fee - if water is cut-off due to non-payment	\$60.00
Returned Check Fee	\$25.00
Account Past Due Charge - per month	\$10.00

WATER TAP FEE

3/4 X 5/8	\$1,500.00
1 Inch	\$2,000.00
1 1/2 Inch	\$2,500.00
2 Inch	\$3,000.00

SEWER TAP FEE

4 inch	\$1,500.00
4 inch	\$1,500.00
6 inch	\$2,000.00
6 inch	\$2,000.00

USER FEE Sect 17-127 of Code

Common Areas-No Charge	\$2,500.00
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IMPACT FEE

Voluntary Annexation Only Sect 17-128 of Code	\$400.00
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STORM WATER FEES

Building Fee - may be waived w/installation of engineered storm water system and approval of building inspector and public works director	\$4,000.00
Residential-monthly	\$8.71
Business - monthly	varies by account

RECYCLE FEE - per bin monthly (residential)

\$4.88

GARBAGE COLLECTION FEES

Residential -per can monthly	\$6.00
Commercial- per can monthly	\$26.25
Garbage cart purchase	\$80.00

TRASH PICKUP FEE

Minimum	\$10.00
1/4 load	\$30.00
1/2 load	\$60.00
3/4 load	\$90.00
Full load	\$120.00
Appliances	\$10.00

PRIVILEGE LICENSE FEES

Privilege License Fees as stipulated in N.C. General Statute 105-33(C).

VEHICLE DECAL FEES

Resident	\$5.00
Late Fee (resident)	\$10.00
Non-resident	\$5.00

COPY/FAX FEES

Fax: 1 PAGE	\$2.00
Fax: Each additional page	\$1.00
Zoning map - each	\$5.00
Copies: Per page	\$0.10
Copy of Zoning Ordinance	\$10.00
Copy of Town Code	\$70.00
Flood map - each	\$5.00

RENT COMMUNITY CENTER:DEPOSIT & PER HOUR FEES-2 HOUR MINIMUM (then hourly)

Deposit (refundable if center is cleaned, as instructed, and there's no damage)	\$250.00
KB Resident/Property Owner & Non-Profit Organization	\$75.00 per hour
Non-resident & Commercial Organization for Profit	\$100.00 per hour

OTHER FEES COMMUNITY CENTER

Non refundable fee each time existing contract is revised	\$10.00
Service charge for cancellation of contract	\$50.00
Rental fee will not be refunded for cancellation of lease by lessee made within 30 days before the event. Security deposit will be refunded.	

RENT OCEAN FRONT PARK PAVILION:DEPOSIT & PER HOUR FEES-*4 HOUR MINIMUM (then hourly)

***Exception: Can rent pavilion for 1 HOUR, if rented in conjunction with Community Center**

Deposit (refundable if no damage to pavilion/grounds)	\$250.00
KB Resident/Property Owner & Non-Profit Organization, Pavilion ONLY	\$75.00 per hour
Non-resident & Commercial Organization for Profit, Pavilion ONLY	\$100.00 per hour
KB Resident/Property Owner & Non-Profit Organization, Pavilion & Lawn	\$125.00 per hour
Non-resident & Commercial Organization for Profit, Pavilion & Lawn	\$150.00 per hour

PARKS AND RECREATION PROGRAM FEES

Fees for specific Parks and Recreation activities will be set prior to commencement of the activity	varies
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SPECIAL EVENT FEES

General Use Impact Fees:

minimal use of public property -low impact - per day	\$150.00
includes intermittent traffic control - medium impact-per day	\$300.00
includes closing of public streets - high impact - per day	\$500.00

Personnel:

Police-minimum of two hours - per hour (includes overhead)	\$40.00
Sanitation - per hour (includes overhead)	\$40.00
Street - per hour (includes overhead)	\$40.00
Fireman - per hour (includes overhead)	\$40.00

Facilities Rental:

Council Chambers - per day	\$100.00
Public land per site - per day	\$100.00
Public building - per day	\$100.00

Equipment:

Police/Fire/Lifeguard or other Town Vehicle - per hour	\$25.00
Trash pickup - per cart per pickup	\$15.00
-minimum 2 carts required for recyclable materials and one for regular trash	

PERMIT/CONSTRUCTION FEES

Fence	\$25.00	
Window Replacement	\$25.00	
Prefab Shed	\$25.00	
Handicap Ramp	\$25.00	
Beach Access	\$25.00	
Pool-residential	\$300.00	
Pool -commercial	\$2,000.00	
Landscape	\$25.00	
House moved (plus any cost incurred by public works or police dept)	\$150.00	
House moved out of town (plus any cost incurred by public works or police dept)	\$150.00	
Demolition (residence)	\$150.00	
Demolition (commercial)	\$300.00	
Building -New Construction - processing fee	\$200.00	
Mobile Home Fee-set up (plus permit fee)	\$200.00	
Mobile Home and Travel Trailer Park - \$5.00 space up to 100 spaces	\$350.00	
Yard sale	\$1.00	
Temporary structures in excess of 200 square feet - Sec. 12-45	\$250.00	obtained 7 days prior
Temporary structures in excess of 200 square feet - Sec. 12-45	\$500.00	obtained less than 7 days prior
Replace permit card -Each	\$10.00	
Improvements, additions and renovations to include decks, garages, etc:		
from \$0 to \$500	\$25.00	
from \$501 to \$2,500	\$50.00	
from \$2,501 to \$5,000	\$100.00	
from \$5,001 to \$10,000	\$150.00	
from \$10,001 to \$20,000	\$200.00	
from \$20,001 to \$30,000	\$250.00	
from \$30,001 to \$40,000	\$300.00	
from \$40,001 to \$50,000	\$350.00	
from \$50,100 and above + \$5.00 per \$1,000.00 over \$50,001	\$400.00	
Signs		
from \$0 to \$500	\$25.00	
from \$501 to \$2,500	\$40.00	
from \$2,501 to \$5,000	\$55.00	
from \$5,001 to \$10,000	\$70.00	
from \$10,001 to \$20,000	\$85.00	
from \$20,001 to \$40,000	\$95.00	
from \$40,001 to \$50,000	\$130.00	
from \$50,100 and above + \$3.00 per \$1,000.00 over \$50,000	\$155.00	

PLANNING/ZONING FEES

Text amendment to Town Code	\$100.00
Advertisement for public notices	\$50.00
Application - minor subdivision (per lot)	\$200.00
Subdivision Appeal:	
TRC to Planning Board	\$150.00
TRC to Planning Board (Height Exception Application fee - Sec. 19-333.1)	\$250.00
TRC to BOA	\$375.00
Final plat approval submission (or 50 cents per lot, whichever is greater)	\$125.00
Request for zoning change (plus \$5.00 fee for each notification mailed)	\$100.00
Chapter 19 Zoning violation - Sec. 19-401	\$50.00

BOARD OF ADJUSTMENT FEES

Appeal/Variance	\$375.00
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FIRE INSPECTION AND PERMIT FEES

Commercial New and Existing Construction Permit Fees:

A= Total gross building floor area of construction

B= Fee per Square Foot

0 - 5,000 sf

5,001-15,000 sf

Over 15,000 sf

AxB = Permit Fee

(AxBx.75)+(1250xB) = Permit Fee

AxBx.50) + (5000xB) + Permit Fee

Occupancy Type:

Residential

Storage

Assembly

Institutional

Business

Mercantile

Hazardous

Factory Indust

Education

Fee Per Square Foot

\$0.05

\$0.035

\$0.06

\$0.06

\$0.06

\$0.06

\$0.05

\$0.04

\$0.065

Construction Permits:

Sprinkler Systems

Fire Alarm Systems

Suppression Systems

Fire pump and related Equipment

Private Fire Hydrants

Standpipe Installation per Riser

\$85.00

\$85.00

\$85.00

\$85.00

\$85.00

\$85.00

Additions

Up Fits

Mobile Buildings

Accessory Structures

Commercial Inspection Fee

Occupancy Certification

Occupying building without CO

Working without Permit

Stop Order Removal

Failure to Obtain Final Inspection

Afterhours/Weekend/Holiday Inspections

ABC Permit

Fire Flow Test

Day Care State Inspection

Witness Fire Flow/Pump Test

Commercial Construction Inspection

Reinspection Fee

Standpipe Test per Riser

Temporary Structures (Tents, Etc)

Use Schedule or Min. \$45 + Inspection Fees

Use Schedule or Min. \$45 + Inspection Fees

\$45 + Inspection fee

\$45 + Inspection fee

\$45 Per Inspection per bldg. (Applies to all bldgs.)

\$25 + Inspection Fee

\$250

\$50 or 2x Permit Fee, whichever is greater

\$200

\$100

\$120

\$45

\$45

\$45

\$45

\$45

\$45

\$75

Revert to Building Permit Fee

CIVIL CITATION PROGRAM FEES

Beach:

	<u>1st Offense</u>	<u>2nd Offense</u>
Dogs prohibited on beach strand Sec. 4-17	\$150.00	Misdemeanor
Vehicles prohibited on beach strand Sec. 10-104	\$25.00	Misdemeanor
Fire prohibited on beach strand Sec. 12-40	\$100.00	\$200.00
Litter, glass & alcohol prohibited on beach Sec.12-35	\$150.00	Misdemeanor
Boats, jet skis prohibited w/in 300' from high tide mark Sec. 12-37	\$25.00	\$50.00
Surfing regulations Sec. 12-33	\$25.00	Misdemeanor
Dune trespassing prohibited Sec. 12-39	\$100.00	Misdemeanor
Digging holes in the beach/beach restoration Sec. 12-46	\$100.00	Misdemeanor
No items on beach between 7pm-8am/No beach equip. within 15 ft of turtles/No -beach equip. within 25 ft of emergency access points Sec. 12-43	\$50.00	\$100.00
Sleeping on beach after midnight prohibited Sec. 12-31	\$25.00	Misdemeanor
Nude bathing, including thong bathing suits or similar attire, prohibited Sec. 12-32	\$25.00	Misdemeanor
Leaping from commercial pier Sec. 12-34	\$250.00	

Animals/Pets:

Dogs must be on a leash Sec. 4-16	\$150.00	Misdemeanor
Animal/Pet waste removal Sec. 4-16.1	\$150.00	Misdemeanor

Vehicles/Parking:

Failure to purchase & display Town decal Sec. 10-17	\$25.00	Misdemeanor
Parking Ticket Sec. 10-222 - 235	\$50.00	
Parking in a handicap space	\$150.00	Misdemeanor
Soliciting transportation Sec. 10-68	\$10.00	
Vehicles prohibited certain areas Sec.10-60	\$50.00	Misdemeanor

Miscellaneous:

Bicycle regulations Sec. 10-291-308	\$25.00	\$50.00
Noise violations prohibited Sec. 11-31	\$250.00	Misdemeanor
Alcohol consumption/open containers prohibited on public property Sec. 3-1	\$50.00	Misdemeanor
Requirements for taverns and bars Sec. 3-2	\$50.00	G.S.18B-302.1
Beach Vitex Prohibited Sec. 12-41	\$25.00	\$50.00
Numbering of buildings Sec.5-121	\$50.00	
Real estate signs on Town property Sec. 11-80	\$50.00	

Adopted by Town Council on June , 2016.

Emilie Swearingen, Mayor

Attest: Nancy Avery, Town Clerk