



TOWN COUNCIL MINUTES

BUDGET WORKSHOP #1

April 6, 2018 @ 9 am

The Kure Beach Town Council held budget workshop # one to review the proposed FY18-19 budget. The Town Attorney and a quorum of Council was present.

COUNCIL MEMBERS PRESENT

Mayor Craig Bloszinsky
Commissioner Joseph Whitley
Commissioner Allen Oliver

COUNCIL MEMBERS ABSENT

Mayor Pro Tem David Heglar
Commissioner John Ellen

STAFF IN ATTENDANCE

Police Chief Mike Bowden
Fire Chief Ed Kennedy
Building inspector John Batson
Public Works Director Sonny Beeker
Recreation Manager Nikki Keely

STAFF IN ATTENDANCE

Town Clerk Nancy Avery
Finance Officer Arlen Copenhaver
Pers. & Facilities Manager Mandy Sanders
Utility Systems Operator Jimmy Mesimer

CALL TO ORDER

Mayor Bloszinsky called the meeting to order at 9 am.

BUDGET PRESENTATION

Finance Officer Copenhaver presented the proposed budget assumptions, summary by fund and summary by department. Said presentation is herein included in these minutes.

Budget assumptions:

- No changes in services provided or level of services provided
- No change to tax rate of \$0.285
- No General Fund Contingency
- No transfer from the General Fund to the Beach Protection Fund
- Longevity Pay is reinstated for full-time employees hired after June 2015
- Employee Compensation
 - COLA 2% AND Merit 2%

Highlights:

- General Fund is short by \$415,830 – this was expected because of loan payment on facility construction
- Water Fund is short \$113, 345 – because conservation measures are working, the usage is down 5% and rates may need an increase
- Storm Water Fund is over by \$15,940
- Powell Bill Fund is balanced
- SERF Fund is balanced
- Beach Protection Fund is balanced - \$335,000 in the fund
- Asset Forfeiture Fund is balanced



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DEPARTMENT HEAD STATEMENTS

Police Chief Bowden stated:

- Utilities is a new line item. Previously Fire Department paid, but with separate buildings, this will change
- Upped expenditures to cover expected costs for telephone and postage
- Increased gas line item because prices keep going up and he will be hiring another PT office

Public Works – Utility Systems Operator Mesimer stated:

General Fund increases are:

- Capital outlay increase by \$160,000 for a new street sweeper, which will also be used for Storm Water
- Decorations for Christmas and Special Events increased by \$12,000 to upgrade pole drops, which are rusted out
- Added extra \$500 for garbage cart purchases
- \$2,000 for additional requests
- Increased Safety another \$500 to improve program

Water Fund

- Travel & training increased by extra \$2k for new staff to get certifications
- Supplies and materials \$10,000 increase in Capital outlay
- \$20,000 increase in equipment for generators
- Originally included \$800,000 for new water meters, but quote came in at \$1.1 million

Storm Water

- Main increase is for other half of new street sweeper
- A lot has decreased because of completion of major projects in past years

Fire Department

Chief Kennedy stated:

- Increased part time salaries by \$13,402 because of changes in discussed vacation accumulation and OT
- Call volume went up from 280 – 330 and an average of five volunteers show up per call
Uniforms - increase \$500 for volunteers to boost moral
- New item for safety program at \$2,000. Response to a survey last year said a smoke detector program would be a good service. Will also be used to buy Jr firefighter hats and coloring books.

Building Inspections

Inspector Batson stated:

- Increased computer software by \$1,000 based on this year billing
- Deleted building maintenance since it will be a new building



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Break 10:15 am

Resumed: 10:30 am

Governing Body

Personnel & Facilities Manager Sanders stated:

- Split between the General Fund and the Water Fund
- Tiny increase of \$11
- Includes outside agency funding requests
- Increase for Council iPad service

Elections

- This item is down as there is no local election this year

Administration

- Split between General Fund and Water Fund
- Increase for a new full time person to begin in July
- New expense of relocation costs for all departments
- Retiree medical insurance increased – this is for all departments
- Recycling increased – this is town wide
- Property, Liability and Workers Comp insurance increased –this is for all departments
- Utilities increased for additional renovated space in new building
- Minor equipment increased for moving to new building
- Maintenance increased due to more building to clean, pest control etc.
- Codification - 100% increase to update code books, more amendments coming
- Advertising is increased – this is for all departments
- Increased Travel and training for her to attend Municipal and County Administration course at School of Government
- Increased supply line item – includes finance, building inspections and admin plus food for all council meetings

Legal

- Split between General Fund and Water Fund
- \$1,000 increase for P&Z attorney

Community Center

- Recreation Manager Keely stated there is no change from current budget.



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Parks and & Recreation

Recreation Manager Keely stated:

- Increases are mostly related to personal costs
- Recreation strategy is to break from Admin into separate department with another full time staff person to begin January 2019
- Budget includes increase for department head salary

Statistics:

- Average statistics for most towns is one full time staff per 1100 people. Proposed increase in staff will meet these stats
- Personnel cost is usually 50% and the proposed budget will be 55%
- 2017 revenue and ROT together covered \$82,000 of expenditures
- 39% of expenses are matched by revenue which is on par with industry standard

Commissioner Oliver commented that Recreation Manger Keely is a Certified Park and Recreation Professional, which is not an easy designation to receive.

Mayor Bloszinsky stated for the record that he thinks all Department Heads and staff do a good job for the town with the resources the Town Council gives them, with commitment to personal excellence, with service to residents, and there are some natural things citizens ae upset about such as runoff, but he has never, ever come across residents upset with our people. For innovation, growth, new technology, safety to the extent needed. For grants, financial and legal support and trying to stay ahead of infrastructure. The Council will give you everything we can afford. It is not a reflection on the way we feel about you, probably more the way we feel about public costs.

Finance Department

Finance Officer Copenhaver stated:

- He and one employee are split between General Fund and Water Fund and one employee is 100% Water Fund
- Increase in personnel to reward staff for over and above work
- Total cost increase of 8% for auditor fees because of new requirements for additional actuarial studies for retiree health insurance
- Telephone line item increased to extend cell phone allowance to two staff members for extensive use of personal cell phones
- Decrease in unemployment insurance based on history of low use
- Sales tax is for all departments
- Didn't include funding for new financial software



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Committees

- Only one committee, Shoreline Access and Beach Protection
- Budget down because current budget includes improvements to E and I beach accesses
- Committee asked for \$7,665, an increase of \$2,250 over last year
- Updating brochures

Debt service

- Big increase is the loan for Fire Department and Town Hall construction project
- A couple of smaller loans have dropped off

Tax collection

- Minor increase in what we pay county for collection

Transfers

- Typically transfer funds to beach protection fund

Contingency

- None in this proposed budget - typically over last five years we have used about \$48,000

Lunch 11:50 am

Resumed 12:27 pm

REVENUE REVIEW

Finance Officer Copenhaver presented projected revenue numbers. Said presentation is herein incorporated as part of these minutes.

POTENTIAL RATE INCREASES – GENERAL FUND

Recycle Fee

- Suggest increasing to \$5.01 per cart, \$4.88 now. Generates \$3,400
- Some increase from vendor and should by minimum raise this fee by 13 cents to cover cost
- Cost of 26 carts at Ocean Front Park and boardwalk costs is not distributed to residents
- Could spread cost to residents which would add another 42 cents

Garbage Fee

- Increase residential garbage cost by \$1 per cart from current \$6 fee to \$7, and have the same % carry through to each additional cart or increase to \$7.50 per cart. \$1 increase generates \$31,000
- Increase commercial rate from 26.25 per cart to \$30.63 to generate \$5,150



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Property Tax

- Rate is 28.5 cents per \$100
- Suggest 5 cent increase to close gap in General Fund plus have some for contingency and beach protection –this is 17.5% increase
- An increase from 4.0 to 4.25 cent covers the debt on the facility construction
- Another .5 or .25 is for all other increases including contingency and beach protection

DISCUSSION ON BALANCING PROPOSED GENERAL FUND BUDGET

Highlights:

- General fund needs \$415,000 to balance
- Tax increase has to be at least 4.5 cent which is \$396,640
- Could challenge Department Heads to cut 2% to fund contingency
- If garbage fee is to actually cover cost, there will have to be much larger increase
- Want to stay as close to 15% as we can and stay true to what public was told
- Increase to 4.75 cent generates between \$396k and \$418k
- 15% increase is \$377,000
- Should budget needs over wants
- Assume 4.5 cent plus extra \$1 from residential garbage as suggested = \$416,000
- Proposed budget is \$1,000,000 more than current
- \$400,000 is debt service on facility construction
- Department Heads would have to cut 1% to make up difference between \$416,000 and add \$41,000 contingency
- Some department costs can't be cut
- Some department costs are not controllable
- Big purchases can be pushed out
- Most big purchases are financed, so doesn't buy much
- If departments have to cut, should be mandatory for all and not voluntary
- Knew this would be tough year, we should bite the bullet
- Also have to deal with balancing Water Fund

DISCUSSION ON BALANCING PROPOSED WATER FUND

- Short \$113, 345
- Suggest a New Account set up fee of \$50. Other towns have and generates \$6,000 annually
- Reduction in Carolina Beach sewer authority payment may help reduce shortage, but there is still issue
- Added additional tier for use in excess of 7,000 gallons two 2 years ago
- Could add another tier over 10,000 gallons usage for residential, commercial and Fort Fisher with 50% increase to generate \$123,758
- Could increase residential water rate of \$13.50 for 2,500 gallons water by 10% to \$14.85 along with current sewer of \$23.50 to \$25.86 to generate \$85,189



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- Could increase commercial water rate of \$18.50 to \$20.35 along with sewer rate of \$22.50 to \$28.05 to generate \$2,011
- Could increase Fort Fisher water rate of \$23.00 to \$25.30 along with sewer of \$40.50 to \$44.55 to generate \$305
- Residential increase shifts same burden to owners of both small and large house
- Make high end users pay but not at 50%, at 25%
- If increasing residential and commercial, should increase out of town rates also

OUTSIDE AGENCY FUNDING REQUESTS

1. Paul Laird stated he submitted a request for Outside Agency funding for Friends of Fort Fisher. He gave the following facts:

- In FY15-16 this was the most visited out of three other state sites with 830,000
- He never has the resources to meet the demand at the site
- He recognizes that town funds are precious and funds requested are for educational expenses
- 75% of those that visit are Kure Beach residents

2. Darlene Bright, Federal Point Historic Society, stated she submitted a funding request and provided the following information:

- Formed in 1994 for the purpose of bringing together persons interested in preserving history of area
- The center is open Tuesday, Friday and Saturday from 10 -4
- They have speakers regularly, which are free to the public
- There are exhibitions and a gift shop
- They publish a newsletter monthly
- Funds received are used to pay vendors and utilities

Finance Officer Copenhaver stated funding requests totaled \$16,000 as follows:

- PI Chamber \$8,800 for concerts at FFAFRA
- Fed. Point Historic Society \$3,000
- Fed. Point Help Center \$1,500
- Island of Lights \$1,200
- Friends of Ft. Fisher \$1,500
- Katie B. Hines Sr. Center – no application received



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CONSENSUS ITEMS AND MOTIONS

Consensus

- Reinstate longevity effective July 1, 2018, not retroactively
- Add residential 10,000 gallon tier for water and sewer at 25% to generate \$62,000
- Commercial rate increase needs more discussion at either 10,000 gallon tier for water and sewer at 25% increase - Finance Officer to bring other tier suggestions
- Continue to discuss whether to increase Fort Fisher rates or not – Finance Officer to bring other tiers over 10,000 gallons
- Increase recycling fee by 13 cent
- Increase property tax rate by 4.5 cent
- Increase residential garbage by \$1 per cart and carry % increase to multiple carts
- Do water meter project at estimated \$1.2 million as separate project ordinance budget that crosses multiple years and not part of proposed budget
- Department Heads to cut 1% of controllable expenses -mandatory (2 to 1 with Commissioner Whitley opposed) info to Finance Officer by end of day Wednesday next week
- Change time for next budget meeting on Friday, April 20 from 9 am to noon
- Reschedule April Council meeting from Tuesday, April 17 to Thursday, April 19
- Donate same amount of money for Outside Agency Funding as 2018 amount with same value to same agencies

Motion - Commissioner Allen to set up new \$50 new account fee effective today

Second – Commissioner Whitley

Vote - Unanimous

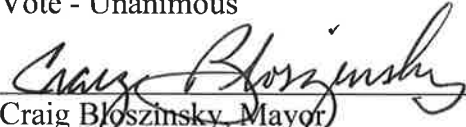
Follow up for Recreation Manager Keely – provide Council with list of yearly events.

ADJOURN

Motion – Commissioner Oliver made the motion to adjourn at 2:26 pm

Second - Commissioner Whitley

Vote - Unanimous



Craig Bloszinsky, Mayor

ATTEST: 

Nancy Avery, Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. An audio recording of the meeting is available on the town's website at www.townofkurebeach.org, under government/kurebeachcouncil.

TOWN OF KURE BEACH FY 18-19 BUDGET WORK SESSION #1



APRIL 6, 2018

INITIAL FY 2019 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. No change to tax rate (\$0.285)
3. No General Fund Contingency
4. No transfer from the General Fund to the Beach Protection Fund
5. Longevity Pay is reinstated for full-time employees hired after June 2015
6. Employee Compensation
 - COLA: 2%
 - Merit: 2%

**LONGEVITY PAY
FY 2019 IMPACT OF POLICY RE-STATEMENT**

<u>DEPARTMENT</u>	<u>NO. OF EMPLOYEES HIRED AFTER LONGEVITY DISCONTINUED</u>	<u>NO. OF EMPLOYEES THAT WOULD BE ELIGIBLE IN FY 2019</u>	<u>TOTAL FINANCIAL IMPACT (Longevity, taxes, etc.)</u>
<u>GENERAL FUND</u>			
Police	2	2	\$606
Fire	4	2	\$604
Streets & Sanitation	<u>2</u>	<u>2</u>	<u>\$604</u>
TOTAL GENERAL FUND	8	6	\$1,814
<u>WATER/SEWER FUND</u>			
Operations	<u>3</u>	<u>3</u>	<u>\$906</u>
GRAND TOTAL	<u>11</u>	<u>9</u>	<u>\$2,720</u>

**FY 2018/2019 BUDGET SUMMARY
AS OF APRIL 6, 2018**

<u>FUND</u>	<u>FY 2019 REVENUE BUDGET</u>	<u>FY 2019 EXPENSE BUDGET</u>	<u>OVER/(SHORT)</u>	<u>COMMENTS</u>
General Fund	\$4,686,109	\$5,101,939	(\$415,830)	Does not include a transfer to the Beach Protection Fund or Contingency
Water/Sewer Fund	\$2,914,935	\$3,028,280	(\$113,345)	
Storm Water Fund	\$358,380	\$342,440	\$15,940	
Powell Bill Fund	\$175,000	\$175,000	\$0	Includes an appropriation of fund balance totaling \$109,170 for street paving projects
SERF Fund	\$16,250	\$16,250	\$0	
Beach Protection Fund	\$3,590	\$3,590	\$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	\$50,000	\$50,000	\$0	
TOTAL	\$8,204,264	\$8,717,499	(\$513,235)	

**TOTAL FY 2019 EXPENSE BUDGET BY FUND
VS. FY 2018 APPROVED BUDGET
AS OF APRIL 6, 2018**

FUND	2018 ORIGINAL BUDGET	2018 AMENDED BUDGET	REQUESTED 2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHANGE	DIFF. 2019 & AMENDED 2018	% CHANGE
General	\$4,607,417	\$5,067,803	\$5,101,939	\$494,522	10.7%	\$34,136	0.7%
Water/Sewer	\$2,150,655	\$2,150,655	\$3,028,280	\$877,625	40.8%	\$877,625	40.8%
Storm Water	\$630,094	\$630,094	\$342,440	(\$287,654)	-45.7%	(\$287,654)	-45.7%
Powell Bill	\$65,070	\$65,070	\$175,000	\$109,930	168.9%	\$109,930	168.9%
Sewer Expansion Reserve	\$30,330	\$30,330	\$16,250	(\$14,080)	-46.4%	(\$14,080)	-46.4%
Beach Protection	\$47,090	\$47,090	\$3,590	(\$43,500)	-92.4%	(\$43,500)	-92.4%
Federal Asset Forfeiture	\$50,000	\$50,000	\$50,000	\$0	0.0%	\$0	0.0%
TOTAL - ALL FUNDS	\$7,580,656	\$8,041,042	\$8,717,499	\$1,136,843	15.0%	\$676,457	8.4%

GENERAL FUND BUDGET BY DEPARTMENT FY 2019 VS. FY 2018

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	REQUESTED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Police Dept.	510	\$1,308,960	\$1,315,160	\$1,376,257	\$67,297	5.1%	\$61,097	4.6%	<p><u>Increases:</u> F/T personnel-related costs (includes a total of \$606 for potential Longevity Pay policy changes): \$51,100 / 5% Utilities: \$10,000 / new expense Contracts: \$9,000 / 64% Telephone/postage: \$6,500 / 48% Vehicle gas & oil: \$5,000 / 17%</p> <p><u>Decreases:</u> Computer software/support: \$8,000 / 27% Minor equipment: \$3,000 / 20% Exams/Screenings: \$2,500 / 42%</p>
Streets & Sanitation	550	\$863,848	\$863,848	\$905,861	\$42,013	4.9%	\$42,013	4.9%	<p><u>Increases:</u> Capital outlay – equipment: \$45,000 / 129% Christmas decorations: \$12,000 / 120% OFP maintenance: \$2,000 / 40% Garbage cart purchases: \$2,000 / 20% Special Events: \$500 / 20% Safety program: \$500 / 20%</p> <p><u>Decreases:</u> Personnel-related costs (includes a total of \$604 for potential Longevity Pay policy changes): \$5,437 / 1.2% Joe Eakes Park maintenance: \$15,000 / 60%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2019 VS. FY 2018

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	REQUESTED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Fire Dept.	530	\$701,867	\$695,667	\$742,846	\$40,979	5.8%	\$47,179	6.8%	<p><u>Increases:</u> F/T personnel-related costs (includes a total of \$604 for potential Longevity Pay policy changes): \$21,848 / 4.5% Part-Time pay & taxes: \$13,402 / 18.5% Drill fees & taxes: \$3,229 / 8.4% Minor equipment: \$30,000 / 600% Safety program: \$2,000 / new expense Uniforms: \$500 / 7.7%</p> <p><u>Decreases:</u> Capital outlay - equipment: \$30,000 / 100%</p>
Lifeguards	531	\$196,850	\$196,850	\$200,088	\$3,238	1.6%	\$3,238	1.6%	<p><u>Increases:</u> Personnel-related costs: \$3,238 / 2%</p>
Bldg. Inspection	540	\$135,201	\$135,201	\$139,565	\$4,364	3.2%	\$4,364	3.2%	<p><u>Increases:</u> F/T personnel-related costs: \$4,319 / 4.5% Computer software/support: \$1,000 / 50%</p> <p><u>Decreases:</u> Building maintenance: \$1,000 / 100%</p>
Governing Body	410	\$38,505	\$38,505	\$38,494	(\$11)	0.0%	(\$11)	0.0%	<p><u>Increases:</u> Telephone/iPad: \$489 / 32%</p> <p><u>Decreases:</u> Contributions: \$500 / 3%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2019 VS. FY 2018

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	REQUESTED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Emergency Mgmt.	446	\$100	\$100	\$100	\$0	0.0%	\$0	0.0%	
Elections	430	\$3,000	\$3,000	\$1,000	(\$2,000)	-66.7%	(\$2,000)	-66.7%	FY 2018 was a local election.
Parks & Rec.	532	\$146,027	\$146,027	\$188,268	\$42,241	28.9%	\$42,241	28.9%	<p><u>Increases:</u> F/T personnel-related costs (includes new employee beginning 1/2019): \$39,544 / 57% Boardwalk fish: \$6,000 / 120% Children/family programs: \$500 / 9%</p> <p><u>Decreases:</u> Part-Time pay & taxes: \$2,153 / 20% Island Day: \$1,000 / 40% Instructor fees: \$750 / 100%</p>
Administration	420	\$407,848	\$583,848	\$554,608	\$146,760	36.0%	(\$29,240)	-5.0%	<p><u>Increases:</u> F/T personnel-related costs (includes new employee beginning 7/2018 – split with W/S Fund): \$24,675 / 20.5% Relocation costs: \$88,000 / new expense Retiree medical insurance: \$8,064 / 30% Recycle service: \$8,000 / 6% P&L/WC insurance: \$5,000 / 7% Utilities: \$2,400 / 80% Computer services: \$2,103 / 12% Building maintenance: \$1,900 / 24% Minor equipment: \$1,500 / 150% Codification costs: \$1,500 / 100% Advertising: \$1,000 / 50% Travel & training: \$1,000 / 33% Supplies: \$1,000 / 14%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2019 VS. FY 2018

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	REQUESTED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Community Center	421	\$23,300	\$23,300	\$23,300	\$0	0.0%	\$0	0.0%	
Legal	470	\$28,950	\$28,950	\$29,850	\$900	3.1%	\$900	3.1%	Increases: Professional legal service: \$1,000 / 10.6%
Finance	415	\$150,786	\$150,786	\$158,187	\$7,401	4.9%	\$7,401	4.9%	Increases: F/T personnel-related costs: \$6,151 / 8% Auditor/Actuary fees: \$901 / 8% Telephone: \$360 / 100% Decreases: Unemployment insurance: \$549 / 13%
Committees	412	\$120,010	\$120,010	\$7,665	(\$112,345)	-93.6%	(\$112,345)	-93.6%	Increases: SLABP Committee: \$2,256 / 43% FY 19 includes \$4,740 for beach access signs & \$2,925 for sea oats Decreases: Capital outlay: \$114,710 / 100%
Debt Service	560	\$360,615	\$564,042	\$708,050	\$347,435	96.3%	\$144,008	25.5%	New Loans in FY 2018 for Fire Station & Town Hall renovation (\$5 mil.) & Police vehicle (\$31,668).

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2019 VS. FY 2018**

DEPARTMENT	DEPT. NO.	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	REQUESTED 2019 BUD.	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. ORIGINAL FY 2018
Tax Collection	460	\$27,000	\$27,000	\$27,800	\$800	3.0%	\$800	3.0%	
Transfers	580	\$46,450	\$127,409	\$0	(\$46,450)	-100.0%	(\$127,409)	-100.0%	No transfer to the Beach Protection Fund.
Contingency	490	\$48,100	\$48,100	\$0	(\$48,100)	-100.0%	(\$48,100)	-100.0%	No amount initially allocated.
TOTAL GENERAL FUND		\$4,607,417	\$5,067,803	\$5,101,939	\$494,522	10.7%	\$34,136	0.7%	

**WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2019 VS. FY 2018**

DEPARTMENT	DEPT. NO.	2018 BUDGET	REQUESTED 2019 BUD.	DIFF. 2019 & 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
W/S Operations	810	\$1,657,830	\$2,475,932	\$818,102	49.3%	<p><u>Increases:</u> F/T personnel-related costs (includes a total of \$906 for potential Longevity Pay policy changes): \$17,081 / 4.4% Water Meter Replacement Project: \$850,000 / new Debt service: \$63,061 / 32% Capital outlay - equipment: \$53,000 / 113% Materials & supplies: \$10,000 / 11% Travel & training: \$2,000 / 40%</p> <p><u>Decreases:</u> Capital outlay - improvements: \$167,040 / 100% Capital outlay – sewer rehab: \$10,000 / 9%</p>
Governing Body	410	\$17,505	\$17,994	\$489	2.8%	<p><u>Increases:</u> Telephone/iPad: \$489 / 32%</p>
Finance	715	\$186,200	\$197,817	\$11,617	6.2%	<p><u>Increases:</u> F/T personnel-related costs: \$8,915 / 6.2% Telephone: \$1,080 / 300% Auditor/Actuary fees: \$875 / 8% Postage: \$360 / 4.4%</p>

**WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2019 VS. FY 2018**

DEPARTMENT	DEPT. NO.	2018 BUDGET	REQUESTED 2019 BUD.	DIFF. 2019 & 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Legal	470	\$28,950	\$29,850	\$900	3.1%	<i>Increases:</i> Professional legal service: \$1,000 / 10.6%
Administration	720	\$260,170	\$306,687	\$46,517	17.9%	<i>Increases:</i> F/T personnel-related costs (includes new employee beginning 7/2018 – split with General Fund): \$24,675 / 20.5% P&L/WC insurance: \$5,000 / 7% Retiree medical insurance: \$4,943 / 36% Utilities: \$2,400 / 80% Computer services: \$2,103 / 12% Building maintenance: \$1,900 / 24% Minor equipment: \$1,500 / 150% Codification costs: \$1,500 / 100% Advertising: \$1,000 / 50% Travel & training: \$1,000 / 33% Supplies: \$1,000 / 14% <i>Decreases:</i> Special long-term disability: \$1,122 / 100%
TOTAL WATER/ SEWER FUND		\$2,150,655	\$3,028,280	\$877,625	40.8%	

**STORM WATER FUND BUDGET BY EXPENSE TYPE
FY 2019 VS. FY 2018**

DEPARTMENT	DEPT. NO.	2018 BUDGET	REQUESTED 2019 BUD.	DIFF. 2019 & 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
SW Operations	610	\$145,254	\$154,247	\$8,993	6.2%	<i>Increases:</i> Personnel-related costs: \$8,993 / 7.8%
Debt Service	610	\$99,840	\$108,193	\$8,353	8.4%	New loan in FY 2018 for one-half of compact excavator.
Capital Outlay	610	\$385,000	\$80,000	(\$305,000)	-79.2%	<i>Increases:</i> Capital outlay - equipment: \$45,000 / 129% <i>Decreases:</i> Capital outlay - improvements: \$350,000 / 100%
TOTAL STORM WATER FUND		\$630,094	\$342,440	(\$287,654)	-45.7%	

GENERAL FUND REVENUE BUDGET FY 2019 VS. FY 2018

REVENUE TYPE	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Property Taxes	\$2,491,300	\$2,491,300	\$2,517,800	\$26,500	1.1%	\$26,500	1.1%	Increase in property valuation. Assumes no increase in tax rate (\$0.285).
Sales Tax	\$850,075	\$850,075	\$886,000	\$35,925	4.2%	\$35,925	4.2%	Actual growth in FY 2018 greater than budgeted. FY 2019 estimated to be moderate increase over FY 2018 forecast.
Garbage & Recycle Fees	\$382,350	\$382,350	\$390,500	\$8,150	2.1%	\$8,150	2.1%	Increase in number of garbage carts and trash pickup.
TDA	\$205,650	\$205,650	\$235,000	\$29,350	14.3%	\$29,350	14.3%	FY 2019 budget is for lifeguards, Pleasure Island Chamber of Commerce concerts & some OFP activities.
Franchise & Utility Taxes	\$234,500	\$234,500	\$225,000	(\$9,500)	-4.1%	(\$9,500)	-4.1%	State-wide forecasts for electricity sales tax, telecommunications & video programming taxes are for FY 2019 to be less than FY 2018.
Communication Tower Rent	\$79,125	\$79,125	\$81,924	\$2,799	3.5%	\$2,799	3.5%	FY 2019 includes annual increase for existing leases.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$61,600	\$61,600	\$76,750	\$15,150	24.6%	\$15,150	24.6%	Upward trend in building related fees and fire inspection fees.

GENERAL FUND REVENUE BUDGET FY 2019 VS. FY 2018

REVENUE TYPE	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Sales Tax Refund	\$54,000	\$54,000	\$59,000	\$5,000	9.3%	\$5,000	9.3%	Estimated sales tax refund based on sales tax paid in prior fiscal year.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$31,500	\$31,500	\$34,700	\$3,200	10.2%	\$3,200	10.2%	Estimated increase in bluefish sales.
Town Facility Rentals	\$15,000	\$15,000	\$18,000	\$3,000	20.0%	\$3,000	20.0%	Upward trend in facility rental revenue.
ABC Revenue	\$14,600	\$14,600	\$15,900	\$1,300	8.9%	\$1,300	8.9%	Upward trend in ABC revenue.
Motor Vehicle License Tax	\$9,500	\$9,500	\$9,750	\$250	2.6%	\$250	2.6%	Motor Vehicle License Tax collected as part of vehicle registration.
Beer & Wine Tax	\$9,500	\$9,500	\$9,300	(\$200)	-2.1%	(\$200)	-2.1%	Forecasted state-wide decreases for FY 2018 & 2019.
Re-Entry Decal Sales	\$5,500	\$5,500	\$4,500	(\$1,000)	-18.2%	(\$1,000)	-18.2%	FY 2019 estimated to be lower due to more people electing not to purchase decals.

GENERAL FUND REVENUE BUDGET FY 2019 VS. FY 2018

REVENUE TYPE	ORIGINAL 2018 BUD.	AMENDED 2018 BUD.	2019 BUDGET	DIFF. 2019 & ORIG. 2018	% CHG.	DIFF. 2019 & AMENDED 2018	% CHG.	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Interest & Investment Earnings	\$1,250	\$1,250	\$4,100	\$2,850	228%	\$2,850	228%	Increase in CD interest rates & NCCMT earnings.
All Other Revenue	\$2,635	\$2,635	\$2,885	\$250	9.5%	\$250	9.5%	Largest other revenue is fines & citations (\$1,650).
CAMA Grant - Beach Access Paving	\$89,332	\$89,332	\$0	(\$89,332)	-100%	(\$89,332)	-100%	FY 2018 included grant for paving E & I Avenue beach access parking lots.
Appropriation of Fund Balance	\$0	\$460,386	\$0	\$0		(\$460,386)	-100%	FY 2018 amended budget included fund balance appropriations for capital project transfers & new loan payments.
Other Financing Sources	\$70,000	\$70,000	\$115,000	\$45,000	64.3%	\$45,000	64.3%	Financing for new Police vehicle (\$35,000) & one-half of street sweeper (\$80,000).
TOTAL GENERAL FUND	\$4,607,417	\$5,067,803	\$4,686,109	\$78,692	1.7%	(\$381,694)	-7.5%	

**WATER/SEWER FUND REVENUE BUDGET
FY 2019 VS. FY 2018**

REVENUE TYPE	2018 BUDGET	2019 BUDGET	DIFF. 2019 & 2018	% CHANGE	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Water Charges	\$805,000	\$785,000	(\$20,000)	-2.5%	Downward trend in usage.
Sewer Charges	\$1,155,000	\$1,105,000	(\$50,000)	-4.3%	Downward trend in usage.
Water & Sewer Tap Fees	\$36,000	\$60,000	\$24,000	66.7%	Based on estimated building activity.
Cutoff & Reconnection Fees	\$1,200	\$1,500	\$300	25.0%	Upward trend in account cutoff & reconnections.
Other Revenue/ Fees	\$6,315	\$6,415	\$100	1.6%	Primarily past due charges (\$6,200).
Interest Income	\$2,140	\$7,020	\$4,880	228%	Increase in CD interest rates & NCCMT earnings.
Other Financing Sources	\$145,000	\$950,000	\$805,000	555.2%	Financing for service truck (\$40,000), 2 mobile generators (\$60,000) & the water meter replacement project (\$850,000).
TOTAL WATER/ SEWER FUND	\$2,150,655	\$2,914,935	\$764,280	35.5%	

**STORM WATER FUND REVENUE BUDGET
FY 2019 VS. FY 2018**

REVENUE TYPE	2018 BUDGET	2019 BUDGET	DIFF. 2019 & 2018	% CHANGE	SIGNIFICANT CHANGES FY 2019 VS. FY 2018
Storm Water Charges	\$223,000	\$227,500	\$4,500	2.0%	Increase in number of accounts.
Storm Water Building Fees	\$40,000	\$48,000	\$8,000	20.0%	Based on estimated building activity.
Interest Income	\$875	\$2,880	\$2,005	229.1%	Increase in CD interest rates & NCCMT earnings.
Other Financing	\$35,000	\$80,000	\$45,000	128.6%	Financing for one-half of street sweeper.
Appropriate Fund Balance	\$331,219	\$0	(\$331,219)	-100%	
TOTAL STORM WATER FUND	\$630,094	\$358,380	(\$271,714)	-43.1%	

GENERAL FUND POTENTIAL RATE/FEE INCREASES

1. Recycle Fee
2. Garbage Collection Fees
3. Property Taxes

GENERAL FUND POTENTIAL RATE/FEE INCREASES

RECYCLE FEE

Est. Monthly Per Cart Charge by Waste Management for FY 2019 (assumes 2.25% inc.)	\$5.01		
Current Monthly Per Cart Fee	<u>\$4.88</u>		
Minimum Proposed Increase in Monthly Fee	\$0.13	2.7% Increase	Annual Revenue Increase of \$3,400
Potential Additional Monthly Fee Increase to Cover Beach Service	<u>\$0.42</u>		
Maximum Proposed Increase in Monthly Fee	<u>\$0.55</u>	11.3% Increase	Annual Revenue Increase of \$14,300

GENERAL FUND POTENTIAL RATE/FEE INCREASES

GARBAGE COLLECTION FEES

SERVICE TYPE	CURRENT RATE/FEE	% INCREASE	RATE/FEE AFTER INC.	ADDITIONAL COST PER MONTH & YEAR PER CART	EST. INCREASE IN ANNUAL REVENUE	% INCREASE	RATE/FEE AFTER INC.	ADDITIONAL COST PER MONTH & YEAR PER CART	EST. INCREASE IN ANNUAL REVENUE
Residential - 1st Cart	\$6.00	16.67%	\$7.00	\$1.00 / \$12.00	\$25,450	25%	\$7.50	\$1.50 / \$18.00	\$38,150
Residential - Extra Carts	\$12.00	16.67%	\$14.00	\$2.00 / \$24.00	\$5,550	25%	\$15.00	\$3.00 / \$36.00	\$8,350
					\$31,000				\$46,500
Commercial	\$26.25	16.67%	\$30.63	\$4.38 / \$52.56	\$5,150	25%	\$32.81	\$6.56 / \$78.72	\$7,700
TOTAL					\$36,150				\$54,200

GENERAL FUND POTENTIAL RATE/FEE INCREASES

PROPERTY TAXES

- Increase the current tax rate of 28.5 cents per \$100 of value by an amount to be determined by Town Council
 - Current estimate of property tax increase, assuming no reductions to the expense budget and not implementing any other fee or rate increases:
 - Increase of 5 cents (17.5%) generating approximately \$440,000 of annual revenue

PROPERTY TAXES
INCREMENTAL REVENUE FROM VARIOUS INCREASE AMOUNTS

	TAX RATE INCREASE							
	1.0 Cent	2.0 Cents	3.0 Cents	4.0 Cents	4.5 Cents	4.75 Cents	5.0 Cents	6.0 Cents
Percentage Increase In Tax Rate	3.51%	7.02%	10.53%	14.04%	15.79%	16.67%	17.54%	21.05%
Tax Levy Related To Tax Rate Increase	\$89,033	\$178,065	\$267,098	\$356,130	\$400,646	\$422,904	\$445,163	\$534,195
Net Increase To Town Revenue	\$88,142.18	\$176,284	\$264,427	\$352,569	\$396,640	\$418,675	\$440,711	\$528,853
Tax Rate After Increase (\$0.285 + increase)	\$0.2950	\$0.3050	\$0.3150	\$0.3250	\$0.3300	\$0.3325	\$0.3350	\$0.3450
Impact on Household With Home Valued at \$400,000:								
Annual Increase	\$40	\$80	\$120	\$160	\$180	\$190	\$200	\$240
Monthly Increase	\$3.33	\$6.67	\$10.00	\$13.33	\$15.00	\$15.83	\$16.67	\$20.00
Total Annual Tax	\$1,180	\$1,220	\$1,260	\$1,300	\$1,320	\$1,330	\$1,340	\$1,380

ASSUMPTIONS:

- (1) - Starting point is current tax rate of \$0.285 per \$100 of valuation.
- (2) - Estimated tax base from NHC Tax Department as of 3/23/18 was: **\$890,325,100** (includes \$24,500,000 for motor vehicles)
- (3) - Estimated property tax collection rate is: **99%**

WATER & SEWER FUND POTENTIAL RATE/FEE INCREASES

1. Account Setup Fee
2. New Rate Tier For Residential Customers For Usage Above 10,000 Gallons Per Month
3. New Rate Tier For Commercial and Fort Fisher Customers For Usage Above 10,000 Gallons Per Month
4. Increase Monthly Minimum Fee For All Customers

WATER & SEWER FUND POTENTIAL NEW FEE

ACCOUNT SETUP FEE

- New fee of \$50 for costs involved in establishing a new account:

AVERAGE NO. OF NEW ACCOUNTS PER MONTH	PROPOSED NEW ACCT. SETUP FEE	EST. MONTHLY REVENUE	EST. ANNUAL REVENUE
10	\$50	\$500	\$6,000

**WATER & SEWER FUND
POTENTIAL NEW RESIDENTIAL RATE TIER
FOR USAGE OVER 10,000 GALLONS**

TIME PERIOD COVERED: 4/1/2017 – 3/31/2018

	WATER	SEWER	
TOTAL ACCTS. BILLED	23,600	22,693	
TOTAL GALS. USED	93,171,198	89,706,160	
TOTAL ACCTS. WITH USAGE OVER 10,000 GALS.	1,922	1,814	
% OF TOTAL ACCTS.	8.1%	8.0%	
TOTAL GALS. USED BY ACCTS. OVER 10,000	36,087,764	33,503,140	
% OF TOTAL GALS. USED	38.7%	37.3%	
EST. PORTION OF USAGE ABOVE 10,000 GALS.	16,867,764	15,363,140	
			TOTAL
EST. ANNUAL REVENUE - NEW RATE TIER - 25% INC.	\$28,675	\$33,415	\$62,090
EST. ANNUAL REVENUE - NEW RATE TIER - 50% INC.	\$56,929	\$66,830	\$123,758

**WATER & SEWER FUND
POTENTIAL NEW RATE TIER – COMMERCIAL & FORT FISHER
FOR USAGE OVER 10,000 GALLONS**

TIME PERIOD COVERED: 4/1/2017 – 3/31/2018

	COMMERCIAL			FORT FISHER		
	WATER	SEWER		WATER	SEWER	
TOTAL ACCTS. BILLED	471	447		48	48	
TOTAL GALS. USED	8,199,830	7,726,010		9,150,400	10,811,151	
TOTAL ACCTS. WITH USAGE OVER 10,000 GALS.	162	159		37	37	
% OF TOTAL ACCTS.	34.4%	35.6%		77.1%	77.1%	
TOTAL GALS. USED BY ACCTS. OVER 10,000	7,318,770	6,883,110		9,089,900	10,750,651	
% OF TOTAL GALS. USED	89.3%	89.1%		99.3%	99.4%	
EST. PORTION OF USAGE ABOVE 10,000 GALS.	5,698,770	5,293,110		8,719,900	10,380,651	
			TOTAL			TOTAL
EST. ANNUAL REVENUE - NEW RATE TIER - 25% INC.	\$9,887	\$9,428	\$19,316	\$17,167	\$26,276	\$43,443
EST. ANNUAL REVENUE - NEW RATE TIER - 50% INC.	\$19,775	\$18,857	\$38,631	\$34,335	\$52,552	\$86,887

WATER & SEWER FUND

INCREASE MONTHLY MINIMUM FOR ALL CUSTOMER TYPES

	RESIDENTIAL			COMMERCIAL			FORT FISHER		
	CURRENT MONTHLY MINIMUM	NEW RATE AFTER 10% INC.	NEW RATE AFTER 25% INC.	CURRENT MONTHLY MINIMUM	NEW RATE AFTER 10% INC.	NEW RATE AFTER 25% INC.	CURRENT MONTHLY MINIMUM	NEW RATE AFTER 10% INC.	NEW RATE AFTER 25% INC.
WATER	\$13.50	\$14.85	\$16.88	\$18.50	\$20.35	\$23.13	\$23.00	\$25.30	\$28.75
SEWER	\$23.50	\$25.85	\$29.38	\$25.50	\$28.05	\$31.88	\$40.50	\$44.55	\$50.63
EST. INCREASE IN ANNUAL REVENUE		\$85,189	\$212,971		\$2,011	\$5,028		\$305	\$762

TOTAL ALL CUSTOMERS - 10% INCREASE	\$87,505
TOTAL ALL CUSTOMERS - 25% INCREASE	\$218,761

REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

<u>ORGANIZATION</u>	<u>REQUEST REC'D FY 2019</u>	<u>REQUEST REC'D FY 2018</u>	<u>ACTUAL FY 2018</u>	<u>ACTUAL FY 2017</u>	<u>ACTUAL FY 2016</u>	<u>ACTUAL FY 2015</u>	<u>ACTUAL FY 2014</u>
Pleasure Island Chamber of Commerce (concert series)	\$8,800	\$8,800	\$8,800	\$8,800	\$8,500	\$8,800	\$8,000
Katie B. Hines Senior Center (1)		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Federal Point Historic Preservation Society	\$3,000	\$3,000	\$1,500	\$1,500	\$1,000	\$1,000	\$1,000
Federal Point Help Center	\$1,500	\$1,500	\$1,500	\$1,500	\$1,000	\$1,000	\$1,000
Kure Beach Volunteer Fire Dept. (Christmas Show) (2)					\$3,300	\$3,300	\$3,300
Island of Lights (3)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,100	\$1,100	\$1,000
Friends of Fort Fisher, Inc. (4)	\$1,500	\$1,500	\$1,500	\$1,500		\$2,000	
TOTAL GOVERNING BODY BUDGET	\$16,000	\$18,000	\$16,500	\$16,500	\$16,900	\$19,200	\$16,300
Pleasure Island Sea Turtle Project (5)	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400
GRAND TOTAL	\$37,400	\$41,400	\$38,400	\$38,400	\$39,200	\$43,800	\$38,000

(1) - No request received for FY 2019.

(2) - Christmas show included as part of Parks & Recreation budget beginning in FY 2017.

(3) - Island of Lights request for FY 2019 (and FY 2014 - 2018) also includes \$900 of in-kind.

(4) - FY 2016 request from Friends of Fort Fisher received one month after deadline for applications.

(5) - Included in Building Inspection/Code Enforcement budget.