



TOWN COUNCIL MINUTES

BUDGET WORKSHOP #1 TOWN HALL

Friday, April 3, 2020 @ 9:00 a.m.

The Kure Beach Town Council held budget workshop # one to review the proposed FY20-21 budget. The Town Attorney and a quorum of Council was present.

COUNCIL MEMBERS PRESENT

Mayor Craig Bloszinsky
Mayor Pro Tem David Heglar
Commissioner Joseph Whitley
Commissioner Allen Oliver
Commissioner John Ellen
Commissioner Joseph Whitley

COUNCIL MEMBERS ABSENT

STAFF IN ATTENDANCE

Finance Officer Arlen Copenhaver
Police Chief Mike Bowden
Fire Chief Ed Kennedy
Building inspector John Batson
Public Works Director Jimmy Mesimer
Recreation Director Nikki Keely
Town Clerk Mandy Sanders
Deputy Town Clerk Beth Chase

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.

PRESENTATION OF FIRST DRAFT OF FY19-20 BUDGET (Copenhaver)

I. Budget Assumptions

- No changes in services provided or level of services provided
- No change to tax rate (\$0.34) or other General Fund fees
- No changes to water and sewer rates
- No General Fund Contingency
- No transfer from the General Fund to the Beach Protection Fund
- General Fund full-time headcount increased by 3 (Fire Department)
- Employee Compensation
 - COLA: 1.6%
 - Merit: 2.75%



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2. The Local Government Employees' Retirement System (LGERS) Board had previously committed to annual increases in employers' contribution rates of 0.25%. However, to address a significant funding shortfall expected in future years, the LGERS Board voted to increase employer contribution rates beginning with the current fiscal year (FY 2020) as presented in the agenda packet.

Highlights:

- General Fund is short by \$251,208 and does not include a transfer to the Beach Protection Fund or Contingency
- Water Fund is short \$141,678
- Storm Water Fund is short by \$6,353
- Powell Bill Fund is balanced and includes fund balance appropriation of \$43,625
- SERF Fund is balanced
- Beach Protection Fund is balanced and does not include a transfer from the General Fund
- Asset Forfeiture Fund is balanced

DEPARTMENT HEAD STATEMENTS

1. Public Works Department, Public Works Director Mesimer stated:

General Fund increases are:

- Landscaping costs increased \$7,000
- Increase in uniforms in the amount of \$2,000
- Increase in Christmas decorations in the amount of \$3,000
- New truck for the department in the amount of \$40,000
- Boardwalk repairs in the amount of \$40,000 to repair walkway

Water and Sewer Fund increases are:

- Requesting \$200,000 for a new vac truck split over two funds
- New service truck in the amount of \$40,000
- Requesting 4 inch pumps for bypass at lift stations
- New gator at the cost of \$15,000
- Increase in computers/support for the City Works software

Storm Water Operations increases:

- Capital Outlay increase of \$200,000 for the vac truck
- \$40,000 increase for maintenance of systems



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2. Police Department

Police Chief Bowden stated:

- F/T Personnel-related Costs increased \$69,322 for yearly raises
- Building Maintenance increase of \$10,500
- Contracts increased due to new tasers in amount of \$8,000
- Capital Outlay increase for new cameras in police vehicles in the amount of \$5,000
- Supplies for the department increased in amount of \$3,000
- K-9 Maintenance wasn't in the budget last year so added it to the budget in amount of \$2,500
- Workers Comp. Insurance increased in amount of \$1,275
- Utilities increased for the new building in amount of \$1,100
- Gas Tank should be installed by the end of May and the concrete work is already complete

3. Fire Department & Lifeguards

Fire Chief Kennedy stated:

- Full Time Personnel-related Costs increased for 3 new Full Time positions in the amount of \$163,729
- Minor Equipment increase for 7 sets of turnout gear in the amount of \$21,700 for volunteers
- Truck Maintenance increased \$3,000
- Building Maintenance increased in the amount of \$2,735
- Safety Program decreased in the amount of \$1,000 as not as many fire alarms are needed in the community
- Travel & Training increased in the amount of \$1,000 for employees to obtain certificates

Break 10:15 am

Resumed: 10:30 am

4. Building Inspections

Building Inspector Batson stated:

- Personnel-related Costs increased \$2,367
- Building Inspection Gas Allowance increased \$2,600
- Travel & Training increased \$1,000 with additional staff for training certificates
- Regarding the Building permit fees he contacted other local municipalities by email
- Received 3 responses regarding the permit rates from Southport, Carolina Beach and Wrightsville Beach
- Southport had the most expensive permit fees



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- The permit fees had a wide range and he will send forward the information to Town Council
- He thinks the storm fees and the water & sewer fees could be reviewed by the Town Council

5. Recreation

Recreation Director Keely stated:

- Personnel-related Costs increased \$7,406 for merit and cola
- Parks and Recreation decreased due to the Market Manger position being eliminated in the amount of \$4,000

6. Administration

Deputy Town Clerk Sanders stated:

- Split between General Fund and Water Fund
- Recycling increased \$26,300 to match the increases received from Waste Management
- Professional/Consulting Fees increased in the amount of \$4,200 for Amy Garvis
- Meetings/Events Expense is a new line item in the budget in the amount of \$2,100 which moved from the supplies line item
- Telephone increased because Town Hall added two new lines in the amount of \$1,365
- Personnel-related Costs decreased \$10,673
- Retiree Medical Insurance decreased \$5,460
- Building Maintenance decreased \$1,250 for the new building

Commissioner Oliver stated he would like for Town Staff to hold a meeting with Waste Management to discuss the future of recycling for the Town

Governing Body

- Town Council didn't ask for an increase of Council pay this fiscal year

MPT Heglar stated since no one signed up for the last election he would like to review the salary for elected officials and asks Town Clerk Sanders to ask surrounding municipalities of elected official pay and bring back to the next budget workshop.

Legal

- Professional legal service has increased \$9,000 for Attorney Eldridge for future work on the Chapter 160D changes.
- Town Attorney is requesting an increase of 113% in his retainer for the year

Lunch Break 12:15 pm

Resumed: 1:00 pm



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7. Finance

Finance Officer Copenhaver stated:

- F/T Personnel-related Costs increased \$8,830
- Significant increase in the amount of \$68,000 for new financial software that will be split over two funds
- Payroll processing fees increased \$4,700
- Unemployment Insurance decreased \$950

Committee

- Only one committee, Shoreline Access and Beach Protection
- FY 21 includes \$1,225 for signage & \$975 for sea oats – Shoreline Access & Beach Protection Committee

Tax Collection

- Estimated increase in tax base
- Transfers not projecting any at this time

Debt Service

- No significant changes

Contingency

- No amount initially allocated.

REVENUE REVIEW

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

PROPOSED GENERAL FUND BUDGET

- Property Taxes - Estimated increase in tax base provided by New Hanover County Tax Dept.
- Sales Tax - Actual growth in FY 2020 greater than budgeted. FY 2021 estimated to be decrease over FY 2020 forecast, but increase over FY 2020 budget, due to COVID-19.
- Garbage & Recycle Fees - Increase in recycling rate during FY 2020.
- TDA- FY 2021 budget is for lifeguards. Estimated decrease in TDA funds available due to COVID-19
- Communication Tower Rent - FY 2021 includes annual increase for existing leases. Also, one Comspeco lease was terminated in FY 2020.
- Building Permits - Decrease in issuance of building permits.



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- Sales Tax Refund - Estimated sales tax refund based on sales tax paid in prior fiscal year. Higher in FY 2020 due to Town Hall/Fire Station capital project.
- Town Facility Rentals – Kept flat with current budget
- ABC Revenue - Upward trend in ABC revenue.
- Motor Vehicle License Tax collected as part of vehicle registration.
- Re-Entry Decal Sales - FY 2021 estimated to be lower due to property owners being provided with 2 free decals.
- Interest & Investment Earnings- Decrease in CD interest rates & NCCMT earnings.
- All Other Revenue - Largest components are surplus property sales (\$3,500) & fines/citations (\$2,600). Amended FY 2020 includes CAMA grant of \$100,866 for beach access.
- Other Financing Sources - Financing for Police vehicle (\$40,000) & Public Works Truck (\$40,000).

PROPOSED WATER & SEWER FUND BUDGET

- Sewer Charges projecting to be similar as last year
- Water & Sewer Tap fees - Based on estimated building activity.
- Cutoff & Reconnection Fees- currently all suspended but small increase for upward trend in account cutoff & reconnections.
- Other Revenue/fees primarily past due charges (\$6,300) and new account setup fees (\$6,200).

PROPOSED STORM WATER FUND BUDGET

- Storm Water Building Fees increase based on estimated building activity
- Interest Income increase in CD interest rates & NCCMT earnings.
- Other Financing Sources - Financing for ½ of Vac. Truck

PROPERTY TAXES:

- Increase the current tax rate of 34 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 2.75 cents (8.1%) generating approximately \$251,000 of annual revenue

GARBAGE COLLECTION FEES

- Raise cart fee from \$7.00 to \$8.00 would increase revenue \$26,200
- Raise cart fee from \$7.00 to \$8.75 would increase revenue \$45,840



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Commissioner Ellen stated he thinks the Town Council should at least raise it the dollar to make the fee \$8.00

Commissioner Oliver stated he isn't in favor of raising the garbage fees at this time.

CONSENSUS- Town Council directed Finance Officer Copenhaver to raise the cart fee in the general fund \$1.00 for the next budget workshop

WATER & SEWER FUND POTENTIAL RATE/FEE INCREASES

- Increase monthly minimum rate by 10%
- Increase monthly minimum rate by 20%
- 10% rate tier increase
- 20% rate tier increase
- 10% total rate increase (minimum & tiers)
- 20% total rate increase (minimum & tiers)

MPT Heglar stated each department head needs to review their individual budgets and make cuts to their budget and bring forth to Council at the next budget workshop so the Town Council can see the impacts. He doesn't feel the Town should have a property tax increase this fiscal year. The water & sewer fees will need to be reviewed and then action will be taken by the Town Council.

Commissioner Oliver commented the Town needs to prepare for the long-term fallout of what will happen regarding COVID-19.

Mayor Bloszinsky stated he is not a fan of any tax increase on real estate for this fiscal year. The Town needs to find a way to live within their means.

Officer Copenhaver stated he needs to have the information from the Department Heads by mid next week to have enough time for the next budget workshop.

OUTSIDE AGENCY FUNDING REQUESTS

Finance Officer Copenhaver stated funding requests totaled \$17,500 as follows:

- Chambers of Commerce requested \$9,800
- Katie B. Hines Senior Center, no application received for the third year in a row
- Federal Point Help Center, no application received
- Federal Point Historic Preservation Society requested \$5,000
- Island of Lights requested \$1,200
- Friends of Fort Fisher, Inc requested \$1,500



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Town Council to fund the requests as follows:

- Chambers of Commerce - \$9,800
- Katie Hines Senior Center - \$0
- Federal point Help Center - \$1,500
- Federal Point Historic Preservation Society - \$1,500
- Island of Lights - \$1,200
- Friends of Fort Fisher, Inc - \$1,500

CONSENSUS – Town Council agreed to give the above funding amounts to the outside agencies for FY20-21

ADJOURN


MOTION - MPT Heglar made a motion to adjourn the budget meeting at 2:29 p.m.

SECOND - Commissioner Ellen

VOTE – Unanimous



Craig Bloszinsky, Mayor

ATTEST: 

Mandy Sanders/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 20-21 BUDGET WORK SESSION #1



APRIL 3, 2020

INITIAL FY 2021 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. No change to tax rate (\$0.34) or other General Fund fees
3. No changes to water and sewer rates
4. No General Fund Contingency
5. No transfer from the General Fund to the Beach Protection Fund
6. General Fund full-time headcount increased by 3 (Fire Department)
7. Employee Compensation
 - COLA: 1.6%
 - Merit: 2.75%

FY 2021 BUDGET SIGNIFICANT CHANGES

- The Local Government Employees' Retirement System (LGERS) Board had previously committed to annual increases in employers' contribution rates of 0.25%. However, to address a significant funding shortfall expected in future years, the LGERS Board voted to increase employer contribution rates beginning with the current fiscal year (FY 2020) as follows:

Fiscal Year	Base Rate Non-LEO	Increase Amount	% Increase		Base Rate LEO	Increase Amount	% Increase
2019	7.75%				8.50%		
2020	8.95%	1.2%	15.5%		9.70%	1.2%	14.1%
2021	10.15%	1.2%	13.4%		10.90%	1.2%	12.4%
2022	11.35%	1.2%	11.8%		12.10%	1.2%	11.0%

**FY 2020/2021 BUDGET SUMMARY
AS OF APRIL 3, 2020**

FUND	FY 2021 REVENUE BUDGET	FY 2021 EXPENSE BUDGET	OVER/(SHORT)	COMMENTS
General Fund	\$5,694,946	\$5,946,154	(\$251,208)	Does not include a transfer to the Beach Protection Fund or Contingency
Water/Sewer Fund	\$2,573,540	\$2,715,218	(\$141,678)	
Storm Water Fund	\$495,440	\$501,793	(\$6,353)	
Powell Bill Fund	\$110,000	\$110,000	\$0	Includes fund balance appropriation of \$43,625
SERF Fund	\$10,760	\$10,760	\$0	
Beach Protection Fund	\$4,250	\$4,250	\$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	\$50,000	\$50,000	\$0	
TOTAL	\$8,938,936	\$9,338,175	(\$399,239)	

**TOTAL FY 2021 EXPENSE BUDGET BY FUND
VS. FY 2020 APPROVED BUDGET
AS OF APRIL 3, 2020**

FUND	2020 ORIGINAL BUDGET	2020 AMENDED BUDGET	REQUESTED 2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHANGE	DIFF. 2021 & AMENDED 2020	% CHANGE
General	\$5,559,748	\$5,701,276	\$5,946,154	\$386,406	7.0%	\$244,878	4.3%
Water/Sewer	\$2,424,390	\$2,429,149	\$2,715,218	\$290,828	12.0%	\$286,069	11.8%
Storm Water	\$335,225	\$396,365	\$501,793	\$166,568	49.7%	\$105,428	26.6%
Powell Bill	\$66,450	\$66,450	\$110,000	\$43,550	65.5%	\$43,550	65.5%
Sewer Expansion Reserve	\$17,420	\$17,420	\$10,760	(\$6,660)	(38.2%)	(\$6,660)	(38.2%)
Beach Protection	\$24,500	\$24,500	\$4,250	(\$20,250)	(82.7%)	(\$20,250)	(82.7%)
Federal Asset Forfeiture	\$50,000	\$50,000	\$50,000	\$0	0.0%	\$0	0.0%
TOTAL - ALL FUNDS	\$8,477,733	\$8,685,160	\$9,338,175	\$860,442	10.1%	\$653,015	7.5%

GENERAL FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Streets & Sanitation	550	\$897,657	\$1,032,145	\$995,914	\$98,257	10.9%	(\$36,231)	(3.5%)	<p><u>Increases:</u> F/T Personnel-related Costs: \$4,975 / 1.1% Capital Outlay – Truck: \$40,000 / new Landfill Expense: \$30,000 / 27% Boardwalk Repairs: \$20,000 / 100% Landscaping: \$7,000 / 39% Christmas Decorations: \$3,000 / 30% Travel & Training: \$2,000 / 400% Building Maintenance: \$2,000 / 50% Uniforms: \$2,000 / 40% OFP Maintenance: \$2,000 / 25%</p> <p><u>Decreases:</u> Capital Outlay - Equipment: \$15,000 / 100%</p>
Police	510	\$1,630,215	\$1,632,682	\$1,600,490	(\$29,725)	(1.8%)	(\$32,192)	(2.0%)	<p><u>Increases:</u> F/T Personnel-related Costs: \$69,322 / 5.7% Building Maintenance: \$10,500 / 300% Contracts: \$8,000 / 35% Capital Outlay - Vehicles: \$5,000 / 14% Supplies: \$3,000 / 120% K-9 Maintenance: \$2,500 / new Workers Comp. Ins.: \$1,275 / 5% Utilities: \$1,100 / 13%</p> <p><u>Decreases:</u> P/T Personnel-related Costs: \$8,612 / 27% Capital Outlay – Equip.: \$110,000 / 100% Exams & Screenings: \$7,500 / 88% Telephone & Postage: \$4,000 / 20% Vehicle Maintenance: \$2,000 / 17%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Fire Dept.	530	\$805,218	\$789,233	\$992,259	\$187,041	23.2%	\$203,026	25.7%	<p><u>Increases:</u> F/T Personnel-related Costs (includes 3 new F/T positions): \$163,729 / 30.6% Minor Equipment: \$21,700 / 63% Truck Maintenance: \$3,000 / 43% Building Maintenance: \$2,735 / 121% Telephone/Postage: \$1,300 / 20%</p> <p><u>Decreases:</u> P/T Personnel-related Costs: \$1,221 / 1.3% Utilities: \$2,500 / 19% Safety Program: \$1,000 / 50% Uniforms: \$900 / 13%</p>
Lifeguards	531	\$207,174	\$235,732	\$256,529	\$49,355	23.8%	\$20,797	8.8%	<p><u>Increases:</u> Personnel-related Costs: \$50,815 / 29.6% Telephone: \$680 / 680%</p> <p><u>Decreases:</u> Travel & Training: \$1,000 / 50% ATV – Gas, Oil, Tires: \$1,000 / 25%</p>
Bldg. Inspection	540	\$199,788	\$199,788	\$203,970	\$4,182	2.1%	\$4,182	2.1%	<p><u>Increases:</u> F/T Personnel-related Costs: \$2,367 / 1.5% Bldg. Insp. Gas Allowance: \$2,600 / 33% Travel & Training: \$1,000 / 40%</p> <p><u>Decreases:</u> Building Maintenance: \$1,000 / 100% Turtle Monitoring: \$900 / 11%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Administration	420	\$549,763	\$549,763	\$566,330	\$16,567	3.0%	\$16,567	3.0%	<p>Increases: Recycling: \$26,300 / 13% Professional/Consulting Fees: \$4,200 / new Meetings/Events Expense: \$2,100 / new Telephone: \$1,365 / 10% Codification: \$1,000 / 50%</p> <p>Decreases: F/T Personnel-related Costs: \$10,673 / 6.9% Retiree Medical Insurance: \$5,460 / 16% Building Maintenance: \$1,250 / 7% Supplies: \$1,000 / 8%</p>
Governing Body	410	\$38,290	\$50,290	\$48,205	\$9,915	25.9%	(\$2,085)	(4.1%)	<p>Increases: Governmental Relations: \$7,500 / 167% Contributions: \$2,000 / 13% Dues & Subscriptions: \$412 / 10%</p>
Emergency Management	446	\$2,500	\$2,500	\$2,500	\$0	0%	\$0	0%	
Elections	430	\$3,300	\$3,300	\$0	(\$3,300)	(100%)	(\$3,300)	(100%)	No local election in FY 2021.

GENERAL FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Legal	470	\$34,679	\$34,679	\$60,679	\$26,000	75.0%	\$26,000	75.0%	<u>Increases:</u> Attorney Retainer: \$9,000 / 48% Professional Legal Service: \$17,000 / 113%
Parks & Recreation	532	\$212,474	\$212,474	\$215,490	\$3,016	1.4%	\$3,016	1.4%	<u>Increases:</u> F/T Personnel-related Costs: \$7,406 / 5.1% <u>Decreases:</u> P&R Activity Expenses: \$4,000 / 62%
Community Center	421	\$23,300	\$23,300	\$23,000	(\$300)	(1.3%)	(\$300)	(1.3%)	
Finance	415	\$166,660	\$166,660	\$234,688	\$68,028	40.8%	\$68,028	40.8%	<u>Increases:</u> F/T Personnel-related Costs: \$8,830 / 10.0% Capital Outlay - Software: \$55,000 / new Payroll Processing Fees: \$4,700 / 72% Prof. Services – Audit: \$500 / 4% <u>Decreases:</u> Unemployment Insurance: \$950 / 29%
Committees	412	\$5,005	\$5,005	\$2,200	(\$2,805)	(56.0%)	(\$2,805)	(56.0%)	FY 21 includes \$1,225 for signage & \$975 for sea oats – <u>Shoreline Access & Beach Protection Committee</u>

GENERAL FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Debt Service	560	\$716,925	\$716,925	\$713,800	(\$3,125)	(0.4%)	(\$3,125)	(0.4%)	
Tax Collection	460	\$28,800	\$28,800	\$30,100	\$1,300	4.5%	\$1,300	4.5%	Estimated increase in tax base.
Transfers	580	\$18,000	\$18,000	\$0	(\$18,000)	(100%)	(\$18,000)	(100%)	No transfer to the Beach Protection Fund in initial budget proposal.
Contingency	490	\$20,000	\$0	\$0	(\$20,000)	(100%)	(\$20,000)	(100%)	No amount initially allocated.
TOTAL GENERAL FUND		\$5,559,748	\$5,701,276	\$5,946,154	\$386,406	7.0%	\$244,878	4.3%	

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
W/S Operations	810	\$1,849,312	\$1,854,071	\$2,063,758	\$214,446	11.6%	\$209,687	11.3%	<p><u>Increases:</u> F/T Personnel-related Costs: \$13,145 / 3.4% Capital Outlay-Equipment: \$225,000 / 250% Capital Outlay-Sewer Rehab: \$60,000 / new Computer Service/Support: \$34,000 / 680% Building/Equip. Maintenance: \$3,000 / 25% Workers Comp. Ins.: \$2,428 / 22% Utilities: \$2,000 / 4%</p> <p><u>Decreases:</u> Capital Outlay-Improve.: \$112,807 / 100% Telephone: \$6,800 / 38% Dues & Permit Fees: \$3,000 / 8%</p>
Administration	720	\$312,913	\$312,913	\$313,389	\$476	0.2%	\$476	0.2%	<p><u>Increases:</u> Professional/Consulting Fees: \$4,200 / new Building Maintenance: \$3,750 / 27% Retiree Medical Insurance: \$1,850 / 11% Telephone: \$1,365 / 10% Codification: \$1,000 / 50%</p> <p><u>Decreases:</u> F/T Personnel-related Costs: \$10,674 / 6.9% Supplies: \$1,000 / 13%</p>

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2021 VS. FY 2020

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
Governing Body	410	\$19,040	\$19,040	\$19,458	\$418	2.2%	\$418	2.2%	Increases: Dues & Subscriptions: \$412 / 10%
Legal	470	\$34,679	\$34,679	\$36,679	\$2,000	5.8%	\$2,000	5.8%	Increases: Attorney Retainer: \$9,000 / 48% Decreases: Professional Legal Service: \$7,000 / 47%
Finance	715	\$208,446	\$208,446	\$281,934	\$73,488	35.3%	\$73,488	35.3%	Increases: F/T Personnel-related Costs: \$12,435 / 7.7% Capital Outlay - Software: \$55,000 / new Computer Services: \$9,460 / 149% Prof. Services - Audit: \$500 / 4% Decreases: Payroll Processing Fees: \$3,700 / 57% Unemployment Insurance: \$295 / 32%
TOTAL WATER/ SEWER FUND		\$2,424,390	\$2,429,149	\$2,715,218	\$290,828	12.0%	\$286,069	11.8%	

**STORM WATER FUND BUDGET BY EXPENSE TYPE
FY 2021 VS. FY 2020**

DEPARTMENT	DEPT. NO.	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	REQUESTED 2021 BUD.	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. ORIGINAL FY 2020
SW Operations	610	\$180,075	\$241,215	\$226,273	\$46,198	25.7%	(\$14,942)	(6.2%)	<u>Increases:</u> Maintenance: \$40,000 / 267% Professional Fees: \$23,000 / 1150% <u>Decreases:</u> F/T Personnel-related Costs: \$16,490 / 12.7% Workers Comp. Ins.: \$1,072 / 22%
Debt Service	610	\$125,650	\$125,650	\$45,520	(\$80,130)	(63.8%)	(\$80,130)	(63.8%)	Cutter Court infrastructure loan was paid off in FY 2020
Capital Outlay	610	\$29,500	\$29,500	\$230,000	\$200,500	679.7%	\$200,500	679.7%	<u>Increases:</u> Capital Outlay-Equipment: \$200,000 / new
TOTAL STORM WATER FUND		\$358,380	\$396,365	\$501,793	\$166,568	49.7%	\$105,428	26.6%	

**GENERAL FUND REVENUE BUDGET
FY 2021 VS. FY 2020**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Property Taxes	\$3,044,300	\$3,044,300	\$3,104,950	\$60,650	2.0%	\$60,650	2.0%	Estimated increase in tax base provided by New Hanover County Tax Dept.
Sales Tax	\$960,500	\$960,500	\$1,100,000	\$149,500	15.6%	\$149,500	15.6%	Actual growth in FY 2020 greater than budgeted. FY 2021 estimated to be decrease over FY 2020 forecast, but increase over FY 2020 budget, due to COVID-19.
Garbage & Recycle Fees	\$488,000	\$488,000	\$522,700	\$34,700	7.1%	\$34,700	7.1%	Increase in recycling rate during FY 2020.
TDA	\$260,000	\$260,000	\$256,530	(\$3,470)	(1.3%)	(\$3,470)	(1.3%)	FY 2021 budget is for lifeguards. Estimated decrease in TDA funds available due to COVID-19.
Franchise & Utility Taxes	\$240,000	\$240,000	\$256,000	\$16,000	6.7%	\$16,000	6.7%	Estimated increase in electricity sales tax.
Communication Tower Rent	\$84,348	\$84,348	\$81,626	(\$2,722)	(3.2%)	(\$2,722)	(3.2%)	FY 2021 includes annual increase for existing leases. Also, one Comspeco lease was terminated in FY 2020.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$99,350	\$99,350	\$75,300	(\$24,050)	(24.2%)	(\$24,050)	(24.2%)	Decrease in issuance of building permits.

GENERAL FUND REVENUE BUDGET FY 2021 VS. FY 2020

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Sales Tax Refund	\$135,000	\$135,000	\$105,000	(\$30,000)	(22.2%)	(\$30,000)	(22.2%)	Estimated sales tax refund based on sales tax paid in prior fiscal year. Higher in FY 2020 due to Town Hall/Fire Station capital project.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$28,500	\$28,500	\$29,800	\$1,300	4.6%	\$1,300	4.6%	
Town Facility Rentals	\$19,000	\$19,000	\$19,000	\$0	0.0%	\$0	0.0%	
ABC Revenue	\$19,175	\$19,175	\$19,875	\$700	3.7%	\$700	3.7%	Upward trend in ABC revenue.
Motor Vehicle License Tax	\$10,000	\$10,000	\$10,500	\$500	5.0%	\$500	5.0%	Motor Vehicle License Tax collected as part of vehicle registration.
Beer & Wine Tax	\$9,600	\$9,600	\$9,600	\$0	0.0%	\$0	0.0%	

**GENERAL FUND REVENUE BUDGET
FY 2021 VS. FY 2020**

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Re-Entry Decal Sales	\$2,500	\$2,500	\$1,400	(\$1,100)	(44.0%)	(\$1,100)	(44.0%)	FY 2021 estimated to be lower due to property owners being provided with 2 free decals.
Interest & Investment Earnings	\$7,450	\$7,450	\$5,540	(\$1,910)	(25.6%)	(\$1,910)	(25.6%)	Decrease in CD interest rates & NCCMT earnings.
All Other Revenue	\$7,025	\$109,289	\$7,125	\$100	1.4%	(\$102,164)	(93.5%)	Largest components are surplus property sales (\$3,500) & fines/citations (\$2,600). Amended FY 2020 includes CAMA grant of \$100,866 for beach access.
Appropriation of Fund Balance	\$0	\$39,264	\$0	\$0	0.0%	(\$39,264)	(100%)	
Other Financing Sources	\$145,000	\$145,000	\$80,000	(\$65,000)	(44.8%)	(\$65,000)	(44.8%)	Financing for Police vehicle (\$40,000) & Public Works Truck (\$40,000).
TOTAL GENERAL FUND	\$5,559,748	\$5,701,276	\$5,694,946	\$135,198	2.4%	(\$6,330)	(0.1%)	

WATER/SEWER FUND REVENUE BUDGET FY 2021 VS. FY 2020

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Water Charges	\$917,050	\$917,050	\$923,500	\$6,450	0.7%	\$6,450	0.7%	
Sewer Charges	\$1,301,100	\$1,301,100	\$1,302,000	\$900	0.1%	\$900	0.1%	
Water & Sewer Tap Fees	\$90,000	\$90,000	\$45,000	(\$45,000)	(50.0%)	(\$45,000)	(50.0%)	Based on estimated building activity.
Cutoff & Reconnection Fees	\$1,800	\$1,800	\$1,800	\$0	0.0%	\$0	0.0%	
Other Revenue/Fees	\$11,690	\$16,449	\$12,890	\$1,200	10.3%	(\$3,559)	(21.6%)	Primarily past due charges (\$6,300) and new account setup fees (\$6,200).
Interest Income	\$12,750	\$12,750	\$8,350	(\$4,400)	(34.5%)	(\$4,400)	(34.5%)	Decrease in CD interest rates & NCCMT earnings.
Other Financing Sources	\$90,000	\$90,000	\$280,000	\$190,000	211.1%	\$190,000	211.1%	Financing for ½ of Vac. Truck (\$200,000), Service Truck (\$40,000) & Generator (\$40,000).
TOTAL WATER/SEWER FUND	\$2,424,390	\$2,429,149	\$2,573,540	\$149,150	6.2%	\$144,391	5.9%	

STORM WATER FUND REVENUE BUDGET FY 2021 VS. FY 2020

REVENUE TYPE	ORIGINAL 2020 BUD.	AMENDED 2020 BUD.	2021 BUDGET	DIFF. 2021 & ORIG. 2020	% CHG.	DIFF. 2021 & AMENDED 2020	% CHG.	SIGNIFICANT CHANGES FY 2021 VS. FY 2020
Storm Water Charges	\$230,000	\$230,000	\$232,500	\$2,500	1.1%	\$2,500	1.1%	
Storm Water Building Fees	\$100,000	\$100,000	\$60,000	(\$40,000)	(40.0%)	(\$40,000)	(40.0%)	Based on estimated building activity.
Interest Income	\$5,225	\$5,225	\$2,940	(\$2,285)	(43.7%)	(\$2,285)	(43.7%)	Decrease in CD interest rates & NCCMT earnings.
Hurricane Reimbursement	\$0	\$20,000	\$0	\$0	0.0%	(\$20,000)	(100%)	
Appropriation of Fund Balance	\$0	\$41,140	\$0	\$0	0.0%	(\$41,140)	(100%)	
Other Financing Sources	\$0	\$0	\$200,000	\$200,000		\$200,000		Financing for ½ of Vac. Truck.
TOTAL STORM WATER FUND	\$335,225	\$396,365	\$495,440	\$160,215	47.8%	\$99,075	25.0%	

FY 2021 BUDGET

POTENTIAL RATE/FEE INCREASES

1. General Fund

- a. Property Taxes
- b. Garbage Collection Fees
- c. Building Permit Fees?

2. Water & Sewer Fund

- a. Water Rates
- b. Sewer Rates

3. Storm Water Fund

- a. Storm Water Rates

GENERAL FUND POTENTIAL RATE/FEE CHANGES

1. Property Taxes

- Increase the current tax rate of 34 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 2.75 cents (8.1%) generating approximately \$251,000 of annual revenue

PROPERTY TAXES
INCREMENTAL REVENUE FROM VARIOUS INCREASE AMOUNTS

	TAX RATE INCREASE							
	0.5 Cent	1.0 Cent	1.5 Cents	2.0 Cents	2.5 Cents	2.75 Cents	3.0 Cents	3.5 Cents
Percentage Increase In Tax Rate	1.47%	2.94%	4.41%	5.88%	7.35%	8.09%	8.82%	10.29%
Tax Levy Related To Tax Rate Increase	\$46,125	\$92,250	\$138,375	\$184,500	\$230,625	\$253,688	\$276,750	\$322,875
Net Increase To Town Revenue	\$45,664	\$91,328	\$136,991	\$182,655	\$228,319	\$251,151	\$273,983	\$319,646
Tax Rate After Increase (\$0.34 + increase)	\$0.345	\$0.35	\$0.355	\$0.36	\$0.365	\$0.3675	\$0.37	\$0.375
Impact on Household With Home Valued at \$400,000:								
Annual Increase	\$20	\$40	\$60	\$80	\$100	\$110	\$120	\$140
Monthly Increase	\$1.67	\$3.33	\$5.00	\$6.67	\$8.33	\$9.17	\$10.00	\$11.67
Total Annual Tax	\$1,380	\$1,400	\$1,420	\$1,430	\$1,440	\$1,470	\$1,460	\$1,480

ASSUMPTIONS:

- (1) - Starting point is current tax rate of \$0.34 per \$100 of valuation.
- (2) - Estimated tax base from NHC Tax Department as of 3/26/20 was: **\$922,500,000** (includes \$28,000,000 for motor vehicles)
- (3) - Estimated property tax collection rate is: **99%**

GENERAL FUND POTENTIAL RATE/FEE INCREASES

2. 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 (with 14.3% rate increase)	% INCREASE	RATE/FEE AFTER INC.	ADDITIONAL COST PER MONTH & YEAR PER CART	EST. INCREASE IN ANNUAL REVENUE (with 25% rate increase)
Residential - 1st Cart	\$7.00	14.3%	\$8.00	\$1.00 / \$12.00	\$26,200	25%	\$8.75	\$1.75 / \$21.00	\$45,840
Residential - Extra Carts	\$14.00	14.3%	\$16.00	\$2.00 / \$24.00	\$4,580	25%	\$17.50	\$3.50 / \$42.00	\$8,000
					\$30,780				\$53,840
Commercial	\$30.63	14.3%	\$35.01	\$4.38 / \$52.56	\$5,045	25%	\$38.29	\$7.66 / \$91.92	\$8,825
TOTAL					\$35,825				\$62,665

WATER & SEWER FUND POTENTIAL RATE/FEE INCREASES

OPTION NO.	RATE ACTION	ESTIMATED ANNUAL REVENUE INCREASE			
		RESIDENTIAL	COMMERCIAL	FORT FISHER	TOTAL
1	Increase monthly minimum rate by 10% Residential water \$1.35 Residential sewer <u>\$2.35</u> Total \$3.70	\$87,000	\$2,050	\$300	\$89,350
2	Increase monthly minimum rate by 20% Residential water \$2.70 Residential sewer <u>\$4.70</u> Total \$7.40	\$174,000	\$4,100	\$600	\$178,700
3	10% rate tier increase	\$86,750	\$9,025	\$20,000	\$115,775
4	20% rate tier increase	\$173,500	\$18,050	\$40,000	\$231,550
5	10% total rate increase (minimum & tiers)	\$169,400	\$11,000	\$20,400	\$200,800
6	20% total rate increase (minimum & tiers)	\$338,800	\$22,000	\$40,800	\$401,600

KURE BEACH STORM WATER FEE INCREASE SCENARIOS

	CURRENT MONTHLY FEE (\$8.71)	10% FEE INCREASE (\$9.58)	14.8 % FEE INCREASE (\$10.00)	25% FEE INCREASE (\$10.89)	50% FEE INCREASE (\$13.07)	55% FEE INCREASE (\$13.50)
Monthly SW Fee Revenue	\$19,376	\$21,314	\$22,244	\$24,220	\$29,064	\$30,033
Annual SW Fee Revenue	\$232,512	\$255,763	\$266,924	\$290,640	\$348,768	\$360,394
Estimated Increase in Annual SW Fee Revenue		\$23,251	\$34,412	\$58,128	\$116,256	\$127,882

REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

<u>ORGANIZATION</u>	<u>REQUEST REC'D FY 2021</u>	<u>REQUEST REC'D FY 2020</u>	<u>ACTUAL FY 2020</u>	<u>ACTUAL FY 2019</u>	<u>ACTUAL FY 2018</u>	<u>ACTUAL FY 2017</u>
Pleasure Island Chamber of Commerce (concert series)	\$9,800	\$9,800	\$9,800	\$8,800	\$8,800	\$8,800
Katie B. Hines Senior Center (1)	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000
Federal Point Historic Preservation Society	\$5,000	\$5,000	\$1,500	\$1,500	\$1,500	\$1,500
Federal Point Help Center (2)	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500
Island of Lights (3)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Friends of Fort Fisher, Inc.	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
TOTAL GOVERNING BODY BUDGET	\$17,500	\$17,500	\$15,500	\$16,500	\$16,500	\$16,500
Pleasure Island Sea Turtle Project (4)	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400
GRAND TOTAL	\$22,900	\$22,900	\$20,900	\$21,900	\$21,900	\$21,900

(1) - No request for FY 2019 to FY 2021.

(2) – No request for FY 2020 and FY 2021.

(3) - Island of Lights request for FY 2021 (and FY 2017 - 2020) also includes \$900 of in-kind.

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