



TOWN COUNCIL MINUTES

**BUDGET WORKSHOP #1
TOWN HALL**

Monday April 5, 2021 @ 9:00 a.m.

The Kure Beach Town Council held budget workshop # one to review the proposed FY21-22 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

CALL TO ORDER

Mayor Bloszinsky called the meeting to order at 9:00 a.m.

Commissioner Ellen and Fire Chief Kennedy presented Mayor Bloszinsky, Commissioner Whitley and Commissioner Oliver with the Fire Department coin.

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 FY21-22 BUDGET (Copenhaver)

1. Budget Assumptions

- No changes in services provided or level of services provided
- Change current tax rate (\$0.34) to estimated revenue neutral tax rate (\$0.2535)
- No change to 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
- New paid parking program is budgeted as breakeven
- General Fund full-time headcount increased by 2 (Fire Department)



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- Supplies/Materials increased \$10,000

Water and Sewer Fund Decreases are:

- Capital Outlay-Equipment: decreased \$60,000
- Computer Software/Service decreased \$27,100
- CB Treatment Charges decreased \$25,000
- Debt Service decreased \$2,394
- Telephone decreased \$1,000

Storm Water Operations increases:

- F/ Personnel-related costs increased \$3,826
- Supplies increased \$14,000

2. Police Department

Police Chief Bowden stated:

- F/T Personnel-related Costs increased \$54,682 due to Merit and COLA
- P/T Personnel-related Costs increased \$2,153 for 3 potential new hires
- Travel/Training increased \$6,000 for added training and ammo costs
- Capital Outlay increased \$6,000 for vehicles
- Computer Services increased \$4,760
- Building Maintenance increased \$2,000
- Vehicle Maintenance increased \$2,000
- Uniforms increased \$2,000
- Cell phone reimbursement increased \$1,000
- Contracts increased \$1,000

3. Fire Department & Lifeguards

Fire Chief Kennedy stated:

- Full Time Personnel-related Costs increased \$148,751 for 2 new Full-Time positions
- Part time Personnel-related costs increased \$15,168
- Personnel-related Costs for Lifeguards increased \$11,262
- Drill fees increased \$9,405
- Capital Outlay increased \$75,000 for trucks
- Building Maintenance increased \$5,000
- Computer Services increased \$2,800
- Truck Maintenance increased \$2,500
- Uniforms increased \$1,000
- Minor Equipment decreased \$7,000
- Equipment/Supplies for Lifeguards increased \$2,000
- Capital Outlay for ATV for lifeguards increased \$1,000



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OUTSIDE AGENCY FUNDING REQUESTS

Finance Officer Copenhaver stated funding requests totaled \$11,500 as follows:

- Chambers of Commerce requested \$42,500 10 days after deadline (not included in total)
- Katie B. Hines Senior Center, no application received for the fourth year in a row
- Federal Point Help Center, no application received for the second year in a row
- Federal Point Historic Preservation Society requested \$5,000
- Island of Lights requested \$1,200
- Friends of Fort Fisher, Inc requested \$2,500

MOTION- MPT Heglar made a motion to fund Pleasure Island Chamber of Commerce \$9,800.

SECOND- Commissioner Whitley

VOTE- Unanimous

MOTION- Commissioner Oliver made a motion to fund Federal Point Historic Society and Friends of Fort Fisher \$1500 each

SECOND- Commissioner Whitley

VOTE- Unanimous

MOTION- MPT Heglar made a motion to fund Island of Lights \$1200

SECOND- Commissioner Whitley

VOTE- Unanimous

MOTION- MPT Heglar made a motion to fund Help Center \$1500 and direct the Recreation Department to reach out to the Help Center to get request list

SECOND- Commissioner Ellen

VOTE- Unanimous

MOTION- MPT Heglar made a motion to fund the Pleasure Island Sea Turtle Project \$4,800 as requested

SECOND- Commissioner Whitley

VOTE- Unanimous

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



TOWN COUNCIL MINUTES

BUDGET WORKSHOP #1 TOWN HALL

Monday April 5, 2021 @ 9:00 a.m.

Mayor Bloszinsky asked Chairman Linquist if any funding is available?

Commissioner Ellen commented that he supports any signage, blinking lights, crosswalk, etc. but worries it will make walkers stop being careful when crossing.

MOTION- Commissioner Oliver made a motion to accept Bike/Ped budget as proposed

SECOND- MPT Heglar

VOTE- Unanimous

Debt Service

- Slight Decrease

Tax Collection

- Estimated increase in tax base

Paid Parking Program

- \$200.000 rough guess for new program

Contingency

- No amount initially allocated.

Property Revaluation

- Required every 8 years per NC law
- Moved to a 4-year reappraisal cycle
- Perform to re-establish fairness of tax burden

REVENUE REVIEW

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

MOTION- MPT Heglar made a motion to break for lunch at 12:10 p.m.

SECOND- Commissioner Whitley

VOTE- Unanimous

MOTION- Commissioner Ellen made a motion to return to the budget meeting at 1:00 p.m.

SECOND- MPT Heglar

VOTE- Unanimous



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**BUDGET WORKSHOP #1
TOWN HALL**

Monday April 5, 2021 @ 9:00 a.m.

- To make necessary investments in water, sewer or broadband infrastructure. (Treasury will provide additional guidance)

PROPOSED GENERAL FUND BUDGET

- Property Taxes – Assumes revenue neutral tax rate (\$0.2535) and estimated tax base provided by NHC Tax Dept.
- Sales Tax – Actual growth in FY 2021 greater than budgeted. FY 2022 estimated to be increase over FY 2021 budget and forecast.
- Garbage & Recycle Fees - Decrease in recycling rate during FY 2022.
- TDA- FY 2022 budget is for lifeguards, OFP maintenance and OFP entertainment
- Parking Program Revenue – Conservative initial estimate is for revenue to equal expenses.

MOTION- MPT Heglar made a motion to make parking revenue budget \$260,000

SECOND- Commissioner Whitley

VOTE- Unanimous

- Communication Tower Rent - FY 2022 includes annual increase for existing leases. Also, last Comspenco lease was terminated in FY 2021.
- Building Permits - Decrease in issuance of building permits.
- 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 – Downward trend
- 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)
- Other Financing Sources – Financing for paving projects (\$150,000), Police Vehicle (\$46,000, Public Works Truck (\$50,000) & Fire Vehicles (\$75,000).

PROPOSED WATER & SEWER FUND BUDGET

- Water Charges: Reduction relates to decrease in FY 2021 full year forecast
- 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.



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Monday April 5, 2021 @ 9:00 a.m.

Commissioner Oliver commented if Financial Officer Copenhaver can put together what garbage collection costs us; does Town Council want to break even with garbage fees covering what the garbage collection costs.

MPT Heglar stated outsourcing garbage has other issues such as privacy issues, but we need to know that cost data analysis.

MOTION- Commissioner Oliver made a motion to increase the tax rate by 1.56, and fund the remainder of shortfall with the fund balance.

SECOND- MPT Heglar

VOTE- Unanimous

MOTION- MPT Heglar made a motion for budgeting purposes put in the American Recovery Act as a fund balance appropriation and if it does not; come through then Town Council will go back and review

SECOND- Commissioner Oliver

VOTE- Unanimous

MOTION- MPT Heglar made a motion to propose to set the stormwater fee for budgeting purposes to \$15

SECOND- Commissioner Oliver

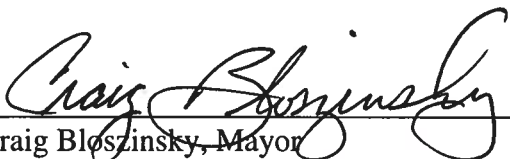
VOTE: Unanimous


ADJOURN

MOTION- MPT Heglar made a motion to adjourn the budget meeting at 2:25 p.m.

SECOND- Commissioner Oliver

VOTE- Unanimous


Craig Blaszynski, 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 21-22 BUDGET WORK SESSION #1**



APRIL 5, 2021

INITIAL FY 2022 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. Change current tax rate (\$0.34) to estimated revenue neutral tax rate (\$0.2535)
3. No change to General Fund fees
4. No changes to water and sewer rates
5. No General Fund Contingency
6. No transfer from the General Fund to the Beach Protection Fund
7. New paid parking program is budgeted as breakeven
8. General Fund full-time headcount increased by 2 (Fire Department)
9. Employee Compensation
COLA: 1.3%
Merit: 3.0%

**FY 2022 BUDGET
SIGNIFICANT CHANGES RELATING TO RETIREMENT SYSTEM**

1. The Local Government Employees' Retirement System (LERS) 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 LERS Board voted to increase employer contribution rates beginning in Fiscal Year 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 2021/2022 BUDGET SUMMARY
AS OF APRIL 5, 2021**

<u>FUND</u>	<u>FY 2022 REVENUE BUDGET</u>	<u>FY 2022 EXPENSE BUDGET</u>	<u>OVER/(SHORT)</u>	<u>COMMENTS</u>
General Fund	\$6,266,716	\$6,638,316	(\$371,600)	Does not include a transfer to the Beach Protection Fund or Contingency
Water/Sewer Fund	\$2,581,350	\$2,796,225	(\$214,875)	
Storm Water Fund	\$555,260	\$700,672	(\$145,412)	
Powell Bill Fund	\$318,650	\$318,650	\$0	Includes fund balance appropriation of \$257,075
SERF Fund	\$9,090	\$9,090	\$0	
Beach Protection Fund	\$390	\$390	\$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	\$25,000	\$25,000	\$0	
TOTAL	\$9,756,456	\$10,488,343	(\$731,887)	

**TOTAL FY 2022 EXPENSE BUDGET BY FUND
VS. FY 2021 APPROVED BUDGET
AS OF APRIL 5, 2021**

FUND	2021 ORIGINAL	2021 AMENDED	REQUESTED	DIFF. 2022 &	%	DIFF. 2022 &	%
	BUDGET	BUDGET	2022 BUDGET	ORIG. 2021	CHANGE	AMENDED 2021	CHANGE
General	\$5,693,981	\$5,784,029	\$6,638,316	\$944,335	16.6%	\$854,287	14.8%
Water/Sewer	\$2,616,095	\$2,693,611	\$2,796,225	\$180,130	6.9%	\$102,614	3.8%
Storm Water	\$532,330	\$532,330	\$700,672	\$168,342	31.6%	\$168,342	31.6%
Powell Bill	\$110,000	\$110,000	\$318,650	\$208,650	189.7%	\$208,650	189.7%
Sewer Expansion Reserve	\$10,380	\$10,380	\$9,090	(\$1,290)	(12.4%)	(\$1,290)	(12.4%)
Beach Protection	\$8,375	\$8,375	\$390	(\$7,985)	(95.3%)	(\$7,985)	(95.3%)
Federal Asset Forfeiture	\$50,000	\$50,000	\$25,000	(\$25,000)	(50.0%)	(\$25,000)	(50.0%)
TOTAL - ALL FUNDS	\$9,021,161	\$9,163,725	\$10,488,343	\$1,467,182	16.3%	\$1,324,618	14.4%

GENERAL FUND BUDGET BY DEPARTMENT FY 2022 VS. FY 2021

DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
Streets & Sanitation	550	\$978,192	\$998,846	\$1,406,084	\$427,892	43.7%	\$407,238	40.8%	<p><u>Increases:</u> F/T Personnel-related Costs: \$19,221 / 4.1% Temporary Employees Costs: \$5,813 / new Recycling: \$213,000 / new (from Admin) Capital Outlay–Improve.: \$138,500 / new Landfill Expense: \$22,000 / 19% OFP Maintenance: \$11,000 / 92% Capital Outlay – Equipment: \$10,000 / new Capital Outlay – Truck: \$10,000 / 25% Computer Software/Service: \$2,100 / 27% Uniforms: \$2,000 / 29%</p> <p><u>Decreases:</u> Christmas Decorations: \$3,000 / 23% Utilities: \$3,000 / 6%</p>
	510	\$1,576,105	\$1,604,046	\$1,661,277	\$85,172	5.4%	\$57,231	3.6%	<p><u>Increases:</u> F/T Personnel-related Costs: \$54,682 / 4.3% P/T Personnel-related Costs: \$2,153 / 11.1% Travel/Training: \$6,000 / 60% Capital Outlay - Vehicles: \$6,000 / 15% Computer Services: \$4,760 / 22% Building Maintenance: \$2,000 / 50% Vehicle Maintenance: \$2,000 / 20% Uniforms: \$2,000 / 14% Cell Phone Reimbursement: \$1,000 / 13% Contracts: \$1,000 / 3%</p> <p><u>Decreases:</u> None</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2022 VS. FY 2021

DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
Fire Dept.	530	\$889,113	\$894,186	\$1,142,447	\$253,334	28.5%	\$248,261	27.8%	<u>Increases:</u> F/T Personnel-related Costs (includes 2 new F/T positions): \$148,751 / 25.2% P/T Personnel-related Costs: \$15,168 / 13.6% Drill Fees: \$9,405 / 22% Capital Outlay - Trucks: \$75,000 / new Building Maintenance: \$5,000 / 100% Computer Services: \$2,800 / 56% Truck Maintenance: \$2,500 / 25% Uniforms: \$1,000 / 17% <u>Decreases:</u> Minor Equipment: \$7,000 / 17%
Lifeguards	531	\$256,709	\$264,920	\$271,186	\$14,477	5.6%	\$6,266	2.4%	<u>Increases:</u> Personnel-related Costs: \$11,262 / 5.1% Equipment/Supplies: \$2,000 / 31% Capital Outlay - ATV: \$1,000 / 10% <u>Decreases:</u> None
Bldg. Inspection	540	\$204,792	\$206,216	\$210,265	\$5,473	2.7%	\$4,049	2.0%	<u>Increases:</u> F/T Personnel-related Costs: \$7,133 / 4.4% Homeowners Recovery: \$650 / 186% <u>Decreases:</u> Gas Allowance: \$1,800 / 17% Turtle Monitoring: \$600 / 10%

GENERAL FUND BUDGET BY DEPARTMENT

FY 2022 VS. FY 2021

DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
Parks & Recreation	532	\$204,244	\$205,667	\$228,574	\$24,330	11.9%	\$22,907	11.1%	<u>Increases:</u> F/T Personnel-related Costs: \$11,113 / 7.3% Annual Street Festival: \$9,000 / 150% Sponsorship Maintenance: \$4,000 / 200% Children/Family Programs: \$1,500 / 60% <u>Decreases:</u> P/T Personnel-related Costs: \$1,291 / 27.3%
Community Center	421	\$21,500	\$21,500	\$21,500	\$0	0.0%	\$0	0.0%	
Administration	420	\$533,505	\$554,191	\$342,738	(\$190,767)	(35.8%)	(\$211,453)	(38.2%)	<u>Increases:</u> F/T Personnel-related Costs: \$6,810 / 5.9% Land Use Plan: \$26,250 / new P&L Insurance: \$4,100 / 9% Supplies: \$2,000 / 17% Building Maintenance: \$1,877 / 11% <u>Decreases:</u> Recycling: \$229,905 / 100% (to PW) Retiree Medical Insurance: \$3,580 / 12%
Governing Body	410	\$42,937	\$42,937	\$37,403	(\$5,534)	(12.9%)	(\$5,534)	(12.9%)	<u>Increases:</u> None <u>Decreases:</u> Contributions: \$5,535 / 45%

GENERAL FUND BUDGET BY DEPARTMENT

FY 2022 VS. FY 2021

DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
Legal	470	\$51,963	\$51,963	\$82,400	\$30,437	58.6%	\$30,437	58.6%	<p>Increases: Legal Service—Town Attorney: \$57,600 / new</p> <p>Decreases: Attorney Retainer: \$19,163 / 100% Professional Legal Service: \$8,000 / 25%</p>
Emergency Management	446	\$2,500	\$2,500	\$2,500	\$0	0%	\$0	0%	
Elections	430	\$0	\$0	\$3,700	\$3,700		\$3,700		Local election in FY 2022.
Finance	415	\$181,301	\$183,437	\$238,427	\$57,126	31.5%	\$54,990	30.0%	<p>Increases: F/T Personnel-related Costs: \$2,609 / 2.7% Capital Outlay - Software: \$55,000 / new Payroll Processing Fees: \$800 / 7% Postage: \$600 / 48%</p> <p>Decreases: Unemployment Insurance: \$2,480 / 60%</p>
Committees	412	\$4,370	\$4,370	\$79,450	\$75,080	1,718%	\$75,080	1,718%	<p>Shoreline Access & Beach Protection: \$5,200 for beach location signs & replacement signs</p> <p>Bike/Ped: \$2,750 for training, signs & public education \$60,000 for 3 solar crosswalk signs \$11,500 for paving of walking path</p>

**GENERAL FUND BUDGET BY DEPARTMENT
FY 2022 VS. FY 2021**

DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
Debt Service	560	\$711,650	\$711,650	\$679,765	(\$31,885)	(4.5%)	(\$31,885)	(4.5%)	Continued pay down of existing loans.
Tax Collection	460	\$30,100	\$30,100	\$30,600	\$500	1.7%	\$500	1.7%	
Paid Parking Program	570	\$0	\$0	\$200,000	\$200,000		\$200,000		New paid parking program.
Transfers	580	\$5,000	\$7,500	\$0	(\$5,000)	(100%)	(\$7,500)	(100%)	No transfer to the Beach Protection Fund in initial budget proposal.
Contingency	490	\$0	\$0	\$0	\$0		\$0		No amount initially allocated.
TOTAL GENERAL FUND		\$5,693,981	\$5,784,029	\$6,638,316	\$944,335	16.6%	\$854,287	14.8%	

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2022 VS. FY 2021

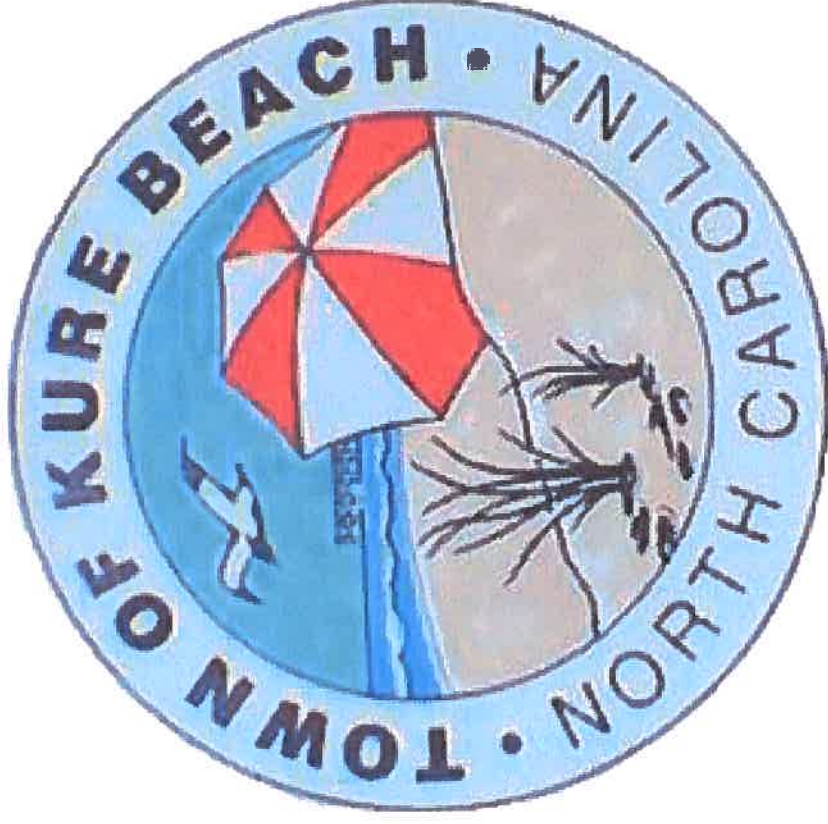
DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
W/S Operations	810	\$2,056,239	\$2,132,705	\$2,178,112	\$121,873	5.9%	\$45,407	2.1%	<u>Increases:</u> F/T Personnel-related Costs: \$20,398 / 5.1% Capital Outlay-Improve.: \$208,295 / 499% Supplies/Materials: \$10,000 / 10% <u>Decreases:</u> Capital Outlay-Equipment: \$60,000 / 21% Computer Software/Service: \$27,100 / 84% CB Treatment Charges: \$25,000 / 7% Debt Service: \$2,394 / 1% Utilities: \$2,000 / 4% Telephone: \$1,000 / 9%
Administration	720	\$285,209	\$286,259	\$294,187	\$8,978	3.1%	\$7,928	2.8%	<u>Increases:</u> F/T Personnel-related Costs: \$6,811 / 5.9% P&L Insurance: \$4,100 / 9% Building Maintenance: \$1,877 / 11% <u>Decreases:</u> Retiree Medical Expense: \$5,490 / 28%
Governing Body	410	\$19,455	\$19,455	\$19,453	(\$2)	0%	(\$2)	0%	

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2022 VS. FY 2021

DEPARTMENT	DEPT. NO.	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	REQUESTED 2022 BUD.	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. ORIGINAL FY 2021
Legal	470	\$27,963	\$27,963	\$15,200	(\$12,763)	(45.6%)	(\$12,763)	(45.6%)	<u>Increases:</u> Legal Service—Town Attorney: \$14,400 / new <u>Decreases:</u> Attorney Retainer: \$19,163 / 100% Professional Legal Service: \$8,000 / 100%
Finance	715	\$227,229	\$227,229	\$289,273	\$62,044	27.3%	\$62,044	27.3%	<u>Increases:</u> F/T Personnel-related Costs: \$6,248 / 3.6% Capital Outlay - Software: \$55,000 / new Postage: \$700 / 8% <u>Decreases:</u> Unemployment Insurance: \$675 / 63%
TOTAL WATER/SEWER FUND		\$2,616,095	\$2,693,611	\$2,796,225	\$180,130	6.9%	\$102,614	3.8%	

**STORM WATER FUND BUDGET BY EXPENSE TYPE
FY 2022 VS. FY 2021**

DEPARTMENT	DEPT. NO.	2021 BUDGET	REQUESTED 2022 BUD.	DIFF. 2022 & 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. FY 2021
SW Operations	610	\$225,835	\$243,724	\$17,889	7.9%	<u>Increases:</u> F/T Personnel-related costs: \$3,826 / 3.4% Supplies: \$14,000 / 233% <u>Decreases:</u> None
Debt Service	610	\$45,520	\$36,948	(\$8,572)	(18.8%)	Continued pay down of existing loans.
Capital Outlay	610	\$260,975	\$420,000	\$159,025	60.9%	<u>Increases:</u> Capital Outlay - Improvements: \$139,025 / 228% Capital Outlay - Equipment: \$20,000 / 10% <u>Decreases:</u> None
TOTAL STORM WATER FUND		\$532,330	\$700,672	\$168,342	31.6%	



**NEW HANOVER COUNTY
PROPERTY REVALUATION
EFFECTIVE JANUARY 1, 2021**

PROPERTY REVALUATION

GENERAL INFORMATION

- North Carolina law requires all counties to reappraise real property at least once every 8 years
- New Hanover County moved to a 4 year reappraisal cycle beginning with the January 2017 revaluation
- Reappraisal is performed to re-establish the fairness of the tax burden between properties that typically change in value at different rates by location and property type

KURE BEACH
CHANGE IN VALUATION BY CLASSIFICATION
01/01/2020 VS. 01/01/2021
AS OF MARCH 17, 2021

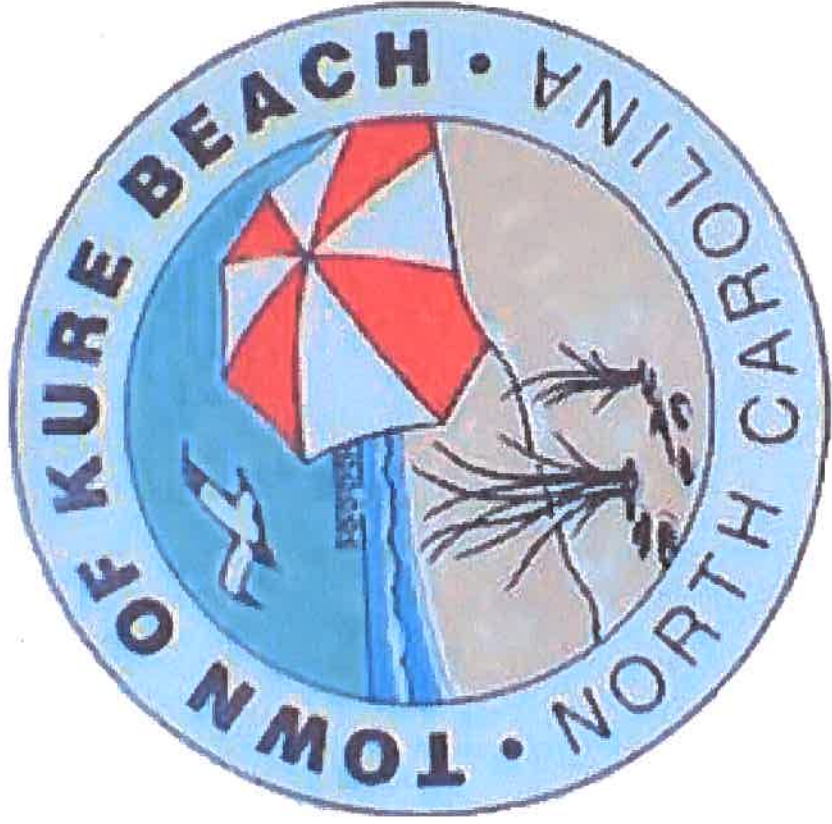
DESCRIPTION	PRIOR TO REVALUATION (01/01/2020)	AFTER REVALUATION (01/01/2021)	\$ CHANGE	% CHANGE
Real Property	\$889,813,300	\$1,225,000,000	\$335,186,700	37.7%
Personal Property	1,820,137	1,750,000	(70,137)	(3.9%)
Business Personal Property	2,674,194	2,500,000	(174,194)	(6.5%)
Motor Vehicles	28,975,635	29,622,500	646,865	2.2%
State Appraised	1,277,663	1,200,000	(77,663)	(6.1%)
Total	\$924,560,929	\$1,260,072,500	\$335,511,571	36.3%

**STATUS OF REVALUATION
REAL PROPERTY VALUES
AS OF MARCH 17, 2021**

	PRIOR TO REVALUATION (01/01/2020)	AFTER REVALUATION (01/01/2021)	% OF TOTAL NHC REVALUED PROPERTY	\$ CHANGE	% CHANGE
Kure Beach	\$889,813,300	\$1,225,000,000	2.9%	\$335,186,700	37.7%
Carolina Beach	\$1,881,660,244	\$2,812,000,000	6.5%	\$930,339,756	49.4%
Wrightsville Beach	\$2,594,640,756	\$3,672,000,000	8.5%	\$1,077,359,244	41.5%
Wilmington	\$13,578,336,950	\$19,350,000,000	45.1%	\$5,771,663,050	42.5%
Fire District	\$11,608,190,322	\$15,886,000,000	37.0%	\$4,277,809,678	36.9%
Total New Hanover County	\$30,552,641,572	\$42,945,000,000		\$12,392,358,428	40.6%

**JANUARY 2021 REVALUATION
REVENUE NEUTRAL TAX RATE CALCULATION
AS OF MARCH 17, 2021**

Average Growth % (FY 18 – 21)	1.57%
Current Tax Rate per \$100	\$0.34
FY 2021 Tax Levy (\$924,560,929/100) x \$0.34	\$3,143,507
FY 2022 Tax Levy Without Revaluation Including Average Growth % (((\$924,560,929 x 1.0157)/100) x \$0.34	\$3,192,860
Revenue Neutral Tax Rate For FY 2022 Based on Revaluation \$3,192,860 / (\$1,260,072,500/100)	\$0.2535
Change in Tax Rate From Current to Revenue Neutral	(\$0.0865)



**THE AMERICAN RESCUE PLAN ACT (ARP)
MARCH 11, 2021**

THE AMERICAN RESCUE PLAN ACT

GENERAL INFORMATION

- 1. All cities, towns and villages are entitled to a federal grant from the new Coronavirus Local Fiscal Recovery Fund.**
- 2. Aid obligated to municipalities is not in any way mingled with aid obligated to state or county governments.**
- 3. Aid for municipalities is protected from state or county interference by iron-clad statutes compelling states to comply, including penalties for states that fail to carry out their responsibilities to small cities and towns.**

THE AMERICAN RESCUE PLAN ACT GENERAL INFORMATION (continued)

- 4. Local governments to receive \$130.2 billion split as follows:**
 - \$65.1 billion for 19,000+ municipal governments
 - \$65.1 billion for 3,000+ county governments
- 5. \$65.1 billion for municipal governments allocated as follows:**
 - 70% or \$45.5 billion to cities with 50,000+ residents (based on population size, poverty rates & housing instability)
 - 30% or \$19.5 billion to cities with less than 50,000 residents (based on population size only)
- 6. Small city grants cannot be greater than an amount equal to 75% of the city's most recent pre-pandemic budget.**

THE AMERICAN RESCUE PLAN ACT GENERAL INFORMATION (continued)

7. Grants will be released in 2 allocations:
 - One-half following enactment
 - One-half 12 months following receipt of first payment
8. Money remains available until 12/31/2024; unexpended funds must be returned to the Treasury.
9. Preliminary estimate of total allocation to Kure Beach is approximately \$610,000.

THE AMERICAN RESCUE PLAN ACT

GENERAL INFORMATION (continued)

10. Eligible uses (expenditures):
- To respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality.
 - To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the city that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work (up to \$13 per hour above regular wages).
 - For the provision of government services to the extent of the reduction in revenue of such city due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the city prior to the emergency.
 - To make necessary investments in water, sewer or broadband infrastructure. (Treasury will provide additional guidance)

GENERAL FUND REVENUE BUDGET FY 2022 VS. FY 2021

REVENUE TYPE	ORIGINAL	AMENDED	2022	DIFF. 2022 &	%	DIFF. 2022 &	%	SIGNIFICANT CHANGES FY 2022 VS. FY 2021
	2021 BUD.	2021 BUD.	BUDGET	ORIG. 2021	CHG.	AMENDED 2021	CHG.	
Property Taxes	\$3,104,950	\$3,104,950	\$3,166,000	\$61,050	2.0%	\$61,050	2.0%	Assumes revenue neutral tax rate (\$0.2535) and estimated tax base provided by NHC Tax Dept.
Sales Tax	\$991,500	\$1,041,700	\$1,230,000	\$238,500	24.1%	\$188,300	18.1%	Actual growth in FY 2021 greater than budgeted. FY 2022 estimated to be increase over FY 2021 budget and forecast.
Garbage & Recycle Fees	\$530,405	\$530,405	\$512,500	(\$17,905)	(3.4%)	(\$17,905)	(3.4%)	Decrease in recycling rate during FY 2021.
TDA	\$256,530	\$272,230	\$307,186	\$50,656	19.7%	\$34,956	12.8%	FY 2022 budget is for lifeguards (\$271,186), OFP maintenance (\$23,000) & OFP entertainment (\$13,000).
Franchise & Utility Taxes	\$252,000	\$252,000	\$240,000	(\$12,000)	(4.8%)	(\$12,000)	(4.8%)	Estimated decrease in electricity sales tax & franchise taxes.
Parking Program Revenue	\$0	\$0	\$200,000	\$200,000		\$200,000		Conservative initial estimate is for revenue to equal expenses.
Communication Tower Rent	\$81,627	\$81,627	\$78,635	(\$2,992)	(3.7%)	(\$2,992)	(3.7%)	FY 2022 includes annual increase for existing leases. Also, last Comspeco lease was terminated in FY 2021.

GENERAL FUND REVENUE BUDGET FY 2022 VS. FY 2021

REVENUE TYPE	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	2022 BUDGET	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. FY 2021
Building Permits, CAMA, Impact Fees, Fire Inspections	\$75,300	\$75,300	\$76,050	\$750	1.0%	\$750	1.0%	
Sales Tax Refund	\$105,000	\$105,000	\$46,000	(\$59,000)	(56.2%)	(\$59,000)	(56.2%)	Estimated sales tax refund based on sales tax paid in prior fiscal year. Higher in FY 2021 due to water meter replacement capital project.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$26,800	\$26,800	\$30,050	\$3,250	12.1%	\$3,250	12.1%	Increase relates to expected additional revenue for the Town's 75 th anniversary.
Town Facility Rentals	\$19,000	\$19,000	\$14,000	(\$5,000)	(26.3%)	(\$5,000)	(26.3%)	Estimated decrease due to continued impact of COVID-19.
ABC Revenue	\$19,875	\$19,875	\$14,925	(\$4,950)	(24.9%)	(\$4,950)	(24.9%)	Downward trend in ABC revenue.
Motor Vehicle License Tax	\$10,500	\$10,500	\$11,000	\$500	4.8%	\$500	4.8%	
Beer & Wine Tax	\$9,600	\$9,600	\$9,600	\$0	0.0%	\$0	0.0%	

**GENERAL FUND REVENUE BUDGET
FY 2022 VS. FY 2021**

REVENUE TYPE	ORIGINAL 2021 BUD.	AMENDED 2021 BUD.	2022 BUDGET	DIFF. 2022 & ORIG. 2021	% CHG.	DIFF. 2022 & AMENDED 2021	% CHG.	SIGNIFICANT CHANGES FY 2022 VS. FY 2021
Parking Fines/ Civil Citations/ Court Fees	\$2,600	\$2,600	\$1,750	(\$850)	(32.7%)	(\$850)	(32.7%)	Impact of paid parking program.
Re-Entry Decal Sales	\$1,400	\$1,400	\$1,800	\$400	28.6%	\$400	28.6%	
Interest & Investment Earnings	\$4,395	\$4,395	\$945	(\$3,450)	(78.5%)	(\$3,450)	(78.5%)	Significant decrease in CD interest rates & NCCMT earnings.
All Other Revenue	\$4,775	\$21,180	\$5,275	\$500	10.5%	(\$15,905)	(75.1%)	Largest component is surplus property sales (\$3,500).
Appropriation of Fund Balance	\$117,724	\$125,467	\$0	(\$117,724)	(100%)	(\$39,264)	(100%)	No appropriation of fund balance included in current version of budget.
Other Financing Sources	\$80,000	\$80,000	\$321,000	\$241,000	301.3%	\$241,000	301.3%	Financing for paving projects (\$150,000), Police vehicle (\$46,000), Public Works Truck (\$50,000) & Fire vehicles (\$75,000).
TOTAL GENERAL FUND	\$5,693,981	\$5,784,029	\$6,266,716	\$572,735	10.1%	\$482,687	8.3%	

WATER/SEWER FUND REVENUE BUDGET FY 2022 VS. FY 2021

REVENUE TYPE	ORIGINAL	AMENDED	2022	DIFF. 2022 &	%	DIFF. 2022 &	%	SIGNIFICANT CHANGES FY 2022 VS. FY 2021
	2021 BUD.	2021 BUD.	BUDGET	ORIG. 2021	CHG.	AMENDED 2021	CHG.	
Water Charges	\$947,250	\$947,250	\$903,000	(\$44,250)	(4.7%)	(\$44,250)	(4.7%)	Reduction relates to decrease in FY 2021 full year forecast.
Sewer Charges	\$1,322,540	\$1,322,540	\$1,398,000	\$75,460	5.7%	\$ 75,460	5.7%	Increase relates primarily to out of jurisdiction customers.
Water & Sewer Tap Fees	\$45,000	\$45,000	\$45,000	\$0	0.0%	\$0	0.0%	Based on estimated building activity.
Cutoff & Reconnection Fees	\$1,800	\$1,800	\$1,800	\$0	0.0%	\$0	0.0%	
Account Past Due Charges	\$6,300	\$6,300	\$6,000	(\$300)	(4.8%)	(\$300)	(4.8%)	
New Account Setup Fee	\$6,200	\$6,200	\$6,500	\$300	4.8%	\$300	4.8%	
Interest Income	\$6,615	\$6,615	\$735	(\$5,880)	(88.9%)	(\$5,880)	(88.9%)	Significant decrease in CD interest rates & NCCMT earnings.

**WATER/SEWER FUND REVENUE BUDGET
FY 2022 VS. FY 2021**

REVENUE TYPE	ORIGINAL	AMENDED	2022	DIFF. 2022 &	%	DIFF. 2022 &	%	SIGNIFICANT CHANGES FY 2022 VS. FY 2021
	2021 BUD.	2021 BUD.	BUDGET	ORIG. 2021	CHG.	AMENDED 2021	CHG.	
Other Revenue/ Fees	\$390	\$1,440	\$315	(\$75)	(19.2%)	(\$1,125)	(5.2%)	Largest component is returned check fees (\$225).
Other Financing Sources	\$280,000	\$280,000	\$220,000	(\$60,000)	(21.4%)	(\$60,000)	(21.4%)	Financing for ½ of Vac. Truck.
Transfers In	\$0	\$76,466	\$0	\$0		(\$76,466)	(100%)	Amended FY 2021 budget includes a transfer from the Water Meter Replacement Capital Project Fund.
TOTAL WATER/SEWER FUND	\$2,616,095	\$2,693,611	\$2,581,350	(\$34,745)	(1.3%)	(\$112,261)	(4.2%)	

**STORM WATER FUND REVENUE BUDGET
FY 2022 VS. FY 2021**

<u>REVENUE TYPE</u>	<u>2021</u>	<u>2022</u>	<u>DIFF. 2022 &</u>	<u>%</u>	<u>SIGNIFICANT CHANGES FY 2022 VS. FY 2021</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>2021</u>	<u>CHANGE</u>	
Storm Water Charges	\$270,000	\$275,000	\$5,000	1.9%	Increase in number of accounts.
Storm Water Building Fees	\$60,000	\$60,000	\$0	0.0%	Based on estimated building activity.
Interest Income	\$2,330	\$260	(\$2,070)	(88.8%)	Significant decrease in CD interest rates & NCCMT earnings.
Other Financing	\$200,000	\$220,000	\$20,000	10.0%	Financing for ½ of Vac. Truck.
TOTAL STORM WATER FUND	\$532,330	\$555,260	\$22,930	4.3%	

FY 2022 BUDGET POTENTIAL RATE/FEE INCREASES

1. General Fund

- a. Property Taxes
- b. Garbage Collection 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 revenue neutral tax rate of 25.35 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 3 cents (11.8%) generating approximately \$374,000 of annual revenue

**PROPERTY TAXES
INCREMENTAL REVENUE FROM VARIOUS INCREASE AMOUNTS**

	TAX RATE INCREASE									
	0.5 Cent	1.0 Cents	1.5 Cents	2.0 Cents	2.5 Cents	3.0 Cents	3.5 Cents	4.0 Cents		
Percentage Increase In Tax Rate	1.97%	3.94%	5.92%	7.89%	9.86%	11.83%	13.81%	15.78%		
Tax Levy Related To Tax Rate Increase	\$63,004	\$126,007	\$189,011	\$252,015	\$315,018	\$378,022	\$441,025	\$504,029		
Net Increase To Town Revenue	\$62,374	\$124,747	\$187,121	\$249,494	\$311,868	\$374,242	\$436,615	\$498,989		
Tax Rate After Increase (\$0.2535 + increase)	\$0.2585	\$0.2635	\$0.2685	\$0.2735	\$0.2785	\$0.2835	\$0.2885	\$0.2935		
Impact on Household With Home Valued at \$425,000:										
Annual Increase	\$21	\$43	\$64	\$85	\$106	\$128	\$149	\$170		
Monthly Increase	\$1.77	\$3.54	\$5.31	\$7.08	\$8.85	\$10.63	\$12.40	\$14.17		
Total Annual Tax	\$1,099	\$1,120	\$1,141	\$1,162	\$1,184	\$1,205	\$1,226	\$1,247		

ASSUMPTIONS:

- (1) - Starting point is revenue neutral tax rate of **\$0.2535** per \$100 of valuation.
- (2) - Estimated tax base from NHC Tax Department as of 3/17/21 was: **\$1,260,072,500** (includes \$29,622,500 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	\$26,520	25%	\$8.75	\$1.75 / \$21.00	\$46,410
Residential - Extra Carts	\$14.00	14.3%	\$16.00	\$2.00 / \$24.00	\$4,800	25%	\$17.50	\$3.50 / \$42.00	\$8,400
					\$31,320				\$54,810
Commercial	\$30.63	14.3%	\$35.01	\$4.38 / \$52.56	\$5,098	25%	\$38.29	\$7.66 / \$91.92	\$8,916
TOTAL					\$36,418				\$63,726

WATER & SEWER FUND POTENTIAL RATE/FEE INCREASES

		ESTIMATED ANNUAL REVENUE INCREASE			
OPTION	RATE ACTION	RESIDENTIAL	COMMERCIAL	FORT FISHER	TOTAL
1	10% monthly minimum increase	\$88,500	\$2,070	\$385	\$90,955
2	20% monthly minimum increase	\$177,000	\$4,140	\$770	\$181,910
3	10% rate tier increase	\$87,750	\$9,480	\$23,980	\$121,210
4	20% rate tier increase	\$175,430	\$18,960	\$47,975	\$242,365
5	4% monthly minimum & 5% tier increase	\$79,725	\$5,590	\$12,150	\$97,465
6	4% monthly minimum & 10% tier increase	\$123,600	\$10,325	\$24,140	\$158,065
7	10% total rate increase (minimum rate & tiers)	\$176,250	\$11,550	\$24,365	\$212,165
8	20% total rate increase (minimum rate & tiers)	\$352,430	\$23,100	\$48,745	\$424,275

**KURE BEACH
STORM WATER FEE INCREASE SCENARIOS**

	CURRENT MONTHLY FEE (\$10.00)	10% FEE INCREASE (\$11.00)	20% FEE INCREASE (\$12.00)	25% FEE INCREASE (\$12.50)	50% FEE INCREASE (\$15.00)
Monthly SW Fee Revenue	\$22,970	\$25,267	\$27,564	\$28,713	\$34,455
Annual SW Fee Revenue	\$275,640	\$303,204	\$330,768	\$344,550	\$413,460
Estimated Increase in Annual SW Fee Revenue		\$27,564	\$55,128	\$68,910	\$137,820

REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

ORGANIZATION	REQUEST REC'D FY 2022	REQUEST REC'D FY 2021	ACTUAL FY 2021	ACTUAL FY 2020	ACTUAL FY 2019	ACTUAL FY 2018
Pleasure Island Chamber of Commerce (concert series) (1)	\$0	\$9,800	\$6,535	\$9,800	\$8,800	\$8,800
Federal Point Historic Preservation Society	\$3,000	\$5,000	\$1,500	\$1,500	\$1,500	\$1,500
Island of Lights (2)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Friends of Fort Fisher, Inc.	\$2,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Federal Point Help Center (3)	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500
Katie B. Hines Senior Center (4)	\$0	\$0	\$0	\$0	\$2,000	\$2,000
TOTAL GOVERNING BODY BUDGET	\$6,700	\$17,500	\$12,235	\$15,500	\$16,500	\$16,500
Pleasure Island Sea Turtle Project (5)	\$4,800	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400
GRAND TOTAL	\$11,500	\$22,900	\$17,635	\$20,900	\$21,900	\$21,900

NOTES:

(1) - FY 2022 request of \$42,500 received 10 days after application deadline.

(2) - Island of Lights request for FY 2022 (and FY 2018 - 2021) also includes \$900 of in-kind.

(3) - No request received for FY 2020 to 2022.

(4) - No request received for FY 2019 to 2022.

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