



TOWN COUNCIL MINUTES

**BUDGET WORKSHOP #1
TOWN HALL**

Monday March 28, 2022 @ 9:00 a.m.

The Kure Beach Town Council held budget workshop # 1 to review the proposed FY22-23 budget. The Town Attorney and a quorum of Council was present.

COUNCIL MEMBERS PRESENT

Mayor Craig Bloszinsky
Mayor Pro Tem Allen Oliver
Commissioner David Heglar
Commissioner John Ellen
Commissioner Dennis Panicali

COUNCIL MEMBERS ABSENT

STAFF IN ATTENDANCE

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

CALL TO ORDER

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

BUDGET PRESENTATION

Finance Officer Copenhagen 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 FY22-23 BUDGET (Copenhagen)

Budget Assumptions:

1. No changes in services provided or level of services provided
2. No change to the current tax rate of \$0.2658
3. No change to General Fund fees, except for monthly recycle fee to match Waste Management price increase
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. No changes to full-time headcount
8. Modification of the expense allocation percentages for Governing Body, Administration and Finance between the General Fund and Water/Sewer Fund
9. Employee Compensation
 - COLA: 5.9%
 - Merit: 1.1%



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Highlights:

- General Fund – Over \$32,578, Does not include a transfer to the Beach Protection Fund or Contingency
- Water/Sewer Fund – Over \$85,980
- Storm Water Fund – Short \$61,863

DEPARTMENT HEAD STATEMENTS

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

General Fund increases are:

- F/T Personnel-related Costs increased \$37,239 for Merit and COLA
- Recycling increased \$34,500
- Capital Outlay–Equipment increased \$5,000
- Gas/Oil/Tires increased \$5,000
- Travel & Training increased \$3,500
- Truck Maintenance increased \$3,000
- OFP Maintenance increased \$3,000
- Garbage Cart Purchases increased \$2,000
- Telephone increased \$1,200

General Fund decreases are:

- Capital Outlay-Improvements decreased \$89,500
- Capital Outlay – Truck decreased \$50,000

Water and Sewer Fund increases are:

- F/T Personnel-related costs increased \$31,419
- Supplies & Materials increased \$15,000
- Computer Service/Software increased \$5,000

Water and Sewer Fund decreases are:

- Capital Outlay – Equipment decreased \$220,000
- Capital Outlay – Improvements decreased \$170,000
- Capital Outlay - Sewer Rehab decreased \$20,000
- Debt Service decreased \$77,835

Storm Water Operations increases

- F/T Personnel-related costs increased \$7,374
- Capital Outlay increased \$40,000

Storm Water Operations decreases

- Capital Outlay Equipment decreased \$220,000

2. Police Department

Police Chief Bowden stated:



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- F/T Personnel-related Costs increased \$101,750 for COLA, Merit and promotions
- P/T Personnel-related Costs increased \$5,383
- Capital Outlay increased \$35,000 for new vehicles
- Contracts increased \$15,500
- Gas/Oil/Tires increased \$5,000
- Building Maintenance increased \$4,000
- Travel & Training increased \$4,000
- Uniforms increased \$4,000 as the department needs to purchase new uniforms
- Computer Services increased \$3,240
- Vehicle Maintenance increased \$2,000
- K-9 Maintenance increased \$1,000
- LEO Separation Allowance decreased \$7,735
- Minor Equipment decreased \$4,000

3. Fire Department & Lifeguards

Fire Chief Kennedy stated:

- F/T Personnel-related Costs: \$87,429/11.8%
- P/T Personnel-related Costs: \$12,323 for Merit and COLA
- Drill Fees increased \$3,983
- Capital Outlay increased \$610,000 for a purchase of a new truck
- Equipment Maintenance increased \$6,000
- Minor Equipment increased \$2,500
- Supplies increased \$1,710
- Lifeguards Personnel-related Costs increased \$43,005
- Capital Outlay for an ATV increased \$1,450
- Equipment Maintenance increased \$1,350

4. Building Inspections

Building Inspector Batson stated:

- F/T Personnel-related Costs: \$13,090 for Merit and COLA
- Contracts increased \$19,750
- Travel & Training increased \$2,500 as Code Enforcement Officer White will be attending classes
- Vehicle (Gas) Allowance increased \$1,200
- Telephone decreased \$1,060

5. Recreation

Recreation Director Keely stated:



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- F/T Personnel-related Costs increased \$15,266 for Merit and COLA and includes a 5% salary adjustment for Recreation Coordinator Geer
- P/T Personnel-related Costs increased \$2,153
- Capital Outlay is a new line item at \$66,000
- Professional/Consulting Fees is a new line item at \$21,000 for the greenspace planning
- Minor Equipment increased \$6,000 to upgrade benches at dog park
- Boogie In The Park increased \$6,000
- Children/Family Programs increased \$3,000
- Other Town Events increased \$2,500
- Boardwalk Fish increased \$1,000
- Annual Street Festival decreased \$9,000

Community Center:

- Maintenance increased \$4,000
- Operations increased \$1,500

Recreation Director Keely stated:

- Thought there would be a decrease due to the Christmas Show cancelation. When canceled, the Town created a new event that cost less and required less resources. The new event was a huge success. Prior to submitting the budget, Christmas Show expressed interest in returning.
- Increase of Capital Outlay is \$66,000 for 2 major projects:
- It added \$4,500 to this line item, but most of impact is to the Public Works Department. The department spends at least a week preparing the stage. Additionally, one of their storage units is dedicated to storing the stage prep items, as well as most of the upstairs storage at OFP. Is it something Town Council wants to continue?
- Tennis/Basketball Court Resurfacing: Per the Public Works Department the court resurfacing is typically done every 5 years. It was last completed in Fall of 2017 at a cost of \$26,000
- Ocean Front Park Renovation: This project could range from \$5,500-40,000 depending on how the Town decides to proceed. The door frames are rusting and will soon need to be replaced. Also, additional renovations to eliminate the access to existing alcoves. This is spurred by the public using the alcoves as a restroom when the actual restrooms are closed. The Town has added motion sensor lights, cameras, and signage but issue still exists

MPT Oliver stated it was a historic event in Town. Would Tammy Ebersole be willing to attend the April Town Council meeting to discuss this topic? He thinks it should be included in the budget for now.

Mayor Bloszinsky commented that would be a good idea.



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Commissioner Panicali commented maybe it is a good time to reevaluate the program to see if there is a way to not have as much cost to the Town and see if more volunteers are available.

CONSENSUS- Town Council agreed for Recreation Director Keely to invite Tammy Ebersole to the April/May Town Council meeting to review the event.

MPT Oliver commented he would prefer the barn doors be removed and block the alcoves.

Mayor Bloszinsky commented need to review the designs for the bathrooms.

Commissioner Heglar stated need to include in the budget and then need to have further staff discussion on best option.

6. Administration

Finance Officer Copenhaver stated:

- F/T Personnel-related Costs increased \$35,642 for Merit and COLA
- P/T Personnel-related Costs increased \$3,230
- Computer service increased \$6,722
- P&L Insurance increased \$4,710
- Minor Equipment increased \$3,900
- Building Maintenance increased \$3,897
- Telephone increased \$3,178
- Meetings/Events increased \$1,900
- Utilities increased \$1,680
- Retiree Medical increased \$1,390
- Employee Recognition increased \$1,300
- Travel & Training increased \$1,200
- Land Use Plan decreased \$17,500
- Supplies decreased \$1,400

Governing Body

- Pay, Taxes & Allowances increased \$1,499
- Contributions increased \$13,580
- Dues & Subscriptions decreased \$1,074

Commissioner Heglar stated he would like to request other Town Council salaries from surrounding towns to see if an increase is needed.

CONSENSUS- Town Clerk Sanders to bring information on Town Council salaries from surrounding towns to next Budget meeting.



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OUTSIDE AGENCY FUNDING REQUESTS

Finance Officer Copenhaver stated funding requests totaled \$29,080 as follows:

- Pleasure Island Chamber of Commerce (concert series) - \$19,380
- Federal Point Historic Preservation Society - \$5,000
- Island of Lights - \$1,200
- Friends of Fort Fisher, Inc. - \$0
- Federal Point Help Center - \$1,500
- Katie B. Hines Senior Center - \$2,000
- Pleasure Island Sea Turtle Project - \$4,800

CONSENSUS- Town Council agreed to fund as follows:

- \$19,380 for Pleasure Island Chamber of Commerce
- Federal Point Historic Preservation Society - \$2,000
- Island of Lights - \$1,200
- Federal Point Help Center - \$1,500,
- Katie B. Hines Senior Center - \$2,000

Emergency Management

- No change from last year

Elections

- Local election in FY 2022 – estimate \$3,700

7. Finance

Finance Officer Copenhaver stated:

- F/T Personnel-related Costs increased \$36,915 for Merit and COLA
- Computer Service/Software increased \$46,350 to purchase new financial software
- Capital Outlay increased Software: \$55,000

Committee:

Shoreline Access & Beach Protection (\$8,250):

- Replace lost/damaged signs - \$4,500
- SLABP Brochure - \$500
- Sea Oats (5,000 @ \$0.65) - \$3,250

Bike/Ped (\$87,500):

- Education for Members - \$1,500
- Public Education Information - \$1,000
- Sidewalk to Town Hall - \$10,000



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- 3 Crosswalk Improvements - \$75,000

REVENUE REVIEW

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

Mayor Bloszinsky commented the parking revenue is projected to bring in \$700,000 so no projected tax increase is needed. He is pleased with the budget.

Commissioner Heglar stated great job by the Department Heads. The Public Works Director Mesimer, Town Clerk Sanders, and Personnel & Facilities Manager Bailey need to meet to discuss the hiring process for the Public Works Department. The department has been short staffed and need to discuss potential new employees which was not included in the budget.

CONSENSUS- Commissioner Heglar, Public Works Director Mesimer, Personnel & Facilities Manager Bailey, and Town Clerk Sanders to meet to discuss the hiring process for the Public Works Department

PROPOSED PLAN FOR REPORTING THE USE OF KURE BEACH'S ARP FUNDS

American Rescue Funds with the Allocation of funds in the amount of \$668,627.24

Finance Officer Copenhagen reviewed the options for Town Council to consider for the American Rescue Funds:

1. Report the use of our ARP funds within Eligibility Use Category 1 – Replace Public Sector Revenue Loss
 - a. Significantly fewer compliance and reporting requirements
 - b. During a recent US Treasury webinar, smaller towns were encouraged to consider this approach
 2. ARP funds will be used for government service-related expenditures (e.g., employee compensation, supplies, services or any other type of operating expense)
 3. The money that we free up by using ARP funds for operating costs can then be used to pay for capital projects
 4. For accountability purposes, each capital project will be identified and quantified so that there is transparency in how our ARP fund allocation was ultimately used
 5. This approach will provide the flexibility to use ARP funds for capital projects within the Water/Sewer Fund, Storm Water Fund or General Fund
- On 2/4/2022, Town Council approved using the SCIF grant for construction of a Public Works building
 - Grant agreement was signed on 2/18/2022
 - Grant proceeds of \$250,000 were received on 2/25/2022



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- The first quarterly report, for the quarter ending 3/31/2022, is due by 4/10/2022
- The quarterly report must include expenses incurred to-date as well as project status

CONSENSUS- Town Council agrees to use the funds from category one, to Replace Public Sector Revenue Loss for the American Rescue Funds

WATER PROJECTS

1. Replace water lines that are in back yards – The Town has older lines in the older part of Town that run between the blocks in the back of properties. This is where a significant number of leaks on water mains are found and it is difficult to get equipment and workers to the back of properties. Also, most of the valves do not turn off because of age which makes it harder to fix a live leak in someone's back yard. (Estimate of \$500,000)
2. Well house rehab – Replace pumps, check valves, air release valves, gaskets, etc. Also, removing the pumps to camera down the well would be beneficial for inspection of any issues. (Estimate of \$80,000)

SEWER PROJECTS

1. Lift station control panels rehab – Replace/Upgrade control panels (snapper, riggings, little ocean dunes, big ocean dunes). The components in control panels have become outdated and are hard to replace. (Estimate of \$75,000)
2. Rehabbing sewer mains – Sink holes are noticeable in Town caused by sewer laterals leaking or bell ends leaking. Need to be lined or repaired to stop sink holes and blockage in sewer lines. The areas that are noticeable are Fort Fisher Boulevard., 3rd Avenue, 4th Avenue, 5th Avenue, and 6th Avenue.
3. Sludge removal at lagoon – Several years ago the Town had sludge removed from the bottom of the wastewater lagoon. Having the sludge removed will help with processing and cleaning wastewater and, also helps with the Town's sampling for the state.

CONSENSUS- Public Works Department to review the projects and bring back a formal recommendation to Town Council regarding which projects to consider in the budget. Commissioner Heglar need the scope of the project and need to get a more detailed budget before request for bids.

CLOSED SESSION

MOTION- Commissioner Heglar made a motion to go into Closed Session for Attorney Client Privilege G.S. 143-318.11(a)(3) at 2:00 p.m.

SECOND- MPT Oliver

VOTE- Unanimous

CLOSED SESSION



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Monday March 28, 2022 @ 9:00 a.m.

MOTION- Commissioner Heglar made a motion to return to open session at 2:22 p.m.

SECOND- MPT Oliver

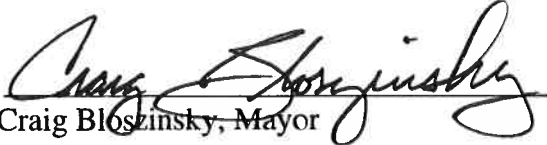
VOTE- Unanimous

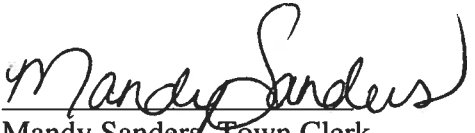
ADJOURN

MOTION- MPT Heglar made a motion to adjourn the budget meeting at 2:23 p.m.

SECOND- Commissioner Oliver

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 22-23 BUDGET WORK SESSION #1



MARCH 28, 2022

TOWN COUNCIL GOALS FY 2023

- 1. Work smarter to maintain and improve our quality of life in Kure Beach**
 - a. Adoption of the Land Use Plan and Survey
 - b. Work on Department of Defense Land Use Plan to retain assets
 - c. Implement Bike/Ped solutions

- 2. Ensure the integrity of Town financial data and maintain financial stability in all Town funds**
 - a. Be fiscally responsible
 - b. Review ordinance for enforcement process
 - c. Maintain tax and water/sewer rates

TOWN COUNCIL GOALS

FY 2023

- 3. Enable an optimum working environment for staff to produce high levels of service to the Town**
 - a. Ensure policies are fair (morale)
 - b. Public Works space (physical)

- 4. Provide all departments with the support to maintain a safe working and living environment**
 - a. Support camera program
 - b. Use technology to multiply abilities
 - c. Continue to improve employee safety plan
 - d. Support K9 program

INITIAL FY 2023 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. No change to the current tax rate of \$0.2658
3. No change to General Fund fees, except for monthly recycle fee to match Waste Management price increase
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. No changes to full-time headcount
8. Modification of the expense allocation percentages for Governing Body, Administration and Finance between the General Fund and Water/Sewer Fund
9. Employee Compensation
 - COLA: 5.9%
 - Merit: 1.1%

**FY 2022/2023 BUDGET SUMMARY
AS OF MARCH 28, 2022**

FUND	FY 2023 REVENUE BUDGET	FY 2023 EXPENSE BUDGET	OVER/(SHORT)	COMMENTS
General Fund	\$7,811,355	\$7,778,777	\$32,578	Does not include a transfer to the Beach Protection Fund or Contingency
Water/Sewer Fund	\$2,406,045	\$2,320,105	\$85,940	
Storm Water Fund	\$475,070	\$536,933	(\$61,863)	
Powell Bill Fund	\$70,035	\$70,035	\$0	
SERF Fund	\$8,940	\$8,940	\$0	
Beach Protection Fund	\$135	\$135	\$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	\$25,000	\$25,000	\$0	
TOTAL	\$10,796,580	\$10,739,925	\$56,655	

**TOTAL FY 2023 EXPENSE BUDGET BY FUND
VS. FY 2022 APPROVED BUDGET
AS OF MARCH 28, 2022**

FUND	2022 ORIGINAL BUDGET	2022 AMENDED BUDGET	REQUESTED 2023 BUDGET	DIFF. 2023 & ORIG. 2022	% CHANGE	DIFF. 2023 & AMENDED 2022	% CHANGE
General	\$6,678,496	\$6,821,595	\$7,778,777	\$1,100,281	16.5%	\$957,182	14.0%
Water/Sewer	\$2,804,933	\$2,804,933	\$2,320,105	(\$484,828)	(17.3%)	(\$484,828)	(17.3%)
Storm Water	\$700,457	\$700,457	\$536,933	(\$163,524)	(23.3%)	(\$163,524)	(23.3%)
Powell Bill	\$318,650	\$318,650	\$70,035	(\$248,615)	(78.0%)	(\$248,615)	(78.0%)
Sewer Expansion Reserve	\$9,090	\$9,090	\$8,940	(\$150)	(1.7%)	(\$150)	(1.7%)
Beach Protection	\$390	\$390	\$135	(\$255)	(65.4%)	(\$255)	(65.4%)
Federal Asset Forfeiture	\$25,000	\$25,000	\$25,000	\$0	0.0%	\$0	0.0%
TOTAL - ALL FUNDS	\$10,537,016	\$10,680,115	\$10,739,925	\$202,909	1.9%	\$59,810	0.6%

GENERAL FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

DEPARTMENT	DEPT. NO.	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	REQUESTED 2023 BUD.	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Streets & Sanitation	550	\$1,467,617	\$1,489,542	\$1,422,556	(\$45,061)	(3.1%)	(\$66,986)	(4.5%)	<p><u>Increases:</u> F/T Personnel-related Costs: \$37,239/7.6% Recycling: \$34,500 / 16% Capital Outlay-Equipment: \$5,000 / 50% Gas/Oil/Tires: \$5,000 / 13% Travel & Training: \$3,500 / 140% Truck Maintenance: \$3,000 / 20% OFP Maintenance: \$3,000 / 13% Garbage Cart Purchases: \$2,000 / 13% Telephone: \$1,200 / 27%</p> <p><u>Decreases:</u> Capital Outlay-Improvements: \$89,500/46% Capital Outlay - Truck: \$50,000 / 100%</p>
Police	510	\$1,664,669	\$1,697,613	\$1,833,807	\$169,138	10.2%	\$136,194	8.0%	<p><u>Increases:</u> F/T Personnel-related Costs:\$101,750/7.7% P/T Personnel-related Costs: \$5,383 / 25% Capital Outlay - Vehicles: \$35,000 / 64% Contracts: \$15,500 / 48% Gas/Oil/Tires: \$5,000 / 13% Building Maintenance: \$4,000 / 67% Travel & Training: \$4,000 / 25% Uniforms: \$4,000 / 25% Computer Services: \$3,240 / 12% Vehicle Maintenance: \$2,000 / 17% K-9 Maintenance: \$1,000 / 33%</p> <p><u>Decreases:</u> LEO Separation Allowance: \$7,735 / 35% Minor Equipment: \$4,000 / 33%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

DEPARTMENT	DEPT. NO.	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	REQUESTED 2023 BUD.	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Fire Dept.	530	\$1,125,287	\$1,125,287	\$1,850,392	\$725,105	64.4%	\$725,105	64.4%	<p><u>Increases:</u> F/T Personnel-related Costs: \$87,429 / 11.8% P/T Personnel-related Costs: \$12,323 / 9.7% Drill Fees: \$3,983 / 7.7% Capital Outlay - Trucks: \$610,000 / 1,220% Equipment Maintenance: \$6,000 / 92% Minor Equipment: \$2,500 / 7% Supplies: \$1,710 / 17%</p> <p><u>Decreases:</u> None</p>
Lifeguards	531	\$270,628	\$341,858	\$316,353	\$45,725	16.9%	(\$25,505)	(7.5%)	<p><u>Increases:</u> Personnel-related Costs: \$43,005 / 18.4% Capital Outlay - ATV: \$1,450 / 13% Equipment Maintenance: \$1,350 / 82%</p> <p><u>Decreases:</u> None</p>
Bldg. Inspection	540	\$209,913	\$214,913	\$245,033	\$35,120	16.7%	\$30,120	14.0%	<p><u>Increases:</u> F/T Personnel-related Costs: \$13,090 / 7.8% Contracts: \$19,750 / 7,900% Travel & Training: \$2,500 / 100% Vehicle (Gas) Allowance: \$1,200 / 14%</p> <p><u>Decreases:</u> Telephone: \$1,060 / 26%</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

DEPARTMENT	DEPT. NO.	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	REQUESTED 2023 BUD.	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Parks & Recreation	532	\$228,550	\$228,550	\$342,969	\$114,419	50.1%	\$114,419	50.1%	<p><u>Increases:</u> F/T Personnel-related Costs: \$15,266/9.4% P/T Personnel-related Costs: \$2,153/62.5% Capital Outlay: \$66,000 / new Professional/Consulting Fees: \$21,000/new Minor Equipment: \$6,000 / 300% Boogie In The Park: \$6,000 / 67% Children/Family Programs: \$3,000 / 75% Other Town Events: \$2,500 / 33% Boardwalk Fish: \$1,000 / 20%</p> <p><u>Decreases:</u> Annual Street Festival: \$9,000 / 60%</p>
Community Center	421	\$21,500	\$21,500	\$27,000	\$5,500	25.6%	\$5,500	25.6%	<p><u>Increases:</u> Maintenance: \$4,000 / 33% Operations: \$1,500 / 100%</p> <p><u>Decreases:</u> None</p>
Governing Body	410	\$47,810	\$50,810	\$64,734	\$16,924	35.4%	\$13,924	27.4%	<p><u>Increases:</u> Pay, Taxes & Allowances: \$2,581 / 19.5% Contributions: \$13,580 / 88%</p> <p><u>Decreases:</u> None</p>

GENERAL FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

DEPARTMENT	DEPT. NO.	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	REQUESTED 2023 BUD.	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Administration	420	\$345,715	\$345,715	\$397,154	\$51,439	14.9%	\$51,439	14.9%	<p>Increases:</p> <p>F/T Personnel-related Costs: \$35,642/29.3%</p> <p>P/T Personnel-related Costs: \$3,230 / new</p> <p>Computer service: \$6,722 / 20%</p> <p>P&L Insurance: \$4,710 / 9%</p> <p>Minor Equipment: \$3,900 / 130%</p> <p>Building Maintenance: \$3,897 / 20%</p> <p>Telephone: \$3,178 / 20%</p> <p>Meetings/Events: \$1,900 / 91%</p> <p>Utilities: \$1,680 / 20%</p> <p>Retiree Medical: \$1,390 / 5%</p> <p>Employee Recognition: \$1,300 / 37%</p> <p>Travel & Training: \$1,200 / 20%</p> <p>Decreases:</p> <p>Land Use Plan: \$17,500 / 67%</p> <p>Supplies: \$1,400 / 10%</p>
Legal	470	\$82,400	\$82,400	\$82,900	\$500	0.6%	\$500	0.6%	<p>Increases:</p> <p>Travel: \$500 / 100%</p> <p>Decreases:</p> <p>None</p>
Emergency Management	446	\$2,500	\$2,500	\$2,500	\$0	0%	\$0	0%	

GENERAL FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

DEPARTMENT	DEPT. NO.	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	REQUESTED 2023 BUD.	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Elections	430	\$3,700	\$3,700	\$0	(\$3,700)	(100%)	(\$3,700)	(100%)	No local election in FY 2023.
Committees	412	\$59,450	\$68,450	\$95,750	\$36,300	61.1%	\$27,300	39.9%	<u>Shoreline Access & Beach Protection (\$8,250):</u> Replace lost/damaged signs - \$4,500 SLABP Brochure - \$500 Sea Oats (5,000 @ \$0.65) - \$3,250 <u>Bike/Ped (\$87,500):</u> Education for Members - \$1,500 Public Education Information - \$1,000 Sidewalk to Town Hall - \$10,000 3 Crosswalk Improvements - \$75,000
Finance	415	\$238,392	\$238,392	\$268,319	\$29,927	12.6%	\$29,927	12.6%	<u>Increases:</u> F/T Personnel-related Costs: \$36,915/36.9% Computer Service/Software: \$46,350/757% <u>Decreases:</u> Capital Outlay - Software: \$55,000 / 100%

GENERAL FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

	DEPT.	ORIGINAL	AMENDED	REQUESTED	DIFF. 2023 &	%	DIFF. 2023 &	%	
DEPARTMENT	NO.	2022 BUD.	2022 BUD.	2023 BUD.	ORIG. 2022	CHG.	AMENDED 2022	CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Tax Collection	460	\$30,600	\$30,600	\$31,600	\$1,000	3.3%	\$1,000	3.3%	
Paid Parking Program	570	\$200,000	\$200,000	\$200,000	\$0	0%	\$0	0%	
Debt Service	560	\$679,765	\$679,765	\$597,710	(\$82,055)	(12.1%)	(\$82,055)	(12.1%)	Continued pay down of existing loans.
TOTAL GENERAL FUND		\$6,678,496	\$6,821,595	\$7,778,777	\$1,100,281	16.5%	\$957,182	14.0%	

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

	DEPT.	2022	REQUESTED	DIFF. 2023	%	
DEPARTMENT	NO.	BUDGET	2023 BUD.	& 2022	CHG.	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
W/S Operations	810	\$2,183,867	\$1,747,551	(\$436,316)	(20.0%)	<p>Increases: F/T Personnel-related costs: \$31,419 / 7.5% Supplies & Materials: \$15,000 / 14% Computer Service/Software: \$5,000 / 40%</p> <p>Decreases: Capital Outlay - Equipment: \$220,000 / 100% Capital Outlay - Improvements: \$170,000 / 68% Capital Outlay - Sewer Rehab: \$20,000 / 33% Debt Service: \$77,835 / 19%</p>
Administration	720	\$297,165	\$270,879	(\$26,286)	(8.8%)	<p>Increases: P/T Personnel-related costs: \$2,153 / new P&L Insurance: \$4,710 / 9% Minor Equipment: \$1,600 / 53% Supplies: \$1,400 / 20%</p> <p>Decreases: F/T Personnel-related Costs: \$16,780 / 13.8% Computer Service: \$6,575 / 20% Building Maintenance: \$3,861 / 20% Telephone: \$3,248 / 20% Retiree Medical: \$2,115 / 15% Utilities: \$1,680 / 20% Travel & Training: \$1,200 / 20%</p>

WATER/SEWER FUND BUDGET BY DEPARTMENT FY 2023 VS. FY 2022

	DEPT.	2022	REQUESTED	DIFF. 2023	%	
<u>DEPARTMENT</u>	<u>NO.</u>	<u>BUDGET</u>	<u>2023 BUD.</u>	<u>& 2022</u>	<u>CHG.</u>	<u>SIGNIFICANT CHANGES FY 2023 VS. FY 2022</u>
Governing Body	410	\$19,445	\$16,526	(\$2,919)	(15.0%)	<u>Increases:</u> None <u>Decreases:</u> Council Pay, Taxes & Allowances: \$1,082 / 9.3% Dues & Subscriptions: \$1,337 / 30%
Legal	470	\$15,200	\$14,700	(\$500)	(3.3%)	<u>Increases:</u> None <u>Decreases:</u> Travel: \$500 / 100%
Finance	715	\$289,256	\$270,449	(\$18,807)	(6.5%)	<u>Increases:</u> Computer Service/Software: \$46,350 / 287% Postage: \$1,700 / 18% <u>Decreases:</u> F/T Personnel-related Costs: \$13,000 / 7.2% Capital Outlay - Software: \$55,000 / 100%
TOTAL WATER/ SEWER FUND		\$2,804,933	\$2,320,105	(\$484,828)	(17.3%)	

STORM WATER FUND BUDGET BY EXPENSE TYPE FY 2023 VS. FY 2022

	DEPT.	2022	REQUESTED	DIFF. 2023	%	
DEPARTMENT	NO.	BUDGET	2023 BUD.	& 2022	CHG.	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
SW Operations	610	\$243,509	\$250,883	\$7,374	3.0%	<i>Increases:</i> F/T Personnel-related costs: \$7,374 / 6.3% <i>Decreases:</i> None
Debt Service	610	\$36,948	\$46,050	\$9,102	24.6%	New loan in FY 2022 for vac. truck split with Water/Sewer Fund
Capital Outlay	610	\$420,000	\$240,000	(\$180,000)	(42.9%)	<i>Increases:</i> Capital Outlay - Improvements: \$40,000 / 20% <i>Decreases:</i> Capital Outlay - Equipment: \$220,000 / 100%
TOTAL STORM WATER FUND		\$700,457	\$536,933	(\$163,524)	(23.3%)	

**COMBINED GENERAL FUND & WATER/SEWER FUND BUDGET
FOR GOVERNING BODY, ADMINISTRATION & FINANCE
FY 2023 VS. FY 2022**

DEPARTMENT	DEPT. NO.	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	REQUESTED 2023 BUD.	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. ORIG. FY 2022
Governing Body	410	\$67,255	\$70,255	\$81,260	\$14,005	20.8%	\$11,005	15.7%	<p>Increases: Pay, Taxes & Allowances: \$1,499 / 6% Contributions: \$13,580 / 88%</p> <p>Decreases: Dues & Subscriptions: \$1,074 / 12%</p>
Administration	420 / 720	\$642,880	\$642,880	\$668,033	\$25,153	3.9%	\$25,153	3.9%	<p>Increases: F/T Personnel-related Costs: \$18,862/7.8% P/T Personnel-related Costs: \$5,383 / new P&L Insurance: \$9,420 / 9% Minor Equipment: \$5,500 / 92% Meetings/Events Expense: \$1,900 / 91% Codification: \$1,200 / 20% Employee Recognition: \$1,000 / 14%</p> <p>Decreases: Land Use Plan: \$17,500 / 67%</p>
Finance	415 / 715	\$527,648	\$527,648	\$538,768	\$11,120	2.1%	\$11,120	2.1%	<p>Increases: F/T Personnel-related Costs: \$23,915/8.5% Computer Service/Software: \$92,700/417% Postage: \$1,700 / 15% Banking Charges & Fees: \$1,600 / 32% Audit & Actuarial Fees: \$1,150 / 4%</p> <p>Decreases: Capital Outlay - Software: \$110,000 / 100%</p>

GENERAL FUND REVENUE BUDGET FY 2023 VS. FY 2022

REVENUE TYPE	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	2023 BUDGET	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
Property Taxes	\$3,293,500	\$3,293,500	\$3,350,500	\$57,000	1.7%	\$57,000	1.7%	Assumes current tax rate (\$0.2658) and estimated tax base provided by NHC Tax Dept.
Sales Tax	\$1,305,000	\$1,314,000	\$1,457,000	\$152,000	11.6%	\$143,000	10.9%	Actual growth in FY 2022 greater than budgeted. FY 2023 estimated to be increase over FY 2022 budget and forecast.
Parking Program Revenue	\$355,040	\$358,540	\$742,000	\$386,960	109.0%	\$383,460	107.0%	FY 2023 based on actual results from first paid parking season.
Garbage & Recycle Fees	\$512,500	\$512,500	\$556,200	\$43,700	8.5%	\$43,700	8.5%	Increase in recycling rate during FY 2023 due to increase by Waste Management.
TDA	\$316,426	\$412,581	\$364,353	\$47,927	15.1%	(\$48,228)	(11.7%)	FY 2023 budget is for lifeguards (\$316,353), OFP maintenance (\$26,000) & OFP entertainment (\$22,000).
Franchise & Utility Taxes	\$245,000	\$245,000	\$243,000	(\$2,000)	(0.8%)	(\$2,000)	(0.8%)	Estimated decrease in telecommunication and video programming taxes.
Building Permits, CAMA, Impact Fees, Fire Inspections	\$76,050	\$76,050	\$123,320	\$47,270	62.2%	\$47,270	62.2%	FY 2023 based on FY 2022 forecast and expected level of construction activity.

GENERAL FUND REVENUE BUDGET FY 2023 VS. FY 2022

REVENUE TYPE	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	2023 BUDGET	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
Communication Tower Rent	\$78,635	\$78,635	\$80,992	\$2,357	3.0%	\$2,357	3.0%	FY 2023 includes annual increase for existing leases.
Sales Tax Refund	\$46,000	\$51,000	\$49,500	\$3,500	7.6%	(\$1,500)	(2.9%)	Estimated sales tax refund based on sales tax paid in prior fiscal year.
Community Center/ Parks & Rec/ Street Festival/Bluefish	\$30,050	\$30,050	\$30,200	\$150	0.5%	\$150	0.5%	
ABC Revenue	\$14,925	\$14,925	\$18,725	\$3,800	25.5%	\$3,800	25.5%	FY 2023 based on FY 2022 revenue forecast.
Town Facility Rentals	\$14,000	\$14,000	\$16,000	\$2,000	14.3%	\$2,000	14.3%	Increase in facility rentals expected as COVID-19 impact lessens.
Motor Vehicle License Tax	\$11,000	\$11,000	\$10,750	(\$250)	(2.3%)	(\$250)	(2.3%)	
Beer & Wine Tax	\$9,600	\$9,600	\$9,600	\$0	0.0%	\$0	0.0%	

GENERAL FUND REVENUE BUDGET FY 2023 VS. FY 2022

REVENUE TYPE	ORIGINAL 2022 BUD.	AMENDED 2022 BUD.	2023 BUDGET	DIFF. 2023 & ORIG. 2022	% CHG.	DIFF. 2023 & AMENDED 2022	% CHG.	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
Re-Entry Decal Sales	\$1,800	\$1,800	\$1,800	\$0	0.0%	\$0	0.0%	
Parking Fines/ Civil Citations/ Court Fees	\$1,750	\$1,750	\$1,750	\$0	0.0%	\$0	0.0%	
All Other Revenue	\$6,220	\$35,664	\$5,665	(\$555)	(8.9%)	(\$29,999)	(84.1%)	Largest components are surplus property sales (\$3,500) and Special Events (\$1,000).
Other Financing Sources	\$361,000	\$361,000	\$750,000	\$389,000	107.8%	\$389,000	107.8%	Financing for Fire Engine (\$660,000) and two Police vehicles (\$90,000).
TOTAL GENERAL FUND	\$6,678,496	\$6,821,595	\$7,811,355	\$1,132,859	17.0%	\$989,760	14.5%	

**WATER/SEWER FUND REVENUE BUDGET
FY 2023 VS. FY 2022**

REVENUE TYPE	2022 BUDGET	2023 BUDGET	DIFF. 2023 & 2022	% CHANGE	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
Water Charges	\$915,000	\$925,000	\$10,000	1.1%	Increase in number of accounts.
Sewer Charges	\$1,400,000	\$1,420,000	\$20,000	1.4%	Increase in number of accounts
Water & Sewer Tap Fees	\$45,000	\$45,000	\$0	0.0%	
Cutoff & Reconnection Fees	\$1,800	\$1,800	\$0	0.0%	
Account Past Due Charges	\$6,000	\$7,200	\$1,200	20.0%	During FY 2022, the process for assessing late fees on past due accounts was changed.
New Account Setup Fees	\$6,500	\$6,500	\$0	0.0%	

**WATER/SEWER FUND REVENUE BUDGET
FY 2023 VS. FY 2022**

	2022	2023		DIFF. 2023 &	%	
<u>REVENUE TYPE</u>	<u>BUDGET</u>	<u>BUDGET</u>		<u>2022</u>	<u>CHANGE</u>	<u>SIGNIFICANT CHANGES FY 2023 VS. FY 2022</u>
Interest Income	\$735	\$200		(\$535)	(72.8%)	Significant decrease in CD interest rates & NCCMT earnings.
Other Revenue/ Fees	\$318	\$345		\$27	8.5%	
Other Financing Sources	\$220,000	\$0		(\$220,000)	(100%)	No anticipated financing needs for FY 2023 capital outlay.
Transfers In	\$209,580	\$0		(\$209,580)	(100%)	No anticipated fund transfers for FY 2023 capital outlay.
TOTAL WATER/SEWER FUND	\$2,804,933	\$2,406,045		(\$398,888)	(14.2%)	

**STORM WATER FUND REVENUE BUDGET
FY 2023 VS. FY 2022**

	2022	2023		DIFF. 2023 &	%	
REVENUE TYPE	BUDGET	BUDGET		2022	CHANGE	SIGNIFICANT CHANGES FY 2023 VS. FY 2022
Storm Water Charges	\$413,000	\$415,000		\$2,000	0.5%	Increase in number of accounts.
Storm Water Building Fees	\$60,000	\$60,000		\$0	0.0%	
Interest Income	\$260	\$70		(\$190)	(73.1%)	Significant decrease in CD interest rates & NCCMT earnings.
Other Financing Sources	\$220,000	\$0		(\$220,000)	(100%)	No anticipated financing needs for FY 2023 capital outlay.
Appropriation of Fund Balance	\$7,197	\$0		(\$7,197)	(100%)	
TOTAL STORM WATER FUND	\$700,457	\$475,070		(\$225,387)	(32.2%)	

REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

ORGANIZATION	REQUEST REC'D <u>FY 2023</u>	REQUEST REC'D <u>FY 2022</u>	ACTUAL <u>FY 2022</u>	ACTUAL <u>FY 2021</u>	ACTUAL <u>FY 2020</u>	ACTUAL <u>FY 2019</u>
Pleasure Island Chamber of Commerce (concert series) (1)	\$19,380	\$42,500	\$12,800	\$6,535	\$9,800	\$8,800
Federal Point Historic Preservation Society	\$5,000	\$3,000	\$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.	\$0	\$2,500	\$1,500	\$1,500	\$1,500	\$1,500
Federal Point Help Center (3)	\$1,500	\$0	\$1,500	\$1,500	\$1,500	\$1,500
Katie B. Hines Senior Center (4)	\$2,000	\$0	\$0	\$0	\$0	\$2,000
TOTAL GOVERNING BODY BUDGET	\$29,080	\$49,200	\$18,500	\$12,235	\$15,500	\$16,500
Pleasure Island Sea Turtle Project (5)	\$4,800	\$4,800	\$4,800	\$5,400	\$5,400	\$5,400
GRAND TOTAL	\$33,880	\$54,000	\$23,300	\$17,635	\$20,900	\$21,900
NOTES:						

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

(2) - Island of Lights request for FY 2023 (and FY 2019 - 2022) 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.

AMERICAN RESCUE PLAN



ALLOCATION OF FUNDS TO KURE BEACH

DESCRIPTION	DATE RECEIVED	AMOUNT
1 st Installment	7/13/2021	\$334,313.62
2 nd Installment	Expected in July 2022	<u>\$334,313.62</u>
TOTAL		<u>\$668,627.24</u>

Final Rule

- Treasury released the final rule on January 6, 2022.
- The final rule takes effect on April 1, 2022.
- If a use of funds complies with the final rule, Treasury will not take action to enforce the interim final rule, regardless of when the funds were used (e.g., if the IFR would not permit that use of funds); recipients can take advantage of the expanded flexibilities in the final rule now.
- Treasury structured the Final Rule with the smallest recipients in mind

For more, please see the Statement Regarding Compliance with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule and Final Rule



Approach to the Final Rule

Treasury's final rule provides greater flexibility and simplicity for recipients to turn the tide on the pandemic, maintain vital public services amid revenue shortfalls, and build a strong, resilient, and equitable recovery.

KEY NEW FEATURES IN THE FINAL RULE

- 1** Public Sector Revenues
 - Major simplification for thousands of recipients through the **\$10 million revenue loss standard allowance**
- 2** Public Health & Economic Response
 - Providing a **broader set of eligible uses** for impacted and disproportionately impacted populations
 - Clarifying that reasonably proportional **capital expenditures** may be allowable (e.g., affordable housing, hospitals)
- 3** Premium Pay for Essential Workers
 - **Streamlining options to provide premium pay** by broadening the share of essential workers who can receive premium pay without a written justification
- 4** Water, Sewer & Broadband Infrastructure
 - **Expanding water and sewer projects** that are eligible
 - **Broadening eligible broadband investments** to allow recipients to address access, affordability & reliability challenges



Replace Public Sector Revenue Loss

Recipients may use these funds to provide government services, up to the amount of revenue loss experienced due to the COVID-19 public health emergency.

1 Determine revenue loss, using one of two available options:

A Elect “standard allowance” of up to \$10 million to spend on government services through the life of the program, which greatly simplifies the program for small localities NEW

B Calculate actual revenue loss according to Treasury formula

» Calculate revenue loss either on a calendar or fiscal year basis NEW

» Must adjust actual revenue totals for the effect of tax cuts and tax increases that are adopted after January 6, 2022, to more accurately reflect revenue loss due to the pandemic NEW

2 Spend on government services up to the revenue loss amount

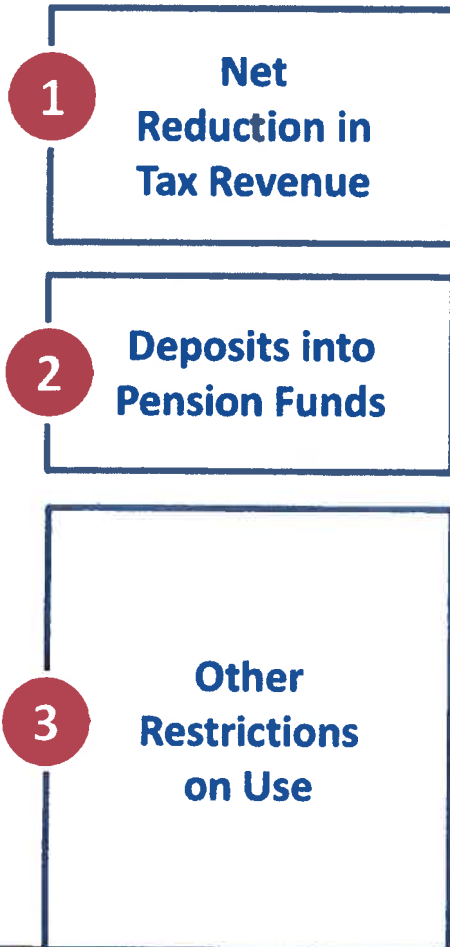
– Government services generally include **any service traditionally provided by a government** unless Treasury has stated otherwise, such as:

- ✓ Construction of schools and hospitals
- ✓ Road building and maintenance, and other infrastructure
- ✓ Health and other services
- ✓ Environmental remediation
- ✓ Provision of police, fire, and other public safety services (including purchase of fire trucks and police vehicles)



Restrictions on Use

The final rule maintains the IFR's restrictions on use with additional clarifications.



- Final rule maintains IFR's prohibition on states and localities for using SLFRF funds to directly or indirectly offset reduction in net tax revenue resulting from a change in state or territory law, with additional technical clarifications
- Final Rule clarifies that the prohibition on "extraordinary contributions" to pension funds applies to all recipients except for Tribal governments
- Final rule maintains that funds may not be used for debt service, replenishing rainy day funds/financial reserves, or satisfaction of a settlement or judgment
- Final rule clarifies additional restrictions that apply, including that:
 - Uses of funds may not undermine COVID-19 mitigation practices in line with CDC guidance and recommendations
 - Uses of funds may not violate Uniform Guidance conflict-of-interest requirements or other applicable laws

PROPOSED PLAN FOR REPORTING THE USE OF KURE BEACH'S ARP FUNDS

1. Report the use of our ARP funds within Eligibility Use Category 1 – Replace Public Sector Revenue Loss
 - a. Significantly fewer compliance and reporting requirements
 - b. During a recent US Treasury webinar, smaller towns were encouraged to consider this approach
2. ARP funds will be used for government service-related expenditures (e.g., employee compensation, supplies, services or any other type of operating expense)

PROPOSED PLAN FOR REPORTING THE USE OF KURE BEACH'S ARP FUNDS

3. The money that we free up by using ARP funds for operating costs can then be used to pay for capital projects
4. For accountability purposes, each capital project will be identified and quantified so that there is transparency in how our ARP fund allocation was ultimately used
5. This approach will provide the flexibility to use ARP funds for capital projects within the Water/Sewer Fund, Storm Water Fund or General Fund

STATE CAPITAL AND INFRASTRUCTURE FUND GRANT



UPDATE ON CURRENT STATUS OF KURE BEACH'S SCIF GRANT

- On 2/4/2022, Town Council approved using the SCIF grant for construction of a Public Works building
- Grant agreement was signed on 2/18/2022
- Grant proceeds of \$250,000 were received on 2/25/2022
- The first quarterly report, for the quarter ending 3/31/2022, is due by 4/10/2022
- The quarterly report must include expenses incurred to-date as well as project status