



# TOWN COUNCIL AGENDA

ORIGINAL

**FY15-16 BUDGET WORK SESSION #1**

**April 9, 2015 at 8:00 a.m.**

CALL TO ORDER – Mayor Lambeth

PRESENTATION OF FIRST DRAFT OF FY15-16 BUDGET (Copenhaver)

1. Financial Projections by Fund
2. Five Year Capital Plan
3. FY15-16 Council goals
4. Budget Assumptions
5. Budget Summary by Fund
6. Budget Summary by Department

BUDGET EXPENDITURE REVIEW

1. Police Department (Cooper)
2. Fire Department & Lifeguards (Heglar)
3. Building Inspections (Batson)
4. Public Works Department (Beeker)
5. Administration (Avery)
6. Parks & Recreation (Avery)
7. Governing Body (Avery)
  - Outside Agency Funding Requests
8. Emergency Management, Legal, Elections (Avery)
9. Community Center (Avery)
10. Finance (Copenhaver)
11. Committees (Copenhaver)
12. Debt Service (Copenhaver)
13. Contingency (Copenhaver)
14. Tax Collection (Copenhaver)

BUDGET REVENUE

ADJOURNMENT

**GENERAL FUND  
PROJECTED REVENUE VS. EXPENSES  
FY 2015 TO 2020**

|  | Actual<br>FY 2014 | Estimated<br>FY 2015 | Estimated<br>FY 2016 | Estimated<br>FY 2017 | Estimated<br>FY 2018 | Estimated<br>FY 2019 | Estimated<br>FY 2020 |
|--|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Recurring Revenue  | \$3,753,687       | \$3,791,224          | \$3,829,136          | \$3,867,427          | \$3,906,102          | \$3,945,163          | \$3,984,614          |
| Recurring Operating Expenses   | \$2,926,125       | \$3,072,431          | \$3,226,053          | \$3,387,355          | \$3,556,723          | \$3,734,559          | \$3,921,287          |
| Debt Service   | \$225,885         | \$255,372            | \$296,369            | \$316,793            | \$351,278            | \$323,922            | \$343,354            |
| Capital Outlay Not Financed  | \$57,883          | \$15,000             | \$20,000             | \$25,000             | \$38,000             | \$35,000             | \$57,000             |
| Additional Recurring Expenses:   |                   |                      |                      |                      |                      |                      |                      |
| 1 F/T Employee (Adm/Fin)<br>Approved by Council in 12/2014<br>(50% to GF & 50% to W/S) |                   | \$11,750             | \$25,000             | \$25,000             | \$25,000             | \$25,000             | \$25,000             |
| Net Recurring Revenue  | \$543,794         | \$436,671            | \$261,714            | \$113,279            | (\$64,899)           | (\$173,319)          | (\$362,027)          |

**ASSUMPTIONS:**

- (1) - Revenue increases at 1% per year.
- (2) - Operating expenses increase at 5% per year.
- (3) - No increase in property tax rate or service fees.
- (4) - No additions to headcount.
- (5) - Does not include a transfer to the Beach Protection Fund or Contingency.
- (6) - Debt service expense based on current debt and projections from the 5 Year Capital Plan.
- (7) - Capital Outlay not financed based on the 5 Year Capital Plan.

**WATER/SEWER FUND**  
**PROJECTED REVENUE VS. EXPENSES**  
**FY 2015 TO 2020**

|  | Actual<br>FY 2014 | Estimated<br>FY 2015 | Estimated<br>FY 2016 | Estimated<br>FY 2017 | Estimated<br>FY 2018 | Estimated<br>FY 2019 | Estimated<br>FY 2020 |
|--|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Recurring Revenue  | \$1,586,958       | \$1,586,958          | \$1,586,958          | \$1,586,958          | \$1,586,958          | \$1,586,958          | \$1,586,958          |
| Recurring Operating Expenses   | \$1,243,085       | \$1,280,378          | \$1,318,789          | \$1,358,353          | \$1,399,103          | \$1,441,076          | \$1,484,308          |
| Debt Service   | \$111,701         | \$100,360            | \$108,828            | \$170,155            | \$183,608            | \$227,021            | \$218,521            |
| Capital Outlay Not Financed  | \$22,133          | \$25,000             | \$55,000             | \$25,000             | \$25,000             | \$25,000             | \$25,000             |
| Additional Recurring Expenses:<br>1 F/T Employee (Adm/Fin)<br>Approved by Council in 12/2014<br>(50% to GF & 50% to W/S) |                   | \$11,750             |                      | \$25,000             | \$25,000             | \$25,000             | \$25,000             |
| Net Recurring Revenue  | \$210,039         | \$169,470            | \$79,341             | \$8,450              | (\$45,753)           | (\$131,139)          | (\$165,871)          |

**ASSUMPTIONS:**

- (1) - Revenue remains flat.
- (2) - Operating expenses increase at 3% per year.
- (3) - No increase in water and sewer rates and fees.
- (4) - No additions to headcount.
- (5) - Debt service expense based on current debt and projections from the 5 Year Capital Plan.
- (6) - Capital Outlay not financed based on history and the 5 Year Capital Plan.
- (7) - Expenses do not include annual depreciation of capital assets.

**STORM WATER FUND  
PROJECTED REVENUE VS. EXPENSES  
FY 2015 TO 2020**

|                              | Actual<br>FY 2014 | Estimated<br>FY 2015 | Estimated<br>FY 2016 | Estimated<br>FY 2017 | Estimated<br>FY 2018 | Estimated<br>FY 2019 | Estimated<br>FY 2020 |
|------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Recurring Revenue            | \$269,578         | \$269,578            | \$269,578            | \$269,578            | \$269,578            | \$269,578            | \$269,578            |
| Recurring Operating Expenses | \$96,734          | \$101,571            | \$106,649            | \$111,982            | \$117,581            | \$123,460            | \$129,633            |
| Debt Service                 | \$80,133          | \$80,133             | \$87,667             | \$155,123            | \$155,123            | \$155,123            | \$172,343            |
| Capital Outlay Not Financed  | \$15,000          | \$15,000             | \$15,000             | \$15,000             | \$15,000             | \$15,000             | \$15,000             |
| Net Recurring Revenue        | \$77,711          | \$72,874             | \$60,262             | (\$12,527)           | (\$18,126)           | (\$24,005)           | (\$47,398)           |

**ASSUMPTIONS:**

- (1) - Revenue remains flat.
- (2) - Operating expenses increase at 5% per year.
- (3) - No increase in storm water rates and fees.
- (4) - No additions to headcount.
- (5) - Debt service expense based on current debt and projections from the 5 Year Capital Plan.
- (6) - Capital Outlay not financed based on history and the 5 Year Capital Plan.

**GENERAL FUND  
5 YEAR CAPITAL PLAN  
FY 2016 TO 2020**

| DEPARTMENT   | FUND | DESCRIPTION   | FINAL BUDGET FY 2014/2015 | PROJECTED    |              |              |              |              |           |
|--------------|------|---|---------------------------|--------------|--------------|--------------|--------------|--------------|-----------|
|              |      |   |                           | FY 2015/2016 | FY 2016/2017 | FY 2017/2018 | FY 2018/2019 | FY 2019/2020 |           |
| Public Works | G    | 310 4x4 Turbo Backhoe - Total cost of \$125,000 (50% to the General Fund & 50% to the Water/Sewer Fund) |                           | \$62,500     |              |              |              |              |           |
| Public Works | G    | Street Sweeper - Total cost of \$160,000 (50% to the General Fund & 50% to the Storm Water Fund)        |                           |              |              |              | \$80,000     |              |           |
| Public Works | G    | Garbage Truck   |                           | \$170,000    |              |              |              |              |           |
| Public Works | G    | Service Truck   |                           | \$35,000     |              |              |              |              |           |
| Fire Dept.   | G    | Equipment (air packs, hose, etc.)   | \$15,000                  | \$20,000     | \$25,000     | \$30,000     | \$35,000     | \$30,000     | \$30,000  |
| Police Dept. | G    | Police Vehicles   | \$64,000                  | \$90,000     | \$70,000     | \$35,000     | \$70,000     | \$70,000     | \$70,000  |
| Police Dept. | G    | Server & Desktops   |                           |              |              | \$8,000      |              |              |           |
| Police Dept. | G    | Building Renovations  |                           |              |              |              |              |              | \$15,000  |
| Police Dept. | G    | ATV   |                           |              |              |              |              |              | \$12,000  |
|              |      | TOTAL   | \$79,000                  | \$110,000    | \$362,500    | \$73,000     | \$185,000    | \$127,000    | \$127,000 |

**WATER/SEWER FUND  
5 YEAR CAPITAL PLAN  
FY 2016 TO 2020**

| DEPARTMENT   | FUND | DESCRIPTION  | FINAL BUDGET FY 2014/2015 | PROJECTED    |              |              |              |              |     |
|--------------|------|--|---------------------------|--------------|--------------|--------------|--------------|--------------|-----|
|              |      |  |                           | FY 2015/2016 | FY 2016/2017 | FY 2017/2018 | FY 2018/2019 | FY 2019/2020 |     |
| Public Works | W/S  | Service Truck  | \$32,216                  | \$35,000     |              |              |              |              |     |
| Public Works | W/S  | Sewer/Storm Water Machine - Total cost of \$70,000 (50% to the Water/Sewer Fund & 50% to the Storm Water Fund) | \$35,000                  |              |              |              |              |              |     |
| Public Works | W/S  | Kure Beach Lift Station Generator  |                           | \$40,000     |              |              |              |              |     |
| Public Works | W/S  | Water Line Replacement (start in FY 15/16)   |                           | \$500,000    |              |              |              |              |     |
| Public Works | W/S  | Ocean Dunes Lift Station Generator   |                           |              | \$30,000     |              |              |              |     |
| Public Works | W/S  | 310 4x4 Turbo Backhoe - Total cost of \$125,000 (50% to the General Fund & 50% to the Water/Sewer Fund)        |                           |              | \$62,500     |              |              |              |     |
| Public Works | W/S  | Lift Station H Avenue  |                           |              |              | \$500,000    |              |              |     |
| Public Works | W/S  | Sewer Bypass to Kure Beach Treatment Facility (Perform in 2015, No estimated cost)                             |                           |              |              |              |              |              |     |
| Public Works | W/S  | Miscellaneous Water & Sewer Projects   | \$92,206                  |              |              |              |              |              |     |
|              |      | TOTAL  | \$159,422                 | \$575,000    | \$92,500     | \$500,000    | \$0          | \$0          | \$0 |

**STORM WATER FUND  
5 YEAR CAPITAL PLAN  
FY 2016 TO 2020**

| DEPARTMENT   | FUND | DESCRIPTION  | FINAL BUDGET FY 2014/2015 | PROJECTED    |              |              |              |              |
|--------------|------|--|---------------------------|--------------|--------------|--------------|--------------|--------------|
|              |      |  |                           | FY 2015/2016 | FY 2016/2017 | FY 2017/2018 | FY 2018/2019 | FY 2019/2020 |
| Public Works | SW   | Sewer/Storm Water Machine - Total cost of \$70,000 (50% to the Water/Sewer Fund & 50% to the Storm Water Fund) | \$35,000                  |              |              |              |              |              |
| Public Works | SW   | Storm Water piping in KB Village area (Phase II A)   |                           | \$750,000    |              |              |              |              |
| Public Works | SW   | Ocean Outfall Stormwater Chambers (Estimate of \$40,000+ depending on project size)                            |                           |              |              |              |              |              |
| Public Works | SW   | Mississippi & Searay - install pipe  |                           | \$7,500      |              |              |              |              |
| Public Works | SW   | Replace metal piping: Basin to Kure Village Way (Phase II D) (Estimate of \$11,000 - \$15,000)                 |                           |              |              |              |              |              |
| Public Works | SW   | Miscellaneous Storm Water Projects   | \$50,827                  |              |              |              |              |              |
| Public Works | SW   | Street Sweeper - Total cost of \$160,000 (50% to the General Fund & 50% to the Storm Water Fund)               |                           |              |              |              | \$80,000     |              |
|              |      | TOTAL  | \$85,827                  | \$757,500    | \$0          | \$0          | \$80,000     | \$0          |

## **COUNCIL GOALS FROM 2015 RETREAT FOR FISCAL YEAR 2015/2016**

1. Resolution of outstanding issues relating to the Sandman properties
2. Develop a short-term and long-term space plan for Town departments
3. Maintain the current tax rate, if possible
4. Develop a long-term plan for funding beach nourishment, including one new funding stream independent of property taxes
5. Prioritize potential dune infiltration system projects
6. Review, decide and implement the salary study and any potential salary adjustments
7. Monitor potential revenue shortfalls that may occur in future years



## FY 2016 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. No increase in the tax rate (currently \$0.2615)
3. Increase water and sewer monthly minimum rates by 25%
4. General Fund Contingency
5. Include a transfer from the General Fund to the Beach Protection Fund
6. Employee Compensation  
COLA: 1.7% (same as Social Security)  
Merit: 3.3%
7. Salary adjustment to bring all salaries to Benchmark

**FY 2015/2016 BUDGET SUMMARY  
AS OF APRIL 9, 2015**

| <u>FUND</u>           | <u>FY 2016<br/>REVENUE BUDGET</u> | <u>FY 2016<br/>EXPENSE BUDGET</u> | <u>OVER/(SHORT)</u> | <u>COMMENTS</u>   |
|-----------------------|-----------------------------------|-----------------------------------|---------------------|---|
| General Fund          | \$4,021,784                       | \$4,021,784                       | \$0                 | Includes a \$20,500 transfer to the Beach Protection Fund and \$30,000 contingency  |
| Water/Sewer Fund      | \$1,892,875                       | \$1,892,875                       | \$0                 | Reflects a 25% increase in water & sewer monthly minimum rates and includes a \$50,000 transfer to the Water Line Replacement Capital Project Fund and \$117,524 for potential improvement projects |
| Storm Water Fund      | \$493,307                         | \$493,307                         | \$0                 | Includes a Fund Balance appropriation of \$238,447 and a \$275,000 transfer to the Storm Water Capital Project Fund   |
| Powell Bill Fund      | \$64,030                          | \$64,030                          | \$0                 |   |
| SERF Fund             | \$22,635                          | \$22,635                          | \$0                 |   |
| Beach Protection Fund | \$20,500                          | \$20,500                          | \$0                 | Transfer from the General Fund  |
| Asset Forfeiture Fund | \$50,000                          | \$50,000                          | \$0                 |   |
| <b>TOTAL</b>          | <b>\$6,565,131</b>                | <b>\$6,565,131</b>                | <b>\$0</b>          |   |

## GENERAL FUND BUDGET BY DEPARTMENT FY 2016 VS. FY 2015

| DEPARTMENT       | DEPT. NO. | ORIGINAL 2015 BUD. | AMENDED 2015 BUD. | REQUESTED 2016 BUD. | DIFF. 2016 & ORIG. 2015 | % CHG. | DIFF. 2016 & AMENDED 2015 | % CHG. | SIGNIFICANT CHANGES FY 2016 VS. FY 2015  |
|------------------|-----------|--------------------|-------------------|---------------------|-------------------------|--------|---------------------------|--------|--|
| Police Dept.     | 510       | \$1,133,547        | \$1,133,547       | \$1,221,900         | \$88,353                | 7.8%   | \$88,353                  | 7.8%   | Overall 4.1% increase in personnel-related costs. Other changes are the addition of \$5,000 for Fit for Duty programs, \$10,550 (21.1%) increase in building maintenance, \$2,500 (5.7%) decrease in auto supplies/gas, \$2,000 (16.7%) decrease in uniform costs & a \$20,000 (31.3%) increase in capital outlay - vehicles. Also, a Salary Study adjustment of \$19,278 is included which is 1.6% of the FY 16 Budget. |
| Fire Dept.       | 530       | \$423,138          | \$423,138         | \$510,691           | \$87,553                | 20.7%  | \$87,553                  | 20.7%  | Overall 4.2% increase in full-time personnel-related costs. Other changes include a \$12,480 (200%) increase in part-time pay, \$5,870 (19.7%) increase in Drill Fees, \$2,000 (13%) increase in the Live-In Program & \$10,000 (67%) increase in capital outlay. Also, a Salary Study adjustment of \$43,405 is included which is 8.6% of the FY 16 Budget.   |
| Lifeguards       | 531       | \$186,575          | \$190,999         | \$192,912           | \$6,337                 | 3.4%   | \$1,913                   | 1.0%   | FY 16 includes a 2% increase in personnel-related costs. Also, a Salary Study adjustment of \$3,249 is included which is 1.7% of the FY 16 Budget.   |
| Bldg. Inspection | 540       | \$118,135          | \$118,135         | \$129,857           | \$11,722                | 9.9%   | \$11,722                  | 9.9%   | Overall 2.6% increase in personnel-related costs. Other changes include a \$1,000 (67%) increase in Travel/Training, \$4,500 for building maintenance & \$1,000 (67%) increase in contracts (lawn maintenance). Also, a Salary Study adjustment of \$3,304 is included which is 2.5% of the FY 2016 Budget.  |

## GENERAL FUND BUDGET BY DEPARTMENT FY 2016 VS. FY 2015

| DEPARTMENT           | DEPT. NO. | ORIGINAL 2015 BUD. | AMENDED 2015 BUD. | REQUESTED 2016 BUD. | DIFF. 2016 & ORIG. 2015 | % CHG. | DIFF. 2016 & AMENDED 2015 | % CHG. | SIGNIFICANT CHANGES FY 2016 VS. FY 2015  |
|----------------------|-----------|--------------------|-------------------|---------------------|-------------------------|--------|---------------------------|--------|--|
| Streets & Sanitation | 550       | \$695,206          | \$695,206         | \$751,001           | \$55,795                | 8.0%   | \$55,795                  | 8.0%   | Overall 3.7% increase in personnel-related costs. Other changes include a \$2,500 (5.9%) increase in utilities, \$5,000 (50%) increase in truck maintenance, \$1,500 (43%) increase in minor equipment, \$1,500 (150%) increase in computer costs & \$12,000 for capital outlay - equipment. Also, a Salary Study adjustment of \$18,709 is included which is 2.5% of the FY 16 Budget.  |
| Administration       | 420       | \$455,208          | \$876,429         | \$417,215           | (\$37,993)              | -8.3%  | (\$459,214)               | -52.4% | Overall 29.6% decrease in personnel-related costs due to moving the Finance Officer & Finance Specialist to the Fin. Dept Budget. Other changes include moving finance-related expenses (audit fees, unemployment insurance, postage, equipment rental, sales tax, parking lot expense & bank fees) to the Fin. Dept. Budget. Other changes include a \$3,375 (29.6%) increase in retiree medical insurance, \$5,000 (125%) increase in telephone costs, \$2,000 (80%) increase in travel/training, \$1,500 (12%) increase in building maintenance, \$8,250 (6.6%) increase in recycle service costs & \$30,000 for Town department space planning/design. Also, a Salary Study adjustment of \$3,556 is included which is 0.9% of the FY 16 Budget. |
| Parks & Rec.         | 532       | \$132,018          | \$132,018         | \$154,619           | \$22,601                | 17.1%  | \$22,601                  | 17.1%  | Overall 29% increase in full-time personnel-related costs and a \$13,650 (82%) decrease in part-time personnel costs. Other changes are the addition of \$4,500 for sponsorship maintenance costs & \$4,200 for the cost of boardwalk fish (previously in Admin.). Other changes include \$2,304 for telephone, \$4,000 (400%) increase in travel/training, \$2,100 (525%) increase in advertising, \$4,300 (16%) decrease in OFF programs & \$15,000 in capital outlay for a volley ball court at Joe Eakes Park requested by the P&R Advisory Board. Also, a Salary Study adjustment of \$870 is included which is 0.6% of the FY 16 Budget.   |

**GENERAL FUND BUDGET BY DEPARTMENT  
FY 2016 VS. FY 2015**

| DEPARTMENT       | DEPT. NO. | ORIGINAL 2015 BUD. | AMENDED 2015 BUD. | REQUESTED 2016 BUD. | DIFF. 2016 & ORIG. 2015 | % CHG. | DIFF. 2016 & AMENDED 2015 | % CHG. | SIGNIFICANT CHANGES FY 2016 VS. FY 2015   |
|------------------|-----------|--------------------|-------------------|---------------------|-------------------------|--------|---------------------------|--------|---|
| Governing Body   | 410       | \$39,167           | \$39,167          | \$43,167            | \$4,000                 | 10.2%  | \$4,000                   | 10.2%  | FY 16 has an increase of \$1,500 (25%) in Governmental Relations for food costs for beach breakfast & retreat/budget meetings, \$1,000 (40%) increase in travel/training, \$700 (3.6%) increase in Contributions to outside organizations (total of requests received), \$500 (16.7%) increase in dues/subscriptions & a \$300 (25%) increase in telephone costs. |
| Emergency Mgmt.  | 446       | \$300              | \$300             | \$100               | (\$200)                 | -66.7% | (\$200)                   | -66.7% |   |
| Legal            | 470       | \$24,000           | \$24,000          | \$28,900            | \$4,900                 | 20.4%  | \$4,900                   | 20.4%  | \$4,500 (129%) increase in Professional Legal Service expenses.   |
| Elections        | 430       | \$0                | \$0               | \$3,100             | \$3,100                 |        | \$3,100                   |        | Estimate for local election received from New Hanover County.   |
| Community Center | 421       | \$14,650           | \$14,650          | \$25,250            | \$10,600                | 72.4%  | \$10,600                  | 72.4%  | FY 16 includes an increase of \$2,750 for wifi/phone & a \$7,500 (100%) increase in maintenance for painting the interior & exterior.   |
| Finance          | 415       | \$0                | \$0               | \$149,767           | \$149,767               |        | \$149,767                 |        | Finance included in Administration Budget in FY 15. FY 16 Budget includes Finance-related expenses from the FY 15 Administration Budget. Also, a Salary Study adjustment of \$7,654 is included which is 5.4% of the FY 16 Budget.  |

**GENERAL FUND BUDGET BY DEPARTMENT  
FY 2016 VS. FY 2015**

| DEPARTMENT                | DEPT. NO. | ORIGINAL 2015 BUD. | AMENDED 2015 BUD.  | REQUESTED 2016 BUD. | DIFF. 2016 & ORIG. 2015 | % CHG.      | DIFF. 2016 & AMENDED 2015 | % CHG.       | SIGNIFICANT CHANGES FY 2016 VS. FY 2015  |
|---------------------------|-----------|--------------------|--------------------|---------------------|-------------------------|-------------|---------------------------|--------------|--|
| Committees                | 412       | \$7,500            | \$7,500            | \$23,600            | \$16,100                | 214.7%      | \$16,100                  | 214.7%       | Request from the Shoreline Access, Beach Protection & Parking Committee includes \$20,000 for Ave. H beach access, \$1,650 for sea oats, \$1,250 for brochures, \$500 for parking blocks & \$200 for Beach Sweep supplies. |
| Debt Service              | 560       | \$255,372          | \$255,372          | \$294,205           | \$38,833                | 15.2%       | \$38,833                  | 15.2%        | Two new loans added in FY 2015 (vacant lots \$409,471 & Police Vehicles \$48,359)  |
| Tax Collection            | 460       | \$25,000           | \$25,000           | \$25,000            | \$0                     | 0.0%        | \$0                       | 0.0%         |  |
| Contingency               | 490       | \$180,600          | \$168,850          | \$30,000            | (\$150,600)             | -83.4%      | (\$138,850)               | -82.2%       | 5% of appropriations (\$198,500) is the maximum allowable amount.  |
| Transfers                 | 580       | \$103,000          | \$103,000          | \$20,500            | (\$82,500)              | -80.1%      | (\$82,500)                | -80.1%       | Transfer to Beach Protection Fund.   |
| <b>TOTAL GENERAL FUND</b> |           | <b>\$3,793,416</b> | <b>\$4,207,311</b> | <b>\$4,021,784</b>  | <b>\$228,368</b>        | <b>6.0%</b> | <b>(\$185,527)</b>        | <b>-4.4%</b> |  |

**WATER/SEWER FUND BUDGET BY DEPARTMENT  
FY 2016 VS. FY 2015**

| DEPARTMENT     | DEPT. NO. | ORIGINAL    | AMENDED     | REQUESTED   | DIFF. 2016 & | %      | DIFF. 2016 & | %      | SIGNIFICANT CHANGES FY 2016 VS. FY 2015   |
|----------------|-----------|-------------|-------------|-------------|--------------|--------|--------------|--------|---|
|                |           | 2015 BUD.   | 2015 BUD.   | 2016 BUD.   | ORIG. 2015   | CHG.   | AMENDED 2015 | CHG.   |   |
| W/S Operations | 810       | \$1,203,439 | \$1,235,655 | \$1,367,894 | \$164,455    | 13.7%  | \$132,239    | 10.7%  | Overall 4.5% increase in personnel-related costs. Other changes include a \$750 (300%) increase in postage, \$3,000 (25%) increase in water testing, \$1,500 (27%) increase in permit fees, \$9,770 (54%) increase in debt service & \$35,000 (13%) increase in Carolina Beach treatment facility charges. Decreases include \$4,500 (27%) in equipment/building maintenance, \$7,000 (49%) in minor equipment & \$4,500 (37.5%) in computer costs. Capital outlay for improvements is up by \$25,318 (27%) & capital outlay for equipment/vehicles is up \$22,784 (34%). Also, a Salary Study adjustment of \$12,427 is included which is 0.9% of the FY 16 Budget.    |
| Administration | 720       | \$357,750   | \$369,500   | \$253,686   | (\$104,064)  | -29.1% | (\$115,814)  | -31.3% | Overall 49% decrease in personnel-related costs due to moving the Finance Officer, Finance Specialist & Utilities Manager to the Fin. Dept Budget. Other changes include moving finance-related expenses (audit fees, unemployment insurance, postage, equipment rental & bank fees) to the Fin. Dept. Budget. Other changes include a \$5,000 (125%) increase in telephone costs, \$2,000 (80%) increase in travel/training, \$1,500 (12%) increase in building maintenance, \$1,000 (33%) increase in minor equipment & a \$3,000 (20%) decrease in computer-related costs. Also, a Salary Study adjustment of \$3,556 is included which is 1.4% of the FY 16 Budget. |
| Governing Body | 410       | \$14,967    | \$14,967    | \$16,767    | \$1,800      | 12.0%  | \$1,800      | 12.0%  | FY 16 has an increase of \$1,000 (40%) in travel/training, \$500 (16.7%) increase in dues/subscriptions & a \$300 (25%) increase in telephone costs.  |

**WATER/SEWER FUND BUDGET BY DEPARTMENT  
FY 2016 VS. FY 2015**

| DEPARTMENT                         | DEPT. NO. | ORIGINAL 2015 BUD. | AMENDED 2015 BUD.  | REQUESTED 2016 BUD. | DIFF. 2016 &     |                  | % CHG.       |              | SIGNIFICANT CHANGES FY 2016 VS. FY 2015  |
|------------------------------------|-----------|--------------------|--------------------|---------------------|------------------|------------------|--------------|--------------|--|
|                                    |           |                    |                    |                     | ORIG. 2015       | AMENDED 2015     | ORIG. 2015   | CHG.         |  |
| Legal                              | 470       | \$24,000           | \$24,000           | \$28,900            | \$4,900          | \$4,900          | 20.4%        | 20.4%        | \$4,500 (129%) increase in Professional Legal Service expenses.  |
| Finance                            | 715       | \$0                | \$0                | \$175,628           | \$175,628        | \$175,628        |              |              | Finance included in Administration Budget in FY 15. FY 16 Budget includes Finance-related expenses from the FY 15 Administration Budget. Also, a Salary Study adjustment of \$7,654 is included which is 4.4% of the FY 16 Budget. |
| Transfers                          | 999       | \$0                | \$0                | \$50,000            | \$50,000         | \$50,000         |              |              | Transfer to the Water Line Replacement Capital Project Fund.   |
| <b>TOTAL WATER/<br/>SEWER FUND</b> |           | <b>\$1,600,156</b> | <b>\$1,644,122</b> | <b>\$1,892,875</b>  | <b>\$292,719</b> | <b>\$248,753</b> | <b>18.3%</b> | <b>15.1%</b> |  |



# PROPOSED WATER/SEWER CAPITAL PROJECT FUND WATER LINE REPLACEMENT

REVENUE:

Transfer from Water/Sewer Fund

\$50,000

Installment Financing

\$450,000

Total Revenue

\$500,000

EXPENSES:

Estimated Project Costs

\$500,000

**STORM WATER FUND BUDGET BY DEPARTMENT  
FY 2016 VS. FY 2015**

| <u>DEPARTMENT</u> | <u>DEPT. NO.</u> | <u>2015 BUDGET</u> | <u>REQUESTED 2016 BUDGET</u> | <u>DIFF. 2016 &amp; 2015</u> | <u>% CHANGE</u> | <u>SIGNIFICANT CHANGES FY 2016 VS. FY 2015</u>  |
|-------------------|------------------|--------------------|------------------------------|------------------------------|-----------------|---|
| SW Operations     | 610              | \$287,370          | <b>\$493,307</b>             | \$205,937                    | 71.7%           | Overall 2.6% increase in personnel-related costs. Other changes include a \$1,500 increase for minor equipment & \$8,834 (11%) increase in debt service. Capital outlay - equipment is down by \$35,000 (100%) and capital outlay - improvements is down by \$50,827 (100%). A transfer of \$275,000 to the Storm Water Capital Project Fund is included. Also, a Salary Study adjustment of \$4,141 is included which is 0.8% of the FY 16 Budget. |

**PROPOSED STORM WATER CAPITAL PROJECT FUND  
KURE BEACH VILLAGE PHASE IIA**

REVENUE:

Transfer from Storm Water Fund

\$275,000

Installment Financing

\$475,000

Total Revenue

\$750,000

EXPENSES:

Estimated Project Costs

\$750,000

# GENERAL FUND REVENUE BUDGET FY 2016 VS. FY 2015

| REVENUE TYPE  | ORIGINAL 2015 BUD. | AMENDED 2015 BUD. | 2016 BUDGET | DIFF. 2016 & ORIG. 2015 | % CHG. | DIFF. 2016 & AMENDED 2015 | % CHG. | SIGNIFICANT CHANGES FY 2016 VS. FY 2015   |
|---|--------------------|-------------------|-------------|-------------------------|--------|---------------------------|--------|---|
| Property Taxes  | \$2,100,250        | \$2,100,250       | \$2,121,250 | \$21,000                | 1.0%   | \$21,000                  | 1.0%   | Increase in property valuation.   |
| Sales Tax   | \$713,000          | \$713,000         | \$785,200   | \$72,200                | 10.1%  | \$72,200                  | 10.1%  | Actual growth in FY 2015 greater than budgeted. FY 2016 estimated to be 4% greater than FY 2015 forecast.   |
| Franchise & Utility Taxes                             | \$142,250          | \$142,250         | \$201,500   | \$59,250                | 41.7%  | \$59,250                  | 41.7%  | Negative trends for telecommunications & video programming taxes. Electric franchise fee eliminated in FY 2015 and replaced with an electric sales tax. |
| TDA   | \$198,651          | \$198,651         | \$205,012   | \$6,361                 | 3.2%   | \$6,361                   | 3.2%   | FY 2016 budget is for lifeguards, Pleasure Island Chamber of Commerce concerts & Kure Beach Christmas show.   |
| Garbage & Recycle Fees                                | \$338,700          | \$338,700         | \$341,400   | \$2,700                 | 0.8%   | \$2,700                   | 0.8%   |   |
| ABC Revenue   | \$10,175           | \$10,175          | \$10,725    | \$550                   | 5.4%   | \$550                     | 5.4%   |   |
| Building Permits, CAMA, Impact Fees, Fire Inspections | \$44,700           | \$44,700          | \$57,200    | \$12,500                | 28.0%  | \$12,500                  | 28.0%  | Upward trend in building related fees.  |
| Communication Tower Rent                              | \$84,769           | \$84,769          | \$86,702    | \$1,933                 | 2.3%   | \$1,933                   | 2.3%   | Annual increase in rent for most cell providers as per contract.  |

## GENERAL FUND REVENUE BUDGET FY 2016 VS. FY 2015

| REVENUE TYPE   | ORIGINAL 2015 BUD. | AMENDED 2015 BUD.  | 2016 BUDGET        | DIFF. 2016 & ORIG. 2015 | % CHG.      | DIFF. 2016 & AMENDED 2015 | % CHG.       | SIGNIFICANT CHANGES FY 2016 VS. FY 2015  |
|--|--------------------|--------------------|--------------------|-------------------------|-------------|---------------------------|--------------|--|
| Motor Vehicle Decals                                 | \$7,500            | \$7,500            | \$7,000            | (\$500)                 | -6.7%       | (\$500)                   | -6.7%        | Downward trend in motor vehicle decal sales. Storms/hurricanes would cause an upward spike in decal sales. |
| Beer & Wine Tax                                      | \$8,500            | \$8,500            | \$9,500            | \$1,000                 | 11.8%       | \$1,000                   | 11.8%        | Forecasted state-wide increases for FY 15 & 16.  |
| Community Center/<br>Parks & Rec/ Street<br>Festival | \$27,450           | \$27,450           | \$28,150           | \$700                   | 2.6%        | \$700                     | 2.6%         |  |
| Town Facility Rentals                                | \$10,000           | \$10,000           | \$10,500           | \$500                   | 5.0%        | \$500                     | 5.0%         |  |
| All Other Revenue                                    | \$39,346           | \$43,770           | \$46,645           | \$7,299                 | 18.6%       | \$2,875                   | 6.6%         | FY 16 includes estimated parking lot donations from businesses of \$5,500.                                 |
| Other Financing<br>Sources                           | \$64,000           | \$473,471          | \$111,000          | \$47,000                | 73.4%       | (\$362,471)               | -76.6%       | Loans for vehicles & equipment.  |
| Appropriate Fund<br>Balance                          | \$4,125            | \$4,125            | \$0                | (\$4,125)               | -100.0%     | (\$4,125)                 | -100.0%      |  |
| <b>TOTAL GENERAL<br/>FUND</b>                        | <b>\$3,793,416</b> | <b>\$4,207,311</b> | <b>\$4,021,784</b> | <b>\$228,368</b>        | <b>6.0%</b> | <b>(\$185,527)</b>        | <b>-4.4%</b> |  |

# WATER/SEWER FUND REVENUE BUDGET FY 2016 VS. FY 2015

| REVENUE TYPE                   | ORIGINAL 2015 BUD. | AMENDED 2015 BUD.  | 2016 BUDGET        | DIFF. 2016 & ORIG. 2015 | % CHG.       | DIFF. 2016 & AMENDED 2015 | % CHG.       | SIGNIFICANT CHANGES FY 2016 VS. FY 2015          |
|--------------------------------|--------------------|--------------------|--------------------|-------------------------|--------------|---------------------------|--------------|--|
| Water Charges                  | \$625,000          | \$625,000          | \$714,500          | \$89,500                | 14.3%        | \$89,500                  | 14.3%        | Includes a 25% increase in monthly minimum rate. |
| Sewer Charges                  | \$905,000          | \$905,000          | \$1,054,500        | \$149,500               | 16.5%        | \$149,500                 | 16.5%        | Includes a 25% increase in monthly minimum rate. |
| Water & Sewer Tap Fees         | \$27,000           | \$27,000           | \$27,000           | \$0                     | 0.0%         | \$0                       | 0.0%         |  |
| Cutoff & Reconnection Fees     | \$1,500            | \$1,500            | \$840              | (\$660)                 | -44.0%       | (\$660)                   | -44.0%       |  |
| Other Revenue/ Fees            | \$5,750            | \$5,750            | \$5,150            | (\$600)                 | -10.4%       | (\$600)                   | -10.4%       |  |
| Interest Income                | \$906              | \$906              | \$885              | (\$21)                  | -2.3%        | (\$21)                    | -2.3%        |  |
| Other Financing Sources        | \$35,000           | \$67,216           | \$90,000           | \$55,000                | 157.1%       | \$22,784                  | 33.9%        | Loans for equipment and a truck.                 |
| Appropriate Fund Balance       | \$0                | \$11,750           | \$0                | \$0                     |              | (\$11,750)                | -100.0%      |  |
| <b>TOTAL WATER/ SEWER FUND</b> | <b>\$1,600,156</b> | <b>\$1,644,122</b> | <b>\$1,892,875</b> | <b>\$292,719</b>        | <b>18.3%</b> | <b>\$248,753</b>          | <b>15.1%</b> |  |

# WATER/SEWER FUND PROPOSED INCREASE IN MONTHLY MINIMUM RATES

| <u>WATER</u>                            | Current<br>Rate | 25%<br>Increase | Proposed<br>Rate | Avg. No.<br>of Accts. | Est. Increase<br>In Revenue |
|---|-----------------|-----------------|------------------|-----------------------|-----------------------------|
| Residential                             | \$13.50         | \$3.38          | \$16.88          | 2,143                 | \$86,792                    |
| Commercial                              | \$18.50         | \$4.63          | \$23.13          | 39                    | \$2,165                     |
| Out of Town                             | \$23.00         | \$5.75          | \$28.75          | 7                     | <u>\$483</u>                |
|   |                 |                 |                  |                       | <u>\$89,439</u>             |
| <u>SEWER</u>                            |                 |                 |                  |                       |                             |
| Residential                             | \$23.50         | \$5.88          | \$29.38          | 2,076                 | \$146,358                   |
| Commercial                              | \$25.50         | \$6.38          | \$31.88          | 36                    | \$2,754                     |
| Out of Town                             | \$40.50         | \$10.13         | \$50.63          | 4                     | <u>\$486</u>                |
|   |                 |                 |                  |                       | <u>\$149,598</u>            |
| <u>TOTAL MONTHLY INCREASE</u>           |                 |                 |                  |                       |                             |
| Residential                             | \$9.26          |                 |                  |                       |                             |
| Commercial                              | \$11.01         |                 |                  |                       |                             |
| Out of Town                             | \$15.88         |                 |                  |                       |                             |
| <u>TOTAL ANNUAL INCREASE IN REVENUE</u> |                 |                 |                  |                       | \$239,037                   |

**STORM WATER FUND REVENUE BUDGET  
FY 2016 VS. FY 2015**

| <u>REVENUE TYPE</u>           | <u>2015<br/>BUDGET</u> | <u>2016<br/>BUDGET</u> | <u>DIFF. 2016 &amp;<br/>2015</u> | <u>%<br/>CHANGE</u> | <u>SIGNIFICANT CHANGES FY 2016 VS. FY 2015</u>  |
|-------------------------------|------------------------|------------------------|----------------------------------|---------------------|---|
| Storm Water Charges           | \$216,000              | \$218,500              | \$2,500                          | 1.2%                |   |
| Storm Water Building Fees     | \$36,000               | \$36,000               | \$0                              | 0.0%                |   |
| Interest Income               | \$370                  | \$360                  | (\$10)                           | -2.7%               |   |
| Other Financing               | \$35,000               | \$0                    | (\$35,000)                       | -100.0%             |   |
| Appropriate Fund Balance      | \$0                    | \$238,447              | \$238,447                        |                     | The appropriation is to allow for a transfer of \$275,000 to the Storm Water Capital Projects Fund. |
| <b>TOTAL STORM WATER FUND</b> | <b>\$287,370</b>       | <b>\$493,307</b>       | <b>\$205,937</b>                 | <b>71.7%</b>        |   |



## REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

| ORGANIZATION  | DATE FY 2016<br>REQUEST REC'D | REQUEST<br>REC'D FY 2016 | REQUEST<br>REC'D FY 2015 | ACTUAL<br>FY 2015 | ACTUAL<br>FY 2014 | ACTUAL<br>FY 2013 | ACTUAL<br>FY 2012 | ACTUAL<br>FY 2011 | ACTUAL<br>FY 2010 |
|---|-------------------------------|--------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Pleasure Island Chamber of Commerce<br>(concert series) | 03/10/2015                    | \$8,800                  | \$8,800                  | \$8,800           | \$8,000           | \$8,000           | \$8,000           | \$8,000           |                   |
| Katie B. Hines Senior Center                            | 03/11/2015                    | \$2,500                  | \$2,000                  | \$2,000           | \$2,000           |                   |                   | \$2,950           |                   |
| Federal Point Historic Preservation Society             | 03/11/2015                    | \$3,000                  | \$3,000                  | \$1,000           | \$1,000           |                   |                   | \$3,000           |                   |
| Federal Point Help Center (1)                           | 03/10/2015                    | \$1,200                  | \$1,000                  | \$1,000           | \$1,000           |                   |                   | \$1,250           |                   |
| Kure Beach Volunteer Fire Dept<br>(Christmas Show)      | Not received (3)              | \$3,300                  | \$3,300                  | \$3,300           | \$3,300           | \$3,300           | \$3,300           | \$3,300           | \$3,000           |
| Island of Lights (2)                                    | 03/06/2015                    | \$1,100                  | \$1,100                  | \$1,100           | \$1,000           |                   |                   | \$1,500           | \$1,500           |
| Friends of Fort Fisher, Inc.                            |                               |                          | \$5,000                  | \$2,000           |                   |                   |                   |                   |                   |
| Pleasure Island Sea Turtle Project                      | 04/01/2015                    | \$5,400                  | \$5,400                  | \$5,400           | \$5,400           | \$5,400           | \$5,400           | \$5,400           |                   |
| Kure Beach Parks & Rec                                  |                               |                          |                          |                   |                   |                   |                   |                   | \$500             |
| <b>TOTAL</b>  |                               | \$25,300                 | \$29,600                 | \$24,600          | \$21,700          | \$16,700          | \$16,700          | \$25,400          | \$5,000           |

(1) - Federal Point Help Center request for FY 2016 also includes \$2,500 of in-kind.

(2) - Island of Lights request for FY 2016 (and FY 2013, 2014 & 2015) also includes \$900 of in-kind (Total request of \$2,000).

(3) - No request received, however the Town normally contributes \$3,300.