



## **Town of Beaufort, NC**

701 Front St. - P.O. Box 390 - Beaufort, N.C. 28516  
252-728-2141 - 252-728-3982 fax - www.beaufortnc.org

### **Town of Beaufort Board of Commissioners Work Session Meeting Budget FY21 4:00 PM Monday, June 15, 2020 – Held Electronically Due to COVID19 Pandemic Minutes**

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#### **Call To Order**

Mayor Newton called the meeting to order.

#### **Roll Call**

Mayor Newton called roll and declared a quorum present for the meeting.

#### **PRESENT**

Mayor Everette Newton  
Commissioner Sharon Harker  
Commissioner Charles McDonald  
Commissioner Ann Carter  
Commissioner Marianna Hollinshed  
Commissioner John Hagle

#### **Agenda Approval**

A motion was made to approve the agenda as presented.

Motion made by Commissioner Hagle.

Voting Yea: Commissioner Harker, Commissioner McDonald, Commissioner Carter, Commissioner Hollinshed, Commissioner Hagle

#### **Items for Discussion and Consideration**

##### **1. Proposed FY21 Budget**

Town Manager Day discussed the overall annual budget and how it is developed based on the Five Year Plan established by the board members. The five year plan forecasts revenues and expenditures for each budget over the five year period. Using a five year plan helps ensure that commitments, obligations and anticipated needs are met in a fiscally sound manner.

Through a five year plan, the FY21 budget serves as the starting point for all subsequent years since forecasts are made. Budgeting through the five year plan forecasts overall budgets, General Fund revenues and expenses and Utility Fund revenues and expenses.

Mr. Day reported the proposed tax rate was established by using the increase approved in the previous financial plan and an increase of .756 cents for the purchase of the ladder truck for the Fire Department bringing the proposed tax rate down from 46 cents to 43.68 cents.

The proposed FY21 General Fund Five Year Plan required an appropriation of Unassigned Fund Balance for FY 21, FY22, FY23 and FY24 thus causing a reduction in the Fund Balance to a level of 20% of estimated expenditures. The board has set a threshold of unassigned balance at 20%.

The proposed FY21 Utility Fund Five Year Plan only requires an appropriation of Unassigned Fund Balance in FY22 while increasing the Unassigned Fund Balance as a percentage of expenditures up towards 44%. The board has set a threshold of unassigned balance for the Utility Fund at 50%.

During discussions, Town Manager Day reported to the board members the anticipated submittal for the USSI funding will be by the end of June. He also indicated the storm water portion of the application should be submitted by August.

Commissioner Carter indicated she was concerned over the level of the General Fund Unassigned Fund Balance since it would be getting close to the level of 20% for expenditures. She commented one bad storm could possibly cause a major expense of funds. Town Manager Day indicated he felt it would be sufficient. Commissioner Hagle was in agreement; he indicated the citizens expect to have what is needed and not a great overage. Commissioner Carter also expressed concern over raising taxes again since taxes were recently raised 2 cents and 3 cents in the past two years. She also commented it was not actually a reduction in taxes to 43.68 since there was an increase in the tax evaluation numbers.

Commissioner Harker expressed concern over lowering the tax rate for FY21 and then in just a couple of years raising the tax rate again. She asked for consideration to be given to a stable tax rate. Town Manager Day indicated a stable tax rate would reduce the amount of Fund Balance appropriations in future years.

Commissioner Hagle commented he liked the five year plan as it was presented and that it made good sense. He did ask for consideration to be given to the storm water fees. Commissioner Carter commented she was also in agreement.

Town Manager Day indicated he would have staff look at the options with the possibility of storm water becoming a utility or enterprise fund.

Commissioner Hollinshed asked for the fees to be set in the UDO when it is redone so the developers will know what is required when the projects are being developed. She also asked about the National Park Service agreement and whether or not the town will continue the agreement and tie up parking spaces. Additionally, she asked about the development and work needed on the boardwalk. Commissioner Hollinshed also asked for additional information about the park funding gift and the status of the expenditures.

Town Manager Day reported the Harbor Master plan for the docks and the National Park Service should all be completed around the same time frame. Mr. Day also reported the \$2 million for the parks (Randolph Johnson and Cedar Street) were kept together and not separated. He reported the amount spent for Randolph Johnson Park was \$1.5 million and staff was searching for additional grant funds for the Cedar Street Park.

Commissioner Carter asked about revenues from rental property since the dock lease expires in 2024 and would the revenues not reduce drastically. Town Manager Day indicated he left that in the budget as status quo.

Commissioner Harker expressed concerns over the critical shortfalls and the much needed vehicle replacements. Town Manager Day indicated the current situation was much improved over where the town had actually been. He continued by saying the town is making progress but slowly.

Commissioner Harker also asked about the opening of the Randolph Johnson Park and the position needed to facilitate taking care of the park and splash pad. Mr. Day reported the Public

Works employees did a good job of keeping things clean but there may be some instances when other issues may suffer.

Commissioners Hollinshed, Hagle and Harker all asked through different variations about the labor needed, whether the position would be full-time and if it the position would be in-house or outsourced. Town Manager Day indicated he did not anticipate if being a full-time position. He did comment the position would cover Randolph Johnson Park and Cedar Street Park maintenance of equipment and general maintenance and landscaping, as well as being able to operate the splash pad basically like a pool. Commissioner Hollinshed indicated she felt there were two different levels of expertise needed for the position.

Commissioner McDonald asked Town Manager Day to please clarify what the tax rate is currently, the amount of the increase and the purpose of reduction. He also asked why not maintain the current rate and be able to better serve the citizens of Beaufort.

Town Manager Day stated the revenue neutral rate for taxes results in the same production of revenue during a property re-eval. Since the re-eval was higher than anticipated the rate did not need to remain the same but to be lowered to the 40.68 for FY21 and then raise the rate 3 cents in FY23.

Commissioner Harker recommended the rate being set at 43.68 for FY21 and it remaining the same for all five years. Commissioner McDonald indicated he felt the rate should be left at 46 cent and be able to get additional projects completed.

Town Manager Day indicated the advantage of the rate being 43.68 in FY21 is additional revenue will be produced allowing some much needed expenditures to be considered.

Commissioner Hagle indicated he felt the five year plan was solid since there was some uncertainty about revenues from sales tax this year and next year. He also commented the state required the revenue neutral rate to be recalculated and having an increase on that rate is concerning due to property values increasing. Commissioner Hagle stated he supported Town Manager Day's current proposal and making needed adjustments in future years.

Mayor Newton thanked Town Manager Day, Christi Wood and Christy Shi-Day for their work on the proposed FY21 budget. He asked about the expense of \$6300 per month since there will be no paid parking during this summer season. Town Manager Day indicated he would look at that after the budget had been adopted.

### **Mayor/Commission Comments**

All commissioners indicated they had already made all of their comments.

### **Adjourn**

Being no further discussions, a motion was made to adjourn the meeting. The meeting adjourned at 5:30 pm.

Motion made by Commissioner Harker.

Voting Yea: Commissioner Harker, Commissioner McDonald, Commissioner Carter, Commissioner Hollinshed, Commissioner Hagle

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Mayor Everette S. (Rett) Newton

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Michele Davis, Town Clerk