

Board of Aldermen
Budget Work Session
Thursday, April 10, 2024
MINUTES

The Town of North Topsail Beach Board of Aldermen held a budget work session on April 10, 2025. A quorum of the board was present.

Board members present: Mayor Joann McDermon, Mayor Pro Tem Leonard, Aldermen Connie Pletl, Richard Grant, Mike Benson and Laura Olszewski.

Board members absent: None

Town Manager Alice Derian and Debra Mack, Director GWI Tax and Accounting were in attendance. A quorum of the Board was present.

Call to order

Mayor McDermon called the budget work session to order at 9:00 am.

Approval of Agenda

Motion – Mayor Pro Tem Leonard motioned to adopt the agenda as presented; seconded by Alderman Olszewski; unanimously approved.

New Business

A. Proposed budget overview and economic outlook

Manager Derian stated:

The Proposed Budget we are presenting today has been prepared with a conservative approach to revenues and expenses which allow us to continue to deliver high quality services to residents and visitors alike. Expenses have been compiled by a meeting with Department Heads, who will be presenting their department requests throughout today. Based on Board of Aldermen feedback that I have received in recent weeks, we are presenting along with our financial spreadsheets, breakdowns of what is contained within these General Ledger accounts.

The priorities established for the preparation of the FY 2025-2026 Proposed Budget are as follows:

- Remain fiscally sound with a healthy Fund Balance
- Continue to provide and enhance public safety to residents and visitors
- Maintain a high level of preparedness to respond to and recover from emergencies
- Continue to support and balance the demands of new residential development
- Continue to provide high service levels and quality of life amenities (our beach!)
- Address infrastructure needs and Capital Improvements

The budget was prepared in accordance with North Carolina General Statutes, and the North Carolina Local Government Budget and Fiscal Control Act.

REVENUES & EXPENDITURES

In mid-March we received initial assessment value estimates from Onslow County. North Topsail Beach shows a 2.27% increase from last year. The total assessed value is \$1.74 billion and excluding motor vehicles, \$1.72 billion. This equates to \$7,403,740 in gross levy revenue @ \$.43 cents per hundred-dollar valuation. For budgeting purposes, we used a 96% collection rate = \$7,107,590 Levy. General Fund 10 - \$4,297,249, Capital Improvement Fund 12 - \$1,157,116 and Shoreline Protection Fund 30 - \$1,653,225.

Highlights include: General Fund Revenue estimates do not utilize prior year reserves (fund balance) and with conservative assumptions such as not accounting for grants other than what is currently awarded, no increase in occupancy tax over the actual receipts to date in FY 2025, and no built -in increase for local sales and use tax. The total General Fund Revenue estimate is \$9,426,597.

General Fund Expenditures are estimated in the amount of \$9,426,597, based on current needs, recognizing inflation and includes a \$456,486 contingency. Personnel costs account for over half of the General Fund. Due to the current local and state climate regarding staffing challenges, a retention increase of 10% is included. Much discussion has occurred during our recent meetings addressing vacancies and how other local agencies are addressing these challenges. Police and Fire have requested a 12% increase and Public Works has requested a 10% increase. This proposed budget reflects these requests to include 10% for remaining nonpublic safety employees. The Orbit Retirement Match for employers will not be announced until April 24th and we do not have Group Insurance Renewal Rates nor all other insurance renewals. Some examples: Workers' Compensation, Property, Vehicles/Equipment, etc. A 10% increase assumption was utilized for initial budgeting purposes.

The proposed Fiscal Year 2025-2026 budget reflects an overall decrease of 7.84%, or \$801,955 under Fiscal Year 2024-2025 total operating budget.

Looking Forward

This proposed budget provides a financial plan and foundation that reflects our collective goals and priorities as a Town. If we work together and strategically plan ahead, we will continue to build upon the many projects and programs that have been initiated. I remain committed to collaborations with our community partners and being proactive as we move forward. Together, we will ensure that North Topsail Beach remains a desirable place to call home or visit.

I would like to express my sincere gratitude to the Board of Aldermen, Debra Mack and Beth Wood with GWI Tax and Accounting Services, and Department Heads for their assistance in contributing to the budget process.

B. Proposed FY 25-26 budget highlights

Debra Mack, GWI, reviewed the proposed budget for fiscal year 2025-2026 with the following highlights:

- Some changes were made to the hardcopy proposed budget provided, as follows, but did not change the total budget:
 - Administration is higher in the Detail than the Summary by \$66,746.
 - IT is higher in the Detail than the Summary by \$16,945.
 - Contingency was reduced by \$77,691 for those (2) increases.
 - Because revenue is higher than expenses, contingency is where you are balancing the budget.
- General Fund Revenue estimates do not utilize prior year reserves (Fund Balance).
- No increase in occupancy tax over the actual receipts to date in FY 2025.
- No built -in increase for local sales and use tax.
- Retention funding for Police and Fire of 12% and 10% for remaining nonpublic safety employees.
- New software module for Purchase Requisitions \$2,270 to streamline purchasing and enhance budget validation.
- \$70,000 to replace the roof at Public Works.
- \$50,000 to replace Town Hall decks.
- \$120,000 for erosion at Town Hall.
- \$130,000 for (2) F150 Police trucks with up-fit.
- \$134,756 for a backhoe.
- \$75,000 for wet/dry vacuum truck.
- \$280,000 for construction of (8) crosswalks.
- Personnel costs are 52% of the proposed budget in the General Fund.
- Operations and maintenance are 37% of the budget.
- Capital equipment is 6%.
- Contingency is 5%.
- Proposed budget assumes a current tax rate of \$0.43 per hundred-dollar valuation, with \$0.26 assigned to the General Fund.
- There is no appropriation of Fund Balance in the General Fund.

C. Departmental presentations on needs and requests

Planning and Zoning Department

Planning Director Deb Hill reviewed each line-item highlighting:

- There is an increase in Salaries for hiring for the vacant Planner position.
- There is an increase in Employee Training for the vacant Planner position.
- There is a decrease of \$6,000 under Contracted Services because the Citizen Serve software cost has been moved to the IT Department budget.
- Hiring for the vacant Planner position will be done in house.

Building Inspections

Manager Derian explained there is currently a vacancy in the Building Inspector position. She highlighted the following in the proposed budget:

- There is an increase in Salaries for retention.
- There is an increase in Salaries for filling the vacant Code Enforcement position.
- There is a decrease in Dues and Subscriptions because of moving Citizen Serve software costs to the IT Department.
- Additional funds were added for demolition costs.

Public Works Department

Project Facilitator/Code Enforcement Officer Wendy Conant stated:

- Employee training is the same.
- Request includes 10% increase for (2) current staff.
- Capital outlay for a backhoe (current one not repairable), boom mower attachment and field & brush mower.
- iWork software costs were moved to the IT Department budget.
- The maintenance worker and contracted landscaping in Public Buildings 10-500-17 was eliminated.
- Vehicle maintenance and repair line item was increased.
- There is one vacant position, and the Public Works Supervisor position is vacant.

Streets

Conant stated the Streets Department proposed budget includes:

- Crosswalk construction and re-striping for 8 crosswalks @ \$35k each = \$280,000.
- Purchase of new wet/dry vacuum truck \$75,000.
- The line item for Signs was increased.

Public Buildings

Conant reviewed the line items with the following highlights:

- Phones, building security, the web EOC service costs were moved to the IT Department.
- Landscaping line item was increased.
- The Town Hall steps, handicap ramp and decks need repairs, and funding was added to Maintenance and Repair line item. Needs to increase to \$100,000.
- The Public Works Building is the next building that will need a complete re-do.

Recreation Department

Conant stated:

- The line item for Snowflakes was increased due to increased costs.
- Overall proposed budget decreased by \$704.

Mayor McDermon called for a 5-minute break.

Mayor McDermon resumed the meeting.

Fire Department

Chief Chad Soward highlighted the following in his budget:

- Increase in the training line item to get the National Certification credential.
- Difference in salaries due to turnover - longer term employees.

- Requesting 12% increase for staff excluding the chief which will get us to starting pay for \$49,700.
- Cascade System in FY 24-25 capital outlay will move to the Fire Station # 2 project.
- Requesting 10% increase for Fire Chief.
- Capital outlay request of \$22,000 for another jet ski.
- There are 6 firefighters at grade 10, 3 firefighters EMT at grade 12, and 3 lieutenants at grade 14.
- \$21,000 was spent on repairs of the current ladder truck this year. Replacement cost is approximately \$1.5 million.

Police Department

Chief Younginer stated:

- Expansion request of 12% increase is for staff excluding the chief.
- Expansion request of 10% increase is for Police Chief
- Requesting 2 new launcher rescue devices (\$6700) and a drone.
- For Capital projects, requesting 2 new trucks with up-fit (\$130,000).

IT Department

Director Schwisow said:

- Requesting to upgrade the camera system at the north end Fire Station.
- We have consolidated technology requests for other departments into this budget.
- Requesting a new software module from Southern Software for purchase requisitions to streamline purchasing process.

Board members questioned Department Heads on whether current salaries, pay grade and needs are adequate, whether there should be a requirement for a staff member to stay a certain amount of time if Town pays for training or pay it back, number and condition of vehicles, what the policy is on hiring at the beginning or within the pay grade, retention pay, Accounts Payable and budgeting software needs.

Mayor McDermon called for a lunch break at 11:30 am.

Mayor McDermon resumed the meeting at 12:05 pm.

D. Review of Capital Funds

Debra Mack, GWI, reviewed revenue streams and expenses related to Fund 12 Capital Improvements.

E. Capital Projects Update – Fire Station No. 2

Becker Morgan architect Bryce Reed explained:

- Roof/drying completion is expected June 2025.
- Glass closed in expected in early July 2025.
- Substantial completion of project expected the end of October 2025.
- The project is behind schedule by 7 months due to communication issues and lack of staffing with the contractor, the elevator concrete pit and necessary de-watering of the site.

Board members discussed ways to move the project along.

F. Review of Beach Fund

Debra Mack, GWI, reviewed revenue streams and expenses related to Fund 30 (Shoreline Protection). Board members discussed the pros and cons of requesting Onslow County to contribute to beach nourishment as the Town already receives a higher share of sales tax as compensation. Consensus was to leave as is.

Revenue

30-301-00 accomodation tax - \$ 2,000,000
30-301-05 ad valorem tax - \$ 1,653,225
30-317-01 county grant funding - \$ 150,000
30-329-00 interest income - \$ 125,000
30-336-00 sea oats program - \$0
30-345-00 local option sales/use tax - \$ 1,108,888
30-350-01 paid parking revenues - \$ 336,375
30-399-00 appropriated fund balance (restricted) - \$0
Total revenues - \$ 5,373,488

Manager Derian reviewed expenditures related to Fund 30 as follows:

Expenditures

30-710-08 lease payments - \$ 36,900
30-710-10 beach lobbyist contract - \$ 61,300
30-710-12 beach / access maintenance - \$ 138,100
30-710-14 beach related travel conferences - \$ 20,000
30-710-15 dune / crossover repair & maintenance - \$ 40,000
30-710-45 contracted services - \$ 24,000
30-710-59 sea oats program (50/50) - \$ 37,000
30-711-45 tax collection fees - \$ 24,454
30-720-07 new river EIS project - \$ 147,500
30-720-08 contracts, plans, specs - \$ 20,000
30-720-10 Vitex - \$ 285,200
30-720-50 2022B sob payment - \$ 1,884,803
30-720-57 2022C FEMA SOB payment - \$ 1,721,043 \$
30-720-60 30-year beach plan - \$ 275,000
30-720-64 sandbag repair project (Revetment) - \$ 200,000
30-998-02 transfer out to fund 31 - \$0
30-998-03 transfer out to fund - \$0
30-999-01 future projects - \$ 458,188
Total expenditures - \$ 5,373,488

G. Agency Funding Requests

Manager Derian informed the Board she received and included in the proposed budget draft a funding request from the Greater Island Chamber of Commerce for \$3,500 (approved \$2,500 last year) and Ocean City for \$10,000 (approved \$10,000 last year) and asked the Board for input. Consensus – leave amounts as is until next budget meeting.

H. Discussion on prioritization of needs versus available funds and goals

It was agreed that Mayor McDermon and Manager Derian would create follow up discussion topics for the next meeting on Tuesday, April 15th.

Adjournment

Motion – Mayor Pro Tem Leonard motioned to adjourn at 1:41 pm; seconded by Alderman Olszewski; unanimously approved.

I certify that these are the official minutes of the Board of Aldermen adopted at its May 7, 2025, meeting.

Nancy Avery

Interim Town Clerk