



TOWN OF SOUTHERN SHORES WORK SESSION

www.southernshores-nc.gov
SSVFD 15 S. DOGWOOD TRAIL
Tuesday, May 17, 2022 at 9:00 AM

MINUTES

PRESENT

Mayor Elizabeth Morey
Mayor pro tem Matt Neal
Council Member Leo Holland
Council Member Paula Sherlock

ABSENT

Council Member Mark Batenic

STAFF PRESENT

Town Manager Cliff Ogburn
Deputy Town Manager Wes Haskett
Town Clerk Sheila Kane
Public Works Director David Bradley
Police Chief David Kole
Fire Chief Ed Limbacher

The Southern Shores Town Council met for a budget workshop at the Southern Shores Volunteer Fire Department located at 15 South Dogwood Trail, Southern Shores.

The sole agenda item for the workshop was to receive questions/comments on the Town Manager's recommended budget for FY 2022-23; direction is encouraged and welcomed, but formal action is not anticipated.

Mayor Morey convened the work session at 9:00 a.m. and called on Town Manager Ogburn for his budget highlights.

Town Manager Ogburn clarified two mistakes found in the budget. The beach nourishment fund balance is not as high as shown in the budget. He stated he added another/extra year of revenue after the loan is paid off. The second, revenue/expenses are flipped for one of the years indicated in the cemetery fund. He provided the two corrected sheets.

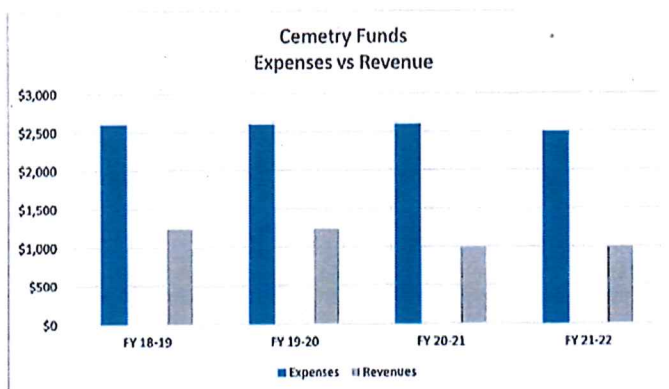
SOURCE OF REVENUE

Source of Revenue	Amount	Percentage
PNC Bond Proceeds (Town Share)	\$5,545,541	49%
Due From Dare County	\$4,371,401	39%
NCDEQ Grant	\$1,408,247	12%

[illegible]

Department Summary – The Town maintains the cemetery for public burial. Current Fund Balance amount is \$65,063. Currently cemetery plots for Town property owners cost \$500 and \$2,000 for non-property owners. Costs were increased from \$250 and \$1,000 in 2015.

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Requested FY 22-23
Expenses	\$1,200	\$1,200	\$2,095	\$14,800	\$3,140
Revenues	\$3,610	\$3,920	\$6,060	\$3,140	\$3,140



Town Manager Ogburn highlighted a newly added item request in the budget that creates the increase in expenditures, increase in COLA. He stated he is afraid that he might have under budgeted COLA. The Council has been very generous in the last couple of years in addressing salary issues. 3.5% doesn't compensate for the increase in CPI/inflation. It's important that we keep up and don't find ourselves behind in a few years. This may, or may not, be something worth considering increasing.

Town Manager Ogburn reviewed the Fund Balance. Through several years of careful and deliberate conservative budgeting, the Town has accumulated a large fund balance. These funds can be used to balance the budget, pay for large capital items, and possibly be transferred to the Capital Reserve Fund for future project needs. Ideally fund balance should be used for future projects rather than budgeted for annual operating expenses

Town of Southern Shores				
Analysis of Unassigned Fund Balance 6-30-22				
		CY Revenues	Other	
	<u>6/30/2021</u>	<u>over Expenses</u>	<u>Changes</u>	<u>6/30/2022</u>
Stabilization by State Statute:				
Accounts receivable	834,811	-	-	834,811
Encumbrances	<u>247,520</u>	<u>-</u>	<u>(247,520)</u>	<u>-</u>
	1,082,331	-	(247,520)	834,811
Prepaid expenses	6,115	-	-	6,115
Drug enforcement	9,491	-	-	9,491
Subsequent year's budget	1,270,519	-	(957,848)	312,671
LEOSSA	250,390	-	-	250,390
Unassigned	<u>5,189,116</u>	<u>(38,647)</u>	<u>1,205,368</u>	<u>6,355,837</u>
Total GF fund balance	7,807,962	(38,647)	-	7,769,315
Unassigned fund balance				6,355,837
Working capital/fund balance policy				<u>(3,000,000)</u>
Remaining fund balance				3,355,837

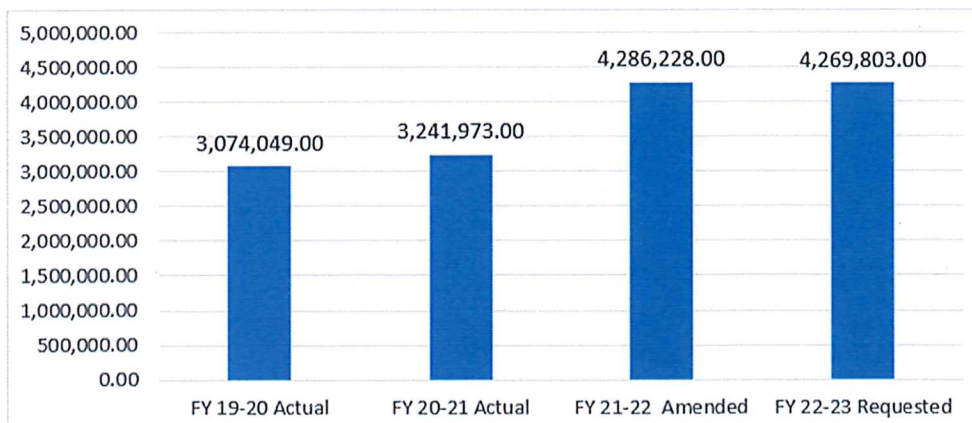
Town Manager Ogburn reviewed revenues and expenditures by department. He highlighted the following:

	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Amended	FY 22-23 Requested
Revenues:				
Ad valorem taxes	3,074,049	3,241,973	4,286,228	4,269,803
Occupancy, Sales Tax & Land Transfer Tax:	2,123,562	3,112,145	2,430,000	3,100,670
UNRESTRICTED Intergovernmental Revenues	455,172	429,641	467,943	450,979
RESTRICTED Intergovernmental Revenues	927,246	492,519	233,260	212,000
Permit and Fees	136,261	185,560	168,700	172,500
Other revenues	141,996	16,880	10,600	10,100
SubTotal:	6,858,286	7,478,718	7,596,731	8,216,052
Transfer IN from Other Funds	-	-	45,000	177,415
Appropriated-Undesignated Fund Balance	-	-	1,719,282	312,671
Total:	6,858,286	7,478,718	9,361,013	8,706,138
Expenditures:				
Administration Department	867,379	985,138	1,096,285	1,204,812
Planning & Code Enforcement Department	252,702	275,158	325,089	416,977
Police Department	1,551,354	1,614,448	2,024,625	2,095,491
Streets, Bridges and Canals	1,623,753	1,134,814	2,053,103	2,281,164
Public Works Department	452,219	519,555	623,025	619,896
Sanitation Services	719,960	787,762	854,733	879,555
Fire Contracted Service	566,444	866,333	964,378	1,004,243
Ocean Rescue Contracted Service	163,500	179,700	176,000	184,000
Total Operating General Fund Expenditures	6,197,311	6,362,908	8,117,238	8,686,138
REVENUES OVER (UNDER) EXPENDITURES	660,975	1,115,810	-	-
Transfer OUT to Capital Reserve Fund- Canals	20,000	20,000	20,000	20,000
Transfer OUT to Capital Reserve Fund-Beach Fund	-	-	1,223,775	
			9,361,013	8,706,138
.01 = \$164,710				

Revenues

Ad valorem taxes

FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Amended	FY 22-23 Requested
3,074,049	3,241,973	4,286,228	4,269,803



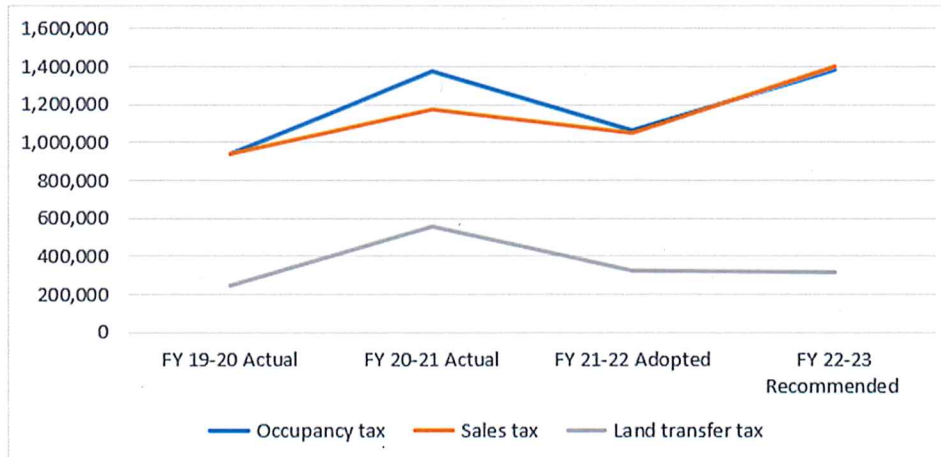
Occupancy, Sales Tax & Land Transfer Tax:

Occupancy tax projected to increase by 30%

Sales Tax projected to increase by 34%

Land Transfer tax projected to decrease by .02%

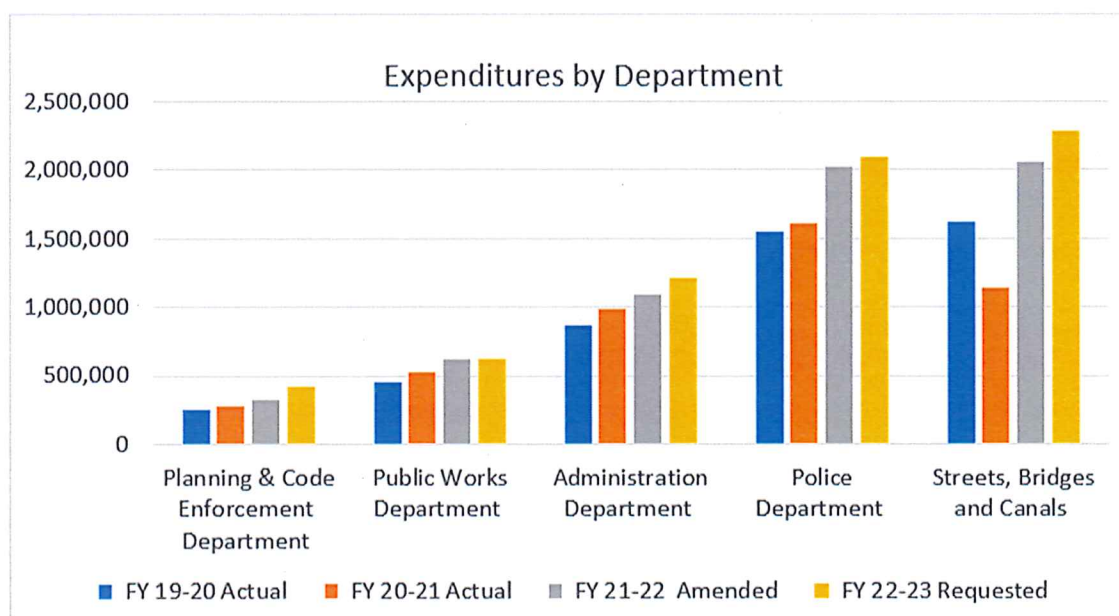
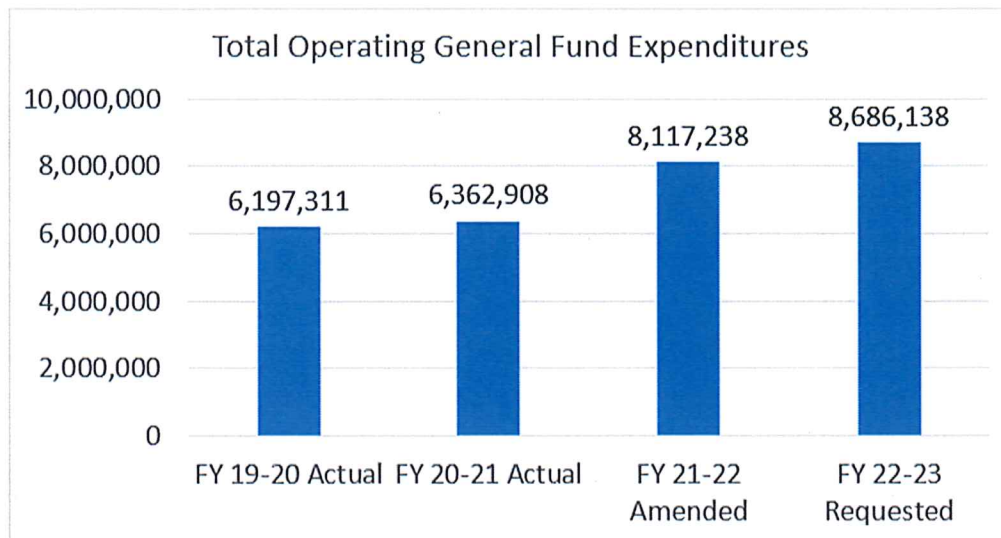
	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Adopted	FY 22-23 Recommended
Occupancy tax	936,756	1,376,367	1,060,000	1,381,935
Sales tax	940,848	1,175,685	1,045,000	1,400,000
Land transfer tax	245,958	560,093	325,000	318,735

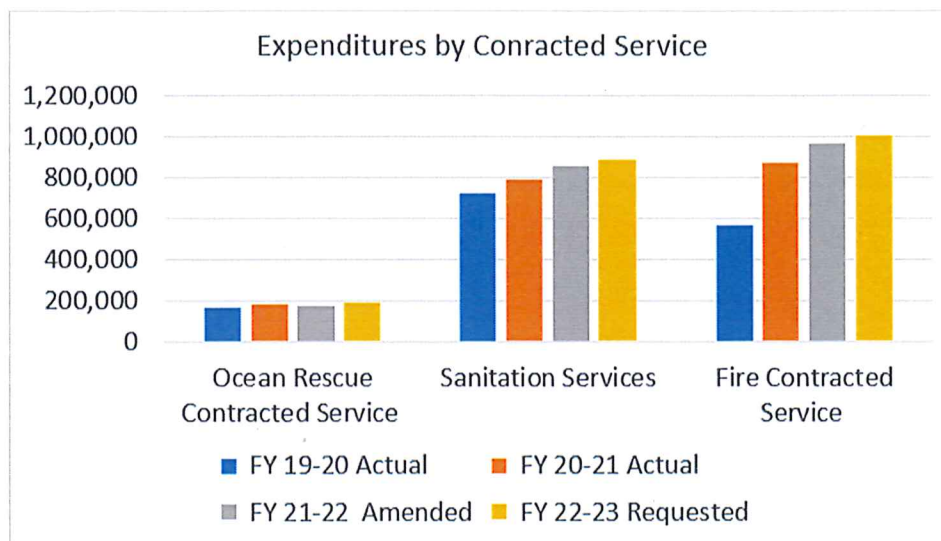


Recommended Expenditures

	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Amended	FY 22-23 Requested	diff	% Change
Expenditures:						
Administration Department	867,379	985,138	1,096,285	1,204,812	108,527	10%
Planning & Code Enforcement Department	252,702	275,158	325,089	416,977	91,888	28%
Police Department	1,551,354	1,614,448	2,024,625	2,095,491	70,866	4%
Streets, Bridges and Canals	1,623,753	1,134,814	2,053,103	2,281,164	228,061	11%
Public Works Department	452,219	519,555	623,025	619,896	-3,129	-1%
Sanitation Services	719,960	787,762	854,733	879,555	24,822	3%
Fire Contracted Service	566,444	866,333	964,378	1,004,243	39,865	4%
Ocean Rescue Contracted Service	163,500	179,700	176,000	184,000	8,000	5%
Total Operating General Fund Expenditures	6,197,311	6,362,908	8,117,238	8,686,138	568,900	7%

\$1,202,939 in expenditures are attributed to beach nourishment.





Town Council Comments/Discussion

Town Manager Ogburn stated page 92-93 needs to be updated, as the wrong version was submitted into the packet (Public Works detail requests).

Mayor pro tem Neal wanted to make sure the amount budgeted for the Land Use Plan was adequate. He stated he hates to pay for a consultant, but it is a must.

Deputy Town Manager/Planning Director Wes Haskett would like to raise some of the permit fees. They have gathered all the fees from neighboring municipalities and would like to adjust the fee schedule to increase some permits.

Town Manager Ogburn stated that the installation of fiber is being requested, it is becoming essential for the police department, internet capabilities and storage backup speed. There are a few technology upgrades being requested along with fiber, VOIP phones, electronic records management, and a modernized website.

Police Chief David Kole stated the RMS software system is a large data base that will share data amongst other municipalities, crime mapping.

Mayor Morey stated the Trinitie Culvert would be her recommendation if picking a capital project, as residents would like this taken care of. She would like to see what the staff would recommend as far as town hall renovations/upgrades.

Town Manager Ogburn stated a grant will be submitted with the Tourism Board for a sidewalk from the triangle to East Dogwood.

Mayor pro tem Neal asked if expenditures over revenues were being transferred from the unassigned fund balance? Mayor Morey stated yes, no tax increase.

Council recognized that a tax increase would need to be discussed in depth to cover the deficit when planning for the following years budget.

Direction: By consensus of all Council, the Town Manager received direction on the following budget items (changes to be reflected in budget ordinance after the public hearing):

- Council supports increasing the COLA to 5%, keep merit as recommended by manager.
 - Increase land transfer fee line
- Reduce the bridge maintenance line to \$15,000

- Update the Planning/Permit fee schedule
- Check if Police Department RMS (software) is accounted for in CIP
- Drop expenditure amount in Public Works Vehicle maintenance line
- Look into a temporary fix for the Chicahauk sidewalk (in- house) before the summer season
- Mayor would like to hear staff recommendation on Town Hall updates/fixes
- Canals-one-time \$100,000 transfer into line item in June
- Grant for sidewalk from the Tourism Board
- Put out an RFQ for Trinitie Culvert Bridge

Mayor Morey stated a public hearing on the Town Manager's recommended budget is scheduled for Tuesday, June 7th at 5:30 p.m. Following the public hearing, the town manager is directed to submit a budget ordinance which will include today's direction.

Adjourn - 11:14 a.m.

Motion to adjourn by Council member Holland, seconded by Mayor pro tem Neal. Motion passed unanimously.

ATTEST:


A. Elizabeth Morey, Mayor



Respectfully submitted,


Sheila Kane, Town Clerk

The attached documents are incorporated herewith and are hereby made a part of these minutes.