



Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949

Phone 252-261-2394 / Fax 252-255-0876

www.southernshores-nc.go

MARCH 16, 2021

COUNCIL WORKSHOP- 9:00 A.M. PITTS CENTER

1. Opening
 - A. Call Meeting to Order
 - B. Pledge of Allegiance
 - C. Moment of Silence
 - D. Approval of Agenda
2. General Public Comment (Limit: 3 minutes per speaker)
3. Business Items
 - A. Consideration of Bids-Sea Oats Trail Road Improvement
 - o Contract Award
 - o Budget Amendment
 - B. Planning Direction for the Town Manager's FY 2021-2022 Proposed Budget
4. Council Comments
5. Adjourn

Bid Tabulation Sheet - A portion of Sea Oats Trail

3/9/2021

Contractor	Envelope #1			Envelope #2			Engineer's Estimate Range
	Proof of Contractors License	5% Bid Deposit	MB & WB Efforts	Lump Sum	Unit Price Sheet Completion	Acknowledgment of Addendums	
Barnhill Contracting Company	x	x	x	\$ 449,000.00	x	x	\$ 421,398.38 \$ 484,608.14
FSC II, LLC dba Fred Smith Co. & Rose Brothers Paving	x	x	x	\$ 452,000.00	x	x	

Prepared by Anlauf Engineering, PLLC



Handwritten signature of Joseph J. Anlauf, P.E., dated 3/9/21.

**Town of Southern Shores
Budget Amendment Number # 20**

Streets Increases			Streets Decreases		
<u>Account Number</u>	<u>Description</u>	<u>Amount</u>	<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
40-39909	<u>Revenues</u> Unassigned Fund Balance	\$510,000			
57-50983	<u>Expenditures</u> FY 20-21 Infrastructure Proj.	\$510,000			

Explanation: Funds for Sea Oats Tr. Street Project and engineering for Hillcrest section as requested by Council

Recommended By:

Cliff Ogburn, Town Manager

Approved By:

Tom Bennett, Mayor

Date



Agenda Item Summary Sheet

Date: March 16, 2021

Item #: 3 B

Item Title: Planning Direction for the Town Manager's FY 2021-2022
Proposed Budget

Item Summary: Town staff is continuing to work on presenting a balanced budget and currently revisions to department requests and revenue projections are ongoing. Budget figures presented at this workshop are meant to give the Council an approximation of the Town's financial position at this time. There is still much work to be done and the Town Council is asked to provide input and direction to town staff regarding its priorities. While there are many areas that Council may want to focus, staff asks for direction on the following items:

Use of 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 next fiscal year and possibly be transferred to the Capital Reserve Fund for future project needs.

Capital Planning – A Capital Improvements Plan is also attached. This is a working document that continues to serve as a plan and as a tool for forecasting future budget needs. The CIP represents a balance between maintaining the town's existing assets and investing in new assets to support the town's growth, as well as ensuring that investments are made in accordance with the priorities of the Town. Some of these capital expenses can be funded from our current revenues and are appropriated in the annual operating budget. Larger capital projects and acquisitions typically cannot be financed this way. Therefore, the Town needs to accumulate funds over time, identify additional revenue sources, or borrow money to pay for these capital expenses.

Street Improvements – The Town is currently beginning the process of a pavement condition study. Those results are not expected until sometime in June. The timing of the results makes it difficult, if not impossible to budget for specific projects. However, staff recommends that the Council adopt a budget that allows for a significant amount of street improvements over the next several budget years.

Pay Study Implementation – The Council directed a Pay and Classification Study that was presented in February of 2020. Due to the study coinciding with the beginning of the pandemic and the desire to receive input from the new Town Manager, implementation of the study was put on pause. Staff would like to receive feedback on their proposal which includes salary adjustments, and a Salary/Benefits Philosophy Statement moving forward. Also included in the plan are job reclassifications, adoption of new job descriptions, and pay plan.

Beach Nourishment Municipal Service Tax Rates - While these rates will be set with the adoption of the FY 22 budget in June, the impacts of a town wide tax increase towards repayment of borrowed funds to perform the project will influence next year's budget. Raising taxes is never an easy decision, but in addition to the need to generate revenue to pay for the nourishment project, the Town has other needs to plan and budget for soon.

Seasonal cut thru traffic – Staff will seek direction on budgeting for this summer's traffic impacts. Most anything that the Town undertakes to mitigate the impacts of traffic congestion will have a budget impact. Some measures may require the purchase of new equipment that might come from the current year's budget as well as next year's budget.

Staff would like to also share with the Council the status of service contracts presently in place that will need to be renewed in the following budget years.

Staff Recommendation: Staff recommends the following schedule in moving the FY 2021-2022 Budget adoption process forward:

May 4, 2021 - 5:30 PM Regular Meeting – Presentation of Manager's recommended Budget and recommended Capital Improvement Plan.

May 5, Clerk makes recommended budget document available for public inspection, and publishes notice of June 1, 2021 Public Hearing

Council schedules Budgets Workshops TBA (May 5 – June 14)

June 1, 2021 - 5:30 PM Regular meeting - Public Hearing (possible adoption)

June 15, 2021 – potential adoption of the FY 2021-2022 Budget

Budget adopted by end of June

Attachments: Budget Workshop Presentation FY 2021-22
Draft Capital Improvement Plan



BUDGET WORKSHOP PRESENTATION FY 2022



March 16, 2021

Budget Process Overview/Timeline

- **Department Head Requests to Town Manager**
- **Multiple Revision to Requests to come**
- **Council Workshop**
- **Town Manager Recommendations to Council**
- **Council Direction & Public Input**
- **Adoption of Budget—by June 30**

Budget Highlights

- Fire Department Debt Service
- Beach Nourishment
- Implementation of Pay Study
- Capital Improvements Prioritized

Budget Overview

- COMPARISON CHART
- SUMMARY OF REVENUES
- SUMMARY OF EXPENSES

VALUE OF A PENNY = \$162,852

\$1,584,244,221 (Real, Personal Property & Utilities)

+\$49,997,071 (Vehicles)

\$1,634,241,292

X 0.001958 (tax rate) = \$3,199,844

X 99.65% collection rate = \$3,188,645

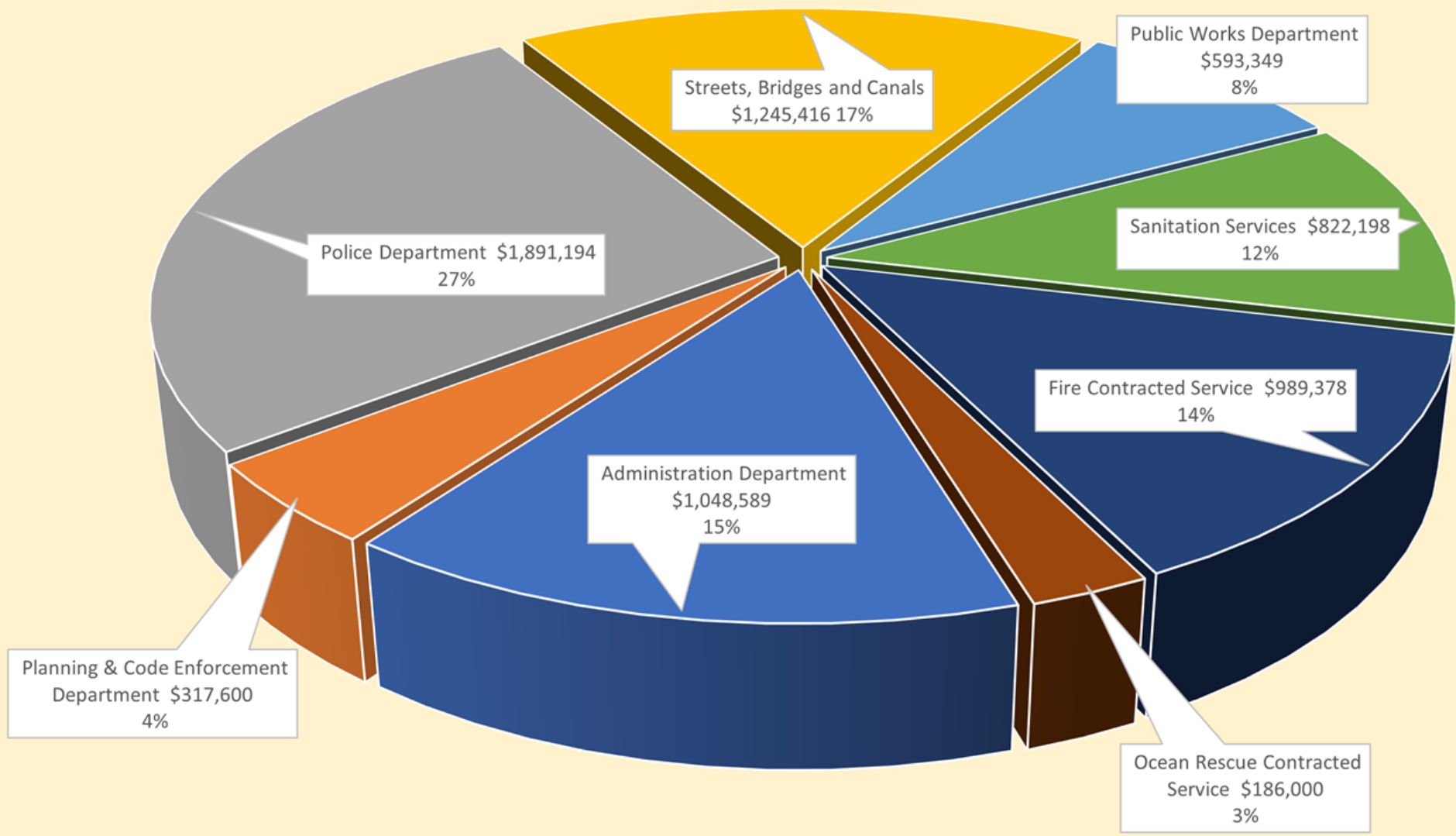
/19.58 = \$162,852

Budget Comparison

Revenues	2019 Actual	2020 Actual	2021 Adopted	2021 Year-To-Date	2022 Dept. Requests
Ad valorem taxes	3,064,445	3,074,049	3,104,936	3,092,792	3,226,644
Occupancy, Sales Tax & Land Transfer Tax:	2,200,084	2,123,562	1,946,028	1,720,504	2,240,000
UNRESTRICTED Intergovernmental Revenues	461,463	455,172	448,415	229,517	448,415
RESTRICTED Intergovernmental Revenues	235,748	927,246	208,264	206,865	203,000
Permit and Fees	139,324	136,261	126,000	120,733	143,700
Other revenues	234,125	141,996	74,600	6,315	9,600
Total	6,335,189	6,858,286	5,908,243	5,376,726	6,271,359

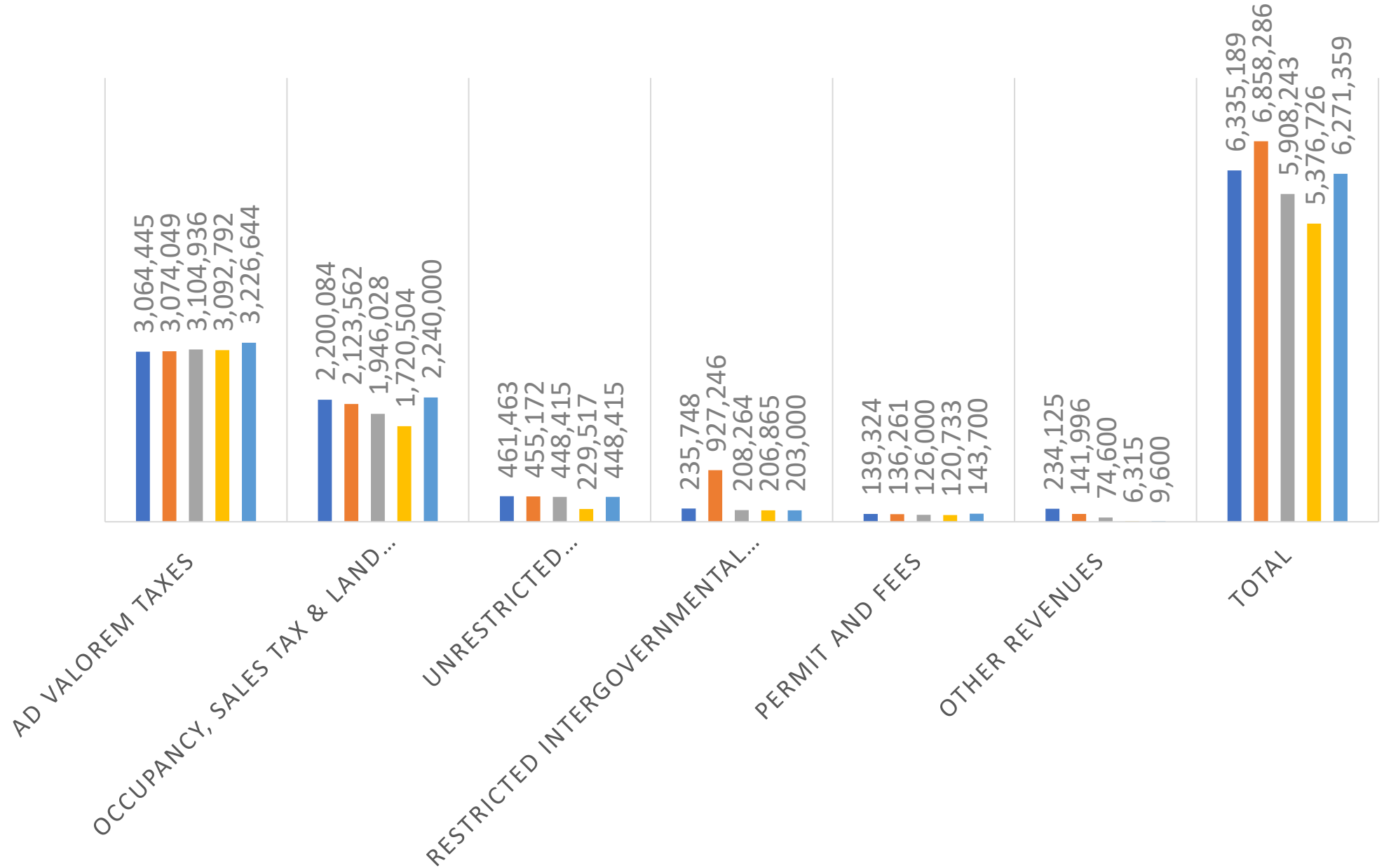
Expenditures	2019 Actual	2020 Actual	2021 Adopted	2021 Year-To-Date	2022 Dept. Requests
Administration Department	1,004,062	867,379	1,045,014	672,995	1,048,589
Planning & Code Enforcement Department	300,597	252,702	306,985	168,935	317,600
Police Department	1,621,713	1,551,354	1,751,272	984,194	1,891,194
Streets, Bridges and Canals	1,078,281	1,623,753	368,486	466,297	1,245,416
Public Works Department	513,722	452,219	543,208	333,066	593,349
Sanitation Services	685,046	719,960	767,700	501,826	822,198
Fire Contracted Service	633,240	566,444	939,378	709,323	989,378
Ocean Rescue Contracted Service	163,500	163,500	166,200	124,300	186,000
Total	6,000,161	6,197,311	5,888,243	3,960,936	7,093,724

Expenditures- Department Head Requested

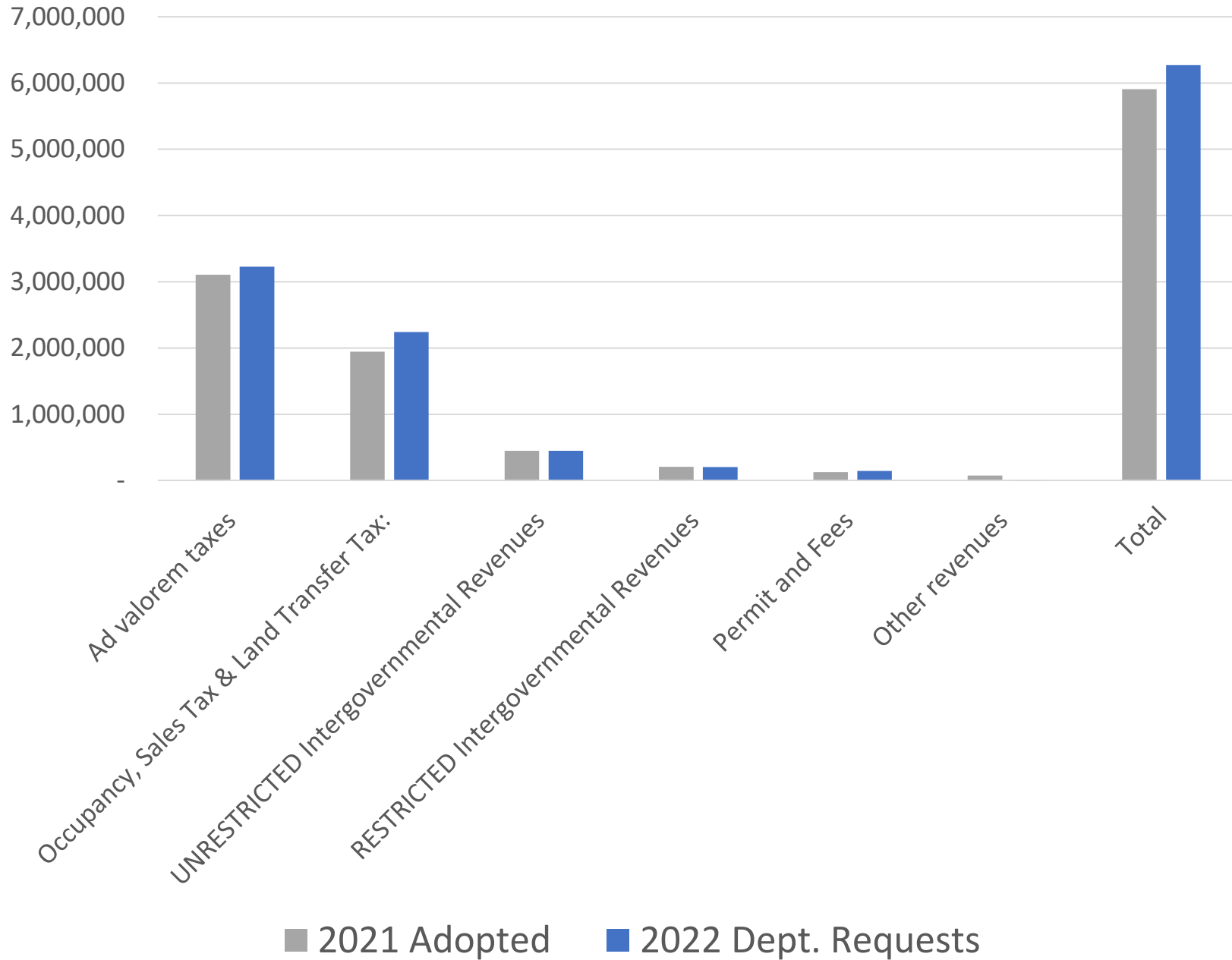


REVENUES

■ 2019 Actual ■ 2020 Actual ■ 2021 Adopted ■ 2021 Year-To-Date ■ 2022 Dept. Requests



REVENUES



PRESENT POSITION

Revenues = \$6,271,359

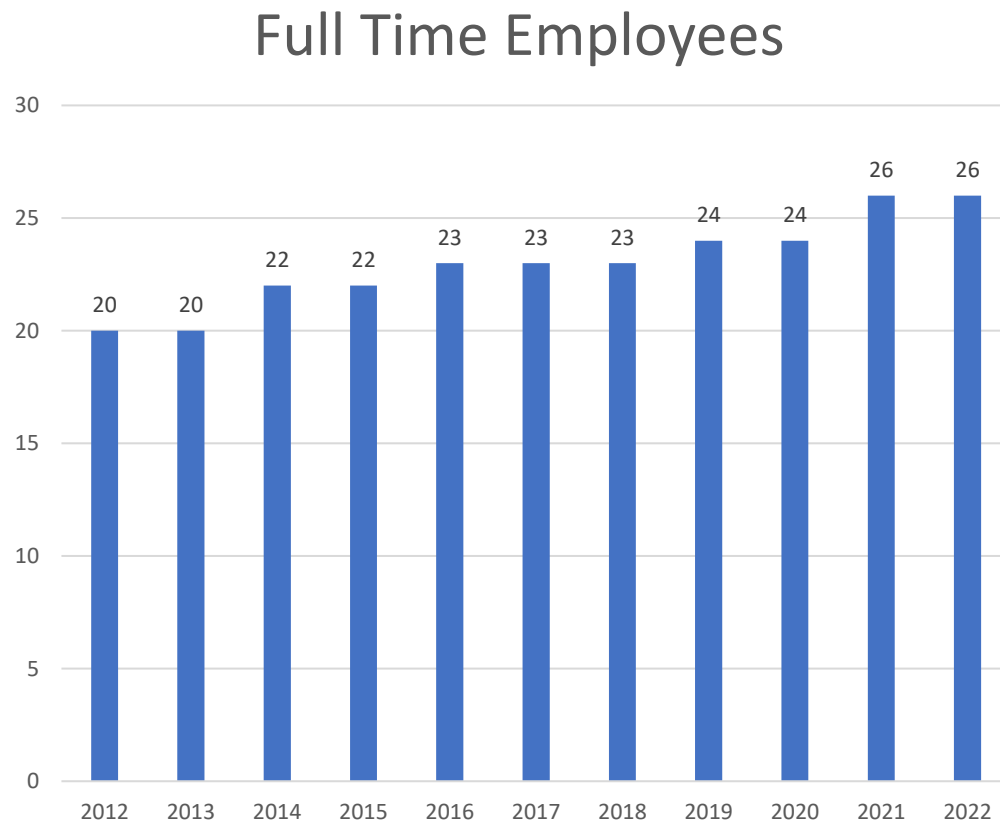
Expenditures = \$7,093,724

Reasons for increase

- Streets
- Debt Service
- Radios
- Pay Study
- Tipping Fees
- Recycling

-\$822,365

Number of Full Time Employees



2014 = 2 in Public Works

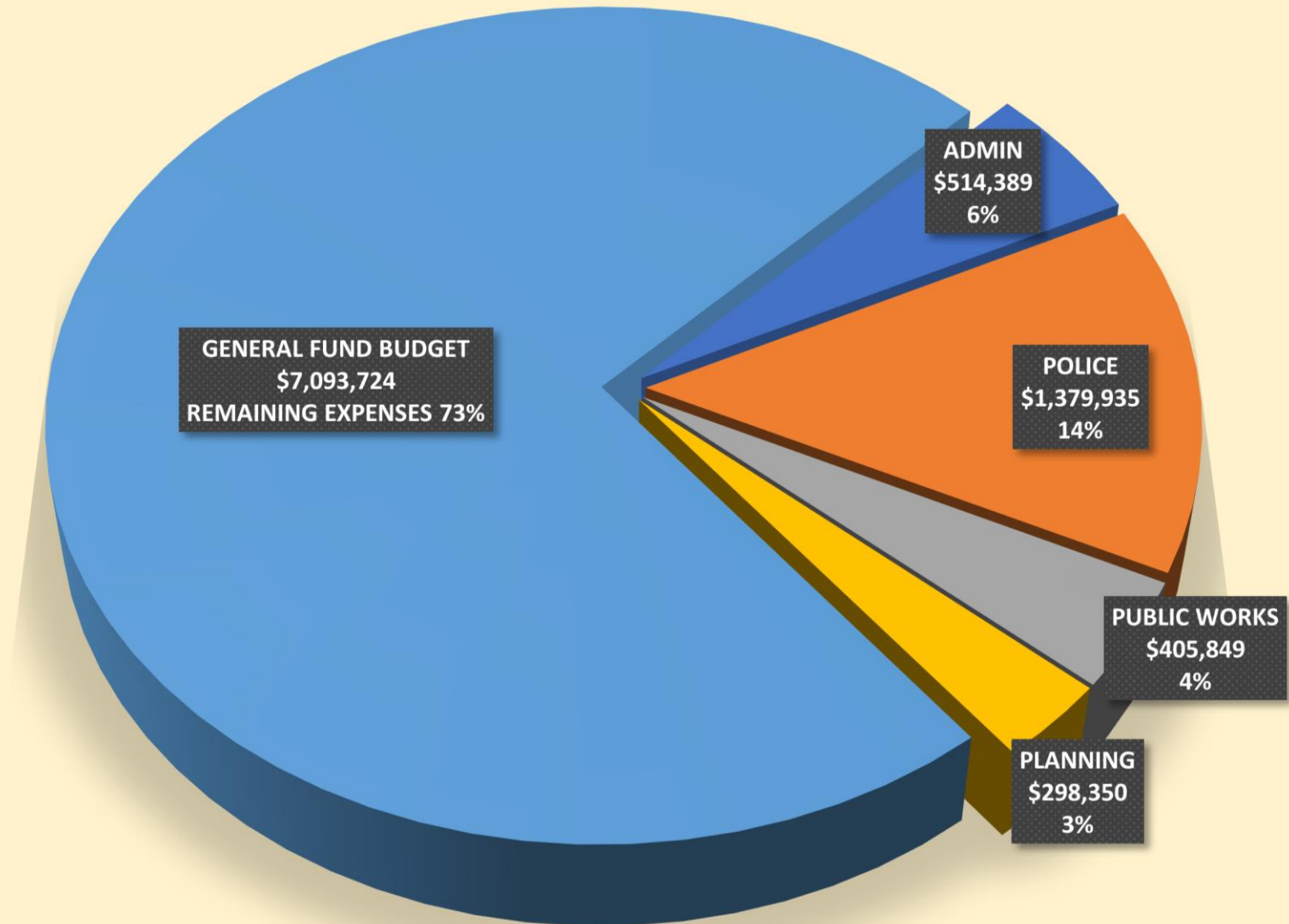
2016 = 1 Police Officer

2021 = 1 in Planning

2019 = 1 in Public Works

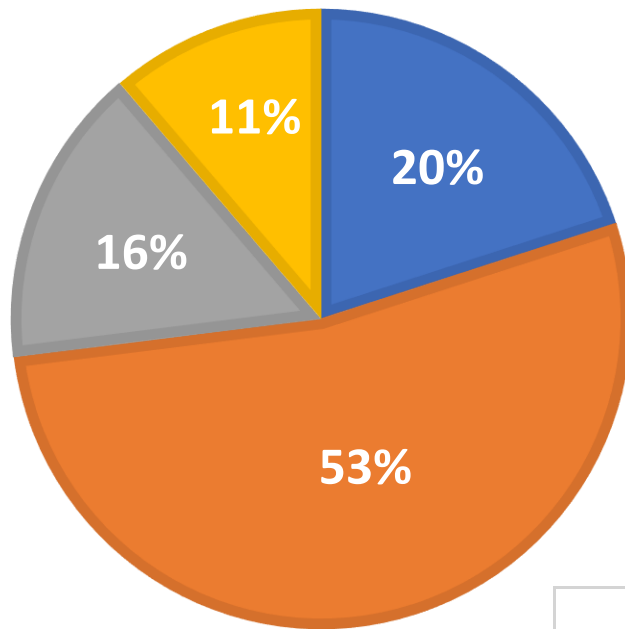
2021 = One Police Officer

General Fund Personnel Cost



Personnel Cost by Department (estimate FY 22)

■ Admin ■ Police ■ Public Works ■ Planning



<u>Dept.</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Total</u>
Admin	377,784	136,605	514,389
Police	999,943	379,992	1,379,935
Public Works	296,344	109,505	405,849
Planning	212,431	85,919	298,350
			2,598,523

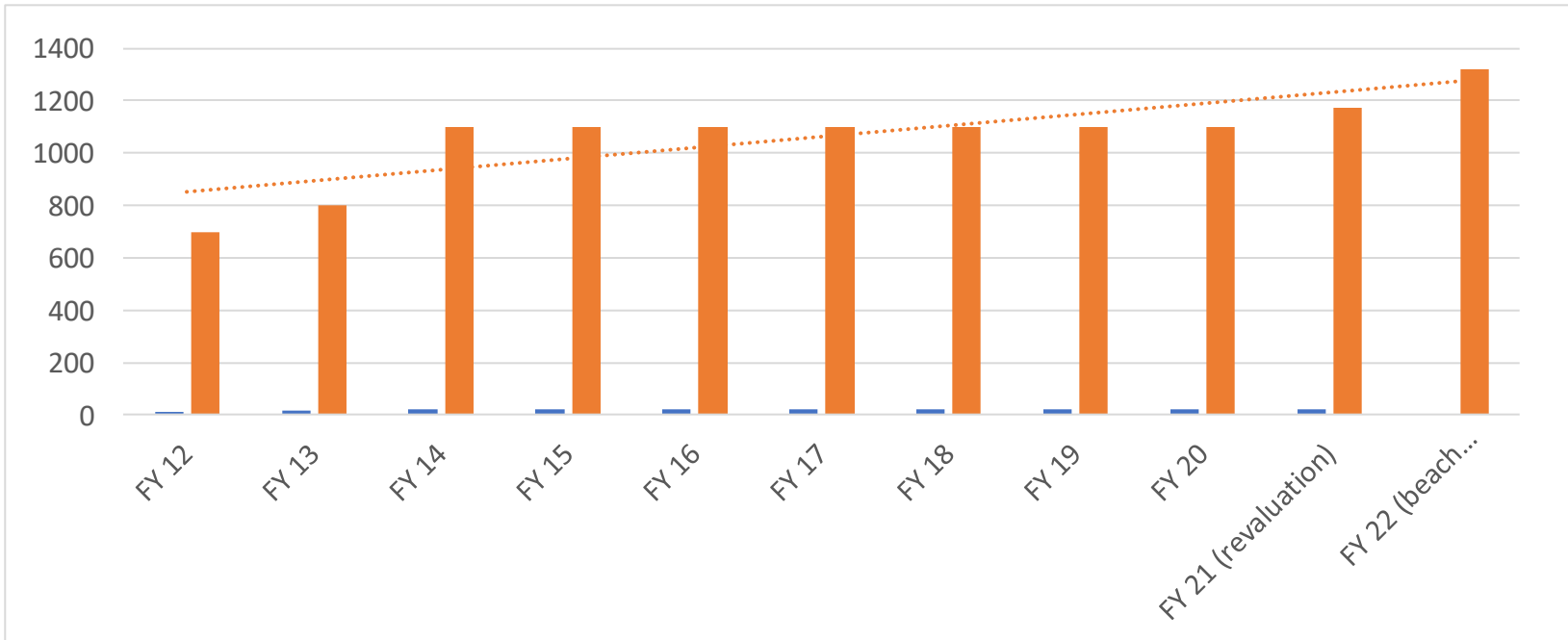
Implementation of Pay Study Recommendation

- Combination of Market Adjustment and Years in Position
- Job Reclassifications
- Job Descriptions
- Adjust the pay scale
- Develop a Salary/Benefits Philosophy Statement (similar to Mission and Vision Statement)
- Adopt a written and Council approved career development policy designed to advance employee salaries to midpoint
 - Merit

Property Taxes

for a \$500,000 home

	Tax rate	Tax Bill	Total Value
FY 12	14	\$700	
FY 13	16	\$800	\$1,737,541,394
FY 14	22	\$1,100	\$1,282,352,815
FY 15	22	\$1,100	\$1,267,050,698
FY 16	22	\$1,100	\$1,280,719,291
FY 17	22	\$1,100	\$1,288,527,495
FY 18	22	\$1,100	\$1,301,073,361
FY 19	22	\$1,100	\$1,314,004,639
FY 20	22	\$1,100	\$1,329,281,757
FY 21 (revaluation)	19.58	\$1,175	\$1,518,048,518
FY 22 (beach nourish)	22?	\$1,320	

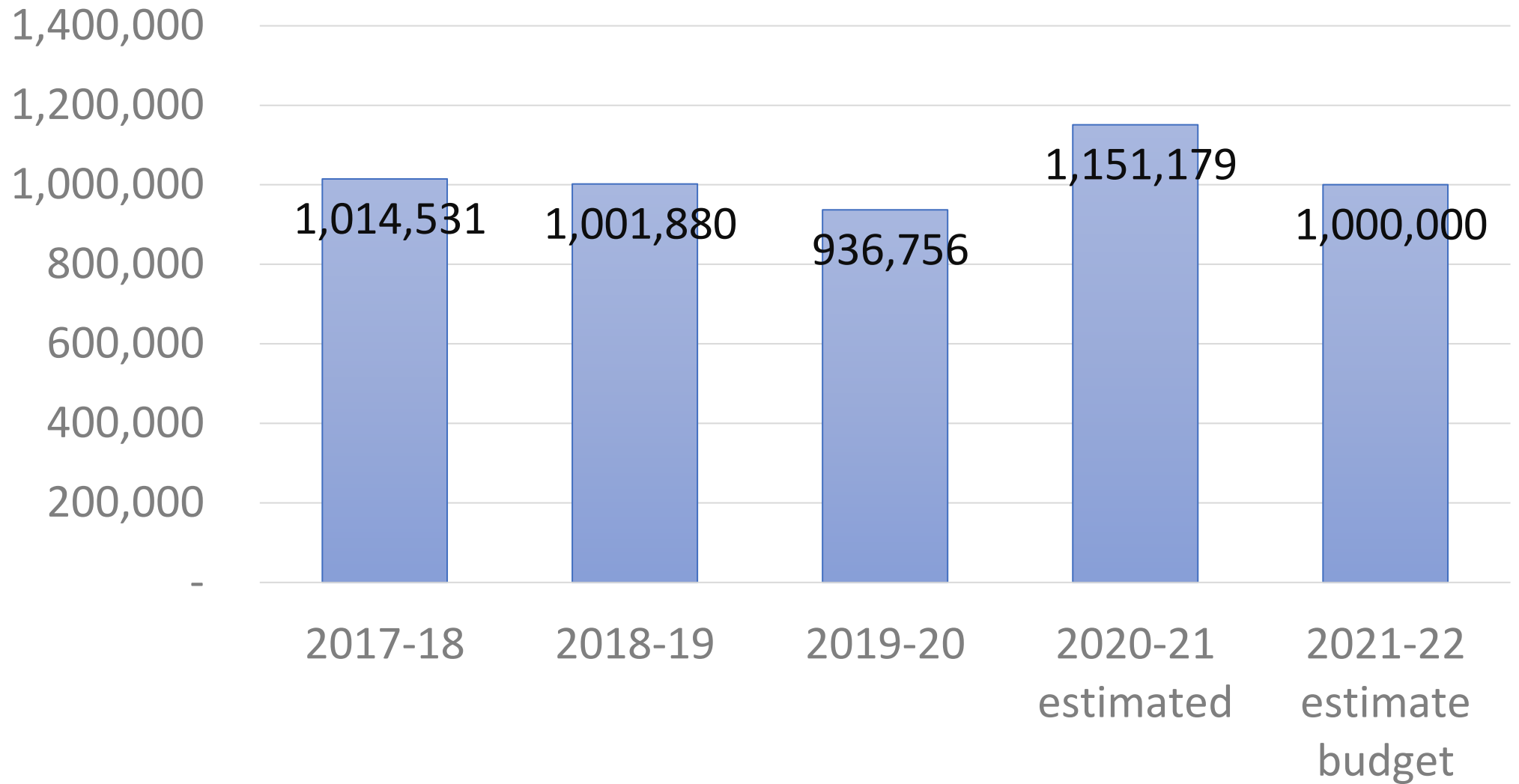


Shared Revenue – Occupancy and Sales Tax

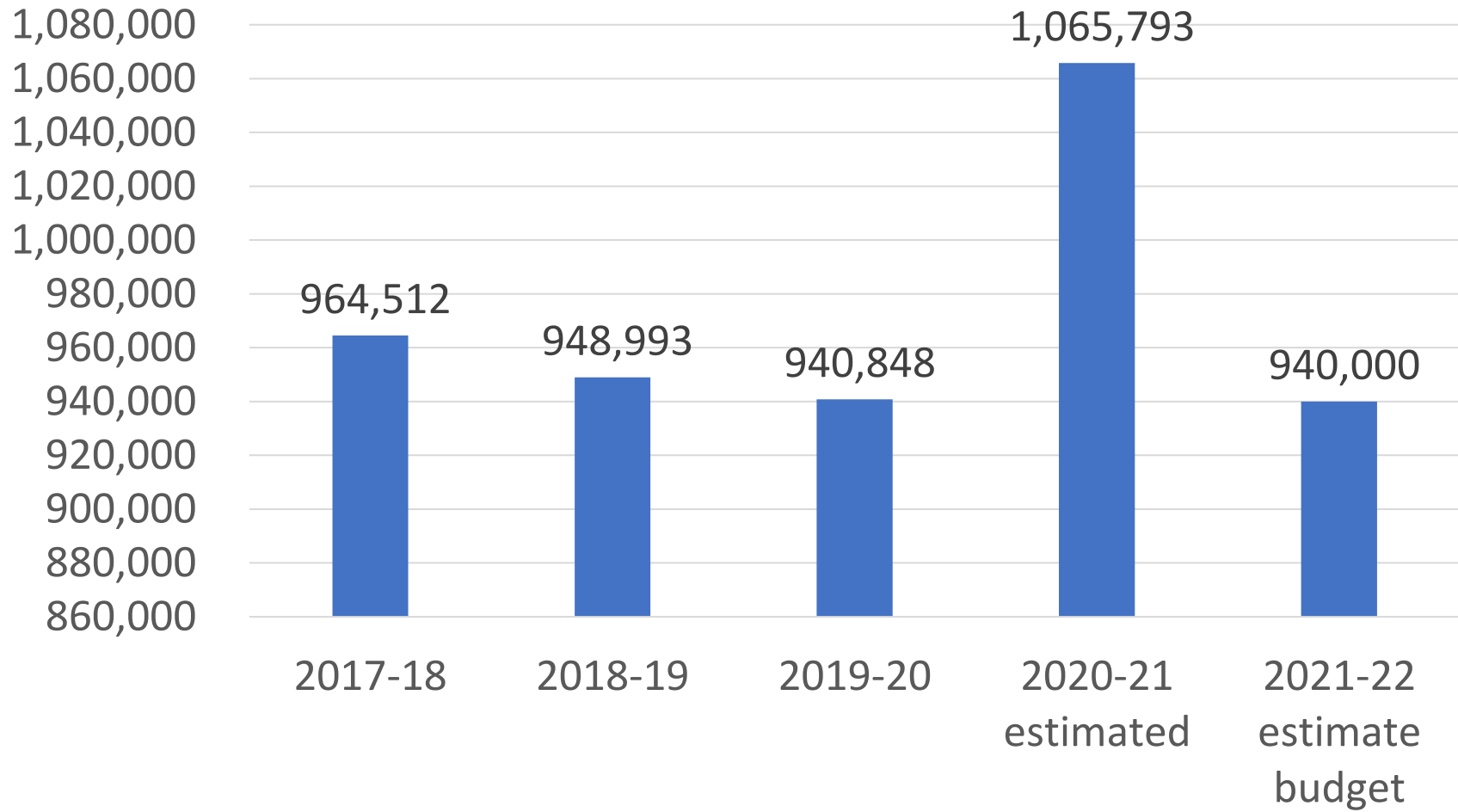
<u>Shared Revenue Percentages</u>	of total Dare County Town share
FY 14-15	11.22%
FY 15-16	10.72%
FY 16-17	9.67%
FY 17-18	10.06%
FY 18-19	9.62%
FY 19-20	9.45%
FY 20-21	9.24%



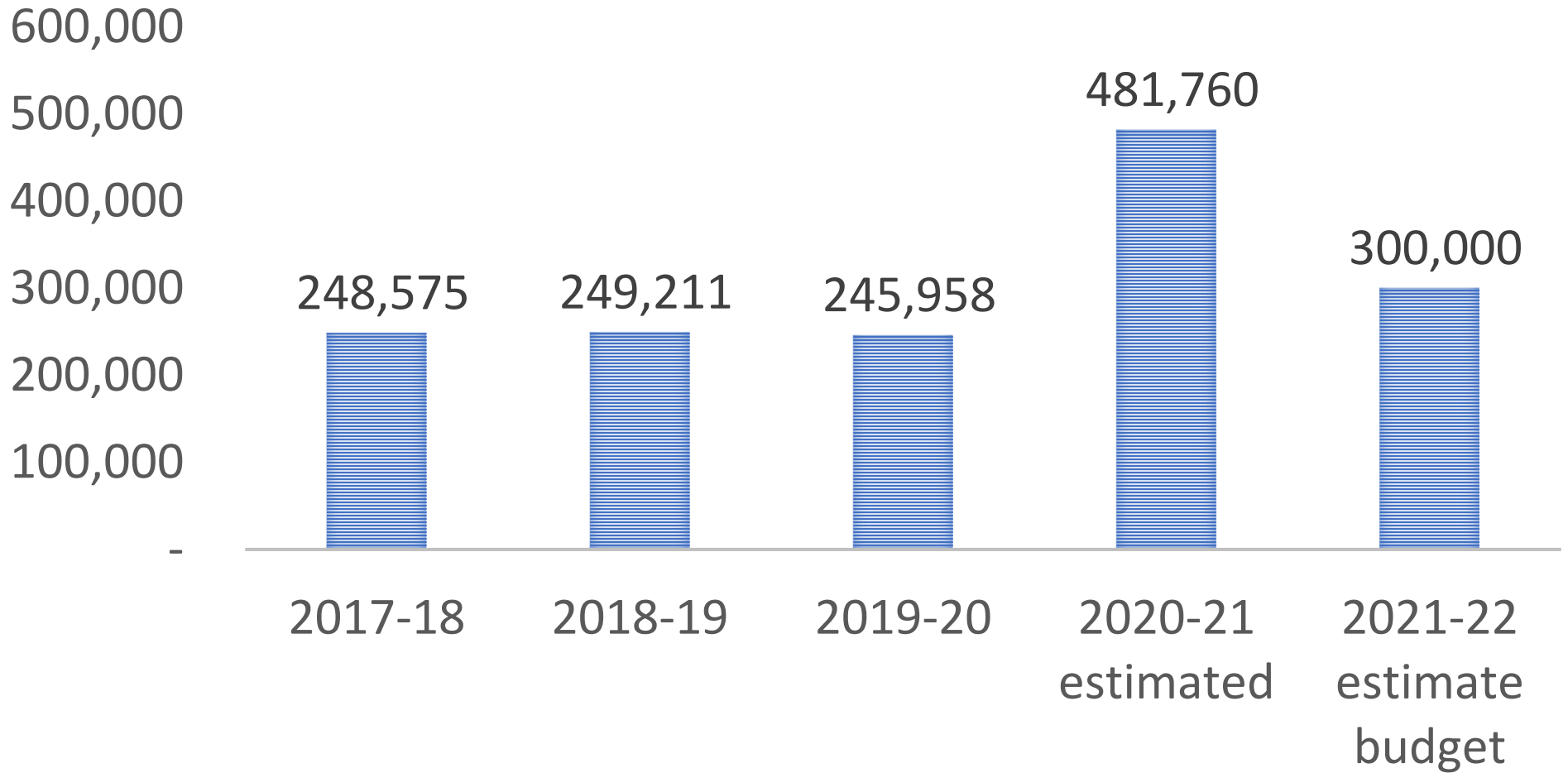
Occupancy Tax



Sales Tax



Land Transfer

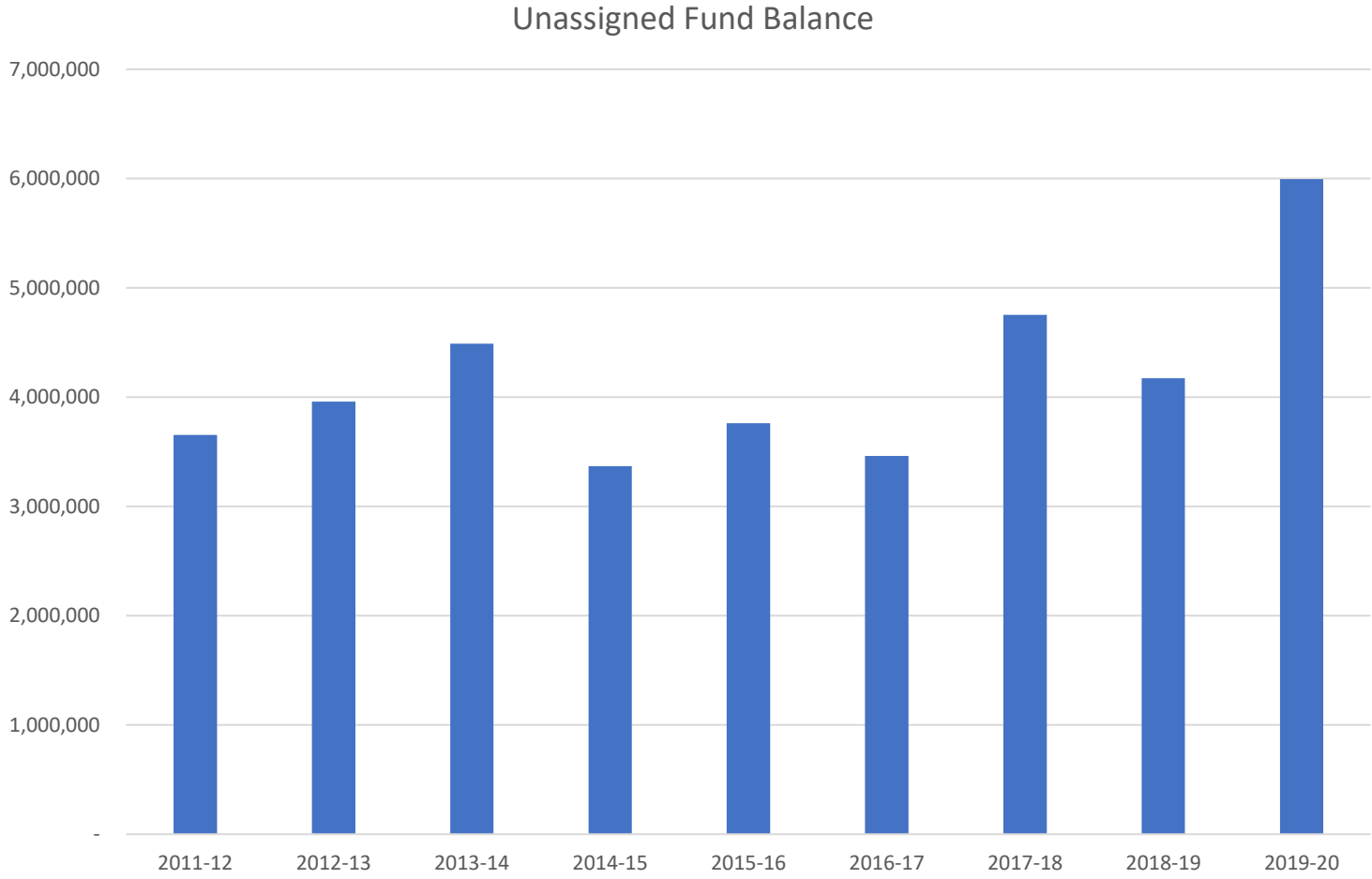


Fund Balance

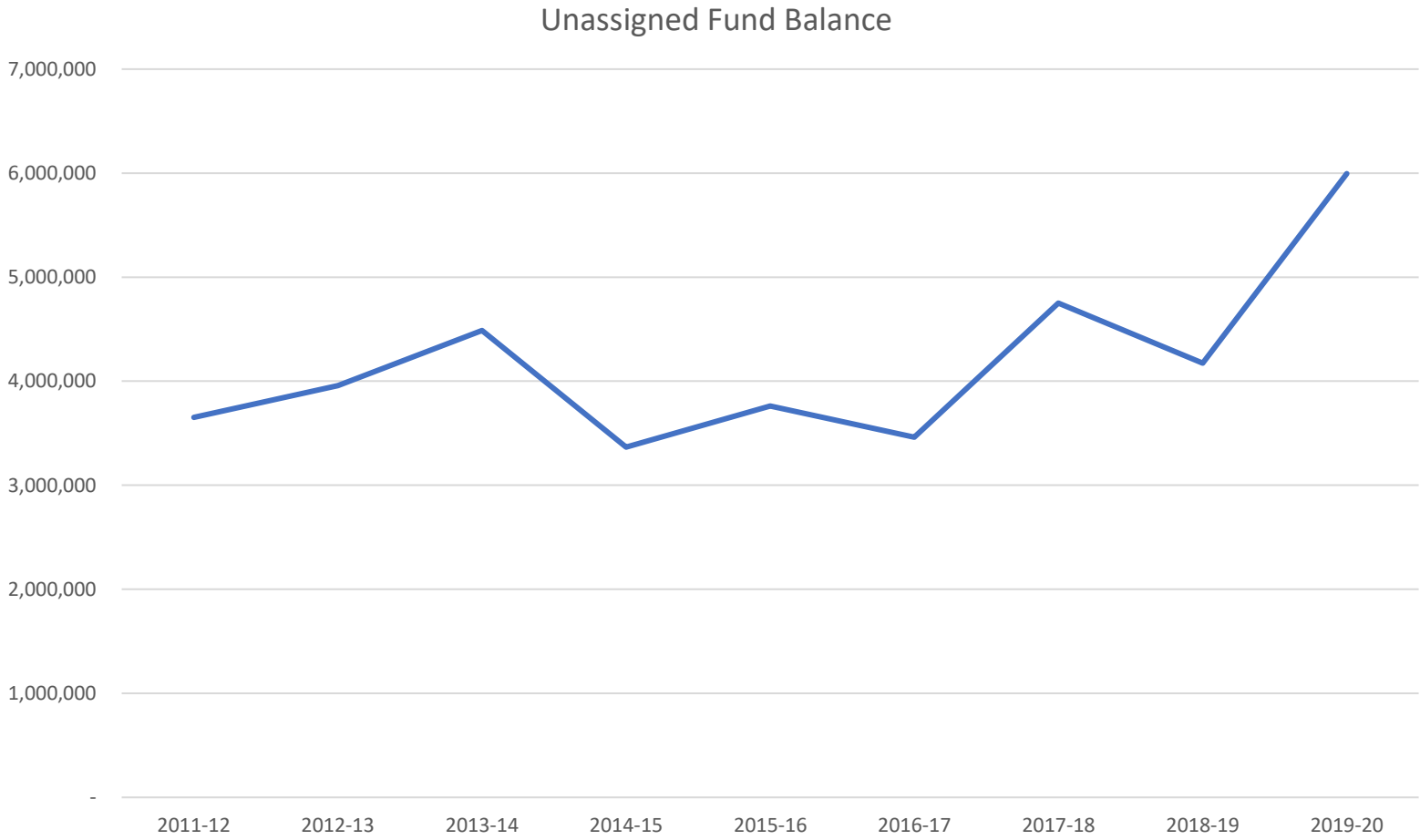
Fund Balance is not to go below \$3,000,000 unless approved by Council for use in the event of a disaster.

- ✓ Potential uses of FB FY22
 - Balance budget
 - Capital Improvements
- ✓ Contribution to Capital Reserve

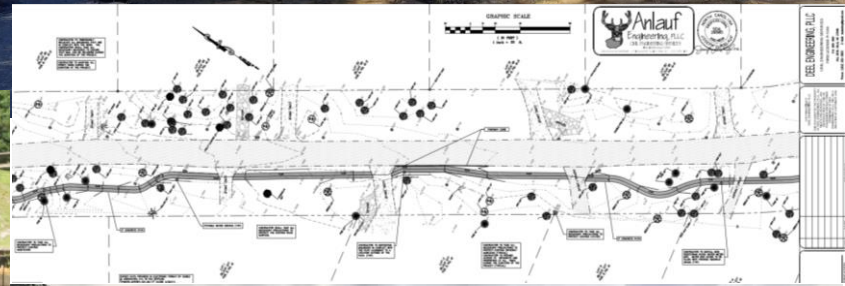
Changes in Fund Balance FY 2012 – FY 2020



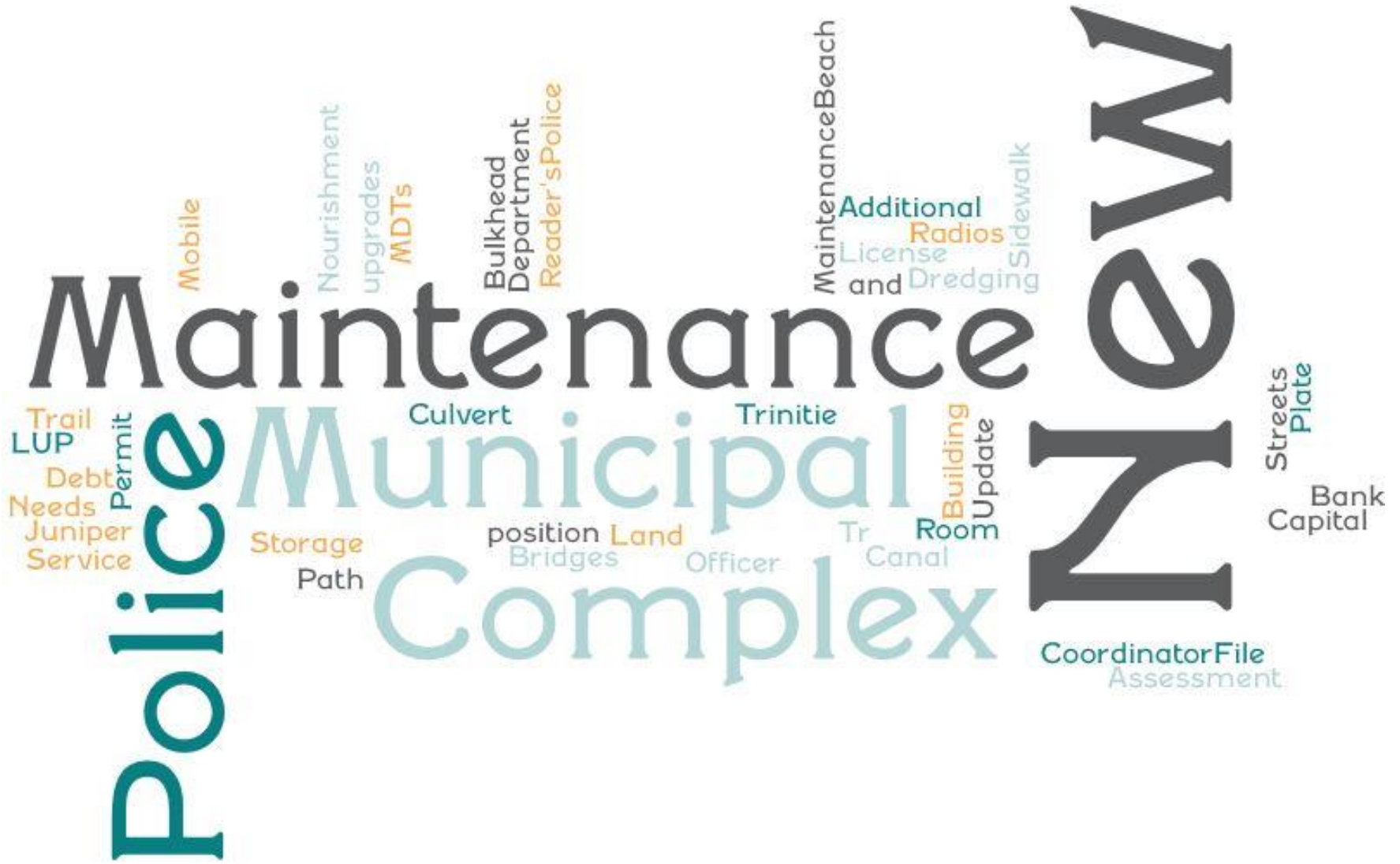
Changes in Fund Balance



CAPITAL PROJECTS



Capital Budget / Projects – Priorities



Capital Budge / Projects - Priorities

DRAFT



TOWN OF SOUTHERN SHORES CAPITAL IMPROVEMENT PLAN

1/20/2021 4:00

												Balance	
Department	Total	funding source	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	
Beach Nourishment													
Beach Project	6,123,875	BN		1,224,775	1,224,775	1,224,775	1,224,775	1,224,775	0				
NC DEQ Grant	1,408,247												
Total	6,123,875			1,224,775	1,224,775	1,224,775	1,224,775	1,224,775					
Administration													
Municipal Complex Needs Assessment	75,000	CRF		75,000									
Building upgrades	190,000	GF	190,000										
New Muniapl Complex	5,000,000	CRF						5,000,000					
Land Bank	1,000,000	GF											
Total	6,265,000												
Fire													
(1) New Fire Department Debt Service	5,419,223	GF	314,020	314,020	314,020	314,020	314,020	314,020	314,020	314,020			
(2) Fire Capital (see department CIP)	271,609	GF	213,671	225,913	175,363	196,375	196,375	196,375					
(4) Radios	152,000	grant	51,000	51,000	50,000								
Total	5,419,223		314,020	314,020	314,020	314,020	314,020	314,020					
	Total		FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30	
Police													
License Plate Reader's (LPR)	30,000	GF/grant		30,000									
Police Base Radios	28,000	GF/grant				28,000							
Police Mobile Radios	58,815	GF/grant		19,605	19,605	19,605							
Police Port Radios	55,575	GF/grant		18,525	18,525	18,525							
Additional Police Officer		GF			79,900								
Mobile Data Terminals (MDT's)	12,000	GF/grant				4,000	4,000	4,000					
Total	184,390		0	68,130	118,030	70,130	4,000	4,000	0				

Street Improvement Plan

- Awaiting Results of Pavement Condition Study

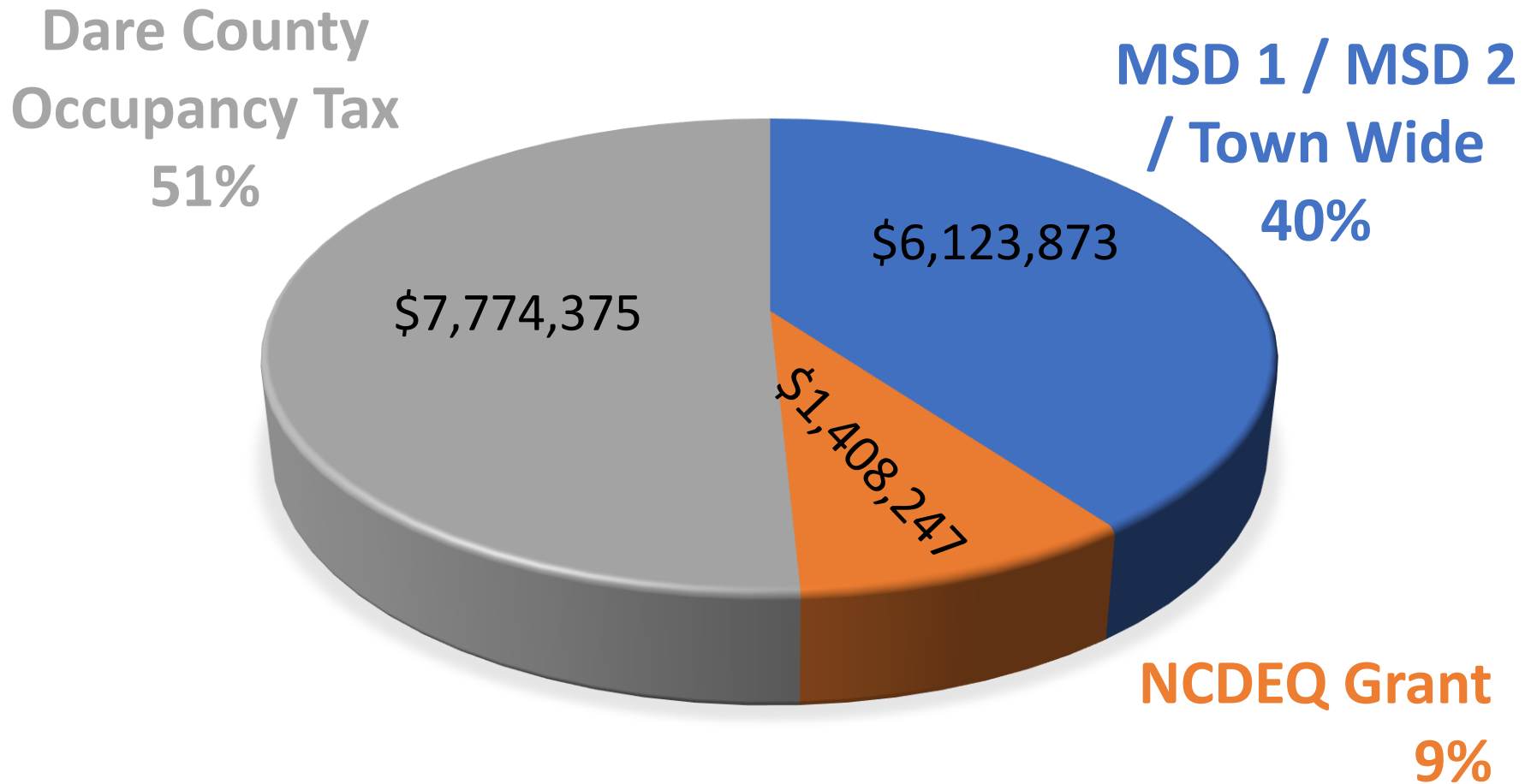
	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>	<u>FY 25-26</u>	<u>FY 26-27</u>	<u>FY 27-28</u>	<u>FY 28-29</u>	<u>FY 29-30</u>	
Total Spent	484,609	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	9,484,609
Cont from GF to CRF	484,609	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,284,609
Annual Appropriation		810,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	810,000	7,290,000
Total Appropriation	484,609	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	9,574,609
\$ to/from CRF	-484,609	-190,000	-190,000	-190,000	-190,000	-190,000	-190,000	-190,000	-190,000	-190,000	
CRF Running Balance	0	10,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	90,000

Beach Nourishment

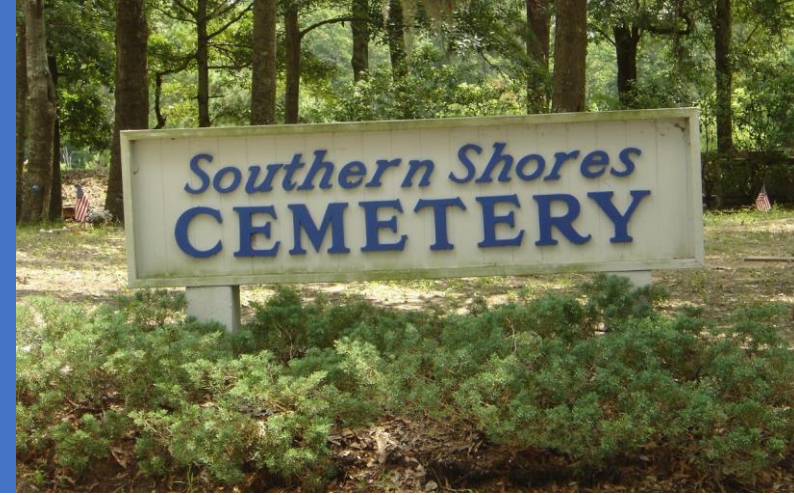


Beach Nourishment

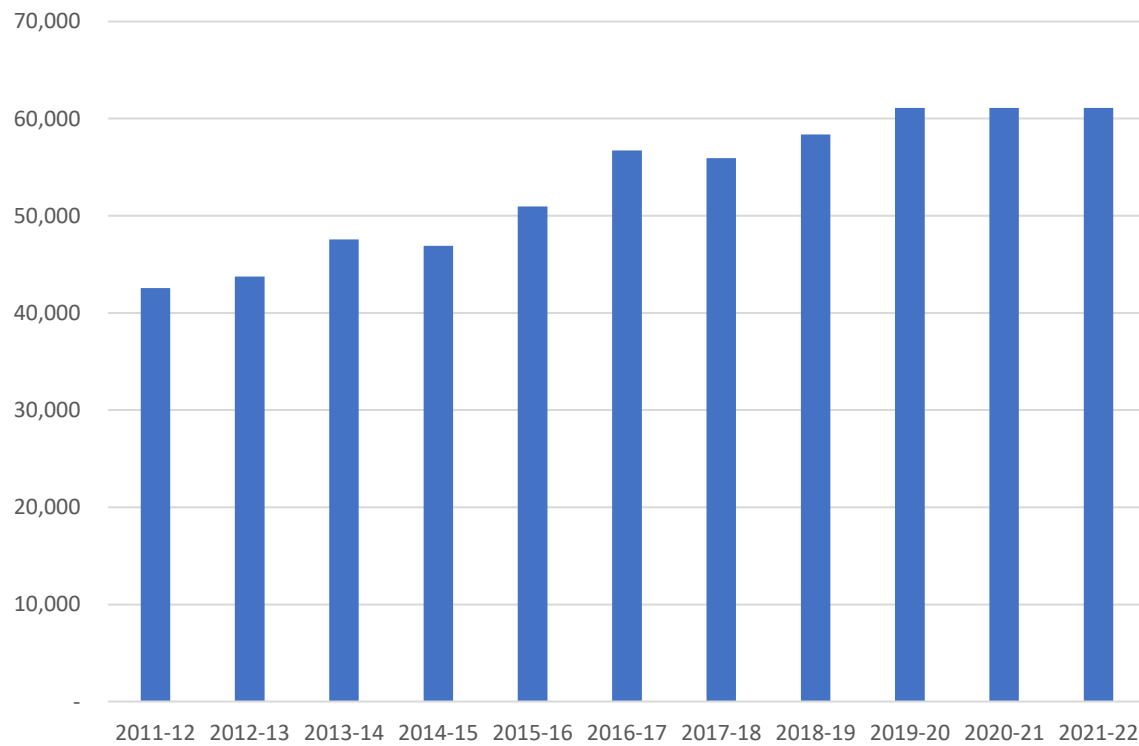
PROJECT COST AND SOURCE OF FUNDS



Cemetery Fund



Unassigned Fund Balance

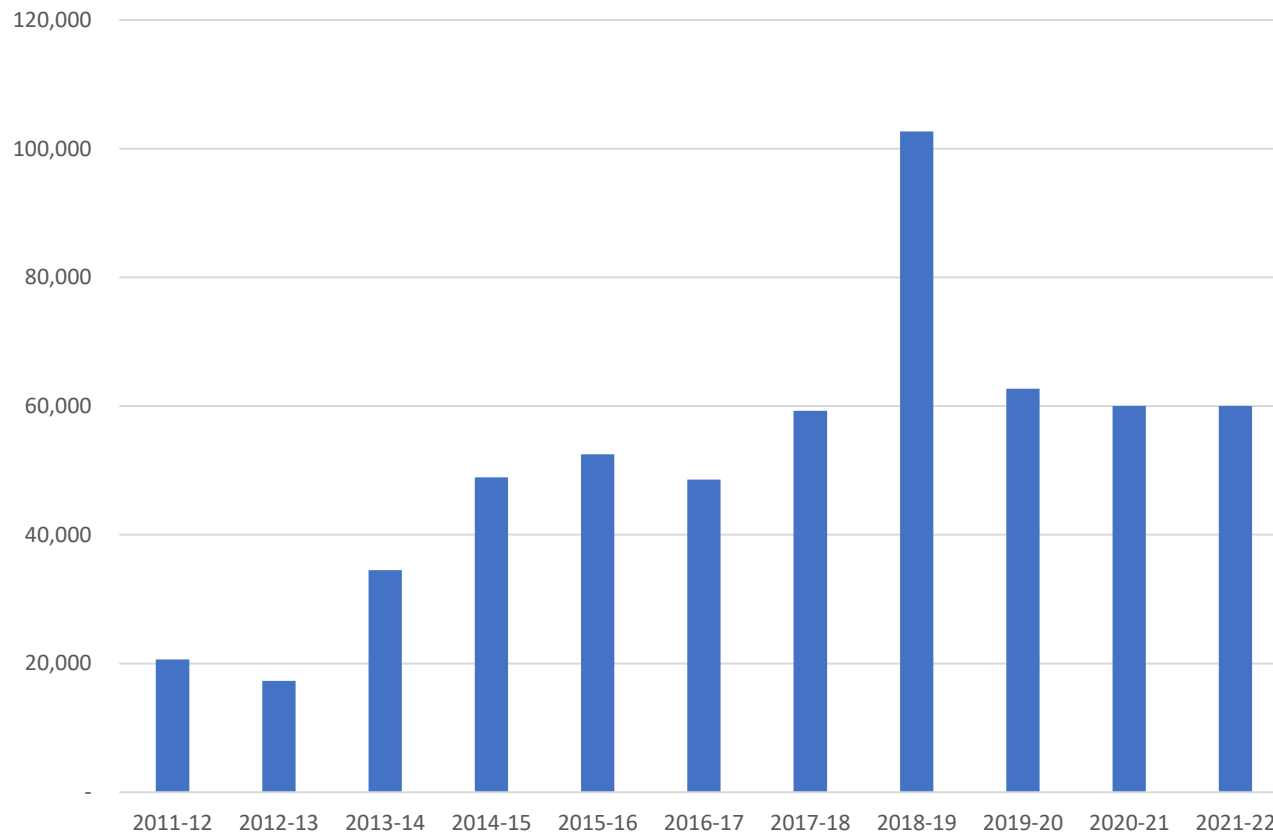


2020-21

61,098

Potential
Projects

Legal Services



2020-21 2021-22

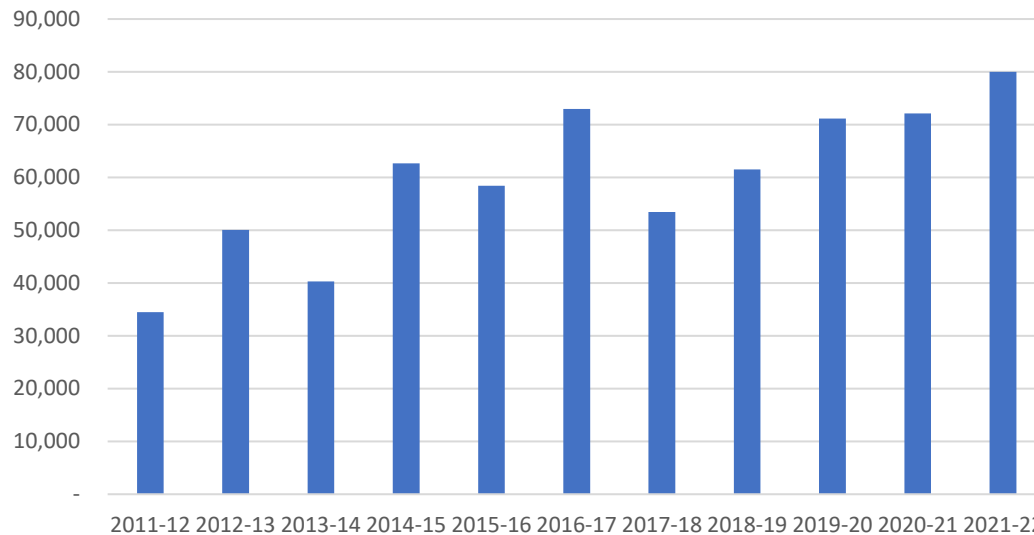
60,000 70,000

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
20,601	17,271	34,523	48,919	52,480	48,555	59,251	102,702	62,680

Information Technology



IT



2020-21

2021-22

72,127

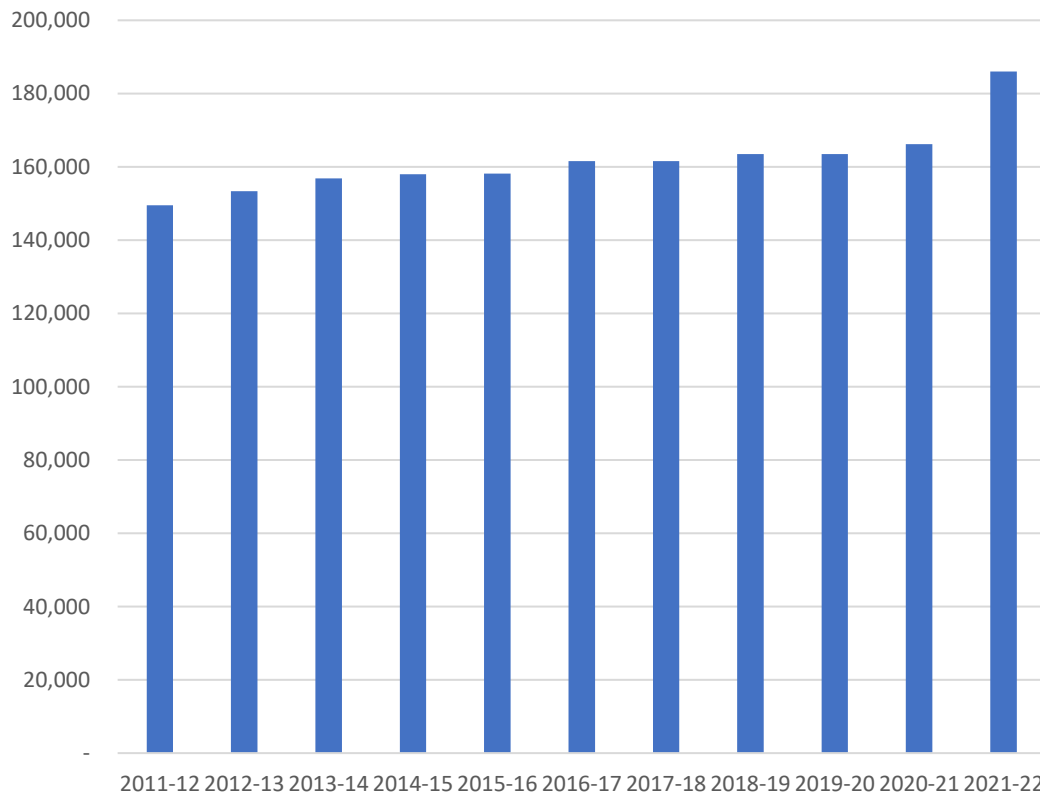
80,000

Consider –
VOIP and Fiber

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
34,494	50,068	40,307	62,664	58,384	72,970	53,455	61,512	71,158

Renewal of Town Contracted Service

Ocean Rescue



2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
149,500	153,333	156,854	158,000	158,126	161,550	161,550	163,500	163,500



Negotiating contract now – anticipating an \$\$ increase.

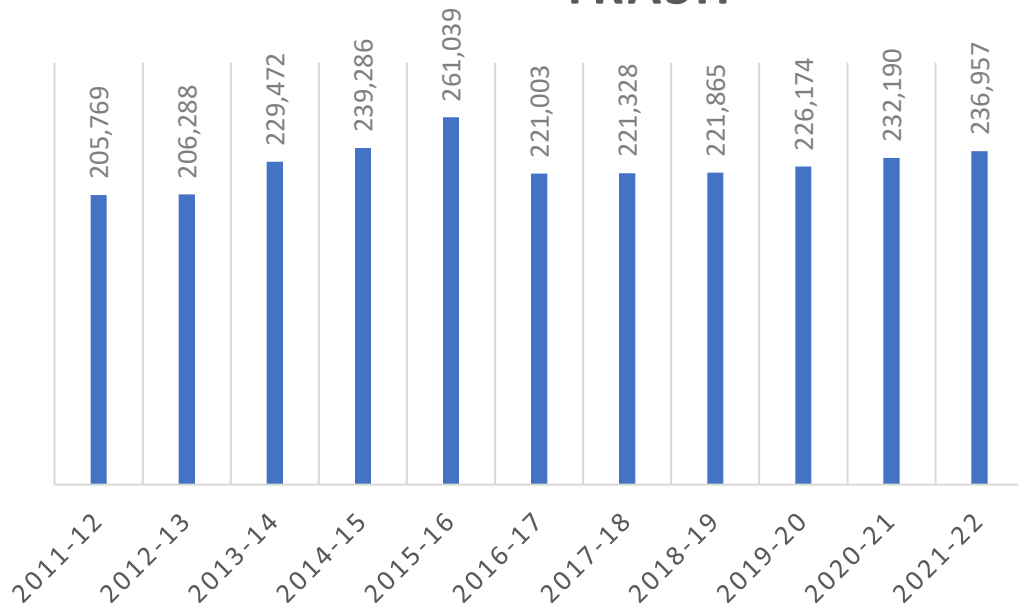
2020-21
166,200

Renewal of Town Contracted Service



No anticipated changes

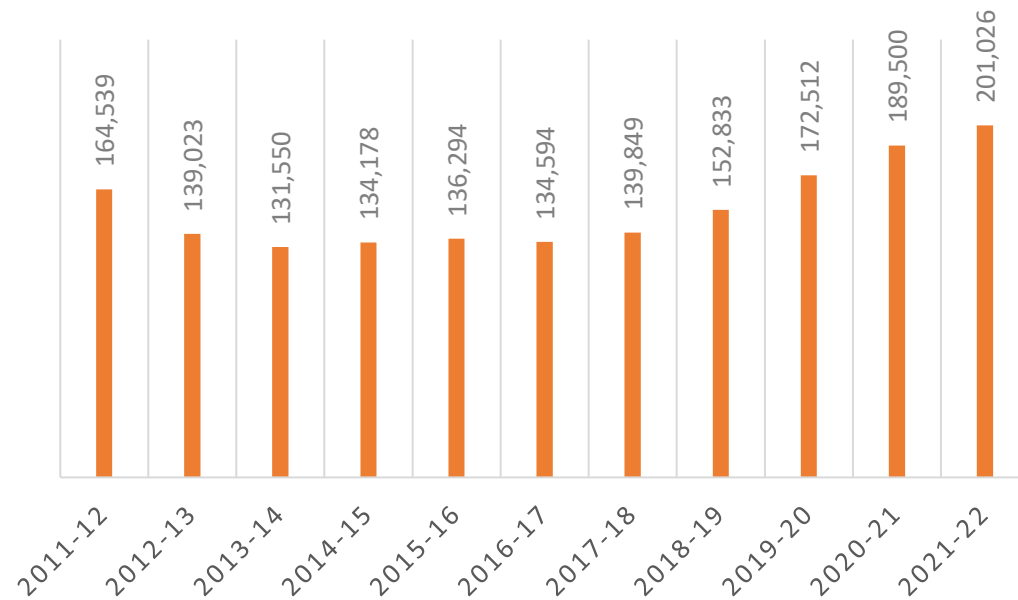
TRASH



2020-21 2021-22

232,190 236,957

RECYCLING



2020-21 2021-22

189,500 201,026

Town Contracted Services

FY 23



The Right Choice — Serving the Outer Banks Since 1990

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[ABOUT US](#)

[TESTIMONIALS](#)

[SERVICES](#)

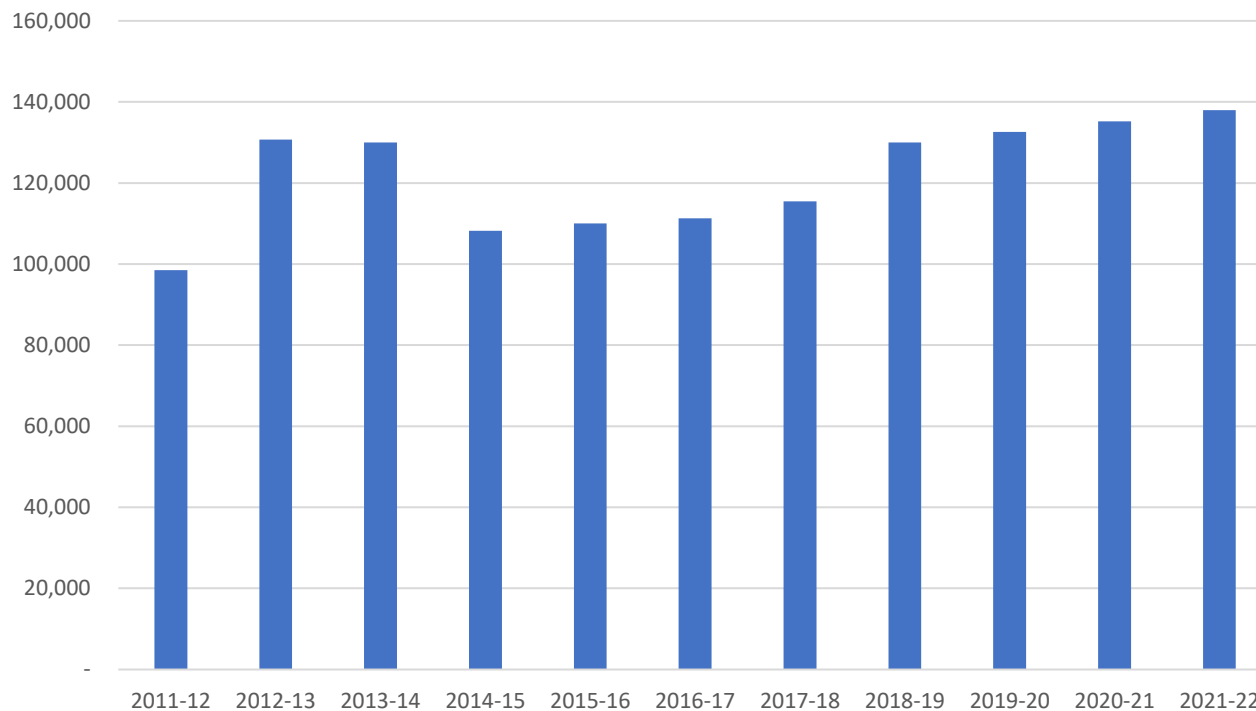
2020-21

2021-22

135,252

137,957

Limb & Branch



2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
98,489	130,750	130,000	108,203	110,000	111,317	115,500	130,000	132,600



Potential Causes Future Tax Increases

- Use of fund balance to off set tax increase is unsustainable
- Will need to start to invest in capital improvements
 - Street Improvements
- Fire department debt service
- Growth in Occupancy and Land Transfer short lived
- Increase in Contracted Services

Council Requested Direction

- Beach Nourishment
 - Pay Study Implementation
 - Use of Unassigned Fund Balance
 - Increase contribution to Capital Reserve Fund
 - Summer Traffic Mitigation Planning
 - Implement findings of Pavement Study
 - Debt Service
- ❖ Are there any critical items the Council feels are missing from the budget?

Conclusion

Council Provide Feedback/Questions?

Budget Preparation Calendar for Fiscal Year 2021-2022

- March 16, 2021 - 9:00 AM Town Council Workshop Meeting
(Council Work Session-Budget Planning, CIP)
- May 4, 2021 - 5:30 PM Regular Meeting – Presentation of Manager’s recommended Budget and recommended Capital Improvement Plan.
- Clerk makes recommended budget document available for public inspection, and publishes notice of June 1, 2021 Public Hearing
- Council Budget Workshops TBA (May 5 – June 14)
- June 1, 2021 - 5:30 PM Regular meeting - Public Hearing
(possible adoption)
- June 15, 2021 – potential adoption of the FY 2021-2022 Budget and
- Budget adopted by end of June



TOWN OF SOUTHERN SHORES

CAPITAL IMPROVEMENT PLAN

<u>Department</u>	<u>Total</u>	<u>potential funding source</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>	<u>FY 25-26</u>	<u>FY 26-27</u>	<u>FY 27-28</u>	<u>FY 28-29</u>	<u>FY 29-30</u>
Beach Nourishment												
Beach Project	6,123,875	BN		1,224,775	1,224,775	1,224,775	1,224,775	1,224,775				
NC DEQ Grant	1,408,247	Grant										
Total	6,123,875			1,224,775	1,224,775	1,224,775	1,224,775	1,224,775				
Administration												
Municipal Complex Needs Assessment	75,000	CRF										
Building upgrades	190,000	GF	190,000									
New Municipapl Complex	5,000,000	CRF										
Land Bank	1,000,000	GF										
Total	6,265,000		190,000									
Fire												
(1) New Fire Department Debt Service	5,419,223	GF	314,020	314,020	314,020	314,020	314,020	314,020	314,020		314,020	
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(4) Radios	152,000	grant	75,000	51,000	25,000							
Total	5,419,223		602,691	590,933	514,383	510,395	510,395	510,395	314,020		314,020	
Police												
License Plate Reader's (LPR)	30,000	GF/grant		30,000								
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Additional Police Officer		GF			79,900							
Mobile Data Terminals (MDT's)	12,000	GF/grant				4,000	4,000	4,000				
Total	184,390		0	68,130	118,030	70,130	4,000	4,000	4,000			
Planning												
New position- Permit Coordinator	70,000	GF			70,000							
File Storage Room		GF										
(4) 2012 LUP Update	40,000	GF/grant			40,000							
Total	110,000		0	0	110,000	0	0	0	0			
(3) Streets												
(see separate CIP)	Total	potential funding source	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27			
	6,449,000	CRF	449,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,449,000	
Bridges												
Tall Pine Bridge												
North Marina Bridge												
Dick White Bridge												
Trinitie Trail/Juniper Tr. Culvert						1,000,000						
Total						1,000,000						
Canals												
Canal Dredging and Maintenance												
Total												
Bulkhead Maintenance												
Total												
Sidewalk/Path Maintenance												
Total												

(1) Fire Department Debt Service = 25 years, 3.71% interest payment of \$314,020/year
 (2) not amount funded annually
 (3) Street CIP finalized with adoption of pavement study
 (4) apply for grant to offset cost