



***DRAFT* MINUTES**  
**TOWN OF NAGS HEAD**  
**BOARD OF COMMISSIONERS**  
**BUDGET WORKSHOP**  
**WEDNESDAY, MAY 21, 2024**

The Nags Head Board of Commissioners met at the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, May 21, 2024 at 10:47 a.m. for a Budget Workshop, recessed from the May 21, 2024 recessed meeting.

Board members Present: Mayor Ben Cahoon; Mayor Pro Tem Michael Siers; Comr. Kevin Brinkley; Comr. Bob Sanders; and Comr. Megan Lambert

Board members Absent: None

Others present: Town Manager Andy Garman; Attorney John Leidy; Amy Miller; Kelly Wyatt; David Ryan; Perry Hale; Randy Wells; Nancy Carawan; Joe Costello; Roberta Thuman; Brittany Phillips; and Town Clerk Carolyn F. Morris

### **BUDGET WORKSHOP**

The Budget Workshop began at 10:47 a.m. with an introduction by Town Manager Andy Garman. He summarized the following slides:

#### FY 2024/25 Budget Workshop

- Recommended Budget presented on May 1, 2024
- Two workshops were held to discuss the CIP and major initiatives for FY 2025/25 (March 6<sup>th</sup> and April 3<sup>rd</sup>)
- FY 2024/25 budget includes no recommended tax or water rate increases
- The recommended budget modifies the CIP from the April 3<sup>rd</sup> workshop; needed to create alignment between budget requests and available CIF funding

He continued with Goals for Today

- To review CIP changes from the April 3<sup>rd</sup> workshop
- To review and receive feedback on total rewards initiatives (COLA, merit, career progression, etc.)
- To review departmental highlights including CIP and non-capital major initiatives
- To discuss the CIF and recommended policy changes
- NOTE: Public Hearing scheduled for June 5, 2024

Finance Officer/Dep Manager Miller presented the CIP Changes slides as follows:

- New Sanitation knuckle boom not included, will look to purchase with Public Services Complex funds/interest available - \$243,000
- Beach Road MUP – FY 2024/25 only budgeted for grant funds (\$650,000; request was \$835,900), reduced future years and spread out over additional year to accommodate CIF
- Eliminated watermain extension project from 10.5 Shoppes to Driftwood – waiting on Water System Master Plan - \$245,100
- Pushed back Gull St chlorine conversion – waiting on Master Plan and water rate study - \$242,190

She continued with Total Rewards slides as follows:

- Strategic initiative – performance-based merit structure (1%) including evaluation component
- Career Progression, WIG
- 4% COLA, 5% 401K
- 3% health insurance increase, 80%/20% split
- Increase in Fire Department’s part-time budget - \$27,000
- New Sanitation, seasonal event employee

She continued with General Government highlights:

- Debt for Ocean Rescue housing and fitness facility - \$127,625 and \$110,000, respectively
- Highest year of debt service on Public Services - \$1,276,200
- Financial Plan GF transfer to CIF \$4,137,500 plus grants
- As done last year, budget includes contingencies for CIF and Operating Budget (\$50,000 and \$100,000, respectively)
- Grants for ESMP at Harvey/Event sites and Villa Dunes / Soundside Road – grants for all but budgeted \$40,000 as a cushion for local match

The remaining slides were summarized by Town Manager Garman and Dep Manager/Finance Officer Miller as follows:

#### Public Services

- Streets – Stormwater S Memorial Ave corridor \$1,630,602  
Includes Powell Bill and Golden LEAF grants totaling \$838,750
- Old Oregon Inlet Road LASII grant for PA # 12 and 13
- Stormwater Master Plan (grant)
- Juncos (grant) and Holden beach accesses
- W Baymeadow / W Windjammer pedestrian projects (grants)
- Replacement Sanitation front load truck - \$379,000
- Tipping fees 9,000 and 900 tons at \$90.07 and \$71.03 per ton
- Gas @ \$3.09; diesel @ \$4.00

### Public Safety

- Traffic light alternate power - \$40,089
- Pedestrian light at Event Site - \$170,000 (contributions budgeted at \$135,000)
- Station 21 flooring - \$22,455
- Police vehicles – 4; utility task vehicle
- Ocean Rescue pickup - \$60,000
- Minimum lifeguard pay - \$19.00/hour

### Water

- Highest year of debt service on LOB - \$455,744
- S Memorial Ave water main lines - \$501,500
- S Nags Head water main planning costs - \$105,000
- Purchased water calculated at \$2.202 per thousand gallons based on 415 million gallons purchased
- Operations pickup - \$48,000
- Water fund contribution to the General Fund based on actuals decreased to \$763,173 from \$844,331

### CIF

- Recommend reducing Fund Balance Policy from 25%-20% = reduced General Fund contribution
- Recommended FY 25 and Financial Plan FY 26 have been budgeted to stay within 20% policy
- In future years, will need to look at projected CIP expenditures relative to CIF vs. original assumptions
- Projecting a General Fund contribution to the CIF that is not accounted for; this would happen after the audit

### Board discussion

Comr. Brinkley expressed his appreciation for the budget review process and how easy it is compared to years past. He appreciates staff providing the amount of information needed so there are no surprises for the Board.

Concerning the Information Technology (IT) dept – Comr. Brinkley questioned the monthly fee to Shoshin of \$10,000. He asked if the Town was getting its money's worth and if it would be more efficient to hire someone in-house instead of paying an outside company. He feels some analysis prior to future budgets should be done. Finance Officer Miller stated that there is more behind the scenes work being done that allows the Town to run smoothly that many are not aware of. Town Manager Garman stated that he would provide an analysis of Shoshin's tasks/duties for Board review prior to next year's (FY 25/26) budget.

Mayor Pro Tem Siers asked if some of the bigger debts the Town has could be paid down to shorten the debt pay-off time. Finance Officer Miller explained that with interest rates and debt rates, the Town is making more in interest than the debt fees. Town Manager Garman explained that staff is able to look at other smaller projects with some of the excess interest funds.

Comr. Lambert thanked staff for their work on the budget and for making it an easy process.

Town Manager Garman thanked Finance Officer/Dep Manager Amy Miller and all the staff involved in the preparation of the upcoming year's budget.

**ADJOURNMENT**

MOTION: Comr. Brinkley made a motion to adjourn. The motion was seconded by Mayor Pro Tem Siers which passed unanimously. The time was 11:18 a.m.

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Carolyn F. Morris, Town Clerk

Date Approved: \_\_\_\_\_

Mayor: \_\_\_\_\_  
Benjamin Cahoon