



Ben Cahoon
Mayor

Michael Siers
Mayor Pro Tem

Andy Garman
Interim Town Manager

Town of Nags Head

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M. Renée Cahoon
Commissioner

J. Webb Fuller
Commissioner

Kevin Brinkley
Commissioner

MEMORANDUM

To: Mayor, Mayor Pro Tem, and Board of Commissioners

From: Andy Garman, Interim Town Manager

Date: June 16, 2021

Re: Changes from Recommended to Adopted Budget for Fiscal Year 2021-2022

General Fund

- One cent was added to the townwide ad valorem tax rate, bringing the overall rate to 26.25 cents per \$100 of valuation - \$308,431.
- One quarter (.25) cent was added to the townwide tax rate for beach nourishment, bringing the overall rate to 2.5 cents per \$100 of valuation - \$77,108. Interfund expenditures were increased by the same amount, towards the townwide beach nourishment capital reserve.
- One cent was added to Municipal Service District (MSD) 4 for beach nourishment, bringing the overall rate to 1.0 cent per \$100 or valuation - \$65,411. Interfund expenditures were increased by the same amount, towards the MSD beach nourishment capital reserve.

- One half (.5) cent was added to Municipal Service Districts (MSD) 3 and 6 for beach nourishment, bringing the overall rate to .5 cent per \$100 of valuation - \$69,658. Interfund expenditures were increased by the same amount, towards the MSD beach nourishment capital reserve.
- Skate park improvements were not adopted, resulting in an expenditure reduction of \$180,000, originally budgeted as \$150,000 in local funding and \$30,000 in restricted intergovernmental grants.
- Solid waste tipping fees have been set at \$77.04 per ton, plus an additional fuel surcharge. An additional \$4 per ton was added to the tipping fee calculation - \$37,384 (\$81 per ton for 9,346 tons).
- A contribution of \$100,000 from homeowners at the Old Nags Head Place neighborhood has been added towards the Old Nags Head Place drainage improvements, increasing the Streets and Stormwater budget by the same amount in order to increase the project funding to \$355,000. This \$100,000 is also budgeted as an interfund expenditure towards the streets and stormwater capital reserve and an increase in other financing sources (revenues).
- Group health insurance in the Sanitation department has been increased to account for a vacancy - \$7,894.
- A preproduction Quint has been budgeted in the Fire Department, as opposed to a custom-built Quint. The preproduction Quint has a build schedule that would be completed in October 2021. While the cost savings of \$34,000 has no budgetary impact in fiscal year 2021/2022 with financing in arrears, the change is reflected in the CIP and debt schedules.

Water Fund

- Group health insurance in the Distribution department has been increased to account for a vacancy - \$10,797.

Implementation of a pay and classification study and a 2.6% Cost of Living Adjustment (COLA) are included for adoption. Funding that has been departmentally budgeted includes:

- Option III – employees are placed at the minimum in their recommended salary range based on an average of years of service with the Town and years of service in their position, with 1.5% per year of service above the minimum.
- The cost of increasing the COLA from 1.4% in the Manager’s Recommended Budget to 2.6% is \$103,188.
- For non-sworn law enforcement employees, a 3% Town 401(k) contribution is budgeted, with no required match. The cost of increasing the 401(k) from 2% with a required match to 3% with no required match is \$60,723.
- Contingencies of \$100,000 and \$10,000 were included in the Manager’s Recommended Budget in the general and water funds, respectively, to implement the pay and classification study. The contingency has been reduced to \$25,000 in the general fund, which includes consulting fees to assist with implementation and funding a life insurance policy of one times the salary for each employee.

- General Fund additional cost to implement the pay and class study, 3% 401(k), and a 2.6% COLA - \$379,865.
- Water Fund additional cost to implement the pay and class study, 3% 401(k) and a 2.6% COLA - \$58,687.

General Fund

- Reduce fund balance appropriation by \$33,288 to \$316,712.
- Budget ordinance increased from \$25,748,146 to \$26,405,466.

Water fund

- Increase water fund appropriated net position by \$69,484 to \$561,459.
- Budget ordinance increased from \$5,149,173 to \$5,218,657.

Tax Rates (in cents per \$100 of valuation)	Adopted Fiscal Year 2020/2021 (Current)	Manager's Recommended Fiscal Year 2021/2022	Adopted Fiscal Year 2021/2022 (Proposed)
Townwide	24.25	25.25	26.25
Townwide Beach Nourishment	2.25	2.25	2.50
Townwide Total	26.50	27.50	28.75
Municipal Service Districts 1 and 2	14.30	14.30	14.30
Municipal Service District 4	0	0	1.0
Municipal Service Districts 3 and 6	0	0	.50