



**MINUTES  
TOWN OF NAGS HEAD  
BOARD OF COMMISSIONERS  
BUDGET WORKSHOP  
WEDNESDAY, MAY 17, 2023**

The Nags Head Board of Commissioners met in person at the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, May 17, 2023, at 9 a.m. for a Budget Workshop.

Board members Present: Mayor Ben Cahoon; Comr. Renée Cahoon; Comr. Kevin Brinkley; and Comr. Bob Sanders

Board members Absent: Mayor Pro Tem Michael Siers

Others present: Town Manager Andy Garman; Amy Miller; Kelly Wyatt; Nancy Carawan; David Ryan; Randy Wells; Shane Hite; Perry Hale; Chris Montgomery; Jan Mielke; and Town Clerk Carolyn F. Morris

**Call to Order**

Mayor Cahoon called the Budget Workshop to order at 9 a.m. He then turned the presentation over to Town Manager Andy Garman.

**Introduction**

Town Manager Andy Garman explained that today's workshop presentation on the recommended budget includes the following: major projects, equipment, personnel, Public Services Project and the AMI (smart meter) projects with associated debt. The importance of these items will be explained and he noted that staff is present to answer any questions the Board may have. The specific overview items included the following: Capital Investment Fund, Non-CIP Capital Outlay, Pay/Benefits, Departmental Discussion, and Board Priorities/Questions.

**Capital Investment Fund (CIF) Review**

Finance Officer Amy Miller presented the Capital Investment Fund Review which she explained pays for the CIP debt service and/or non-capital project items. She noted that the CIF document is a fluid document and is a snapshot in time with the best information at that particular time.

All debt service is included in the Capital Investment Fund. The main spreadsheet (funding model) was presented and reviewed with Board members by Finance Officer Miller. The information presented includes the following highlights:

FY 23 projected fund balance – 47%  
FY 24 funding of \$4,120,000 from General Fund  
Net of grants, FY 24 expenditures - \$4,341,361

Model builds in \$4,349,928 of capacity  
FY 24 fund balance – 41%  
FY 25 Funding of \$3,700,000 from general fund  
Net of grants, FY 25 expenditures - \$3,917,389  
Model builds in \$3,922,499 of capacity  
FY 25 fund balance – 34%  
Public Services Complex highest debt service year

Assumes no excess general fund contributions  
Assumes FY 26 sidewalk project financed  
Project Area #4 Bonnett St. pump station FY 28 - Fully grant funded  
New fire truck debt hits FY 29 - \$1,000,000  
Plugged in actual expenditure projections FY 26-28  
Pay-go expenditures based on a growth formula FY 29 and beyond

### **Non-CIP Capital Outlay**

Finance Officer Amy Miller summarized the following slide information with Board members:

Bond Debt: Beach nourishment - \$2,311,050 (final)  
Public Services Complex - \$775,250  
Administrative Services: Plug-In hybrid vehicle (replace travel car) - \$47,741  
Planning: Whalebone Park restroom facility - \$112,000 (grant)  
Facilities Maintenance: Epstein St. bath house -\$600,000 (\$450,000 grant)  
Multi-use path repairs - \$80,000  
Pickup trucks (2) - \$92,700 (\$46,350 each)  
Bobcat -\$69,000

Streets and Stormwater: Old Nags Head Place - \$600,000  
- Grant -\$250,000  
- Streets and Stormwater Capital Reserve -\$250,000  
- Homeowners Association portion - \$100,000

Police: Equipment for five vehicles - \$113,889 (this is for the five vehicles purchased in FY 23).

Fire and Ocean Rescue: Boat motor - \$15,000  
Wave runner - \$10,990  
Beach patrol four-wheelers (2) - \$13,000 (\$6,500 each)

Water Distribution: Service truck - \$72,500

Mayor Cahoon questioned when the Epstein Bath House would be re-bid; Town Engineer David Ryan responded that the re-bid should take place in the June/July 2023 timeframe.

Comr. Brinkley expressed concern about the purchase of an expensive hybrid vehicle when a tax increase is being imposed on the public. Board members concurred with Comr. Brinkley.

### **Pay And Benefits - Discussion of Recommendations**

Finance Officer Amy Miller presented the following slide information relating to the operating budget:

Consumer Price Index (CPI) - January 2023 is 6.4%  
Recommended COLA is 6.5% which is \$585,000 general fund and \$65,000 water fund.  
COLA is historically tied to the CPI for the budget.

Received local feedback regarding COLA:  
Duck – 8.5% COLA, 6% merit  
Southern Shores – 6.5% COLA, 5% merit  
Kill Devil Hills – 6.5% COLA

**Health insurance**

Human Resources Coordinator Jan Mielke presented the following information relating to health insurance and personnel:

High Deductible Health Plan  
Increase Town HSA contributions  
Neutral cost to Town  
Health insurance increase of 2% with \$30,000 general fund impact

	<u>Total</u>	<u>Current</u>
	<u>Contribution</u>	
Employee Only	1,000	
Employee/Spouse	1,500	1,250
Employee/Child	1,250	1,000
Employee/Children	1,250	1,000
Employee/Family	1,750	1,500

Departmental career progression plans were distributed with the budget and are attached to and made a part of these minutes as shown in Addendum "A". It was noted that the travel and training budget was impacted more so than salaries.

Positions:  
Two additional Police Officers  
Part-time Fire Fighter funding  
Do not fund Deputy Public Service Director  
Do not fund Water System Manager position  
Continued implementation of within-grade increases  
Continued 401k implementation recommendation – increase to 5% with \$60,000 general fund impact

Comr. Brinkley asked about the Town's Volunteer Fire Department program; Chief Wells said they do have an active program but are working toward obtaining more volunteers.

**Board discussion**

Mayor Cahoon pointed out that the budget does include a tax increase and a big part of it is the public services facility; he pointed out the Town helps its residents/property owners with recycle costs and helps offset the cost to move sand, in addition to including curbside pickup. There are a lot of good services that the Town provides its citizens and while nobody likes a tax increase, there are improvements that need to be made to neighborhood streets, etc. Mayor Cahoon said that he is happy to be a part of this Board and is pleased with the undertaking of projects for drainage, pavement, pipes, waterlines, etc to raise the level of services the Town provides.

