

Joann M. McDermon, Mayor
Mike Benson, Mayor Pro Tem



Alice Derian, ICMA-CM
Town Manager

Aldermen:
Fred Fontana
Richard Grant
Tom Leonard
Connie Pletl

Nancy Avery
Interim Town Clerk

Board of Aldermen
Budget Workshop Minutes
Tuesday, April 19, 2023
North Topsail Beach Town Hall

The Town of North Topsail Beach Board of Aldermen held a budget workshop on Wednesday, April 19, 2023. There was a quorum of the Board present.

Board members present: Mayor Joann McDermon, Mayor Pro Tem Mike Benson
Aldermen: Fred Fontana, Tom Leonard, Richard Grant, Connie Pletl

Board members absent: None

Staff present: Finance Officer Caitlin Elliott, IT Director Ricky Schwisow, and Town Manager Alice Derian.

Call to order

Mayor McDermon called the workshop to order at 8:30 am.

Noteworthy changes to draft FY2023-2024 budget

Manager Derian stated the draft budget we are presenting today has been amended since our first budget workshop in March which includes recommended employee package cost. Noteworthy changes include the updated salary figures since the last meeting. We included in this package a proposed six percent increase to salaries across all departments. The increase is comprised of a four percent (4%) Cost of Living (COLA) and a two percent (2%) merit increase in an effort to enhance the employee benefits package. In addition to the recommended increase, there is included short-term disability insurance for employees, and an increase in the Health Reimbursement Account (HRA) from \$1,000 to \$1,500 per employee with the intention to open the availability to the HRA for employees to use for dependents. Right now it is used solely for employees only. Also included are two floating holidays that will be used or lost in the fiscal year so they will not accrue.

We have not received the cost for the increase for the insurance from the provider yet; however we have included a five percent (5%) increase in cost for coverage. We wanted to plug a number in here. Historically, we have seen a two to three percent increase so the five percent (5%) is a conservative amount for budgetary purposes.

The North Carolina League of Municipalities has yet to release its salary survey results for comparison. We do not expect it until the end of April.

The difference in this proposed package is \$100,000.

It is my understanding that Onslow County is hoping to propose a one-to two percent (1-2%) maximum increase for staff. We talked about that at the last meeting but there have been no further updates. Holly Ridge is looking towards a five to six percent (5-6%) increase across departments. Topsail Beach is looking at five percent (5%) for staff other than Police. They recently approved an increase for Police before approving their budget. Surf City is following suit after Topsail Beach and is looking at a three to three and a half percent (3-3.5%) increase for staff and has already implemented an increase for Police.

The proposed package is equal across departments.

Discussion

Mayor McDermon thanked the manager for reaching out to other towns to get what they were doing for increases. It sounds like everyone is comfortable with the six percent (6%). She asked the manager about employee use of the HRA as historically, it was not used.

Manager Derian replied that last year we made an effort to remind employees that the benefit was available and now about ninety percent (90%) of employees are using it.

Alderman Grant stated the manager said a five percent (5%) increase in insurance. Is that health insurance and does that include short term disability (STD)? In looking at the kind of increases that Onslow County and other towns are proposing, at first blush it looks like we are being more generous. The reality is we did not make the same kind of increases that these places did last year. Onslow County did ten percent (10%) across the board and we did not. He said he likes the approach of increases being across the board with everyone getting a COLA but merit is based strictly on performance. We need to take care of our employees.

Manager Derian responded yes, we would be getting STD through a carrier and the cost is included in the \$100,000 difference along with health insurance cost. We looked at STD last year and obtained quotes, but we did not go forward with it.

Mayor McDermon stated that some of the other towns did some additional increases in things this past year but that was because they were already lower than where we were. We do not need to compete with the other towns. We need to be comfortable with what we are doing so as not to end up having an issue hiring or retaining staff. She believes money is only one of the things we have to offer an employee but it is not the total package. You cannot just keep throwing money at it if there is an underlying problem. It is about training and the work environment too.

Alderman Leonard stated we had discussions that were measured, controlled and well thought through. He believes some of the actions taken by other towns and the county were not well thought out and did not accomplish what they were trying to do as they have a lot of job openings.

Alderman Fontana stated he spoke with a department head from Onslow County who told him they were told no more two percent (2%) increase and if they had an employee they thought should have more they would have to provide justification, so it is a maximum of two percent (2%).

American Rescue Plan

Manager Derian said the Town received American Rescue funds in two tranches in August of 2021 and July of 2022 for a total amount of \$236,792.20. We expended \$36,408.78 for board room technology when we were finishing the Town Hall renovations. The remaining funds must be obligated by December 31, 2024, and spent by December 31, 2026. My recommendation is to use the remaining \$200,383.42 to offset Personnel costs in this budget thus freeing up that amount to use on Capital Project needs whether it be the new Fire Station or Debt Service, etc.

Discussion

Alderman Grant suggested putting the \$200,383.42 in the Contingency Fund giving the Board the ability to use it where needed. He has concerns that if Personnel costs are reduced by that amount in this budget, then next year's budget will look higher when that amount is added back in plus whatever increase is given.

Mayor McDermon asked Finance Officer Elliott her opinion on how using these funds to offset Personnel Costs will look from a budget forecast.

Finance Officer Elliott responded the American Rescue Plan funds will show as a revenue with an expense going out of the General Fund into the Capital Improvement fund. It will not be shown as a cost reduction.

Alderman Leonard said he understands there are restrictions on that money for what it can and cannot be used for so we use it for something that it specifically can be used for and it frees up other funds we were going to use for that purpose.

Consensus – the Board is comfortable with the manager's recommendation for using American Rescue Plan funds as presented.

General Fund Summary

Manager Derian stated this proposed budget does not show a need for an increase in taxes and shows there is \$672,888.45 in the Contingency Fund.

Manager Derian reviewed the General Fund Summary and Capital Assets plan with the Board. Said items are herein incorporated as part of these minutes.

Follow up items

1. Special events budget:

Manager Derian informed the Board that at the last meeting they talked about the line-item Special Events. We allocated \$7,000 for the Christmas tree, \$2,500 for the Chamber of Commerce, and \$3,000 for other special events. Those are the amounts that are in the proposed budget.

Discussion

Mayor McDermion said she does not think the Town gets enough services from the Chamber for the amount budgeted and thinks it should be reduced to \$500 or \$1,000.

Board members discussed whether the amount should be left as a place holder and the actual amount to be paid out would be decided by the Board.

Finance Officer Elliott pointed out the line item is “outside agencies”, and is not for only the Chamber.

Consensus – leave the amount as budgeted but payment amounts to outside agencies needs to come before the Board before a decision is made. The \$3,000 budgeted for Special Events remains.

2. Pending Memorandum Of Understanding (MOU) for Bike Lanes

Manager Derian said the Board asked to have this item talked about in a budget session as to whether to budget \$100,000 or not for bike lanes.

Discussion

Board members discussed concerns about how DOT came up with the \$100,000 estimate and what that includes; what happens to the cost if Coastal Area Management Authority (CAMA) says no or their requirements add to the cost; whether it would be a missed opportunity to let it go by without budgeting for it; and the need for folks to have a safe way to walk and or bike on New River Inlet Road.

Consensus – budget \$100,000 in this proposed budget for Bike Lanes.

Capital Improvements Fund Summary

Finance Officer Elliott reviewed the Capital Improvements Fund Summary and Capital Assets spreadsheet noting that it assumes the current tax rate of \$0.43 per hundred-dollar valuation, with \$0.07 assigned to this fund. One penny of tax is valued at a little over \$160,000.

She reviewed a Five-Year Capital Assets and Cost and Revenue Analysis with the Board. Said reports are herein incorporated as part of these minutes.

Shoreline Protection Fund Summary

Finance Officer Elliott informed the Board there were no changes to the Shoreline Protection Fund Summary since the last budget workshop.

Other

As Aldermen Leonard and Grant will be out of town for the June 7th meeting to adopt the budget, Board members discussed possibly holding a special meeting on June 14th to adopt the budget.

Adjournment

Motion – Alderman Leonard motioned to adjourn; seconded by Aldermen Grant; unanimously approved.

Budget presentation herein incorporated as part of these minutes.

Joann McDermon, Mayor

ATTEST

Nancy Avery, Interim Town Clerk