Budget Overview:
FY2019

1st Public Hearing: May 18, 2018

Presented by:
Chris McCall,
Village Manager
Tax Rate

- Increase of $.02 in Debt portion of the Tax Rate, $.01 in MSD A, and $.005 in MSD B for funding the beach nourishment project.

Proposed Tax Rates for FY19:

- Tax Rate $0.6863
  - Base 0.5113
  - Debt 0.1750 (Funds primarily Shoreline Protection ie. Beach nourishment)
- MSD Zone A $0.0908
- MSD Zone B $0.0556
## Tax Rate Scenarios

<table>
<thead>
<tr>
<th>Assessed Value of Home</th>
<th>Island Wide Increase</th>
<th>MSD A Increase</th>
<th>MSD B Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000.00</td>
<td>$100.00</td>
<td>$150.00</td>
<td>$125.00</td>
</tr>
<tr>
<td>$600,000.00</td>
<td>$120.00</td>
<td>$180.00</td>
<td>$150.00</td>
</tr>
<tr>
<td>$700,000.00</td>
<td>$140.00</td>
<td>$210.00</td>
<td>$175.00</td>
</tr>
<tr>
<td>$800,000.00</td>
<td>$160.00</td>
<td>$240.00</td>
<td>$200.00</td>
</tr>
<tr>
<td>$900,000.00</td>
<td>$180.00</td>
<td>$270.00</td>
<td>$225.00</td>
</tr>
<tr>
<td>$1,000,000.00</td>
<td>$200.00</td>
<td>$300.00</td>
<td>$250.00</td>
</tr>
<tr>
<td>$1,500,000.00</td>
<td>$300.00</td>
<td>$450.00</td>
<td>$375.00</td>
</tr>
</tbody>
</table>

What this increase will cost you annually:

**Amount of Increase per $100 of Value**
General Fund

- Balanced Budget

Total Revenue  $11,383,820.40
Total Expense  $11,383,820.40
## General Fund Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue (Ad Valoreum, Accommodation, Utilities Franchise, Sales)</td>
<td>$9,699,295.82</td>
<td>85%</td>
</tr>
<tr>
<td>Government Revenue (Powell Bill, B.C. EMS &amp; Fire, CAMA, Mosquito Control)</td>
<td>314,031.00</td>
<td>3%</td>
</tr>
<tr>
<td>Business Services Revenue (P.O., IPC, Contractor Services)</td>
<td>644,288.00</td>
<td>6%</td>
</tr>
<tr>
<td>Permits and Fees (Building, ICE Vehicles, Creek Access, EMS Fees)</td>
<td>346,663.00</td>
<td>3%</td>
</tr>
<tr>
<td>Other Revenue (Fines, Golf Cart Registrations, Security Services)</td>
<td>58,850.25</td>
<td>0%</td>
</tr>
<tr>
<td>Grant Revenue (Marina Channel Entrance Maintenance)</td>
<td>179,645.33</td>
<td>2%</td>
</tr>
<tr>
<td>Fund Balance Appropriated</td>
<td>141,047.00</td>
<td>1%</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td><strong>$11,383,820.40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
General Fund Revenues

- Accommodation Tax Projected to Grow 3.50%
  - Transfer $82,421.92 to Beach Fund
  - Fund Shoreline Protection Department for $511,606.56
General Fund

FY19 Budget Department Expenditures

- Public Safety: 37%
- Administration: 26%
- Public Works: 19%
- Contractor Services: 8%
- IPC: 4%
- Development: 4%
- Council: 2%
- Shoreline: 0%
Comparison of Budgeted Department Expenditures

General Fund Department Comparison
Without Capital Outlay

- FY18: $6,753,977
- FY19: $6,835,705
## General Fund

### Debt Service

<table>
<thead>
<tr>
<th>Description</th>
<th>FY18</th>
<th>FY19</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Install Loan (Public Safety Land) <strong>Principal</strong></td>
<td>331,666.00</td>
<td>331,666.00</td>
<td>09/2018</td>
</tr>
<tr>
<td>Install Loan (Land) <strong>Interest</strong></td>
<td>26,533.00</td>
<td>13,267.00</td>
<td></td>
</tr>
<tr>
<td>Go Bond Series 2014 <strong>Principal</strong></td>
<td>$2,004,330.00</td>
<td>$2,043,701.00</td>
<td>12/2019</td>
</tr>
<tr>
<td>(Terminal Groin, Breakwaters, Jetties)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Go Bond Series 2014 <strong>Interest</strong></td>
<td>84,558.00</td>
<td>45,187.00</td>
<td></td>
</tr>
<tr>
<td>Install Loan (Marina Park) <strong>Principal</strong></td>
<td>215,000.00</td>
<td>268,750.00</td>
<td>11/2021</td>
</tr>
<tr>
<td>Install Loan (Marina Park) <strong>Interest</strong></td>
<td>37,625.00</td>
<td>17,973.00</td>
<td></td>
</tr>
<tr>
<td>Install Loan (Marina Park #2) <strong>Principal</strong></td>
<td>0.00</td>
<td>193,750.00</td>
<td>01/2022</td>
</tr>
<tr>
<td>Install Loan (Marina Park #2) <strong>Interest</strong></td>
<td>0.00</td>
<td>21,582.00</td>
<td></td>
</tr>
<tr>
<td>Proposed GO BOND Series 2018 <strong>Interest</strong></td>
<td>0.00</td>
<td>355,618.00</td>
<td>12/2025</td>
</tr>
<tr>
<td>(Beach Nourishment Project)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Install Loan (Public Safety) <strong>Principal</strong></td>
<td>800,000.00</td>
<td>800,000.00</td>
<td>12/2026</td>
</tr>
<tr>
<td>Install Loan (Public Safety) <strong>Interest</strong></td>
<td>183,960.00</td>
<td>163,800.00</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$3,683,672.00</td>
<td>$4,255,294.00</td>
<td></td>
</tr>
</tbody>
</table>
General Fund

● Debt Service Analysis

➢ Measurement for Solvency – the ability to meet long-term obligations

State minimum requirement of unreserved fund balance as a % of Expenditures: 8.00%

Village of Bald Head Island Fund Balance as a % of Expenditures per FY17 Audit: 66.41%

Five year comparison of Solvency % for Bald Head Island:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>52.05%</td>
<td>41.40%</td>
<td>56.08%</td>
<td>53.59%</td>
<td>53.45%</td>
<td>66.41%</td>
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</table>

FY2017 Comparison to Other Local Municipalities:

<table>
<thead>
<tr>
<th></th>
<th>VBHI</th>
<th>Carolina</th>
<th>Oak</th>
<th>Kure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>66.41%</td>
<td>24.57%</td>
<td>44.66%</td>
<td>74.87%</td>
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</tbody>
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General Fund

- **Capital Outlay** $210,400.00
  - Road Construction $140,000.00
  - Mgr’s Contingency $35,000.00
  - Additional Projects 35,400.00

- **Transfers** $82,421.92
  - Beach Fund $82,421.92
Salary Plan

- Salary plan –
  - Ideal model is CPI-regional indexed COLA with merit pay system

<table>
<thead>
<tr>
<th>Year Range</th>
<th>CPI</th>
<th>VBHI COLA</th>
<th>Gap</th>
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<tbody>
<tr>
<td>2011 - 2012</td>
<td>3.0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2012 - 2013</td>
<td>1.7</td>
<td>.5</td>
<td></td>
</tr>
<tr>
<td>2013 - 2014</td>
<td>1.5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2014 - 2015</td>
<td>1.7</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2015 - 2016</td>
<td>0.7</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2016 - 2017</td>
<td>1.3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2017 – 2018</td>
<td>2.11</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2018 – 2019</td>
<td>2.4</td>
<td>2</td>
<td></td>
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</table>

- Budget includes a 2% Merit Increase used to incentivize performance
Health Care

- Premium decrease – cost savings of 5.8% by changing carriers from United Healthcare to Med Cost through NCLM
- Changing to a no fee H.S.A.
- Changing Vision and Dental to new carrier, Principal, to further reduce costs
## Environmental Contracts

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maritime Forest/Deer Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Deer Immuno-Contra</td>
<td>-</td>
<td>-</td>
<td>30,000</td>
<td>-</td>
<td></td>
<td>45,177</td>
</tr>
<tr>
<td>- Annual Deer Census</td>
<td>30,600</td>
<td>38,950</td>
<td>32,500</td>
<td>-</td>
<td></td>
<td>37,000</td>
</tr>
<tr>
<td>- Deer Herd Management</td>
<td>7,000</td>
<td>7,000</td>
<td>-</td>
<td>55,000</td>
<td>55,000</td>
<td></td>
</tr>
<tr>
<td>- Predator/Prey Study (Rats)</td>
<td>-</td>
<td>16,125</td>
<td>16,150</td>
<td>15,000</td>
<td>6,600</td>
<td>5,000</td>
</tr>
<tr>
<td>Beach Vitex Program &amp; Invasive species</td>
<td>14,450</td>
<td>24,200</td>
<td>28,445</td>
<td>20,000</td>
<td>30,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Bald Head Woods Monitoring Fund 31</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,400</td>
<td>9,000</td>
</tr>
<tr>
<td>Beach /Dune Monitor</td>
<td>32,725</td>
<td>35,335</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aquifer Study (Inf Pond) Fund 46</td>
<td>27,200</td>
<td>32,600</td>
<td>28,350</td>
<td>35,000</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Bald Head Creek Health &amp; Monitoring</td>
<td>28,050</td>
<td>15,705</td>
<td>18,150</td>
<td>18,650</td>
<td>30,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Shoreline Beach Nourishment Fund 41</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$140,025</td>
<td>$169,915</td>
<td>$153,395</td>
<td>$143,650</td>
<td>$175,000</td>
<td>$221,177</td>
</tr>
</tbody>
</table>
Golf Cart Lease Program

- On Island Vendor continues to be Always Ready Cart Care
- Year 3 of the 36 month Leasing program
- Total of 11 Carts in program for an annual cost of $32,734.68
- Carts are being replaced in Utilities, Public Safety and Development Services
General Fund

Administration $1,571,158.68
IT 155,001.00
HR 51,001.00

- **Redesign of Budget**
  IT and HR direct OTPS expenditures have been removed from the Administration Budget and entered into newly created individual budgets. This will facilitate robust oversight of expenditures.

- **Financial Software and Credit Processing Software Change**
  The Software was changed in FY18 and is working as anticipated. The monthly management charge has been reduced by $7,000 annually.

- **Employee Parking Expense Reduction**
  Bald Head Limited reduced the annual employee parking charge by approximately 22%.

- **Total Insurance Increase estimated at 5%**

- **Health Insurance premium decrease estimated at 5.8%**

- **Capital Outlay**
  Purchasing a Fire Proof Cabinet for state mandated record retention.
General Fund

- **Business Services**
  - IPC
    - 29,500 Estimated inbound Packages
    - Part Time Shipping Clerk hired for summer season
  - Contractor Services
    - Planning continues for campus redesign and upgrade
    - Increase in Fuel Sales

- **Shoreline Protection**
  - Monitoring
  - Lobbying
  - Two (2) new Mobi-Mats for beach access and vehicle access

- **Development Services**
  - 18 Residential/2 Commercial Permits
  - AMEC Foster Wheeler CRS Consultant contracted
  - New back up Building Inspector is online, trained and has provided support in FY18

Total Budgets:
- Business Services: $278,209.12
- Contractor Services: $296,482.05
- Shoreline Protection: $511,606.56
- Development Services: $125,135.78
General Fund

- Public Safety $2,495,052.59

- Includes an additional PSO per shift resulting in reduced costs attributable to:
  - Eliminating 1 Captain position
  - Relief help reduced from 5% to .5%
  - Part time help reduced
  - Overtime reduced
  - Additional hiring for Seasonal Officers eliminated

- Includes purchase of Body Cameras that were not purchased in FY18

- Capital outlay includes a Stryker Power Pro Cot (Stretcher) and $50,000 to be reserved for the future purchase of a new Fire Truck (FY23)

- Training costs have been substantially reduced with in-house training and use of the NC Justice Academy
Proposed Organizational Chart

Public Safety Department
(Current Structure)

- PS Director
  - Captain
  - Lieutenant
  - Corporal
  - PSO
  - *Administrative Assistant

Total FTE’s - 24
11/24 - .46

Public Safety Department
(Proposed Structure)

- PS Director
  - Captain
  - Lieutenant
  - Corporal
  - PSO
  - *Administrative Assistant

Total FTE’s - 27
10/27 - .37

Points for Consideration:
- Increase PSO Shift(s) +1
- Marina/ Harbor/ BH Creek Presence
- Focus – Underage Driving/ Speed/ No Wake
- Increase Fire Response #’s +1 – ISO Rating
- Decrease -1 Supervisory Position
- Remove Need for “Seasonal F/T” staffing
General Fund

- Public Works $1,320,737.96
  - Right of Way Maintenance - includes the Tree Program, shoulders and road patching, and miscellaneous projects
  - Signs - $15,000 budgeted – waiting for direction from Council. Monies not spent in FY18
  - Paving Plan includes: Lighthouse Wynd and Edward Teach Wynd Extension
  - Parking - In FY18 approximately 44 additional beach access cart parking spaces added and in FY 19 will continue to improve and maintain parking fields.
Utility Fund

- **Revenue**
  
  - $2,934,242.00
    
    - 2% Increase to Water and Sewer Rates
      - Based on Rate Study prepared in November 2012
      - Rates will continue to increase at 2% per year until 2022

- Rates for FY18
  
  - Irrigation/Non-Resident Base Charge $51.23
  - Residence Base Charge 20.49
  - Usage Charge < 3 Units 5.78
  - Usage Charge > 3 Units 9.48
  - Sewer Base Charge 64.66
Utility Fund

Expenditures $2,934,242.00

- Departmental Expenditures $1,892,273.01
- Debt Service 842,014.00
- Capital Reserve 49,954.99
  Add to FY18 Reserve for future purchase of a Back Hoe
- Capital Outlays 150,000.00
  Lift Station/Wells communication Upgrades
Utility Fund

Debt Service

- PNC Install Loan Principal (WWT Plant improvements)
  - FY18: $787,992
  - FY19: $803,630
  - Maturity: 01/2021
- PNC Install Loan Interest
  - FY18: 54,022
  - FY19: 38,384

TOTAL
- FY18: $842,014
- FY19: $842,014

WWT Plant improvements included upgrades to RO System and Reuse Irrigation
Summary

- Tax Rate – Increase in Debt Portion of the Tax Rate, MSD-A, and MSD-B to fund Beach Nourishment Project
- 3.50% projected increase in Accommodation Taxes
- Transfer to Beach Fund of $82,421.92
- Expenditure decreases in Health Insurance, Employee Parking, Financial Management charges and Public Safety Training
- Public Safety Department shift staffing reorganization with zero financial increase anticipated
- Utilities Lift Station/Wells Communication upgrades will afford long term cost savings and provide more efficient service