TOWN COUNCIL MINUTES

BUDGET WORKSHOP #2 **Thursday, April 21, 2025 @ 1:00 pm**
TOWN HALL

The Kure Beach Town Council held budget workshop # 2 for the proposed FY25-26 budget on Monday, April 21, 2025.

COUNCIL MEMBERS PRESENT
Mayor Allen Oliver
Mayor Pro Tem (MPT) David Heglar
Commissioner John Ellen
Commissioner Dennis Panicali
Commissioner Connie Mearkle

COUNCIL MEMBER NOT PRESENT

STAFF PRESENT
Finance Officer (FO) – Arlen Copenhaver
Director of Administration – Mandy Sanders
Town Clerk – Beth Chase
Police Chief – Mike Bowden
Police Lieutenant – Brandon Bailey
Fire Chief – Ed Kennedy
Public Works Director – Jimmy Mesimer
Recreation Director – Nikki Keely
Code Enforcement Officer – Bethany White

CALL TO ORDER
Mayor Oliver called the meeting to order at 1:00 p.m.

PRESENTATION OF REVISED DRAFT OF FY25-26 BUDGET
Finance Officer Copenhaver presented assumptions and revisions to the draft FY25-26 budget from the first budget workshop. Said presentation is herein incorporated as part of these minutes.

Assumptions and revisions General Fund:

- No changes in services provided or level of services provided
- Change current tax rate of $0.29 to estimated revenue neutral tax rate of $0.172
- No change to General Fund fees
- No changes to water & sewer rates
- No General Fund Contingency
- No transfer from the General Fund to the Beach Protection Fund
- No changes to full-time headcount
- Employee Compensation:

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- COLA: 2.5%
- Merit: 2%

General Fund: Shortage in the amount of $141,433 on April 4, 2025

General Fund is currently $0 short

Water/Sewer Fund: Shortage in the amount of $108,248 on April 4, 2025

Water/Sewer Fund is currently short $94,042

FY 2026 BUDGET OPTIONS TO BALANCE WATER/SEWER FUND
1. Expense reductions
2. Increase water and sewer rates

MOTION- Commissioner Panicali made a motion to balance the Water/Sewer Fund in the budget by a 5% total rate increase (minimum rate & tiers)
SECOND- Commissioner Mearkle
VOTE- Unanimous

Stormwater Fund: Over on April 4, 2025 in the amount of $474,988

Storm Water Fund is currently over $873,679

FY 2026 BUDGET OPTIONS TO BALANCE STORM WATER FUND
1. Expense reductions
2. Appropriation of fund balance
   - Fund balance at 6/30/2024 was $962,525
   - Current fund balance is approximately $1,314,000
3. Increase in storm water fees

MOTION- MPT Heglar made a motion to raise the storm water fee by 25%
SECOND- Commissioner Ellen
VOTE- 3-2 VOTE, Mayor Oliver, MPT Heglar, Commissioner Ellen, For - Commissioner Mearkle and Commissioner Panicali - No

CONSENUS- Town Council agreed to use the Appropriation of fund balance to balance the remaining of the budget

TOWN COUNCIL MINUTES

BUDGET WORKSHOP #2 **Thursday, April 21, 2025 @ 1:00 pm**
TOWN HALL

RECYCLING

MOTION- MPT Heglar made a motion to proceed with a 3-year contract with Waste Management
SECOND- Commissioner Panicali
VOTE- Unanimous

TOWN COUNCIL COMPENSATION

MOTION- Commissioner Panicali made a motion to increase the Mayor Annual Compensation to $6,000 and the Mayor Pro Tem Annual Compensation to $5,000 effective January 1, 2026
SECOND- Commissioner Ellen
VOTE- Unanimous

PROPOSED TOWN COUNCIL GOALS FY 2026

1. Work smarter to maintain and improve our quality of life in Kure Beach
   - Implementation of approved CAMA Land Use Plan
   - Continue to work with Department of Defense Land Use Plan (MOTSU) to retain current town owned assets
   - Implement the Bike/Ped Master Plan d. Implementation of approved Beach Management Plan
   - Continue to work with leaders of the General Assembly to address the needs of the Town
   - Explore the following areas for funding for future capital projects (i.e. Bike/Ped, Sandman Park, Joe Eakes Park, Atlantic Avenue boardwalk, replacement of CAMA beach accesses). Council will prioritize each project based on potential source and community PARTF (state) 2. CAMA grants (state) 3. New Hanover County Endowment (county) 4. Friends of Kure Beach (private)
2. Ensure the integrity of Town financial data and maintain financial stability in all Town funds
   - Be fiscally responsible
   - Set tax and water/sewer rates that support the expected level of service by the citizens of the Town
3. Enable an optimum working environment for staff to produce high levels of service to the Town
   - Ensure policies are fair (morale)
   - Enhance procedures to retain and attract Town personnel

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TOWN HALL

   - Update and adjust the Salary Plan as needed to keep employees fairly compensated
4. Provide all departments with the support to maintain a safe working and living environment
   - Support camera program
   - Use technology to support Town functions
   - Continue to improve employee safety plan
   - Support K9 program
   - Provide necessary tools for safe working environment

CONSENUS- Town Council agreed to these proposed FY2026 Goals

Allen Oliver, Mayor

ATTEST: Beth Chase, Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. An audio recording of the meeting is available on the town's website at www.townofkurebeach.org, under government/kurebeachcouncil.

FY 25-26 BUDGET WORK SESSION #2

APRIL 21, 2025

TOWN OF KURE BEACH • NORTH CAROLINA •

INITIAL FY 2026 BUDGET ASSUMPTIONS

1. No changes in services provided or level of services provided
2. Change current tax rate of $0.29 to estimated revenue neutral tax rate of $0.172
3. No change to General Fund fees
4. No changes to water & sewer rates
5. No General Fund Contingency
6. No transfer from the General Fund to the Beach Protection Fund
7. No changes to full-time headcount
8. Employee Compensation
   COLA: 2.5%
   Merit: 2%

FY 2025/2026 BUDGET SUMMARY
AS OF APRIL 4, 2025

FUND	FY 2026 REVENUE BUDGET	FY 2026 EXPENSE BUDGET	OVER/(SHORT)	COMMENTS
General Fund	$8,944,566	$9,085,999	($141,433)	Does not include a transfer to the Beach Protection Fund or Contingency
Water/Sewer Fund	$2,665,210	$2,773,458	($108,248)	
Storm Water Fund	$498,650	$973,638	($474,988)	
Powell Bill Fund	$84,110	$84,110	$0	
SERF Fund	$19,415	$19,415	$0	
Beach Protection Fund	$12,735	$12,735	$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	$25,000	$25,000	$0	
TOTAL	**$12,249,686**	**$12,974,355**	**($724,669)**	

GENERAL FUND
BUDGET CHANGES DURING AND AFTER 4/4/25 WORK SESSION

SHORTAGE ON 4/4/25 (WORK SESSION #1)		$141,433
EXPENDITURE CHANGES - Inc/(Dec):		
Governing Body – Workers Comp. Ins.	($5)	
Finance – Workers Comp. Ins.	($9)	
Administration – Workers Comp. Ins.	($11)	
Police Dept. – Minor Equip. $5,000, Capital – Equip. ($25,000) & Workers Comp. Ins. ($1,921)	($21,921)	
Fire Dept. – Workers Comp. Ins.	($1)	
Lifeguards – Workers Comp. Ins.	($2,419)	
Parks & Rec. – Workers Comp. Ins.	($13)	
Building Inspections – Capital – Truck ($60,000) & Workers Comp. Ins. ($545)	($60,545)	
Streets & Sanitation – Consulting $46,000, Equip. Rental $4,000, Utilities $2,000 & Workers Comp. Ins. ($2,058)	$49,942	
Net Change in Expenditures		**($34,982)**
REVENUE CHANGES - Inc/(Dec):		
Financing Sources (Devel. & Comp. Truck)	($60,000)	
Investment Earnings	$21,500	
Sales Tax Refund	$17,500	
Appropriation of Fund Balance (1.41% of budget)	$127,451	
Net Change in Revenue		**$106,451**
SHORTAGE ON 4/21/25 (WORK SESSION #2)		$0

WATER & SEWER FUND
BUDGET CHANGES DURING AND AFTER 4/4/25 WORK SESSION

SHORTAGE ON 4/4/25 (WORK SESSION #1)		$108,248
EXPENDITURE CHANGES - Inc/(Dec):		
W/S Governing Body - Workers Comp. Ins.	($3)	
W/S Finance - Workers Comp. Ins.	($11)	
W/S Administration –Workers Comp. Ins.	($7)	
W/S Operations –Workers Comp. Ins.	($1,460)	
Net Change in Expenditures		**($1,481)**
REVENUE CHANGES - Inc/(Dec):		
Investment Earnings	$12,725	
Net Change in Revenue		**$12,725**
SHORTAGE ON 4/21/25 (WORK SESSION #2)		$94,042

STORM WATER FUND
BUDGET CHANGES DURING AND AFTER 4/4/25 WORK SESSION

SHORTAGE ON 4/4/25 (WORK SESSION #1)		$474,988
EXPENDITURE CHANGES - Inc/(Dec):		
Workers Comp. Insurance	($534)	
Storm Water Consulting Fees	$50,000	
Capital Outlay - Improvements	$350,000	
Net Change in Expenditures		$399,466
REVENUE CHANGES - Inc/(Dec):		
Investment Earnings	$775	
Net Change in Revenue		$775
SHORTAGE ON 4/21/25 (WORK SESSION #2)		$873,679

FY 2025/2026 BUDGET SUMMARY
AS OF APRIL 21, 2025

FUND	FY 2026 REVENUE BUDGET	FY 2026 EXPENSE BUDGET	OVER/(SHORT)	COMMENTS
General Fund	$9,051,017	$9,051,017	$0	Includes a **Fund Balance Appropriation of $127,451 or 1.41% of the budget.** Also, no transfer to Beach Protection Fund and no Contingency.
Water/Sewer Fund	$2,677,935	$2,771,977	($94,042)	
Storm Water Fund	$499,425	$1,373,104	($873,679)	
Powell Bill Fund	$84,125	$84,125	$0	
SERF Fund	$20,610	$20,610	$0	
Beach Protection Fund	$14,500	$14,500	$0	Does not include a transfer from the General Fund
Asset Forfeiture Fund	$25,000	$25,000	$0	
TOTAL	**$12,372,612**	**$13,340,333**	**($967,721)**	

FY 2026 BUDGET OPTIONS TO BALANCE WATER/SEWER FUND

SHORTAGE OF $94,042 AS OF 4/21/2025

1. Expense reductions
2. Increase water and sewer rates

WATER & SEWER FUND
POTENTIAL RATE/FEE INCREASES

OPTION		ESTIMATED ANNUAL REVENUE INCREASE			
NO.	RATE ACTION	RESIDENTIAL	COMMERCIAL	FORT FISHER	TOTAL
1	10% monthly minimum increase	$103,150	$3,150	$380	$106,680
2	20% monthly minimum increase	$206,300	$6,300	$760	$213,360
3	10% rate tier increase	$85,900	$14,800	$20,800	$121,500
4	20% rate tier increase	$171,800	$29,600	$41,600	$243,000
5	5% total rate increase (minimum rate & tiers)	$94,500	$9,000	10,575	$114,075
6	10% total rate increase (minimum rate & tiers)	$189,000	$18,000	$21,150	$228,150
7	20% total rate increase (minimum rate & tiers)	$378,000	$36,000	$42,300	$456,300

FY 2026 BUDGET OPTIONS TO BALANCE STORM WATER FUND

SHORTAGE OF $873,679 AS OF 4/21/2025

1. Expense reductions
2. Appropriation of fund balance
   - Fund balance at 6/30/2024 was $962,525
   - Current fund balance is approximately $1,314,000
3. Increase in storm water fees

KURE BEACH
STORM WATER FEE INCREASE SCENARIOS

	CURRENT MONTHLY FEE ($15.00)	10% FEE INCREASE ($16.50)	20% FEE INCREASE ($18.00)	25% FEE INCREASE ($18.75)
Monthly SW Fee Revenue	$35,425	$38,968	$42,510	$44,281
Annual SW Fee Revenue	$425,100	$467,610	$510,120	$531,375
Estimated Increase in Annual SW Fee Revenue		**$42,510**	**$85,020**	**$106,275**

TOTAL FY 2026 EXPENSE BUDGET BY FUND
VS. FY 2025 APPROVED BUDGET
AS OF APRIL 21, 2025

FUND	APPROVED FY 2025 BUDGET	REQUESTED FY 2026 BUDGET		DIFF. FY 2026 & FY 2025	% CHANGE
General	$9,057,973	**$9,051,017**		($6,956)	(0.1%)
Water/Sewer	$2,973,181	**$2,771,977**		($201,204)	(6.8%)
Storm Water	$522,000	**$1,373,104**		$851,104	163.0%
Powell Bill	$97,150	**$84,125**		($13,025)	(13.4%)
Sewer Expansion Reserve	$23,395	**$20,610**		($2,785)	(11.9%)
Beach Protection	$24,000	**$14,500**		($9,500)	(39.6%)
Federal Asset Forfeiture	$25,000	**$25,000**		$0	0.0%
TOTAL - ALL FUNDS	**$12,722,699**	**$13,340,333**		**$617,634**	**4.9%**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Streets & Sanitation	550	$2,041,483	**$1,697,249**	($344,234)	(16.9%)	***Increases:*** **F/T Personnel-Related Costs: $28,400 / 4.0%** **Professional & Consulting Fees: $46,000 / NEW** **Building Maintenance: $16,000 / 400%** **Utilities: $7,000 / 15%** **Equipment Rental: $4,000 / 114%** **Recycling: $5,000 / 2%** **Uniforms: $2,000 / 20%** **Telephone: $500 / 9%** ***Decreases:*** **Capital Outlay – Equipment: $250,000 / 100%** **Capital Outlay – Improvements: $75,000 / 43%** **Ocean Front Park Maintenance: $30,000 / 55%** **Minor Equipment: $26,500 / 88%** **Engineering Fees: $20,000 / 40%** **Beach Access/Boardwalk Repairs: $15,000 / 38%** **Materials & Supplies: $15,000 / 30%** **Landscaping: $12,000 / 38%** **Computer Services: $5,000 / 25%** **Travel & Training: $2,000 / 33%** **Workers Comp. Ins.: $1,634 / 15%** **Safety Program: $1,000 / 33%** ***Summary:*** **Operating Costs: ($19,234) / (1.2%)** **Capital Outlay: ($325,000) / (76.5%)**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Police	510	$2,231,966	**$2,410,523**	$178,557	8.0%	***Increases:*** **F/T Personnel-Related Costs:** $29,842 / 1.6% **Capital Outlay - Vehicles:** $65,000 / 93% **Capital Outlay - Equipment:** $30,000 / NEW **LEO Separation Allowance-Related:** $32,029 / NEW **Dues & Subscriptions:** $5,100 / 510% **Minor Equipment:** $5,000 / 33% **Building Maintenance:** $5,000 / 24% **Travel & Training:** $3,000 / 18% **Contracts:** $2,500 / 4% **Utilities:** $2,000 / 17% ***Decreases:*** **Workers Comp. Insurance:** **$914 / 4%** ***Summary:*** **Operating Costs:** **$83,557 / 3.9%** **Capital Outlay:** **$95,000 / 135.7%**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Fire Dept.	530	$1,570,504	**$1,548,313**	($22,191)	(1.4%)	***Increases:*** **F/T Personnel-Related Costs:** $60,447 / 5.5% **P/T Personnel-Related Costs:** $3,650 / 5.1% **Drill Fee-Related Costs:** $5,948 / 10.9% **Capital Outlay: - Truck:** $60,000 / NEW **Medical Exams:** $2,200 / 44% **Workers Comp. Insurance:** $733 / 4% **Uniforms:** $500 / 7% **Utilities:** $500 / 4% **Supplies:** $500 / 4% ***Decreases:*** **Minor Equipment:** **$87,500 / 64%** **Capital Outlay – Equipment:** **$69,669 / 100%** ***Summary:*** **Operating Costs:** **($12,522) / (0.8%)** **Capital Outlay:** **($9,669) / (13.9%)**
Lifeguards	531	$637,810	**$608,212**	($29,598)	(4.6%)	***Increases:*** **F/T Personnel-Related Costs:** $9,902 / 4.4% **Seasonal Personnel-Related Costs:** $22,595 / 7.4% ***Decreases:*** **Capital Outlay – Equipment/Vehicle:** **$60,000 / 82%** **Workers Comp. Ins.:** **$2,095 / 26%** ***Summary:*** **Operating Costs:** **$30,402 / 5.4%** **Capital Outlay:** **($60,000) / (81.6%)**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Development & Compliance	540	$285,889	**$246,894**	($38,995)	(13.6%)	***Increases:*** **Computer Software/Support:** $1,100 / 15% ***Decreases:*** **F/T Personnel-Related Costs:** **$16,733 / 7.6%** **Contract – Lawn Maintenance:** **$19,500 / 98%** **Vehicle Allowance:** **$3,400 / 39%** ***Summary:*** **Operating Costs:** **($38,995) / (13.6%)**
Parks & Recreation	532	$325,928	**$517,045**	$191,117	58.6%	***Increases:*** **F/T Personnel-Related Costs:** $10,122 / 4.6% **Capital Outlay - Equipment:** $150,000 / NEW **Professional/Consulting Fees:** $35,000 / 233% **Boogie In The Park:** $3,000 / 20% ***Decreases:*** **Boardwalk Fish:** **$4,000 / 67%** **Other Town Events:** **$2,000 / 17%** **Sponsorship Maintenance:** **$1,000 / 17%** ***Summary:*** **Operating Costs:** **$41,117 / 12.6%** **Capital Outlay:** **$150,000 / 100%**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Community Center	421	$32,000	**$37,000**	$5,000	15.6%	***Increases:*** **Maintenance: $5,000 / 25%** ***Decreases:*** **None** ***Summary:*** **Operating Costs: $5,000 / 15.6%**
Administration	420	$487,548	**$526,834**	$39,286	8.1%	***Increases:*** **F/T Personnel-Related Costs: $8,933 / 4.6%** **Retiree Medical: $10,415 / 47%** **P&L Insurance: $8,550 / 10%** **Building Maintenance: $6,800 / 24%** **Supplies: $2,000 / 13%** **Computer Service: $1,419 / 3%** **Employee Recognition: $1,000 / 17%** **Meetings/Events: $1,000 / 15%** ***Decreases:*** **P/T Personnel-Related Costs: $1,077 / 33%** ***Summary:*** **Operating Costs: $39,286 / 8.1%**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Governing Body	410	$93,461	**$84,957**	($8,504)	(9.1%)	***Increases:*** **Gov. & Volunteer Relations: $1,500 / 12%** ***Decreases:*** **Contributions: $10,000 / 19%** ***Summary:*** **Operating Costs: ($8,504) / (9.1%)**
Legal	470	$90,400	**$99,300**	$8,900	9.8%	***Increases:*** **Legal Service – Town Attorney: $6,400 / 10%** **Professional Legal Service: $2,500 / 10%** ***Decreases:*** **None** ***Summary:*** **Operating Costs: $8,900 / 9.8%**
Elections	430	$0	**$7,340**	$7,340		**No local election in FY 2025.**
Emergency Management	446	$2,500	**$2,500**	$0	0%	

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Committees	412	$20,425	**$20,625**	$200	1.0%	***Shoreline Access & Beach Protection ($10,625):*** **Replace Lost/Damaged Signs - $6,000** **SLABP Brochure - $800** **Sea Oats (2,750 @ $0.80) - $2,200** **Education Giveaway Items - $1,625** ***Bike/Ped ($10,000):*** **Education for Members - $2,000** **Public Education Information - $2,800** **Education Events- $3,500** **Bike Rack/Service Stand/Parking Pads – $1,200** **Spot Lane Connector Beautification - $500** ***Summary:*** **Operating Costs: $200 / 1.0%**
Finance	415	$282,009	**$298,525**	$16,516	5.9%	***Increases:*** **F/T Personnel-Related Costs: $7,734 / 4.7%** **Bank/Payroll/Credit Card Fees: $7,540 / 25%** **Equipment Rental: $650 / 13%** ***Decreases:*** **None** ***Summary:*** **Operating Costs: $16,516 / 5.9%**

GENERAL FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Tax Collection	460	$34,600	**$35,100**	$500	1.4%	
Paid Parking Program	570	$220,200	**$240,000**	$19,800	9.0%	**Increase based on budget and forecast provided by Premium Parking.**
Debt Service	560	$701,250	**$670,600**	($30,650)	(4.4%)	**Pay down of existing loans.**
TOTAL GENERAL FUND		**$9,057,973**	**$9,051,017**	**($6,956)**	**(0.1%)**	

WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
W/S Operations	810	$2,324,665	**$2,078,209**	($246,456)	(10.6%)	***Increases:*** **F/T Personnel-Related Costs:** $17,910 / 3.3% **Supplies & Materials:** $20,000 / 15% **Utilities:** $11,000 / 20% ***Decreases:*** **Engineering Fees:** $135,000 / 84% **Capital Outlay - Equipment:** $50,000 / 83% **Capital Outlay - Improvements:** $50,000 / 14% **Debt Service:** $17,690 / 6% **CB Treatment Charges:** $15,000 / 5% **Minor Equipment:** $13,500 / 84% **Equipment/Building Maintenance:** $5,000 / 20% **Travel & Training:** $4,000 / 50% **Contract Services – Water Tests:** $4,000 / 17% **Workers Comp. Ins.:** $1,176 / 17% ***Summary:*** **Operating Costs:** ($128,766) / (8.4%) **Capital Outlay:** ($100,000) / (21.7%)

WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Administration	720	$327,966	**$351,896**	$23,930	7.3%	***Increases:*** **F/T Personnel-Related Costs:** $5,955 / 4.6% **P&L Insurance:** $8,550 / 10% **Building Maintenance:** $3,950 / 21% **Supplies:** $2,000 / 20% **Retiree Medical:** $1,275 / 28% **Employee Recognition:** $1,000 / 25% **Computer Service:** $777 / 3% ***Decreases:*** **None** ***Summary:*** **Operating Costs:** $23,930 / 7.3%
Governing Body	710	$19,056	**$20,054**	$998	5.2%	***Increases:*** **Gov. & Volunteer Relations:** $1,000 / 133% ***Decreases:*** **None** ***Summary:*** **Operating Costs:** $998 / 5.2%

WATER/SEWER FUND BUDGET BY DEPARTMENT
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Legal	770	$18,600	**$20,440**	$1,840	9.9%	*Increases:* Legal Service – Town Attorney : $1,840 / 10% *Decreases:* None *Summary:* Operating Costs: $1,840 / 9.9%
Finance	715	$282,894	**$301,378**	$18,484	6.5%	*Increases:* F/T Personnel-Related Costs: $9,453 / 4.7% Bank/Payroll/Credit Card Fees: $7,200 / 37% Postage: $700 / 5% Equipment Rental: $650 / 13% *Decreases:* None *Summary:* Operating Costs: $18,484 / 6.5%
TOTAL WATER/ SEWER FUND		**$2,973,181**	**$2,771,977**	**($201,204)**	**(6.8%)**	

STORM WATER FUND BUDGET BY EXPENSE TYPE
FY 2026 VS. FY 2025

DEPARTMENT	DEPT. NO.	APPROVED FY 2025 BUD.	REQUESTED FY 2026 BUD.	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
SW Operations	610	$324,000	**$275,169**	($48,831)	(15.1%)	***Increases:*** **F/T Personnel-Related Costs:** $707 / 0.5% **Professional & Consulting Fees:** $3,000 / 5% ***Decreases:*** **System Maintenance:** **$44,197 / 64%** **Supplies:** **$8,000 / 40%**
Debt Service	610	$48,000	**$47,935**	($65)	(0.1%)	**Pay down of existing loans.**
Capital Outlay	610	$150,000	**$1,050,000**	$900,000	600.0%	***Increases:*** **Capital Outlay - Improvements:** $900,000 / 600% ***Decreases:*** **None**
TOTAL STORM WATER FUND		**$522,000**	**$1,373,104**	**$851,104**	**163.0%**	

REQUESTS RECEIVED FROM OUTSIDE ORGANIZATIONS

ORGANIZATION	REQUEST REC'D FY 2026	REQUEST REC'D FY 2025	ACTUAL FY 2025	ACTUAL FY 2024	ACTUAL FY 2023	ACTUAL FY 2022
Pleasure Island Chamber of Commerce	$30,000	$30,000	$30,000	$25,000	$19,380	$12,800
Federal Point Historic Preservation Society	$5,000	$5,000	$5,000	$5,000	$2,000	$1,500
Island of Lights **(1)**	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Friends of Fort Fisher, Inc.	$0	$0	$0	$0	$0	$1,500
Federal Point Help Center	$1,800	$1,800	$1,800	$1,500	$1,500	$1,500
Katie B. Hines Senior Center **(2)**	$5,000	$5,000	$5,000	$2,000	$2,000	$0
North Carolina Aquarium Society **(3)**	$0	$10,000	$10,000	$0	$0	$0
TOTAL GOVERNING BODY BUDGET	**$43,000**	**$53,000**	**$53,000**	**$34,700**	**$26,080**	**$18,500**
Pleasure Island Sea Turtle Project **(4)**	$5,400	$5,400	$5,400	$5,400	$4,800	$4,800
GRAND TOTAL	**$48,400**	**$58,400**	**$58,400**	**$40,100**	**$30,880**	**$23,300**

NOTES:

(1) - Island of Lights request for FY 2026 (and FY 2022 - 2025) also includes $900 of in-kind.

(2) - No request received for FY 2022.

(3) - No requests received prior to FY 2025.

(4) - Included in Development & Compliance budget.

TOWN OF KURE BEACH • NORTH CAROLINA •

NEW HANOVER COUNTY PROPERTY REVALUATION EFFECTIVE JANUARY 1, 2025

PROPERTY REVALUATION GENERAL INFORMATION

- North Carolina law requires all counties to reappraise real property at least once every 8 years
- New Hanover County moved to a 4 year reappraisal cycle beginning with the January 2017 revaluation
- Reappraisal is performed to re-establish the fairness of the tax burden between properties that typically change in value at different rates by location and property type

KURE BEACH
CHANGE IN VALUATION BY CLASSIFICATION
01/01/2025 VS. 01/01/2024
AS OF FEBRUARY 27, 2025

DESCRIPTION	AFTER REVALUATION (01/01/2025)	PRIOR TO REVALUATION (01/01/2024)	$ CHANGE	% CHANGE
Real Property	$2,189,000,000	$1,262,514,000	$926,486,000	73.4%
Personal Property	4,210,000	3,833,464	376,536	9.8%
Business Personal Property	2,700,000	2,656,225	43,775	1.6%
Motor Vehicles	40,720,000	38,790,142	1,929,858	5.0%
State Appraised	2,200,000	2,208,109	(8,109)	(0.4%)
Total	**$2,238,830,000**	**$1,310,001,940**	**$928,828,060**	**70.9%**

STATUS OF REVALUATION
REAL PROPERTY VALUES
AS OF FEBRUARY 27, 2025

	AFTER REVALUATION (01/01/2025	PRIOR TO REVALUATION (01/01/2024)	% OF TOTAL NHC REVALUED PROPERTY	$ CHANGE	% CHANGE
Kure Beach	$2,189,000,000	$1,262,514,000	3.0%	$926,486,000	73.4%
Carolina Beach	$5,270,000,000	$2,963,930,000	7.1%	$2,306,070,000	77.8%
Wrightsville Beach	$6,483,000,000	$3,711,960,000	8.7%	$2,771,040,000	74.7%
Wilmington	$32,088,000,000	$19,995,000,000	43.3%	$12,093,000,000	60.5%
Fire District	$28,146,000,000	$16,846,000,000	37.9%	$11,300,000,000	67.1%
Total New Hanover County	**$74,176,000,000**	**$44,779,404,000**		**$29,396,596,000**	**65.6%**

JANUARY 2025 REVALUATION
REVENUE NEUTRAL TAX RATE CALCULATION
AS OF FEBRUARY 27, 2025

Average Growth % (FY 22 – 25)	1.37%
Current Tax Rate per $100	$0.29
FY 2025 Tax Levy ($1,310,001,940/100) x $0.29	$3,799,006
FY 2026 Tax Levy Without Revaluation Including Average Growth % (($1,310,001,940 x 1.0137)/100) x $0.29	$3,851,145
Revenue Neutral Tax Rate For FY 2026 Based on Revaluation $3,851,145 / ($2,238,830,000/100)	$0.172
Change in Tax Rate From Current to Revenue Neutral	($0.118)

GENERAL FUND REVENUE BUDGET
FY 2026 VS. FY 2025

REVENUE TYPE	APPROVED FY 2025 BUD.	FY 2026 BUDGET	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Property Taxes	$3,768,000	**$3,825,250**	$57,250	1.5%	Assumes revenue neutral tax rate ($0.172) and estimated tax base provided by NHC Tax Dept.
Sales Tax	$1,696,000	**$1,750,000**	$54,000	3.2%	Based on forecasts of state-wide sales tax proceeds.
Parking Program Revenue	$820,000	**$820,000**	$0	0.0%	Based on historical parking revenue and forecasts for FY 2025.
TDA	$777,585	**$795,000**	$17,415	2.2%	FY 2026 budget is for lifeguards ($608,212), OFP & JEP maintenance ($44,000), OFP entertainment ($38,000), Pleasure Island Chamber request ($30,000) & a portion of the OFP playground equipment replacement ($74,788).
Garbage & Recycle Fees	$651,650	**$657,700**	$6,050	0.9%	
Franchise & Utility Taxes	$264,500	**$309,600**	$45,100	17.1%	Estimated increase in electricity sales tax.
Interest/Investment Earnings	$175,000	**$177,000**	$2,000	1.1%	

GENERAL FUND REVENUE BUDGET
FY 2026 VS. FY 2025

REVENUE TYPE	APPROVED FY 2025 BUD.	FY 2026 BUDGET	DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Building Permits, CAMA, Fire Inspections	$109,470	**$109,370**	($100)	(0.1%)	FY 2026 based on FY 2025 forecast and expected level of construction activity.
Communication Tower Rent	$91,097	**$93,621**	$2,524	2.8%	FY 2026 includes annual increase for existing leases.
Sales Tax Refund	$57,000	**$92,500**	$35,500	62.3%	Estimated sales tax refund based on sales tax paid in prior fiscal year. Higher due to Public Works building capital project.
Community Center/ Parks & Rec/ Street Festival/Bluefish	$36,000	**$27,000**	($9,000)	(25.0%)	Decrease due to discontinuing the sale of boardwalk bluefish.
ABC Revenue	$23,300	**$23,800**	$500	2.1%	FY 2026 based on FY 2025 revenue forecast.
Town Facility Rentals	$19,000	**$18,000**	($1,000)	(5.3%)	FY 2026 based on FY 2025 revenue forecast.
Motor Vehicle License Tax	$10,500	**$10,875**	$375	3.6%	

GENERAL FUND REVENUE BUDGET
FY 2026 VS. FY 2025

REVENUE TYPE	APPROVED FY 2025 BUD.	FY 2026 BUDGET		DIFF. FY 2026 & FY 2025	% CHG.	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Beer & Wine Tax	$10,000	**$10,750**		$750	7.5%	
Parking Fines/ Civil Citations/ Court Fees	$1,750	**$1,650**		($100)	(5.7%)	
All Other Revenue	$5,850	**$6,450**		$600	10.3%	Largest components are Surplus Property sales ($3,500), Re-entry Decal sales ($800), purchase card program rebate ($750) and Special Events ($500).
Appropriation of Fund Balance	$161,271	**$127,451**		($33,820)	(21.0%)	
Other Financing Sources	$380,000	**$195,000**		($125,000)	(32.9%)	Proposed financing for Police Dept. vehicles ($135,000) & Fire Dept. vehicle ($60,000).
TOTAL GENERAL FUND	**$9,057,973**	**$9,051,017**		**($6,956)**	**(0.1%)**	

WATER/SEWER FUND REVENUE BUDGET
FY 2026 VS. FY 2025

REVENUE TYPE	APPROVED FY 2025 BUD.	FY 2026 BUDGET		DIFF. FY 2026 & FY 2025	% CHANGE	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Water Charges	$1,066,321	**$1,050,000**		($16,321)	(1.5%)	FY 2026 budget based on FY 2025 forecast.
Sewer Charges	$1,570,500	**$1,435,000**		($135,500)	(8.6%)	FY 2026 budget based on FY 2025 forecast.
Water & Sewer Tap Fees	$51,000	**$55,500**		$4,500	8.8%	Based on estimated building activity.
Cutoff & Reconnection Fees	$6,000	**$6,600**		$600	10.0%	FY 2026 budget based on FY 2025 forecast.
Account Past Due Charges	$20,000	**$21,500**		$1,500	7.5%	FY 2026 budget based on FY 2025 forecast.
New Account Setup Fees	$4,000	$4,000		$0	0.0%	

WATER/SEWER FUND REVENUE BUDGET
FY 2026 VS. FY 2025

REVENUE TYPE	APPROVED FY 2025 BUD.	FY 2026 BUDGET		DIFF. FY 2026 & FY 2025	% CHANGE	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Interest/Investment Earnings	$105,000	**$104,600**		($400)	(0.4%)	
Other Revenue/ Fees	$360	**$735**		$375	104.2%	
AIA Grants – Water & Sewer Systems	$150,000	$0		($150,000)	(100%)	AIA projects projected to be completed in FY 2025.
TOTAL WATER/SEWER FUND	**$2,973,181**	**$2,677,935**		**($295,246)**	**(9.9%)**	

STORM WATER FUND REVENUE BUDGET
FY 2026 VS. FY 2025

REVENUE TYPE	APPROVED FY 2025 BUD.	FY 2026 BUDGET	DIFF. FY 2026 & FY 2025	% CHANGE	SIGNIFICANT CHANGES FY 2026 VS. FY 2025
Storm Water Charges	$422,000	**$425,000**	$3,000	0.7%	Increase in number of accounts.
Storm Water Building Fees	$68,000	**$68,000**	$0	0.0%	FY 2026 based on FY 2025 forecast and estimated level of construction activity.
Interest/Investment Earnings	$32,000	**$6,425**	($25,575)	(79.9%)	Decrease due to use of fund balance for capital projects in FY 2025 and FY 2026.
TOTAL STORM WATER FUND	**$522,000**	**$499,425**	**($22,575)**	**(4.3%)**	

FY 2026 BUDGET
POTENTIAL RATE/FEE INCREASES

1. **General Fund**
   a. Property Taxes

2. **Water & Sewer Fund**
   a. Water Rates
   b. Sewer Rates

3. Storm Water Fund
   a. Storm Water Fee

GENERAL FUND
POTENTIAL RATE/FEE CHANGES

1. **Property Taxes**
   - Increase the revenue neutral tax rate of 17.2 cents per $100 of value by an amount to be determined by Town Council
   - Current estimate of property tax increase, assuming no reductions to the expense budget and not implementing any other fee or rate increases:
     - Increase of 0.8 cents (4.65%) generating approximately $177,000 of annual revenue

PROPERTY TAXES
INCREMENTAL REVENUE FROM VARIOUS INCREASE AMOUNTS

	TAX RATE INCREASE							
	0.5 Cent	**0.8 Cents**	**1.0 Cent**	**1.5 Cents**	**2.0 Cents**	**2.5 Cents**	**3.0 Cents**	**3.5 Cents**
Percentage Increase In Tax Rate	2.91%	4.65%	5.81%	8.72%	11.63%	14.53%	17.44%	20.35%
Tax Levy Related To Tax Rate Increase	$111,942	$179,106	$223,883	$335,825	$447,766	$559,708	$671,649	$783,591
Net Increase To Town Revenue	**$110,822**	**$177,315**	**$221,644**	**$332,466**	**$443,288**	**$554,110**	**$664,933**	**$775,755**
Tax Rate After Increase ($0.172 + increase)	$0.177	$0.180	$0.182	$0.187	$0.192	$0.197	$0.202	$0.207
Impact on Household With Home Valued at $800,000:								
Annual Increase	$40	$64	$80	$120	$160	$200	$240	$280
Monthly Increase	$3.33	$5.33	$6.67	$10	$13.33	$16.67	$20	$23.33
Total Annual Tax	$1,416	$1,440	$1,456	$1,496	$1,536	$1,576	$1,616	$1,656

ASSUMPTIONS:

(1) - Starting point is revenue neutral tax rate of **$0.172** per $100 of valuation.

(2) - Estimated tax base from NHC Tax Department as of 2/27/25 was: **$2,238,830,000** (includes $40,720,000 for motor vehicles)

(3) - Estimated property tax collection rate is: **99%**

WATER & SEWER FUND
POTENTIAL RATE/FEE INCREASES

OPTION		ESTIMATED ANNUAL REVENUE INCREASE			
NO.	RATE ACTION	RESIDENTIAL	COMMERCIAL	FORT FISHER	TOTAL
1	10% monthly minimum increase	$103,150	$3,150	$380	**$106,680**
2	20% monthly minimum increase	$206,300	$6,300	$760	**$213,360**
3	10% rate tier increase	$85,900	$14,800	$20,800	**$121,500**
4	20% rate tier increase	$171,800	$29,600	$41,600	**$243,000**
5	5% total rate increase (minimum rate & tiers)	$94,500	$9,000	10,575	**$114,075**
6	10% total rate increase (minimum rate & tiers)	$189,000	$18,000	$21,150	**$228,150**
7	20% total rate increase (minimum rate & tiers)	$378,000	$36,000	$42,300	**$456,300**

KURE BEACH TOWN COUNCIL
FISCAL YEAR 2025 GOALS

1. ***Work smarter to maintain and improve our quality of life in Kure Beach***
    a. Implementation of approved CAMA Land Use Plan
    b. Continue to work with Department of Defense Land Use Plan (MOTSU) to retain current town owned assets
    c. Implement the Bike/Ped Master Plan
    d. Implementation of approved Beach Management Plan
    e. Continue to work with leaders of the General Assembly to address the needs of the Town

KURE BEACH TOWN COUNCIL
FISCAL YEAR 2025 GOALS

f. Explore the following areas for funding for future capital projects (i.e. Bike/Ped, Sandman Park, Joe Eakes Park, Atlantic Avenue boardwalk, replacement of CAMA beach accesses). Council will prioritize each project based on potential source and community
   1. PARTF (state)
   2. CAMA grants (state)
   3. New Hanover County Endowment (county)
   4. Friends of Kure Beach (private)

2. *Ensure the integrity of Town financial data and maintain financial stability in all Town funds*

a. Be fiscally responsible

b. Set tax and water/sewer rates that support the expected level of service by the citizens of the Town

KURE BEACH TOWN COUNCIL
FISCAL YEAR 2025 GOALS

3. ***Enable an optimum working environment for staff to produce high levels of service to the Town***
   a. Ensure policies are fair (morale)
   b. Enhance procedures to retain and attract Town personnel
   c. Update and adjust the Salary Plan as needed to keep employees fairly compensated

4. ***Provide all departments with the support to maintain a safe working and living environment***
   a. Support camera program
   b. Use technology to support Town functions
   c. Continue to improve employee safety plan
   d. Support K9 program
   e. Provide necessary tools for safe working environment