



Budget Retreat of the Town of Carolina Shores
Board of Commissioners
March 24, 2020 10:00 am to 2:30 pm

- 10:00 Welcome and Opening Remarks
- 10:10 Updates on Progress from FY 19-20 – What was accomplished in current fiscal year, etc.
- 10:30 Review of the Budget Process – The anticipated timeline for budget ordinance adoption, conditions facing other localities, revenue discussion, etc.
- 10:50 Break
- 11:00 Goal Setting – Board to set goals for the Town for the year
- 11:20 Service Level Changes and/or Special Projects – Board to review possible increase in various types of municipal services and/or special projects
- 12:00 Lunch
- 1:00 Capital Projects – review of Capital Improvement Program and delivery of capital projects in upcoming fiscal year
- 2:00 Break
- 2:10 Budget Instructions and Direction – Board to instruct staff to prepare a budget, guidance on tax rate, etc.
- 2:20 Wrap-up
- 2:30 Adjourn

10:10 Updates on Progress from FY 19-20 – What was accomplished in current fiscal year, etc.

The current fiscal year saw the following accomplishments:

Town of Carolina Shores
Work Program Goals of the Board of Commissioners
FY 2019-2020 (FY 20)

Public Works Improvements

- Implement capital improvement projects for FY 19 as included in the CIP [completed]
- Undertake drainage improvements using force account (culvert replacement) [completed]

Public Safety Improvements

- None

Parks & Recreation Improvements

- Extend greenway north from current terminus to Farm at Brunswick [1/2 completed, remainder put on hold due to budget constraints]

Economic Development Improvements

- None

Physical Plant Improvements

- Implement capital improvement projects for FY 20 as included in the CIP, modified:
 - Was scheduled to replace roof at Town Hall (\$20,000), roof replacement done as part of Hurricane Florence recovery.
 - Suggest 1 dog park at South Park, bocce ball at South Park, concrete work and benches at Town Green [South Park cancelled]
- Total: \$5,000 – original CIP \$20,000 (savings of \$15,000 or 75%)

Administrative Improvements

- None

Asset Improvement

- Implement capital improvement projects for FY 19 as included in the CIP [delayed replacement of backhoe due to budget concerns]

10:30 Review of the Budget Process – The anticipated timeline for budget ordinance adoption, conditions facing other localities, revenue discussion, etc.

Review of the budget process includes: budget adoption schedule, conditions facing localities, discussion on revaluation and potential revenue changes

Budget Adoption Schedule

- Monday May 4, 2020 Workshop – Budget Presented – Budget Message
- Thursday May 7, 2020 Public Hearing and First Reading of the Budget Ordinance
- Monday June 1, 2020 Workshop – Modifications (if needed)
- Thursday June 4, 2020 Second Reading and Adoption of the Budget Ordinance

Conditions Facing Localities

- This is the first year past re-valuation year, the next re-valuation will be in 2023.
- In order to continue to hedge against macro-economic conditions it is recommended that more conservative budget measures be taken to allow for the absorption of broad economic uncertainty into 2021.

Personnel

- Social security COLA given in January 2020 was 1.6%. Recommend a 1.6% COLA to be applied in order to maintain the Town’s pay plan. Merit pay will be governed per ordinance.

Discussion

- Administration would like to propose no tax increase this year.
- Administration would like to propose no fee increase this year.
- As a matter of practice, the Board will be asked for a general direction and instruction to the Town Administrator on preparing the budget and establishing a tax rate so that revenues can be estimated and budgeted, this will occur later in the day today.

Annually, the Board is asked to set goals for the Town for the new fiscal year.

Staff suggests the following for consideration:

Public Works Improvements

- Implement maintenance and preservation work, delay CIP work:
 - Overlay Carolina Farms Blvd from Corn Planters to Field Planters
 - Rebase small streets in Village at Calabash

Public Safety Improvements

- None

Parks & Recreation Improvements

- None

Economic Development Improvements

- None

Physical Plant Improvements

- None

Administrative Improvements

- None

Asset Improvement

- Implement capital improvement projects for FY 21 as included in the CIP with modifications.

11:20 Service Level Changes and/or Special Projects – Board to review possible increase in various types of municipal services and/or special projects

1. Macro-economic Climate: Suggest that service levels be maintained at current rates and every opportunity to bring work in-house with force account be used to decrease contracted work without increasing bottom-line expenses (maximize utilization); otherwise services should be held stable in anticipation of weakening in the overall macro and micro economic climates. In the probable event of a general weakening of the economy, two fiscal problems will be manifested: 1) decreased sales tax revenue and 2) decreased permit revenue. Both of these problems will be addressed again this year in the budget process by conservative budgeting in order to allow sufficient cushion should a downturn be realized. Detailed studies are wrapping up on using 2008 as a model informing the decision-making paradigm on revenue forecasting for these two revenue streams, at present based on COVID-19 we anticipate using the worst case model of 2008 to inform and populate those revenue projections as recession looks all but certain in the coming fiscal year.
 - a. Arbitrage – in past recessions, we have seen a precipitous drop in the cost of material (already oil prices are down). Suggest that we monitor when to bid out items and if there is favorable bidding that we consider maximizing work that is done under these types of arbitrage scenarios in order to maximize return on the taxpayer’s dollar. In past recessions contractors would typically work at cost to retain their labor force and equipment assets, we can probably expect similar behavior and working with them to maximize our work as well as stimulating the local contractor community where possible is a net positive for our community as a whole.
 - b. Stimulus – should stimulus opportunities be contemplated federally we should plan for a capital project that would be eligible by bringing it to shovel ready status quickly. Possible projects that come to mind would be: 1) enhanced Town Green Park – improve concert venue, construct a large picnic shelter with bathrooms, pave sidewalks. 2) procure/design/bid/build an expanded solid waste convenience site that would also be sized appropriately for the stockpiling of material and also used as a temporary hurricane debris reduction site.
2. Sheriff’s Office contract is up for renewal in June 2020. It is suggested that this contract be renewed. What is the pleasure of the Board on renewing this contract?
3. The Chamber of Commerce contract has not be active and they have not requested a draw on funds. They have been made aware of this situation and have not indicated their desire to continue. It is suggested that this contract be cancelled. What is the pleasure of the Board on this matter?
4. Employee Fringe Benefits (Dunn) – requested that this item be added to the budget retreat agenda.
5. Radar/speed traffic control fixed signage (Przywara) – requested that this item be added to the budget retreat agenda.

1:00 Capital Projects – review of Capital Improvement Program and delivery of capital projects in upcoming fiscal year

FY	Road	Road Cost	Stormwater	Stormwater Cost	VEA	VEA Cost	FFA	FFA Cost	Total
18	Resurface 1/2 of Sunfield	\$ 332,000.00	Town Hall Stormwater	\$ 100,000.00	VEA 4	\$ 70,000.00	FFA 6	\$ 5,000.00	\$ 507,000.00
19	Street Maintenance Program	\$ 100,000.00	Replace Headwalls MZ #2 Phase 1 of 2	\$ 90,000.00	VEA 5	\$ 80,000.00	FFA 3	\$ 50,000.00	\$ 320,000.00
20	Waterview Reconstruction Phase 1 of 2	\$ 300,000.00			VEA 6	\$ 90,000.00	FFA 1	\$ 20,000.00	\$ 410,000.00
21	Resurface 1/2 of Sunfield	\$ 332,000.00			VEA 7	\$ 75,000.00	None	\$ -	\$ 407,000.00

Road

Street Maintenance Projects for FY 21:

Name	Description	Unit in SY	\$/Unit	Cost	30% Con	Total Cost
1 Sunfield	demo, rebase part, 2in S9.5	5822	\$ 22.72	\$132,246.73	\$39,674.02	\$171,920.75
Total						\$171,920.75

Large Road Project: Remaining ½ of Sunfield Drive – since a large amount of funding (\$750,000) went to drainage work following Hurricane Florence, this project needs to be delayed in order for the budget to recover from large unplanned hurricane expenditures as well as an anticipated drop in revenue due to macro and microeconomic conditions.

Small Road Project:

Total: \$75,000 estimated for Carolina Farms Blvd and approximately \$125,000 for re-basing work in the Village at Calabash. Anticipate budgeting \$115,000 in Powell Bill and \$85,000 in Capital for \$200,000 total.

Stormwater

No projects were scheduled in the CIP during this year.

Vehicles & Equipment

VEA 7	Tractor	\$ 50,000.00	
	Gator (2)	\$ 25,000.00	
		\$ 75,000.00	\$ 75,000.00

Tractor was previously replaced, but the backhoe that was put on hold in FY 20 needs to be replaced. Additionally, a lawn mower that has given us trouble needs to be replaced. Anticipated cost is \$85,000.

Furniture & Fixtures

No projects were scheduled in the CIP during this year.

2:10 Budget Instructions and Direction – Board to instruct staff to prepare a budget, guidance on tax rate, etc.

This item allows time for the Board to instruct staff to prepare a budget, guidance on tax rates, etc.