

TOWN OF KITTY HAWK, NORTH CAROLINA

OPERATING BUDGET

FISCAL YEAR 2017-2018



A destination for some....we call it "Home"



Elected Officials:

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember

Gary Perry
Craig Garriss
Ervin Bateman
Lynne McClean
Jeff Pruitt

Leadership Team:

Town Manager
Management Assistant
Finance Director
Fire Chief
Planning & Inspections Director
Police Chief
Public Works Director
Town Clerk

Andy Stewart
Melody Clopton
Liliana Noble
Lowell Spivey
Rob Testerman
Joel Johnson
William Midgett
Lynn Morris

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June 5, 2017

Honorable Mayor, Town Council and Citizens
Town of Kitty Hawk, North Carolina

It is my pleasure to submit the Town Manager's proposed FY 2017-18 annual budget as required by Section 159-11 of the North Carolina General Statutes. The Town of Kitty Hawk proposed Budget is designed to meet the highest standards of public sector budgeting. The budget includes allocations for expenditures and estimates of revenue in each of the Town's General Fund and Capital Reserve Funds, and the five-year Capital Improvements Plan (CIP). The budget places emphasis on sound fiscal management and operational decision making in accordance with the goals and objectives established by the citizens, Town Council, and staff.

Prepared responsibly and conservatively to ensure accountability to the taxpayers of Kitty Hawk, the budget is balanced with total revenues and expenditures of \$9,988,613.

Budget Highlights:

- The proposed budget is balanced at a tax rate of 34 cents per \$100 valuation and requires no tax-rate increase for FY 2017/18.
- The budget was drafted placing a strong emphasis on keeping annual operating expenditures within the annual collection of revenues. The FY 17/18 budget identifies no revenue sources from the Town's general fund balance to balance the budget with the exception of the Tateway/Rabbit Hollow Stormwater Project.
- The proposed budget strives to more accurately project revenues by evaluating historical collections and utilizing data driven estimates. The budget provides two years of actual audited revenues and expenditures.
- The proposed budget provides for no new full-time positions and eliminates one permanent part-time vacant position in Information Technology.
- The tentatively approved payroll provides a 2% step increase for all full-time Town employees.
- Funds critical capital needs and reserves consistent with the Town's five-year Capital Improvements Program in the amount of \$854,200.
- The budget highlights a total of \$234,050 in non-matching grant funding for various projects.

Budget Highlights continued.....

- Proposes an increase in various building permitting fees to establish a more consumption-based pricing structure.

The total budget for FY 2017/18 is approximately \$2,039,332 or 26% more than FY 2016/17. A large portion of the budget increase is a result of the first principal and interest payment due of \$2,170,783 in FY 17/18 for the Beach Nourishment five-year bond issue in the amount of \$9,999,000. The total portion of this debt during the fiscal year, however, is offset by a contribution from the Dare County Occupancy Fund in the amount of \$1,245,673. Other significant increases in the budget can be attributed to more accurately projecting revenues and the anticipated receipt of grant funding in the amount of \$234,050 from other governmental agencies. Overall personnel and operating expenditures have remained consistent as compared with previous fiscal years.

General Fund:

The General Fund provides the necessary funding for the operations of Public Safety (Police and Fire Departments), Town Council, Administration, Finance, Planning & Inspections as well as, Public Works. The Town of Kitty's Hawks General Fund can primarily be separated into four major spending categories. These categories include Personnel, Departmental Operating Expenses, Capital Purchases and Beach Nourishment.

Personnel:

Personnel expenditures are always the largest expenditure in the Town's General Fund budget. Town employees are considered one of the Town's greatest assets and are responsible for ensuring professional and quality service delivery to our residents. The Town of Kitty Hawk utilizes a step based Position Pay and Classification Plan. It is designed to incrementally increase employees' pay through the salary range related to their job titles. This year's budget continues to advance employees within the pay plan by one step. One step in the pay plan is equivalent to a 2% increase in pay.

The budget continues to provide for a high-deductible health plan for all full-time employees at no cost. The Town changed health insurance carriers (CIGNA) and went to a partially self-funded plan at a savings of approximately \$148,000 per year in 2016. Town Staff has been pleased with the carrier service delivery to date. The Town is scheduled to receive a \$17,169 premium refund for FY 16/17 and received a premium renewal increase of 3.5% for health insurance in FY 17/18. The budget provides for no changes to benefits for Town employees.

The following chart provides an overview employee position allocation for the Town of Kitty Hawk. The FY 17/18 eliminates a permanent part-time position in Information Technology.

Budgeted	Full-Time	Part-Time	Seasonal	Total
FY 13/14	41	16	11	68
FY 14/15	41	18	11	70
FY 15/16	41	16	13	70
FY 16/17	47	8	13	68
FY 17/18	47	7	14	68

Operating Expenditures

Personnel costs represent a large portion of the General Fund budget however the General Fund budget also provides funding for operational costs and equipment. Operational costs and equipment highlights included the FY 2017/18 budget by Department include:

Non-Departmental

- Funds \$35,000 for third party information technology administration.

Administrative Services

- Reduction to Salaries, Wages, & Benefits of approximately \$48,155 as a result of eliminating permanent part-time Information Technology position.

Finance Department

- Increase Travel & Training to provide additional training for new Finance Director - \$8,500.

Planning & Inspections

- Reduction in Salary and Wages by approximately \$5,000 as a result of personnel changes.

Public Works Department

- Increase to Service and Maintenance line item (\$6,000). Outsource Town Hall and Fire Department yard maintenance in summer months. Eliminates need for an additional full-time employee.
- Canal & Ditch Debris Removal - \$195,050. This project is funded with grant funding received through NC Disaster Recovery Act 2016.
- Provides \$20,000 in funding for general maintenance of Town Hall that was constructed in 1989.

Police Department

- Increase Vehicle Maintenance & Repairs line item by \$10,000 as a result of historical expenditures

Fire Department

- Funds additional seasonal life guard position at the Lilian Street beach access.
- Increase lifeguard hourly rates by \$1.00 to remain competitive within local market.

Capital Expenditures

The budget continues to fund critical capital purchases and sets aside funds for future capital purchases. Responsible financial planning by the Town Council has historically eliminated the need to acquire debt in order to make large Capital purchases. The FY 2017/18 budget funds \$854,200 in capital purchases with \$35,000 of that amount being earmarked for future capital purchases.

The proposed Capital purchases included in the FY 2017/18 budget consist of the following:

- IT Equipment (computers, laptops, servers) - \$15,000
- Phone System Replacement reserve - \$5,000
- Website Redesign - \$10,000
- Financial software upgrades reserve - \$5,000
- Riding Lawn Mower - \$10,000
- Dump/Grapple Truck - \$140,000
- Fuel Storage Tank Replacement reserve - \$5,000
- Metal Storage Building - \$15,000
- Tateway/Rabbit Hollow Area Stormwater Project - \$165,000
- Road Resurfacing (Powell Bill) - \$90,000

Capital Expenditures continued....

- Living Shoreline Project on Moore Shore Road - \$180,000
- Purchase (3) Patrol Vehicles - \$105,000
- PD Equipment (In Car Cameras/Radios) - \$11,300
- Self-Contained Breathing Apparatus - \$18,000
- Replace Rescue 13 Pick Up Truck - \$35,000
- Thermal Imaging Camera - \$6,000
- Powertraxx Stair Chair - \$6,900
- Future Reserve for Fire Truck - \$20,000
- Ocean Rescue Jet Ski - \$12,000

Total funded Capital Projects in FY 2017/18: \$854,200

Capital Reserve Overview

The Capital reserve consists of funds that have been set aside in previous budget years for specific future capital purchases. These reserves are “banked” funds and can be utilized when needed to fund capital projects. The largest makeup of the capital reserve are funds that have been collected and set aside for Beach Nourishment. The FY 17/18 budget continues to set aside reserves for future capital projects in the amount of \$35,000 and utilizes only \$22,500 from the reserves for the updating of the Town’s website.

The current chart summarizes the Capital reserve available for future projects:

	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16/17</u>	<u>Budget FY 17/18</u>	<u>Ending Balance FY 17/18</u>
Air Compressor - FD	20,000	20,000	-	-	40,000
Beach Nourishment	-	926,421	862,039	151,633	1,940,093
Broom Tractor	27,700	27,700	(55,400)	-	-
Fire Truck & Equipment	4,161	-	-	20,000	24,161
Financial Software	-	-	-	5,000	5,000
Fuel Storage Tank Replacement	-	-	-	5,000	5,000
Grapple/Dump Truck	-	-	20,000	(20,000)	-
Information Technology	75,803	20,300	-	-	96,103
Laptop Replacement Program	-	-	3,000	-	3,000
Parks and Trails	144,735	-	-	-	144,735
Phone System Replacement	-	-	15,000	5,000	20,000
Storm Damage Reduction (2 cent)	224,904	-	(70,000)	-	154,904
Town Website Updates	-	-	2,500	(2,500)	-
Interest (Estimate)	741	741	741	741	2,964
Total Capital Reserve Fund Balance:					<u><u>2,435,959</u></u>

Beach Nourishment

In accordance with North Carolina General Statute funds collected and expended for the proposed Beach Nourishment project must be accounted for as part of the Town's General Fund. The Beach Nourishment project is scheduled to begin in Kitty Hawk in June 2017.

More information and updates related to the construction of the project can be found at www.morebeachtolove.com.

The budget continues to dedicate .04 cents of the .34 cents town wide tax to the Beach Nourishment Project. Properties located in the Municipal Service District will continue to pay an additional .12 cents that is restricted specifically for Beach Nourishment.

The first debt service payment (Payment 1 of 5) in the amount of \$2,170,783 is due in FY 17/18. Of this payment the Town will receive \$1,245,673 from the Dare County Occupancy Tax Fund while the remaining balance will be paid from the annual collection of property taxes restricted for Beach Nourishment. Revenues generated for Beach Nourishment in excess of the yearly debt service payment will remain restricted and can be utilized for future maintenance once the project has been completed.

The only expenditure other than the debt service budgeted in the Beach Nourishment Fund for FY 17/18 is \$20,000 for Beach Maintenance. This budgeted amount will allow the Town the opportunity, once the project has been completed, to enhance or improve upon dune stability through various vegetative plantings along the existing and new dune system. In addition, it will provide a budgetary line item to replace destroyed, damaged, or missing sand fencing throughout the fiscal year.

Financial Stability

The FY 2017/18 budget maintains the Emergency Fund in the amount of \$3,500,000 and in accordance with Council fund balance policy. In previous fiscal years the Town identified utilizing unrestricted fund balance as a revenue source to balance the budget. The FY 2017/18 budget utilizes no fund balance to balance day to day operating expenditures in the budget. The only use of fund balance budgeted is for the Tateway/Rabbit Hollow Area Stormwater project previously approved in the 2016/2017 fiscal year and the advancement of a dump/grapple truck. This budgeting philosophy moving forward will aid the Town in maintaining both restricted and unrestricted fund balances. The Town's operating costs under normal circumstances should never exceed yearly revenue collections.

As of FY June 30, 2016 the audited unrestricted fund balance totaled \$2,639,523. It is projected that the unrestricted fund balance in June 2017 will be approximately \$1,933,676. This reduction is attributed to reducing debt on the Fire House loan by \$500,000 and installing additional pumping stations in FY 16/17. The proposed budget reduces the unrestricted fund balance by \$235,000 for a projected total of \$1,698,676 at the end of the FY 17/18. The reduction is

attributed to offsetting the costs of the Rabbit Hallow/Tateway Stormwater project and the purchase of a Dump/Grapple Truck in the Public Works Department.

Conclusion

The budget document remains the same in format, layout and content as last year's budget. At the broadest level, it remains easy to read so everyone has a better idea of how taxpayer dollars are being used. The budget is presented utilizing the highest principles of governmental budgeting in accordance with the Government Finance Officers Association.

With input from all Town Departments, a balanced budget for FY 2017/18 is hereby submitted to Town Council for consideration and approval. The proposed budget will continue providing our Staff the resources to provide the very best service delivery to our residents. I would like to thank the Mayor and Council for their continued support and all Town employees for the outstanding job they do every day.

The theme of this year's budget is ***"A Destination for some ...we call it 'Home'"*** as a result of the Town's efforts in providing service delivery during seasonal population spikes while also ensuring residents are enjoying a high quality of life year round they deserve.

It is with great pleasure I submit to the Mayor and Town Council the balanced FY 17/18 budget document.

Sincerely,

Andy Stewart
Town Manager, Town of Kitty Hawk

Town of Kitty Hawk Budget Ordinance - FY 2017-18

BE IT ORDAINED by the Town Council of the Town of Kitty Hawk, North Carolina that:

ESTIMATED GENERAL FUND REVENUES: It is estimated that the following General Fund Revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018 to meet appropriations approved by the Town Council herein. The property tax revenue estimate is based on a projected collection rate of 99% by the Dare County Tax Department.

Source	Amount
Ad Valorem Tax (\$.30)	\$3,318,129
Ad Valorem Tax (\$.04) Debt Service Beach Nourishment	\$442,417
Ad Valorem Tax MSD (\$.12) Beach Nourishment	\$494,784
Prior Years Taxes	\$5,000
Penalties/Interest	\$2,500
Motor Vehicle Tax	\$130,000
Motor Vehicle Tax (\$.04) Beach Nourishment	\$17,969
Motor Vehicle Tax (\$.12) MSD	\$5,513
Telecom Tax	\$27,734
Electric Utilities Tax	\$401,958
Piped Natural Gas	\$1,400
Cable Franchise Tax	\$89,922
PEG Channel Tax	\$28,000
Occupancy Tax	\$1,319,209
Local Option Sales Tax	\$1,148,940
Local Option Sales Tax Beach Nourishment MSD	\$151,060
Land Transfer Tax	\$290,000
Mixed Beverage Tax	\$56,560
Beer and Wine Tax	\$15,195
Building Permits	\$110,000
Town Merchandise Sales	\$500
CAMA Permit Fees	\$3,500
Homeowner Recovery Fee	\$300
Interest on Investments	\$15,000
Office Rental – NC Department of Environment and Natural Resources	\$4,800
Miscellaneous Revenue	\$1,000
Powell Bill	\$106,000
Board of Adjustment Fees	\$500
Court Fees	\$3,500
Sanitation Fees (Garbage Cans)	\$5,000
Solid Waste Disposal Tax	\$1,500
Code Enforcement Fines & Parking Violations	\$4,000
Site Plan Review Fees	\$1,000

Source	Amount
Sale of Surplus Property	\$10,000
Planning Permits and Fees	\$12,000
GHSP Grants	\$20,000
Governor's Crime Commission Grant	\$24,000
Controlled Substance Distribution	\$1,000
NC Soil and Water Grant	\$190,050
Icarus International	\$3,500
Local Cable Franchise Fees - Charter	\$22,000
Transfer from Capital Reserve	\$22,500
Dare County Payment to BN Obligation Bonds	\$1,245,673
Fund Balance – Appropriated	\$235,000
Total	\$9,988,613

GENERAL FUND APPROPRIATIONS: The following amounts are hereby appropriated for the operation of the Town government and its activities for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

Function	Budget
General Government	\$2,529,813
Public Safety	\$3,793,383
Transportation	\$102,000
Sanitation	\$1,116,000
Beach Nourishment	\$2,357,417
Total	\$9,988,613

ESTIMATED CAPITAL RESERVE FUND REVENUES: It is estimated that the following Capital Reserve Fund Revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018 to meet appropriations approved by the Town Council herein.

Function	Budget
Capital Reserve	\$22,500
Transfer from General Fund – Future Capital	\$35,000
Transfer from General Fund – Excess Beach Nourishment	\$151,633
Total	\$209,133

CAPITAL RESERVE FUND APPROPRIATIONS: The following amounts are hereby appropriated for the operation of the Capital Reserve Fund and its activities for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

Function	Budget
Transfer to General Fund	\$22,500
Reserves	\$186,633
Total	\$209,133

TAXES AND FEES LEVIED: There is hereby levied a tax rate of 34 cents (\$0.34) on each one hundred dollars (\$100.00) valuation of taxable property in the Town of Kitty Hawk, as listed for taxes for the current tax year by the Dare County Tax Department. The Municipal Service District (MSD) is established with a tax rate of an additional 12 cents (\$.12) for each one hundred dollars (\$100) valuation of taxable property in the Town of Kitty Hawk for the purpose of a Beach Nourishment Capital Project to repay debt service on special obligation bonds, as listed for taxes for the current tax year by the Dare County Tax Department. The total property tax base is estimated by the Dare County Tax Office to be \$1,117,781,294 with the MSD portion representing \$416,485,189 of the total property tax base. The total property tax levies are anticipated to produce \$ 4,255,330 in revenue based on a 99% collection rate. A penny on the tax rate is projected to generate approximately \$153,427.

ENCUMBERED OPERATING FUNDS REAPPROPRIATED: The operating funds encumbered on the financial records as of June 30, 2017 are hereby re-appropriated to this budget.

TOWN MANAGER TRANSFER AUTHORIZATION: The Town Manager is hereby authorized to transfer amounts between functional areas, including contingency appropriations, within the same fund. He must make an official report of such transfers at the next regular meeting of the Town Council.

ANNUAL BUDGET COPIES: Copies of the Budget for FY 2017-18 shall be furnished to the Town Council members, Town Manager, Town Finance Officer, and Town Clerk to be kept on file by them for their direction in the disbursement of funds.

Adopted by the Kitty Hawk Town Council this 5th day of June, 2017.

Gary L. Perry, Mayor

Lynn Morris, Town Clerk

2017 Date	Action Item
February 6	<u>Council Approves Proposed Budget Calendar</u>
April 24	<u>Budget work session with Town Council</u>
May 22	<u>Public Hearing Advertised for Budget Ordinance</u>
May 22	<u>Town Manager files proposed Budget with Town Clerk</u>
June 5	<u>Council Holds Public Hearing on Proposed Budget and adoption of FY 2016-2017 Budget Ordinance</u>
July 1	<u>Approved FY 2017-2018 budget becomes effective</u>
For information regarding meeting times and locations, visit www.townofkittyhawk.org	

Budget Process

The Town budget is adopted by ordinance in accordance with the North Carolina Local Government Budget & Fiscal Control Act (N.C.G.S. 159). It must be adopted no earlier than 10 days after the budget is presented to the Council and not later than July 1 of each year. The budget ordinance shall cover a fiscal year beginning July 1 and ending June 30 of each fiscal year. State law requires a balanced budget, i.e., a budget when the sum of estimated revenues and appropriated fund balances is equal to appropriations. The budget is developed on the modified accrual basis of accounting.

In accordance with General Statute Chapter 159 Department Heads transmit their budget requests to the designated budget officer with a list of expected expenditures before April 30 of each year. The budget officer then compiles all Department requests and develops a balanced budget. After the fiscal year begins, staff prepares monthly reports of budgeted-versus-actual revenues and expenditures. These reports are used by management to monitor spending and plan for the next year's budget.

Budget Amendments

Expenses or transfers incurred throughout the year in excess of appropriations must have prior Council approval. These approvals are formally acknowledged by the Town Council in the form of budget amendments. The budget is prepared on a line-item basis and budgetary compliance is maintained on the Department level.

Summary of General Fund Revenues by Percentage

Percentage of Revenues by Source

GENERAL FUND

ACCT. NO.	CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	PROPOSED BUDGET 17/18	Percentage of Revenues
REVENUES						
	Taxes - Property	3,623,348	4,396,770	4,317,174	4,416,312	44.21%
	Taxes - Other	2,927,193	3,217,703	3,074,172	3,531,478	35.36%
	Permits and Fees	123,745	130,036	101,300	132,300	1.32%
	Intergovernmental	553,468	163,384	129,000	1,586,723	15.89%
	Fines and Forfeits	3,342	2,782	3,600	7,500	0.08%
	Interest Earnings	8,912	17,948	11,038	15,000	0.15%
	Other Revenue	50,784	55,101	21,800	41,800	0.42%
	Fund Balance Appropriated	-	-	120,797	235,000	2.35%
	Transfer in from Capital Reserve	-	17,200	170,400	22,500	0.23%
	Total Revenues:	7,290,792	8,000,925	7,949,281	9,988,613	100.00%

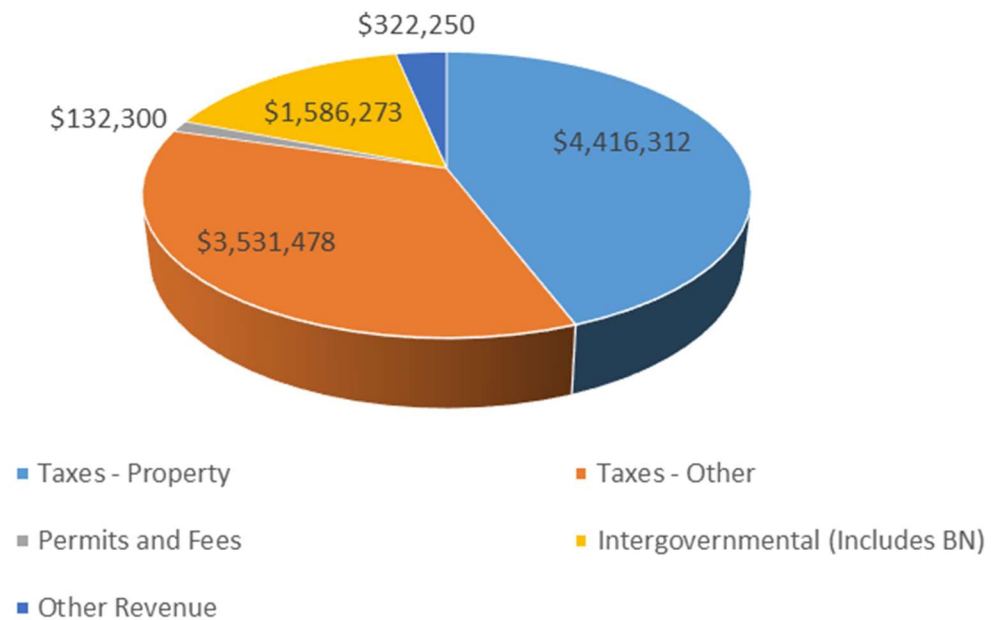
Summary General Fund Expenditures by Percentage

Percentage of Expenditures by Function

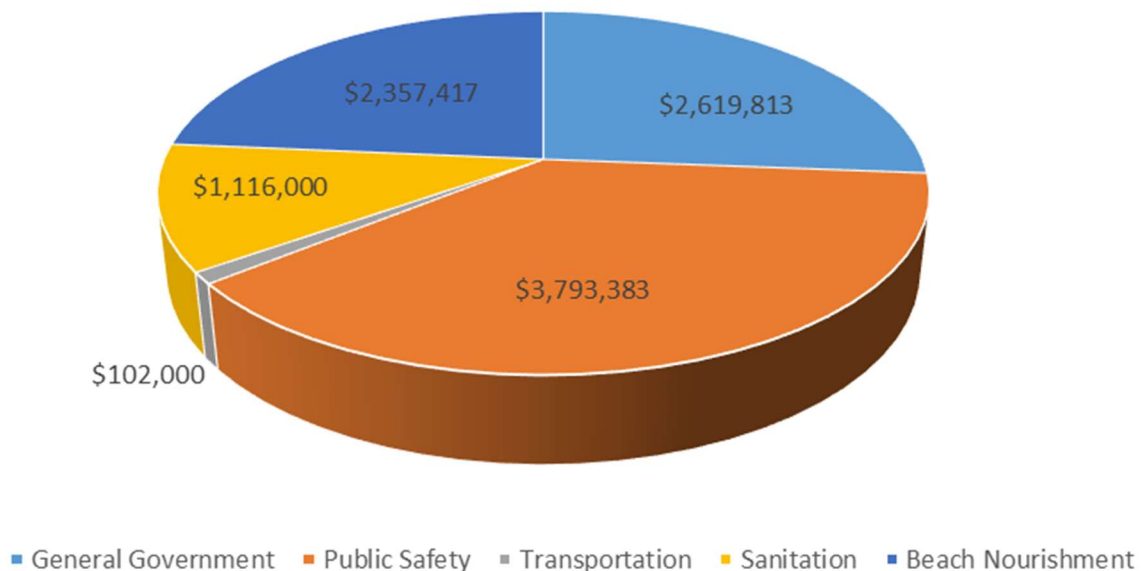
GENERAL FUND

ACCT NO.	CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18	Percentage of Expenditures
EXPENDITURES						
4110	Governing Body(Town Council)	15,536	19,734	22,809	26,700	0.27%
4100	Non-Departmental	357,090	331,257	396,050	430,377	4.31%
4120	Administrative Services	405,787	421,573	479,416	440,000	4.41%
4130	Finance Department	183,602	177,354	198,091	213,533	2.14%
4910	Planning & Inspections Department	271,082	284,446	318,153	293,183	2.94%
4270	Public Works Department	1,566,891	1,536,944	1,751,427	2,410,264	24.13%
4310	Police Department	1,641,833	1,660,153	1,825,193	1,899,408	19.02%
4340	Fire Department	1,962,716	1,419,143	1,674,781	1,734,271	17.36%
4370	Ocean Rescue	105,209	100,979	120,645	159,704	1.60%
4980	Planning Board	10,587	8,664	15,777	15,777	0.16%
4990	Board of Adjustment	616	583	3,780	3,780	0.04%
4111	Recreation Committee	1,258	505	3,500	4,200	0.04%
4410	Beach Nourishment	664,963	954,746	1,139,659	2,357,416	23.60%
	Total Expenditures:	6,520,949	6,916,081	7,949,281	9,988,613	100.00%

Top Five Revenues by Source



EXPENDITURES BY FUNCTION



The following revenue sources represent larger revenue sources that have a significant impact on the Town's operating budget:

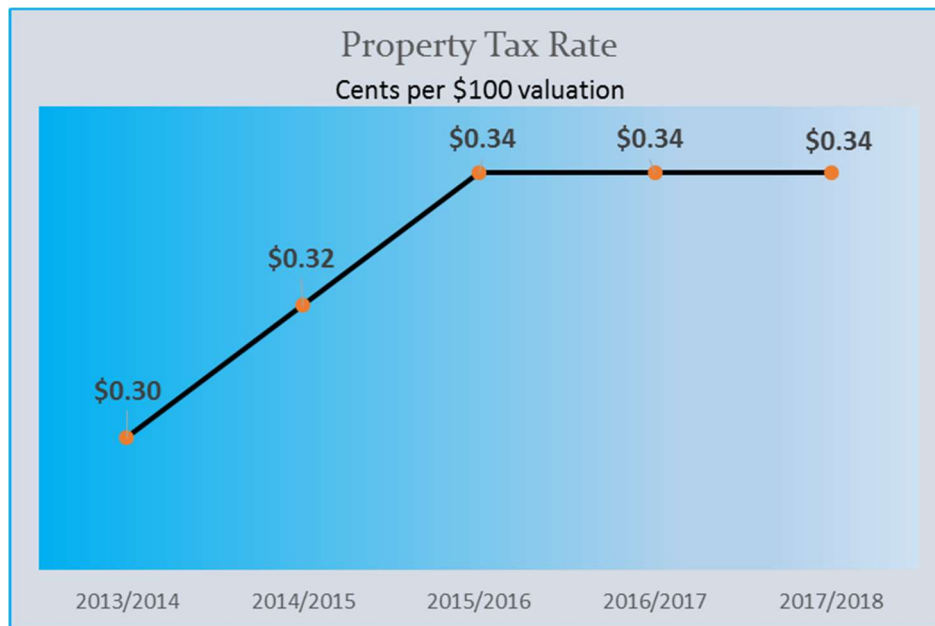
Property Tax

The Town's largest revenue source at 44.21% of General Fund revenues is the proposed property tax, budgeted at \$4,255,330—approximately 1.6% more than FY 2016/17. This increase is derived mainly from new construction and improvements, according to the gross taxable value assessment certified by the Dare County Tax Office.

Collected by the Dare County Tax Office, the property tax amount is calculated by multiplying the Town's assessed property values by the property tax rate set by Council after the Property Appraiser certifies the gross taxable value. The proposed budget uses the tax rate of 34 cents per \$100 of property valuation town wide and budgets based on a 99%-collection rate. Of the 34 cent property tax 4 cents is specifically dedicated to the beach nourishment fund. Residents located within the beach nourishment Municipal Service District also pay an additional 12 cents in addition to the town wide property tax of 34 cents per \$100 of property valuation.

A penny of property tax rate is projected to generate approximately \$153,427. The Town receives a large portion of its property tax revenues from October through February, as the tax bills go out in July and become due on September 1.

As indicated above, property tax revenue is heavily affected by property values as well as new construction. Based on market indicators for Kitty Hawk properties, staff predicts property values will remain constant or rise at a slow pace over the next several years.



***Graph does not include .12 cent additional tax rate within the Municipal Service District*

Motor Vehicle Tax

Residents in North Carolina are required to register their motor vehicles with the state. These motor vehicles are taxed at the same rate as the Town's property tax rate. Motor vehicles are valued by year, make and model in accordance with the North Carolina Vehicle Valuation Manual. Values are based on the retail level of trade for property tax purposes.

The Motor Vehicle Tax will generate an estimated \$153,482 for FY 2017/18 and represents 1.53% of the General Fund Revenues.

Local Option Sales Tax

The State of North Carolina currently implements a 6.75% sales tax rate on all qualifying sales within Dare County. 2% of this sales tax consists of a Dare County local sales tax while the remaining 4.75% is the North Carolina State Sales Tax.

The proceeds from the sales tax collected is distributed utilizing the Ad Valorem Distribution formula. Utilizing this method, the proceeds must be divided between the county and the municipalities in proportion to the total amount of ad valorem taxes levied by each. Therefore, a large tax increase by a unit in one year may distort the next year's allocations. When a county increases tax rates each year and municipalities in that county hold the line on tax increases or keep the increase at a minimum, it is possible for municipalities in ad valorem distribution counties to find their sales tax revenues not increasing at the statewide average, and they may even be lower than the previous year.

In the Town of Kitty Hawk, the total amount of ad valorem taxes levied has remained consistent in past fiscal years. It is anticipated that the local option sales tax revenues will increase slightly over the next five years as a result of the increase in ad valorem taxes levied to fund Beach Nourishment.

The local option sales tax will generate an estimated \$1,300,000 and represents 13.01% of General Fund Revenues.

Occupancy Tax

Dare County collects a total of six percent tax (6%) on gross receipts derived from the rental of room, lodging, campsite, or similar accommodation furnished by any hotel, motel, inn, tourist camp including private residences and cottages rented to transients. – 3%. Half of revenues collected from this tax are distributed to the County and the six municipalities within Dare County for tourist-related purposes, including construction and maintenance of public facilities and buildings, garbage, refuse, solid waste collection and disposal, police protection and emergency services. The six municipalities split two thirds of this revenue in proportion to the amount of ad valorem tax levied by each Town for the preceding fiscal year and the County gets the remaining one third. The remaining half of the tax is used for funding beach nourishment (2% tax) and (1% tax) promoting tourism in Dare County.

The Occupancy Tax will generate an estimated \$1,319,209 and represents 13.21% of General Fund Revenues.

Electric Utility Tax

The State of North Carolina levies a 7 percent (7%) franchise tax on the total gross receipts of all businesses within the State that furnish electricity. An amount equal to 3.09 % of the total gross receipts of electricity service derived from the sale within the municipality is distributed to the municipality in which these gross sales are made.

The municipal distributions of the utility franchise tax on electricity gross receipts are on September 15, December 15, March 15, and June 15. Electric Utility Taxes are projected to remain consistent over the next several years and are dependent on utility usage and rates.

The Electric Utility Tax will generate an estimated \$401,958 and represents 4.02% of General Fund Revenues.

Land Transfer Tax

The Land Transfer Tax for Dare County is 1%. The tax is an excise tax on instruments conveying certain interests in real property. The tax imposed is \$1 per each \$100 or fraction thereof of the total consideration of value of the interest conveyed. Currently the County receives 65% of the proceeds while the Towns receive 35% in proportion to the amount of ad valorem taxes levied by each town for the preceding fiscal year.

The Land Transfer Tax fluctuates based on the housing market environment. The housing market is predicted to remain neutral over the next several years, therefore, this tax is expected to remain consistent over the next several years.

The Land Transfer Tax will generate an estimated \$290,000 and represents 2.90% of General Fund Revenues.

Building Permits

The Town of Kitty Hawk requires permits for new construction, adding onto pre-existing structures, and other renovations to properties located within the Town limits. The fees generated from the building permits provides the resources for the building department to inspect and ensure compliance with national, regional, and local building codes.

The Town of Kitty Hawk expects building permits to increase in FY 17/18 as a result of increasing inspection and permitting fees to cover actual costs incurred by the Town. Any other increases or decreases are driven by the economy and fluctuations in the housing market.

Building Permits revenues will generate an estimated \$110,000 and represents 1.10% of General Fund Revenues.

Powell Bill

Powell Bill Funds comes from revenues generated by the state gas tax and other highway user fees. The formula requires 75 percent of the funds to be awarded based on population, while the remaining 25 percent are based on the number of street miles each municipality maintains.

In accordance with G.S. 136-41.1 through 136-41.4 Powell Bill funds shall be expended primarily for the purposes of resurfacing streets within the corporate limits of the municipality but may also used for maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare within the municipal limits or for planning, construction, and maintenance of bikeways, greenways or sidewalks.

Funds generated are expected to remain consistent to previous year's allocations as a result of slow population growth and no additional streets planned for construction.

Powell Bill revenues will generate an estimated \$106,000 and represents 1.06% of General Fund Revenues.

Grants

The Town of Kitty Hawk has been proactive at relieving the financial burden of residents for certain projects and programs when grant funding is available through other governmental agencies. The Town of Kitty Hawk in FY 17/18 budget is expected to receive approximately \$235,050 in grant funding. The largest grant funded project identified in the budget is a project to remove vegetative and storm debris from canals and ditches. The Town was awarded a grant in the amount of \$190,050 from the State of North Carolina through the Disaster Recovery Act of 2016.

Grant funding revenues will generate an estimated \$235,050 and represents 2.35% of General Fund Revenues.

Interest Earnings on Investments

The Town has legal limitations on investments allowed under NC General Statute 159-30, however, does make investments in an effort to maximize the return of available funds. The Town has experienced very low interest rate returns over the past several years as a result of the Federal Treasury rates, however, continues to receive revenue from investments. It is expected that interest rates will increase gradually over the next five years.

The interest earnings on investments is expected to generate an estimated \$15,000 and represents only .01% of General Fund Revenues.

Transfers from Capital Reserve and Fund Balance

These revenues typically represent funds transferred into the current year budget from Town reserves. These funds are typically not collected throughout the fiscal year and have been set aside in previous years to fund large capital projects. These funds are transferred into the budget in the year in which the capital purchase is to be funded. In addition, funds may also be transferred from the Town Fund Balance to balance the budget.

For FY 17/18 the Town has budgeted a \$2,500 transfer to the General Fund from the Capital Reserve Fund to apply towards the redesign of the Town's website and \$20,000 to offset the purchase a new Grapple/Dump truck. These are the only Capital Reserve transfers identified during the budget year.

The only funds for the FY 17/18 budget being transferred into the General Fund from the fund balance are for projects and capital purchases. (Rabbit Hallow/Tateway Stormwater Project & Dump/Grapple Truck Purchase totaling \$235,000)

The Transfers from Other Funds will generate an estimated \$257,500 and represents 2.57 % of General Fund revenues.

The Town of Kitty Hawk anticipates the unrestricted general fund balance to decrease by \$235,000 leaving a projected unrestricted fund balance at \$1,698,676 at the end of FY 17/18. This decrease in unrestricted fund balance is to pay for Capital project and purchases (Stormwater & Equipment).

The Capital Reserve Fund is projected to increase by \$164,874 in FY 17/18 mainly as a result of revenues collected in the municipal service district for Beach Nourishment exceeding the debt service payment in the Beach Nourishment Fund. These beach nourishment funds are restricted and are required to be set aside and used specifically for beach nourishment.

In 2011 the Town Council adopted a fund balance policy for the general fund which sets aside \$3,500,000 for unanticipated expenditures, revenue shortfalls and emergencies. The Emergency Reserve is anticipated to remain at the levels identified in the policy for FY 17/18.

Overall, the Town is continuing to maintain healthy fund balances and is financially stable.

General Fund Balance

Fiscal Year Ending	Actual FY 14/15	Actual FY 15/16	Estimated FY 16/17
<u>RESTRICTED:</u>			
Non-spendable:			
Prepaid Items	\$ 23,467	\$ 40,283	\$ 40,283
Restricted for:			
Stablization by State Statute	\$ 977,052	\$ 758,570	\$ 758,570
Street - Powell Bill	\$ 258,721	\$ 290,323	\$ 284,576
Public Safety	\$ 6,288	\$ 7,292	\$ 7,082
LEO Special Separation Allowance		\$ 40,018	\$ 29,144
Capital Reserve Fund	\$ 498,043	\$ 1,504,240	\$ 2,271,085
Appropriated Fund Balance	\$ 131,732	\$ 120,797	\$ 165,000
Emergency Reserve	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Total Restricted:	<u>\$ 5,395,303</u>	<u>\$ 6,261,523</u>	<u>\$ 7,055,740</u>
<u>UNRESTRICTED:</u>			
Committed:			
	\$ -	\$ -	\$ -
Assigned:			
For Reserves			
Unassigned:	\$ 1,392,927	\$ 2,639,332	\$ 1,933,676
Total Unrestricted:	<u>\$ 1,392,927</u>	<u>\$ 2,639,332</u>	<u>\$ 1,933,676</u>
Total Fund Balance at Fiscal Year End:	<u>\$ 6,788,230</u>	<u>\$ 8,900,855</u>	<u>\$ 8,989,416</u>

General Fund Revenues - Detailed

GENERAL FUND - 10 / DEPARTMENT DETAIL - 000

ACCT. NO.	REVENUE SOURCE	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
TAXES - PROPERTY					
10-9000-3100-0000	Ad Valorem Tax (\$.30)	3,238,555	3,278,919	3,260,435	3,318,129
	Ad Valorem Tax (\$.02)	224,904	-	-	-
10-9000-3275-0000	Ad Valorem (\$.04) BN	-	436,746	434,354	442,417
10-9000-3274-0000	Ad Valorem (\$.12) MSD	-	494,135	490,385	494,784
10-9000-3100-0000	Ad Valorem Prior Years	17,975	23,215	5,000	5,000
10-9000-3100-4170	Ad valorem and Vehicle Penalties/Interest	6,384	7,360	1,000	2,500
10-9000-3280-4121	Motor Vehicle Tax	135,530	133,580	110,000	130,000
10-9000-3280-4123	Motor Vehicle Tax - (\$.04)BN	-	17,766	16,000	17,969
10-9000-3280-4125	Motor Vehicle Tax - (\$.12)MSD	-	5,049	-	5,513
	Subtotal	3,623,348	4,396,770	4,317,174	4,416,312
TAXES - OTHER					
10-9000-3230-0000	Local Option Sales Tax	978,713	1,134,374	971,080	1,148,940
10-9000-3230-0012	Local Option Sales Tax - BN MSD	-	-	128,920	151,060
10-9000-3270-0000	Occupancy Tax	1,092,381	1,183,530	1,175,000	1,319,209
10-9000-3245-0000	Land Transfer Tax	275,364	295,507	290,000	290,000
10-9000-3837-0000	Mixed Beverage Tax (ABC)	53,298	59,175	53,831	56,560
10-9000-3324-4001	Telecom Tax	34,557	29,413	34,000	27,734
10-9000-3324-4002	Electric Utility Tax	356,241	383,782	280,841	401,958
10-9000-3324-4003	Cable Franchise Tax	89,457	85,345	90,000	89,922
10-9000-3324-4004	Piped Natural Gas Tax	248	1,344	2,500	1,400
10-9000-3324-4005	PEG Channel	28,481	27,972	32,400	28,000
10-9000-3322-0000	Beer and Wine Tax	16,254	15,044	13,500	15,195
10-9000-3471-0000	Solid Waste Disposal Tax	2,199	2,217	2,100	1,500
	Subtotal	2,927,193	3,217,703	3,074,172	3,531,478
PERMITS AND FEES					
10-4910-3343-4012	CAMA Permits	3,640	5,425	3,500	3,500
10-4910-3343-4010	Building Permits	99,799	99,954	80,000	110,000
10-4910-3839-0000	Planning Permit and Fees	10,555	18,118	12,000	12,000
10-4990-3345-4020	Board of Adjustment Fees	300	600	500	500
10-4990-3345-4021	Site Plan Review Fees	4,236	-	1,500	1,000
10-9000-3470-0000	Sanitation Fees (Garbage Carts)	4,875	5,250	3,500	5,000
10-4910-3343-4011	Homeowner Recovery Fee	340	690	300	300
	Subtotal	123,745	130,036	101,300	132,300
INTERGOVERNMENTAL					
10-9000-3316-0000	Powell Bill Allocation (pass through)	Storm Water	106,555	102,000	106,000
10-9000-3633-0000	NC Soil and Water Grant (pass through)	-	-	-	190,050
10-4310-3431-5060	GHSP Grants (pass through)	36,507	38,092	20,000	20,000
10-4310-3431-0000	Gov. Crime Commission Grant (pass through)	-	-	-	24,000
	NCDENR Grant - Beach Access	51,818	-	-	-
10-9000-3317-4092	Controlled Substance Distribution	3,042	7,292	-	1,000
10-4270-3839-0000	Dare Co. - Sand Fencing (pass through)	4,769	11,446	7,000	-
	Dare Co. Tourist Bureau- Beach Access	17,273	-	-	-
10-4410-3271-0000	Dare County Payment to Obligation Bonds	440,059	-	-	1,245,673
	Subtotal	553,468	163,384	129,000	1,586,723

General Fund Revenues - Detailed

GENERAL FUND - 10 / DEPARTMENT DETAIL - 000

ACCT. NO.	REVENUE SOURCE	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
FINES & FORFEITS					
10-9000-3331-0000	Code Enforcement Fines & Parking Violations	300	-	500	4,000
10-9000-3330-0000	Court Fees	3,042	2,782	3,100	3,500
	Subtotal:	3,342	2,782	3,600	7,500
INTEREST EARNINGS					
10-90000-3831-0000	Interest on Investments	8,912	17,948	11,038	15,000
	Subtotal:	8,912	17,948	11,038	15,000
OTHER REVENUE					
10-9000-3834-0000	Office Rental - DNR NC	4,800	4,800	4,800	4,800
10-9000-3835-0000	Sale of Surplus Property	10,818	10,271	8,000	10,000
10-9000-3412-0000	Town Merchandise Sales	889	511	500	500
10-4270-3839-0110	Icarus International	3,506	3,476	3,500	3,500
10-9000-3839-0000	Miscellaneous Revenue	11,411	14,485	5,000	1,000
10-9000-3839-4025	Local Cable Franchise Fees- Chater Riverside	19,360	20,403	-	22,000
10-9000-3434-0000	General Donations	-	1,155	-	-
	Subtotal:	50,784	55,101	21,800	41,800
FUND BALANCE					
10-9000-3991-0000	Fund Balance-Appropriated	-	-	120,797	235,000
	Subtotal:	-	-	120,797	235,000
TRANSFER IN FROM CAPITAL RESERVE					
10-9000-9500-0000	Powell Bill Reserves (Byrd St. Drainage)	-	-	45,000	-
10-9000-9500-0000	Capital Reserves (Grapple/Dump Truck)	-	17,200	125,400	20,000
10-9000-9500-0000	Town Website (project code 1082)	-	-	-	2,500
	Subtotal:	-	17,200	170,400	22,500
TOTAL REVENUES		<u>7,290,792</u>	<u>8,000,925</u>	<u>7,949,281</u>	<u>9,988,613</u>

Governing Body Town Council

Councilman
Jeff Pruitt

Mayor Pro Tem
Craig Garriss

Mayor
Gary Perry

Councilwoman
Lynne McClean

Councilman
Ervin Bateman



Governing Body (Town Council) Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4110

ACCT. NO.	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL					
5121	Council Compensation	8,200	8,625	9,450	9,450
5181	FICA	646	694	750	750
	Subtotal:	8,846	9,319	10,200	10,200
OPERATING					
5192	Professional Services	-	3,072	-	3,500
5310	Travel and Training	278	451	5,000	5,000
5321	Telephone, Communications, Email	526	814	959	1,000
5491	Dues and Subscriptions	5,886	6,078	5,650	6,000
5499	Miscellaneous	-	-	1,000	1,000
	Subtotal:	6,691	10,414	12,609	16,500
	TOTAL GOVERNING BODY EXPENDITURES:	15,536	19,734	22,809	26,700

Non-Departmental

Non-Departmental Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4100

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
OPERATING						
5005		PEG Government Channel (pass through)	28,481	27,972	32,400	32,400
5006		Tax Collection Fees - Dare County	52,216	49,665	56,000	50,000
5007		Collection Fees - NCVTS	5,319	5,139	-	9,200
5220		Employee Events	1,452	2,274	2,400	3,000
5250		Vehicle Supplies	352	183	500	400
5299		Departmental Supplies	4,403	4,814	4,500	4,500
5321		Telephone, Communication, Email	3,468	3,704	3,500	3,500
5325		Postage	132	385	500	500
5330		Utilities	5,565	4,483	5,200	5,200
5340		Printing	368	-	400	400
5370		Advertising	-	-	800	800
5383		IT Services	772	2,718	3,300	35,000
5440		Service & Maintenance Contracts	7,924	6,902	12,500	8,000
5440		Serv & Maint. Contracts New Town Website	-	-	-	10,000
5450		Insurance & Bonding	164,483	165,455	220,000	231,000
5491		Dues & Subscriptions	214	268	250	250
5455		Special Liabilities/Unemployment Compens.	3,040	2,178	16,000	10,000
		Subtotal:	278,188	276,141	358,250	404,150
MAINTENANCE & REPAIRS						
5352		Maintenance & Repairs - Equipment	-	-	500	-
5353		Maintenance & Repairs - Vehicle	63	1,350	1,000	1,000
		Maintenance & Repairs - IT	-	-	1,800	-
		Subtotal:	63	1,350	3,300	1,000
CONTINGENCY						
5991		Budgetary Contingency	-	-	-	5,227
		Subtotal:	-	-	-	5,227
CAPITAL OUTLAY						
5520	1081	PD Server Replacement	-	17,565	-	-
5520	1083	PD Records Management Server(RMS)	-	-	6,000	-
5520	1083	IT Equipment	-	-	8,000	15,000
5540		Vehicles	-	15,901	-	-
5550		Equipment -Town Hall new copier	13,266	-	-	-
		Subtotal:	13,266	33,466	14,000	15,000
TRANSFER TO CAPITAL RESERVE						
5520	1083	Computer and laptop program reserve	65,572	20,300	3,000	-
5520	1082	Town Website Reserve	-	-	2,500	-
5594	1081	Storm Water improvementsTateway/Rabbit Hc	-	-	15,000	5,000
		Subtotal:	65,572	20,300	20,500	5,000
TOTAL NON-DEPARTMENTAL EXPENDITURES:			357,090	331,257	396,050	430,377

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Administrative Services

Mission:

Administrative Services conducts the overall administration of the Town as prescribed by the North Carolina General Statutes. Coordinates personnel and activities in accordance with the adopted Goals and Objectives of the Town Council and implements all policies and actions of the Town Council.



Administrative Services Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4120

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL						
5121		Salaries & Wages	266,010	274,374	296,090	265,338
5122		Over time	735	-	-	-
5181		FICA	20,468	20,447	22,761	20,372
5182	0901	Retirement Contribution	19,419	18,848	21,467	19,237
5182	0902	401 K	4,828	4,040	5,298	5,307
5183		Health Insurance	40,745	44,853	61,437	56,546
Subtotal:			352,205	362,563	407,053	366,800
PROFESSIONAL SERVICES						
5192		Legal Services	31,405	33,616	40,000	40,000
5199		Professional Services - Other	300	-	-	1,500
5396		Video & Transcription	5,600	5,400	10,050	8,000
Subtotal:			37,305	39,016	50,050	49,500
OPERATING						
5299		Departmental Supplies	1,175	5,304	1,200	3,500
5310		Travel	5,044	3,149	5,000	5,000
5321		Telephone, Communications, Email	2,561	2,631	2,913	3,000
5325		Postage	106	233	400	400
5370		Advertising	3,239	2,758	3,200	3,200
5440		Service & Maintenance Contracts	1,679	1,898	2,400	2,400
5491		Dues & Subscriptions	1,031	1,407	1,200	1,200
5349		Printing Codification of Ordinances	1,443	2,614	6,000	5,000
Subtotal:			16,277	19,994	22,313	23,700
TOTAL ADMINISTRATIVE SERVICES EXPENDITURES:			405,787	421,573	479,416	440,000

Finance Department

Mission:

The mission of the Finance Department is to administer and provide fiscally responsible control and guidance for all financial matters of the Town while complying with all applicable Town, State and Federal mandates. The Finance Department, in accordance with adopted Town Council policies, handles all Town-related financial matters in accordance with the North Carolina Budget and Fiscal Control Act. The department manages the Town's investment program, receipts, payables, payroll, and is responsible for coordinating and preparing for the annual independent audit at the close of each year.



Finance Department

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4130

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL						
5121		Salaries & Wages	107,466	102,317	105,818	108,978
5181		FICA	7,283	6,885	8,132	8,374
5182	0901	Retirement Contribution	7,823	7,028	7,672	7,901
5182	0902	401K	1,620	1,274	2,116	2,180
5183		Health Insurance	27,097	27,504	36,738	32,401
Subtotal:			151,289	145,008	160,476	159,833
PROFESSIONAL SERVICES						
5191		Auditor & Actuaries	19,172	18,998	20,000	20,000
Subtotal:			19,172	18,998	20,000	20,000
OPERATING						
5299		Departmental Supplies	3,518	2,378	2,600	2,600
5310		Travel & Training	1,101	2,609	3,500	12,000
5321		Telephone, Communications, Email	620	642	840	850
5325		Postage	550	317	800	400
5340		Printing	558	450	1,000	1,000
5440		Service & Maintenance Contracts	6,496	6,600	8,375	11,500
5491		Dues & Subscriptions	299	354	500	350
Subtotal:			13,142	13,349	17,615	28,700
TRANSFER TO CAPITAL RESERVE						
5550	1085	Finance Software upgrade	-	-	-	5,000
Subtotal:			-	-	-	5,000
TOTAL FINANCE DEPARTMENT EXPENDITURES:			183,602	177,354	198,091	213,533

Planning & Inspections Department

Mission:

To establish an attractive, safe, and functional community with a high "quality of life" for residents and visitors through planning and facilitating development activities in the Kitty Hawk community.



Planning and Inspections Department

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4910

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL						
5121		Salaries & Wages	179,986	184,332	195,309	190,953
5181		FICA	12,811	13,141	15,015	14,681
5182	0901	Retirement Contribution	13,103	12,663	14,160	13,844
5182	0902	401K	2,843	3,047	3,906	3,819
5183		Health Insurance	35,119	39,948	47,813	38,236
Subtotal:			243,862	253,131	276,203	261,533
PROFESSIONAL SERVICES						
5192		Legal	180	-	-	-
5195		Engineering	2,100	-	5,000	5,000
5199		Contracted Inspection Services	5,100	675	2,500	2,500
Subtotal:			7,380	675	7,500	7,500
OPERATING						
5212		Uniforms	-	-	200	200
5250		Motor Vehicle Fuel	1,403	1,076	2,200	2,200
5299		Departmental Supplies	858	970	2,300	2,300
5310		Travel & Training	4,438	3,973	5,000	5,000
5321		Telephone & Communications	1,127	1,274	1,250	1,250
5325		Postage	2,072	2,087	2,300	2,300
5340		Printing	2,474	1,944	2,300	2,300
5370		Advertising	-	-	800	800
5440		Service & Maintenance Contracts	5,079	5,333	6,000	4,000
5491		Dues & Subscriptions	1,257	1,223	2,000	2,000
5693		Homeowner Recovery Fees	369	711	300	300
Subtotal:			19,077	18,591	24,650	22,650
MAINTENANCE & REPAIRS						
5353		Maintenance & Repairs	763	1,172	800	1,500
Subtotal:			763	1,172	800	1,500
CAPITAL OUTLAY						
5540		Vehicle for Code Enforcement	-	10,876	9,000	-
Subtotal:			-	10,876	9,000	-
TOTAL PLANNING & INSPECTIONS EXPENDITURES:			271,082	284,446	318,153	293,183

Public Works Department

Mission:

The mission of the Public Works Department is to provide and maintain the highest level of public work services and facilities for residents and businesses in the Town of Kitty Hawk. Public Works is committed to providing reliable and responsive services to the community in a safe, respectful, and cost-effective manner,



Public Works Department Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4270

ACCT. NO.	Project Code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL						
5121		Salaries & Wages	206,915	207,849	183,435	187,354
5121		Seasonal/Part-Time	-	-	37,400	37,350
5122		Overtime	1,047	687	2,550	-
5181		FICA	15,730	15,755	17,236	17,337
5182	0901	Retirement Contribution	13,445	12,303	13,484	13,584
5182	0902	401 K	3,246	3,461	3,720	3,747
5183		Health Insurance	35,762	42,425	50,952	51,642
Subtotal:			276,145	282,478	308,777	311,014
OPERATING						
5212		Uniforms	2,210	2,192	2,500	2,500
5220		Food and Provisions	739	-	-	-
5250		Vehicle Supplies - fuel	13,219	7,502	20,000	15,000
5260		Shop Tools & Equipment	2,708	1,868	1,500	1,500
5293		Street Name Signs	1,502	2,406	2,000	2,000
5299		Departmental Supplies	400	495	1,000	1,500
5310		Travel & Training	796	-	2,500	3,000
5321		Telephone, Communications, Email	3,679	3,942	4,300	5,000
5330		Utilities	11,580	10,354	13,000	13,000
5433		ATV Rental	-	1,696	1,400	2,800
5440		Service & Maintenance Contract	6,481	7,225	15,000	20,000
5491		Dues and Subscriptions	184	189	350	400
5630		Inmate Labor Program	143	-	-	-
Subtotal:			43,641	37,867	63,550	66,700
MAINTENANCE & REPAIRS						
5295	0000	Maintenance & Repairs - Bldg & Grounds	71,981	71,380	63,500	83,500
5295	0114	Maint & Rep. Storm Debris Remov Canals/Ditches	-	-	-	190,050
5295	0110	Maintenance & Repairs - Icarus	1,086	847	3,500	3,500
5352		Maintenance & Repairs - Equipment	13,084	14,331	14,000	12,500
5353		Maintenance & Repairs - Vehicle	5,886	4,482	10,000	10,000
Subtotal:			92,037	91,041	91,000	299,550
CAPITAL OUTLAY						
5540		Vehicles	-	28,224	-	-
5550	1002	Equipment- Broom Tractor	-	8,982	83,100	-
5580		Buildings/ Structures- Metal Storage	-	-	-	15,000
5591	0112	Lilian Street	68,728	-	-	-
5591		Split Rail Fence -Byrd Street	27,921	-	-	-
5593		Install Fence/Screen @ Police Department	-	-	8,000	-
5593		Sewage Pump and Drainfield @ Police Department	-	-	7,000	-
5594		Storm Water improvementsTateway/Rabbit Hollow	-	-	-	165,000
5595		Sound Shoreline (Project Moore Shore Rd)	-	-	-	180,000
5550		Grapple/Dump Truck	-	-	-	140,000
5599		Sand Fence Projects (pass through)	4,769	11,446	7,000	-
5550		Riding Mower	-	-	-	10,000
Subtotal:			101,417	48,652	105,100	510,000
TRANSFERS TO CAPITAL RESERVE						
5550	1003	Dump/Grapple Truck Reserves	27,700	27,700	20,000	-
5550	1005	Fuel Storage Tank Replacement	-	-	-	5,000
Subtotal:			27,700	27,700	20,000	5,000

Public Works Department Operating Expenditures (Cont.)

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4270

ACCT. NO.	Project Code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
TRANSPORTATION - (4510)						
5293		Transportation Signs	-	2,264	2,000	-
5295		Street Maintenance and Repairs	-	300	-	-
		Subtotal:	-	2,564	2,000	-
POWELL BILL						
5195		Professional Services- Engineer	-	1,031	-	2,000
5591		Street Maintenance (pass through)	99,841	74,692	10,000	10,000
5591		Roadway Improvements (pass through)	-	-	90,000	90,000
5591		Drainage Imp. Byrd and Lindbergh (pass through)	-	-	45,000	-
		Subtotal:	99,841	74,692	149,000	102,000
ENVIRONMENTAL SERVICES (4710)						
5690		Contract services Chipping	15,565	14,920	16,000	16,000
5691		Contract Services Solid Waste Collection	985,218	959,594	1,000,000	1,100,000
		Subtotal:	1,000,783	974,514	1,016,000	1,116,000
		TOTAL PUBLIC WORKS EXPENDITURES:	<u>1,566,891</u>	<u>1,536,944</u>	<u>1,751,427</u>	<u>2,410,264</u>

Police Department

Mission:

In cooperation with our community, the mission of the Kitty Hawk Police Department, is to protect life and property, and enhance the quality of life for all our customers. We will respond to the changing needs of our vacation community by implementing and sustaining compassionate, creative and comprehensive law enforcement programs, which focus on prevention, as well as apprehension.



Police Department Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4310

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL						
5121		Salaries & Wages	884,898	889,706	932,268	962,236
5121		Part Time Salaries	-	-	5,000	5,000
5122		Overtime	556	-	5,000	5,000
5131		Separation Allowance	58,021	63,818	72,777	63,828
5181		FICA	61,725	62,181	77,986	79,594
5182	0901	Retirement Contribution	65,867	63,364	74,231	76,623
5182		401 K - State Mandated 5%	-	-	43,160	44,619
5182	0902	401 K 2%	54,389	55,567	19,029	19,629
5183		Health Insurance	251,950	255,262	328,095	290,479
Subtotal:			1,377,406	1,389,897	1,557,546	1,547,008
PROFESSIONAL SERVICES						
5193		Professional Services - Medical	6,270	4,873	7,000	6,000
5199		Professional Services - Other	225	125	-	-
Subtotal:			6,495	4,998	7,000	6,000
OPERATING						
5212		Uniforms	10,867	7,891	10,000	10,000
5250		Vehicle Supplies Fuel	36,133	27,884	51,000	45,000
5299		Departmental Supplies	7,555	11,000	8,000	8,000
5310		Travel & Training	11,195	9,405	11,000	13,000
5321		Telephone, Email, & Communications	17,213	17,823	22,547	20,000
5325		Postage	1,523	1,665	1,600	1,600
5330		Utilities	6,592	5,761	6,800	6,500
5340		Printing	1,336	1,846	1,500	1,500
5380		Controlled Substances Enforcement	1,500	1,000	1,500	1,000
5433		Special Operations	2,623	1,400	1,400	3,500
5440		Service & Maintenance Contracts	18,393	23,642	27,300	29,000
5491		Dues & Subscriptions	947	953	1,000	1,000
5498		Controlled Substances tax -Restricted	3,216	6,363	-	1,000
Subtotal:			119,093	116,634	143,647	141,100
MAINTENANCE & REPAIRS						
5352		Maintenance & Repairs - Equipment	7,431	15,247	12,000	16,000
5353		Maintenance & Repairs - Vehicle	20,713	25,104	21,000	28,000
Subtotal:			28,144	40,352	33,000	44,000

Police Department Operating Expenditures (Cont.)

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4310

ACCT. NO.	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PROGRAMS & GRANTS					
5060	Grant - Highway Safety Program	27,499	22,569	20,000	20,000
5070	Grant - Gov. Crime Commission	9,231	15,000	-	24,000
5497	Community Outreach	1,001	958	1,000	1,000
	Subtotal:	37,730	38,526	21,000	45,000
CAPITAL OUTLAY					
5540	Vehicles	53,942	56,769	63,000	105,000
5550	Equipment	19,024	4,540	-	11,300
5580	Building Improvements	-	8,437	-	-
	Subtotal:	72,965	69,746	63,000	116,300
TOTAL POLICE DEPARTMENT EXPENDITURES:		1,641,833	1,660,153	1,825,193	1,899,408

Fire Department

Mission:

It is the mission of the Kitty Hawk Fire Department to exceed our citizen's expectations and provide safe, quick, and effective lifesaving service to the community of Kitty Hawk



Fire Department Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4340

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL						
5121		Salaries & Wages	751,017	743,380	775,548	796,353
5121		Part-Time Salaries	-	-	40,460	45,000
5121		Volunteer Incentive Pay	-	-	12,000	12,000
5122		Overtime	14,340	18,274	14,800	25,000
5181		FICA	56,567	56,073	64,475	67,414
5182	0901	Retirement Contribution	53,125	49,771	60,029	62,552
5182	0902	401 K	8,689	8,215	15,807	16,427
5182	0903	Fireman's Relief Fund	3,110	3,360	2,280	5,220
5183		Health Insurance	103,023	107,628	239,785	198,509
Subtotal:			989,871	986,702	1,225,184	1,228,475
PROFESSIONAL SERVICES						
5193		Medical/Physicals	9,175	7,660	12,250	12,250
Subtotal:			9,175	7,660	12,250	12,250
OPERATING						
5212		Uniforms	9,870	16,931	17,000	18,000
5250		Motor Vehicle Fuel	11,369	7,391	13,000	13,000
5299		Departmental Supplies	11,931	11,885	13,200	13,500
5310		Travel & Training	9,061	9,866	11,000	12,000
5321		Telephone, Communication, Emails	8,573	8,235	8,500	12,500
5325		Postage	136	145	250	250
5330		Utilities	12,939	13,606	14,500	14,500
5440		Service & Maintenance Contracts	7,196	6,145	8,500	8,500
5491		Dues and Subscriptions	1,683	1,843	2,000	2,000
Subtotal:			72,757	76,047	87,950	94,250
MAINTENANCE & REPAIRS						
5352		Maintenance & Repairs - Equipment	9,985	6,856	11,500	11,500
5353		Maintenance & Repairs - Vehicle	19,621	12,300	23,000	20,000
Subtotal:			29,606	19,156	34,500	31,500
CAPITAL OUTLAY						
5540		Vehicles	537,535	-	-	-
5550		Equipment	21,875	16,805	-	-
5550		Breathing Apparatus (3 SCBA)	-	-	18,500	18,000
5550		Code Enforcement/Fire Insp. Vehicle	-	10,876	-	-
5550		Replace Rescue 13	-	-	-	35,000
5550		Replace Copy Machine	-	-	9,000	-
5550		Powertraxx Stair Chair	-	-	-	6,900
5550		Replace Thermal Camera	-	-	-	6,000
5550		Replace Generator on E132	-	-	-	-
5550		Replace Gym Equipment	-	-	5,500	-
Subtotal:			559,410	27,681	33,000	65,900
DEBT SERVICE						
5710		Firehouse Loan Principal	187,343	215,080	221,392	243,939
5720		Firehouse Loan Interest	94,554	66,817	60,505	37,957
Subtotal:			281,897	281,897	281,897	281,896
TRANSFERS TO CAPITAL RESERVE						
5550	1004	Future Fire Truck Reserve	-	-	-	20,000
5550		Air Compressor Replacement	20,000	20,000	-	-
Subtotal:			20,000	20,000	-	20,000
TOTAL FIRE DEPARTMENT EXPENDITURES:			1,962,716	1,419,143	1,674,781	1,734,271

Ocean Rescue

Mission:

It is the mission of the Kitty Hawk Ocean Rescue to exceed our customer's expectations and provide safe, immediate, and effective lifesaving services to the community of Kitty Hawk.



Ocean Rescue Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4370

ACCT. NO.	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL					
5121	Salaries & Wages	84,865	80,795	93,911	120,102
5181	FICA	6,492	6,181	7,184	9,188
	Subtotal:	91,357	86,976	101,095	129,290
PROFESSIONAL SERVICES					
5193	Medical/Physicals	180	210	800	700
	Subtotal:	180	210	800	700
OPERATING					
5212	Uniforms	2,914	3,133	3,000	3,200
5250	Supplies & Materials - Vehicle	2,261	1,851	3,000	3,000
5299	Departmental Supplies	2,419	2,243	5,000	3,000
5310	Travel & Training	190	190	750	750
5321	Telephone, Communication, & Emails	735	314	800	800
5340	Printing	549	511	600	600
5433	ATV Lease	3,700	3,950	4,000	4,164
5491	Dues & Subscriptions	-	30	100	100
	Subtotal:	12,767	12,222	17,250	15,614
MAINTENANCE & REPAIRS					
5352	Maintenance & Repairs - Equipment	404	627	750	1,250
5353	Maintenance & Repairs - Vehicle	500	945	750	850
	Subtotal:	905	1,571	1,500	2,100
CAPITAL OUTLAY					
5540	Jet Ski	-	-	-	12,000
	Subtotal:	-	-	-	12,000
TOTAL OCEAN RESCUE DEPARTMENT EXPENDITURES:		105,209	100,979	120,645	159,704

Planning Board



Planning Board Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4980

ACCT. NO.	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL					
5121	Member Compensation	7,800	5,800	11,200	11,200
5181	FICA	597	444	857	857
	Subtotal:	8,397	6,244	12,057	12,057
PROFESSIONAL SERVICES					
5396	Transcription	2,190	2,420	3,220	3,220
	Subtotal:	2,190	2,420	3,220	3,220
OPERATING					
5310	Travel & Training	-	-	500	500
	Subtotal:	-	-	500	500
TOTAL PLANNING BOARD EXPENDITURES:		10,587	8,664	15,777	15,777

Board of Adjustment



Board of Adjustment Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4990

ACCT. NO.	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
PERSONNEL					
5121	Member Compensation	300	300	1,050	1,050
5181	FICA	23	23	80	80
	Subtotal:	323	323	1,130	1,130
PRESESSIONAL SERVICES					
5192	Legal Fees	-	-	1,500	1,500
5396	Transcription	215	260	750	750
	Subtotal:	215	260	2,250	2,250
OPERATING					
5310	Travel & Training	-	-	250	250
5370	Advertising	78	-	150	150
	Subtotal:	78	-	400	400
TOTAL BOARD OF ADJUSTMENT EXPENDITURES:		616	583	3,780	3,780

Recreation Committee



Recreation Committee Operating Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL - 4111

ACCT. NO.	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
OPERATING					
5370	Advertising	-	-	200	200
5499	OBX Marathon	1,258	505	500	500
5499	Pruitt Park (Repairs to Playground)	-	-	2,800	3,500
	Subtotal:	1,258	505	3,500	4,200
TOTAL RECREATION COMMITTEE EXPENDITURES:		1,258	505	3,500	4,200

Beach Nourishment

Mission:

The Beach Nourishment department is established in order to reduce the vulnerability of public infrastructure, reduce flooding, and reduce vulnerability of ocean front homes within the Town.



Beach Nourishment Expenditures

GENERAL FUND - 10 / DEPARTMENT DETAIL -4410

ACCT. NO.	Project code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
OPERATING						
5006		Dare Co. Collection Fee (BN Portion)	-	-	15,000	15,000
5192		Profesional Services Legal	19,440	-	-	-
5195		Legal Services (BN)	416,210	-	70,000	-
5325		Postage	1,116	-	-	-
5340		Printing	3,213	-	-	-
5370		Advertising	80	-	-	-
5599		Beach Maintenance (Sand Fence, Vegetation)	-	-	-	20,000
		Subtotal:	440,059	-	85,000	35,000
DEBT SERVICE						
5710		Special Bonds Loan Principal	-	-	-	1,999,800
5720		Special Bonds Interest	-	-	192,620	170,983
		Subtotal:	-	-	192,620	2,170,783
TRANSFER TO CAPITAL RESERVE						
5591	0113	Beach Nourishment Collections	224,904	954,746	862,039	151,633
			224,904	954,746	862,039	151,633
TOTAL BEACH NOURISHMENT FUND EXPENDITURES			664,963	954,746	1,139,659	2,357,416

Capital Reserve Fund

Mission:

The capital reserves funds account for funds set aside for projects that present a long-term capital investment, or that may be related to some sort of capital expense in the future.



Capital Reserve Revenues

GENERAL FUND / DEPARTMENT DETAIL

DEPT No.	Project Code	REVENUE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
TRANSERS IN						
		Broom Tractor	-	-	55,400	-
		Grapple/Dump Truck Reserve				20,000
1004		Website Reserve				2,500
		Storm Damage Reduction	-	-	70,000	-
		Subtotal	-	-	-	22,500
TRANSFER IN FROM GENERAL FUND						
		Future Capital Reserves	-	-	40,500	35,000
4410	0113	Excess Beach Nourishment	-	926,421	862,039	151,633
		Subtotal:	-	926,421	1,027,939	186,633
CAPITAL RESERVE FUND REVENUES			-	926,421	1,027,939	209,133

Capital Reserve Fund Expenditures

GENERAL FUND / DEPARTMENT DETAIL

DEPT NO.	Project Code	EXPENDITURE CLASSIFICATION	ACTUAL FY 14/15	ACTUAL FY 15/16	BUDGET FY 16/17	BUDGET FY 17/18
TRANSFERS OUT						
1004		To General Fund (Website)	-	-	-	2,500
		To General Fund (Grapple/Dump Truck)	-	-	125,400	20,000
		Subtotal:	-	-	125,400	22,500
RESERVE						
		Laptop Replacement -PD	-	-	3,000	-
4100	1082	Town Website	-	-	2,500	-
4100	1081	Phone System Replacement - Townwide	-	-	15,000	5,000
4130	1085	Finance Software Upgrade	-	-	-	5,000
4270	1003	Grapple/Dump Truck - PW	-	-	20,000	-
4270	1005	Fuel Storage Tank Replacement	-	-	-	5,000
4340	1004	Future Fire Truck Replacement	-	-	-	20,000
4410	113	Beach Nourishment Excess	-	926,421	862,039	151,633
		Subtotal:	-	926,421	902,539	186,633
TOTAL CAPITAL RESERVE FUND EXPENDITURES:			-	926,421	1,027,939	209,133

Capital Expenditures Summary FY 2017-2018

CAPITAL EXPENDITURES / DEPARTMENT DETAIL - AS SHOWN

CAPITAL PURCHASE	SOURCE	DESCRIPTION	JUSTIFICATION	FY 17/18
		GOVERNING BODY (4110)		
		No Capital Funded		
		NON-DEPARTMENTAL (4100)		
IT Equipment	Operating	Purchase IT Equipment	This provides an estimated allowance to purchase new computers, servers, and related IT equipment as needed	15,000
Phone System Replacement	Reserves	Continues to fund reserve for future phone system replacement	The Town will eventually need to replace outdated phone system	5,000
Town Website	Operating/Reserves	Update Town's Website	Refresh look and function of website	10,000
			Subtotal:	30,000
		ADMINISTRATIVE SERVICES (4120)		
		No Capital Funded		
		FINANCE (4130)		
Software Upgrade	Reserves	Establishes a reserve for future accounting software	Department will need to updated accounting software in the future	5,000
			Subtotal:	5,000
		PLANNING & INSPECTIONS (4910)		
		No Capital Funded		
		PUBLIC WORKS (4270)		
Riding Lawn Mower	Operating	Purchase of new riding lawn mower	Identified in the Five -Year CIP	10,000
Fuel storage Tank	Reserves	Establishes reserve for future fuel storage tank	The existing tank is corroding and will need to be replaced in future	5,000
Metal Storage Building	Operating	Construct a metal building for equipment storage	Existing Equipment is stored outside and is affected by weather elements	15,000
Dump/Grapple Truck	Operating	Purchase Dump/Grapple Truck	Identified in Five-Year CIP	140,000
Tateway/Rabbit Hollow Stormwater Project	Fund Balance	Funds stormwater project from General Fund Balance	Reduce stormwater during excess rain/flooding events	165,000
Moore Shore Rd. - Living Shoreline	Operating/Grant	Assists with funding needed for Moore Shore Rd. Living Shoreline Project	Provides funding to complete Moore Shore Road Living Shoreline Project	180,000
			Subtotal:	515,000

CAPITAL EXPENDITURES / DEPARTMENT DETAIL - AS SHOWN

CAPITAL PURCHASE	SOURCE	DESCRIPTION	JUSTIFICATION	FY 17/18
POWELL BILL				
Roadway Improvements	State Funds	Annual overlay of Town streets	Deterioration of streets requires overlay program	90,000
Subtotal:				90,000
POLICE DEPARTMENT (4310)				
Vehicles	Operating	Replace three (3) Patrol Vehicles as needed	Excess 100,000 miles. Identified in Five-Year CIP	105,000
In Car Cameras	Operating	Purchase (2) In Car Cameras	Purchase (2) In Car Cameras. Identified in Five-Year CIP	11,300
Subtotal:				116,300
FIRE DEPARTMENT (4340)				
SCBA Apparatus	Operating	Replace three (3) Self Contained Breathing Apparatus	Annual Replacement. Identified in Five-Year CIP	18,000
Replace Rescue 13 Pick Up Truck	Operating	Purchase New Pick Up Truck - Rescue 13	Replaces 2005 F350 with Dodge Ram. Identified in Five - Year CIP	35,000
Thermal Camera	Operating	Purchase new Thermal Imaging Camera	Replaces current camera which is 10 years old. Identified in Five-Year CIP	6,000
Powertraxx Stair Chair	Operating	Purchase a Ferno Model Stair Chair	Reduces lifting injuries when moving patients downstairs	6,900
Future Fire Truck	Reserves	Establishes Reserves for purchase of future Fire Truck	Town recognizes that a fire truck in the future will be needed	20,000
Subtotal:				85,900
OCEAN RESCUE (4370)				
Jet Ski	Operating	Replace Jet Ski	Current Jet Ski showing signs of wear and tear due to salt elements. Identified in Five-Year CIP	12,000
Subtotal:				12,000
TOTAL CAPITAL EXPENDITURES FY 17/18:				854,200

FISCAL YEAR 2016/2017 Capital Project Ordinance

Ordinance No. 16-06

Capital Project Ordinance

For the Town of Kitty Hawk

BE IT ORDAINED by the Governing Board of the Town of Kitty Hawk, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance originally adopted on May 4th, 2015 is hereby amended as follows:

Section 1: The project authorized is Beach nourishment project to be financed by special obligation bonds, contributions from Dare County beach nourishment occupancy tax fund, ad valorem revenues, or other sources of revenue. The project life is estimated to be through December 31, 2017.

Section 2: The officers of the Town are hereby directed to proceed with the capital project within the terms of the Municipal Service District (MSD) Resolution, Dare County Inter-local agreement, bond resolution, and budget contained herein.

Section 3: The following amounts are appropriated for the project:

Dredging	\$17,559,176
Construction Management	\$223,152
Turtle Monitoring	\$39,540
Permitting	\$870,000
Preconstruction	\$164,010
Cost of the Bond Issuance	\$85,250
Total appropriations	\$18,941,128

Section 4: The following revenues are anticipated to be available to complete this project:

Proceeds from special obligation bonds	\$9,999,000
Contribution from Dare County-Project	\$8,930,878
Contribution from Cap. Reserve Fund - Beach Nourishment	\$11,250
Total estimated revenues	\$18,941,128

Section 5: The Finance Officer is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreements, and federal regulations. The terms of the bond resolution also shall be met.

Section 6: Funds may be advanced from the Capital Project Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

FISCAL YEAR 2016/2017 Capital Project Ordinance

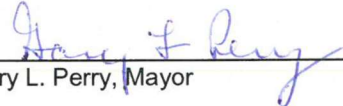
Ordinance No. 16-06

Section 7: The Finance Officer is directed to report, on a quarterly basis, on the financial status of each project element in Section 3 and on the total revenues received or claimed.

Section 8: The Budget Officer is directed to include a detailed analysis of past and future costs and revenues on this capital project in every budget submission made to this Council.

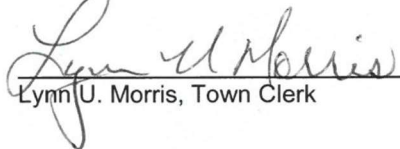
Section 9: Copies of this capital project ordinance shall be furnished to the Clerk to the Governing Board and to the Budget Officer and Finance Officer for direction in carrying out this project.

Adopted the 6th day of June 2016.



Gary L. Perry, Mayor

ATTEST:



Lynn U. Morris, Town Clerk

The Town's formal debt policy is consistent with that contained in North Carolina General Statutes 160-A. 20. This policy states that the issuance of bonds through an installment purchase contract shall be financed for a period not to exceed the anticipated useful life of the project.

In addition, it has always been the Town's practice not to use debt-service to pay for capital projects or operating expenses in the General Fund. The Town has historically planned and set aside capital reserve funds for the purchase of large capital projects to avoid debt service.

Currently the only debt in the Town's general fund was issued in 2005 for the construction of a new Firehouse. The Town's current debt principal balance in the general fund totals \$1,040,997, with FY 2017/18 principal and interest obligations of \$281,897. The yearly payment represents 2.89% of the Town's general fund revenues.

It should be noted that the outstanding balance in FY 16/17 was approximately \$2,007,292 and in less than one fiscal year the outstanding principal has been significantly reduced to \$1,040,997. This is as a result of additional principal payments made by the Town Council in FY 16/17 to reduce the debt service.

GENERAL FUND						
Fund	Project	Loan Origination Date	Original Loan Amount	FY 17/18 Principal & Interest	Outstanding Principal Balance	Expected Pay-Off Date
General Fund	New Firehouse Construction	Oct-05	4,000,000	281,897	1,040,997	1/15/22

In FY 16/17 the Town issued debt service for the construction of the Beach Nourishment Project. The project will be funded through the issuance of special obligation bonds that will be repaid by utilizing funding from the Dare County Beach Nourishment Fund and through a dedicated town-wide property tax of \$.04 (per \$100) and \$.12 (per \$100) within the municipal service district.

The Beach Nourishment Project was established by the adoption of Capital Project Ordinance No. 15-03, therefore all funds are derived by the special obligation bond and repaid by the dedicated revenue sources.

BEACH NOURISHMENT						
Fund	Project	Loan Origination Date	Original Loan Amount	FY 17/18 Principal & Interest	Outstanding Principal Balance	Expected Pay-Off Date
Beach Nourishment Fund	Beach Nourishment - *Projected	Apr-16	10,185,309	2,170,783	7,999,200	12/15/21

In accordance with an inter-local agreement adopted June 6, 2016 Dare County will reimburse the Town for 55% of the total principal interest payments over a five year period

Year Incorporated: Kitty Hawk was established in the early 18th century as Chickahawk. The Town incorporated in 1981.

Form of Government: A five-member Town Council, including a Mayor, is elected at-large to establish policy for the Town. A Town Manager appointed by Council implements that policy in running the Town's government.

Geography/Location: Kitty Hawk is a Town in Dare County North Carolina and is part of what is known as North Carolina's Outer Banks. Kitty Hawk is located on the East Coast of the United States and is part of a string of barrier islands. The city is surrounded by the Atlantic Ocean to the East and the Albemarle Sound to the West.

Size: The Town's corporate boundary encompasses 5,248 acres (8.2 square miles), of which 5,235 acres (8.18 square miles) are land and 30.46 acres (.0476 square miles).

Topography: The topography of Kitty Hawk is relatively flat, with elevations ranging from 4 to 38 feet above mean sea level (MSL) per the North American Vertical Datum of 1988. The Town is approximately 3 miles wide from the Atlantic Ocean to the Currituck Sound at the widest point and approximately $\frac{3}{4}$ of a mile wide at its narrowest point.

Shoreline: There are approximately 10.7 miles of shoreline in the Town, including 3.6 miles of Atlantic Ocean beach, 3.3 miles of Kitty Hawk Bay shoreline, and 3.8 miles of shoreline fronting the Albemarle Sound.

Climate: Kitty Hawk, NC climate is warm during summer when temperatures tend to be in the 70's and cold during winter when temperatures tend to be in the 40's.

The warmest month of the year is July with an average maximum temperature of 86.40 degrees Fahrenheit, while the coldest month of the year is January with an average minimum temperature of 35.80 degrees Fahrenheit.

The annual average precipitation at Kitty Hawk is 51.61 Inches. Rainfall is fairly evenly distributed throughout the year. The wettest month of the year is August with an average rainfall of 5.64 Inches.

Population: According to the 2010 United States Census the population was 3,272.

Demographics (2010 U.S. Census):

- Of the City's total population (3272):
 - 4.28% are younger than 4 years old;
 - 14.23% between ages of 5 to 17 years old;
 - 66.38% between ages of 18 to 64 years old;
 - 14.91% are 65 years and over.

Income in 2014 (2010-2014 American Community Survey 5-Year Estimates): Median household income was \$52,975

- 5.4% of families made less than \$10,000
- 42.6% of families made between \$10,000 and \$50,000.
- 39.9% of families made between \$50,000 and \$100,000.
- 17.6% of families made more than \$100,000.

Race/Ethnicity (2010 U.S. Census)

- 96.3 % White
- 1.1 % Black or African American
- .2% American Indian and Alaska Native
- .8% Asian
- .1% Native Hawaiian and Other Pacific Islander
- .5% Some Other Race

G.S. 159-8. Annual balanced budget ordinance.

- (a) Each local government and public authority shall operate under an annual balanced budget ordinance.
- (b) The budget ordinance of a unit of local government shall cover a fiscal year beginning July 1 and ending June 30.

G.S. 159-9. Budget officer.

- (a) Each local government and public authority shall appoint a budget officer to serve at the will of the governing board. In counties or cities having the manager form of government, the county or city manager shall be the budget officer.

G.S. 159-10 Budget Requests

- (a) Before April 30 of each fiscal year (or an earlier date fixed by the budget officer), each department head shall transmit to the budget officer the budget requests and revenue estimates for his/her department for the budget year.

G.S. 159-11 Preparation and submission of budget and budget message

- (a) Upon receipt of the budget requests and revenue estimates and the financial information supplied by the finance officer and department heads, the budget officer shall prepare a budget for consideration by the governing board in such form and detail as may have been prescribed by the budget officer of governing board.
- (b) The budget, together with a budget message, shall be submitted to the governing body not later than June 1. The budget and budget message should, but need not, be submitted at the formal meeting of the board.
- (c) The governing body may authorize or request the budget officer to submit a budget containing recommended appropriations in a manner that will reveal for the governing board the nature of the activities supported by the expenditures that exceed estimated revenues.
- (d) The budget officer shall include in the budget a proposed financial plan for each intragovernmental service fund, and information concerning capital projects.
- (e) The budget shall include a statement of the revenue neutral property tax rate for the budget.

G.S. 159-12 Filing and publication of the budget; budget hearings

- (a) On the same day that he/she submits the budget to the governing board, the budget officer shall file a copy of it in the office of the clerk to the board where it shall remain available for public inspection until the budget ordinance is adopted.
- (b) Before adopting the budget ordinance, the board shall hold a public hearing at which time any persons who wish to be heard on the budget may appear.

G.S. 159-13 The budget ordinance

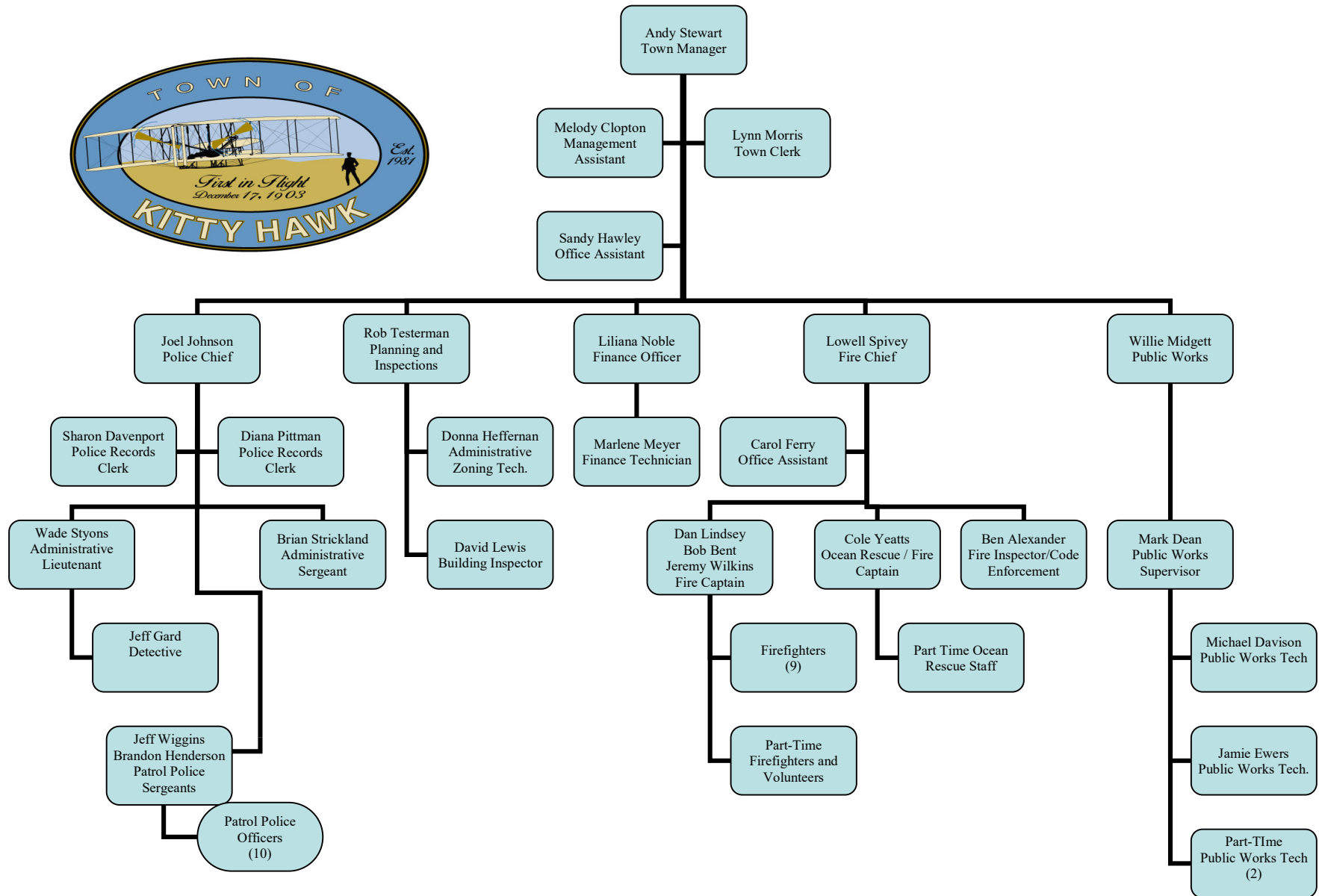
- (a) Not earlier than 10 days after the day the budget is presented to the board and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the board may consider sufficient and proper, whether greater or less than the sums recommended by the budget.

The Town's budget addresses two main types of governmental funds:

1. **General Fund**, the Town's primary operating fund, containing all financial resources of the general government except those required to be accounted for in another fund.
2. **Capital Reserve Fund**, established to account for long-term capital investment projects and other large purchases anticipated in the future.

The Town also adopted a Capital Projects Ordinance that is a multi-year fund adopted in May 2015:

Capital Projects Fund, this fund was established in May 2015 for the purpose of accounting for the Kitty Hawk beach nourishment project. The project is to be financed by special obligation bonds and contributions from Dare County beach nourishment occupancy tax fund.



A. Functional Area: Public Safety**1. Police/Law Enforcement**

- (a) Provide services, prevent crimes and protect persons and property within the Town of Kitty Hawk in a “customer/user-friendly” manner.
- (b) Maintain high visibility of Police in the community through business and residence checks along with aggressive foot patrols.
- (c) Work with neighborhoods and citizen groups to initiate and maintain Community Outreach Programs.
- (d) Continue to promote a professional, well-trained police, adequately paid workforce that is courteous, friendly, and helpful to residents, corporate citizens, and visitors to the Town, and whom constituents trust.
- (e) Maintain Police Department web page with current information.
- (f) Publicize, educate, and expand community-oriented programs, such as Shop-with-a-Cop, Bank Alarm Response, Project Lifesaver, and Community Outreach Programs.
- (g) Encourage law enforcement personnel to be involved in the community, as well as civic organizations in the Town.
- (h) Provide information and reports to the Town Manager for inclusion in the Manager’s Report, the Town Newsletter, and the Town web site.
- (i) Coordinate with NC Highway Patrol, Currituck Sheriff’s Department, as well as the Southern Shores and Duck Police Departments to enhance safety and traffic flow at the intersection of US 158 and Ocean BLVD in Kitty Hawk during seasonal weekend peak periods.

2. Building Inspections/Code Enforcement

- (a) Review all building plans in an efficient and customer-friendly manner.
- (b) Administer the local CAMA program in an efficient and customer-friendly manner.

- (c) Inform and educate the general public on development issues, processes, and projects within the Town of Kitty Hawk.
- (d) Respond to all public inquiries in a timely and accurate manner.
- (e) Notify impacted property owners about significant Town improvement projects (could include an informational meeting, website, e-newsletter, letters, or other means as necessary).
- (f) Update the Town's website with FAQ's, additional information, and online application forms.
- (g) Continue under a general policy of pursuing violations according to the Town's policy, working with owners on alternative solutions and allowing a reasonable amount of time for compliance to be achieved.
- (h) Provide equitable enforcement of sign violations in accordance with the adopted sign ordinance as detected during normal course of business.
- (i) Ensure a well-trained Planning and Inspections Department:
 - 1. Building Inspector to attend required continuing education courses in each of the five trades in order to maintain State certifications.
 - 2. CAMA Local Permit Officer (LPO) to attend required continuing education courses in order to maintain State certification and the Town's participation in the CAMA local permitting program.
 - 3. Code Enforcement Officer to attend required continuing education courses to maintain NCAZO certification.
- (j) Provide information for the Town Newsletter, Manager's Report, and Town Website that reflects the activities of the Planning & Inspection Department.

3. Fire Service

- (a) Continue daily staffing of four (4) firefighters on duty using full time and part-time personnel to meet NCDOT standards and assuring that assigned tasks are accomplished effectively and safely.
- (b) Continue to recognize firefighters for their service to the Town of Kitty Hawk at Town Council meetings for three years, five years, and each five-year increment afterwards.
- (c) Make progress toward achieving five- (5) minute response times for fire and medical calls for service, 90% of the time.
- (d) Make progress toward achieving nine- (9) minute response times for full first alarm assignments for fire emergencies, 90% of the time.
- (e) Conduct required Fire Code Compliance Inspections in sufficient number to meet NCGS 160A-411.
- (f) Continue Pre-Incident Surveys in order to visit each business and target hazard in Kitty Hawk on an annual basis.
- (g) Maintain open lines of communication between elected officials, Town Manager, and all other town departments and fire department.
- (h) Work towards lowering the fire department's Fire Protection Rating to Class 4.

4. Ocean Rescue

- (a) Continue to monitor and evaluate the beach populations to determine the need for an additional positions and/or stationary lifeguard stands.
- (b) Conduct weekly education programs to time-share occupancies from Memorial Day – Labor Day, educating weekly visitors in water safety and the dynamics of the ocean.
- (c) Maintain open lines of communication between elected officials, Town Manager, and all other town departments.
- (d) Educate beachgoers regarding the importance of removing all beach items each day and the safety hazards of leaving items unattended overnight. Include information in tide brochure.

5. Emergency Preparedness

- (a) In concert with Dare County's plans, update the Town's Emergency Preparedness, Response, and Recovery Plan before the beginning of Hurricane Season.
- (b) In concert with Dare County's plans, complete all of the preparations for Hurricane Season as laid out by the Town's Emergency Preparedness, Response, and Recovery Plan prior to Hurricane Season.
- (c) Maintain a liaison to the Dare County EOC.
- (d) Complete all training necessary to remain compliant with the National Incident Management System (NIMS).

B. Functional Area: Transportation**1. Regional Transportation**

- (a) Continuously evaluate Kitty Hawk's level of participation and commitment to various surface transportation planning initiatives in the region.
- (b) Continue participation in the TCC/TAC meetings and make recommendations relative to transportation in the RPO.

2. Multi-Use Paths, Beach/Sound Access Points & Parking

- (a) Include public input as a key component throughout the planning process.
- (b) Evaluate the location and design of such facilities with the intention of not degrading the aesthetics and quality of life for neighboring property owners.
- (c) Focus on providing public beach access toward the southern end of the Town.
- (d) Work with property owners on acquiring suitable property or easement by voluntary means for such purposes as multi-use paths, beach accesses, and parking areas.
- (e) Identify and pursue grants and other funding sources for multi-use paths, access points, and parking areas identified in the Recreation Master Plan.
- (f) Evaluate life cycle costs to determine the Town's ability to maintain new amenities within the constraints of existing requirements and resource priorities.

- (g) Plan and maintain access points with environmentally sensitive crossovers that meet CAMA and other State and Federal requirements, consistent with Beach Nourishment sustainability and Recreation Master Plan priorities, when compatible.

3. Streets

- (a) Maintain street and directional signage to standards as prescribed by the Manual of Uniform Traffic Control Devices (MUTCD).
- (b) Routinely maintain Highway 12 at a level greater than that maintained by the North Carolina Department of Transportation by sweeping sand build-up from the street and shoulders bi-monthly or as often as necessary for safe travel by pedestrians, bikes, and vehicles.
- (c) Continue to maintain all streets in Kitty Hawk while properly utilizing Powell Bill funds.

C. Financial Policies

- (a) Insure that the Town Council's adopted policies are strictly enforced.
- (b) Insure the immediate execution of budgetary and fiscal decisions and to provide financial data, records, contracts, and files for needed fiscal decision-making.
- (c) Provide monthly reports for the Town's financial condition to the Town Council, all departments, and State and Federal agencies.
- (d) Look for ways to further automate accounting functions in order to streamline and operate more efficiently.
- (e) Promptly pay submitted reimbursable expenses and payments to vendors so as to take advantage of any discounts that would be in the Town's best interest.
- (f) Maximize cash flow and investment earnings in accordance with Town policies and NC General Statutes.
- (g) Insure the accurate and prompt collection of Town revenues, including monitoring receipt and use of State and Federal grant funds.
- (h) Monitor expenditures in accordance with budget and ensure cost effective purchasing.

- (i) Accurately and promptly process departmental payrolls and employ systems to track use of sick leave, vacation leave, and compensatory time off.
- (j) Keep all Town departments informed on a “real time” basis of their financial condition and to coordinate and approve purchases by all Town departments and functions.
- (k) Review and integrate current and historical financial data into formats reflecting our changing financial condition toward fulfillment of the Town’s Financial Policy goals in accordance with GASB, state, and federal reporting requirements.
- (l) Administer the Town’s financial accounting system in accordance with generally accepted accounting principles and applicable statutory requirements and provide accurate and timely financial reports.

D. Economic and Community Development

1. Ordinance/Plan Review

- (a) Update the zoning ordinance and other development standards as necessary to address the changing needs of residents and businesses in the community.
- (b) Conduct thorough review and update of the Town’s adopted CAMA land use plan using the Planning Board and in-house resources consistent with revised state standards, when published.

2. Development Review

- (a) Select and utilize well qualified professional consulting engineers with coastal experience as needed during the site plan review process.
- (b) Select well qualified professional consulting architects or engineers for special projects for the Town on a case-by-case basis.
- (c) Review all site plans, plats, and other development applications for conformance with Town regulations in a timely, consistent, and customer- friendly manner.
- (d) Provide training opportunities for Planning Board and Board of Adjustment members to better understand their roles and responsibilities as appointed boards for the Town of Kitty Hawk.

E. Environmental and Aesthetic Concerns**1. Dunes**

- (a) Monitor beach and dune erosion and take immediate steps to remedy situations that compromise public safety.
- (b) Continue to explore, develop and implement strategies to initiate an appropriate dune stabilization program on public property such as sprigging with beach grasses, installing sand fences, and/or environmentally sensitive dune crossovers, and installing “keep off the dune” signs visible from both sides of the dune.
- (c) Provide beach access in areas where dunes are vulnerable and provide walkways with appropriate signage to direct foot traffic to less sensitive areas.
- (d) Complete Beach Nourishment Project construction in FY 2016/17.

2. Stormwater Management

- (a) Continue implementation of cost effective recommendations presented in the 2012 Stormwater Management Plan.
- (b) Maintain adopted stormwater management standards for new commercial, institutional, and multi-family residential development.

3. Beach Nourishment

- (a) In cooperation with Dare County, Kill Devil Hills and Duck, implement the Kitty Hawk portion of the Beach Nourishment project in 2016/17 Fiscal Year, with funding from occupancy tax revenue in the Dare County Beach Nourishment Fund, and property tax revenue from town-wide and Municipal Service District tax collection.
- (b) Monitor the effectiveness of the beach nourishment project in satisfying the town’s goals for the project, as outlined in “Beach Nourishment Project Town of Kitty Hawk North Carolina” by Coastal Planning and Engineering North Carolina, dated November 3, 2014. Evaluate cost benefit for continuation beyond the five year project life span.
- (c) Develop a program for Beach Nourishment Maintenance to provide funding for required sand replenishment following the projected five year life span of a successfully constructed project.

4. Solid Waste

- (a) Ensure that the Town's solid waste management opportunities and requirements are consistent with needs and expectations of the general public in a user-friendly manner.

5. Beautification

- (a) Emphasize the continued maintenance and enhancement of beautification efforts along the Town's key entryways and corridors.

6. Flood Damage Protection

- (a) Review all development projects in a fair and reasonable manner for compliance with the standards of the Town's flood damage prevention ordinance and FEMA regulations.
- (b) Offer a variety of educational opportunities for local residents to learn about improving personal safety.
- (c) Conduct flood damage prevention activities in a manner that increases the Town's score in the Community Rating System, thus reducing insurance rates in Kitty Hawk.

F. Leisure-Time Activities**1. Parks and Recreation**

- (a) Work with property owners on acquiring suitable property or easements by voluntary means.
- (b) Evaluate the location and design of recreational facilities with the intention of not degrading the aesthetics and quality of life for neighboring property owners.
- (c) Identify and pursue grants and other funding sources for recreational improvements.
- (d) Conduct public information sessions prior to the construction stage of recreational projects.

G. Administrative Policies**1. Personnel**

- (a) Conduct all of the Town's personnel functions in a cost effective, efficient, and user-friendly manner
 - 1. Maintain staffing levels at a ratio proportionate to the population and needs of the Town.
 - 2. Make every effort to hold down employee benefit insurance costs.
- (b) Develop and operate a personnel system that will recruit and retain high quality employees for the Town of Kitty Hawk.

2. Town Management

- (a) Enforce the Town's Personnel Policy and other personnel related policies fairly and equitably to all Town employees.
- (b) Fulfill the statutory requirements of the Town Manager's office consistent with the North Carolina General Statutes
- (c) Direct and supervise the administration of all Town departments and divisions.
- (d) Ensure that all Department Heads maintain a staffing level that does not require excessive amounts of overtime or compensatory time.
- (e) Attend all meetings of the Town Council and make professional recommendations as appropriate.
- (f) Ensure that all laws of the State of North Carolina, Town Charter, ordinances, resolutions, and regulations of the Town Council are faithfully executed.
- (g) Prepare and submit the annual budget and Capital Improvement Plan to the Town Council.
- (h) Annually submit to the Town Council, and make a copy available for public inspection a complete audit on the finances and administrative activities of the Town as of the end of the fiscal year.
- (i) Perform any other duties that may be required or authorized by the Town Council, consistent with State and Federal laws.

- (j) Communicate all areas of concern with the Town Council either in a formal Council venue or via memo or email.
- (k) Promptly return all phone calls and emails from members of the Town Council and the general public.
- (l) Meet with individual members of the Town Council as needed.
- (m) Represent the Town at local, regional, and state meetings that will enhance the knowledge of the policies and economic conditions.
- (n) Educate new and existing employees about the Town policies and procedures:
 - 1. Conduct orientation for all new Town employees to inform them of the Town's policies and procedures, their department's policies, and procedures, the benefits that they receive for being a Town employee, and to answer any of their questions so that their transition into their new position is smooth.
 - 2. Notify all employees of new policies when existing policies are amended or new policies are adopted by town council. Hold workshops as needed.
- (o) Keep all Town policies and procedures updated and in accordance with State and Federal law.
 - 1. Review each Town Policy on annual basis in conjunction with the Town Attorney. Update as required with Town Council concurrence.
 - 2. Develop new policies as needed, in conjunction with the Town Attorney, and implement following Town Council approval.
- (p) Conduct exit interviews for all employees leaving the Town service to make them aware of the possibility of continued health insurance through COBRA, to provide them with information about additional insurance and retirement programs that will be ending and to obtain information about why they are leaving the Town service so that the Town can improve itself as an employer.
- (q) Attend conferences and training sessions related to personnel management, safety, insurance, and municipal administration.

3. Connecting Citizens with the Town

- (a) Communicate effectively with all of the Town's citizens.

- (b) Publish the Manager's Newsletter and direct readers to the Town's web site where more information can be provided.
- (c) Increase the number of recipients of the Manager's Newsletter by email.
- (d) Update the general information on the Town's web site weekly or as needed.
- (e) Post all meeting minutes on the Town's web site.
- (f) Post the monthly building activity report on the Town's web site.
- (g) Post all meeting agenda's on the web site.
- (h) Update Channel 191 as necessary with useful and timely information.
- (i) Develop programs for Channel 191 depicting Town services to develop a community awareness of the operation and function of the Town government.
- (j) Send press releases to local media outlets when warranted.
- (k) Maintain an open door policy. Greet all visitors with courtesy as they arrive at Town Hall. Assist citizens and other visitors with or without an appointment.
- (l) Promptly return all customer phone calls and emails
- (m) Conduct informational workshops to increase the awareness and understanding of important issues by the general public, as needed.
- (n) Utilize media opportunities by creating informational videos and posting on web site and YouTube.

4. Special Notification

- (a) Provide newspaper and email notification to citizens when the day services, such as solid waste collection, change or special services, such as large item pick-up or chipping service are offered.
- (b) Provide up-to-date public information on the bulletin board located in Town Hall.

5. Boards and Committees

- (a) Develop means for recruiting citizens to serve on the Town's boards and committees and to provide adequate training for citizen volunteers appointed to the boards and committees.

6. Council Workshops

- (a) Plan and conduct Council workshops as requested.

7. Revenue Policy

- (a) The tax rate shall be reviewed and set each year based on the estimated cost of providing general government services and future capital requirements.
- (b) The Town will set fees that will optimize user charges for identifiable services. To the extent practical, any Town service that is of a higher level to or benefits specific recipients shall be supported by user fees designed to recover costs from those recipients. Examples are certain recreation activities, programs that may be funded through user fees and registration charges, and building and code enforcement activities funded through permit fees.

8. Operating Budget Policy

- (a) Current operating revenues will be sufficient to support current operating expenditures. Typically the available fund balance appropriated shall not exceed an amount that management can reasonably expect to save during the year except as authorized by Council action during periods of abnormal events or economic conditions.
- (b) It is the policy of the Town that the operating budget must be prepared in accordance with Generally Accepted Accounting Principles as required by the North Carolina Local Government Budget & Fiscal Control Act (N.C.G.S. 159)

9. Accounting Policy

- (a) An independent certified public accounting firm will audit and issue an official opinion on the Town's annual financial statements to the Town Council annually.

10. Debt Policy

- (a) Capital improvements financed through the issuance of bonds or through an installment purchase contract (NCGS 160-A. 20) shall be financed for a period not to exceed the anticipated useful life of the project.

11. Fund Balance Policy

- (a) The Town will strive to maintain a targeted minimum Fund Balance in the amount of \$3.5 million for emergency purposes related to extraordinary or catastrophic events.

12. Capital Reserve Fund

- (a) The Town will maintain a Capital Reserve Fund for the purposes of long range funding for specific future capital improvements necessary for the continued high level of service in areas of public safety, technology development, recreational facilities and beach nourishment.

Adopted this 5th day of June, 2017 by the Kitty Hawk Town Council.

(SEAL)

Gary L. Perry, Mayor

Lynn U. Morris, Town Clerk

<u>Grade</u>	<u>Position</u>	<u>Minimum</u>	<u>Maximum</u>
52		\$26,816.78	\$47,928.26
53		\$28,157.61	\$50,324.65
54		\$29,565.49	\$52,840.89
55	Public Works Technician Police Records Clerk Office Assistant/Receptionist	\$31,043.75	\$55,482.91
56		\$32,595.95	\$58,257.08
57		\$34,225.75	\$61,169.93
58	Public Works Supervisor	\$34,513.93	\$64,228.42
59	Finance Technician Police Officer I Firefighter I	\$37,733.88	\$67,439.83
60	Police Officer II Firefighter Engineer Administrative Zoning Technician Administrative Records Technician	\$39,620.57	\$70,811.82
61	Detective Police Officer III Master Firefighter	\$41,588.32	\$74,328.51
62	Police Sergeant Fire Captain Management Assistant	\$43,681.69	\$78,070.05
63	Ocean Rescue Director * Fire Inspector/Code Enforcement	\$45,865.79	\$81,973.57
64	Building Official Town Clerk* Police Lieutenant	\$48,159.06	\$86,072.22

<u>Grade</u>	<u>Position</u>	<u>Minimum</u>	<u>Maximum</u>
65		\$50,567.03	\$90,375.86
66		\$53,095.36	\$94,894.63
67		\$55,750.13	\$99,639.35
68		\$58,537.65	\$104,621.34
69	Finance Officer* Public Works Director*	\$61,464.52	\$109,852.40
70	Director of Planning and Inspections*	\$64,537.75	\$115,345.01
71	Police Chief * (1) Fire Chief* (1)	\$67,764.64	\$121,112.27
72	Town Manager*	\$71,152.87	\$127,167.88

** Exempt position as defined by the Fair Labor Standards Act (FLSA)*

Approved by the Kitty Hawk Town Council this 5th day of June 2017.

(SEAL)

Gary L. Perry, Mayor

Lynn Morris, Town Clerk

Approved Positions for FY 2017-2018
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Department	Full-Time	Part-Time
Administration	4	0
Finance	2	0
Planning & Inspections	3	0
Public Works	4	4
Police	18	2
Fire	16	6
Total	47	12

Longevity Awards		
Name	Date of Hire	Amount
Sandy Hawley	07/08/2002	\$1,500.00
Diana Pittman	07/30/2007	\$1,000.00
Marlene Meyer	09/21/2007	\$1,000.00
Ben Alexander	09/26/2002	\$1,500.00
Bob Bent	11/18/2002	\$1,500.00
Jamie Hines	03/19/2013	\$ 500.00
Total		\$7,000.00
Last Year Longevity Award		\$8,500.00
Total Change		-\$1,500.00

Retiree Health Insurance Payments				
Retiree Health Insurance Payments for FY 2017-2018				
Name	Health Benefit	Life Insurance	Total Year	
Doris Pruitt	\$1,500.00		\$1,500.00	
Bob Nicholl	\$3,800.00		\$3,800.00	
Richard Reid	\$3,800.00		\$3,800.00	
Mike Eubank	\$800.00		\$800.00	
Bob Morris	\$7,421.00	\$94.50	\$7,515.50	
Eugene McLawhorn	\$4,662.40	\$94.50	\$4,756.90	
Mike Carver	\$8,775.32		\$8,775.32	
Tony Garrett	\$3,000.00		\$3,000.00	
David Ward	\$9,106.00		\$9,106.00	
Jimmy Ray Watts	\$4,500.00		\$4,500.00	
Lavelle Jenkins	\$6,582.00		\$6,582.00	
JP Askew	\$6,800.00		\$6,800.00	
Total	\$60,746.72	\$189.00	\$60,935.72	

Separation Allowance			
Name	Monthly Separation Allowance	Annual Separation Allowance	Date of Retirement
Bob Morris	\$1,491.43	\$8,948.75*	4/1/04
Mike Carver	\$1,471.10	\$17,653.22	10/1/10
David Ward	\$1,872.53	\$22,735.70	1/1/13
Jimmy Ray Watts	\$1,182.55	\$14,190.54	2/1/2016
Total	\$6,017.61	\$63,528.21	

*Separation Allowance ends December 2017

Item	Fee
Town Merchandise	
Town of Kitty Hawk Hats	\$14.00
Town of Kitty Hawk License Plates	\$8.50
Town of Kitty Hawk Police Patch	\$5.00
Town of Kitty Hawk Fire Department Patch	\$5.00
Town Flag	\$85.00
Town 25th Anniversary Cookbook	\$9.00
Town Documents	
Copy of Town Meeting DVD	\$10.00
Copies from Town Copy Machine	\$0.10 per page
Copies from Town Copy Machine > 100	\$0.15 per page
Zoning Book (Chapter 42)	\$25.00
Zoning Maps	\$3.25
Town Code Book	\$130.00
Town Budget Copy	\$10.00
Fire Incident Report (First Copy Free)	\$0.10/page for additional copies
Town Miscellaneous Fees	
Smith Room Rental Fee	\$30.00
Fire Department Meeting Room	\$30.00
Special Meeting /Town Council	\$825.00
Horse Registration Initial Fee	\$25.00
Horse Registration Annual	\$5.00 per horse
Dune Sign	\$31.00
Road Sign Repair	\$250.00
Christmas Tree Permit	\$100.00 Refundable Permit
Police Department	
Accident Report \$5.00	\$5.00
False Alarm -1 st Call in a Month	No charge
False Alarm -2 nd Call in a Month	\$50.00
False Alarm- 3 rd Call in a Month and subsequent calls	\$100.00
Kayak Permits(Annually)	\$300.00
Annual Fee for Precious Metal Permit	\$180.00
Employee Permit for Precious Metal (initial)	\$10.00
Employee permit for Precious Metal (annual)	\$3.00

Item	Fee
Special Occasion Permit	\$180.00
Video from In Car Camera	\$15.00
Handicapped Parking Violation	\$100.00
All other Parking Violations	\$25.00
Fire Department	
Fire Inspection-1 st Inspection	No Charge
Fire Inspection -1 st Follow –up	No Charge
Fire Inspection-2 nd Follow –up	\$50.00
Fire Inspection- 3 rd and subsequent follow-ups	\$100.00
False Alarm- 1 st Call in a Month	No Charge
False Alarm- 2 nd Call in Month	\$50.00
False Alarm -3 rd Call in a Month and Subsequent Calls	\$100.00
Hazardous Materials Fee (per Hour)	\$190.00
Water Flow Test	\$250.00
Witness Water Flow Test	\$50.00
Planning Permit and Fees	
General Planning Fees	
Zoning Compliance - Residential	\$35.00
Zoning Compliance – Commercial	\$75.00
Type I Home Occupation Fee	\$50.00
Type II Home Occupation Permit	\$100.00
Outdoor Gathering Permit Fee	\$50.00
Outdoor Gathering Permit Fee with Tent	\$75.00
Planning Board Special Meeting	\$825.00
Short Term Business Registration	\$10.00
Pre-application Conference	
Pre- Planning Application	\$255.00
PCD/PUD	\$535.00
BC3	\$0.15/sq. ft. of building
Site Plans	
Commercial	\$150 minimum, or: calculated area of proposed change
Heated Area	\$0.50 /sq ft
Unheated area	\$0.30 /sq ft
Parking Lot	\$0.02 /sq ft
All other new development not included elsewhere, excluding open decks and walkways	\$0.30/sq ft

Item	Fee
Multifamily/Townhouse/Hotel/Motel	\$125/unit
Garbage / Trash can fee	\$125/home;\$200 for 4 bedrooms \$ up (2 cans)
Conditional Use Permits	
Conditional Use Permit	\$300.00
CUP- Family Day Care	\$50.00
CUP- Residence in a Commercial Zone	\$25.00
Subdivision Plan Review	
Subdivision	\$100.00/lot
Exempt Subdivision	\$50.00/lot
Erosion and Sediment Control	
Land Disturbance Permit(less than 5,550 sq ft of disturbance)	\$35.00
Residential Erosion and Sedimentation Control Permit(5,500 sq. ft. or greater)	\$150.00
Commercial Erosion and Sedimentation Control Permit(5,500 sq. ft. or greater)	\$0.01/sq. ft. of disturbed area,\$1,000 maximum
Signs	
New Sign	\$50.00
Temporary Sign /Banner	\$25.00+\$50.00 deposit
Change of sign Face	\$25.00
Zoning Text/Map Amendment	
Zoning Text Amendment	\$250.00
Map Amendment(Rezoning)	\$300.00
Wireless Communication Facility Review	
Concealed attached WCF	\$4,500.00
Collocated or combined WCF	\$4,500.00
Freestanding Concealed WCF	\$5,000.00
Non-concealed Freestanding WCF	\$6,000.00
Board of Adjustment	
Variance Request	\$300+ Advertising Cost
Variance after the fact	\$510.00
Appeal of Zoning Decision	\$300.00

Item	Fee
CAMA	
CAMA Minor Permit	\$100.00
Refund Schedule	
Pre- Planning Board Review	\$75% refund
If planning Board has begun review	\$50% refund
Pre-Council Review	\$25% refund
Miscellaneous Permits and Fees	
Sprinkler System	\$100.00
Fire Suppression	\$100.00
Battery Systems	\$50.00
Compressed Gasses	\$50.00
Fire Alarm & Detection Systems and related Equipment	\$100.00
Fire Pumps and Related Equipment	\$100.00
Flammable and Combustible liquids	\$50.00
Hazardous Materials	\$50.00
Industrial Ovens	\$50.00
Private Fire Hydrants	\$50.00
Spraying or Dipping	\$50.00
Standpipe Systems	\$100.00
Irrigation Systems Building Permit	\$100.00
Type I Home Occupation Fee	\$50.00
NOTE : Double fees should applied to all permits if work has commenced prior to an application approval	
Building Permit Fees	
Building permit valuations shall include cost of the job (including materials and labor) such as building, electrical, plumbing, mechanical, gas, fire protection and other service systems. If a job appears to be underestimated, the inspector may estimate the proposed work at fair market rates. One and /or two family dwellings shall be estimated at a minimum \$65.00 square foot, for permitting purposes. Minimum 24 hours requested for inspections.	
1.First \$1,000 of estimated cost(minimum fee)-\$50.00, plus per \$1,000 after the first(round up to the next\$1,000) (\$5.00/\$1,000)	
2.Above –ground Swimming Pool	\$40.00
3.Building Demolition	\$75.00
4.Day Care, ABC License, inspections, etc.	\$50.00
5.Moving a Building and /or Approved, labeled Modular Unit	\$250.00
6.Manufactured mobile home (includes building, electrical, plumbing and mechanical fees	\$250.00
Insulation	
1.Minimum permit fee applies to each dwelling	\$50.00/unit and /or tenant space

Item		Fee
Plumbing		
1.Minimum Permit fee applies to each dwelling unit and /or tenant space		\$50.00, plus \$5.00 per fixture, trap or similar device.
Gas		
1.Minimum permit fee applies to each dwelling unit/or tenant space		\$35.00, plus \$5.00 per gas outlet/connection
Mechanical		
1.Walk –in cooler or freezer; Commercial cooking		\$50.00/hood
2.Heating, air- conditioning and /or combination unit		\$50.00 per unit, plus per fire, radiation and/or smoke damper-\$5.00
3.Minimum Permit Fee		\$40.00 plus Non-walk in cooler, freezer, and/or other equipment
Electrical		
1.Temporary Service		\$40.00
2.Temporary Service w/construction site trailer		\$50.00
3.Approved/Labeled Modular(per service size)		Per service size
4.0-200 Ampere Service		\$75.00 plus \$0.50 per ampere above 200.00
5.Minimum permit fee		\$40.00, plus (waive minimum permit fee, if associated work is [performed in conjunction with new service and /or service change)
5a.Openinings 1-100 receptacle, switches or fixtures		\$25 plus \$0.10 for each additional opening over 100
5b. Sub-panel , Transformer, Generator		\$40.00 each
5c. Baseboard heaters(per thermostat)		\$6.00
5d. In- ground swimming pools		\$10.00
5e. Exhaust fans,/hood, range, oven, dryer, dishwasher, garbage disposal, water heater, spa, hot tub, whirlpool, window A/C, Thru the wall heat pump, motor and other equipment/ machinery, etc.		\$6.00 each
NOTE: In addition to each individual service, applicable items a-e also apply to each dwelling unit and / or tenant space.		
Administrative and /or Negligence Fees		
Permit Refund		\$50.00
Permit Transfer		\$100.00
Negligence fee and /or re-inspection		\$50.00/trade
Starting work without permit		\$Double Permit Fees

Item	Fee
Homeowner Recovery fee	\$10.00
Flood Insurance Certification	\$25.00 each
Condemnation Inspection in Association with NFIP	\$75.00

See list of acronyms used in this document at end of glossary.

Affordable Care Act - The Patient Protection and Affordable Care Act (PPACA) – also known as the Affordable Care Act or ACA, and generally referred to as Obamacare – is the landmark health reform legislation passed by the 111th Congress and signed into law by President Barack Obama in March 2010.

Appropriation – Funds authorized by Town Council for a specific use.

Assessed Value – The value set by the County Property Appraiser on taxable real property as a basis for levying property taxes.

Balanced Budget – A budget in which total revenues available from taxes and other sources, including amounts carried over from prior fiscal years, equal total expenditures and reserves. North Carolina Law requires municipalities to have balanced budgets.

Beach Nourishment - is the process of dumping or pumping sand from elsewhere onto an eroding shoreline to create a new beach or to widen the existing beach. Beach nourishment does not stop erosion, it simply gives the erosional forces (usually waves) something else to "chew on" for a while.

Budget – A financial plan estimating proposed expenditures for the fiscal year and proposed means of financing such expenditures.

Budget Calendar – A schedule of dates the Town follows in preparing and adopting the budget.

Capital Expenditures – Expenditures over \$5,000 which acquire or add to capital assets, such as land, buildings, improvements other than buildings, machinery, furniture, equipment, etc.

Capital Improvements Plan (CIP) – A financial plan for the construction or purchase of infrastructure, facilities, equipment, vehicles, and technology assets needed over the next five years.

Capital Reserve Fund – A fund used to account for long-term Capital Projects

Classification Plan - A tool in implementing a compensation system that helps ensure equal pay for substantially equal work.

Fund – A separate set of accounts with revenues and expenditures for a defined purpose.

Fund Balance – The amount of revenues exceeding expenditures in a governmental fund. The fund balance in the Town's General Fund constitutes the Town's reserves.

Fund Balance Policy – Funds in the City’s reserves committed to unforeseen emergencies (e.g., natural disasters) and other non-routine expenditures formally approved by Council.

General Fund – The Town’s primary operating fund, containing all financial resources of the general government except those required to be accounted for in another fund.

Municipal Service District - A municipal service district, commonly referred to as a Business Improvement District, is a financing mechanism used to provide revenue for a variety of services that enhance, not replace, existing Town services

Operating Expenses – Expenditures for goods and services needed to run the Town’s day-to-day operations.

Ordinance – A formal legislative enactment by the Town Council which has the full force and effect of law within the Town’s boundaries, provided it does not conflict with any higher-level law such as a statute or constitutional provision.

Personnel Expenditures – Salaries and wages, overtime, shift differential, Social Security and retirement contributions, life and health insurance, workers’ compensation, unemployment compensation, and State-mandated training.

Property (Ad Valorem) Tax – A tax levied on the tax-assessed value of real property.

Reserves – Funds set aside for emergencies, unforeseen necessary expenditures, or identified for a specific purpose.

Revenues – Money coming in from various sources to fund expenditures.

Tax Rate – A tax levied on the assessed value of real property and personal property located within the Town, determined by multiplying the tax-assessed value by the tax rate set by the Town Council.

Transfers – Monies shifted from one fund (where it is shown as an expenditure) into another fund (where it is shown as revenue).

Acronyms Used Throughout This Document:

ABC - Mixed Beverage Tax

BN – Beach Nourishment

BN MSD – Beach Nourishment Municipal Service District

CAMA – Coastal Area Management Act

CIP – Capital Improvements Plan

DNR NC – Department of Natural Resources North Carolina

FY – Fiscal Year

FICA – Federal Insurance Contributions Act (federal payroll tax)

GHSP – Governors Highway Safety Program

HDHP – High Deductible Health Plan

IT – Information Technology

KDH – Kill Devil Hills

NCVTS – North Carolina Vehicle Transportation System

NCLGERS – North Carolina Local Governmental Employees' Retirement System

MSD – Municipal Service District

RMS – Records Management System

SCBA - Self Contained Breathing Apparatus

Town of Kitty Hawk Five-Year Capital Improvements Plan FY 2017 to 2022



Section

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Introduction

What is a Capital Asset/Project

For Kitty Hawk's purposes, a capital asset/project is an asset/project or item that costs over \$5,000 and has an expected useful life of more than two years. Projects and items exceeding this threshold are considered to be outside of day-to-day operating expenditures for the Town's departments. These are major projects or purchases and need to be planned for by the Town.

The Importance of Capital Budgeting

Capital budgeting is an extremely important planning tool in the overall budgeting process of any organization. Capital budgeting requires foresight and encourages each department, and the organization as a whole, to think about and plan for future needs and resources. In the atmosphere of shrinking resources and growing demand on those resources that many local governments are now facing, capital budget planning is more important than ever.

Identifying Capital Projects

The Town of Kitty Hawk uses a variety of means to determine what projects are included and funded as capital projects. Most often, the Town's staff identifies capital projects based on projected growth or anticipated outcomes. The Town also uses master plans to identify capital projects. Each of these sources is discussed below in greater detail.

Staff - Each year prior to the Town's budget development process, each department submits a five-year capital improvement plan identifying needed capital projects.

Vehicle Replacements are identified according to the Town's vehicle replacement policy. The vehicle replacement policy is the vehicle has to meet one or more of the following criteria: (1) Mileage exceeds 100,000 miles; (2) Exceeds ten (10) years of age; and/or (3) High vehicle maintenance and repair.

Master Plans - Master plans are another way to determine future needs of a department or of the Town as a whole. These plans can be prepared by consulting firms or by Town staff often with significant input from citizens. Once the plans are completed, they are forwarded to the Town Council for consideration and adoption.

Funding for Capital Needs

The Town has several options to pay for capital projects. The Town may use operating revenues, grant funds, capital reserves, installment purchase contracts, or available fund balance. While this is not an exhaustive list of funding options, as projects are needed other funding sources may need to be identified and explored. Each of these options is discussed below in greater detail.

1. **Operating Revenues** - Operating revenues are revenues that are generated on an annual basis and are expended by the Town for day-to-day operations.
2. **Grants** - Grant funds, when available and applied for, are a way to pay for capital projects. There are a multitude of grant opportunities for a wide variety of projects.
3. **Capital Reserves** - Capital reserves are monies that are set aside specifically for future funding of larger capital items. These funds may be assigned for capital needs, or unassigned, which means that they may be used for any capital expenditure upon approval by Council. To establish a Capital Reserve, the Council will need to pass a resolution.
4. **Capital Project and Grant Project Ordinances** - A Capital Project is financed in whole or part by bond proceeds, notes, or other debt instruments or a project involving the construction or acquisition of a capital asset. A grant project is one which is “financed in whole or in part by revenues received from the federal and/or State government for operation or capital purposes as defined by the grant contract” [G.S. 159-13.2(s)(2)]. A grant or project ordinance is a budget ordinance covering the revenue and expenditures related to a particular project without regard to time.

These types of ordinances, which take the place of an annual budget ordinance for the activities in question, are best suited for large, complex projects that will take more than one fiscal year to complete or are not part of the unit’s recurring operations and expenditures.

5. **Installment Purchase Contracts** - Installment purchase contracts are a local government’s means to finance the purchase of equipment or infrastructure. The Town borrows money from a lender in order to pay for a project and then pays the principal plus any interest back to the lender. The term of the contract will typically depend on the size and cost of the project.
6. **Fund Balance** - The Town may also decide to allocate available fund balance in order to fund a project. Fund balance represents the Town’s “savings account”. It is important that the use of fund balance to pay for projects is closely monitored along with cash flows for the Town to maintain an adequate percentage of annual expenses in fund balance. Maintaining a healthy fund balance is essential to the overall financial condition of the Town and its financial ratings. The availability and use of fund balance is also critical to recovering from natural disasters when the need for resources and services is at its highest and revenues from FEMA or state agencies are not reimbursed until a later date. The Town’s policy is to maintain at least \$3.5 million in the fund balance for natural disasters or extraordinary events.

Capital Reserve Fund Balance

	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16/17</u>	<u>Budget FY 17/18</u>	<u>Ending Balance FY 17/18</u>
Air Compressor - FD	20,000	20,000	-	-	40,000
Beach Nourishment	-	926,421	862,039	151,633	1,940,093
Broom Tractor	27,700	27,700	(55,400)	-	-
Fire Truck & Equipment	4,161	-	-	20,000	24,161
Financial Software	-	-	-	5,000	5,000
Fuel Storage Tank Replacement	-	-	-	5,000	5,000
Grapple/Dump Truck	-	-	20,000	(20,000)	-
Information Technology	75,803	20,300	-	-	96,103
Laptop Replacement Program	-	-	3,000	-	3,000
Parks and Trails	144,735	-	-	-	144,735
Phone System Replacement	-	-	15,000	5,000	20,000
Storm Damage Reduction (2 cent)	224,904	-	(70,000)	-	154,904
Town Website Updates	-	-	2,500	(2,500)	-
Interest (Estimate)	741	741	741	741	2,964
Total Capital Reserve Fund Balance:					<u>2,435,959</u>

The spreadsheet above is a detailed description of funds that have been set aside in previous years for future capital purchases and a projection of ending fund balances in FY 17/18. These funds are restricted for the identified purpose listed. These funds help offset the cost of large capital purchases and provide a financial planning tool for the Town. These funds can be reassigned, however, would require approval by the Town Council.

5 YEAR CAPITAL IMPROVEMENTS PLAN

Project Name	Funding Source	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Non-Departmental (4100)						
Phone System - Town Hall, PD, FD	Reserves	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Computer Replacements	Reserves	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Town Website	Operating	\$ 10,000	\$ -	\$ -	\$ -	\$ -
TOTAL NON-DEPARTMENTAL		\$ 30,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Administrative Services (4120)						
No Capital Requested		\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ADMINISTRATIVE SERVICES		\$ -	\$ -	\$ -	\$ -	\$ -
Planning & Inspections (4910)						
No Capital Requested		\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PLANNING & INSPECTIONS		\$ -	\$ -	\$ -	\$ -	\$ -
Finance (4130)						
Financial Software	Reserves	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
TOTAL FINANCE		\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Public Works (4270)						
Copier	Operating	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Public Works Building - Paint Exterior	Operating	\$ -	\$ 27,500	\$ -	\$ -	\$ -
Riding Mower	Operating	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Septic Replacement - Town Hall	Operating	\$ -	\$ 20,000	\$ -	\$ -	\$ -
Fire Department - Paint Exterior	Operating	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Vehicles	Operating	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ -
Fuel Storage Tank Replacement	Reserves	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ -
Dump Truck/Grapple	Operating	\$ 140,000	\$ -	\$ -	\$ -	\$ -
Metal Storage Building	Operating	\$ 15,000	\$ -	\$ -	\$ -	\$ -
Living Shoreline Project - Moore Shore Road	Operating	\$ 180,000	\$ -	\$ -	\$ -	\$ -
Tateway/Rabbit Hollow Area Stormwater Project	Fund Balance	\$ 165,000	\$ -	\$ -	\$ -	\$ -
Sidewalk Projects	Operating	\$ -	\$ 81,075	\$ 56,400	\$ 56,400	\$ 32,000
TOTAL PUBLIC WORKS		\$ 515,000	\$ 198,575	\$ 96,400	\$ 66,400	\$ 32,000

Project Name	Funding Source	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Police Department (4310)						
In Car Cameras	Operating	\$ 11,300	\$ 19,000	\$ 24,000	\$ 38,000	\$ 19,000
Vehicles	Operating	\$ 105,000	\$ 108,150	\$ 111,394	\$ 114,735	\$ 118,177
TOTAL POLICE		\$ 116,300	\$ 127,150	\$ 135,394	\$ 152,735	\$ 137,177
Fire Department (4340)						
Breath Apparatus	Operating	\$ 18,000	\$ 19,500	\$ 20,000	\$ 20,500	\$ 20,500
Thermal Camera	Operating	\$ 6,000	\$ -	\$ -	\$ -	\$ -
Generator Engine 13	Operating	\$ -	\$ 16,000	\$ -	\$ -	\$ -
Gym Equipment	Operating	\$ -	\$ 5,500	\$ -	\$ -	\$ -
MAKO Air Compressor (40K Reserves)	Reserves	\$ -	\$ 40,000	\$ -	\$ -	\$ -
Vehicles	Operating	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Establish Reserve for Future Fire Truck	Reserves	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Powertraxx Stair Chair	Operating	\$ 6,900	\$ -	\$ -	\$ -	\$ -
TOTAL FIRE		\$ 85,900	\$ 101,000	\$ 40,000	\$ 40,500	\$ 40,500
Ocean Rescue (4370)						
Replace 2006 Ocean Rescue Truck	Operating	\$ -	\$ 30,000	\$ -	\$ -	\$ -
Jet Ski	Operating	\$ 12,000	\$ -	\$ -	\$ -	\$ -
TOTAL OCEAN RESCUE		\$ 12,000	\$ 30,000	\$ -	\$ -	\$ -
Powell Bill Funds						
Powell Bill Street Resurfacing Project	Powell Bill	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
Total Powell Bill Funds		\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
TOTAL CAPITAL EXPENDITURES		\$ 854,200	\$ 571,725	\$ 386,794	\$ 374,635	\$ 324,677

**Capital Improvements Plan
Department Project Requests**

Fiscal Year 2017/2018 to 2021/2022

Non – Departmental

Phone System Replacement

Description: Replace Phone System

Justification: The current phone system at the police department is used to accept incoming calls, make outgoing calls, receive messages after office hours and store voicemail messages for staff in their absence. The phones at each workstation were placed into operation in 1997. The voicemail portion of the phone system was part of a prior system in operation at the Town Hall. When the Town Hall purchased their new system around 2000 the police department was given the old one. Due to technological advances in telephonic communications the existing phones and voicemail system have outlived their life expectancy. The manufacturer no longer produces parts or repairs any of the components of the existing system.

Estimated Cost:	FY 2016-2017	\$15,000
	FY 2017-2018	\$5,000

Funding Source(s): Capital Reserve Fund

IT Equipment Replacement Program

Description: Provide a funding source to replace IT Equipment on an as needed basis.

Justification: The Town would budget each year approximately \$15,000 to upgrade and replace necessary IT Equipment. The expenses would be approved on an as needed basis and at the recommendation of an IT professional.

Estimated Cost:	FY 2017-2018	\$15,000
	FY 2018-2019	\$15,000
	FY 2019-2020	\$15,000
	FY 2020-2021	\$15,000
	FY 2021-2022	\$15,000

Funding Source(s): Operating Revenue

Town Website Design

Description: Upgrade Town website.

Justification: A reserve was established in FY 16/17 to upgrade the existing website. Technology is a constantly changing environment and website must be updated to quickly and effectively provide citizens with information, including agendas and minutes from meetings. The website is a reflection and the “face” of our Town in today’s technology driven environment.

Estimated Cost: FY 2017-2018 \$10,000

Funding Source(s): Operating Revenue

Administrative Services

- No Capital needs identified

Finance Department

Project/Item Description: Update Financial Accounting Software Program

Justification: The current accounting system is adequate, however, looking to the future it may be necessary to update this software as technology and system efficiencies improve.

Estimated Cost:	FY 2017-2018	\$5,000
	FY 2018-2019	\$10,000
	FY 2019-2020	\$10,000
	FY 2020-2021	\$10,000
	FY 2021-2022	\$10,000

Funding Source(s): Capital Reserve Fund

Planning and Inspection Department

- No Capital needs identified

Public Works Department

Copy Machine

Description of the Project or Item(s): Replace existing copier.

Justification: IT Technician is recommending replacement based on the age of the machine.

Estimated Cost: FY 2018-2019 \$10,000

Funding Source(s): Operating Revenue

Sidewalk Projects

Projected/Item Description: Sidewalk Projects

Justification: Sidewalk projects Council approved by resolution. These projects are contingent upon NCDOT funding. The Town would not complete these projects until outside funding is secured, however, the projects remain in the Capital Improvements Program.

Estimated Cost:	Worthington Lane to KDH	FY 2018-2019	\$81,075
	Cypress Knee to Bennett	FY 2019-2020	\$56,400
	Bennett to Worthington Lane	FY 2021-2022	\$56,400
	West Kitty Hawk Road	TBD	\$32,400
	<i>(The Woods Road & Twiford St)</i>		

Funding Source(s): State Funded

Paint Exterior of Public Works Building

Project/Item Description: Paint the exterior of the Public Works Building

Justification: The exterior of the Public Works building has never been painted. It will need repainting for the protection of the metal and also the appearance of the building. This will also require some repair on metal siding and the metal trim and gutters, as a result of corrosion (rust).

Estimated Cost: FY 2018-2019 \$27,500

Funding Source(s): Operating Revenue

Riding Mower Replacement

Project/Item Description: Replace mower purchased in 2006

Justification: These mowers are used heavily in a sandy environment seven (7) months out of the year and need to be replaced at least every five (5) years

Estimated Cost: FY 2017-2018 \$10,000

Funding Source(s): Operating Revenue

Town Hall Pump Station/Drain Field

Project/Item Description: Rebuild/replace existing sewage pumps and replace drain field.

Justification: The current pumps/drain field have been in service since 1989. They are inspected two (2) times annually. The figures for the pump tests have been decreasing annually and will be below requirements within 1-2 years.

Estimated Cost: FY 2018-2019 \$20,000

Funding Source(s): Operating Revenue

Paint Exterior of Firehouse

Project/Item Description: Paint the exterior of the Firehouse.

Justification: The exterior of the Firehouse will need painting due to the extremes of the salt air. The steel roof supports have already been repainted by the Public Works Dept. Rust is beginning to show on the steel.

Estimated Cost: FY 2018-2019 \$25,000

Funding Source(s): Operating Revenue

Truck Replacement(s)

Project/Item Description: Replace the 2008 Dakota truck.

Justification: Projected high mileage and maintenance costs indicate a need to replace the vehicle.

Estimated Cost: FY 2018-2019 \$30,000 (Replace 2008 Dodge Dakota)

FY 2019-2020 \$30,000 (Replace 2010 Ford F150 Truck)

Funding Source(s): Operating Revenue

Fuel Tank Storage Replacement

Project/Item Description: Replace the existing Emergency Fuel/Gasoline Storage Tanks.

Justification: The frame for these tanks has started to corrode. Also, the cofferdam where these tanks are housed is not in compliance with environmental requirements. In addition to these issues, in an emergency situation where electrical power has been lost, we require a portable generator and an extension cord to operate the pumps. This is not the safest nor most desirable way to operate for emergency fuel dispensing.

Estimated Cost:	FY 2017-2018	\$5,000
	FY 2018-2019	\$5,000
	FY 2019-2020	\$10,000
	FY 2020-2021	\$10,000

Funding Source(s): Capital Fund Reserve

Dump/Grapple Truck

Description of the Project or Item(s): Purchase a new Dump/Grapple Truck

Justification: The current dump truck is 21 years old. It has 200,000 miles on it. Mechanically the truck is in good shape, however, rust has started taking over the cab and chassis. Efforts have been made to slow down the corrosion, however, a new replacement will be eminent at some point in the future.

Estimated Cost: FY 2017-2018 \$140,000

Funding Source(s): Capital Reserve Fund (\$20,000) & Operating Revenue

Metal Storage Building

Description of the Project or Item(s): Install a 30' x 36' metal storage building at the current Public Works location. This building would have two garage doors on the front with a side entry door.

Justification: As the department has grown and acquired equipment, the current building has become cramped. In order to work inside the building, equipment and materials need to be moved to facilitate this. The addition of this building would allow the department to store the

tractor and its implements, the utility vehicle, and other equipment/materials. This would open up space within the shop and keep our equipment out of the elements, which greatly extends the life of our equipment.

Estimated Cost: FY 2017-2018 \$15,000

Funding Source (s): Operating Revenue

Living Shoreline Project – Moore Shore Road

Description of the Project or Item(s): This project will create a living shoreline that will provide erosion protection for Moore Shore Road. This living shoreline will be constructed of a low profile, off shore sill and marsh grass plantings. The low profile structure will help to dissipate wave energy and the marsh grasses will create shoreline habitat while further minimizing erosion.

Justification: Moore Shore Road connects residents living along Kitty Hawk Bay to Highway 158 and it is an important emergency access route for the town of Kitty Hawk. It also serves as a route for public events like the annual marathon, and as a mixed walk and bike path connecting to Tateway Park (a CAMA access point). The stretches of marsh along Moore Shore Rd. are very narrow in some places, and in fact have eroded to a point where the road, is threatened. A living shoreline is a creative approach to stabilizing the shoreline while providing important estuarine habitat.

Estimated Cost: FY 2017-2018 \$180,000

Funding Source (s): Coastal Federation, NOAA, Dare Soil and Water Conservation District, private entities, NC DOT (pending)

Tateway/Rabbit Hollow Area Stormwater Project

Description of the Project or Item(s): Drainage Improvements during storm and flooding events.

Justification: This project is identified in the Town's Stormwater Management Plan as a result of limited drainage and low infiltration rates in the area during storm and flooding events. There are approximately twenty properties that are known to flood during moderate storm events and flooding on Tateway Road and Ascension Drive limits vehicular access during major rain events. The project is currently being engineered by Albermarle and Associates LTD to determine the best solution at the most affordable cost.

Estimated Cost: FY 2017-2018 \$165,000

Funding Source (s): General Fund Balance

Police Department

Police Equipment (Radios & In Car Cameras)

Description of the Project or Item(s): Replacement of In-car Camera Systems & Radios

Justification: The Kitty Hawk Police Department's In-Car Camera Systems are currently on a five- year replacement rotation. This rotation is due to the extreme environment of heat, cold, salt and sand that these systems are exposed to, as well as the periodic technological updates in hardware and software. It is in the best interest of the Town from a liability, as well as financial standpoint, to maintain this rotation schedule. It should be noted that these expenditures may be deferred by funds received from the Governor's Highway Safety Program LEL Grant and GHSP's Points for Equipment incentive program.

In addition, this amount covers the cost to update outdated 800Mhz radio equipment as necessary.

Estimated Cost:	FY 2017-2018	\$11,300
	FY 2018-2019	\$19,000
	FY 2019-2020	\$24,000
	FY 2020-2021	\$38,000
	FY 2021-2022	\$18,000

Funding Source(s): Operating Revenues

Police Patrol Vehicle Rotation

Description of Project: Replacement of Police Vehicles

Justification: The present policy for replacement of Police vehicles is based upon the vehicle has to meet one or more of the following criteria: (1) Mileage exceeds 100,000 miles; (2) Exceeds ten (10) years of age; and/or (3) High vehicle maintenance and repair. It is anticipated that as many as three (3) vehicles can be replaced on an annual basis. The amounts include decals and cost of installing equipment.

The Police Department evaluates the condition of the vehicles with the Town Manager on an annual basis and desires to maintain the rotation of the vehicles so that there exists an efficient and operational fleet that will provide the maximum amount of public safety.

Estimated Cost:	FY 2017-2018	\$ 105,000 (3 patrol vehicles)
	FY 2018-2019	\$ 108,150 (3 patrol vehicles)
	FY 2019-2020	\$ 111,394 (3 patrol vehicles)
	FY 2020-2021	\$ 114,735 (3 patrol vehicles)

FY 2021-2022 \$ 118,177 (3 patrol vehicles)

Funding Source(s): Operating Revenue

Fire Department

Self Contained Breathing Apparatus (SCBA) Replacement Program

Description of the Project or Item(s): Annually replace three 4.5 psi air-packs with integrated PASS alarms, voice amplification, buddy-breathing system, visual low air warning devices, and thirty-minute carbon-fiber bottles.

Justification: This replacement schedule is to meet current and future employer requirements specified in OSHA standards for respiratory protection and safety of employees and negates having to replace approximately 35 breathing apparatus and 70 bottles at one time.

Estimated Cost:	FY 2017-2018	\$ 18,000
	FY 2018-2019	\$ 19,500
	FY 2019-2020	\$ 20,000
	FY 2020-2021	\$ 20,500
	FY 2021-2022	\$ 21,000

Funding Source(s): Operating Revenue

Thermal Camera

Description of the Project or item(s): Purchase of one MSA 5200 HD Thermal Imaging Camera.

Justification: This camera will replace the camera that is currently on Truck 13, which will be 10 years old in FY 17-18. Technology and improvements are made annually in thermal imaging, which will make this camera outdated in a few years. This camera has required repair twice since being placed in service and is used for both automatic and mutual aid responses. A more updated camera will enhance the safety of our firefighters and increase our capabilities during operations.

Estimated Cost:	FY 2017-2018	\$6,000
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Funding Source(s): Operating Revenue

Generator for Engine 13

Description of the Project or item (s): Purchase One Onan 7.5 KW fixed mounted Diesel driven generator.

Justification: The existing Diesel generator is 13 years old and has over 450 hours of use on it. The Fire Department has had issues with the generator breaking down in the past. The generator is exposed and open on top of the apparatus and over the years corrosion has deteriorated the condition of the generator. This generator is on our first out line engine and needs to be functional at all times when needed. Generator power is a critical component to have on hand in an emergency situation. Uses consist of lights at night for scene safety, electrical power for emergency rescue tools and equipment, and emergency electrical power for structures.

Estimated Cost: FY 2018-2019 \$16,000

Funding Source: Operating Revenue

Gym Equipment

Description of the Project or Item (s): The Fire Department has a health maintenance program that is supported by gym equipment. The treadmill will need to be replaced because of the use of this equipment.

Justification: Some of the exercise equipment being used in the fire department on a daily basis are beginning to show significant signs of wear and tear. The Volunteer Association, which assisted in purchasing the equipment in use now, also maintains and funds the preventive maintenance program we currently use to keep our equipment in good condition. Some pieces, such as the treadmill, receive considerable use since physical fitness is required by department rules and regulations on a daily basis.

Although OSHA does not actually require a physical fitness program, they do require that our employees demonstrate the ability to perform the physical applications specific to interior firefighters and the duties they are expected to perform. Other benefits of a health program demonstrate less sick time, fewer injuries on the job, and healthier employees who return to work more quickly when they do suffer an injury.

Estimated Cost: FY 2018-2019 \$5,500

Funding Source(s): Operating Revenue

Replace MAKO Air Compressor

Description of the Project or Item(s): Replace the MAKO air compressor

Justification: Current compressor has been in service since the early 90's. The compressor block has been changed once and is working as it should. We experience minor electrical and valve problems that require repair. Most repairs require a certified technician because of the Town's liability concerning breathing air quality; and repairs, therefore, are expensive. As with most items, we will continue to use this unit until repair cost and wear and tear dictate replacement, but due to the cost, which rises each year, we feel obligated to include in our replacement plan. The current compressor is located against the southern wall of the bay area and is listed as part of the building for insurance purposes. This compressor is used to fill breathing air bottles for use on emergency scenes and IDLH atmospheres where breathing air is required. This is the only compressor in the department that can fill our breathing air bottles and during emergencies where additional bottles are required, bottles are shuttled back to the station for filling, then back to the scene if necessary.

The replacement unit will be similar in design to the unit we now have, allowing the filling of both low and high pressure cylinders. The unit is UL listed, meeting all OSHA and NFPA recommendations.

Estimated Cost: FY 2018-2019 \$40,000

Funding Source: Operating Revenue (\$40,000 currently in Capital Reserve)

Replacement Truck for Rescue 13 (2005 F350 Heavy Duty Ford)

Description of the Project or Item(s): Replace the current 2005 F350 Heavy Duty Diesel 4x4 Ford with a new gas SUV or smaller truck.

Justification: The primary use of the vehicle is for medical response emergencies, saving wear and tear on larger, more expensive fire apparatus. It is also used to tow either the boat or Jet Ski to water related emergencies when needed.

Estimated Cost: FY 2017-2018 \$35,000

Funding Source: Operating Revenue

Powertraxx Stair Chair

Description of the Project or item(s): Purchase new Ferno Model Stair Chair

Justification: This purchase will reduce injuries to firefighters and patients by reducing slips, trips and falls while removing persons from upper floors to ambulances, etc. for transports. To reduce wear and tear on fire apparatus, we send two firefighters to most medical and assist incidents. Generally, residences are on stilts requiring lifting and maneuvering patients by hand down and upstairs. Usually due to construction methods normally used, only two individuals can carry a patient down/upstairs because of the limited spaces. The cost of this equipment will pay for itself the first time it saves a back or shoulder injury.

Estimated Cost: FY 2017-2018 \$6,900

Funding Source(s): Operating Revenue

Future Fire Truck Reserve

Description of the Project or Item(s): Establish reserves for a future fire truck.

Justification: The Town will continue utilizing the existing fire apparatus but understands that a replacement fire truck will be needed at some point in the future. The establishment of the reserve recognizes and plans for this large expense at some future date.

Estimated Cost:	FY 2017-2018	\$20,000
	FY 2018-2019	\$20,000
	FY 2019-2020	\$20,000
	FY 2020-2021	\$20,000
	FY 2021-2022	\$20,000

Funding Source: Operating Revenue

Ocean Rescue Department Capital Requests

Replace 2006 Ocean Rescue Truck

Description of the Project or item (s): Replace oldest vehicle (half ton, 4x4) in the Ocean Rescue Division with a new half ton, 4x4 truck equipped with new emergency lights, winch, bumper guard, and tool box. The radios in the replacement vehicle will be removed and reinstalled in the new vehicle.

Justification: This vehicle will replace a 2006 Chevrolet Silverado 4x4 with 56,219 miles. Due to the harsh environmental conditions that are encountered on the ocean and the demands that are placed on this vehicle during emergency response, it is important to maintain this vehicle in top shape.

Estimated Cost: FY 2018-2019 \$30,000

Funding Source: Operating Revenue

Kawasaki STX 15 Jet Ski with Rescue Sled

Description of the Project or item (s): This will replace a 2008 Kawasaki STX with High Surf Rescue Sled. The 2008 Jet Ski is starting to show signs of wear and tear from use and deterioration from salt and sand. Maintenance cost is presently \$1,415.64.

Justification: The jet ski is a critical tool used for rescue in the ocean, sound, and has been used during flooding after hurricanes.

Estimated Cost: FY 2017-2018 \$12,000

Funding Source: Operating Revenue

Beach Nourishment Capital Project

Beach Nourishment Project

Project/item Description: This is a project that will span over several years and includes funding from Dare County and Town funding via debt service. The present scenario includes the Legal, Engineering, Financial, Operations, Construction Services, and Construction costs.

Justification: Due to beach erosion it is necessary to develop and implement a beach nourishment project. A Municipal Service District (MSD) was adopted on April 7, 2015 to move forward with the project funding.

Estimated Cost: FY 2016–FY 2021 \$18,941,128

Funding Source(s): Dare County Occupancy Tax Revenue, Capital Reserve, Municipal Service District (MSD), and Town Wide Ad Valorem Tax.

Powell Bill

Road Resurfacing

Project/Item Description: Annual resurfacing program as determined by Public Works Director.

Estimated Cost:	FY 2017-2018	\$90,000
	FY 2018-2019	\$90,000
	FY 2019-2020	\$90,000
	FY 2020-2021	\$90,000
	FY 2021-2022	\$90,000

Funding Source(s): State Funded

Adopted by the Kitty Hawk Town Council this 5th day of June, 2017

(SEAL)

Gary L. Perry, Mayor

Lynn Morris