



**MINUTES
TOWN OF NAGS HEAD
BOARD OF COMMISSIONERS
BUDGET WORKSHOP
WEDNESDAY, MAY 21, 2025**

The Nags Head Board of Commissioners met at the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, May 21, 2025 at 9:00 AM for a FY 25/26 Budget Workshop.

Board Members Present: Mayor Ben Cahoon; Mayor Pro Tem Michael Siers;
Comr. Bob Sanders; and Comr. Megan Lambert

Board Members Absent: None (One vacancy)

Others Present: Town Manager Andy Garman; Amy Miller; Kelly Wyatt; David Ryan; Perry Hale;
Randy Wells; Chris Montgomery; Nancy Carawan; Roberta Thuman; Shane Hite;
Jan Mielke; Katie Anzalone; and Town Clerk Brittany A. Phillips

CALL TO ORDER

Mayor Cahoon called the Budget Workshop to order at 9:02 a.m.

DISCUSSION OF RECOMMENDED BUDGET

Town Manager Andy Garman introduced the Budget Workshop and then presented an update on the recommended budget, focusing on recent developments regarding shared revenue and potential tax rate adjustments. He explained that since the last BOC meeting, we have learned about substantial tax increases proposed in neighboring towns, which would affect Nags Head's shared revenue in FY 2027. Manager Garman noted that shared revenue, which includes occupancy, sales, and land transfer taxes, is distributed based on each town's levy size and lags one year behind changes to the levy.

Due to the tax increases in other towns, Nags Head now expects to lose about \$420,000 in shared revenue in FY 2027. To address this, Manager Garman presented options for adjusting Nags Head's tax rate:

- Move the recommended 1 cent increase from FY 26/27 financial plan to FY 25/26, resulting in a 2.13 cent increase (from 20.87 cents to 23 cents).
- Adopt a tax rate that preserves the shared revenue as shown in the FY 26/27 financial plan, which would require a 2.33 cent increase (to 23.2 cents).

Manager Garman also discussed potential uses for the additional revenue, including reducing the \$400,000 fund balance appropriation, adding capacity to the capital investment fund, and increasing the townwide beach nourishment tax in preparation for the next project.

Mayor Cahoon expressed concern about passing up the opportunity to leverage shared revenue, which is largely generated by visitors. Commissioners agreed that maintaining the town's progress on infrastructure improvements, such as stormwater management and water line replacements, was crucial.

After discussion, the board reached a consensus on the following:

- Increase the tax rate to 23.2 cents.
- Dedicate an additional 0.5 cents to beach nourishment, bringing the townwide beach nourishment rate to 2 cents.
- Use the remaining 0.7 cents to reduce the fund balance appropriation.

This adjustment would help maintain Nags Head's projected shared revenue at \$10,600,000 for FY 2027.

Budget Highlights

Manager Garman provided an overview of key items in the recommended budget:

- Campus Master Plan: Includes a debt payment of approximately \$300,000 for workforce housing/fitness center.
- Personnel Items: Includes merit-based pay structure, health insurance increase, salary study, and

- 3% COLA.
- IT Projects: Plans to move systems to the cloud and improve security measures.
- Planning and Development: Continued digitization of records and arts and culture initiatives.
- Police: Three new vehicles and payments for various technology systems.
- Fire and Ocean Rescue: Increased funding for part-time pool, generator replacement, and new vehicles.
- Pedestrian Projects: Sidewalk extensions and multi-use path repairs.
- Water Fund: 5% increase in water rates to cover rising costs and cash flow requirements.

The slides presented at this meeting are attached to and made a part of these minutes as shown in Addendum "A".

Legislative Update

Mayor Cahoon provided an update on legislative matters, highlighting several key issues affecting the town. He discussed the ongoing efforts to secure funding for water line replacement, noting that despite the strong advocacy by the town's lobbyists, the prospects appear limited due to current budget constraints at the state level. He addressed the status of Bill 765, an omnibus zoning bill that had generated substantial interest and concern. He detailed the recent developments, explaining that the scheduled meeting with the bill's sponsors was canceled unexpectedly, with the primary sponsor indicating a schedule conflict. The secondary sponsor was unable to speak on behalf of the bill's future due to the primary sponsor's absence. Additionally, the mayor revealed that the bill is undergoing a rewrite, contributing to uncertainty about its provisions. The bill, in its original form, has faced significant opposition, leading to its current stalled status. Despite this, there remains a concern that elements of the bill could be inserted into the budget. Lastly, Mayor Cahoon informed the board about the cancellation of planned in-person meetings with legislative leadership. These meetings, originally set for the week of Memorial Day, were postponed due to the decision by both houses to suspend business during the holiday period. Although disappointing, the mayor expressed confidence in the town's preparedness to voice its concerns and articulate its needs in future rescheduled meetings.

ADJOURNMENT

Mayor Pro Tem. Siers moved to adjourn. The motion was seconded by Comr. Sanders, which passed unanimously. The time was 9:47 a.m.

Date Approved: June 11, 2025

Brittany A. Phillips, Town Clerk

Mayor: _____
Benjamin Cahoon