CITY OF SOUTHPORT
BOARD OF ALDERMEN – SPECIAL BUDGET MEETING
INDIAN TRAIL MEETING HALL
113 W MOORE STREET, SOUTHPORT NC 28461
MAY 30, 2025 | 9:00 AM

Present Members:
Mayor Rich Alt, Rebecca Kelley, Karen Mosteller, Robert Carroll, Lowe Davis, Marc Spencer, Frank Lai
Staff Present:
City Manager Noah Saldo, Deputy Clerk Tori Deviney, Public Information Officer ChyAnn Ketchum, Finance Director Joey Kronenwetter, Deputy Finance Director Jean Davidson, Police Chief Todd Coring, Sgt. Moore, Fire Chief Charles Drew, Battalion Chief Ralph Treadway, Parks and Recreation Director Heather Hemphill, Community Relations Director Allayna Taylor

---

A. Call to Order

Mayor Alt called the meeting to order at 9:00 AM

B. Pledge of Allegiance

Mayor Alt led everyone in the Pledge of Allegiance

Mayor Alt stated that he would read the ethics statement and asked Board members to disclose any conflicts of interest or appearance of conflicts related to items on the agenda. Seeing no hands raised, he stated that he would assume no conflicts existed. He added that if a conflict became apparent later during the meeting, members should raise the issue at that time.

C. Agenda

A motion to approve the agenda was made by Alderman Lai and seconded by Alderman Kelley. The motion passed unanimously.

Mayor Alt stated that he wanted to address several housekeeping items before proceeding further, noting that some Board members would need to leave early and he wanted to ensure important information was shared.

He informed the Board that following the recent heavy rainfall event, approximately 17,000 gallons of sewage had entered the water system. He stated that some of the overflow originated from the 9th Street Lift Station and additional discharge occurred from the lift station on Bay Street, where water was observed coming out of the infrastructure. He advised Board members that Brunswick County had notified the media and that the information had already been reported publicly. He encouraged Board members to be aware of the situation in case they received questions from the public.

Mayor Alt reminded Board members of the upcoming meeting scheduled for Monday and asked everyone to review their meeting packets in advance.

He announced that progress was finally being made on the weather tower project, noting that a timeline had been established and that movement on the project was now underway. He also stated that a parking discussion related to the project would be included, as several Board members had requested it.

Mayor Alt referenced an upcoming request from Alderman Spencer regarding a letter of support to be considered at the June 12 meeting. He explained that the request involved a homeowners association seeking state assistance to improve water flow underneath Bonnet Creek and Moore Street. He encouraged Board members to visit the Moore Street area near Price's Creek location to observe the work being done, noting that it was an interesting project.

He also shared that a significant discussion regarding annexation had taken place the previous day with parties involved in the Indigo project. He stated that staff is working to ensure the annexation documentation is clear, concise, and free of ambiguity, particularly with regard to timelines.

Mayor Alt then invited the City Manager to proceed.

1. Presentation of the FY26 Proposed Budget

City Manager Noah Saldo opened the presentation by addressing the Mayor, Board of Aldermen, city employees, residents, and business owners. He stated that it was an honor to present his recommended budget for the upcoming fiscal year, running from July 1, 2025 through June 30, 2026. He expressed appreciation for city staff who work daily to deliver essential services to the community and thanked department heads for their recommendations and departmental visions during the budget process. He also recognized the finance team, led by Finance Director Joey Kronenwetter, for their efforts in helping develop the budget.

Manager Saldo noted that while a budget contains financial data, charts, and spreadsheets, it ultimately represents the services the community depends upon and lays the groundwork not only for the upcoming fiscal year but for long-term planning. He stated that the budget process also provides an opportunity to identify innovations and improvements to city operations.

He explained that the FY 2026 budget process began in December under the previous administration, at which time the City anticipated a projected $1.4 million deficit, primarily due to the transition of water and sewer services to Brunswick County and early uncertainties in revenue and expense projections. Each department submitted requests outlining their goals and operational needs for the coming year.

After assuming responsibility for the budget process in February, City Manager Saldo stated that he established guiding principles focused on maintaining critical services, identifying savings and efficiencies, and avoiding impacts to city employees. He and finance staff met individually with departments and alderman to gather feedback. Following those meetings, staff reviewed departmental requests and made strategic adjustments without reducing essential services or staffing levels. The City also analyzed current FY 2025 revenues and expenditures and reviewed historical financial trends to inform long-term planning.

City Manager Saldo announced that the proposed FY 2026 budget includes no property tax increase and no use of General Fund fund balance. He emphasized that the City would maintain its current 31-cent tax rate, with a portion dedicated to capital funding. He stated that the General Fund budget totals slightly over $15 million and includes the reduction of three full-time positions through attrition, with no employee layoffs.

The proposed budget includes a 3% cost-of-living adjustment for employees to maintain competitive wages and stays ahead of inflation. In addition, employees may be eligible for up to a 2% merit-based increase, based on individual performance evaluations, noting that not all employees would receive the full amount.

City Manager Saldo reviewed City revenue sources, explaining that primary revenue streams include property taxes, sales taxes, permitting fees, and fire district revenues. He also discussed departmental expenditures, noting that the Fire Department, Police Department, and Public Works Department represent the largest portions of total expenses. He clarified that these departments also generate revenue, meaning the direct General Fund tax burden is lower than total expense figures might suggest. As an example, he stated that the Fire Department accounts for approximately 2.89 cents of the General Fund tax rate due to fire district fees.

City Manager Saldo announced that the budget includes funding to transition the City's financial accounting and budgeting system to OpenGov, replacing the current system, Springbrook. Although Black Mountain software had previously been considered through the League of Municipalities, Manager Saldo stated that OpenGov provides enhanced efficiency, accuracy, transparency, and AI-powered budgeting tools. He noted that this transition supports the City's long-term goal of achieving the Government Finance Officers Association (GFOA)

Distinguished Budget Presentation Award. He also shared that neighboring municipalities, including Leland, currently use OpenGov and have reported positive experiences.

Manager Saldo described OpenGov's public-facing dashboard features, which will allow residents to view real-time budget comparisons between adopted budgets, revenues, expenditures, and current fund balances.

City Manager Saldo reviewed proposed fee changes, stating that only three fee adjustments are included in the budget:

An increase in Community Building rental fees to better reflect market rates and the premium waterfront location. He stated currently, the fees were lower than similar venues.

Adjustments to filming permit and road closure fees to account for operational disruptions.

A minor increase in Parks and Recreation summer program fees, while maintaining the program as a community service rather than a overall revenue generator.

He noted that the fee review process involved a committee consisting of the Mayor, Mayor Pro-Tem, and Alderman Lai.

Manager Saldo also explained a change to the golf cart registration process, transitioning from a fiscal-year cycle to a calendar-year cycle running January 1 through December 31. Current FY 2025 registrations will be extended through December 31, 2025. Registration for 2026 decals will begin in December and run through March 31.

City Manager Saldo provided an update on the City's General Fund fund balance, explaining that it functions as the City's savings account. The City anticipates ending FY 2025 with approximately $12.5 million in General Fund fund balance. With the Board's policy requiring a minimum reserve equal to 55% of annual expenditures, the City will retain an estimated $3.9 million above the required threshold, providing flexibility for future needs.

Looking ahead, Manager Saldo presented long-term projections, noting that while FY 2027 currently shows an estimated $250,000 deficit, but cautioned that this figure does not account for potential revenue growth or expenditure adjustments. He emphasized that future budgets can be adjusted to avoid projected deficits and that long-term projections indicate improving surpluses over the next decade.

City Manager Saldo then reviewed the Electric Fund, which totals approximately $9.6 million for FY 2026. He explained that the City participates in the Electric Cities cooperative and purchases power in bulk from Duke Energy. Duke Energy has implemented a 3.5% wholesale rate increase, which will be passed through to customers. Despite this adjustment, the Electric Fund remains financially stable, with projected FY 2025 fund balance exceeding $8 million, even after significant investments in undergrounding electrical infrastructure to improve storm resiliency and aesthetics.

City Manager Saldo discussed the Capital Fund, noting that one cent of the property tax rate is dedicated to capital funding. The City anticipates ending FY 2025 with approximately $2 million in capital fund balance. The FY 2026 budget includes approximately $1.4 million in capital projects, funded partially through carryover balances, while maintaining sufficient reserves for future infrastructure needs.

City Manager Saldo also reviewed the Shoreline Stabilization Fund, which totals $5 million appropriated by the General Assembly. The FY 2026 budget allocates funding to advance the shoreline stabilization project and meet the required state spending deadlines by June 30, 2026.

In closing, City Manager Saldo stated that the FY 2026 budget represents a forward-looking investment in Southport's future while maintaining essential services and strengthening the City's financial position. He emphasized the importance of continued vigilance in monitoring economic conditions and operational impacts throughout the fiscal year.

City Manager Saldo informed the Board that the budget presentation materials and budget book would be posted on the City website and that printed copies would be available at City Hall in the Clerk's office and the Southport Library. He announced that the required public hearing on the budget would be held on June 12, 2025 at 6:00 p.m. at the Community Building. The Board may choose to adopt the budget that evening or at the scheduled June 23, 2025 meeting. He reminded the Board that the budget must be adopted by June 30 in order to take effect on July 1.

Manager Saldo concluded his presentation and offered to answer questions. Mayor Alt thanked the City Manager and opened the floor for Board questions.

Alderman Carroll opened the discussion by commenting that the proposed budget appeared stronger than expected and stated that earlier projections had anticipated financial challenges that ultimately did not materialize. He referenced previous assumptions about the City's financial outlook and noted that the improved position was encouraging.

Alderman Carroll asked specifically about the reduction in undergrounding investment funding, noting that the annual allocation had been adjusted from approximately $1.6 million to $1.0 million, and asked for clarification on the purpose and reasoning behind that change.

City Manager Noah Saldo explained that undergrounding expenditures are dependent on contractor availability and project capacity. He stated that the City cannot simply allocate large lump sums and expect all work to be completed in a single year. Based on historical project delivery rates, approximately $1 million per year reflects the realistic pace of undergrounding work that contractors are able to complete. He noted that in previous years, the City allocated multiple millions of dollars for undergrounding, but contractors were unable to keep up with that accelerated spending level, resulting in unspent funds rolling forward.

Mayor Alt added that the City had previously increased undergrounding funding from approximately $800,000 to $1.6 million at the request of Alderman Carroll. but questioned whether the additional $600,000 had been fully utilized.

City Manager Saldo responded that underground work was completed during the fiscal year; however, total expenditures did not reach the full amount budgeted for FY 2025.

Finance Director Kronenwetter clarified that the electric capital projects budget for FY 2025 was approximately $3.37 million, but actual expenditures totaled less than $1.6 million. He explained that approximately $1.8 million in unspent funds would be carried forward into the electric fund balance.

Mayor Alt confirmed that the unspent funding reflected not only the current year but also carryover amounts from previous years. Finance Director Kronenwetter confirmed.

City Manager Saldo agreed and stated that the electric fund balance has accumulated over several years due to project timing and contractor limitations.

Mayor Alt asked why the City would continue to allocate between $1.6 million and $1.8 million annually if contractors are unable to utilize the funding at that pace.

City Manager Saldo responded that staff previously believed increasing funding levels could accelerate undergrounding completion timelines. However, experience has shown that contractor availability and construction capacity have limited the pace of work.

Alderman Kelley added that chain conditions have improved, with shorter lead times and more stable pricing. She noted that the City is returning to more predictable construction conditions, which may help future project scheduling.

Alderman Carroll stated that although the situation presents a positive challenge, given the City's available funding, it is important to align budgeted spending with realistic construction capacity. He noted that significant progress has already been made throughout the City and emphasized the importance of matching funding levels to achievable project output.

Alderman Lai commented that as undergrounding work continues, more above-ground utility equipment, such as green transformer boxes, will become visible throughout the community. He acknowledged that while these installations may present aesthetic challenges, they are part of the process and represent continued progress on the project.

Alderman Kelley suggested that the presence of the green utility boxes could present an opportunity in the future to partner with the local arts community to decorate or enhance their appearance, if feasible, as a way to improve visual impact.

Alderman Mosteller then stated that she had several questions related primarily to the Electric Fund. She referenced page six of the packet, noting a line item reflecting $365,000 in cost transfers from the Electric Fund, and began seeking clarification on that item.

City Manager Noah Saldo explained that the cost transfer referenced in the budget represents the portion of Electric Fund revenues that is transferred to the General Fund to offset expenses incurred by General Fund departments in support of electric operations. He stated that this practice has been used in prior years and reflects the Electric Fund's role as an asset of the General Fund. He noted that staff has been intentionally reducing these transfers each year to avoid overutilization of the Electric Fund, while still recognizing the return on investment the Electric Fund provides to the General Fund for shared operational support.

Alderman Mosteller asked whether the transfer impacts the Electric Fund balance.

City Manager Saldo clarified that the transfer does not directly reduce the Electric Fund balance, but rather affects annual operating cash flow within the Electric Fund.

City Manager Saldo further explained that the transferred costs represent proportional staff and administrative support, including time from the City Manager, Finance Department, Clerk's Office, and other personnel who support electric operations. He noted that the City appropriated approximately $406,000 in FY 2025 for this purpose and is continuing to reduce that amount in FY 2026. He added that once Electric Fund obligations are further reduced, additional revenue may be available for General Fund use.

Alderman Mosteller stated that she was struggling to reconcile the Electric Fund figures presented earlier in the year with the current projections, noting that numbers provided in January and April differed from those now being presented. She expressed concern that the projections appeared to be a "moving target" and pointed out that the current projected Electric Fund balance reflects approximately $8 million, which was significantly higher than earlier estimates.

City Manager Saldo responded that earlier projections were prepared before year-to-date revenue and expenditure actuals were available and before adjustments were made to capital project pacing, particularly related to undergrounding capacity. He explained that updated financial data and contractor limitations resulted in revised projections that reflect a stronger cash flow position than originally anticipated.

Alderman Mosteller referenced figures from the April 25 presentation, stating that the current projections reflect approximately an 8% decrease over those earlier numbers.

City Manager Saldo explained that in April staff still believed undergrounding expenditures could be ramped up in FY 2026. After further evaluation, it was determined that undergrounding work could realistically support approximately $1 million annually, resulting in revised capital allocations and improved fund balance projections.

Finance Director Joey Kronenwetter added that the April budget presentation included over $2 million allocated to electric capital projects, which has since been adjusted.

Finance Director Kronenwetter explained that an approximately 8% revenue increase is occurring due to the expiration of a rate rider tied to a bond obligation. He noted that this change takes effect in July and represents a direct revenue increase for the City.

City Manager Saldo added that the City's improved cash flow position reflects updated documentation received from Electric Cities, which confirmed the bond-related rider expiration.

Finance Director Kronenwetter further clarified that the previously discussed 3.5% electric rate increase is a pass-through cost from Duke Energy and does not generate additional net revenue for the City. In contrast, the 8% increase associated with the bond rider expiration directly increases City revenue.

City Manager Saldo explained that the City's bond payment obligation through Electric Cities is ending, resulting in increased Electric Fund cash flow beginning in FY 2026.

Alderman Lai stated that the financial projections presented in April were estimates, whereas the current figures reflect updated and finalized information. He commented that earlier projections were based on assumptions and that the current presentation represents actual financial conditions.

City Manager Noah Saldo confirmed that updated financial formulas and revenue projections were provided by Electric Cities after the April meeting, allowing staff to refine the City's projections.

Alderman Mosteller referenced her notes from the April meeting and asked whether the City had previously anticipated building the Electric Fund balance by approximately $300,000 annually, and whether that estimate was still accurate.

City Manager Saldo responded that the earlier estimate did not account for several factors, including the reduced utilization of the FY 2025 capital budget, adjustments to undergrounding capacity in FY 2026, new revenue projections, and unspent funds rolling forward from the current fiscal year. He explained that the FY 2026 budget reflects updated revenue, reduced capital expenditures, and the cumulative impact of the Electric Fund's existing base balance.

Alderman Mosteller stated that she understood how reduced spending could increase the fund balance but asked whether the previously anticipated $300,000 annual increase was still applicable.

City Manager Saldo responded that the figure is no longer accurate due to increased revenue projections in FY 2026, including growth from new electric customers, higher electricity sales volume, and ongoing operational revenue changes. He explained that these factors significantly increased the projected annual growth beyond the earlier estimate from the April meeting.

Alderman Carroll commented that City revenues are trending upward and the expenditures were down.

Alderman Davis directed attention to page three of the budget booklet, noting that the proposed $125,000 allocation for stormwater improvements appeared low, particularly in light of recent heavy rainfall impacts.

City Manager Saldo explained that the $125,000 allocation reflects historical Public Works maintenance spending levels and ongoing routine repairs. He stated that larger stormwater projects would likely be pursued through grant funding opportunities, and if grant funding is not secured, staff could return to the Board to request additional capital investment. He emphasized that the current allocation represents baseline maintenance rather than major infrastructure replacements.

Alderman Davis asked whether the that includes attention to Bonnets Creek.

City Manager Saldo responded that the funding supports targeted maintenance and localized improvements, but does not cover full system replacements, which would require significantly larger investments. He stated that staff will continue to address priority drainage issues within available funding levels.

Alderman Davis stated that she was seeking reassurance that mitigation efforts are being considered for the issues recently experienced.

City Manager Saldo confirmed that staff is actively evaluating mitigation strategies and working toward solutions to address current drainage concerns.

Alderman Kelley emphasized the importance of prioritizing the affected stormwater area in the City's stormwater planning efforts.

Mayor Alt provided additional context regarding recent flooding impacts at Liberty Crossing, stating that after the September 16 storm, interior work had been completed and temporary pumping systems were installed inside. During the recent rainfall event, the building experienced minor water intrusion, which was pumped out successfully. He explained that the ongoing concern is the lack of adequate discharge locations for pumped water and the potential need for additional piping infrastructure. He stated that staff and engineers are evaluating options to reduce the risk of future flooding and avoid building evacuations, noting the manpower demands and public health concerns associated with such events.

Mayor Alt added that City staff received notifications earlier in the week regarding the water intrusion and that Fire Chief Drew was aware of the situation at the time. He stated that while the recent incident was minor, staff continues working to coordinate solutions.

He further noted that flooding also impacted Dosher Hospital, explaining that water levels at the emergency room entrance prevented ambulance access, requiring emergency vehicles to use alternate entry routes, similar to procedures used during the September 16 storm event. He emphasized that multiple infrastructure improvements are being evaluated simultaneously to address these challenges.

Alderman Carroll commented on drainage issues related to Bonnets Creek, questioning whether the matter falls under the North Carolina Department of Transportation(DOT) and what actions the City can realistically take. He stated that much of the drainage ultimately converges at Moore Street and cautioned that addressing only upstream improvements without resolving the downstream constraints could exacerbate the problem.

City Manager Noah Saldo responded that Alderman Spencer is actively pursuing the issue at the state level. He stated that residents have been engaged in the discussion and that a resolution of support will be presented at the June 12 meeting to formally request state attention and assistance. He explained that the resolution would communicate the Board’s position that the issue is a key concern requiring state-level involvement.

Mayor Alt added that similar improvements to those implemented on Moore Street, designed to improve water flow, could potentially relieve the issue at Bonnets Creek. He emphasized that while the City is not proposing major bridge reconstruction, improving water conveyance could significantly reduce flooding impacts.

Alderman Spencer expressed frustration with existing infrastructure conditions, stating that the sewer alignment in the area is problematic and questioning how it was originally approved. He stated that while he has mentally prepared for flooding events, many residents are significantly impacted and deeply concerned by repeated backups. He shared a personal experience during a recent storm, noting that his backyard filled with approximately four feet of water within two hours.

Alderman Spencer further commented on the pace of development and growth, stating that while growth is necessary, infrastructure challenges must be addressed to prevent worsening conditions.

Alderman Kelley asked whether there are ways the City could encourage residents to plant more trees.

Alderman Davis stated that it would not be a full budget review without addressing the community building deck replacement. She noted that the project did not originate in the prior year and recalled that previous cost estimates were in the range of $50,000 to $60,000, now it was $95,000.

City Manager Noah Saldo responded that the figure included in the current budget is a placeholder estimate. He explained that the project has not yet been bid and that the amount reflects a contingency until bids are received, emphasizing that it is not a guaranteed price.

Alderman Davis asked whether the City could reconsider replacing the wooden deck altogether and instead remove it, leaving the area as grass. She suggested that a grass surface could be used for weddings by rolling out a temporary walkway or red carpet, noting that grass and soil absorb water more effectively than solid wood. She reiterated her long-standing objections to the deck replacement.

She then asked about the Old City Hall project, noting that while the City is hopeful the State will provide funding, an implication is not a firm commitment. She asked what the City's plan would be if state funding is not awarded.

City Manager Saldo responded that the City has a strong debt capacity and could support loan payments for construction if necessary. He stated that the City could utilize financing or fund balance if needed and expressed confidence that the City is in a solid financial position to proceed if state funding does not materialize. He emphasized that staff's priority is ensuring the building is preserved and rehabilitated appropriately.

Alderman Carroll commented that while the City is currently waiting to see if state funding is awarded, it would be beneficial to pursue financing options concurrently so progress is not delayed. He asked whether staff is taking steps in that direction.

City Manager Saldo responded that staff has already issued Requests for Qualifications (RFQs) for architectural firms and is currently reviewing submissions. He stated that a recommendation will be brought back to the Board for selection. He explained that this work can proceed regardless of financing decisions and that staff is also monitoring interest rate trends while considering potential loan or financing options, so the City is positioned to move forward once funding clarity is achieved.

Alderman Davis asked whether there is a projected timeline for when the General Assembly may adopt the state budget.

Mayor Alt stated July 4.

City Manager Saldo added that the House has already passed its budget and that conference negotiations between chambers are expected to resume shortly. He stated that optimistically, the City may receive clarity in June, which would allow adjustments before budget adoption, but delays are possible.

Alderman Davis asked a question regarding City vehicle purchases, noting that vehicle costs often draw public attention. She asked whether the budget includes any unexpected vehicle purchases or leases.

City Manager Saldo responded that the City is continuing its existing vehicle replacement and leasing strategy, maintaining current leases and evaluating purchase options where cost savings can be achieved. He stated that no major or unexpected vehicle expenditures are included in the FY 2026 budget.

Alderman Spencer asked whether the House budget included any funding relevant to the City.

City Manager Saldo responded that neither the House nor Senate budget currently includes funding for local governments, which was expected, and that any potential additions would occur during the conference process.

Mayor Alt noted that this is consistent with the normal legislative process.

Alderman Mosteller asked for an update on the yacht basin dredging project, stating that the Board had previously discussed identifying an alternative location.

City Manager Saldo responded that staff is evaluating alternative spoil locations and additional funding options that could include state funding with a City match. He explained that progress is currently constrained by site availability and permitting issues, including requirements from the U.S. Army Corps of Engineers, which has indicated that dredging permits will not be considered until issues related to the L-shaped dock are resolved. He stated that staff is working through those issues and will bring updates to the Board, but noted that the project is unlikely to be included in FY 2026 due to current constraints.

Alderman Mosteller asked whether the City is pursuing both jurisdictional authority and alternative site options simultaneously.

City Manager Saldo responded yes.

Mayor Alt then returned to the discussion of OpenGov, referencing the City's history of delayed or missed audits over the past decade. He asked how OpenGov would improve audit readiness, whether the City has discussed the system with auditors, and whether it would meaningfully assist the audit process.

City Manager Saldo responded that OpenGov will significantly improve accuracy, accessibility, and timeliness of financial records. He explained that the system allows for centralized reporting, real-time dashboards, and easier retrieval of year-end data once the fiscal year closes. He stated that jurisdictions currently using OpenGov, including Leland, have demonstrated improved transparency and audit readiness.

Mayor Alt asked whether the City had confirmed these benefits directly with peer municipalities rather than relying solely on vendor representations.

City Manager Saldo confirmed that staff has reviewed public dashboards, conducted multiple demonstrations, and held in-depth meetings with OpenGov and peer municipalities. He stated that feedback has been overwhelmingly positive.

Finance Director Kronenwetter added that OpenGov allows auditors to be granted view-only access, enabling them to retrieve reports directly and reducing delays and back-and-forth communication. He noted that the City's current system has limited reporting functionality and often requires vendor assistance to extract data, whereas OpenGov allows near-instant access to transactional reports. He also noted that the Local Government Commission has extended the audit deadline to the end of the calendar year.

Mayor Alt asked whether the City's audit firm has prior experience with OpenGov.

Finance Director Kronenwetter stated that he has not yet confirmed whether the firm has used OpenGov with other clients, but committed to following up.

City Manager Saldo added that the City also benefits from having a new Deputy Finance Director, who is a CPA with extensive audit and systems-transition experience, including work in Fortune 500 environments. He stated that this internal expertise positions the City well for a smooth transition and improved audit outcomes.

Mayor Alt remarked that it was surprising the unspent undergrounding funds had not been more apparent earlier, noting that approximately \$1.6–\$1.8 million in authorized funding over time resulted in \$600,000–\$800,000 remaining in the Electric Fund. He asked whether those balances had fluctuated throughout the year.

City Manager Saldo responded that the City sees routine daily fluctuations in fund balances and that end-of-year clarity improves as revenues and expenditures are fully realized. He stated that implementation of the new financial system will better align real-time financial data with the adopted budget, eliminating uncertainty between actuals and projections and providing a clearer picture throughout the fiscal year.

Alderman Carroll asked whether approximately \$2 million from the last three years had effectively returned to the Electric Fund due to unspent allocations.

City Manager Saldo explained that the required public hearing is scheduled for June 12, and the Board also has the option to adopt the budget at the already-scheduled June 23 meeting.

Alderman Kelley asked whether a vote could occur on June 12 if the public hearing is held that same evening.

Alderman Davis stated that typically it is generally not ideal to adopt a budget on the same night as a public hearing, as the Board should have time to consider public input and, if necessary, return matters to staff. She expressed that June 23 would be the more appropriate adoption date, should substantive comments be received.

Mayor Alt stated that if any Board member has a scheduling conflict with June 23, it should be communicated in advance, emphasizing that all seven Board members must be present for the budget vote.

Alderman Carroll commented that this budget cycle is somewhat unique given the absence of tax increases and recommended that adoption potentially occur on June 12 if no significant public input is received.

Alderman Davis reiterated that if public input raises issues requiring reconsideration or additional staff work.

Alderman Kelley noted that the budget materials will be published on the City's website immediately, providing ample opportunity for public review prior to the hearing.

City Manager Saldo stated that the Board may choose to adopt the budget on June 12 or defer action, depending on circumstances and Board preference.

Alderman Carroll added that if no public input is received, adoption could proceed, but agreed that meaningful public feedback would warrant additional consideration.

Mayor Alt stated that consensus appeared to be forming around evaluating public input on June 12 and making a final decision thereafter. He suggested coordinating with staff to structure the June 12 agenda efficiently, ensuring that budget-related items are appropriately ordered.

Alderman Kelley stated that she would hope any members of the public with concerns or suggestions would submit them prior to the public hearing, allowing the Board adequate time between now and the meeting to review the input and confirm details as needed.

Alderman Davis asked whether agenda items might be removed to accommodate the discussion due to a full agenda already planned.

Mayor Alt clarified that he was not proposing removing items, but rather reordering agenda items so that the budget could be addressed efficiently if appropriate.

He stated that if no additional staff work is required following public comment, the Board could proceed with adoption on June 12. He encouraged Board members to remain in communication prior to the meeting to ensure alignment.

Alderman Davis offered a compliment to City Planner Wendell Biddle before adjourning, noting that he has been visiting local real estate offices to distribute information on the City's short-term rental rules and regulations to be shared with their agents. She stated that this outreach effort is something the Board has discussed wanting to implement and praised him for keeping realtors informed and for his effective execution of the initiative.

Alderman Kelley praised the use of efficient communication tools that allow information to be distributed broadly without requiring additional staff time. She stated that she was highly impressed with the budget and felt the Board had carefully evaluated priorities and ensured that funding decisions aligned with stated goals. She noted that this approach makes it easier to communicate to the public that the City has the right people in place and thanked staff for their work.

Alderman Lai commended the budget, stating that the absence of a tax increase alleviated many public concerns. He noted that the budget addressed key issues effectively and expressed appreciation for the work done.

Alderman Spencer noted positively that the budget preserves a cost-of-living adjustment (COLA), stating that it reflects an opportunity to continue taking care of City employees.

Mayor Alt stated that he had already shared feedback with the City Manager prior to the meeting but reiterated his comments publicly. He praised the budget document as clear and easy to understand, particularly the opening sections that placed the information in context. He stated that while the City Manager is responsible for departmental operations, the Board's role is to establish priorities and oversee the allocation of funds. He commended the finance team for maintaining strong fiscal discipline and noted that the budget reflected a collaborative and well-coordinated effort.

Mayor Alt then stated that, with no further business, he would entertain a motion to adjourn. A motion was made by Alderman Davis, seconded by Alderman Spencer. The motion passed unanimously.

The meeting adjourned at 9:59 AM.

Joseph P Hatem MD

Dr. Joseph P Hatem, Mayor

ATTEST:

Tori Deviney

Tori Deviney, City Clerk

CITY OF SOUTHPORT CORPORATE SEAL 1792 NORTH CAROLINA