Town of Southern Shores

5375 N. Virginia Dare Trail, Southern Shores, NC 27949
Phone 252-261-2394 / Fax 252-255-0876
info@southernshores-nc.gov
www.southernshores-nc.gov

Town of Southern Shores
Council Meeting
May 26, 2009
8:00 AM.-Pitts Center

The Southern Shores Town Council met on May 26, 2009 at the Pitts Center.

The following Council Members were present: Mayor Don Smith, Brian McDonald, Jodi Hess, Kevin Stroud and Jim Pfizenmayer.

Also present were: Charlie Read, Town manager, Carrie Gordin, Town clerk, Ben Gallop, Town attorney and Robert Hobbs, attorney.

Mayor Smith called the meeting to order at 8:00 a.m. led the Pledge of Allegiance and held a moment of silence for the families of David Stick, the town's first mayor who passed away at the age of 89, David Cowan's grandmother, Lurana Cowan, Nags Head Police Officer Earl Murray and for our troops serving around the world.

APPROVAL OF AGENDA

Council Member McDonald moved to amend and approve the agenda to add a closed session to discuss acquisition of real property at the end of the regular business. Council Member Stroud seconded. The motion passed with Mayor Smith and Council Members McDonald, Hess, and Stroud and Pfizenmayer voting aye; no council member voting no and no Council Member absent.

GENERAL PUBLIC COMMENT

Mayor Smith opened the public comment section.

Leo Holland, 23 Spindrift Trail, member of the SSCA Board thanked Council Members Pfizenmayer and Hess for helping out at the SSCA meeting for fielding question on the dredging project. He thanked Council for all their efforts. He also thanked the Town Manager for sending out updates on the broadcast email on the canal dredging and asked that the Town keep the updates coming. He stated there needs to be better communication between the Town, the civic associations and Duck Woods Country Club and suggested a meeting be held quarterly, as a team, to see what we all can do to help the Town.

Jim Graham, 36 Duck Woods Drive, stated he has been studying the canal project for six years. He stated there are two problems he sees (1) stop the secrecy and (2) the wrong message is being given that the canals are for boats but they are for health for drainage and storm water. He suggested more information needs to get out. He suggested information be sent to state magazines so everyone knows what is going on and those who object can get on our side. Look at why the solutions failed and find new solutions.

Hearing no other comments Mayor Smith closed public comment section.

APPROVAL MINUTES- None

CONSENT AGENDA-None

REPORTS -None

PROPOSED FY 2009-2010 BUDGET AND BUDGET MESSAGE

Charlie Read, Town Manager read his FY 2009-2010 Budget Message and presented the proposed budget to Council.

I respectfully submit the Town Manager's recommended budget for the fiscal year July 1, 2009 - June 30, 2010 for the Town of Southern Shores. This budget has been prepared in accordance with the Local Government Budget and Fiscal Control Act.

This budget was prepared in a spirit of communication, coordination, and cooperation with the Town Council, Senior Staff, Town Auditor, and the Town's Planning Advisory Group. Additionally, this year I initiated a new approach in constructing the budget by assigning individual Members of Town council to work closely with the Town Department Heads in developing their respective proposed budgets thereby providing a more participative and transparent process. In developing their respective budget requests, each Department Head did so with the participation of their Council Teammate. The FY 2009-10 proposed budget reflects the cooperative nature of the new process and is fiscally prudent consistent with the challenging financial times we are currently experiencing.

The General Fund is balanced with a property tax rate of 9.75 cents per $100 valuation. The recommended tax rate is unchanged from FY 2008-09.

The 2009-10 fiscal year total General Fund revenues are recommended at $3,409,150 versus the adopted 2008-2009 budget of $3,689,630. This reflects an overall decrease of $280,480 or 7.6%.

He stated as Council reviews the proposed budget they will see the Canal Maintenance project has not been included due to the many unknown costs at this time that a budget amendment will be needed later.

Mayor Smith stated the budget public hearing will be held on June 2, 2009. Council will discuss the budget following the public hearing.

[Clerk's note: A copy of the complete FY2009-2010 Budget Message is hereto attached as Exhibit A].

OLD BUSINESS

Consideration of Atlantic Tree Contract - Withdrawn

NEW BUSINESS

Consideration of Auditor Contract

Bonnie Swain, finance officer, stated the auditor is proposing an extended three-year contract with this year's cost being the same as last year ($16,250) with a $1,250 increase annually for the next two years with a contract cost of $17,500.

Mayor Smith asked when the last time this contract has gone out for bid. Ms. Swain stated this auditor has been with the town three years. She stated the previous auditor was with the Town for 10-15 years. She stated there are not many firms that can do a local government audit and there may be one other in this area. She stated it would cost a lot more for firms in the Raleigh area or Elizabeth City to provide the

service. Mayor Smith suggested considering going out for RFP's. He doesn't support an eight percent increase. Ms. Swain stated there are certain Local Government Commission requirements involved due to our grant funding for the dredging project. Council Member Stroud agrees with the mayor.

Council requested this item be placed on the June 2 meeting agenda and that the finance officer looks into what other firms are available.

OTHER ITEMS

Town Manager

The Town Manager stated Hickory Trail is almost 100% completed. He stated the work was monitored everyday by someone from staff and/or the Town engineer every day and it looks great. He stated the East Holly Trail cul-de-sac project is progressing with minimal issues.

He asked Council to discuss a date for joint planning meeting. This issue will be placed on the June 2 agenda.

Town Attorney - None

Mayor

Mayor Smith read a prepared statement regarding the canal dredging maintenance project.

Your Town Council, the Town Manager, Town Staff, Town Engineer, and Council's assigned designee Council Member Jodi Hess are working on the Canals Project every business day and frequently on weekends. This project holds an extremely high priority for all of us at Town Hall and it should be a high priority for every citizen and property owner in Southern Shores as well.

The Town has been successful in overcoming the legal challenges of the State's denial of a permit to conduct the dredging as well as other challenges that have threatened this project. Unfortunately, one major challenge remains, that being the identification of a suitable dredge spoils site. The Town has been thwarted in its endeavors to find such a spot by the very people it will benefit. The Southern Shores Civic Association, Chicahauk Property Owners Association, and a vocal minority of residents have taken measures to deny the Town use of land that could serve the Town's needs.

The Town has made many attempts to inform our citizens about this project. The Town has regularly included a status report at Town Council Meetings and we've included information in Broadcast messages and posted it on the website. Town officials, including me, have made presentations at various association meetings, and formal presentations have been made by the Town Attorney, Town engineer, and the Town's Environmental Consultant - sadly many of these meetings were poorly attended.

It is time for the citizens of Southern Shores to come together on this issue and do what is best for the Town as a whole and not capitulate to the vocal minority. I am asking you to get involved, contact the SSCA and CPOA and tell them to support the Town in its efforts with the Canals Project. It is worth remembering that the SSCA transferred ownership of the canals to the Town for the specific purpose of getting them dredged and they did so without providing any of the resources needed to succeed - well its time for them to become part of the solution not part of the problem.

Council

Council Member Hess stated she too has been working very hard on the dredging project and she is very optimistic it will go through.

Council Member Pfizenmayer stated he supports the canal dredging and he has been working hard to see the project through and it's not done yet. He stated this project has been on-going for six years and if people don't know about it by now that can't be helped. Council has discussed this issue at many meetings and people don't get involved until it affects their backyard. He asks people to help Council get a spoil site.

Council Member Stroud stated personally he does not support Senator Basnight's legislative bill on the banning of plastic bags which requires customers to pay additional costs for the use of recycle paper bags. He stated the Town needs to take a stand and in these tough economic times the people do not need an additional tax. He stated the people he has talked to have reservations.
He questioned why it is a local bill and not a state-wide bill. The retailers will have to pass on the costs and everyone will still pay the additional costs even if you use your own bags.

Mayor Smith agrees and stated the bill would not pass if it was state-wide. He stated this is another way to tax the beach communities which have already been hit with the higher homeowner's insurance rates. He stated he was disappointed when Senator Basnight called an emergency meeting on this issue and no one had time to prepare to discuss it. He stated food costs are higher in Dare County than in Grandy. He stated the Senate has passed the bill and it will now go before the General Assembly for a vote. He encouraged everyone to contact your legislators and say NO. He stated he supports saving the environment but enough is enough.

Merrie Smith, executive assistant, stated she received from the broadcast email 27 replies 14 for and 13 against but those against wanted to see the bags banned but they do not want to be taxed. She stated the Dunes of Dare Conservation Committee supports the banning of plastic bags in which they sent a petition with 350 signatures to Senator Basnight. They have a recycle program using old T-shirts as carrying bags and will be providing them to people. They are asking for donations of old T-shirts and they can be dropped off at Town Hall.

Mayor Smith suggested a letter or a resolution be drafted to Representative Spears that Council could review at the June 2 meeting.

Council held a discussion on the increase in the homeowner's insurance. Council Member McDonald stated there will be an increase this year on homeowner's insurance of 30% on the mainland and 7-10% increase on the beach on top of the 25% increase last year.

The Town Manager stated the canal dredging updates will remain on the broadcast email. He reported Jessica Horan, reporter for the Coastland Times, is leaving the area In August and he stated working with her has been a pleasure and wishes her the best.

GENERAL PUBLIC COMMENT

Mayor Smith opened the public comment section.

Tim Rardin, 15 Ocean View Loop, stated if the people scratched the surface they would find that the dredging project has been made public at a lot of different meetings and on the Town's website. He stated people are only interested in results not activity. He stated it has been over 6-7 years and if he was one of those involved in the dredging project they should be embarrassed, especially the SSCA.
He thinks the main channel has been dredged before. He suggested splitting the project by dredging the main channel first and dredge the canals later. He stated in two years the channel will shoal over and the canals will have no water flow at all. He stated all property values will be affected by this project being done or not. He stated he is willing to lead a charge with others to talk with the SSCA and he is not sure it was legal for the SSCA Board to vote on the Duck Woods Drive site. He stated there are people who have said they will take the spoils get those people and move it out. He stated if the people want the canals dredged then find a way and not lose the grant money.

Deane Helms, 47 Duck Woods Drive, stated in reading the budget message under Sanitation it reads costs of sanitation are offset by container sales. He asked what container sales are. Mayor Smith stated the public comment is to allow people to speak on issues but is not a time for questions and answers and he could come to Town Hall for his questions to be answered.

Mr. Helms stated the wonderful thing about Southern Shores is the quality of life but last year when the chipping program was not done during the summer is a mistake. The town did not look good last summer and the people put the brush out anyway and it is a fire hazard. He stated regarding the plastic bags issue don't put the onerous on the customer. Get the "big box" people to work up a plan to minimize the usage of plastic bags. He stated if the canal dredging project needs to go back to square one to get it right then do so even if it means losing the grant money. He commented he didn't like the mayor's delivered sarcasm in his report.

Hearing no other comments Mayor Smith closed public comment section.

Mayor Smith stated the Mayor's Chats will be canceled for the summer (June, July and August).

Hearing no other regular business Council Member McDonald moved to go into closed session pursuant to NCGS 143.318.11 (a) (5) to establish or to instruct staff or negotiating agents concerning the position to be taken in negotiating the price and other material terms of a contract or proposed contract for the acquisition of the following real property:

1. The parcels of property located at 14, 12, 10, 8, 7 and 9 Spindrift Trail and 5391 N VA DARE TRL all under the record ownership of Southern Shores Realty Company, Inc. for the purpose of obtaining a lease or an easement for disposal of or facilitation of the disposal of the dredge spoils created by the Town's canal dredging project.

2. The portion of the parcel of property located at 0 Trinitie Trail under the record ownership of the Chicahawk Property Owners Assoc., Inc. which is located adjacent to and between (i) 7 & 8 Spindrift Trail and (ii) 5391 N VA DARE TRL for the purpose of obtaining a lease or an easement for disposal of or facilitation of the disposal of the dredge spoils created by the Town's canal dredging project.

3. The parcel of property located at 6195 N CROATAN HWY commonly known as the Cove property under the record ownership of Northern Outerbanks Associates, Inc. for the purpose of obtaining a lease, easement or fee interest for disposal of or facilitation of the disposal of the dredge spoils created by the Town's canal dredging project.

4. The property owned by the State of North Carolina situated at the northeast foot of the Kitty Hawk bridge for the purpose of obtaining a lease, easement or fee interest for disposal of or facilitation of the disposal of the dredge spoils created by the Town's canal dredging project.

5. The portions of property owned by the Duck Woods Country Club proposed for use by the Town for the purpose of obtaining a lease or easement interest for disposal of or facilitation of the disposal of the dredge spoils created by the Town's canal dredging project.

Mayor Smith seconded. The motion passed with Mayor Smith and Council Members McDonald, Hess, and Stroud and Pfizenmayer voting aye; no council member voting no and no Council Member absent.

Upon returning to open session Council Member McDonald moved to go into a second closed session in accordance to NCGS 143.318.11 (a) (5) to establish or instruct the staff or agent concerning the negotiations of the price and term of a contract concerning the acquisition of real property as renewal of prior motion for closed session with the consideration of additional property owned by Pasquotank County housing a medical center on the east side of Juniper at NC158 for the purpose of obtaining a lease or an easement for disposal of or facilitation of the disposal of the dredge spoils created by the Town's canal dredging project. Mayor Smith seconded. The motion passed with Mayor Smith and Council Members McDonald, Hess, and Stroud and Pfizenmayer voting aye; no council member voting no and no Council Member absent.

Upon returning to open session and hearing no other business Council Member McDonald moved to adjourn at 10:30 a.m. Mayor Smith seconded. The motion passed with Mayor Smith and Council Members McDonald, Hess, and Stroud and Pfizenmayer voting aye; no council member voting no and no Council Member absent.

ATTEST:

Don Smith, Mayor

TOWN OF SOUTHERN SHORES SEAL N. C.

Respectfully submitted:

Carrie Gordin, Town Clerk

Exhibit A

TO: Honorable Donel C. Smith, Mayor
Members of Town Council

FROM: Charles B. Read, Jr.
Town Manager

DATE: May 26, 2009

RE: FY2009-10 Budget Message

I respectfully submit the Town Manager's recommended budget for the fiscal year July 1, 2009 - June 30, 2010 for the Town of Southern Shores. This budget has been prepared in accordance with the Local Government Budget and Fiscal Control Act.

This budget was prepared in a spirit of communication, coordination, and cooperation with the Town Council, Senior Staff, Town Auditor, and the Town's Planning Advisory Group. Additionally, this year I initiated a new approach in constructing the budget by assigning individual Members of Town council to work closely with the Town Department Heads in developing their respective proposed budgets thereby providing a more participative and transparent process. In developing their respective budget requests, each Department Head did so with the participation of their Council Teammate. The FY 2009-10 proposed budget reflects the cooperative nature of the new process and is fiscally prudent consistent with the challenging financial times we are currently experiencing.

SUMMARY

A number of factors were considered in preparing this budget including emergency preparedness, maintaining excellence in service, controlling spending, implementing the Capital Improvement Plan, and addressing the many challenges facing the Canals Maintenance Dredging Project. Although austere, this budget fully addresses the maintenance activities and vital services of the town. Removed from this year's budget is the Merit Pay Raise program. Great measures were taken to involve the Town's citizens in the development of this budget. To that end, the development of this budget was taken to the public for their input and feedback as follows: (1) the Town's retreat in February (2) the public workshop held in March (3) introduction in the town's Broadcast message (4) posting the requested budget on the Town's website, and (5) it was reported in the local newspaper. To-date only three (3) citizens have provided written input or feedback on this budget – therefore I believe that no response is a positive response.

Consistent with Council's mandate, it is recommended that the General Fund Balance be maintained at current levels. Maintaining a high General Fund Balance allows the Town Council and The Town Manager the opportunity to solicit the input of, and work closely with; Staff, the Town Attorney, the Town Auditor, Consultants, and the Town Engineer in addition to the members of our volunteer committees, in implementing the CIP and to closely monitor and thoroughly address the numerous difficulties facing the

Canals Maintenance Dredging project. Upon identifying capital project priority needs, Town Council may then transfer necessary funding to the Capital Budget when needed to complete the Canals Maintenance Dredging Project and to apply to other Capital Improvement projects.

During fiscal year 2008-2009 Town Council unanimously adopted the Town's new comprehensive Capital Improvement Plan (CIP) and in doing so mandated a prudent "spend as we go" policy until such time as the economy improves. Since last fall, several capital projects have been completed including the resealing of Kingfisher and Soundview Trails and the completion of the multi-use path on Juniper Trail. In addition it is my pleasure to report that the full-depth rebuild of Hickory Trail and the cul-de-sac project on East Holly Trail are progressing nicely, on time, and under budget. Smaller projects including tree removal and rebuilding of the road in the Town's cemetery as well as the construction of new fencing and a new OSHA compliant restroom in the Public Works building were completed – also on time and under budget.

Southern Shores is "A Community of Volunteers" and I want to take this opportunity to express our profound appreciation for their valuable service. I thank the council for the opportunity to be of service and I wish to express my sincere gratitude to our outstanding town employees. It is an honor and privilege to serve the citizens and visitors of Southern Shores.

I am pleased to present this budget to the Council for their deliberation:

GENERAL FUND

REVENUES

The General Fund is balanced with a property tax rate of 9.75 cents per $100 valuation. The recommended tax rate is unchanged from FY 2008-09.

The 2009-10 fiscal year total General Fund revenues are recommended at $3,409,150 versus the adopted 2008-2009 budget of $3,689,630. This reflects an overall decrease of $280,480 or 7.6%.

The property tax base is estimated by Dare County Tax Office to be $1,705,642,900 for fiscal year 2009-2010 versus $1,695,498,000 in the previous year. A penny on the property tax rate is expected to generate approximately $171,240 in revenue. The property tax rate is budgeted to generate $1,710,000 or approximately 50% of all FY 2009-10 General Fund Revenues.

Occupancy and local option sales tax are expected to decrease by about 8% and 10% respectively, resulting in a combined revenue total of $1,025,000 Land transfer tax is showing a larger decline and is expected to be $100,000.

Powell Bill funds are projected to be $109,000, 10.32% less than FY 2008-09. The revenues from this source are being recommended to fund street repairs as necessary with plans of applying Powell Bill funds to future alternative funding sources for the CIP

when identified. In the case of a possible Gas Tax Moratorium, Powell Bill funds will decrease even further.

This recommended budget includes three grants totaling $21,100 including funds for a Public Works safety program, for Shoreline Grass Planting and Sand Fencing, and funds for employee wellness.

Building Permit revenues were down by 50% in FY 2008-2009 primarily due to the one-time Cove project permit revenue in FY 2007-08. For FY 2009-10, this source of revenue is expected to stay about the same as FY 2008-09.

CAPITAL RESERVE FUND

As previously stated, Town Council will have the opportunity to transfer funding from the General Fund to the Capital Fund to finance capital needs including but not limited to the Canals Maintenance Dredging Project.

The contribution to the Capital Reserve Fund for fiscal year 2009-2010 is $30,000.

This fund reflects a beginning balance of $441,800.

EXPENDITURES

The 2009-10 Fiscal Year General Fund expenditures are recommended at $3,409,150 consisting of $1,251,853 in salaries (37%), $363,876 in benefits (10%), $640,171 in operating expenditures (19%), $1,123,250 in contracted services (33%), and a transfer of $30,000 to the Capital Reserve Fund.

COST OF LIVING ADJUSTMENT: A COLA of 2.5% for our employees has been calculated totaling $23,796. This adjustment is a reduction from previous budgets. As previously reported, Merit Pay Raises have been removed from this year's proposed budget.

ADMINISTRATION: The administrative budget is recommended to decrease by $49,200 from FY 2008-09. This is mainly due to the grant writer position that is no longer budgeted in 2009-2010 and the elimination of merit pay raises. Property, Liability, and Workers Compensation insurance costs are projected to remain consistent. Legal services are budgeted at $45,000 and will be paid from the administrative department. All utilities, telephone, and equipment rental and maintenance expenses are also budgeted under this department. A transfer of $30,000 will be made from the General Fund to the Capital Reserve Fund to support future capital projects.

POLICE: The police budget of $960,850 includes a slight increase of $7,446 representing both required and beneficial training. Two vehicles are being recommended to be purchased under the lease program, thus allowing the Police Chief to continue with the development of a viable vehicle rotation plan. Obtaining one (1) special purpose vehicle is advantageous and the means for financing it will be identified before obtaining such a vehicle. The Police Department has stabilized and turn-over of personnel has been eliminated.

It is worth noting that Police Officer turn-over within our region is a phenomenon which continues to concern all Town Managers and Police Executives within Dare County.

CODE ENFORCEMENT & PLANNING: This department has been re-structured to reflect the needs of the Town. This department shows an increase of $67,600 which is due to the request to fill one vacant position within the department. This position would have the multiple responsibilities of planning, code enforcement, fire inspection, and building inspections.

PUBLIC WORKS: Public Works continues to assume more and larger in-house projects, reducing costs and delays, and lessens the need to contract with expensive outside vendors. The Chipping Program contract was reduced by approximately 10% in a mutually agreeable contract re-negotiation with the service provider. It should be noted that this contractor has provided numerous pro-bono services to the Town valued at several thousands of dollars.

SANITATION: Sanitation costs are for the most part fixed and are only slightly offset by container sales.

LIFEGUARD: Per the existing contract, the Ocean Rescue funding has increased by 2.29%.

CIP ENGINEERING: The Town Engineer will provide engineering support services for implementation of the CIP.

FIRE DEPARTMENT: Earlier this year, The Town and the Southern Shores Volunteer Fire Department negotiated a mutually beneficial ten (10) year contract - the contract price for fire protection for this year is $300,000.