



**Town of Southern Shores  
Council Meeting  
June 18, 2013**

The Town of Southern Shores Council met in the Pitts Center located at 5375 N. Virginia Dare Trail at 9:00 a.m. on Tuesday, June 18, 2013

**COUNCIL PRESENT:** Mayor Hal Denny, Mayor Pro Tem Jodi Hess, Council Members George Kowalski, David Sanders and Larry Lawhon.

**COUNCIL ABSENT:** None

**OTHERS PRESENT:** Town Manager Peter Rascoe and Town Clerk Sheila Kane.

**CALL TO ORDER / PLEDGE OF ALLEGIANCE / MOMENT OF SILENCE**

Mayor Denny called the meeting to order at 9:00 a.m., led the Pledge of Allegiance, and held a Moment of Silence.

**APPROVAL OF AGENDA**

Mayor Denny requested to amend the agenda to include item X. Closed Session.

**MOTION:** Mayor Denny moved to approve the agenda as amended. The motion was seconded by Council Member Kowalski. The motion passed unanimously.

**CONSENT AGENDA**

The Consent Agenda consisted of the following items:

- Approval of Minutes – June 4, 2013

**MOTION:** Council Member Lawhon moved to approve the consent agenda. The motion was seconded by Council Member Sanders. The motion passed unanimously.

[Clerk's Note: A copy of Consent Agenda items are hereby attached as Exhibit A].

**GENERAL PUBLIC COMMENT**

Ann Laughner, 25 East Dogwood Trail spoke on two items:

- Directional marking located on the west side of the East Dogwood Trail and Duck Road intersection have recently been painted and she would like to see the same done on the east side in order to improve traffic flow.
- On behalf of the Women's Association of Duck Woods Country Club she spoke to support amendment of the current sign ordinance.

**CONSIDERATION OF CIP COMMITTEE FY 2013-2014 RECOMMENDED PRIORITY FOR STREET IMPROVEMENTS/REPAIRS AND POSSIBLE CHANGE IN FUNDING**

The Town Manager presented the 2013 Capital Improvement Plan (CIP) recommendation from the CIP Committee. He noted the projected cost of the plan as recommended is \$630,000 which is in excess of the \$516,000 that Council previously directed be budgeted for capital street improvements.

Mayor Denny stated that revenue generated from .03 cents of tax rate has traditionally been appropriated in annual budgets for street reconstruction and repair. He stated that when this annual appropriation was originally implemented, it was the intention of the Council that the dedicated revenue from .03 cents of rate would be an appropriation additional to the appropriation from revenues received from the Powell Bill program.

Council Member Kowalski noted that the recommended CIP has a projected cost of \$630,000 which is a combination of the \$424,616.84 reconstruction category and the \$190,657.60 repair category.

Mayor Pro Tem Hess concurred about having the streets listed in categories rather than a priority list that needs to be followed in order.

The Town Manager reminded Council that this is a different way of doing street projects than we have done in the last couple years. This adopts the entire street package as a single project as opposed to each individual street as a project.

**MOTION:** Council Member Sanders moved to approve FY 2013-14 CIP package. The motion was seconded by Council Member Kowalski. The motion passed unanimously.

[Clerk's Note: A copy of the FY 2013-2014 CIP-Street Improvement Projects is hereby attached as Exhibit A].

**CONSIDERATION OF PROPOSED FY 2013-2014 BUDGET AND BUDGET ORDINANCE**

The Town Manager presented Ordinance 2013-06-01 FY 2013-2014 Budget and Tax Rate and Creating a Capital Project. The budget this year is proposed at \$5,598,065 and proposes no tax rate increase from the revenue neutral tax rate. Listed under Section II Capital Reserve Fund he recommended that Council amend the amount allocated for capital street improvements listed before adopting the Budget Ordinance. The proposed \$516,000 is now recommended to be increased to \$630,000 to fund the current approved capital street improvement plan.

**MOTION:** Mayor Pro Tem Hess moved to approve the funding change recommendation from \$516,000 to \$630,000 in Section II. Capital Reserve Fund under Appropriations Authorized. Council Member Sanders seconded. The motion passed unanimously.

**MOTION:** Mayor Denny moved to adopt Ordinance 2013-06-01, an Ordinance of the Southern Shores Town Council Adopting a Budget and Tax Rate for FY 2013-2014 and creating a Capital Budget. Council Member Kowalski seconded. The motion passed unanimously.

[Clerk's Note: A copy of Ordinance 2013-06-01 is hereby attached as Exhibit B].

**PUBLIC HEARING-ZTA-13-02 DUCK WOODS COUNTRY CLUB TO AMEND THE CURRENT SIGN ORDINANCE.**

Mayor Denny opened the Public Hearing and called for public comment.

Ann Laughner spoke on behalf of Women's Association of Duck Woods Country Club in support of the proposed changes to the sign ordinance.

Upon hearing no more comments Mayor Denny closed the public hearing.

Council Member Kowalski proposed the following language to be considered as a substitute:

*h. Country Club Signs. One freestanding sign per street frontage.  
Sign may be one or two sided, not to exceed a total height of 9 feet above existing grade or exceeding 32 square feet in size per face (excluding support structure), which may be indirectly lighted and shall be set back at least 15 feet from the property line.*

Planning Board Chairman, Sam Williams had no objections.

**MOTION:** Council Member Kowalski moved to adopt ZTA-13-02 Sign Amendment to Duck Woods Country Club with his proposed changes to paragraph 8H. Council Member Lawhon seconded. The motion passed unanimously.

#### **OLD BUSINESS**-none

#### **NEW BUSINESS**

##### Phase II Canal Dredging Project Funding-Consideration of Loan Documents

Attorney Robert Hobbs reviewed the PNC loan documents. The Installment Financing Contract between the Town and the Bank in the amount of \$1,547,880 at a 1.720% interest rate for seven years is to finance the construction of improvements to the Town Hall and maintenance dredging of the canals.

Mr. Hobbs also stated that the escrow agreement originally included in the loan packet is no longer required by the bank.

**MOTION:** Mayor Denny moved to approve all loan documents as presented for the financing of the canal dredging project through PNC Bank and the Mayor, Town Clerk, Finance Officer and Town Manager are authorized to sign such documents as required.

##### Phase II Canal Dredging Project Construction Contract-Affirmation of Execution Authority

**MOTION:** Mayor Pro Tem Hess moved to approve the Acceptance and Contract with Salmons Dredging, Inc. authorizing the Town Manager to execute the contract. Council Member Lawhon seconded. The motion passed unanimously.

##### Planning Board Appointments-Elizabeth Morey and Gray Berryman

**MOTION:** Mayor Pro Tem Hess moved to appoint Elizabeth Morey and Gray Berryman from Planning Board Alternate positions to Permanent positions for a three year term effective July 1, 2013. Council Member Sanders seconded the motion. The motion passed unanimously.

#### **OTHER ITEMS**

##### Town Manager's report

The Town Manager addressed several issues:

- Reconstruction of Honeysuckle Drive continues with no reported problems and paving will begin soon.
- The Town is represented in all the upcoming emergency management planning sessions. Staff computers have received the updated 2013 Hurrevac program and staff has reviewed our emergency management plan. Our HAM radio system is due to be

checked next week. We will be reminding homeowner associations and some private citizens on private streets as to FEMA policy regarding debris pickup. FEMA will not fund the pick-up of debris from private streets after a declared storm event.

- The Town will proceed with the Phase II maintenance canal dredging project once the contract is signed.
- The Town will be advertising for the new position of Public Works Director since the FY 2013-14 Budget has now been adopted.
- The building for the Police Department is still in the design stage and hopefully in July it will be ready to bid out.
- The Town Manager will be attending the NC City and County Managers Summer Conference in New Bern Friday, July 21-23.
- Activities on the beach are going smoothly. The Community Resource Officer (CRO) makes three rides a day in addition to his other duties as parking monitoring. Our beach policies are being administered and enforced and the Town has received all good comments.

Town Attorney: none

Mayor's comments:

- The Emergency Management Control Group has been called to meet in July to discuss new tools that will be instrumental in making more informed decisions.

Council Members' comments:

Council Member Kowalski reported on his latest observation of Deer Path Lane. He stated we are nearing the number five in repairs to the road which would trigger an entire surface overlay according to the contractor's warranty.

### **CLOSED SESSION**

**MOTION:** The Mayor moved to go into closed session pursuant to North Carolina General Statute §143-318.11(a) (6) Consideration of Personnel Issues. The motion was seconded by Council Member Lawhon. The motion passed unanimously.

### **ADJOURN**

**MOTION:** Upon returning to open session Mayor Denny moved and Council Member Lawhon seconded a motion to approve amending the Town Manager's contract effective July 1, 2013. The motion passed unanimously.

**MOTION:** Mayor Denny moved to adjourn. The motion was seconded by Mayor Pro Tem Hess. The motion passed unanimously. The time was 10:36 p.m.

ATTEST

Hal Denny, Mayor



Respectfully submitted,

Sheila Kane, Town Clerk

Town of Southern Shores  
Town Council Meeting  
June 18, 2013  
Page 4 of 9

**EXHIBIT A**

Town of Southern Shores 2013 CIP Package		Budgetary Guide		\$630,000.00			
Reconstruction Category							
Roadway	General Location	Nature of Failure	Proposed Repair	Estimated Cost	8% Engineering	8% Other*	Total
Duck Woods Drive	#56-#80	Asphalt & Drainage	FDR with Drainage enhancements	\$ 171,924.00	\$ 13,753.92	\$ 13,753.92	\$ 199,431.84
Oceanview Loop	Loop cul-de-sac	Inside radius failure	Widen circle & repair bad areas	\$ 60,000.00	\$ 4,800.00	\$ 4,800.00	\$ 69,600.00
Sea Oats/Hillcrest Intersection	Intersection	Asphalt	FDR of intersection	\$ 35,000.00	\$ 2,800.00	\$ 2,800.00	\$ 40,600.00
Woodland Circle	North end	New cul-de-sac	Construct new cul-de-sac	\$ 30,000.00	\$ 2,400.00	\$ 2,400.00	\$ 34,800.00
Mistletoe Lane	Entire Roadway	Asphalt & Subgrade	FDR paired with Overlay	\$ 69,125.00	\$ 5,530.00	\$ 5,530.00	\$ 80,185.00
<b>Reconstruction Category Total</b>							<b>\$ 424,616.84</b>
Repair Category							
Teal Court	Loop cul-de-sac	Inside radius failure	Expand radius	\$ 8,000.00	\$ 640.00	\$ 640.00	\$ 9,280.00
Yucca Lane	#4	Sink hole/pot hole	Cut and FDR over section	\$ 2,220.00	\$ 177.60	\$ 177.60	\$ 2,575.20
Hillcrest Drive	#313	Asphalt & Subgrade	Asphalt Repair	\$ 19,250.00	\$ 1,540.00	\$ 1,540.00	\$ 22,330.00
Osprey Lane	Intersection southwest side	Pothole	Cut & Patch	\$ 12,250.00	\$ 980.00	\$ 980.00	\$ 14,210.00
VFD Entrance	Western entrance	Asphalt & Drainage	Asphalt Repair with drainage improvements	\$ 8,400.00	\$ 672.00	\$ 672.00	\$ 9,744.00
North Dune Loop	#54	Erosion escarpment	Escarpment Repair	\$ 7,500.00	\$ 600.00	\$ 600.00	\$ 8,700.00
Yaupon Lane turn-around	Southern limit	Truck turn around	Expand turn around area	\$ 3,500.00	\$ 280.00	\$ 280.00	\$ 4,060.00
N. Dogwood Trail #271-273	#271-273	Root upheaval	Cut and FDR over section	\$ 10,750.00	\$ 860.00	\$ 860.00	\$ 12,470.00
Ginguite Trail	#19	Asphalt & Subgrade	FDR	\$ 28,000.00	\$ 2,240.00	\$ 2,240.00	\$ 32,480.00
E. Holly Trail	#136-#144	Subgrade	FDR	\$ 48,125.00	\$ 3,850.00	\$ 3,850.00	\$ 55,825.00
Duck Woods Drive #44	#44	Pothole	Cut & Patch	\$ 430.00	\$ 34.40	\$ 34.40	\$ 498.80
South Dogwood Trail	In front of DWCC	Potholes	Cut & Patch	\$ 860.00	\$ 68.80	\$ 68.80	\$ 997.60
Mizzen Mast	Cul-de-sac	Pothole	Cut & Patch	\$ 1,075.00	\$ 86.00	\$ 86.00	\$ 1,247.00
Blue Pete Court	Loop cul-de-sac	Inside radius failure	Expand radius	\$ 8,000.00	\$ 640.00	\$ 640.00	\$ 9,280.00
N. Dogwood Trail	#250 Talbert	Edge Failure	FDR & Drainage Improvements	\$ 6,000.00	\$ 480.00	\$ 480.00	\$ 6,960.00
<b>Repair Category Total</b>							<b>\$ 190,657.60</b>
<b>2013 Package Total</b>							<b>\$ 615,274.44</b>
<b>Budget Target</b>							<b>\$ 630,000.00</b>
Future Project Pool							
Fairway Drive	Entire Roadway	Asphalt & Roots	FDR	\$ 180,775.00	\$ 14,462.00	\$ 14,462.00	\$ 209,699.00
Bear Track Lane	Entire Roadway	Asphalt & Subgrade	FDR	\$ 78,750.00	\$ 6,300.00	\$ 6,300.00	\$ 91,350.00
Pintail Court	Entire Roadway	Asphalt & Subgrade	FDR	\$ 64,750.00	\$ 5,180.00	\$ 5,180.00	\$ 75,110.00
Scuppernon Lane	Entire Roadway	Asphalt & Subgrade	FDR	\$ 72,625.00	\$ 5,810.00	\$ 5,810.00	\$ 84,245.00
Hollow Beach Court	Entire Roadway	Asphalt & Subgrade	FDR	\$ 84,875.00	\$ 6,790.00	\$ 6,790.00	\$ 98,455.00
Clamshell Trail	Entire Roadway	Asphalt & Subgrade	FDR	\$ 655,350.00	\$ 52,428.00	\$ 52,428.00	\$ 760,206.00
<b>Notes: 8% other covers:</b> 1. Design Surveying 2. Geotechnical Design Cores 3. Construction Observation 4. Geotechnical Construction Testing 5. Changes in scope of work 6. Change Orders 7. Other work not listed.							

**EXHIBIT B**



**Town of Southern Shores**

5375 N. Virginia Dare Trail, Southern Shores, NC 27919  
Phone 252-261-2394 / Fax 252-255-0876  
info@southernshores-nc.gov  
www.southernshores-nc.gov

Ordinance No. 2013-06-01

**An Ordinance of the Southern Shores Town Council  
Adopting a Budget and Tax Rate for FY 2013-2014  
and Creating a Capital Project**

**BE IT ORDAINED** by the Town Council of the Town of Southern Shores, North Carolina that the following be the various budgets for FY 2013-14, and that a Capital Project be established:

SECTION I. GENERAL FUND

A. Appropriations: The following amounts are appropriated for the operation of the Town government and its activities for the fiscal year beginning July 1, 2013 and ending June 30, 2014:

Administration Department	\$ 932,610
Code Enforcement & Inspections Department	\$ 227,420
Fire Department	\$ 525,505
Ocean Rescue Services	\$ 156,000
Police Department	\$ 1,383,390
Public Works Department	\$ 374,730
Public Works Department – Streets, Bridges & Canals	\$ 496,200
Sanitation Services	\$ 646,000
Contribution to Capital Reserve Fund	\$ 856,210

**Total General Fund Appropriations \$ 5,598,065**

B. Estimated Revenues: It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2013 and ending June 30, 2014 to meet foregoing appropriations:

Property Taxes- Current Year	\$ 2,812,923
Vehicle Taxes- Current Year	\$ 48,000
Property & Vehicle Taxes- Prior Years, Penalties and Interest	\$ 9,582
Subtotal: Property and Vehicle Taxes	\$ 2,870,505
Land Transfer	\$ 201,625
Local Option Sales Tax	\$ 814,985
Occupancy Tax	\$ 900,000
Other Intergovernmental Revenues	\$ 470,400
Building Permits & Fees	\$ 92,100
Lease purchase proceeds	\$ 74,000
Other Revenues	\$ 174,450
	\$ 2,727,560

**Total General Fund Revenues \$ 5,598,065**

SECTION II. CAPITAL RESERVE FUND

Appropriations Authorized:

Transfer to General Fund for Future Capital Projects (Street Improvements)	\$ 630,000
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Revenues Anticipated:

Transfer from General Fund for Future Capital Projects	\$ 856,210
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<b>TOTAL FY 13-14 CAPITAL RESERVE FUND REVENUES</b>	<b>\$ 856,210</b>
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<b>EXISTING CAPITAL RESERVE FUND BALANCE</b>	<b>\$ 210,466</b>
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SECTION III. CEMETERY FUND

Appropriations Authorized:

Cemetery Maintenance and Beautification	\$ 10,990
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Revenues Anticipated:

Transfer from Cemetery Fund-Undesignated Fund Balance (UFB)	\$ 9,990
Proceeds from Sales of Cemetery Plots	\$ 1,000

<b>TOTAL FY 13-14 CAPITAL RESERVE FUND REVENUES</b>	<b>\$ 10,990</b>
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<b>EXISTING CEMETERY FUND-UFB BALANCE</b>	<b>\$ 42,557</b>
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SECTION IV. TAX RATE ESTABLISHED

There is hereby levied a property tax of twenty-two cents (\$0.22) on each one hundred dollars (\$100) valuation of real and personal taxable property in the Town of Southern Shores, as listed for taxes as of January 1, 2013 by the Dare County Tax Department, for the purpose of raising revenue included in "Property Taxes - Current Year" and "Vehicle Taxes - Current Year" in the General Fund, being Section I. B. of this Ordinance.

The rate of tax is based on an estimated total valuation of real and personal property for the purpose of taxation of \$ 1,282,352,815.00 and an estimated collection rate of 99.85%. The estimated rate of collection is based on the fiscal year 2012-2013 collection rate pursuant to NCGS §159-13(b)(6). This same rate of tax levied (\$0.22) is the same as the "Revenue Neutral Rate" calculated pursuant to NCGS 159-11(e), comparable with the current year's (FY 12-13) tax rate of sixteen cents (\$0.16).

#### SECTION V. EXPENDITURES

All expenditures must be made in accordance with governing North Carolina General Statutes and adopted Town policies regarding purchasing and bidding as last updated by the Town Council on January 22, 2013.

Notwithstanding, the Budget Officer is hereby authorized to expend funds consistent with the governmental functions and amounts shown as appropriated and to execute such documents necessary for same. Notwithstanding current Town policies regarding purchasing and bidding, the Budget Officer is also hereby authorized to execute documents for the following items or services in accordance with the specific appropriations established by this Ordinance or as the budget may be amended during the fiscal year:

1. multi-year lease, lease-purchase, or purchase of vehicles and equipment.

Notwithstanding current Town policies regarding purchasing and bidding, and upon design approval by the Town Council, the Budget Officer is also hereby authorized to execute documents for the following items or services in accordance with the specific appropriations established by this Ordinance or as the budget may be amended during the fiscal year:

2. contracting services for any street improvement project
3. construction of addition/improvements to Police Department building

#### SECTION VI. CAPITAL RESERVE FUND EXPENDITURES

Withdrawals from the Capital Reserve Fund shall continue to be made for the purposes outlined in that Fund's establishing resolution adopted March 6, 2007, and amended June 19, 2012, and by this Ordinance are authorized to be made to the General Fund for such purposes consistent with the provisions outlined in NCGS §159-22.

#### SECTION VII. CAPITAL PROJECT AND FUND ESTABLISHED [NCGS §159-13.2(b); §159-26(b)(6)]

Pursuant to authority granted in NCGS §159-13.2(b), a *Capital Project* as defined in NCGS §159-13.2(a)(1) and a *Capital Project Fund* within the meaning of NCGS §159-26(b)(6) is hereby established in this Budget Ordinance. In accordance with NCGS §159-13.2(c), the Capital Project identified by this Section of the Budget Ordinance shall begin only after adoption of this ordinance and only after full authorization by the Town Council for the Mayor or the Town Manager to execute all documents necessary to receive proceeds to finance the project and to contract for its construction.

Description: A Capital Project known as the "Canal Dredging Project Phase II" is hereby established for the primary purpose of removing accumulated spoil material from the submerged bottoms of Town-owned recreational and navigable canals located throughout the Town and which have not heretofore been maintenance dredged in a previous project occurring in calendar years 2009-2011. Also included in this Capital Project is the secondary purpose of constructing improvements to buildings (or new construction) at the Town Hall complex. Actual work for the Capital Project is estimated to occur over a twelve (12) month period, and debt financing for the Capital Project will be paid back over a seven (7) year period following closing of the loan for financing. Total debt service payments are anticipated at \$246,800 annually. (PNC term Sheet calls for semi-annual payments, \$123,875 due 12/19/13 and \$122,925 due 6/19/14).

Revenues Identified: It is anticipated that the Town will enter into an agreement for installment contract financing with PNC Bank as approved by the NC Local Government Commission (LGC) for an amount estimated not to exceed **\$ 1,547,880**. LGC approval is anticipated June 4, 2013 and loan documents and construction contract closing is anticipated June 19, 2013. Initial

contractor mobilization is estimated to commence July 1, 2013; actual dredging is anticipated to commence October 1, 2013 and cease by no later than February 15, 2014. Contractor demobilization for the dredging purpose is estimated to occur within six weeks following completion of dredging. Contractor completion for the improvements (or new construction) to the Town Hall complex is estimated to be no later than June 30, 2014.

Appropriations Necessary for Project Completion:

Contract for Canal Dredging/Removal/Disposal	\$ 1,212,880.00
Dredging Performance Surveys	50,000.00
Dredging - Sub Aquatic Vegetation Survey	10,000.00
Engineering for Dredging	50,000.00
Town Hall Complex Improvements (and New Construction)	175,000.00
Project Contingency	50,000.00
<b>Total</b>	<b>\$ 1,547,880.00</b>

SECTION VIII. LEASE REVENUES

The Budget Officer is hereby authorized to execute such documents necessary for the realization of revenues or other consideration from any lease or use of Town property with a term not to exceed three years.

SECTION IX. BUDGET OFFICER LINE TRANSFER AUTHORIZATION

The Town Manager shall be authorized to reallocate Departmental appropriations among the various objects of expenditures as he believes necessary for appropriate budget performance, and is also authorized to make inter-departmental transfers including from a departmental contingency line, within the same Fund, not to exceed 10% of the appropriated monies for the Department whose allocation is reduced.

SECTION X. BUDGET OFFICER RESTRICTIONS

With exception of any discretionary merit pay and cost of living adjustments as appropriated in this ordinance, no salary increases may be made without approval of the Town Council. Inter-fund transfers that are not established in the budget document may be accomplished only with the prior authorization of the Town Council.

SECTION XI. UTILIZATION OF BUDGET AND BUDGET ORDINANCE

This Ordinance and the Budget Document shall be the basis of the financial plan for the Town of Southern Shores, North Carolina Municipal Government during the fiscal year 2013-14. Copies of this Budget Ordinance shall be furnished to the Clerk of the Town Council and to the Budget Officer and Finance Officer, and is to be kept on file by them for their direction in the disbursement of funds.

ADOPTED this 18 day of June, 2013

ATTEST:

  
Sheila Kane, Town Clerk

