

**TOWN OF DUCK
TOWN COUNCIL
REGULAR MID MONTH MEETING
May 21, 2008**

The Town Council for the Town of Duck convened at the Duck Municipal Offices at 1:00 p.m. on Wednesday, May 21, 2008.

COUNCIL MEMBERS PRESENT: Mayor Neil Morrison; Mayor Pro Tempore Monica Thibodeau; Councilor Nancy Caviness; Councilor Bart Smith; and Councilor Dave Wessel.

COUNCIL MEMBERS ABSENT: None.

OTHERS PRESENT: Town Manager Christopher J. Layton; Director of Community Development Andy Garman; Deputy Fire Chief William Walker; Police Chief Phillip Ferguson; Public Relations Coordinator Kathy McCullough-Testa; Building Inspector Cory Tate; and Town Clerk Lori Kopec.

ABSENT: Town Attorney Donald I. McRee, Jr. and Fire Chief Donna Black.

Mayor Morrison called the meeting to order at 1:06 p.m. He welcomed the audience and stated it was good to have such a large turnout.

DISCUSSION/CONSIDERATION OF RESOLUTION 08-04, RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF DUCK, NORTH CAROLINA, REQUESTING ADDITIONAL STATE ASSISTANCE FOR STORMWATER IMPROVEMENTS ALONG NC 12 AT THE INTERSECTION OF NC 12 AND WEST TUCKAHOE DRIVE IN THE SOUTHERN END OF DUCK

Town Manager Layton stated that staff has been working very hard on getting the project into the bidding phase and were finalizing the engineering portion with the hope to have the 100% plans completed later in the month. He stated that at that point, the plans would be handed over to NCDOT so they can bid the project out. He stated that the cost estimates rose from an estimated \$750,000 to slightly over \$1,000,000 for the project. He stated that the Town had \$500,000 in the bank that was requested and appropriated from Stan White as the Transportation Board member and Senator Marc Basnight. He added that Tim Spear was expected to put in the additional \$250,000 to get up to the \$750,000. He stated that Mr. White, Representative Spear and Senator Marc Basnight will be working together to obtain the additional monies that NCDOT needs to get the project fully funded. He stated that in his discussions with Marc Basnight's office, they had requested a resolution that could be used to fulfill the request. He stated that he asked and expected to receive similar resolutions of support from Currituck County, the Town of Southern Shores, the Outer Banks Chamber of Commerce, the Outer Banks Tourism Bureau, Dare County and the Outer Banks Association of Realtors.

Mayor Pro Tempore Thibodeau stated that she had mentioned the issue to the realtors and they will complete a "call to action" if needed for the Town.

Councilor Wessel clarified that the amount on Page 2 of the resolution did not add up. Town Manager Layton stated that the \$581,860 referred to the \$500,000, which was the shortfall needed.

Councilor Smith moved to adopt Resolution 08-04 as presented.

Motion carried 5-0.

WORK SESSION ON THE PROPOSED FY 2009 BUDGET

Mayor Morrison stated that Council had copies of the proposed FY 2009 budget that they reviewed. He turned the meeting over to Town Manager Layton.

Town Manager Layton gave a short presentation to Council and the audience, reviewing items from the proposed FY 2009 budget.

Mayor Morrison stated that Council would have questions and comments for Town Manager Layton and then he would open the floor to the audience for their comments.

Mayor Pro Tempore Thibodeau thanked Town Manager Layton for his presentation. She stated that the Town was at a crossroads between services from the last five (5) years and where things were heading for the future. She asked why the Fund Balance was only budgeted to increase by \$164,000 for the first year. Town Manager Layton stated that the \$163,000 was the expected leftover after the Capital Improvement Projects. Mayor Pro Tempore Thibodeau asked if the software for the Planning department was just a single item or if it included maintenance and support. Town Manager Layton stated that there would be support. Director Garman thought there was \$5,000 for additional training and customization. Mayor Pro Tempore Thibodeau asked if the purpose of the software was to help staff as well as making it more user-friendly so people could fill out the forms from a distance. Town Manager Layton stated she was correct. Mayor Pro Tempore Thibodeau asked how the cost for the dune planting was defined. Town Manager Layton stated it was based on estimates from previous costs for dune planting for the entire beach front. Mayor Pro Tempore Thibodeau asked if the two (2) police vehicles that were proposed were helping to keep the maintenance costs down. Town Manager Layton stated she was correct. He thought two (2) vehicles needed to be replaced as the Police Department no longer has a spare vehicle and one of the vehicles has close to 100,000 miles on it.

Councilor Smith asked if the Police vehicles were State contracted. Town Manager Layton stated that some were. He stated that when the Town purchases vehicles, staff is consistently getting matching State contract price or better. Councilor Smith asked if the vehicles came in a specific configuration. He wondered if it would make more sense to have vehicles that were either fuel efficient or were a V6 or V8 engine. Town Manager Layton stated that typically a police department buys a police package, but added that a town could deviate from the package. Police Chief Ferguson stated that most Police vehicles have V8 engines as they give better service life.

Councilor Wessel stated that he appreciated the reasonable requests from the department heads. He asked if the Police vehicle with the higher mileage had a lot of maintenance issues. Police Chief Ferguson stated that the maintenance on the vehicle in question has been lower than the others; however the Police Crown Victoria vehicles have had to have \$800 upgrades for the alternators. He added that the transmission on the Ford Explorer has been sluggish and would need to be replaced soon. Councilor Wessel asked how much has been spent to date on the dune planting. Town Manager Layton stated that the Town did not spend anything on it last year. He stated that nothing was spent by the Town for this year as the Town used Shoreline Management Commission funds for the planting. Director Garman added that the Commission gave the Town \$24,000 but not all has been spent yet.

Mayor Pro Tempore Thibodeau clarified that the other time money was spent for dune planting was when the Town received money from FEMA after Hurricane Isabel. Town Manager Layton stated she was correct. He stated that one of the reasons for having the dune planting in the proposed budget was due to the success of the post Isabel planting.

Councilor Wessel clarified that sanitation costs were being reduced by switching to every other Monday for recycling. Town Manager Layton stated he was correct, adding that it would only be for the off season. Councilor Wessel asked why an increase was proposed in Sanitation. Town Manager Layton stated that the increase in the solid waste was due to a maximum cap on the increase each year as well as additions to the service. Councilor Wessel asked if the grant for the amphitheater had a time limit to it. Town Manager Layton stated that grants were typically for one (1) fiscal year period. He stated that the Town has obtained extensions in the past, but couldn't promise one could be obtained for the amphitheater.

Councilor Smith pointed out that the turnout gear for the Fire Department was recently replaced. He asked why the turnout gear was in the CIP. Deputy Chief Walker stated that it was in there so that the Fire Department would not have to pay a large sum at one time in the future as per the new standards.

Councilor Caviness asked staff to speak to the impact on programs and services if aspects of the CIP were to be reduced or cut. Town Manager Layton stated that one of the reasons why the tax increase was proposed was because the Town was at a point where service levels have been defined. He stated that he was looking largely to maintain the level of

services that were provided to the Town. Director Garman stated that the additional responsibilities of staff will require a lot more of their time. He added that the building permit software would help out with access to information Town-wide as well as improving efficiency. Town Manager Layton noted that there was a tendency to see items as toys. Councilor Caviness stated that she did not consider anything in the proposed budget as a toy or luxury item. She thought the proposed budget, as well as past budgets, were very measured and proactive in terms of being responsive to services, programs and initiatives that were community driven. She asked what the implications would be if the Town did not hire an additional fire fighter. Deputy Chief Walker thought the Town may lose their Fire Chief as she needs a break from being on call twenty-four (24) hours a day, seven (7) days a week.

Councilor Smith noted that the Police and Fire Department account for a big percentage of the Town's budget. He believed that the personnel and equipment proposed for both departments were well within reason.

Mayor Morrison opened the floor for the audience to comment on the proposed budget.

George Keefe of the Duck Community and Business Alliance was recognized to speak. Mr. Keefe reiterated that the DCBA was in support of what Council was doing.

Sam Taylor of 111 Skimmer Way was recognized to speak. Mr. Taylor thought the proposed budget was a very good one. He asked if the Town Park debt could be extended without cutting services. Town Manager Layton stated the North Carolina Local Government Commission regulates any debt greater than \$500,000 or longer than five (5) years depending on the circumstances. He added that the Local Government Commission will not approve any refinancing of existing debt whose sole purpose was to extend the term for the purpose of lowering payments. Mr. Taylor stated he was concerned with the dune stabilization. He noted that dunes migrate westward and that the beach seems to only need preservation when the dunes migrate. He urged Council to be careful with not trying to maintain a sea wall of sand that will destroy the recreational beach.

Connie Amendo of 141 West Tuckahoe Drive was recognized to speak. Mr. Amendo stated he would like to see Council take each line item and look at them closely to try to reduce some of the items so as to keep from raising taxes. Mayor Morrison asked which items he would recommend reducing. Mr. Amendo suggested Police, Fire, Park and Sanitation. He noted that he had not read the budget in detail but thought they should be looked at by Council in order to maintain the present tax rate.

Ron Forlano of 1378 Duck Road was recognized to speak. Mr. Forlano noted that North Carolina was the seventh (7th) lowest state in real estate taxes. He stated that he was in favor of raising taxes. He thought the Town has done a lot in the past six (6) years but noted that it has been riding a high economic wave, accomplishing quite a lot. He thought the Town needed to step back and take a breather for a bit. He stated that it scared him that such a small amount was going to be put in the Fund Balance. He suggested pulling back and putting more in the Fund Balance. He stated that he did not want to cut services but thought Council should look at other things such as the park. He suggested deferring the building on the park for a while.

John Jenkins of 104 Dune Road was recognized to speak. Mr. Jenkins agreed with Ron Forlano's comments. He stated that he was concerned that this year's revenue increase would be 4.56%. He noted that real estate was really slow right now and went on to read figures regarding real estate to Council and the audience. He stated that the Town did not need an amphitheater at this time as it has been operating in a deficit. He stated that he hoped Council would adopt the mindset – "services yes, luxuries no". He suggested Council scrutinize every cost.

Allan Beres of 146 Dune Road was recognized to speak. Mr. Beres stated that the Town has done an excellent job in justifying the numbers in the proposed budget. He noted that in four (4) years' time, there has been a sixty percent (60%) increase over the Revenue Neutral rate. He stated that the first increase was three (3) years ago and now the Town was proposing a second increase. He thought that if there was one more increase; it would be too much of a burden on the taxpayers. He wondered if the Town needed the boardwalk or the amphitheater or if they were just nice to have.

John Jenkins wondered if there was some way that the Town Park could be used to generate income for the Town.

Joe Blakaitis of 115 Sandpiper Cove was recognized to speak. Mr. Blakaitis agreed with the previous comments. He thought Councilor Caviness' comments were good as well. He thought Council needed to find out what the effect would be if certain items were eliminated.

Bob Fitchett of 102 West Bias Lane was recognized to speak. Mr. Fitchett stated that he loves living in Duck. He felt that Council has done an admiral job in such as short time. He stated that he wasn't sure what should be cut from the budget, but felt that the park was a wonderful place. He hoped the Town could slow growth to maintain the present tax rate.

Mayor Morrison stated he dislikes taxes as much as anyone else. He went on to read the tax rates for all of the other municipalities in Dare County. He stated that because all of the other towns had higher rates didn't mean that Duck had to raise taxes since it was the lowest. He wondered if the Town's tax rate was too low or if the Town had the desire to increase taxes a little to build the Fund Balance and provide a continuation for the Master Plan for the Town Park. He stated that Council will need to wrestle with those questions.

Councilor Smith stated that he took the audience's comments very seriously. He stated that he received some good information from the audience to review and would see what could be done. He thought Town Manager Layton was very diligent in the budget process. He explained that what staff presents to Town Manager Layton at the start of the budget process and what Council and the audience are presented with are very different. He noted that the proposed budget was \$260,000 lower than the initial requests from the department heads. He thought things could be deferred but would ultimately have to be purchased in the future. He felt that any items that could be cut from the budget would not change the amount of the tax increase, but could put more money in the Fund Balance.

Mayor Pro Tempore Thibodeau stated that she appreciated all the comments from the audience. She thanked the audience for coming to the meeting. She reiterated that the Town was at a crossroads between maintaining certain services and wanting things. She stated she was concerned about the amphitheater at the Park. She wondered if another employee would need to be hired or if it would bring more people to Duck. She thought it could be an income producer as having more people come to Duck would result in increased revenues. She thought there was a level of service that the citizens have come to expect and enjoy. She stated that she will be looking at what the Town could do without or postpone. She stated that by increasing the taxes, it would give the Town funds to put into the Capital Improvements. She didn't think the Town was ready to build a Town Hall in the near future.

Mayor Morrison stated that several people mentioned possibly delaying or canceling the amphitheater and soundside boardwalk. He pointed out that the Town was hopeful that the soundside boardwalk would be funded by grant monies. He stated that Council has to decide whether or not they want the amphitheater as a grant has already been obtained to pay for half of it. He noted that he had served on the Outer Banks Tourism Board for four (4) years and pointed out that if they are told a grant is not necessary after it's been issued, there was no assurance a municipality would receive it again. He stated that Duck only has one (1) person on the Tourism Board, with the rest of the Board comprised of the members of the Chamber of Commerce, other towns, the Restaurant Association and the Hotel and Motel Association. He stated that both he and Councilor Caviness had been able to secure several large grants for the Town. He thought Council needed to think twice before they turn the grant down. He explained that if the Town holds off on building the amphitheater for a few years, the cost will be more. He stated that Council will have to consider all the issues.

Councilor Wessel thanked the audience for their comments. He stated that he would be taking away from the meeting that maintenance comes with increased costs. He agreed that this was not the best of times and that Council will need to look at the long term impacts with regard to the amphitheater and Town Hall building. He thought each item in the budget needed to be looked at and scrutinized with regard to short term cost versus long term impact.

Ron Forlano thought the grant for the amphitheater should be used to build it. He suggested that if there wasn't grant funds for the next project, to hold off.

Councilor Caviness thanked the audience for their comments. She stated that she sees the services in Town as essential ones. She noted that before Duck incorporated, they were paying an enormous amount to Dare County but not getting its fair share of services. She pointed out all of the things the Police and Fire Department have accomplished, how the Town has great trash pickup, curbside recycling and control of its own zoning. She reiterated that she saw all of the services as essential to the community and tourists.

Town Manager Layton stated that this was his thirteenth (13) year of doing budgets with this being his tenth (10) as a chief executive of a local government. He stated that he had told himself before becoming a Town Manager was that he would present a budget that was real. He thought many of the budgets for other municipalities were designed to have items cut. He stated that he tries to provide Council with a budget that meets the goals as he knows and interprets them, while leaving the hard decisions for them to make. He stated that he couldn't make the decision on the amphitheater for Council. He noted that the Town was not a business and what defines the success was how well staff and Council respond to the service needs, goals and values of the community. He stated that he tries to provide Council with long term projections that were realistic.

Mayor Morrison thanked the audience for attending the meeting. He thought it was a very good meeting. He stated that Council had listened to all of the comments and would take them seriously. He added that Council would read the budget over again and come back on June 4, 2008 for a public hearing on the budget.

Town Manager Layton noted that there was a typographical error in the recent newsletter regarding the budget public hearing date. He stated that the date in the newsletter listed the date as June 5, 2008 and should have been June 4, 2008. He apologized for the error.

Mayor Pro Tempore Thibodeau asked if there would be any interim meetings or work sessions. She asked if they would be held after the public hearing. Mayor Morrison stated he had no objection to holding another work session. Town Manager Layton asked if there should be another work session before the public hearing, if it should wait until the public hearing or if there should be one after the public hearing before adopting the budget. He noted that the budget would have to be adopted before June 30, 2008. Mayor Pro Tempore Thibodeau thought there should be a work session after the public hearing or Council should have a mid month meeting. Town Manager Layton stated that Council could have as many meetings as they wished before June 4, 2008. Mayor Pro Tempore Thibodeau clarified that Council would vote on the budget at their mid month meeting. Mayor Morrison stated that Council didn't have to. Mayor Pro Tempore Thibodeau clarified that there would be a public hearing on June 4, 2008 and then a mid month meeting with potential discussion and voting. Mayor Morrison stated she was correct. He stated that Council would meet on June 4, 2008 and then hold a work session on June 18, 2008.

Councilor Caviness suggested Council and the audience block off June 11, 2008 for a potential meeting date. Mayor Morrison stated that Council could decide on June 4, 2008 whether they wanted to have one on June 11, 2008. Mayor Pro Tempore Thibodeau stated that she would not want to schedule another meeting at this time if Council discussed the budget at length at their June 4, 2008 meeting. Town Manager Layton suggested keeping the date open to keep everyone prepared.

ADJOURNMENT

Mayor Morrison moved to adjourn the meeting.

Motion carried 5-0. The time was 3:21 p.m.

/s/ Lori A. Kopec, Town Clerk

Approved: June 4, 2008

/s/ Neil Morrison, Mayor