

**TOWN OF DUCK  
TOWN COUNCIL  
REGULAR MID-MONTH MEETING  
May 20, 2015**

The Town Council for the Town of Duck convened at the Duck Meeting Hall at 1:00 p.m. on Wednesday, May 20, 2015.

COUNCIL MEMBERS PRESENT: Mayor Don Kingston; Mayor Pro Tempore Monica Thibodeau; Councilor Nancy Caviness; Councilor Chuck Burdick; and Councilor Jon Britt.

COUNCIL MEMBERS ABSENT: None.

OTHERS PRESENT: Town Manager Christopher Layton; Director of Community Development Joe Heard; Sergeant Melissa Clark; Fire Chief Donna Black; Town Attorney Robert Hobbs; Public Information Officer Denise Walsh; and Town Clerk Lori Kopec.

OTHERS ABSENT: First Sergeant Jeffrey Ackerman and Administrative Assistant Bethany Morr.

Mayor Kingston called the meeting to order at 1:07 p.m.

**DISCUSSION/CONSIDERATION OF RESOLUTION 15-03, A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF DUCK, NORTH CAROLINA, IN SUPPORT OF THE DARE COUNTY REQUEST TO THE NORTH CAROLINA GENERAL ASSEMBLY TO ALLOW DARE COUNTY TO LEVY A QUARTER CENT SALES TAX WITHOUT A REFERENDUM FOR THE PURPOSE OF DREDGING OREGON INLET**

Town Manager Layton stated that in the past months, there has been a lot of discussion about Oregon Inlet and the issues associated with keeping the channel open. He stated that Dare County has been seeking funding sources to match existing funding to pay for the operation of dredges to keep it open for charter boats, fishing boats and the U.S. Coast Guard vessels. He noted that it was estimated that the County will need to generate \$3 to \$3.5 million for this purpose. He explained that the preferred option as voted by the Dare County Board of Commissioners was the imposition of a quarter cent sales tax.

Town Manager Layton stated that a request for the sales tax passed the North Carolina House but stalled in the Senate. He added that there was a competing request, which was to use occupancy tax funds collected for beach nourishment purposes, as a suggested solution; however, it could impact the Town's future beach nourishment projects. He recommended that Council support the quarter cent sales tax request from the Dare County Board of Commissioners.

Mayor Kingston noted that the Towns of Kitty Hawk, Kill Devil Hills, Nags Head and Manteo have all passed resolutions in support of it.

Councilor Burdick moved to adopt Resolution 15-03 as presented.

Mayor Pro Tempore Thibodeau clarified that it would have to go through the Senate. She asked if the Town was making its position known but there wasn't a lot of hope that there would be any action. Councilor Caviness stated that was how she was interpreting it. Town Manager Layton thought it was fair and thought the hope was that by showing a united front with the towns that it

may give people pause for thought. He added that the prospects were not good of it passing in the Senate.

Councilor Britt asked if the issue was that it would be without a referendum. Town Manager Layton didn't think it was the referendum, but the sales tax. Councilor Caviness asked what the likelihood of SB160 passing in the House. Town Manager Layton thought it was more likely to pass. Councilor Burdick thought the whole thing was to keep the pressure on to make sure they understand the real need. Town Manager Layton stated that if both were to pass, the County would have an option that they have expressed to him and Mayor Kingston that the quarter cent sales tax was the preferred alternative.

Mayor Kingston noted that the resolution was the preferred method and thought it did nothing more than put more pressure on Senator Cook even though he said he would support it. He thought it was the Town's intent to show a united front with the other towns.

Councilor Caviness asked if any of the Commissioners have said publically if both were to happen that they would do one versus the other. Mayor Kingston stated that at their last session, the Commissioners were in favor of the quarter cent increase.

Town Manager Layton stated that from the Town's perspective, Dare County has completed some due diligence to show that the Town's current project would not be impacted with regard to future maintenance. He added that if there was a new hot spot that would need to be addressed, the Town would have an issue with funding. He stated that it would be a risk the Town will have to deal with moving forward.

Motion carried 5-0.

Mayor Kingston noted that Senator Cook would be coming to Duck on Friday, May 22, 2015 at 3:15 p.m. He added that he needed a head count to see how many Council members would attend the meeting. He stated that he and Mayor Pro Tempore Thibodeau would be attending while Councilors Caviness and Britt would not be. He asked Councilor Burdick if he would be attending or not. Councilor Burdick stated that he may attend. Mayor Kingston noted that Senator Cook would only be in Town for 30 minutes as he had another appointment at 4:00 p.m.

Town Manager Layton stated that Senator Cook requested a meeting with Council. He added that the issue was if there was a quorum, Council would have to recess to reconvene at 3:15 p.m. on Friday, May 22, 2015. Councilor Burdick stated that he would be attending.

**DISCUSSION/CONSIDERATION OF RESOLUTION 15-04, A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF DUCK, NORTH CAROLINA, IN OPPOSITION OF HOUSE BILL 36/SENATE BILL 25, ZONING/DESIGN AND AESTHETIC CONTROLS**

Town Manager Layton stated that this was a bill that has surfaced in the past in various forms at a couple of the sessions. He stated that the difference with this one was that, in addition to other aesthetic controls, it has added number of bedrooms to the list of items that local governments could no longer regulate. He pointed out that if the bill were to pass, the Town would no longer be able to regulate the number of bedrooms, meaning that all the work that was completed regarding limiting home size would be lost and would have to come up with another way to regulate size of homes. He stated that this bill was added over the last session and has been raised to a level where it will impact Duck directly.

Director Heard stated that it began purely as a design guideline bill with a lot of communities having aesthetic controls regarding garages and porches. He stated that the bill was originally meant to address those items but as time passed, other things were added in and it would directly impact the Town's ability to enforce the standards that were currently in place. He stated that presently, the Town limits the number of bedrooms a residence could have based on the size of the lot. He added that if the bill passed, the Town would have to find another way to do it. He stated that rationale for it was laid out in the resolution and felt it was important for the community.

Mayor Kingston stated that the Town of Nags Head passed a similar resolution. He asked if it was the only other town to do so. Town Manager Layton stated he was correct.

Councilor Burdick clarified that the Town had a restriction in place based on lot size. Director Heard stated that it was a tiered system based on lot size. Councilor Burdick clarified that the top tier in lot size could not have any more than eight bedrooms. Director Heard stated he was correct. Councilor Burdick clarified that it didn't prevent the Town from extending the top tier to a point where it would allow more than eight bedrooms. Director Heard stated that if either bill passes, it will restrict the community's ability to limit the number of bedrooms or even type of rooms in a residence.

Mayor Pro Tempore Thibodeau stated that the history on the issue was that there was a tiered structure where a lot could be recombined to achieve a larger bedroom if there was enough land mass. She stated that it made it so a home could have nine bedrooms. She stated that the Town then decided to limit it to eight bedrooms. She didn't think there was a huge issue but more of the principle.

Councilor Britt stated that when he was on the Planning Board, they had completed a lot of work on the issue to get the Town where it was now. He stated that he was in favor of the resolution. Councilor Caviness asked if it changed the Health Department's rules. Councilor Britt stated that it did not.

Councilor Burdick stated that his concern was that there may be other ways around this but it would be a lengthy process. Director Heard stated that it was a more indirect way. He noted that the Town of Kitty Hawk does not limit the number of bedrooms, but through a combination of setbacks, lot coverage and building height, a house was not permitted that was larger than five bedrooms. Councilor Britt stated that the Planning Board looked at the Town of Kitty Hawk's rules and felt it was complicated. Director Heard stated that Kitty Hawk's rules worked well in certain areas of town, such as the areas between the highways where the lots were smaller. He added that if someone wanted to do something larger, such as in the Village of Kitty Hawk, they could do something significant because the limitations weren't as restrictive in that area.

Mayor Pro Tempore Thibodeau clarified that it was a rare worry. Councilor Britt noted that there were a lot of big houses that were being built. Director Heard stated that in the past two weeks, Duck would have had a proposal for a home with at least ten bedrooms if there wasn't a cap to the limit of bedrooms.

Mayor Kingston moved to approve Resolution 15-04 as presented.

Motion carried 5-0.

## **DISCUSSION OF FY 2016 PROPOSED BUDGET**

Mayor Kingston stated that the proposed budget was the one that would go before a public hearing on June 3, 2015. He thought the Council could proceed through the budget by looking at it category by category and have discussions regarding it.

Town Manager Layton stated that at Council's last meeting, he mentioned that the Towns involved with beach nourishment and their respective auditors had all agreed on how everything should be set up; however, it has changed since then. He explained that the School of Government and the Local Government Commission have stepped in and told the Towns how it should be done.

Town Manager Layton pointed out that it had no bearing on the final numbers in the budget; it just meant that there would be minor changes to the final budget that will need to be made in addition to any other changes. He handed out a draft of Ordinance 15-08, which was the Capital Project Ordinance. He noted that no action needed to be taken at this meeting. He added that the ordinance was similar to what was done with regard to the Town Hall project. He noted that the difference with the ordinances was that the Town would never cut a check related to the Capital Project since Dare County would be doing so. He added that it would be tracking the project, it will be capitalized and depreciated, which was how the Town will track the actual cost of the beach nourishment project. He pointed out that the figures in the ordinance were the ones the Town has been working with from the beginning. He stated that when the project is put in place, the numbers will change and Council will have to approve an amendment. He stated that the ordinance will be adopted as part of the budget.

Town Manager Layton stated that he had a change that the Local Government Commission wanted the Town to make. He stated that originally, the Town was to set up a special revenue fund, but the Local Government Commission came back and told him that they didn't want the Town to do that; but to set up a Capital Reserve Fund. He explained that the sole purpose of the Capital Reserve Fund was to take the revenue the Town collects from the MSDs, which was being put aside to pay the debt for the project, and put it into a separate Capital Reserve Fund. He stated that the reality of the Fund was that it would be in place as long as the Town needed it, but there would only be a shift of money from it the first fiscal year before the Town starts the debt collections. He noted that it was designed to hold the money and track it so the auditors and Local Government Commission could see the revenue set aside and not sitting in the General Fund. He added that the Town would collect it in the General Fund and transfer it to this new fund. He stated that Ordinance 15-09 would establish that and would also be adopted as part of the budget.

Councilor Caviness asked if any money that was earmarked for the project would be transferred at this point. Town Manager Layton stated that it would not. He added that it would be the MSD money, plus the Town's portion of the debt service. He stated that the \$1.22 million will be put into the Capital Reserve Fund.

Town Manager Layton pointed out that there will be a minor change to the proposed budget, which were the Transfers to Other Funds line item. He explained that the only change was, instead of going to a beach fund, which would have been a separate fund; it would go to the Capital Reserve Fund. He stated that it was just a change from Beach Fund to Beach Fund-Capital Reserve. He noted that it would be a change in the final adopted budget. Mayor Pro Tempore Thibodeau clarified that the name would be changing. Town Manager Layton stated that she was correct.

Town Manager Layton stated that, originally, the Town would have set up a Special Revenue Fund, which was separate from the General Fund. He stated that the School of Government and the Local Government Commission came back and told staff that it could not be done because debt could not be paid from a special revenue fund, but could from the General Fund. He stated that he originally was going to have a separate fund, which was the Beach Fund, to pay the debt from there, but it has to be paid from the General Fund. He stated that he set up a separate department in the General Fund, under Environmental Protection, which will be titled Beach Nourishment. He stated that within that would be where the future debt payments would come out. He stated that in 2016, he will be shifting the Capital Reserve money into the General Fund. He noted that the money that will be put in the Capital Reserve Fund will be transferred to the General Fund and end up in the new department to be dispersed. He added that when the Town pays the debt for the beach nourishment project, it will come out of the General Fund in the new category.

Town Manager Layton noted that there was existing money set aside in the General Fund to pay for the new vehicles. He added that if the Town did not receive a bill for them this fiscal year, the money will be re-appropriated next year and it will go into the Professional Services category under the Capital Reserve Fund.

Councilor Burdick noted that the new Transfer to Other Funds was \$1.2+ million, but nothing was under Beach Nourishment. Town Manager Layton explained that there was no money coming into Beach Nourishment, the transfer will go into the Capital Reserve Fund and nothing will come back this coming fiscal year. He added that there will be no money coming back in 2016. Councilor Burdick asked where the money would be going. Town Manager Layton stated that it will be going into the Capital Reserve Fund and will stay there. Councilor Burdick clarified that it will stay there for the life of the project. Town Manager Layton stated that it would stay there for this fiscal year and come back in Fiscal Year 2017 in the budget as a Transfer from Other Funds instead of a Transfer to Other Funds. He stated that it could be held until Fiscal Year 2016. He stated that it needed to be held separate to be shown as an Encumbered Assigned Fund Balance.

Town Manager Layton stated that he updated the Five Year Forecast to add how everything will work so Council could see the bottom line. He noted that the bottom line will not change from the original Five Year Forecast; it was just reflected slightly different.

Mayor Pro Tempore Thibodeau asked if the new information was reviewed with the Town's auditors or if it was fine since the Local Government Commission had instructed Town staff to do the changes like this. Town Manager Layton stated Lisa Murphy, the Town's auditor, helped him interpret everything from the Local Government Commission. He added that there was no change in money for this year, but it was simply what had to be done to reflect it.

Mayor Kingston asked if the two ordinances should be approved when the proposed budget is approved. Town Manager Layton stated that they should be approved then. Mayor Pro Tempore Thibodeau asked if the public would be made aware of the amendments to the proposed budget. Town Manager Layton stated that it would be reflected in the advertisement in the newspapers since they were not substantive changes. He added that the public could comment on the Town Manager's proposed budget.

Town Manager Layton reviewed charts showing what the budget would look like if the Town didn't have the beach nourishment project to Council and the audience. He noted that the charts

showed the Operations were relatively flat; Employee Costs showed the addition of three new firefighters, and everything else was the growth of the 1.5% merit bonus and bonus for employees as well as a slight increase in insurance costs. Councilor Burdick stated that it looked like the period of 2011 – 2015 showed an employee cost increase of approximately 7.5% per year. He thought the growth rate was more than 1.5% and was more in the range of 3.5%. Town Manager Layton explained that there were certain things that influenced the changes. He stated that in 2014 he had added Administrative Assistant Bethany Morr from a part-time position to a full-time one. He stated that things like that were the driving forces for the fluctuations.

Councilor Burdick asked Town Manager Layton if he foresaw hiring additional employees beyond Fiscal Year 2016. Town Manager Layton stated that he did not. He added that he did not have a plan to add employees beyond what was requested. He stated that it did not mean that he wouldn't have a department head come to him in the future and ask for an additional employee. He thought the Town had a good balance of employees and what drove the employee costs were the discussions of the service. He didn't see it changing for Administration; however, Police and Fire may come back at some point with a request in the future. Councilor Burdick noted that employee costs were the biggest driving force in the operating budget. Town Manager Layton agreed.

Town Manager Layton reviewed changes to the requests related to the draft Capital Improvement Projects with Council and the audience. Mayor Kingston asked if the items cut from the CIP were moved to future years. Town Manager Layton stated that they were not. He added that he anticipated that the storage shed may come back next year in the CIP, but the others probably would not.

Councilor Burdick asked what the total was for the changes to the CIP. He guessed about \$84,000. Mayor Pro Tempore Thibodeau stated he was correct. Councilor Burdick noted that it was a reduction of \$84,000 in the Capital Fund. Town Manager Layton agreed.

Mayor Pro Tempore Thibodeau asked what the Town paid for repaving the Duck Trail in previous years. Town Manager Layton stated that the Town never repaved the Trail and was just now starting it. Mayor Pro Tempore Thibodeau clarified that the \$25,000 that was to be cut was in a particular area or towards a slower start to the project. Town Manager Layton stated that it would be a slower start. He added that staff has been looking at prioritizing the project and have not come to an agreement as to where it should be started. He stated that he knew that stormwater improvements in the Sound Sea area would need to be done and it may end up morphing into a stormwater/Duck Trail project. He stated that the two projects may be put together or staff may focus on a smaller section, such as the Four Seasons area. He added that staff had an idea as to where there was more a need for repair than in other areas. He gave an example of the area between Ships Watch and Sandy Ridge, adding that there were other areas that may need it more.

Councilor Burdick pointed out that the Town did some patching on the Trail. Mayor Pro Tempore Thibodeau agreed and asked if the patch was done because the fix wasn't effective. She further asked if the Town paid to smooth the patch over. Town Manager Layton stated that the Town did not pay for it. He added that the concept was brought forward at one point but was put on the back burner. Councilor Caviness noted that Dominion Power had completed the patch work. Mayor Pro Tempore Thibodeau agreed but thought the Town had decided to go back and fix it. Town Manager Layton stated that it was discussed, but no action was taken. Councilor Burdick thought it was decided that, even though it didn't look good, in actuality it was in reasonable condition. Town Manager Layton agreed.

Councilor Caviness noted that a lot of the bad places were actually not on the Duck Trail but at street intersections. Town Manager Layton agreed. Councilor Burdick pointed out that the entrance to Carolina Dunes had been paved in an arc so when a vehicle turned, they wouldn't turn in a straight angle. He added that it eliminated a lot of the problems and made things easier.

Mayor Pro Tempore Thibodeau clarified that removing the SCBA replacement bottles from the CIP would not affect anything safety-wise. Town Manager Layton stated that it would not. He noted that the cuts were due to Fire Chief Donna Black finding items that could be removed in order to allow the new employees. Fire Chief Donna Black was recognized to speak. Fire Chief Black stated that she has been phasing things in each year and if there was a year where something had to be cut, it wouldn't put them behind schedule.

Mayor Kingston suggested that Council review the budget by category.

Mayor Kingston directed Council to review the Revenues section of the budget.

Councilor Burdick noted that grants were not included for the pedestrian study. Town Manager Layton stated that he did not anticipate any for the coming year. Councilor Burdick asked about future years. Town Manager Layton stated that there was money in the Five Year Forecast but not in this budget.

Councilor Caviness asked when the Town would feel the impacts of all of the issues that were percolating in the General Assembly with regard to the change of taxes. Town Manager Layton stated that the major impact under both bills, subject to change, would be Fiscal Year 2018 or 2019. He added that under Rucho's bill, it would freeze the Town at \$853,723. He stated that the Brown bill would drop the Town down to \$70,000. He explained that by the time the Town gets to Fiscal Year 2019, the Town would suffer a loss of close to \$1 million.

Councilor Britt asked if there were any updates on where the bills were going. Town Manager Layton stated that they were still sitting in Committee. He guessed that there will be a special meeting sometime over the summer where it will be discussed. Mayor Pro Tempore Thibodeau clarified that it would affect the bigger municipalities as well, which could be helpful to the Town. Town Manager Layton stated that it did, adding that Dare County was the biggest loser and the Town of Duck was the biggest loser in Dare County.

Mayor Kingston directed Council to review the Expenditures section of the budget.

Councilor Burdick asked if the Sanitation costs would be reasonably controllable. Town Manager Layton thought they would.

Mayor Kingston directed Council to review the Governing Body section of the budget.

Councilor Britt asked what the Miscellaneous line item included. Town Manager Layton stated that it included the Town holiday party as well as the gift that is given out at it. Councilor Caviness asked where the sales of all Duck merchandise went. Town Manager Layton stated that it went into the General Fund. Mayor Pro Tempore Thibodeau clarified that the biggest increase was insurance. Town Manager Layton stated that it was as well as increases for Workers Compensation, liability and property insurance.

Mayor Kingston directed Council to review the Administration section of the budget.

Councilor Burdick thought there was an across the house lull regarding benefit costs. Town Manager Layton agreed, adding that some were very specific due to life events, such as a divorce. Councilor Burdick asked if the specific life events were taken away, if there was a general rate increase that will be expected. Town Manager Layton stated that he always budgets a ten percent increase for health insurance.

Mayor Kingston asked if the insurance rates went up for the Town facilities. Town Manager Layton stated that there was a slight increase as well as for Workers Compensation. Councilor Caviness asked what the increase in expenditures under Advertising included. Town Manager Layton stated that it included easements as well as things that pop up annually such as extra Town events.

Mayor Kingston directed Council to review the Finance section of the budget. There were no comments.

Mayor Kingston directed Council to review the Legal section of the budget. Councilor Burdick asked if there will be any money needed for the pedestrian plan in the Legal section. Town Manager Layton stated that it may be needed but he would know later in the future.

Mayor Kingston directed Council to review the Public Buildings section of the budget. There were no comments.

Mayor Kingston directed Council to review the Information Technology section of the budget. Councilor Burdick stated that there was a discussion a few years back with regard to buying new computer systems. He asked what the status was. Town Manager Layton stated that staff evaluated it and when it was looked at, he didn't feel that staff was at a point to bring everyone up to a level that was worth the extra cost for what was presently being done. Councilor Burdick noted that if the Town went to a cloud-based system, the computer costs would be reduced significantly. Town Manager Layton stated that the Town was doing more cloud-based things, but hasn't done a full switch to the cloud yet, but the Town email was presently a cloud-based service. He added that all of the backups to the server were cloud-based and staff continues to contemplate phasing out servers over time and going to more cloud-based services, but it hasn't been done yet. Councilor Burdick noted that it would help in the long run to simplify equipment needs and software costs. Town Manager Layton stated that staff was finalizing its switch over to Microsoft 365. Councilor Burdick asked if it would have an economic impact. Town Manager Layton thought it would be a wash.

Councilor Caviness asked why there was \$30,000 requested and only \$4,000 recommended. Town Manager Layton stated that Public Information Officer Denise Walsh wanted to do a major update to the website and he didn't feel it could be afforded this year. He added that the \$4,000 reflected some updates.

Mayor Pro Tempore Thibodeau clarified that the audio/visual was part of the Information Technology category. Town Manager Layton stated that it would show up in Public Buildings, Capital Outlay.

Mayor Kingston directed Council to review the Police section of the budget. He asked if the \$15,000 for Mobile Data Terminals was for two of them. Sergeant Melissa Clark was recognized to speak. Sergeant Clark stated that it was for three. Town Manager Layton stated that they were the final ones that would be purchased. Mayor Kingston clarified that the Police were looking to



purchase small SUVs over Crown Victorias for the vehicle purchase. Sergeant Clark stated he was correct and added that the resale value for an SUV was better. Mayor Kingston asked what the lifespan was for the tasers. Sergeant Clark stated that the only reason they were requested to be replaced was because they quit making the parts for the ones the Police currently used. She added that they generally had a lifespan of five to seven years.

Councilor Burdick asked if the vehicle lifespan was six or seven years. Sergeant Clark stated that it was seven years. Town Manager Layton stated that the vehicles that were to be replaced this year will be on a seven year rotation.

Mayor Kingston directed Council to review the Fire section of the budget.

Councilor Britt stated that Council was still in favor of the three full-time positions. He stated that he wanted to discuss the phasing of the positions and asked if the sales tax issue would have an immediate effect. Town Manager Layton stated that there were two factors that came in from his perspective. He stated that one was phasing the positions in for affordability purposes. He added that he knew this would be the Town's leanest year in terms of trying to add employees. He noted that even with three employees, the Five Year Forecast showed a healthy contribution to the Fund Balance. He stated that he was trying to respond to the request and not have to shift money from the Fund Balance to cover it as well as not having to cut a lot of items from the budget. He stated that the other piece was to give Council the opportunity to evaluate prior to another employee coming on board. He explained that employees weren't brought in without costs going up. He stated that he wanted to provide an opportunity to have the facts in hand before bringing someone on instead of ending up with a situation where suddenly there were three new employees and the Town was going to lose its sales tax. He stated that he recognized from the beginning that there were various ways to figure things but wanted to provide options. He stated that his goal was to get the three new employees in and knew that if he could get them approved by Council, it would help with morale in the Fire Department. He stated that even though he would bring people in that had experience and would smoothly transition, it was still a matter of adding employees in the middle of the summer, which was a trying time to bring employees in.

Councilor Burdick stated that when he first talked to Fire Chief Donna Black about the addition of three employees, he was skeptical, but she convinced him that there was a need. He stated that he did not have a problem with the need, but thought it was an unfortunate situation that Duck was an aging town with regard to the population. He stated that the Town would have to live with that for the long term as he didn't think it would change. He agreed with Town Manager Layton's logic but it seemed that the real need was for the summer time and it would make more sense to get more employees in for Fiscal Year 2016. He suggested bringing in two new employees for the summer and bring in the third next summer. He added that since the employees were already experienced with working for the Fire Department, there wouldn't be a transition period. He reiterated his suggestion and thought the Town could figure out a way to come up with the difference in cost since it would equate to half a person.

Councilor Caviness asked what it would take to have two employees come on board July 2015 and the third phased in around April 2016. She stated that she understood the public's concerns about additional staff, but she felt that staff has to grow due to additional programmatic needs and additional service requirements that were driven by the community. She noted that Duck was a very responsive community and more things and service demands added to keep the standards were the issues that were driving the needs for additional employees; it wasn't that the Town was adding employees and then trying to come up with work for them to do.

Mayor Pro Tempore Thibodeau noted that Councilor Caviness was closer to the situation since she was a member of the Volunteer Fire Department. She disagreed with Councilor Caviness' comments and thought what the Town was trying to do was maintain services and not adding services. Councilor Caviness agreed, adding that it was trying to maintain. Mayor Pro Tempore Thibodeau stated that it was holding onto something that has been an expectation that the Town has been able to achieve with volunteers. She stated that when the paid firefighters were brought on board the last time, it was because the Town needed the EMTs, which was the driving call the Town gets on a regular basis. She stated that she was in favor of bringing in two employees now and thought it made sense from a managerial side.

Councilor Burdick pointed out that the Town was already using the employees but on a part-time basis. He added that it wasn't a question of the Town adding three new people since they were already working for the Town on a temporary basis. He stated that now Council was discussing when to bring them in and remove them from being employees on a temporary basis. He wanted to know how much more it would cost the Town because the Town would be paying the temporary employees anyway. Mayor Kingston didn't think Councilor Burdick was making the right conclusion. He added that the Town was not paying for three full-time employees. Councilor Burdick agreed, adding that the Town would be paying for three temporary employees. Mayor Kingston agreed, adding that temporary employees were not as costly as three full-time employees.

Councilor Burdick pointed out that the Town had the employees presently working at the Fire Department on a temporary basis. Mayor Kingston agreed, adding that the cost was different. He agreed that three employees needed to be added and liked the phased approach, and thought Town Manager Layton tried to make it fit. He noted that Council just knocked out \$84,000 worth of expenditures while not making any contribution to the General Fund. He stated that the Town was still under a tight budget and the phased approach would work. He explained that the nice thing about a phased approach was that it gave Town Manager Layton and Fire Chief Black the flexibility in that if the situation improved, they could add the employees quicker or if the situation did not improve, they could do it slower. He thought there was no magic number with regard to funding and moving people forward without other cuts to the budget.

Councilor Britt thought Council acknowledged the need for service. He added that the primary time for need of service was during the summer adding that he didn't think it could be ignored. He stated that the high proportion of the Fire Department's risk and call time was during the summer. He added that it was also the high time that the volunteers were busy. He agreed with Councilor Burdick with regard to bringing in two employees. He thought there would not be an issue operationally as the Fire Department has distinct roles and it would be seamless for the volunteers to bring in two full-time employees. He thought that if Council agreed that there was a need, this was the time to do it.

Councilor Burdick asked what the estimated cost would be. Town Manager Layton stated that in order to bring two full-time employees on board, Council would need to find an \$11,000. He noted that this would be for bringing two on board and deferring the third until next year. Councilor Caviness asked if it would be April 2016. Town Manager Layton stated that it would be July 2016. He stated that if the Town brought two employees on board in July and a third in April 2016, it would cost a little under \$30,000. Councilor Burdick thought Council should look to bring in the third as it was a good investment. Town Manager Layton stated that he did not know where he would find the additional funds to do it.

Mayor Pro Tempore Thibodeau clarified that the proposal was that there would be two full-time employees that would come on board on July 1, 2015 after the budget has passed. Councilor Burdick stated she was correct. Councilor Britt stated that instead of the employees coming on board July 1, one could come on January 1 and one on April 1. He added that the Town would have two come on board July 1 and the third on April 1, 2016. He clarified that that represented the \$30,000. Town Manager Layton stated he was correct. Councilor Caviness asked if bringing one on board in September would make a difference. Town Manager Layton stated that he was looking at a range of \$11,000 - \$30,000. Councilor Britt asked what the \$11,000 represented. Town Manager Layton stated it would be if two were brought on now and the third in the next fiscal year.

Mayor Pro Tempore Thibodeau asked if there was a trade-off in the overtime and part-time wages. She thought there were people that were familiar with the Town's operations as they were working for the Town not as full-time employees, but being used to fill the gaps. Town Manager Layton stated that the Fire Department had some good part-time employees that would likely want to apply for the full-time positions, so in that sense, it would be a seamless transition.

Mayor Pro Tempore Thibodeau clarified that if the employees were not available during the summer, the Fire Department would still have access to use their services. Fire Chief Black stated that it would only be on a part-time basis as the budget did not allow for that. She thanked Council for acknowledging that the Fire Department had a problem. She stated that the people are available to work but were only available for so many hours due to the Town's budget, due to their work schedules. She added that everyone that works for the Duck Volunteer Fire Department was a full-time firefighter somewhere else. She stated that if she put them on the schedule to help over the summer, it would eat up the part-time budget quickly. She stated that if Council could authorize two new employees beginning July 1, it would help out over the summer. She stated that she could talk to the Duck Volunteer Fire Department Board and see if they could meet the Town halfway in order to afford the employees.

Councilor Burdick suggested bringing on two employees in July and then plan for the third employee in July 2016; however, if the budget was in shape the first part of 2016, Town Manager Layton could bring the third employee on sooner than July 1. Councilor Britt stated that he liked Councilor Burdick's suggestion. He asked Fire Chief Black if bringing in two in July 2015 and one in July 2016 would be better than bringing in one July 1, January 1 and April 1. Fire Chief Black stated that she will need two full-time employees on every day and the phasing would ensure that the Fire Department would be getting the three employees that are needed. She stated that September was more appealing than December because the Fire Department was still very busy. She added that Lieutenant Anthony Bartolotta would not be returning to work until August, so even if a position was added on July 1, they would still be short-staffed.

Councilor Britt asked what the cost difference was between July and September. Town Manager Layton stated it was approximately \$4,000 to \$5,000. He added that he cut back on the overtime and part-time funding for the three positions because there had to be a give and take when adding the positions. He stated that he would need to talk to Fire Chief Black regarding the comfort level in finding the \$11,000 if two employees were brought on-board in July. He added that if things go smoothly in the fall and money could be shifted from the Contingency Fund; that could be done. He stated that this was one of the rare years to get the Fund Balance to the penny, which was hard for him to do. He recognized that each year, the different departments had their own needs and he tries not to take much from one department to supplement another. He stated that the first place he's going to look to find the \$11,000 will be from the Fire Department's budget. He guessed that it could be done.

Mayor Pro Tempore Thibodeau stated that at some point, Council will need to discuss trade-offs with regard to “nice to have” versus “need”. She stated that there were a lot of good programs in Town, but when it came to basic Public Safety, that was what Council was here for. She added that she was not trying to single out any particular thing, but thought Council needed to start thinking about scaling back something if it meant that the three employees were needed. She stated that the Town could not have everything, so something had to give.

Councilor Caviness asked if there was anything that could be done with regard to where the Town was on the Comprehensive Pedestrian Plan to defer or take some of the costs to find the additional funds. She noted that it was a big project, but wondered if something could be changed. Town Manager Layton stated that engineering costs will be there and it’s already been split into two fiscal years. He added that it could be split into a third fiscal year, but if the Town was committed to doing the Pedestrian Plan, it should be done. Councilor Burdick asked if there was some that could be picked up this year as opposed to going into next year. Town Manager Layton stated that it could not since it has already been split up. He noted that the Town’s Contingency Fund is already down to \$4,000. He added that there will be money in the Fund Balance and he will likely have to appropriate a few thousand dollars from it, but in terms of speeding the Pedestrian Plan up, it couldn’t be done because the engineers have their schedules in place and the Town would not deviate from it in the next month and a half.

Councilor Burdick stated that he was trying to give an alternative that he felt better met the public service needs that the Town has, especially during the summer months. He stated that it would be an alternative for Fire Chief Black and Town Manager Layton and they could make the decision if they wanted to go that route. He stated that if it meant \$11,000 more, it would be up to Town Manager Layton and Fire Chief Black to find it. Town Manager Layton agreed, adding that he needed to know if that was what Council wanted him to do.

Councilor Britt clarified that the \$11,000 was two employees this July and one employee for July 2016. Town Manager Layton stated he was correct. Councilor Britt clarified that only two positions would be added. Town Manager Layton stated he was correct, adding that the third would be authorized for next year unless there was the caveat that as staff was developing items for the Retreat, to look at accelerating the third person. Councilor Burdick agreed. He thought it was a good approach and would give Fire Chief Black some flexibility. Councilor Britt thought the Fire Department Board would be able to do something.

Councilor Caviness noted that the legal buffer was usually around \$45,000 and there was \$65,000 in the budget, with \$15,000 to \$20,000 being a little bit of a buffer. She thought by the time of the Retreat, something could be done. Town Manager Layton stated that he would be able to look at it and determine from there. He thought a better indicator would be where the Town was with regard to the Contingency Fund. He added that if he was projecting out and the Town would have \$150,000 left over, not including Contingency, to go into the Fund Balance, then there would be some extra money. He thought the approach was fine.

Mayor Kingston noted that the summer season would be starting this weekend. He asked what the hiring cycle would be. He further asked if two employees would be ready to start as of July 1, if there was a hiring period or a delay in hiring. Town Manager Layton thought that based on the direction he will be given and if these were the only issues with regard to the budget, there would be no reason why it would not be adopted after the public hearing on June 3, 2015. He added that it gives staff almost a whole month to finalize the hiring process for July 1. Fire Chief Black stated that her intent was to put the ad out to current part-time staff that has expressed an interest

in working full-time. She stated that the interested parties would need to submit a cover letter and resume and after the budget passes, she would take it from there.

Councilor Caviness thought in a perfect world, Council should do what Fire Chief Black feels would be best. She stated that if Fire Chief Black thought bringing in two employees in July and one in July 2016 will work or even if it was two in July and one in September; that should be the way to go. She felt that programmatically, getting two employees on board immediately would be the preferred route to go. Fire Chief Black stated that if she could get two new employees for July and one in April 2016, with the caveat at the Retreat if it doesn't financially work that the third one will be pushed to July 1, 2016. Councilor Britt thought Council was always open for suggestions.

Mayor Pro Tempore Thibodeau clarified that there was nothing that Council wanted to defer this year. She asked if Council wanted to look at the budget and find something in it that the Town could do without. She thought Council was putting a lot of work on Town Manager Layton to come up with something more. Councilor Caviness stated that she wanted fire fighters in the Town before having the Duck Trail paved. Councilor Burdick thought Town Manager Layton could look at and determine if the Town can wait to repave the Duck Trail. Councilor Britt pointed out that there was still a chance the items could be cut from the Fire Department's budget as well as seeing if the Duck Volunteer Fire Department Board could help a little. He thought the Board would be very appreciative of this move so they can have help for the summer.

Mayor Pro Tempore Thibodeau stated that she was disappointed that the Town didn't spend as much as it had planned to spend on beach planting for this year. She added that the Town had the money and things didn't work out. Town Manager Layton noted that the Town did plant, but didn't spend as much as expected. He added that the Town planted as much as expected but it didn't cost as much.

Mayor Kingston asked what the net cost would be to add two employees in July and one in April. Town Manager Layton stated that if it was done as he had proposed it; the cost would be \$99,746. He stated that to add two employees on July 1 and not add one this fiscal year would be \$10,568. Councilor Burdick clarified that the third employee would come on board in April. Town Manager Layton stated it would be approximately \$7,000 more if done that way. Councilor Burdick noted that it was a total of approximately \$20,000. Mayor Kingston thought Town Manager Layton already had one employee accounted for in April. Town Manager Layton stated that he did. He added that with benefits, it would come to \$13,820. Mayor Kingston clarified that the figure was part of the \$99,000. Town Manager Layton stated he was correct. Mayor Kingston stated that it would cost about \$11,000 to move the one firefighter up six months. Town Manager Layton stated he was correct, adding that it would cost almost \$24,000 to bring the firefighter on in April. Mayor Kingston clarified that the employees would be brought on board July, January and April as proposed in the budget at a cost of \$99,000.

Councilor Caviness asked if it would eliminate the entire Duck Trail maintenance. Town Manager Layton stated it would be for paving and it would be eliminated if an employee was added in April.

Councilor Britt suggested adding two employees in July with the caveat in the budget that it will be discussed at the Retreat and then look at the Fire Department budget as well as talking to the Board and whatever funds remaining that could not be covered would come out of the Duck Trail maintenance line item. He added that no more than \$11,000 would come out of the Duck Trail line item.

Mayor Kingston asked if two employees were added on July 1, the Town would have enough money to fund the positions for a full year. Councilor Burdick stated that the Town would not as it would be short \$11,000. Town Manager Layton agreed. Mayor Kingston noted that the employee would not be added in April. Councilor Burdick stated that it was still short by \$11,000. Mayor Kingston asked Councilor Burdick to explain. Councilor Burdick stated that there was a three month gap that would need to be covered. He added that one employee would start in January and the other in April. Mayor Kingston noted that there would be two full-time employees for the entire year, so the Town would get back the April to July. Councilor Burdick stated that there were only three quarters covered – one from January to June, which was two quarters, and April to June, which was one quarter – and if an employee is added to start the year, it would make the Town short one quarter.

Town Manager Layton stated that if one adds up the employee costs for doing it the way the budget proposed, it comes out to \$99,000. Mayor Kingston stated that he understood. Town Manager Layton added that the net that needed to be found was \$11,000, even with the three people. He stated that it would not be insurmountable and wasn't sure that the Town would have to resort to using funds from the Duck Trail line item. He proposed that if the direction was that after the public hearing, if Council wanted him to come back with a proposal on how to bring in two people and let him look to see what he would do and where he would find the funds, he would come back with his suggestions at the next meeting. He stated that he needed to look a little closer at the budget and review the Fire budget as well as his assumptions. He didn't deny that there was a need for extrication equipment for the Fire Department, but that was an expense that he would like to see the Fire Department take care of in order to save the Town money. He thought he could find the \$11,000, but he needed direction on the third position. He added that if the direction was to re-evaluate after the first of the year, he could deal with it; however, if the direction was to have funding set aside in the budget for it, it was a different matter and would require him to go back to the drawing board. He noted that Council may not be ready to make a decision on the two employees at this point or doing it the way he proposed. He stated that if that was the case, he suggested coming back with where he would find the money after the public hearing and then discuss it.

Mayor Kingston clarified that Council was talking about one firefighter coming in six months early. He added that instead of having 1.75, it would be 2.25. Town Manager Layton stated he was correct. Mayor Kingston clarified that Town Manager Layton was looking at a half year of funding, which was more than \$11,000. Town Manager Layton stated that it differed. Councilor Burdick disagreed. Mayor Kingston pointed out that all that was being done was moving the portion up from January to July. He clarified that an employee would be added in April. Councilor Burdick disagreed, adding that it wasn't what the proposal was. Mayor Kingston stated that Council would be doing nothing more than moving the second firefighter up. Councilor Burdick stated that it would be over \$20,000. Town Manager Layton stated that if the second firefighter was moved up, it would be an additional \$24,000.

Mayor Kingston noted that it would take away the part-time dollars in the budget. Councilor Burdick disagreed. Mayor Kingston asked why they wouldn't be removed. He added that if two firefighters were added, there wasn't a need for \$20,000 in the part-time line item. Fire Chief Black noted that part-time firefighters cover full-time employees that were sick, on vacation or away at training. She stated that the part-time firefighters are in place to help when needed, but right now they were used for when the full-time employees were out. Mayor Kingston asked if the Fire Department added two more full-time employees, making it seven full-time employees,

why the need for additional part-time employees for coverage. He thought the whole discussion was to eliminate the part-time positions and bring full-time employees on board.

Mayor Pro Tempore Thibodeau pointed out that Fire Chief Black wanted to have two full-time employees per day. Fire Chief Black stated that the goal was to have two people at the station. Mayor Kingston stated that he understood, but if the Fire Department added two employees up front and one next April, by May 2016, the Fire Department would have a full-time staff of eight people, which would mean delaying the third person but still having two people that should make up for the part-time positions currently in place. Fire Chief Black disagreed, adding that if the firefighters have vacation or sick, they would be gone. She stated that the part-time employees will not go away because she was still trying to staff the station with the goal being two employees at the station all the time. She added to achieve that goal; it was taking seven people to get one person at the station all the time. She stated that by bringing on the new employees, she still won't always have two because there will inevitably be sick or vacation time or they may get hurt and be out. She stated that the goal was to have two employees at the station, especially during the summer, at all costs, and that's where part-time employees come into play.

Mayor Kingston stated that the cost has to go down to achieve what Fire Chief Black wanted to do. Fire Chief Black stated that it had because Town Manager Layton already cut the part-time budget. Mayor Kingston stated that it needed to be cut more if a firefighter is advanced in six months. He felt the cost should be cut down. Mayor Pro Tempore Thibodeau noted that Fire Chief Black was trying to increase the service. Mayor Kingston stated that it was being increased. He stated that two firefighters were being added as of July 1 and there couldn't be more firefighters while having the same overtime. Mayor Pro Tempore Thibodeau stated that the Fire Department was trying to double its capacity. Councilor Burdick agreed.

Councilor Britt stated that the operational goal was to bring in two employees for operations. He stated that if the Fire Department had six people on the staff and they were trying to follow the A, B and C shift, if one got sick or went on vacation, the part-time employees would kick in. He stated that the part-time funding may go down a little bit but it still had to be there. He noted that the only way that part-time employees would not be needed was if there were eight full-time employees, which would be more money than the part-time. Mayor Kingston asked if Council did not authorize any full-time firefighters, how many part-time people would be needed. Fire Chief Black stated that they would be where they are now. She stated that Council could authorize a lot of part-time employees, but the problem was that they could not fill for two people to run calls. She stated that they were using seven people to get one person in the station. She added that there were not enough part-timers in order to put two people in the station. She stated that she needed two full-time employees, dedicated to the Town of Duck to run the station.

Town Manager Layton stated that one of the discussions he will have with Fire Chief Black was to find some portion of the \$11,000. Councilor Burdick didn't think Council should be telling Town Manager Layton where to find the \$11,000. He added that if Town Manager Layton needed Council to answer the question regarding their priorities, he thought he received it already by cutting back on the Duck Trail maintenance, looking at the Pedestrian Plan and beach planting. Mayor Pro Tempore Thibodeau stated that she wasn't suggesting removing the beach planting, but maybe the flowers in the park instead. Mayor Kingston stated that the point was trade-offs. Councilor Burdick stated that Council was suggesting areas that Town Manager Layton could research. He added that Town Manager Layton and Fire Chief Black needed to decide on hiring two employees in July and one the following July. He stated that if there was a way to add the third employee in April 2016, Council would be fine with it if the funds were available. Town Manager Layton agreed.

Town Manager Layton stated that he would come back with a proposal to Council after the budget public hearing on how to make the new employees work. Mayor Kingston thought if Town Manager Layton could not find a reasonable trade-off, he could let Council know what the impact would be to the General Fund. Town Manager Layton agreed and added that he would try to come back with a definite answer.

Mayor Pro Tempore Thibodeau clarified that the actual part-time budget was estimated at \$55,000 and now it was being cut down to \$20,000 for the coming year. She thought that down the road, it would seem that the part-time budget would increase in order to cover more people. Fire Chief Black noted that the reason it was so high currently was due to Lieutenant Bartolotta being out with a shoulder injury.

Mayor Kingston directed Council to review the Inspections section of the budget. Councilor Burdick asked if the truck replacement was replacing the current truck. Town Manager Layton stated he was correct. Councilor Burdick asked what the cost would be to perform inspections for the beach nourishment project. Town Manager Layton stated that he did not have the costs yet, but he expected it to be wrapped into the contract which will be part of the financing cost.

Mayor Kingston directed Council to review the Ocean Rescue section of the budget. There were no comments.

Mayor Kingston directed Council to review the Streets and Highways section of the budget. There were no comments.

Mayor Kingston directed Council to review the Sanitation section of the budget. There were no comments.

Mayor Kingston directed Council to review the Community Development section of the budget. There were no comments.

Mayor Kingston directed Council to review the Parks section of the budget. There were no comments.

Mayor Kingston directed Council to review the Capital Outlay section of the budget. There were no comments.

Mayor Kingston directed Council to review the Budgetary Accounting section of the budget. There were no comments.

Mayor Kingston directed Council to review the Transfers to Other Funds section of the budget. There were no comments.

Mayor Kingston directed Council to review the Organizational Chart section of the budget. There were no comments.

Mayor Kingston directed Council to review the Pay Plan section of the budget. There were no comments.

Mayor Kingston directed Council to review the Estimate of Employee Costs section of the budget. There were no comments.



Mayor Kingston directed Council to review the Five Year Forecast section of the budget. There were no comments.

Mayor Kingston directed Council to review the Municipal Service Districts section of the budget. There were no comments.

Mayor Kingston directed Council to review the CIP section of the budget. There were no comments.

Councilor Burdick moved to authorize the Budget public hearing for Wednesday, June 3, 2015 at 7:00 p.m.

Motion carried 5-0.

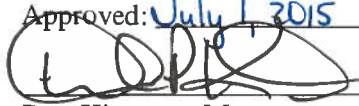
**RECESS TO RECONVENE**

Mayor Kingston moved to recess to reconvene the meeting to Friday, May 22, 2015 at 3:05 p.m. in order to meet with Senator Bill Cook.

Motion carried 5-0.

The time was 3:45 p.m.

  
\_\_\_\_\_  
Lori A. Kopec, Town Clerk

Approved: July 1, 2015  
  
\_\_\_\_\_  
Don Kingston, Mayor

