

**TOWN OF DUCK
TOWN COUNCIL
REGULAR MID-MONTH MEETING
May 18, 2016**

The Town Council for the Town of Duck convened at the Paul F. Keller Meeting Hall at 1:00 p.m. on Wednesday, May 18, 2016.

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; Police Chief John Cueto; Fire Chief Donna Black; Town Attorney Robert Hobbs; Director of Public Information Denise Walsh; Scott Leo of Parker Poe; Public Relations Assistant Betsy Trimble; and Town Clerk Lori Ackerman.

OTHERS ABSENT: None.

Mayor Kingston called the meeting to order at 1:01 p.m.

ITEMS RELATED TO THE ISSUANCE OF SPECIAL OBLIGATION BONDS FOR THE TOWN OF DUCK BEACH NOURISHMENT PROJECT

Discussion/Consideration of a Bond Order Authorizing the Issuance of Special Obligation Bonds for the Town of Duck, North Carolina

Mayor Kingston recognized Town Manager Layton.

Town Manager Layton stated that he and representatives from the Towns of Kitty Hawk and Kill Devil Hills will be meeting with the Local Government Commission on May 19, 2016. He stated that as part of the issuance and approval from the Local Government Commission, there were documents that were needed – the bond order and the resolution. He noted that they were the last official items that the Local Government Commission was expecting.

Town Manager Layton stated that the first item was the bond order. He explained that approval was needed to get \$6,963,000 in Special Obligations Bonds. He added that Resolution 16-05 provided for all of the authorizations needed in order to finalize the bond series.

Scott Leo of Parker Poe was recognized to speak. Mr. Poe stated that the bond order and Resolution 16-05 were the final two actions for Council to approve in order to move forward with the bond issuance. He explained that the bond order was a statutory document authorizing the bonds and securing them with various sources such as occupancy tax funds and various local sales tax dollars. He stated that Resolution 16-05 reflected the offer received from PNC Bank to do the financing for the project as well as authorizing the Mayor, Manager and Town Clerk to go forth on the closing date of June 10, 2016 to sign the documents.

Mayor Kingston asked Scott Leo to go through the process, beginning with May 19, 2016 through June 10, 2016. Scott Leo stated that he would be with the representatives from the three towns and would be talking with the Local Government Commission. He stated that they would

go through the Towns' application with them to make sure they have all the information needed. He noted that, per statute, there was a list of items that the Local Government Commission has to consider and approve as part of the financing. He stated that after that, it will be an agenda item for the Local Government Commission for their approval. He stated that on June 7, 2016, the Commission will meet and approve the financing. He added that once the financing was approved, it puts the final authorization in place and he would work with Mayor Kingston, Town Manager Layton and Town Clerk Lori Ackerman to get all documents signed and a bond will be given to PNC Bank with a principle amount and all certifications needed. He noted that it will also require a legal opinion and on June 10, 2016, the money will then be put into a bank account.

Councilor Burdick asked if the Town had limited options as to what it could do to invest it once the money was in the bank. Town Manager Layton stated he was correct. He didn't believe that there would be an actual payment to the Town as the money would go to Dare County. He explained that Dare County was paying for all of the construction costs. He stated that the construction contract was with Dare County and they would be paying the construction costs. Scott Leo noted that there will be an opportunity to invest those funds while they were sitting in the bank. Councilor Burdick thought if the funds went directly to Dare County, it made no difference. Scott Leo stated that the Towns' money would be sitting in accounts with PNC Bank and the idea was that Dare County would be able to requisition the funds in order to write the checks to pay for the construction contracts. Town Manager Layton noted that the funds would be sitting in escrow waiting to be drawn down. Councilor Burdick asked if the money would be in the Town of Duck's name or Dare County's. Scott Leo stated that there would be a separate account for the Town of Duck. Town Manager Layton stated that he would talk with PNC Bank about investment options.

Mayor Pro Tempore Thibodeau asked if the language that was prepared was boilerplate in terms of making sure that all of the required points were made. Scott Leo stated she was correct. Town Manager Layton stated that he and Town Attorney Robert Hobbs reviewed the documents.

Councilor Burdick noted that the penalties were significant for any delay in payment. Town Manager Layton stated that it should not be an issue. Councilor Burdick thought the penalties were excessive. Town Manager Layton stated that the ultimate tool that the bank had was that they could come back and take the Town's pledged funds. He explained that the bank could theoretically come back and take the Town's occupancy or sales tax funds.

Mayor Kingston noted that the Town already had a one-year rolling escrow. Town Manager Layton stated he was correct. Councilor Burdick asked if it was in the same account as the bond funds. Town Manager Layton stated that it was not.

Mayor Pro Tempore Thibodeau moved to approve the bond order as presented.

Motion carried 5-0.

Discussion/Consideration of Resolution 16-05, a Resolution of the Town Council of the Town of Duck, North Carolina, Providing for the Issuance of \$6,963,000 Special Obligation Bond, Series 2016

Councilor Burdick moved to approve Resolution 16-05 as presented.

Motion carried 5-0.

Authorization for the Mayor to Re-Execute the Interlocal Agreement with Dare County for the Updated Numbers on Beach Nourishment

Councilor Burdick moved to authorize the Mayor to re-execute the Interlocal Agreement with Dare County as presented.

Motion carried 5-0.

Mayor Kingston thanked Scott Leo for his time.

DISCUSSION OF PROPOSED FY 2017 BUDGET

Mayor Kingston stated that the proposed budget was the one that would go before a public hearing on June 1, 2016. He thought Council could proceed through the budget by looking at it category by category and have discussions regarding it.

Town Manager Layton handed out some updated sheets for the proposed budget document to Council. Mayor Pro Tempore Thibodeau noted a typographical error on Page 15. Town Manager Layton stated he would correct it.

Town Manager Layton noted that there were several questions that came up at the budget presentation, which he would try to address at this meeting. He stated that the first question was related to reserve for state statute and its impact on the fund balance. He explained that the original Town Council policy was adopted in 2007 or 2008 and was the policy that established the Council's target for fund balance, which was between 75 to 100% of the previous years' expenditures. He added that at that time it talked of an unencumbered fund balance and a free fund balance, but did not get into items such as unassigned, encumbered, etc. He stated that around 2010, the Governmental Accounting Standards Board started looking at it and redefined fund balance into a few different categories. He stated that there was the total fund balance as well as the unassigned fund balance, encumbered, assigned, dedicated and earmarked. He stated that Council ultimately approved a policy which stated that the goal was 75-100% of unassigned fund balance.

Town Manager Layton stated that in the five year forecast, he provides the total fund balance and a percentage for total fund balances. He noted that he doesn't do it to mislead anyone, but the forms he uses do not break it into further categories. He stated that Council had in their packets a number, per Town policy, of an unassigned fund balance, which was different from the total fund balance. He noted that he provided to Council an accounting rule that states: "appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts, as those figures stand at close of the fiscal year next proceeding the budget year." He explained that when the Town gets to the end of its fiscal year, the auditor prepares those numbers and that's how he finds out what the reserve by state statute was. He noted that the Town could not appropriate more than what was left from the fund balance as its working capital because of the reserve by state statute.

Town Manager Layton stated that there would be encumbrances and other things that show up in the audit, which, from an accounting perspective, would impact what was assigned and unassigned. He stated that Council could change the policy to say "total fund balance". Mayor Pro Tempore Thibodeau asked what Council would have to do to change the policy. Town Manager Layton stated that it could be changed through an agenda item to change it from unassigned to total fund balance. Mayor Pro Tempore Thibodeau asked if there was any benefit to

keeping track of the unassigned number on a regular basis. Town Manager Layton pointed out that it was reflected in the audit each year so he knows what the amount is.

Councilor Burdick thought Council only cared about the total fund balance and it would seem to be the logical definition to use. Mayor Pro Tempore Thibodeau agreed. She thought having the total fund balance was adequate. Town Manager Layton stated that he would be happy to bring a policy back to Council at a future meeting that would clarify things. He noted that he was comfortable with things at this point, but thought that total fund balance would be clearer to everyone. It was *consensus* of Council to have Town Manager Layton bring back a policy at a future meeting.

Town Manager Layton stated that a question had come up regarding vehicles and specifically what the Town's fleet was. He stated that Council had a spreadsheet in their packets of all of the Town's vehicles. He noted that the 5 ton truck and the dump truck were military surplus vehicles that were used during disaster recovery and for debris removal. He stated that the program in place required these vehicles to be under the control of the Police Department. He stated that there should not be any surprises with regard to the rest of the Town's vehicles in that Council could see what was in the fleet as well as the plans for the vehicles. He noted that the Ford Sport Trac was the vehicle that was used primarily by the Community Development Department as well as other staff. He added that the vehicle did not have a lot of miles on it, was in good shape, but has had recurring transmission issues. He stated that it was slated for replacement in the CIP for Fiscal Year 2018.

Town Manager Layton stated that the Ford F150 was the Building Inspector's vehicle and was brand new. He stated that the Chevrolet Tahoe for the Fire Department was the Fire Chief's new vehicle; the Chevrolet Silverado was the Deputy Fire Chief's vehicle and was purchased in 2013. He added that the other Chevrolet Tahoe was the Fire Chief's old vehicle which was being used as a spare Fire vehicle, primarily when volunteers and others have to attend training.

Town Manager Layton stated that the Chevrolet Tahoe for the Police Department would be a spare vehicle next year, provided the new vehicle is authorized. Police Chief John Cueto was recognized to speak. Police Chief Cueto stated that the Police Department would not be replacing the 2007 Chevrolet Tahoe. Town Manager Layton noted that it was currently the spare vehicle. Police Chief Cueto stated that it represented the only vehicle the Police Department had that was not marked. He stated that when the new vehicle is purchased, it will replace the Ford F150 that will be used as a public facilities vehicle to be used to tow, move cones, pick up dead animals, etc. He stated that the Ford F150 will be kept and it will be kept marked as a Police vehicle. He noted that he would not be replacing the spare Chevrolet Tahoe as all will be marked.

Councilor Burdick noted that the Chevrolet Tahoe was in good condition. He asked if there was any reason why it could not replace the Sport Trac. Police Chief Cueto stated that it was reaching the end of its service life and has over 110,000 miles on it. He didn't anticipate it to last much longer, especially if it was used regularly. Councilor Burdick pointed out that it was a low mileage use. Police Chief Cueto stated that he could get some value by selling it off. Councilor Burdick thought it would be more valuable to use it as long as possible.

Mayor Kingston asked why the Sport Trac with 26,000 miles would be replaced with the Chevrolet Tahoe that had 120,000 miles on it. He added that it made no sense. Councilor Burdick pointed out that the Sport Trac can't seem to be fixed. Mayor Kingston understood, but noted that the Chevrolet Tahoe was getting near the end of its life. Councilor Burdick stated that the Tahoe was eight years old and averaged 2,000 miles per year. Town Manager Layton stated that the

Police Department has been very effective over the last several months in using GovDeals to get rid of surplus equipment and he believed that would be the plan for the Chevrolet Tahoe. He thought the Town would get a decent amount for it, more than it could in trade, and it would help offset the cost of the new vehicle. He thought that was the original plan that Chief Cueto had and was what the sheet in front of Council reflected. He stated that for next year, if a new vehicle was authorized, the Tahoe would be disposed; one of the Ford F150 pickup trucks would be replaced; and the pickup truck would become the spare vehicle. He explained that the pickup truck could be used during storm events and could be a utility vehicle because of the pickup quality it has. He stated that the pickup truck would be replaced with another Ford Explorer.

Police Chief Cueto stated that the second Ford F150 would continue to be Officer Jason Rigler's vehicle; the Ford Crown Victoria would continue to be Officer Chuck Edward's vehicle; the Chevrolet Tahoe that was marked would continue to be the Police Chief's vehicle; the three Ford Interceptors would continue to be Officer Tara Poulin, Officer Joe Knight and Officer Tammy Bybee's vehicles; the final two Chevrolet Tahoes would continue to be Sergeant Melissa Clark and Officer Jason Garrett's vehicles. He anticipated that the entire fleet of vehicles would be marked and the Ford F150 would continue to be a Police vehicle but it also allowed the Police Department the ability to tow a trailer, move signs, etc.

Councilor Burdick noted that the Police Department had 10 vehicles. Town Manager Layton stated that there was a vehicle for each officer and one spare vehicle. Police Chief Cueto stated that the Tahoe was unmarked and could only be used as such for training and in certain situations where the Police Department would not need a marked vehicle. He stated that he would like to have all of the vehicles marked so that they would be full service and full duty Police vehicles. Councilor Burdick thought the Town needed the flexibility of the spare Chevrolet Tahoe for Town use and not just for the Police Department. He wasn't sure if that option would be eliminated if the Tahoe was marked. Police Chief Cueto noted that a marked vehicle should only be operated by a police officer. Town Manager Layton noted that there was a spare Chevrolet Tahoe on the Fire Department side, which could be used as well. Mayor Pro Tempore Thibodeau clarified that it wasn't marked. Town Manager Layton stated she was correct.

Police Chief Cueto stated that he would yield to the opinion on the unmarked Chevrolet Tahoe with regard to whether to sell it for value or keep it and have it used by Town employees. He reminded Council that the vehicle had 120,000 miles on it. Mayor Kingston stated that, assuming the Police Department stayed with the plan it was on now for 2018; rather than replacing the Sport Trac, he suggested selling the Sport Trac and move one of the Ford F150 pickup trucks to the Community Development Department and then buy another Ford Interceptor. Councilor Burdick agreed. Mayor Kingston suggested unmarking the Ford F150 and move it to the Town since it was in good shape with low mileage. Councilor Burdick stated that it made sense. Police Chief Cueto stated that the greatest exposure and vulnerability in the Police Department was the Ford Crown Victoria. He explained that if anything happened to it, he didn't have the capability to repair it and the mileage was high on it. He stated that replacing the Ford Crown Victoria and facilitating the fleet as much as he could with the Ford SUVs would be the Police Department's greatest advantage.

Councilor Burdick noted that his objective has been to lengthen the life of the vehicles that have been purchased. He added that the Town started out with 3+ years. Town Manager Layton stated that the Town was consistently getting 6+ years out of the vehicles. He stated that some of the police vehicles were at their seven year lifespan. He stated that the Ford Sport Trac was for Fiscal Year 2018, which was not the year that Council was discussing. He added that it was put there as a planning tool. He stated that he could look at what could be transferred in and out for

Fiscal Year 2018. He stated that the question for the Fiscal Year 2017 budget was if there was authority for the purchase of one police vehicle. Councilor Burdick stated that he didn't have a problem with it, but wanted the whole fleet optimized. He added that staff had to stop thinking about the vehicles as Police, Fire and Town but to think of them as one when it comes to fleet vehicles and it needed to be looked at with regard to optimizing it. Town Manager Layton agreed. He added that it wasn't uncommon for the Sport Trac to be used for fire and police services. He stated that staff does a good job of sharing. Councilor Burdick reiterated that his concern was if the Chevrolet Tahoe was marked, it would only be able to be used by the Police Department. He thought the Town had a need to make sure it has spare capacity to help wherever it was needed. Town Manager Layton stated that it may come back to not purchasing a new, replacement for the Sport Trac in Fiscal Year 2018, but shifting a vehicle while still maintaining some utility for storms. He added that Police Chief Cueto had spoken to him about having the spare vehicle for the Police Department equipped with a mobile license plate reader. He stated that if that were the case, it would really be a spare police vehicle as opposed to a vehicle that could be used for everything. Councilor Burdick stated that he liked Mayor Kingston's suggestion as it gave the Town a reasonable planning path.

Mayor Kingston suggested that Council review the budget by category.

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

Mayor Kingston noted that the only town that would be increasing taxes was the Town of Nags Head in the range of two to three cents. Councilor Burdick asked if it was over and above what was done for beach nourishment. Town Manager Layton stated that their MSD was staying in place, but with no revenue attached to it. He added that the revenue and the shared revenues that accompany it were gone and they were looking to help take the edge off the loss of revenue by increasing their taxes. He added that one cent was earmarked for stormwater purposes.

Mayor Pro Tempore Thibodeau stated that the projections for Duck's revenues were strong with the shared revenues. She asked for clarification on the Town of Kill Devil Hills since they increased taxes last year and it would affect Duck in the coming year. Town Manager Layton stated that there was a one year delay. He added that what he budgeted for included the Town of Kill Devil Hills' increase for Fiscal Year 2017. He stated that Fiscal Year 2018 would reflect any changes that were made this year. Councilor Burdick pointed out that the budget showed a decrease because the Town of Nags Head's MSDs were disappearing. Town Manger Layton stated that it would show up next year. Councilor Britt added that the increase in the Town of Nags Head's taxes would show up next year. Town Manager Layton stated that it wasn't a one for one. He added that the budget assumed that there wasn't any fluctuation and assumed that the Town of Nags Head would not see a decrease in taxes. He thought it was within a reasonable projection.

Mayor Kingston clarified that the estimates on MSD-A and MSD-B going into the new tax year were okay. Town Manger Layton stated that they were. He stated that there would not be any changes in terms in what he expected the levy to be. Mayor Kingston asked if there have been any collection issues with the MSDs. Town Manager Layton stated that there weren't any. He added that there wasn't a full levy yet but it was very close.

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

Town Manager Layton noted that the big item in Governing Body was the increase in Workers Compensation. Councilor Burdick asked if it was reflected in the outgoing years. Town

Manager Layton stated that it was reflected in the Five Year Forecast. Councilor Burdick noted that it decreased. Town Manger Layton stated that one of the changes could be for the Visioning Retreat. He added that he would double check the figures. Mayor Pro Tempore Thibodeau remembered comments from the public that they assumed that Governing Body included things such as insurance as opposed to just Town Council compensation. Councilor Burdick asked if it should be listed under Governing Body. Town Manager Layton stated that it should. He added that it was taken from the chart of accounts that was provided by the State. He noted that, traditionally, part of the Governing Body items included insurance. Councilor Burdick asked if it could be added to the title. Mayor Pro Tempore Thibodeau thought if it was a standard title, it should be left alone. Councilor Burdick thought it should read: "Governing Body, including Insurance". Mayor Pro Tempore Thibodeau noted that it was more than insurance. She suggested that the title be "General Government".

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

Councilor Burdick asked if the Town was still using individual computer routers as opposed to going to a cloud based system. Town Manager Layton stated that staff has shifted to cloud based items and have started purchasing/leasing some computers. He pointed out that some of the police computers were purchased outright due to the MDTs. He added that the Town just changed its agreement with Shoshin Technologies to incorporate the cloud items and had fiber brought into the Police Department and Town Hall because of the cloud. He stated that as part of making that change, staff was able to obtain a couple of new computers and lease them from Shoshin Technologies to see how it goes.

Mayor Kingston directed Council to review the Finance section of the budget. Councilor Caviness asked if all of the Towns use Dare County for their tax collections. Councilor Britt stated that the Town of Nags Head does not use Dare County.

Mayor Kingston directed Council to review the Legal section of the budget. Town Manager Layton stated that he factored in the minor increase in fees and earmarked \$15,000 for easement acquisition for the Pedestrian Plan. Councilor Caviness asked if the easements were for properties and utilities. Town Attorney Hobbs stated that they were for properties. Director Heard noted that some were for temporary construction easements and some would be of a more permanent nature.

Mayor Kingston directed Council to review the Public Buildings section of the budget. Councilor Burdick asked if the section included adding sound-proofing for the HVAC unit in the Meeting Hall. Town Manager Layton stated that it did not. He added that staff could look into it and see what they come up with. Councilor Caviness asked if the elevator in Town Hall was included in this section. Town Manager Layton stated that it was. He noted that two separate units had to be installed in the elevator equipment and server rooms since the original units failed. He added that there was a recurring issue at the amphitheater in that a mold issue became apparent due to the units cycling off before the air could change over. He stated that in the Administration offices, the second floor HVAC unit broke due to the pump going bad and then a leak in the coil. He stated that he would look into sound proofing for the HVAC mechanical room in the Meeting Hall.

Mayor Kingston asked if the storage shed would be able to house the Club Car. Town Manager Layton stated that it should. Mayor Kingston asked if the back of the gazebo could be used for additional storage. Town Manager Layton stated that staff has not given it a whole lot of thought but was something that could be considered in the future if additional space was needed. Mayor

Pro Tempore Thibodeau clarified that the storage shed would be located near the dumpsters. Town Manager Layton stated she was correct.

Mayor Kingston directed Council to review the Information Technology section of the budget. Councilor Burdick asked why the numbers were up and then down. Town Manager Layton stated that it increased by about \$7,000 which was driven by the change to the cloud as well as the fees associated with the fiber. He noted that the current budget was \$110,000 and he was looking at \$117,000. He dropped \$2,500 out of Capital Outlay. Councilor Burdick asked why all of the computers were not included in the Information Technology section. Town Manager Layton stated that he wanted to show them on a departmental level. He added that part of the fees show up in Subsidies and Allocations because it was now a fee the Town paid to Shoshin for monthly support. Councilor Burdick stated that the problem with that was that Council did not get a good picture of how much money was being spent in that area in total. Mayor Pro Tempore Thibodeau pointed out that computers were a tool that was used by the different departments. She stated that she liked seeing the inventory on the high dollar items but thought it was too granular to see the inventory for the computers. Councilor Burdick pointed out that the Town was spending a lot of money on computers. He added that it was technology that was obsolete by the time it was installed. Mayor Pro Tempore Thibodeau clarified that the computers for employees was changing on an average of once every three to four years. Town Manager Layton stated that they get changed out every four to five years.

Mayor Pro Tempore Thibodeau stated that it was more of an employee cost. Councilor Burdick agreed. Mayor Pro Tempore Thibodeau clarified that Town Manager Layton budgeted \$110,000 but that it would really be less than \$105,000 and then it would increase to \$117,000. She further clarified that the contract was a \$7,000 increase. She asked if it was for the Fixed Charges. Town Manager Layton explained that there were Fixed Charges and Subsidies and Allocations. He stated that the Subsidies and Allocations were for the direct contract with Shoshin Technologies. He added that the Fixed Charges was everything that has to do with Information Technology and included the fees to Microsoft 365, the monthly cost of the cloud software and other software that the Town pays a recurring fee.

Mayor Kingston directed Council to review the Police section of the budget. Town Manager Layton noted that the big item was the new vehicle. Councilor Caviness clarified that the license plate reader would be in in the fall. Town Manager Layton stated she was correct and added that the budget did not reflect the license plate reader. He stated that he decided to wait until he receives confirmation that the Town received the grant for the license plate reader before he appropriates the money.

Councilor Burdick asked when the money would be put in the budget. Police Chief Cueto stated that he would like to expedite it and put it in as soon as possible, but he didn't think the Town would have access to the funds until October. He anticipated receiving a letter from the Governor's Crime Commission over the summer that the funds will be available for October. Councilor Burdick asked when the equipment would be needed. Police Chief Cueto stated that he would like it for the height of the summer season but the Town was in a condition where supplanting would be an issue so the funds could not be made available at the Town level. Councilor Burdick asked how much it was. Police Chief Cueto stated that it was \$24,000 for the entire project. Mayor Kingston asked what the Town's share was. Police Chief Cueto stated that there wasn't a cash match.

Town Manager Layton stated that the plan was to have everything in place except for the equipment. He added that the \$24,000 was for the equipment only and he hoped that everything

else would be in place such as running the electric. He stated that staff had asked NCDOT if the reader could be mounted at the light at Sea Oats Drive and were told that no one has ever asked that question. He stated that if the Town buys the equipment before the funds are released, the Governor's Crime Commission could tell staff that the Town supplanted and would not receive the funds.

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

Mayor Kingston asked if an antenna was installed on the Town Hall building, it would help with communications with Dare County. Fire Chief Donna Black was recognized to speak. Fire Chief Black stated that it would. Town Manager Layton stated that a fixed radio would also be installed at Town Hall, which would help keep staff informed as to what was going on in Town. Mayor Kingston asked where the antenna would be erected. Town Manager Layton stated that it would be installed on the north side of the Town Hall building.

Councilor Caviness asked if Workers Compensation would be better shown under Governing Body instead of having it reflected in the individual departments. Town Manager Layton stated that it was preference. He added that it could be cost allocated but he wasn't sure if that would have any real benefit. Councilor Burdick noted that it was part of the total employee cost. Town Manager Layton stated he was correct.

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

Mayor Kingston directed Council to review the Ocean Rescue section of the budget. Councilor Burdick asked what the ongoing increase was in the annual contract. Town Manager Layton stated that Council approved a contract and the increase was part of the contract. He added that when the contract was approved, Ocean Rescue Director Mirek Dabrowski was purchasing equipment and anticipating adding a couple of lifeguard stands, which were reflected in the cost.

Mayor Kingston directed Council to review the Streets and Highways section of the budget. Mayor Pro Tempore Thibodeau noted that the Town needed to come up with some money for this section of the budget. Town Manager Layton stated that he would be contacting NCDOT to talk to them about the Pedestrian Plan and see if they can provide some comments on the plan. He stated that he also wants to have a discussion with them regarding what the Town needs in terms of funds. He didn't think they would come back with a lot of additional information and if so, the Town could start a larger discussion. He stated that he was also in communication with Jerry Jennings about the license plate reader. He guessed that by the fall, staff would be ready to talk about ideas for moving forward. He noted that the plans included money for VHB to continue pieces of the project such as help with bid documents. He stated that the idea was that as the Town gets into next year, it will be in a position to discuss starting the project in 2018.

Mayor Kingston asked how long a project could be financed. Town Manager Layton stated that he wasn't sure. He noted that if the Town chose to go that route, it had collateral with the park. He guessed that a sidewalk depreciation would be approximately 25 years. He thought it could be debted out for 15 years. Mayor Kingston noted that the park would free up money for the Town. Town Manager Layton agreed.

Councilor Burdick asked if there was any way to get the State involved with regard to the sinkhole in front of Stan White Realty. Town Manager Layton stated that it was the Town's responsibility. He added that the current system was what the Town put in place. Councilor

Burdick agreed. Town Manager Layton thought, theoretically, there could be some discussion that could be done about it but he wasn't sure what the solution would be. Councilor Burdick stated that he wasn't looking for the Town to find a solution but to see if there was a path forward with the State to come to a long-term solution. He added that the Town has done the best it could up to this point, but it was still problematic and would stay that way until a solution is found. He stated that since it was a state road, he wanted to see the State contribute to it. Town Manager Layton stated that staff could change the float on the pump so it comes on quicker. He added that he could contact someone at the State to see if that helps. He noted that it was likely that anything the Town would do, aside from changing the road, would still mean that there will be water on the road over a period of time depending on the amount of rain.

Mayor Pro Tempore Thibodeau asked if the review process that VHB would be doing was a separate department with pedestrian or one highway group. Town Manager Layton stated that they were trying to get up with the Division One engineer and that was where the review would go.

Councilor Caviness asked if the Town had a storm event with a lot of debris on the path and the streets, the cost to clean up came out of Sanitation. Town Manager Layton stated that it would, but pointed out that it hasn't been budgeted. He stated that it would be appropriated as disaster debris clean up. He noted that previously, the Town could get permission from the State to clean up the roads and get reimbursed by FEMA; however, after Hurricane Irene, the State said that NC 12 could not be cleaned up by the Town. He stated that the drawback was that it was not under the Town's control, so it had no way of knowing when it would happen. He didn't expect it to change. He added that the Town could obtain waivers for the side streets from NCDOT to pick up the debris. He stated that the Town has to obtain waivers from FEMA before picking up debris on private roads. He pointed out that the Town would clean up the roads no matter what.

Mayor Kingston directed Council to review the Sanitation section of the budget. He asked when the contract expired. Town Manager Layton stated that they were five year contracts with two one-year renewals.

Mayor Pro Tempore Thibodeau thought it would be a good idea to educate the public on electronics disposal. She added that a lot of people do not realize that batteries and old televisions are not allowed to be thrown in the trash. She stated that she would like to see staff educate the community. Town Manager Layton thought the Kitty Hawk Transfer Station accepted electronics. He added that the Town pays for the disposal, but citizens have to obtain a permit from Town staff in order to take it there. Councilor Burdick suggested that the Town have a dumpster for people to dump items and then have it hauled to the Kitty Hawk Transfer Station. Town Manager Layton stated that the issue would be where to house it.

Mayor Kingston suggested that Town Manager Layton look into the suggestions and come back with ideas and direction. Town Manager Layton stated that he would.

Mayor Kingston directed Council to review the Beach Protection 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. Councilor Britt asked what Temporary Help Services was. Town Manager Layton stated that it was the contract for the landscaping and grounds.

Councilor Caviness clarified that the Parks did not include any expenses to put on the events. Town Manager Layton stated that it did.

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. Mayor Kingston asked if \$75,000 was adequate. Town Manager Layton stated that he was comfortable with it.

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 Capital Reserve – Beach Fund section of the budget. Town Manager Layton gave a short overview of what was included in the fund to Council and the audience.

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. He asked how often it was reviewed with respect to salary increases. Town Manager Layton stated that he looks at it annually but does not make changes to it. He added that when the other towns have salary studies, he obtains copies of them to see how Duck lines up.

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 Capital Project/Capital Reserve Fund Ordinance section of the budget. Town Manager Layton stated that he would be coming before Council with amended ordinances that would reflect all of the new costs at either their June or July meeting.

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

Mayor Kingston moved to authorize the Budget public hearing for Wednesday, June 1, 2016 at 7:00 p.m.

Motion carried 5-0.

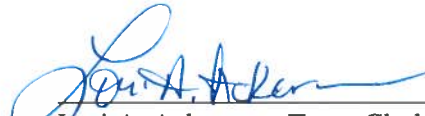
Mayor Kingston stated that the next meeting would be the regular meeting on Wednesday, June 1, 2016 at 7:00 p.m.

ADJOURNMENT

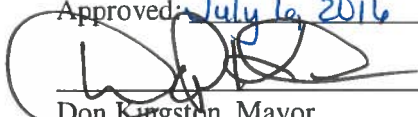
Councilor Britt moved to adjourn the meeting.

Motion carried 5-0.

The time was 3:16 p.m.



Lori A. Ackerman, Town Clerk

Approved: July 6, 2016


Don Kingston, Mayor

