



TOWN OF SOUTHERN SHORES
TOWN COUNCIL WORKSHOP MEETING
5375 N. Virginia Dare Trail, Southern Shores, NC 27949
Phone 252-261-2394 / Fax 252-255-0876
www.southernshores-nc.gov
PITTS CENTER
Tuesday, May 18, 2021 at 9:00 AM

MINUTES

1 **Call to Order**

- 2 Pledge of Allegiance
- 3 Moment of Silence

4 **Amendments to / Approval of Agenda**

5 **General Public Comment (Limit: 3 minutes per speaker.)**

6 Public Comment-Paul Borzellino-understands MSD requirement, although the overlay is a bit
7 confusing. Thanked Council for all their effort with the beach nourishment project.

8 Public Comment-Kenneth Rogers & Dianne Pitts (email)-oppose Town Manager's proposed MSD
9 tax rate.

10 Public Comment- Van and Karen Price (email) oppose MSD and method to pay for project.

12 **Business Items**

13 1. **Presentation-College of the Albemarle New Facility & Program Update-President Jack Bagwell &** 14 **Tim Sweeney**

15 Dare County Dean Tim Sweeney presented a new campus update and course offerings of College
16 of the Albemarle

17 [PowerPoint attached]

19 2. **Beach Nourishment Project Design Update-Ken Willson**

20 Ken Willson CPE-NC presented a beach nourishment project design update.

21 [PowerPoint presentation attached]

22 Highlights from Ken Willson's beach nourishment project update included:

23 **Project Goals**

- 24 1.Provides a reasonable level of storm damage reduction to public and private development
- 25 2.Mitigates long-term erosion that could threaten public and private development,
- 26 recreational opportunities, and biological resources
- 27 3.Maintains a healthy beach that provides sufficient useable beach and supports valuable
- 28 shorebird and sea turtle nesting habitat

Storm Damage Reduction

- Evaluate storm vulnerability along project area
- SBEACH model
- 2018 Vulnerability Analysis –Used to develop the Beach Fill Options in the Beach Management Plan
- 2020-2021 Design Study –Looked at higher resolution of wave data for Southern Shores
- Running the SBEACH Model with the new wave data and 2020 conditions –Indicates greater vulnerability than the initial analysis
- Evaluated a variety of berm widths:
 - 20-foot berm
 - 35-foot berm
 - 50-foot berm
- Evaluated a dune and “storm berm” to evaluate the sensitivity of the model setup to fill configuration.
- Following initial screening, a 27-foot berm, which aligns with the design fill density proposed in the Beach Maintenance Plan, was also evaluated.

Option	Number of Structures Impacted	Percent of Structures Impacted Relative to No Action
No Action	27	100.0
20-foot Berm	17	63.0
27-foot Berm	15	55.6
35-foot Berm	14	51.9
50-foot Berm	11	40.7

Mitigating Long-Term Erosion

- North Section –Average volume change rate of +6.1 cy/ft./yr. (Dec. 2017 to June 2020)
- Central Section –Average volume change rate of -0.3 cy/ft./yr(Dec. 2017 to June 2020) and +2.7 cy/ft./yr(Oct. 2006 to June 2020)
- South Sections –Average volume change rate of -15.3 cy/ft./yr(Dec. 2017 to June 2020) and +0.3 cy/ft./yr(Oct. 2006 to June 2020) Note: Includes beach nourishment
- Overall Average along Central and South Section was -5.2 cy/ft./yr, an increase from -3 cy/ft./yr reported in 2019.

PROFILE	Oct. 2006 to June 2020 (CY/LF/YR)	Sep. 2013 to June 2020 (CY/LF/YR)	Dec. 2017 to June 2020 (CY/LF/YR)	May 2019 to June 2020 (CY/LF/YR)
-197+12	--	0.8	1.3	-17.2
-187+14	--	-0.7	2.3	16.5
-177+13	--	-0.8	2.3	-21.8
-170+56	--	--	17.3	41.7
-163+99	--	--	2.1	-11.7
-157+41	--	--	18.8	50.0
-150+00	2.9	--	-1.2	-8.4
-140+00	8.2	--	13.4	20.2
-130+00	2.3	--	-10.1	-56.2
-120+00	0.7	--	-8.8	-19.3
-110+00	2.4	--	4.1	-1.1
-100+00	2.1	--	6.7	-6.2
-90+00	0.9	--	1.8	-9.9
-80+00	4.3	--	3.7	37.0
-70+00	0.6	--	0.5	-4.5
-60+00	1.5	--	-0.6	-10.0
-50+00	3.7	--	-13.2	-16.8
-40+00	1.3	--	-11.3	8.6
-30+00	-1.8	--	-18.8	-35.6
-20+00	-2.7	--	-20.8	-8.3
-10+00	1.2	--	-19.6	2.3
0+00	-0.3	--	-8.2	-14.1
TOTAL AVERAGE	1.7	-0.2	-1.7	-2.9
NORTHERN AREA (-197+12 to -150+00)	N/A	N/A	6.1	7.0
CENTRAL AREA (-150+00 to -50+00)	2.7	N/A	-0.3	-6.8
SOUTHERN AREA (-50+00 to 0+00)	0.3	N/A	-15.3	-10.6

Table 5 –2020 Beach Assessment Report

Volume Change (Update -2021)

- North Section –Average volume change rate of +5.4 cy/ft./yr. (Dec. 2017 to April 2021)
- Central Section –Average volume change rate of -0.2 cy/ft./yr(Dec. 2017 to April 2021)
- South Sections –Average volume change rate of -6.1 cy/ft./yr(Dec. 2017 to April 2021)
- Overall Average along Central and South Section was -2.1 cy/ft./yr, a decrease from -5.2 cy/ft./yr reported in 2020.

Maintain/Provide Sufficient Useable Beach

Table from Beach Management Plan Addendum A

Beach Section	Profile Stations	Average Useable Beach Width
Town of Southern Shores from 3rd Avenue South to Southern Town Limit	-150+00 to 0+00	84
2017 Sand Placement Area (Skyline Road to Asheville Street)	-20+00 to 320+05	103
Northern Section of Southern Shores from 5th Avenue North to Northern Town Limit	-197+12 to -157+41	57

Updated numbers based on June 2020 Data

Beach Section	Profile Stations	Average Useable Beach Width
Town of Southern Shores from 3rd Avenue South to Southern Town Limit	-150+00 to 0+00	69
Northern Section of Southern Shores from 5th Avenue North to Northern Town Limit	-197+12 to -157+41	69

Updated numbers based on June 2021 Data

Beach Section	Profile Stations	Average Useable Beach Width
Town of Southern Shores from 3rd Avenue South to Southern Town Limit	-150+00 to 0+00	68
Northern Section of Southern Shores from 5th Avenue North to Northern Town Limit	-197+12 to -157+41	64

Design Considerations

•North Section:

- Widen Berm by ~20 Feet
- Requires an average fill density of 22 CY/FT.
- Does not include any advanced fill

•Central and Southern Section:

- Establish a 27-foot wide design berm
- Requires an average fill density of 30 CY/FT.
- Additional 19 CY/FT to account for diffusion losses and background erosion
- Installation of sand fencing along the base of the dune at the time of construction

Northern Section: Fill Density of approximately 22 CY/FT. at Station -170+56
 Central Section: Fill Density of approximately 49 CY/FT. at Station -110+00
 Southern Section: Fill Density of approximately 49 CY/FT. at Station -10+00

Updated Project Volumes: Reflective of Design Considerations Presented May 18, 2021

Design	Design Volume	Diffusion Loss Volume	Advanced Fill Volume (Background Erosion)	Taper Volume	Total Volume	Avg. Fill Density
Option 4	591,400	54,400	225,000	7,500	878,300	44

Updated Design

Total Updated Design	556,100	62000	229,500	15,000	862,600	43
Northern Section	97,100	0	0	N/A	97,100	22
Central and Southern Section	459,000	62,000	229,500	N/A	750,500	49

Updated Project Costs: Reflective of Design Considerations Presented May 18, 2021

Options	Permitting/ Design Soft Cost	Volume (CY)	Construction Cost	Construction Soft Cost	Construction Env. Monitoring Costs	Contingency Cost (10%)	Total Cost
4	\$435,000	878,300	\$12,505,000	\$241,500	\$232,700	\$1,341,400	\$14,755,600
May 2021 Design Update	\$339,034	862,600	\$11,552,000	\$241,500	\$232,700	\$1,236,500	\$13,601,734

Schedule

Milestone	Start Date	Completion Date	Number of Months
Project Initiation / Interagency Meeting	April 2020	April 2020	1
Borrow Area Development	May 2020	January 2021	9
Engineering Design	June 2020	June 2021	13
Federal Permitting	April 2020	July 2021	16
State Permitting	February 2021*	July 2021*	6
Development of Construction Plans & Specifications	April 2021	July 2021	4
Solicitation of Bids	July 2021	August 2021	1.5
Award Construction Contract	August 2021	September 2021	1.5
Construction	May 2022	October 2022	5

3. Town Code Amendment -21-05 Noises Prohibited

At the April 13, 2021 Town Council meeting, Council tabled consideration of the proposed amendments to the Town's Noise Ordinance in TCA-21-02 so that Councilmembers Holland and Neal could meet with Town Staff to review and discuss it. TCA-21-05 is a revised TCA that incorporates the comments received during discussion.

Police Chief David Kole stated a lot of unnecessary language has been removed and what is before Council is a trimmed down version.

Mayor pro tem Morey asked Chief Kole if he was satisfied with the amendment as written. Chief Kole replied that he was satisfied.

Motion made by Council Member Neal to adopt TCA-21-05 Noises Prohibited, Seconded by Council Member Holland. The motion passed unanimously (5-0).

Voting Yea: Mayor pro tem Morey, Council Member Conners, Council Member Holland, Council Member Neal, Mayor Bennett

4. **Bike & Pedestrian Safety-NC12 Speed Limit Reduction Request-Councilman Conners**

Councilman Conners provided a narrative to explain the impetus and intent of the resolution. Councilman Conners recommended reducing the speed limit all yearlong along the NC12/Duck Road "corridor" which consists of 18 crosswalks and increasing the signage for safety.

Police Chief David Kole provided accident data from 2013 to present and recommended sensor flashing lights at the crosswalks.

Councilman Neal stated the speed limit is currently reduced for the summer and would like Council to get through the budget process and revisit this at a later time.

By **Consensus**, Council tabled the agenda item and agreed that NCDOT should be involved with discussions.

Council recessed the meeting at 11:36 a.m. for lunch.

Mayor Bennett reconvened the meeting at 1:00 p.m.

5. **FY 21-22 Budget Workshop Discussion Items**

Town Manager Ogburn presented budget items for discussion/direction.

1. Use of Fund Balance

The estimated numbers for the current fiscal year will come in close to the same as 6/30/20 for encumbrances and accounts receivables. The amount currently used for budget amendments in the current fiscal year is \$1,281,688. Town Staff is confident we will not need to use the full amount currently budgeted due to revenues coming in higher than originally budgeted, but for planning purposes, that needs to be taken into consideration when trying to determine the amount of UFB available. The amount

recommended to be used to fund beach nourishment and balance the FY 22 budget is \$1,223,392. After these 2 deductions, a balance of \$490,466 is remaining, in addition to the \$3,000,000 which is required by Council policy.

Town of Southern Shores
Analysis of Unassigned Fund Balance 6-30-20

	<u>6/30/2019</u>	<u>CY Revenues over Expenses</u>	<u>Other Changes</u>	<u>6/30/2020</u>
Stabilization by State Statute:				
Accounts receivable	544,646	-	83,357	628,003
Encumbrances	<u>29,017</u>	<u>-</u>	<u>35,092</u>	<u>64,109</u>
	573,663	-	118,449	692,112
Prepaid expenses	5,566	-	14,563	20,129
Capital reserve fund	164,114	-	23,279	187,393
Drug enforcement	9,459	32	-	9,491
Subsequent year's budget	1,325,614	-	(1,325,614)	-
LEOSSA	236,891	8,040	-	244,931
Unassigned	<u>4,173,321</u>	<u>629,623</u>	<u>1,192,602</u>	<u>5,995,546</u>
Total GF fund balance	6,488,628	637,695	23,279	7,149,602
Unassigned fund balance				5,995,546
Working capital/fund balance policy				<u>(3,000,000)</u>
To Balance FY 20-21 Amended Budget				(1,281,688)
Balance FY 21-22 Budget				<u>(1,223,392)</u>
				490,466

2. Revenue Projections – The Finance Officer explained rationale used in recommending revenues. Many local governments budgeted extremely conservatively while reducing anticipated revenues due to the overall assumption that Covid-19 would have a dramatic budget impact. Health concerns and restrictions were anticipated to decimate sales and occupancy taxes, which make up a large portion of the town's revenues. In some respects, the opposite affect was realized. According to the North Carolina League of Municipalities, the economic outlook at the time of their annual revenue forecast is largely focused on the recovery from COVID and a transition to a post-COVID era. It appears, that at least in the near term we have reason to be optimistic that our recovery will continue. Town staff recognizes that the increase in sales, occupancy, and land transfer taxes that we are currently experiencing, will eventually start to level out. With this in mind, the amounts for the shared revenues for FY 2021-2022, are budgeted more conservatively than what the Town will receive in the current FY.

One cent in ad valorem taxes generates \$162,852. While a tax increase for General Fund Expenditures is not recommended at this time, a tax increase will likely be part of the FY 2022-2023 recommended budget.

3. Department Budgets – Town Manager Ogburn and Finance Officer Bonnie Swain reviewed each department's budget requests. Department Heads were in attendance for any questions.

Town Manager Ogburn notified Council that a request has come forward from Mark Fletcher with Atlantic Tree for an increase in his contract. He is in the third year of a four-year contract. An increase mid contract is very rare, but Mr. Fletcher has requested an increase (approximately \$20,000 to \$25,000) due to increases in dump fees, diesel, workman comp and general liability, employee wages, and increase in brush volume (more residents and construction). The Town Manager wanted Council to be aware of the request and will come back with a recommendation.

Councilman Holland stated besides the use of diesel, Mr. Fletcher has no control over the other increases.

4. Health Insurance -The Town will see an approximate 10% increase to the medical premiums for employees. Small groups medical insurance renewal rates are based on statewide claims for the year of all small groups.

The below shows rate adjustments since 2017.

	Health Insurance
2022	+10%
2021	-9%
2020	+.05%
2019	+1%
2018	+6%

5. State Retirement Contributions – State Retirement System employer rates. Mandatory Town contributions to the State Retirement System are anticipated to increase from 10.2% to 11.39% for general employees, while increasing from 10.95% to 12.05% for law enforcement officers.

	SR general	Rate	SR LEO	Rate
2022	+1.19	11.39	+1.09	12.05
2021	+1.22	10.2	+1.25	10.95
2020	+1.23	8.98	+1.20	9.7
2019	+0.25	7.75	+0.25	8.5
2018	+0.25	7.5	+0.25	8.25

Mayor Bennett called a five-minute recess at 2:25 p.m.
Council reconvened the meeting at 2:30 p.m.

6. Pay and Classification Study Results – The Council directed a Pay and Classification Study that was presented in February of 2020. Due to the study coinciding with the

beginning of the pandemic, implementation of the study was put on hold. The Town Manager recommended in this budget implementation of new pay plan at a total cost of \$89,729. This plan makes one time locally compared market adjustments, brings employees with 8 years of service to the midpoint of their salary range while also recognizing all employees' years of service. The timing of this increased expenditure is met with the need for a tax increase for Beach Nourishment, but it is also met with a need to retain experienced employees and remain competitive with other Dare County municipalities. To keep employees on track going forward, it is recommended that an employee is moved up within their grade 2% each year to keep up with the cost of living. Merit increases are recommended to be given each year with annual evaluations. Also included in the plan are job reclassifications, adoption of new job descriptions and new pay scale.

Finance Officer Bonnie Swain added that she is seeking to update the personnel policy as several policies have been added since it was last updated in 2013. There is currently extra money in the current budget's travel line and will move that those funds to contracted services to cover the approximate \$7000 cost. The final document will be brought to Council for approval.

7. Street Improvements – The recommended amount for street improvements is a large portion of the budget. This funding may serve as an earmark until Council can review the results of the Pavement Conditions Study and CIP. The amount budgeted is equal to the cost estimate for the next street improvement listed on the 2019 Capital Infrastructure Improvement Plan, Hillcrest Drive. The Council previously directed the Town Engineer to design the improvements to extend the project all the way to NC 12 from the Hickory Trail intersection.

8. Seasonal Cut Thru Traffic – Funds are recommended to conduct eight “no-left turn” events at the US 158 and South Dogwood intersection beginning the weekend of June 26 and 27.

Councilman Neal asked Town Manager Ogburn to find out if the town could borrow barricades from other municipalities to try the “local traffic only” signs with barricades along the four through streets (Hickory, Hillcrest, Sea Oats, and Wax Myrtle).

9. Beach Nourishment Tax Rates – FY 2021-2022 marks the first of five debt service payments for the planned spring 2022 beach nourishment project. Funding for this project consists of Dare County Occupancy Tax for Beach Nourishment at \$7,714,375, Department of Environmental Quality Grant Award of \$1,408,247 and Town contribution of \$6,123,873. The Town will have to raise taxes to generate its portion of funding the project. The recommended increase would bring the current town wide tax rate from \$0.1958 to \$0.23, an increase of \$0.0342.

Two Municipal Service Districts are anticipated to be created to fund the beach nourishment project. The tax rate for MSD 1 is recommended at \$0.12, the tax rate for

MSD 2 is recommended at \$0.03 and the town wide rate is recommended at \$0.0342, bringing the Total town tax rate to \$0.23. A \$750,000 transfer from Undesignated Fund Balance to the Capital Reserve Fund to be combined with a \$250,000 previous transfer is recommended to pay down the beach nourishment debt with a \$200,000 year allocation, which will lower the tax rate necessary in each MSD as well as the Town wide rate. One cent in MSD 1 generates \$29,021 and one cent in MSD 2 generates \$56,475.

Town Manager Ogburn stated the Town Council has many options to consider when applying the beach nourishment tax rates. The rates can be set in any manner that generates the required revenue to cover the debt service for the project.

Councilman Neal asked if the \$30,000 special assessment (Pelican Watch) could be absorbed so that the Pelican watch property owners will not have the special assessment and the MSD tax rate assessment together.

Finance Officer Bonnie Swain said she had contacted the UNC School of Government and that would not be allowed, the Town cannot absorb the special assessment.

Town Manager Ogburn stated Council could perhaps extend the years of the Pelican Watch special assessment.

Councilman Conners stated all of Council wants to be fair and equitable as we all benefit. We all moved here because of the beaches.

Mayor pro tem Morey was in favor of hearing from the residents at the public hearing June 1st and then set the MSD rates following the hearing.

Councilman Neal stated it would be wise to have some baselines numbers, options, rather than asking the Town Manager to manipulate the spreadsheet during the next meeting.

Action Items

By Consensus, the Town Manager was directed to see if the remainder of the Pelican Watch assessment (one year) be extended, and balance broken out to another five years. Town Manager Ogburn stated you are especially amending the resolution. Some property owners may have paid the full amount due in the beginning but amending the resolution could defer the last payment amount over an additional number of years determined by Council. Town Manager Ogburn told Council he would have to look into the process to see what is required and to make sure they can do what they want to do.

By Consensus, Council asked for three scenarios of MSD rates to be advertised and feedback sought prior to the budget public hearing date of June 1, 2021.

- 1) option 1-Town Manager's proposed rate

277 2) option 2- MSD One 9
278 MSD Two 2
279 Town Wide 4
280 3) option 3- MSD One 7.5
281 MSD Two 3 .0
282 Town Wide 4.0
283

284 **Adjourn**

285 **Motion** made by Mayor pro tem Morey to adjourn the meeting at 3:37 p.m., Seconded by Council
286 Member Holland. The motion passed unanimously (5-0).

287 Voting Yea: Mayor pro tem Morey, Council Member Conners, Council Member Holland, Council
288 Member Neal, Mayor Bennett

289

290 **The attached documents are incorporated herewith and are hereby made a part of these**
291 **minutes.**