



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, September 20, 2022 at 9:00 AM

MINUTES

Call to Order

Pledge of Allegiance

Moment of Silence

Present

Mayor Elizabeth Morey

Mayor pro tem Matt Neal

Council Member Leo Holland

Council Member Paula Sherlock

Absent

Council Member Batenic

Amendments to / Approval of Agenda

Motion made by Council Member Holland to approve the agenda as presented, Seconded by Council Member Sherlock.

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

General Public Comment

None

Business Items

1. Resolution 2022.09.03- Overpayments of Occupancy Taxes-Campground

Town Manager Cliff Ogburn presented Resolution 2022.09.03 to Council for consideration. The agenda summary read as, recently Dare County was made award that campgrounds were collecting and paying occupancy tax which is no longer required by General Stature. This revenue was shared with Dare County, the Dare County Tourist Bureau, the county Beach Nourishment Fund and each of the six municipalities. The maximum exposure to the Town is about \$165,000. If the statute of limitations is three years, then the amount drops to about \$50,000. Those that paid this occupancy tax in error are entitled to a refund. A process will be established that ensures the Town is refunding its share of the overpayments.

Mayor Morey stated all the administrative duties, cost, and responsibility is on the part of the County of Dare, not the Town of Southern Shores.

Council Member Sherlock stated the refund will go to the individuals that paid the taxes, not the County. Town Manager Ogburn confirmed that is correct.

Motion made by Council Member Sherlock to approve Resolution 2022.09.03 as presented, Seconded by Council Member Holland. The motion passed unanimously.

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

2. Presentation from Kimley Horn – Trinitie Culvert replacement options

At the July 5, 2022 Council meeting, Council approved a contract with Kimley-Horn to provide conceptual level plans concerning the replacement of the aluminum pipe culvert on Trinitie Trail.

Kimley Horn representative Andrew Phillips presented findings regarding options for replacement of the Trinitie Trail Culvert. Kimley-Horn was asked to develop conceptual level structure plans for three different structural alternatives to replace the existing pipe arch culvert. The alternatives provided include a cast-in-place reinforced concrete flat slab bridge, a cored slab bridge, and a prefabricated buried arch structure. [PowerPoint is hereby attached as part of the minutes]

Option 1 and 2 were virtually identical with the exception that option one is a flat slab cast in place; option two is a core slab pre-casted. Both options would have a down time of 6 months to one year. The precast option would make for a shorter bridge closure, making it a better alternative. Option #3 is a precast arched bridge and road closure would be a little longer than the other alternatives. The new opening would be about 19 feet wide, three feet wider than the current culvert.

Mayor Morey asked about the timeframe for the acquisition of permits. Mr. Phillips estimated it would be 6-12 months.

Mayor Morey asked if NCDOT had a role in the project. Mr. Phillips stated the contractors typically do follow NCDOT standards and specifications because they are well written, but this project is not funded by NCDOT, so they have no jurisdiction over it.

Mayor Morey asked Kimley Horn representative Andrew Phillips to provide a low end and high-end cost estimate. Mr. Phillips stated if you take out the contingency and assume every quantity their firm looked at is accurate you could take the \$660,000 figure and take 60% of that to get the low estimate. The high end would be that number plus the contingency.

It was **Consensus of Council** that option #2 (precast core-slab) would be the better alternative out of the three options provided.

3. Budget Items for Discussion

The Town Council requested that staff provide a quarterly budget review. Staff requests that this initial review also serve to establish a potential framework for future reviews. Finance Officer Bonnie Swain provided an overview of the present financial position, fund balance analysis, as well as on any items to note in the months ahead.

Town Manager Cliff Ogburn provided an updated draft of the Capital Improvement Plan. He stated the timeframe has been narrowed to a five-year period and staff would request that this plan be approved each year in February so that items the Council would like to see included in the following fiscal year are included in the recommended budget. Items that staff would like to discuss for funding in the short term are highlighted in the plan and include:

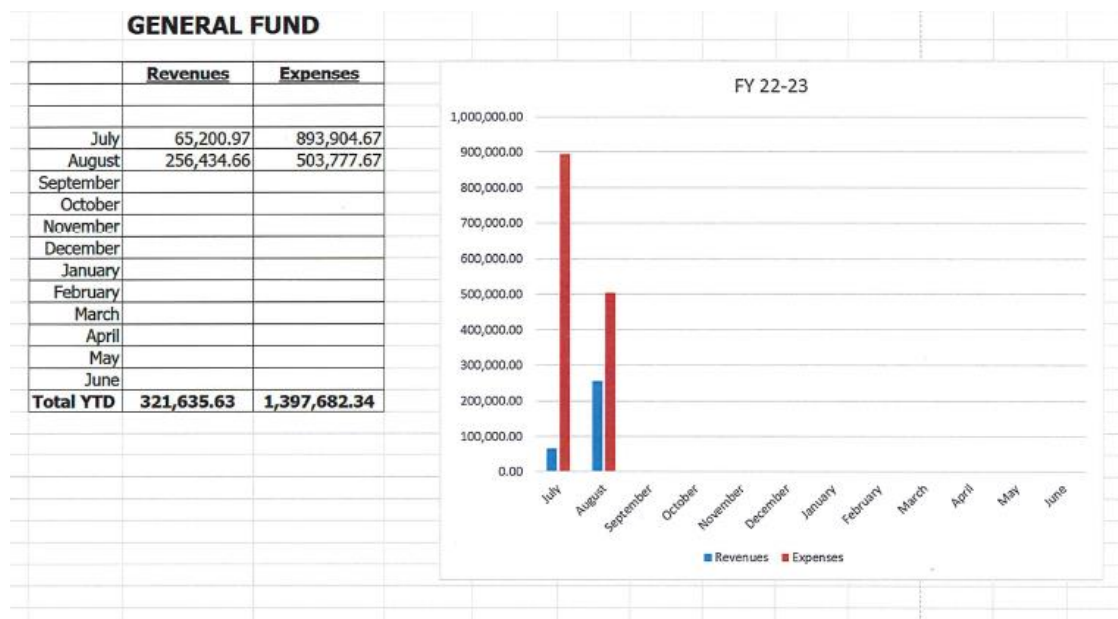
- Trinitie Culvert Replacement

- Additional Street/Pavement Work
- Path from Duck Road from Triangle Park to E Dogwood (applying for grant)
- Path from Hillcrest to Sea Oats (potential for second grant application)
- Chicahawk Sidewalk
- Public Works renovations
- Ginguite stormwater projects (project out to bid)

Finance Officer Bonnie Swain reviewed the July and August financials and although it is still early in the fiscal year, she highlighted the following:

- Interest revenue has started to grow once again, post covid. Expect interest revenue this year to be approximately \$225,000.00. She recommends any future budget amendment to come from this interest line first.
- Amicus Brief-funds from three entities has been received.
- Shared revenues will start to come in September; our shared revenues have increased by 2% because of our levy increase due to beach nourishment.
- Workman Comp and General Liability insurance is due the first day of the fiscal year, as it can be seen reflected in the expenditures.
- Staff has requested a new financial software program to enhance the budget process and financial reporting. A budget amendment will be coming in October. Offset from the interest income.
- Vacancies in the Police Department is causing increase in overtime. The department will need to increase the amount for advertising and medical testing.
- Sanitation Department has had an increase in tonnage and fuel surcharge, may require a budget amendment later.
- Public Works-need to advertise due to a vacancy in that department.
- Beach Nourishment Project-we have received all the money from the grant 1.4 million. Mobilization costs have been paid.

Mayor Morey asked Finance Officer Bonnie Swain if she felt confident in the large increase in interest money. Ms. Swain stated she was confident having received \$31,000 in the past two months. Tax revenue goes into the capital trust which fuels the interest revenue.



Revenues

Interest	FY 19-20	FY 20-21	FY 21-22	FY 22-23 ESTIMATED
	77,730	1,351	15,265	225,000

* Interest will be the revenue source (used first) for any needed budget amendments the remainder of this fiscal year)

Misc. Revenue

* Reflects money received from 3 entities (Town of Duck, DCTB and Duck Comm & Business Alliance) for Amnicus Brief for a total of \$6408 Currituck Co. paid their share in September.

Expenditures

Administration

*Insurance may need to be adjusted at a later date. Premiums for both our WC and PL insurance increased this year by \$6,500 due to cost of added equipment, vehicles and salary increases.

*A budget amendment will be presented at the October meeting to purchase financial software to assist with building the budget and financial reporting.

Cost is \$5,000 per year

Police

* A budget amendment will be presented at the October meeting to increase the advertising and medical testing line to fill 3 positions.

Cost will be \$4,500

Sanitation

* The months of July and August have shown an increase in tonnage and fuel surcharge. The total increase for the months of July and August is \$5,275

Public Works

* A budget amendment will be presented at the October meeting for advertising for a vacancy in the department.

Cost will be \$500

**THE NORTH CAROLINA CAPITAL MANAGEMENT TRUST
Average Annualized Monthly Net Yields - Government Portfolio**

Month	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
January	.10	.12	.07	.05	.01	.01	.29	.42	1.20	2.26	1.46	.01	.01	
February	.07	.09	.06	.04	.01	.01	.33	.43	1.23	2.26	1.45	.01	.01	
March	.08	.11	.08	.06	.01	.02	.37	.51	1.37	2.28	.89	.01	.08	
April	.11	.10	.08	.04	.01	.03	.37	.57	1.55	2.29	.41	.01	.21	
May	.15	.08	.08	.04	.01	.04	.37	.64	1.61	2.28	.20	.01	.59	
June	.17	.04	.06	.01	.01	.04	.33	.73	1.71	2.24	.08	.01	.98	
July	.20	.02	.06	.01	.01	.06	.31	.84	1.80	2.22	.07	.01	1.52	
August	.20	.03	.05	.01	.01	.07	*.26	.88	1.81	2.03	.04	.01	2.14	
September	.16	.03	.04	.01	.01	.07	.26	.89	1.85	1.98	.02	.01		
October	.14	.03	.05	.01	.01	.08	.29	.91	2.03	1.78	.01	.01		
November	.12	.06	.05	.01	.01	.10	.29	.93	2.08	1.54	.01	.01		
December	.12	.08	.07	.01	.01	.19	.37	1.07	2.16	1.49	.01	.01		
Annualized Yield	.14	.07	.06	.03	.01	.06	.32	.74	1.70	2.05	.39	.01	.69	

*Portfolio was changed in August 2016 from the Cash Portfolio to the Government Portfolio.

Yields will fluctuate with changing market conditions and past performance is not an indication of future results.

While the Portfolio seeks to maintain a stable \$1.00 share price, there is no assurance that it will be able to do so. An investment in the Portfolio is not insured or guaranteed by the U.S. Government.

Not authorized for distribution unless preceded or accompanied by a current prospectus.

yield.doc

Finance Officer Bonnie Swain reviewed projected revenues and expenditures through 2028. The growth percentage was projected from taking the average growth from fiscal years 18-22 and applied forward. Anticipated in 2028 is 7.9 million in revenues if it continues the growth, we have had the past five years. This is revenues over expenditures, but it does not take into consideration street projects. If you add the street projects in there you will have a deficiency.

	<u>FY 18</u>	<u>FY 22</u>	<u>\$ increase</u>	<u>% change</u>	<u>FY 28</u>
Expenditures					
Administration Department	944,656	1,041,557	96,901	10.26%	1,148,398
Code Enforcement & Inspections	245,974	324,981	79,007	32.12%	429,365
Dept	691,767	964,378	272,611	39.41%	1,344,419
Fire Department	161,550	176,000	14,450	8.94%	191,742
Ocean Rescue Services	1,468,688	1,818,315	349,627	23.81%	2,251,172
Police Department	389,150	576,770	187,620	48.21%	854,847
Public Works Department	650,166	826,717	176,551	27.15%	1,051,210
Sanitation Services	4,551,951	5,728,718	1,176,767	25.85%	7,271,154
Total					
Revenues					
Property Taxes- Current Year	2,928,270	3,159,663	231,393	7.90%	3,409,341
NCVTS- Current Year	102,375	108,604	6,229	6.08%	115,212
Subtotal: Property and Vehicle Taxes	3,030,645	3,268,267	237,622	7.84%	3,524,553
Land Transfer	248,575	570,551	321,976	129.53%	261,004
Local Option Sales Tax	964,512	1,347,088	382,576	39.67%	1,881,414
Occupancy Tax	1,014,531	1,471,890	457,359	45.08%	2,135,430
Building Permits & Fees	156,815	169,578	12,763	8.14%	183,380
	2,384,433	3,559,107	1,174,674	49.26%	4,461,227
Subtotal General Fund Revenues	5,415,078	6,827,374	1,412,296		7,985,780

	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY 19-20</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>
	Total	Total	Total	Total	Total	
Public Works Department - Streets	1,419,636	1,078,281	1,623,753	1,134,814	208,675	
Streets/Multi-Use Paths	497,482	1,007,724	1,032,488	688,008	156,547	
Beach Nourishment	922,154	70,557	88,998	446,806	52,128	
Storm Cleanup			502,267			
use of FB to balance the budget	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY 19-20</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>
	0	0	1,325,614	0	1,275,019	365,309

Council Member Holland stated the predictions do not consider any potential tax increase. Finance Officer Bonnie Swain that was correct. She stated a tax increase also changes your shared revenues. The amount of shared revenue is dependent on our levy. It not only depends on what Southern Shores does but what the other towns do as well.

Shared Revenue Percentages

FY 14-15	11.22	
FY 15-16	10.72	
FY 16-17	9.67	
FY 17-18	10.06	
FY 18-19	9.62	
FY 19-20	9.45	
FY 20-21	9.24	
FY 21-22	9.19	
FY 22-23	11.36 (beach nourishment increase)	

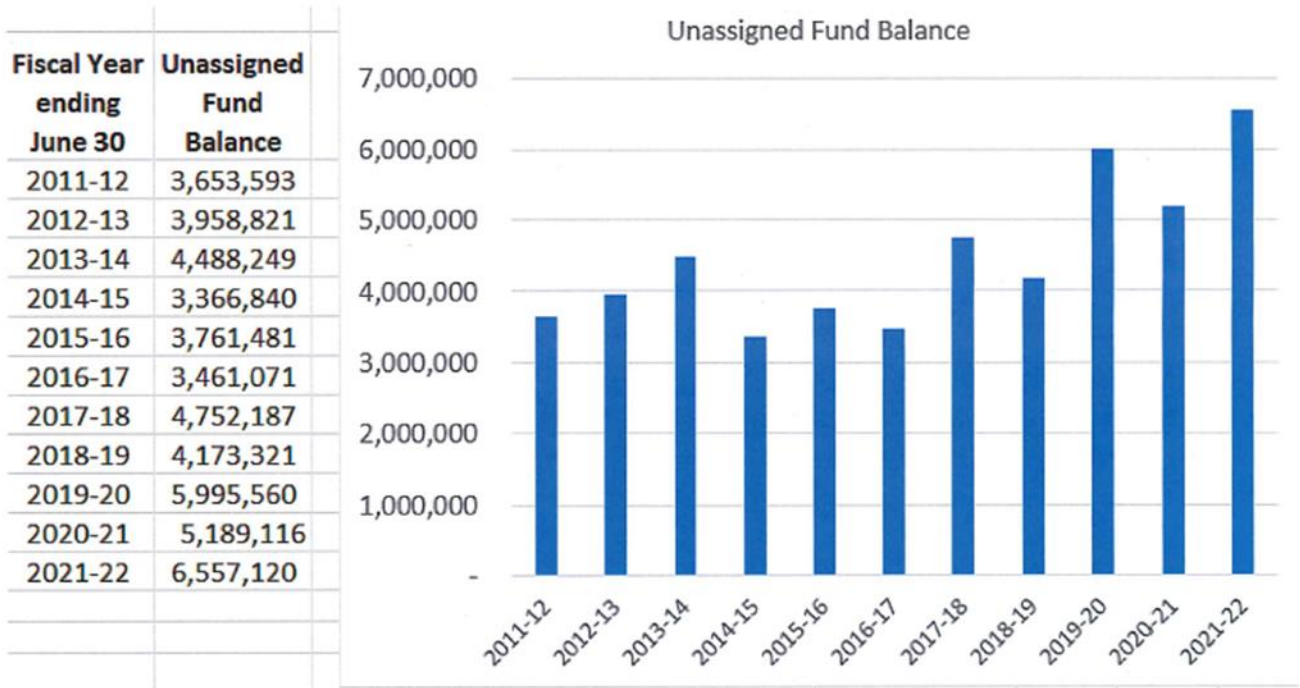
Mayor Morey asked if we were still the lowest of the municipalities? Finance Officer Bonnie Swain said that Manteo is probably the lowest.

Finance Officer Bonnie Swain reviewed an analysis of the unassigned fund balance, a document provided from the annual audit (Town Auditor Teresa Osborne will present all audit finding at the Council’s October 5th meeting). The unassigned fund balance will be 6.5 million. If you back out the 3 million emergency fund balance resolution, it leaves 3.5 million for the Council to do as they see fit.

Mayor Morey asked what prompted staff to want to purchase another finance software? Town Manager Ogburn wanted to be able to provide public presentations of the budget that would link directly with the accounting software; producing a product which could highlight and graph so much more of the financials. Currently, staff develops the budget presentation my manually adding bits and pieces.

Town of Southern Shores
 Analysis of Unassigned Fund Balance 6-30-22

	<u>6/30/2021</u>	<u>CY Revenues over Expenses</u>	<u>Other Changes</u>	<u>6/30/2022</u>
Stabilization by State Statute:				
Accounts receivable	834,811	-	7,597	842,408
Encumbrances	<u>247,520</u>	-	<u>977,464</u>	<u>1,224,984</u>
	1,082,331	-	985,061	2,067,392
Prepaid expenses	6,115	-	(1,687)	4,428
Drug enforcement	9,491	-	-	9,491
Subsequent year's budget	1,270,519	-	(905,210)	365,309
LEOSSA	250,390	557	-	250,947
Powell Bill	-	131,134	-	-
Unassigned	<u>5,189,116</u>	<u>1,446,168</u>	<u>(78,164)</u>	<u>6,557,120</u>
Total GF fund balance	7,807,962	1,577,859	-	9,254,687
Unassigned fund balance				6,557,120
Working capital/fund balance policy				<u>(3,000,000)</u>
Remaining fund balance				3,557,120



Mayor Morey called for a 5-minute recess at 10:13 a.m.

Council reconvened at 10:19 a.m.

Town Manager Ogburn reviewed the Capital Improvement Plan, looking into a five-year window. The Trinitie culvert is not in the budget, but it could be placed in the plan. The fund balance has approximately 3.5 million dollars available. Council may want to do more overlay on the streets, rather than the patching proposed.

Town Manager Ogburn stated staff is looking to apply for a grant for a path from Duck Road from Triangle Park to East Dogwood (applying for grant) and then a path from Hillcrest to Sea Oats (potential for second grant application).

Council Member Holland stated the Tourism Board has a large quantity of groups wanting grant money this year, so you are more than likely to only receive a portion of the project funds.

Town Manager Ogburn stated he is thinking was to try and take advantage of an opportunity to try and get funding for Hillcrest to Sea Oats but that is a longer stretch, more expensive. Unless Council thinks it is worth applying, maybe just put it in the plan.

Mayor pro tem Neal stated it may make sense to move it to another budget year.

Town Manager Ogburn stated there may be other opportunities, the Parks and Recreation Trust Fund. If we can show a system of sidewalks that were connecting, they may look favorably upon that application.

Mayor pro tem Neal asked if there were potential state level grants. Town Manager Ogburn confirmed there were.

Mayor Morey stated instead of going for two grants from the Tourism Board, we should apply for just one, and go through these other potential grant opportunities that are from different funding sources for some other ideas. **Council agreed by consensus.**

Mayor pro tem Neal stated to focus on the more dangerous stretch, the triangle to East Dogwood this year.

Council Member Holland agreed that stretch was the priority.

Mayor pro tem Neal stated then go for a Tourism Grant next year for Hillcrest to Sea Oats or find additional funding.

Town Manager Ogburn stated staff is still pursuing the Chicahawk sidewalk. That is not budgeted, so that would be a use of fund balance. The Public Works Director has reached out to Florez Design, who originally put together the building code issues and needs. That went to bid but it was bad timing, but staff does want to pursue renovations to the Public Works building; condition space/ break room, renovated office and bathroom. Staff plans on pursuing this renovation now, rather than later.

Town Manager Ogburn stated the Ginguite stormwater project is currently out to bid, bids are due back at the end of the month. This is another use of fund balance, and all these items could be listed in the five-year plan. Staff encourages Council to think about the five-year funding plan.

Mayor pro tem Neal felt it was important to move ahead with the Public Works building. He also felt it was important to move ahead with the Trinitie Trail culvert, stating there might be grants for that as well.

Finance Officer Bonnie Swain stated the town did receive grant money for the Tall Pine Bridge.

Council Member Holland stated that grant was federal money.

Mayor Morey stated the unassigned fund balance does have federal money already allocated in it.

Town Manager Ogburn stated at some point to develop these plans, could Council consider revisiting stormwater plans/ document. He felt it would be appropriate to have staff and a Council Member or two revisit a stormwater plan so the projects could be incorporated into the CIP.

Town Manager Ogburn also requested at the appropriate time to revisit the pavement plan, although it is early, there is a million dollars budgeted and staff would like to be able to sit down with the same group so staff can figure out a plan and move forward. Also, there is a lot of projects on the CIP but they have not talked about prioritizing them. Some are just recognized and have not received a dollar amount.

Council Member Holland asked the Town Manager for an update to the Hickory and Wax Myrtle issue. Town Manager Ogburn stated the engineer just got the geotechnical data and he is continuing to work on the pavement.

Mayor Morey asked the manager in his talks with staff, is there is a project or a need that has not been discussed? Town Manager Ogburn stated we need to always be mindful of needs versus

wants. At some point, we will need to look at the Pitts Center and Town Hall and how to better utilize the space and make sure everything is up to building code. That was recognized a few years back when Florez did an assessment, and these items would get the buildings through some more years. The buildings will not last forever and will need to be addressed at some point.

Mayor Morey stated some technology has been updated.

Council Member Holland stated some structural issues may need to be brought up to code.

Mayor Morey stated it seems bringing things up to code in both buildings would be a minimum to start. Town Manager Ogburn stated that originally was paused due to the cost.

Mayor Morey stated it may cost more now and it may be something we just have to accept it.

Town Manager Ogburn stated he would add it to the CIP list.

Mayor pro tem Neal recommended thinking of some tangible things that can be accomplished, rather than a master plan down the road for the complex.

Mayor Morey asked if the items to address with the buildings could be placed on the January agenda. Did that give staff enough time? Town Manager Ogburn stated he would place it on the January agenda.

Mayor Morey stated we spend a lot of time talking about buildings and streets, but our human capital is also very important to the town and the community. Making sure our staff is getting all the resources they need is also important, so don't forget about that part.

The Town Manager stated he would come back to Council at a future meeting to gain more interest about the Council committees. Council agreed by consensus that they would be interested, and the mayor stated she would split the members evenly.

Mayor pro tem Neal asked if the engineering for Trinitie Trail needed to go out to bid? Town Manager Ogburn stated an RFQ would need to be put out.

Council requested consideration of Trinitie Culvert Bridge RFQ to be placed on the October agenda.



5-YEAR CAPITAL IMPROVEMENT PLAN

DRAFT - 9/12/2022

Department	source	Total	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total
Beach Nourishment									
*Town Contribution	MSD	6,065,823	51,128	1,202,939	1,202,939	1,202,939	1,202,939	1,202,939	6,065,823
*County Contribution	BNF	4,371,401	4,295,819	52,017	23,565				4,371,401
*NC DEQ Grant	Grant	1,408,247	1,408,247						1,408,247
Department Total		11,845,471	5,755,194	1,254,956	1,226,504	1,202,939	1,202,939	1,202,939	11,845,471
Administration									
Municipal Complex Needs Assessment	CRF								
Building upgrades	FB								
New Municipal Complex	CRF								
Land Bank	GF								
Department Total									0
Fire									
(1) *Fire Department Debt Service	GF		314,000	314,020	314,020	314,020	314,020	314,020	1,884,100
Staff Salaries	GF	(1.2M / year)							
Radios	grant	150,000	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Department Total			339,000	339,020	339,020	339,020	339,020	339,020	2,034,100
Police									
Department Total									0
Public Works									
**Building Upgrades	FB			150,000					150,000
Equipment									
Department Total				150,000					150,000
Planning									
File Storage Room	GF								
Department Total									0
(2) *Streets									
** additional work	GF/CRF			1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Department Total				1,500,000	1,000,000	1,000,000	1,000,000	1,000,000	5,500,000
Bridges									
Tall Pine									
North Marina									
Dick White Bridge									
*culvert planning				40,000					40,000
**Trinitie Trail/Juniper Tr. Culvert	FB			1,000,000					1,000,000
Department Total				1,040,000					1,040,000
Canals									
(3)*Canal Dredging and Maintenance	GF			100,000	50,000	50,000	50,000	50,000	300,000
Department Total				100,000	50,000	50,000	50,000	50,000	300,000

	source	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total
Sidewalk/Path Maintenance								
**NC 12 triangle to E Dogwood	FB/grant		180,000					180,000
**NC 12 Hillcrest to Sea Oats	FB/grant		330,000					330,000
**move Chickahauk sidewalk			65,000					65,000
priority 3				150,000				150,000
priority 4					150,000			150,000
priority 5						150,000		150,000
priority 6							150,000	150,000
Department Total			575,000	150,000	150,000	150,000	150,000	1,175,000

	source	Total	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	Total
stormwater									
**Ginguite	FB			75,000					75,000
future project				250,000					250,000
future project					250,000				250,000
future project						250,000			250,000
future project							250,000		250,000
Department Total				325,000	250,000	250,000	250,000	250,000	1,325,000

* budgeted
****Consider use of FB - 2,300,000**

TOTAL 23,369,571

1 cent tax = 164,710

- (1) Fire Department Debt Service = 25 years, 3.71% interest payment of \$314,020/year
- (2) see separate street CIP
- (3) increase annual appropriation from \$20,000 to \$50,000 in FY23 with a one time contribution of \$100,000.

Future Path Segments

priority	road	segment	length (mi.)	estimate		
				Length (ft.)	5' width (4" thick)	8' width (6"thick)
1A	Ocean Blvd	Triangle to E Dogwood	0.63	3326.4	\$ 85,821.12	\$ 196,124.54
1B		E Dogwood to Hickory	0.48	2534.4	\$ 65,387.52	\$ 149,428.22
		full length	1.11 mi		\$ 151,208.64	\$ 345,552.77
2A	Hickory	E Dogwood to NC 12	0.58	3062.4	\$ 79,009.92	\$ 180,559.10
2B		NC 12 to beach access	0.26	1372.8	\$ 35,418.24	\$ 80,940.29
		full length	.84 mi		\$ 114,428.16	\$ 261,499.39
3	Hillcrest	Hickory to NC 12	0.9	4752	\$ 122,601.60	\$ 280,177.92
4A	Sea Oats	E Dogwood to Hillcrest	1.2	6336	\$ 163,468.80	\$ 373,570.56
4B		Hillcrest to NC 12	0.88	4646.4	\$ 119,877.12	\$ 273,951.74
		full length	2.08 mi		\$ 283,345.92	\$ 647,522.30
5	Wax Mrytle	E Dogwood to Hillcrest	1.2	6336	\$ 163,468.80	\$ 373,570.56
6	Chickahauk	Cul-de-sac to Trinitie	0.41	2164.8	\$ 55,851.84	\$ 127,636.61
7	Skyline Dr	full length	0.53 mi	2795	\$ 72,111.00	\$ 164,793.20
8A	NC 12	(1) 158 - to E Dogwood	2.2	11616	\$ 299,692.80	\$ 684,879.36
8B		(2) E Dogwood to 13th Ave	1.65	8712	\$ 224,769.60	\$ 513,659.52
		full length	3.85 mi		\$ 524,462.40	\$ 1,198,538.88

Council Comments

Council Member Sherlock offered up parking at her property if staff needs to access the beach nourishment project.

Adjourn

Council adjourned the Tuesday, September 20th meeting by consensus at 10:40 a.m.