

**TOWN OF DUCK
TOWN COUNCIL
MID-MONTH MEETING
June 17, 2020**

The Town Council for the Town of Duck convened at the Paul F. Keller Meeting Hall at 1:00 p.m. on Wednesday, June 17, 2020.

COUNCIL MEMBERS PRESENT: Mayor Don Kingston; Mayor Pro Tempore Monica Thibodeau; Councilor Nancy Caviness; Councilor Sandy Whitman; and Councilor Rob Mooney.

COUNCIL MEMBERS ABSENT: None.

OTHERS PRESENT: Town Manager Christopher Layton; Town Attorney Robert Hobbs; Police Chief John Cueto; Police Lieutenant Jeffrey Ackerman; Fire Chief Donna Black; Deputy Fire Chief Clarence Batschelet; Director of Community Development Joseph Heard; Director of Marketing and Special Events Christian Legner; Assistant to the Town Manager Alyson Flynn; Attorney John Leidy; Dare County Manager Bobby Outten; and Town Clerk Lori Ackerman.

OTHERS ABSENT: Public Relations Administrative Assistant Betsy Trimble.

Mayor Kingston called the meeting to order at 1:02 p.m. He noted that this was a work session between the Town Council and staff with no comments being accepted from the general public. He noted that Dare County Manager Robert Outten and Town Attorney John Leidy were present for the meeting. He asked Council to give a roll call on attendance for the audience that was watching the meeting virtually.

UPDATE ON EMS DEPLOYMENT STRATEGY FOR HIGH TRAFFIC

Town Manager Chris Layton was recognized to speak. Town Manager Layton stated that at Council's June 3, 2020 meeting, staff was directed to develop a plan with Dare County EMS for a strategy for the deployment of an ambulance to Duck during high traffic periods in Town. He stated that Fire Chief Donna Black met with Dare County EMS Chief Jennie Collins and developed a strategy which was included in Council's packets. He stated that Fire Chief Black would briefly review the plan and then Dare County Manager Robert Outten would give a brief overview of how EMS is deployed throughout Dare County.

Fire Chief Donna Black was recognized to speak. Fire Chief Black stated that she met with Dare County EMS Chief Jennie Collins recently and walked through the Public Safety facility and talked through the logistics of the building, her requirements for an ambulance, how the Town logistically wanted to ask for help, as well as making sure everyone was clear since this was a delay for Duck with its spring clear on the COVID-19 decontamination procedures that all were comfortable with everyone doing. She

noted that Dare County EMS were the first out on calls and she wanted to make sure Chief Collins was comfortable bringing her staff in and that both understood the other's decontamination procedures.

Fire Chief Black stated that they sat down and drafted the revised plan that was in Council's packets. She explained that it was a strategy without a lot of detail because she cannot request an ambulance at noon on a weekend and if there was no traffic, it would tie up both Dare County EMS and Duck Fire. She added that they have given it the flexibility Duck Fire Department needed in that any day of the week or any period of time based on the guidelines for notification of traffic congestion conditions, they could request through the opposite supervisor, either the Chief, Deputy Chief or the supervisor on shift to request that EMS consider coming to Duck due to the traffic that may delay response to the north. She added that with any given activities, such as the 4th of July parade, Duck Fire Department has always worked with Dare County EMS, so it was also outlined in the strategy. She noted that if there was a flooding situation or major event such as a structure fire or weather-related issue, the ambulance could be requested then. She added that it would be up to the operations supervisor whether they could fulfill the request.

Fire Chief Black pointed out that they were comfortable with decontamination as they knew the space limitations of the building, where they need to be and how they will interact with duty staff as well as volunteers. She stated that they had a productive meeting and together came up with what was in front of Council, adding that they were prepared to start on Saturday, June 20, 2020.

Town Manager Layton noted that nothing in the strategy would prevent Dare County EMS from making a request if they thought something was going on and wanted to make a request to put an ambulance at the Public Safety building.

Councilor Mooney asked what would cause Dare County to make a request for an ambulance. Town Manager Layton stated that it could be anything, adding that if they saw something or had a concern and had not heard from Town staff, nothing would prevent them from making a request. He noted that the policy did not mean that they could not also make a request if they wanted to. Councilor Mooney pointed out that it was not written in the policy stating such and thought it needed to be included. He added that in his opinion, the policy was not addressing the problem that is perceived to exist in Duck. He stated that the difference was between calls for service and the ability for an ambulance to get to someone should they need one. He pointed out that people on the north end of Town typically wait a long time. He understood that Councilor Caviness had commented previously that she has never experienced a delay in all her years as a firefighter, but at least two of his neighbors have spoken to him about having a 30-minute delay in response for an ambulance to get to them. He added that the Fire Department and Police Department cannot transport people which was the crux of the issue – the ability for an ambulance to get to people on the north end of Town. He pointed out that when an ambulance was coming from Dogwood Trail, the people south of Town have no issue, it was when the ambulance had to drive to the north end of Town that it becomes

an issue. He stated that as far as he was concerned, the strategy did not address the issue at hand.

Town Manager Layton stated that the issue he remembered being discussed at Council's June 3, 2020 meeting was that staff would come back with a plan related to dealing with high volume days where the ambulances would have a harder time and could see more delays going north. He added that staff came back with that plan. Councilor Mooney understood what staff came back with, but it did not address the problem. Mayor Kingston stated that Dare County Manager Robert Outten would address Councilor Mooney's concerns as well as the logistics of the two ambulances on Dogwood Trail.

Dare County Manager Robert Outten was recognized to speak. Dare County Manager Outten explained that the way the ambulances worked was different than most people would perceive. He stated that in larger towns, there were precincts with fire departments that house the ambulances. He stated that the Outer Banks precinct was all of Dare County and so there were stations set up throughout the County and when calls come in, the ambulances were deployed from whatever station as there is a captain that redeploys the ambulance. He explained that with the station in Southern Shores, if they receive a call with one ambulance there, they will go out on that call, whether it was in Duck or to the south. He stated that when that happens, the captain will get online and redeploy the whole ambulance system to spread the remaining ambulances out over the County to maximize or minimize the response times.

Dare County Manager Outten explained that in the summertime, what they found was on Saturdays there were some difficulties getting north from Southern Shores, so the idea would be to place an ambulance in Duck on those high traffic days to try to mitigate the traffic problems that they've had. He noted that having the ambulance in Duck was good for one call – the first call. He added that as soon as that ambulance leaves on a call, no matter where it was, it would be out of town and out of service for the length of the call which could be a half a day to a day depending on what was going on. He stated that at that point, all of the ambulances in the system were redeployed and spread out again. He pointed out that they never put an ambulance in the furthest south or north because then they could only respond in one direction.

Dare County Manager Outten stated that as they planned for their resources going forward, they look at the response times and then look at the volume of calls received that require a response time that is less than that. He added that a fishhook in the hand or a cut does not require the same response time as a heart attack or stroke. He stated that as they look at the response times, they try to mitigate things and when they deploy their resources, they were limited because Dare County does not have enough resources to put multiple ambulances in multiple areas every so many miles. He added that they have them where they were because they have a limited number of ambulances.

Dare County Manager Outten stated they look at where they can best place those ambulances based on response times, call volumes, as well as the type of calls received and where they were clustered. He stated that that was how they got their system set up

and while it would take longer to get to northern Duck from Southern Shores on a Saturday, hopefully what they will be doing on a Saturday will solve some of that issue. He added that on a day in February, the response time would not change that much. He stated that when one looks at allocating resources, there were other places in Dare County that have greater call volumes, worse response times and more problems associated with it, so if anyone was going to start spending resources to buy new ambulances, build new stations, etc., then you would need to look at the other problem areas first and Duck was not one of those. He pointed out that there were places that have a worse response time such as Stumpy Point, but it didn't have any calls so the County would not think about building an EMS station or deploying an ambulance in Stumpy Point because it doesn't get enough calls to justify it and it could be needed for calls in Duck, Southern Shores, Kill Devil Hills or Nags Head where there were more calls. He stated that someone works on that all the time and each time there is a call, every ambulance gets spread back out.

Dare County Manager Outten stated that the County's relationship not only with Duck but all of the other towns were good and if Duck needed an ambulance for an event, they would do that as it was routinely done. He added that there were opportunities where Dare County would request to be stationed in Duck if something was happening as well as times when Fire Chief Black would request an ambulance for an event. He noted that Dare County would do that with or without an agreement.

Dare County Manager Outten stated that if there were issues with Councilor Mooney's two neighbors with respect to a long call volume, that could be a lot of things for those neighbors – it could mean that Dare County has 15 ambulances deployed with eight out on calls and they have to take the other seven and spread them out throughout the County. He stated that when that is done, they may be deploying from Kill Devil Hills to get to Duck in that situation because the other ambulances are elsewhere. He pointed out that it was a juggling act that the County does all day long to move the ambulances around. He reiterated that putting an ambulance in Duck would not solve anything because it would only be in Duck for one call and then the County was back into the juggling act again.

Councilor Mooney noted that it did a lot of good for the person that is on the first call. He stated that he understood how the EMS system worked and juggling things around. He stated that his point was that, uniquely, the traffic volume and the one way in/one way out of Duck presented a unique problem. He noted that it does not exist in a lot of the other towns. Dare County Manager Outten stated that their goal was to minimize response times throughout the County. He stated that he would love to do whatever was possible to minimize the response time for Dare County; however, there was a Capital Improvement Plan where architects were brought in to study their system. He noted that it was approximately three years and a \$12 million+ plan to rebuild, remodel, and replace the EMS stations, adding that it was in this year's capital improvement plan, but everything has been pushed back a year due to COVID-19, so the County was now a year from revisiting that. He pointed out that in the plan, the idea of building new stations, Duck was not included in the plan, because when one was looking at a finite number of resources, the first call would make a difference to that person, but the first call could

make a difference to a person somewhere else as well and it cost the County approximately \$1 million per unit to purchase an ambulance, the equipment and the associated staff for it.

Dare County Manager Outten stated that they take their resources and divide them as best as possible with the EMS director deciding where and when to deploy ambulances as well as what to do and they are recommended to do things as they move into the future. He agreed that it would be great to have an EMS station every five to eight miles, but the resources do not allow that and so within the resources that Dare County has, they were stationed where they were because they could not go beyond that. He stated that if they were going to budget another million or two million dollars, the location would need to be determined right now, and the response times and data would suggest that it be put further to the south instead of Duck because there is a bigger cluster of calls. He noted that it was also what the County EMS director has recommended to him. He added that they do recognize the traffic issues on the weekends, and he will be addressing that.

Dare County Manager Outten stated that if the Town was ready, the County was ready to have an ambulance in Town on the weekends. He pointed out that Fire Chief Black had mentioned that it was already discussed, so it will happen, adding that it would only be good for the first call.

Mayor Kingston clarified that if the one ambulance was in Duck and the other gets deployed, then the one in Duck would return to the Fire Station on Dogwood Drive in Southern Shores. Dare County Manager Outten stated that that if there was an ambulance in Duck and one in Southern Shores and the ambulance in Southern Shores gets deployed, they would look at where the ambulance in Kill Devil Hills was and would most likely move the Duck ambulance south and the Kill Devil Hills ambulance north to split the difference. He noted that they have sat in a parking lot at times waiting on the next call in order to have it in the right place so the call could be responded to quickly.

Mayor Pro Tempore Thibodeau asked how many ambulances were deployed at any given time on a normal day. Dare County Manager Outten stated that it was 11 to 15 ambulances. Mayor Pro Tempore Thibodeau asked if Chief Collins reviewed the data constantly or monthly for response times. She further asked if the data was public. Dare County Manager Outten stated that the data could be made public if Council wanted it. He added that Chief Collins does go through things both daily and monthly. He noted that they have to complete their Capital Improvement Plan each year and every year when they look at EMS, one of the things he looks at was where they were and what they needed to do. He stated that when he looks at the budget, he has to look at what needed to be done with regard to staff as they have a staffing plan that grows the EMS personnel; however, COVID-19 has slowed things down since they had planned over three to five years to add staff and ambulances to enhance what was in place, but they haven't been able to follow the plan because the revenues haven't been there to do that.

Dare County Manager Outten stated that he was available to help and if Council had questions, they could call him. He noted that they did not have any incentives not to try

to do whatever was possible to make response times better. He added that it was Chief Collins' job and he and the Dare County Commissioners take their guidance from her.

Mayor Kingston asked if the plan would start effective immediately. He further asked if it would be daily, on demand or on weekends. Fire Chief Black stated they were going to try having an ambulance on the weekends as well as whenever they felt it was necessary. She noted that she will lay out guidelines with the firefighters and track it so she could come back to Town Manager Layton with the findings. She stated that the ambulance will be in Duck beginning on June 20, 2020.

Dare County Manager Outten pointed out that if there was no traffic, they could always redeploy an ambulance to maximize the effort and minimize the response time. He noted that just because it would be in Duck on June 20, 2020, it may not be there on another Saturday due to traffic not warranting it being in Duck or because of a call.

Councilor Caviness asked if Dare County added an ambulance, staff, and was looking at a new station or new location, what the process would look like. Dare County Manager Outten stated that it would come from a recommendation from Chief Collins. He explained that the Town of Kitty Hawk was getting ready to build a new station with an opportunity for the County to put a station there. He stated that it has been evaluated as to what it would do to response times if the ambulance was there and they were redeployed, what that would do to benefit the Town of Duck. He stated that they are looking at that as it was an opportunity for the County to do something there. He added that there have been issues in the Colington area as there was a large permanent population, which was an extreme. He noted that the extremes were always the problem because it takes longer for an ambulance to get to the extremes. He stated that the negative was if the County put the stations on the extremes, then they've limited the response to one direction. He added that typically when they plan their stations, they try to center them in the response areas. He noted that they also have to look at the ability of land and where a station could be built, which was not in high demand right now.

Mayor Kingston thanked Dare County Manager Outten for his time.

DISCUSSION/CONSIDERATION OF AUTHORIZING THE TOWN MANAGER TO EXECUTE A CONTRACT WITH COASTAL PROTECTION ENGINEERING SERVICES OF NORTH CAROLINA, INC. FOR DESIGN AND ENVIRONMENTAL PERMITTING SERVICES, 2022 BEACH NOURISHMENT PROJECT

Town Manager Layton stated that on June 2, 2020, Coastal Protection and Engineering provided a proposal for professional services to the Town associated with the design and permitting of the proposed 2022 beach nourishment project. He explained that under this proposal, Coastal Protection and Engineering will provide project management, develop environmental documentation and permit application, coordinate with agencies during permitting, conduct beach fill engineering analysis and design, conduct borrow area investigations, determine sediment compatibility, and design borrow areas. He noted that

the total estimated cost for the proposed 2022 beach nourishment project was \$389,491.75, with applicable costs shared with the Towns of Southern Shores, Kitty Hawk and Kill Devil Hills. He added that if Council approved the contract, there was a budget amendment to appropriate funding from the Beach Nourishment Capital Reserve Fund.

Mayor Kingston asked if the upfront costs would be shared equally between the towns. Town Manager Layton stated that most of the costs will be divided equally because the shared costs would be those items that were universal to the permitting process. He added that there were biological opinions and things of that nature that would be the same throughout the project area. He stated that obtaining that data and permitting would be spread, adding that things that were specific to each town's project would be divided by the towns. He stated that items such as profile surveys do not lend themselves to being shared.

Mayor Pro Tempore Thibodeau asked if Coastal Protection Engineering proposed the prices before they knew the Town of Southern Shores would be involved in the project. Town Manager Layton stated that they anticipated that the Town of Southern Shores would be involved.

Mayor Kingston clarified that Coastal Protection Engineering has not developed a timeline yet. Town Manager Layton stated that they have not.

Mayor Pro Tempore Thibodeau clarified that it was a one-year contract with monthly reports that will start when all the towns involved agree. Town Manager Layton stated she was correct.

Councilor Whitman clarified that this was the complete project. Town Manager Layton stated he was correct, adding that they were anticipating that it will take 12 months.

Councilor Caviness asked if there will be a place during the annual Retreat for an update. Town Manager Layton stated that there would be.

Mayor Pro Tempore Thibodeau moved to authorize the Town Manager to execute the contract as presented.

Motion carried 5-0 via roll call.

DISCUSSION/CONSIDERATION OF AUTHORIZING THE TOWN MANAGER TO EXECUTE A GRANT AGREEMENT WITH THE NATIONAL FISH AND WILDLIFE FOUNDATION OF THE NORTH DUCK VILLAGE LIVING SHORELINE

Town Manager Layton stated that as the Council was aware, the National Fish and Wildlife Foundation has awarded a grant to the Town in the amount of \$384,011.25 for the North Duck Living Shoreline Project. He explained that the project was planned as a

wetlands restoration and sill project in the area on the Currituck Sound between Resort Realty and Sunset Grille. He noted that the intent of the project was to provide environmental benefits while providing erosion control and protect the adjacent sidewalk. He stated that the total estimated project cost was \$768,022 and the Town would need to match the grant award, also in the amount of \$384,011.25. He pointed out that the funds were included in the Proposed FY 2021 Budget.

Councilor Caviness asked if the Town had to defer the project due to the budget, the Town would be able to pause the grant. Director of Community Development Joe Heard was recognized to speak. Director Heard stated that the Town has the ability to request an extension.

Mayor Pro Tempore Thibodeau asked if the Town's attorney would look at the contract. Town Attorney Robert Hobbs was recognized to speak. Town Attorney Hobbs stated that he has looked at it and did not see any problems. Mayor Kingston clarified that Town Attorney Hobbs had looked at the contract. Town Attorney Hobbs stated that he had.

Mayor Pro Tempore Thibodeau moved to authorize the Town Manager to execute the National Fish and Wildlife grant agreement as presented.

Motion carried 5-0 via roll call.

BUDGET AMENDMENTS

Town Manager Layton stated that the budget amendment appropriated \$61,789 from the sale of surplus vehicles and \$7,110 from the disposal of miscellaneous surplus property for the purchase of a new police pickup truck in the amount of \$44,514, and a new maintenance truck in the amount of \$24,385. He added that the amendment also appropriated \$398,492 from the Beach Nourishment Project Capital Reserve to cover permitting related costs for the Duck Beach Nourishment Maintenance Project.

Councilor Caviness moved to approve the budget amendments as presented.

Motion carried 5-0 via roll call.

FY 2021 BUDGET WORK SESSION

Mayor Kingston stated that some of the things Council would be discussing at this meeting were the MSDs, the CIP, the question on occupancy, and the inclusion of the multi-use path in the Sanderling subdivision.

Town Manager Layton stated that he previously provided Council with two sheets, which he would be working from at this work session. He stated that one of the questions that had come up was regarding the cable access channel funding and where it was located. He stated that it was in the Utility Franchise Tax. He explained that the Utility Franchise Tax was essentially a property tax but was also a tax on all of the utilities in the area,

such as cable infrastructure and telephone poles. He added that it was all taxed and goes to the State to be distributed to the towns, which now includes the cable franchise.

Town Manager Layton stated that one of the things he was tasked with was re-evaluating the Shared Revenues and taking some of his less optimistic views and seeing if there was reason to be more optimistic. He felt comfortable that there was some additional money that could be budgeted related to those items.

Town Manager Layton stated that for Shared Revenues – Sales Tax, Transfer Tax, and Occupancy Tax – he was willing to go up on his models slightly with sales tax but one of the issues with sales tax was that even with the pandemic, people were still buying a lot of stuff so the Town was receiving Sales Tax. He stated that he looked at the historical data, checked some things and felt comfortable increasing it a bit. He stated that for Transfer Tax, it was too much of an unknown and he didn't want to be overly aggressive with it, so he was not recommending any changes for it. He stated that for Occupancy Tax, he thought there was reason to be more aggressive with it, but he didn't feel comfortable with models that showed the Town receiving over \$100,000 in revenue. He stated that he was comfortable with the models and some of the assumptions that showed the Town receiving a sizeable increase over what he originally proposed.

Town Manager Layton pointed out that Council has worked with him for a long time and his philosophy was that he tended to be more conservative on the revenue side and equally conservative on the expenditure side because he didn't like ending the year in the red. He stated that he tries to engineer the budgets so that doesn't happen. He thought that while this budget may be more aggressive than usual, he was still reasonably comfortable with the numbers.

Town Manager Layton stated that with regard to Utility Franchise Tax, he felt very comfortable increasing that somewhat. He stated that if Council wished to add \$100,000 to address additional multi-use path/sidewalk repairs in the Sanderling area, he thought it could work. He stated that the proposed changes included everything he discussed with Council previously was the reduction in the General Fund, Ad Valorem and the immediate cuts on the expenditure side to make up the \$58,814 difference plus an additional \$100,000 to do the extra sidewalk in the Sanderling area.

Town Manager Layton stated that highlighted areas on the spreadsheet before Council were the MSDs. He pointed out that it would be a strict transfer so it would not change anything else. He stated that he was asked by Council to look at rounding up. He noted that at the very bottom of the spreadsheet was if the Town rounded up the revenue neutral rate to \$0.1970, it would be an \$11,188 difference. He added that in his discussions with Mayor Kingston, he was asked to look at \$0.1975, but he didn't have time to run those numbers.

Mayor Kingston stated that his rationale with his discussion with Town Manager Layton was that it was easier to discuss quarter cents versus an odd number. He thought in the past, the numbers have been rounded up to the nearest quarter cent. Mayor Pro Tempore

Thibodeau clarified that it could give another \$12,000 - \$14,000 if the numbers were rounded up to \$0.1975. Mayor Kingston stated that it could.

Mayor Pro Tempore Thibodeau asked why there was a reduction in the Parks – Miscellaneous Events line item. She asked if it was because of the events that have been canceled. Town Manager Layton stated that all July events were canceled, he wasn't sure about August events or the Jazz Festival, but if staff were to make a decision, they would probably defer on them and would not move forward. He felt that the funding was there, and it wasn't an issue if the events were canceled. Mayor Pro Tempore Thibodeau agreed, adding that she wasn't sure if they were additional cuts. Town Manager Layton stated that it wasn't additional but what he had proposed previously plus what it would take to get the extra \$100,000.

Town Manager Layton stated that he tried to take the information he received from the Council and took a second look at some of the options and see if there was any kind of consensus regarding where Council went from here or other things they wanted to look at. He stated that he tried to do a graphic timeline to help people understand how these decisions affect the fiscal years. He stated that, starting in Fiscal Year 2021, Council would adopt a new MSD rate, which would be in effect for a minimum of five years. He stated that at that point, Council would have to look at what they wanted the rates to be for the next project and that would be carried out for another five years. He expected in Fiscal Year 2022 or 2023 actual debt would be issued. He added that it would be expected to be issued in late 2022 with the idea that the project would occur in either the spring of 2022 or summer of 2022. He noted that the summer or fall of 2022 would be in Fiscal Year 2023.

Town Manager Layton expected that the debt payment would start sometime in Fiscal Year 2023, with the payments continuing for two years. He explained that it would be two years of MSD collections before the Town would have a debt payment. He stated that in Fiscal Year 2026 and 2027, staff would anticipate collecting two years-worth of MSDs before having the debt payment. He pointed out that each of the models had a Town contribution and that would not kick in until the Town actually starting paying the debt. He added that the Town contribution would be in line with the debt payments and could have a significant effect on the Town's bottom line. He stated that the Town's contribution under some of the models were significant and would impact the Town's bottom line.

Mayor Kingston asked with regard to the existing project, the Town's contribution was two years behind the MSDs' initial contribution. Town Manager Layton stated he was correct.

Town Manager Layton stated that he tried to bring everything back to estimated costs and the total distribution to show Council the impacts of that. He stated that he felt like he needed to start with the original project and how the percentage of payments were started. He explained that what the Town originally debted out was \$7,349,582 and of that, the Town pays 18%, Dare County contributes an additional 15%, MSD-A was 43% and

MSD-B was 24% of the costs. He noted that this was just the debt and the actual project cost was \$15+ million with Dare County taking a portion off the top of it with the figure remaining from interest.

Town Manager Layton stated that in one of the scenarios in front of Council, he took the worst-case scenario where the Town does not receive any FEMA or grant funding, then the Town would have to enter into a debt estimated to be \$6,210,644. He added that if the Town kept the same distribution with MSD-A and MSD-B paying their percentages and the Town would assume its percentage as well as making up Dare County's percentage, which was 33%, it would mean that the Town would be responsible for \$409,903 per year once the debt payments started. He stated that MSD-A would be responsible for \$534,115 and MSD-B would be responsible for \$298,111. He stated that the Town's portion would increase significantly since it was taking on the additional 15%. He added that MSD-A would see a difference of (\$121) and MSD-B would see a difference of (\$459).

Town Manager Layton stated that the next scenario would be if the Town only calculated the contribution and kept the revenue neutral rates for the MSDs where the Town's contribution would come from that. He noted that it was the same worst-case scenario with the Town's portion decreasing to 20%, MSD-A would be 52%, MSD-B would be 28% with the Town responsible for \$247,086, estimated MSD-A \$643,581 and MSD-B \$351,462. He stated that the rates were equalized, and the difference would be an additional \$18 for MSD-A and an additional \$59 for MSD-B.

Town Manager Layton stated that he took Mayor Pro Tempore Thibodeau's suggestion and put it at 25%. He stated that if the Town were to contribute 25%, it would increase the Town's contribution to \$310,532 per year once the debt kicked in. He added that MSD-A would be \$596,222 and MSD-B would be \$335,375. He noted that there was a slight reduction in the rates with MSD-A at \$0.1201 and MSD-B at \$0.2720 which was a difference of (\$42) for MSD-A and (\$97) for MSD-B.

Town Manager Layton stated that for another example, he had his original proposal which was based on the Town receiving one of the grants to help defray the costs. He added that it also assumed that the Town would only pay the interest from the General Fund and the MSDs would split the cost 50/50. He stated that under this scenario, the Town would pay 6% and MSD-A and MSD-B would pay 47% each. He added that, annually, the Town would pay \$40,309, MSD-A and MSD-B would each pay \$335,910. He noted that the difference on the levies would be (\$373) for MSD-A and MSD-B would be (\$92). He reminded Council that oceanfront property owners would receive both of those amounts.

Town Manager Layton stated that he showed what the impact would be if everything else stayed the same. He pointed out that Shared Revenues would change accordingly and none of the scenarios when the Town gets to Fiscal Year 2023 through 2026 would show the Town in the black. He explained that the Town would be paying additional due to the debt from beach nourishment, but included was the estimated timelines, debts and CIP

items related to the Public Safety building and the additional fire truck. He added that all of those items were elastic in terms of when they would hit and what the amounts would be. He stated that it gave Council an indication of what the impacts would be coming in the future. He stated that Council could be sure that the additional estimates from Shared Revenues do not mitigate the Town's contribution.

Mayor Pro Tempore Thibodeau clarified that the effects on the budget included a fully funded CIP. Town Manager Layton stated she was correct.

Mayor Kingston stated that he agreed with the second scenario with the revenue neutral rate from the standpoint that it does not take into account grants that the Town may receive, but does cover what the Town anticipated the cost of renourishment to be as well as keeping the MSDs consistent with what has been paid in the past. He thought the Town has an opportunity in the next four years and beyond, if the Town receives the grants, to lower the rates. He stated that he would hate to go on with artificially lowered rates and then raise them knowing the Town would not be receiving the grants and the Town would have to cover that cost. He thought it was reasonable with the 20% because there could be a potential upside for the Town. He stated that going into next year, he supported the second scenario. He added that the Town's expenditures would be delayed two years, which helps the Town from the standpoint of what it would be.

Councilor Whitman agreed with Mayor Kingston's comments. Councilor Caviness stated that she agreed with Mayor Kingston's comments as well.

Mayor Pro Tempore Thibodeau knew that when the original projections were completed when the Town first went into the project, it was expected that the maintenance of the project would be a lower MSD for the taxpayers. She stated that she knew there were no guarantees as there were no guarantees with the grants. She added that the project has been impacted by Hurricane Dorian as well as the northeast winds. She stated that she liked the 25% based on the fact that the Town has a lot of skin in the game. She added that it was amazing what the differences were. She stated that she was torn, adding that she liked to be optimistic and thought the Town would receive some grants. She stated that if it prevails with the revenue neutral rate, then the first place that the grant relief should go would be to the MSDs' bottom line as opposed to the Town's. She noted that it was very speculative. She stated that she was leaning towards the 25%, noting that it wasn't a huge difference for the taxpayers, but it was something and puts the Town more on the hook.

Councilor Mooney agreed with Mayor Pro Tempore Thibodeau's comments. He thought Council's responsibility was to try to help the taxpayers. He stated that it was speculative to guess about the grant funding, but he was inclined to go with the 25%.

Mayor Kingston stated that the original reasons for setting up the MSDs was who would benefit the greatest. He stated that the Town does receive a benefit, but the majority of the benefit were the people behind the beaches that were nourished. He stated that goes back to the discussions, especially the oceanfront owners who received the greatest

benefit of protecting their property as well as the use of the beach for everyone behind the oceanfront owners. He stated that in future years, the Town will have to replenish another area. He wondered if Council would have to increase the Town percentage for what has to be done. He thought the greatest opportunity would be with FEMA because he thought FEMA would give the Town some kind of reimbursement, which has escalated the Town's costs for renourishment. He thought in future years, everyone including the Town would see a decrease. He wanted to make sure that going into next year, Council was conservative looking forward and protect the MSDs and the Town. He stated that he saw no reason to keep increasing the Town contribution based upon why the Town put the MSDs in place. He noted that 20% was higher than what the Town had in prior years.

Councilor Caviness stated that Mayor Pro Tempore Thibodeau had suggested that the Town could receive a grant from FEMA or the State and relieving taxpayer burden. She asked how that would work. Town Manager Layton stated that it would reduce the amount of money the Town would have to debt out. He reminded Council that they could divide up what remains once the grant was funded in any way, they saw fit. He stated that instead of \$6,210,000, it would be reduced since the Town would not have to debt it out.

Mayor Pro Tempore Thibodeau asked if the Town could re-allocate the MSDs any year during the budget cycle. Town Manager Layton stated that the Town could but could not change the boundaries of the MSDs without going through an entire process. Mayor Pro Tempore Thibodeau stated that given the fact that the Town may have some more money to work with because of a grant, this discussion on how much the Town and the MSD areas would pay could be looked at every year with new information, within the five-year period. Town Manager Layton stated she was correct.

Mayor Kingston pointed out that the Town was two years out from putting any sand on the beach and two hurricane seasons to get through. He stated that Council did not know how much the money would escalate. He added that if the Town goes too low this year, then there could be significant increases in future years based upon more destruction of the beach. He thought Council should go with what it knows and without the grants to keep it flat moving forward. He stated that if Council knew more next year, then they could re-evaluate the MSDs every year in order to protect the Town for the future.

Mayor Pro Tempore Thibodeau stated that regardless of what Council decides, the impacts on the fund balance through Fiscal Year 2026 would require decisions to be made regarding where the deficits come in if there was a fully funded CIP. She stated that where the Town does not see any impacts on Fiscal Year 2021, it does show that things get to be increasingly negative in the coming years and would be something that Council will have to deal with. She thought everyone was sensitive to keeping a revenue neutral rate this year and thought Town Manager Layton has done a very good job of doing that, but she wanted to call Council's attention to the coming years and what they may be faced with regardless of which scenario Council chooses. She noted that all of Council were in agreement with Mayor Kingston's conservative approach on the

numbers which did not include any grant funding. She thought it was Council's consensus that they have to plan for the worst.

Mayor Kingston stated that Council needed to come to a consensus to give Town Manager Layton direction or have an additional discussion. He added that the only outstanding issue Council had was whether the Town contributes 20% or 25%. He thought Council was in agreement that the Town needed to recover the \$6.2 million in the short-term.

Mayor Pro Tempore Thibodeau understood that the entire MSD zones were beneficiaries for the amount of sand and the project. She stated that one could not argue the fact that the Town and the beach have been very well served by the project and saved.

Mayor Kingston stated that there were a lot of unknowns, cost, the future years and destruction, FEMA or State reimbursements. He thought it was a very strong position for Council to move forward with the revenue neutral rate and will know more in the next 12 months. He added that, hopefully next year there will be some relief or reduced costs so the costs could be reduced going forward. He thought the very strong argument was revenue neutral which meant that nothing would change. He stated that based upon that, in 12 months Council would have a lot more information which would put the Town in Scenario 2. He added that it wasn't a lot of dollars and every home would be different based upon their appraised value, so it was hard to set averages. He stated that the impact was pretty insignificant from the standpoint of overall dollars. He stated that if Council was going to do that with the regular budget going forward, he didn't know why they wouldn't do it with the MSDs as they gather more information, especially since no one has any idea with respect to the impact from COVID-19.

Mayor Pro Tempore Thibodeau wished that the revenue neutral rate had a little bit of a negative difference like the other three scenarios did. She stated that she was sensitive to it, but she knew the difference of 20-25% for the Town seemed to be approximately \$65,000. She thought the optics looked better with a little bit of a negative on the MSDs. She stated that she honestly asked Town Manager Layton to run the numbers with the 25% because she wanted to prove herself wrong that it was too much for the Town, but when he showed the other scenario with the revenue neutral and the Town doing 20%, she gravitated towards it as it helped a little bit.

Mayor Kingston stated that since Dare County was not involved in that, the default increased. Mayor Pro Tempore Thibodeau agreed, adding that Dare County had a solid 2.266 throughout all of this, but Duck picks up the slack. Mayor Kingston added that the Town also had to pick up the interest.

Councilor Caviness clarified that if Dare County's contribution was static and the Town went with revenue neutral, the contribution would be greater than in the past, it wouldn't have a great amount of relief for most of the taxpayers, but it would have some. She stated when she looked at the impact on the Fund Balance in future years, it was profound. She thought it was \$100,000 for three years, which was significant. She noted

that part of her concern was if the project would start impeding the other projects that need to be done and that Council not get so pigeon-holed with this project that they hamstring themselves into being able to take care of other aspects of the Town.

Mayor Kingston noted that most of the Capital Improvement Projects were benefitting the entire Town versus a segment of the Town. He stated that the Town does receive a benefit from the beach nourishment project, but the homeowners behind the beach receive a lot more of a benefit than the rest of the people in Town.

Councilor Caviness asked if in order to bring a conclusion or forward motion on the budget, it would be helpful to decide this now. Town Manager Layton stated that this was the last piece before Council can adopt the budget. He stated that he did not have a preferred recommendation.

Mayor Pro Tempore Thibodeau stated that there was no question that the Town benefits from the project in a lot of ways. She stated that the Town has a great reputation overall for all of the services it provides such as the boardwalk, the sidewalks and the park. She added that a lot has been completed for the community with the tax dollars and thought overall a good job has been done with money spent wisely as well as obtaining great grants to help boost all of the things that have been accomplished. She stated that she saw the value in it all. She added that the revenue neutral rate would not affect everyone in Town the same way as it has been seen in the past with revaluation. She noted that it was never a perfect formula and she understood that. She stated that it was the optics for her. She appreciated what Councilor Caviness had stated regarding the effect on the fund balance over time and using that 25% as it would eat into it more egregiously.

Mayor Kingston stated that Council had the same discussion five years ago and talked about fairness and equity and decided on 40-40-20. He wasn't sure anything has changed from the standpoint of that discussion to today from the standpoint of the benefit to MSD-A and MSD-B as well as the benefit to the rest of the Town. He thought it was a scenario that Council put forward after a lot of discussion. He reiterated that he wasn't sure anything has changed since then.

Town Manager Layton stated that he did not prepare the budget ordinance for this meeting so Council could think about things some more. Mayor Kingston stated that Council has to meet one more time to approve the budget and felt that the revenue neutral rate was the best way to go. Councilor Whitman agreed.

Councilor Mooney thought the explanation Town Manager Layton gave with regard to the reduction using the 25% could be negated with an increase that would cover the whole Town. He thought Council should move forward with the suggestion that he made.

Mayor Pro Tempore Thibodeau stated that it was the revenue neutral rate and it was unfortunate that it did not come out to be completely the same amount that anyone was paying in taxes just based on revaluation. She stated that it was the principle of revenue

neutral that Council was agreeing on and some people will see a slight increase while others will see a slight decrease, but overall the principle was that it was no change.

Councilor Caviness clarified that it held true for the Town's ad valorem as well. Town Manager Layton stated she was correct.

Mayor Kingston thought the direction on the MSDs was to move forward with the revenue neutral rate. He asked if there were any comments with respect to the CIP. He added that most of the items in the CIP have been delayed but Council should look at it to make sure there were no objections to anything. Town Manager Layton and Council went on to review the CIP items.

Mayor Kingston thought Council should look at a date to approve the budget. It was *consensus* to have a meeting on Thursday, June 18, 2020 at 3:00 p.m.

CLOSED SESSION

Mayor Pro Tempore Thibodeau moved to enter closed session in accordance with Section 143-318.11(6) of the North Carolina General Statutes to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee.

Motion carried via roll call 5-0. The time was 2:46 p.m.

Upon return from closed session, Mayor Kingston stated that Council had no report.

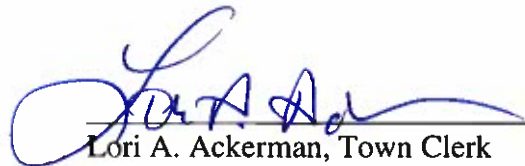
Mayor Kingston stated that the next meeting would be the reconvened meeting on Thursday, June 18, 2020 at 3:00 p.m.


RECESS TO RECONVENE

Councilor Whitman moved to recess the meeting.

Motion carried 5-0 via roll call.

The time was 4:18 p.m.


Lori A. Ackerman, Town Clerk

Approved: August 5, 2020

Don Kingston, Mayor

