

MINUTES
Recessed Meeting
KITTY HAWK TOWN COUNCIL
Monday, March 28, 2022
Kitty Hawk Town Hall, 9 AM

Agenda

1. Call the Recessed Meeting of March 7, 2022 to Order
2. Fiscal Year 22-23 Budget Presentation and Discussion
3. Proposed Compensation Plan (On-Call Pay and Personnel Policy Amendments)
4. Motion to Schedule FY 22-23 Budget Public Hearing
5. Adjourn

COUNCILMEMBERS PRESENT:

Mayor Craig Garriss, Mayor Pro Tem Jeff Pruitt, Councilman David Hines, and Councilwoman Charlotte Walker

COUNCILMEMBER ABSENT:

Councilwoman Lynne McClean

STAFF MEMBERS PRESENT:

Town Manager Andy Stewart, Town Clerk Lynn Morris, Town Planner Rob Testerman, Management Assistant Melody Clopton, Finance Officer Liliana Noble, Police Chief Joel Johnson, Fire Chief Mike Talley, Public Works Director Willie Midgett, Administrative Zoning Technician Phyllis Carter and Finance Technician Angela Vanover

1. CALL TO ORDER

Mayor Garriss called the Recessed Meeting of March 7, 2022 to order at 9:00 a.m. He asked the clerk to note for the record that Councilwoman McClean has an obligation and will not be attending this meeting.

2. FISCAL YEAR 22-23 BUDGET PRESENTATION AND DISCUSSION

Manager Stewart read aloud and reviewed pages 1 and 2 of the proposed Fiscal Year 22-23 Budget. The budget requires no increase in property taxes and is balanced with total revenues and expenditures of \$11,033,617.

Kitty Hawk Town Council Minutes: March 28, 2022

Page 2

He stated one of the Recreation Committee's projects is a bicycle pump track and then played a video showing what one is. It would be built at the Dare County owned park in Kitty Hawk. It will cost about \$200,000 to design and construct and staff will be looking for grants to help pay for it.

Mayor Garriss complimented the manager on working with the funds on hand. Council is not proposing raising taxes. He then asked for an update on the Wright Brothers Museum and stressed when it is built it will be a huge benefit to Kitty Hawk, Dare County, the State of North Carolina and the United States.

Walker: *It is a lot of hurry up and wait but the plans are moving forward. We have been to all the organizations we feel like need to be involved in this. I have a meeting Wednesday afternoon which includes the park service. This is not in competition with the park service site. It is in addition to it and really focusing on the science behind the flight rather than the actual historic flight. Everybody is still going to go and see where this happened. We are moving forward, and I have every confidence that this will happen.*

Garriss: *You have worked extremely hard, and I know you are just beginning. I ran into Representative Hanig last week at lunch in Currituck and I thanked him for what he has done so far, and he was just as excited as you are. He had a meeting scheduled with the park service. I can see that as a huge benefit for both places. Like you say it is not in competition. So again, thank you Representative Hanig and thank you Charlotte. Any more questions of Andy?*

Pruitt: *We are concerned about beach parking and a lot of mornings I get up to go over to the beach and I notice there are a lot of businesses performing services out of our parking areas. I have been there when they tie ropes on our lifeguard stands to work out. We work hard to provide parking for people going to the beach and we do not want our parking lots jammed up with commercial businesses. I was wondering if anybody else has seen this. Willie, do you see it?*

Midgett: *At the Bath House?*

Pruitt: *Yes.*

Midgett: *A couple of the local fitness companies use it for morning work outs. I will say they are usually gone by 8 o'clock. They are usually out quick, but they are there first thing in the mornings. After the surfs up it really gets busy.*

Pruitt: *I do not have a problem with it, but it seems a little unfair that we charge kayakers to use a facility and people that have a horse must pay yet a commercial business can use our parking areas and some of our equipment as part of their work out. Is it something we might want to keep an eye on and maybe let them use it and set a rule that they must be gone by 8 o'clock and charge a little \$15 fee? We are going to have to pick up trash or whatever that is left behind. I was thinking it could be something to pay attention to this summer to see if it is a problem and bring it back up next year.*

Kitty Hawk Town Council Minutes: March 28, 2022

Page 3

Are we still renting the old town hall to the state?

Midgett: *The state is still using it. Their scientists are using it now.*

Pruitt: *Okay. That was just a general question for me.*

Garriss: *I get what you are saying Jeff about commercial businesses. Maybe signage would help. We need to remember that the Bath House is open to the public. I have never seen anything after 8 o'clock.*

Midgett: *I will keep a closer eye on it this year.*

Stewart: *Maybe we could require them to register and give us their times of operation.*

Pruitt: *I think if any commercial business is using a town site, like leasing a building or using our parking lots, even though it is public, it does belong to the town, and I think we should keep an eye on it, so it is not being used for something it is not intended for. It is a beach bath house for beachgoers it is not a gym. I am not against them using it. I just do want it in competition with what the intent of the Bath House is for.*

Hines: *Do we have a permit that is issued when somebody pays a fee to know who is who? Like down at Bob Perry Road.*

Pruitt: *They do on the kayaks but that is the only place it is required.*

Stewart: *I have had calls from kayak companies telling on those that do not have it.*

Pruitt: *When all of that came about it really was not to discourage people from using it. It was just a means for us to know they were there and know who they are so if there is a problem ... like there has been this year. They built their own ramp to launch their kayaks and I started getting complaints. I went over there and talked to the fellow and just said when you are done will you please move that. He said he was sorry, and it never happened again. It is just a way for us to communicate and know who is using it so if there is a problem, we have their address and name.*

Hines: *I was just asking because there are obviously other kayak companies over there using it without paying so how do we know who that is?*

Stewart: *We must reach out to them when we get a call. Some of them do not have a business name on the side of their trucks. They just show up.*

Pruitt: *From what I understood you were supposed to have a building to book your services out of. Then you could use it.*

Kitty Hawk Town Council Minutes: March 28, 2022

Page 4

Stewart: *You must have a local business in order to be able to use the Kitty Hawk facility. So that would prevent somebody in Currituck having a big business coming and using our ...*

Pruitt: *So that is kind of the way that went ...*

Stewart: *The only argument with that is they bring people to Kitty Hawk, and they are spending money, so does it really matter where their business is located?*

Hines: *I do not care about that but if one person must pay the other people should too.*

Pruitt: *That was the point. I think if we are going to open a public facility for a gym to use, we should just get a little fee. That way we have management control on it a little bit. If we do go over there at 10 o'clock and there is a lot going on we can say something about it.*

Hines: *I have a question for Rob about working without a building permit. It is generally double the permit fee. Is there something that prohibits us from charging a flat fine, plus double the permitting fee? There is really no excuse for working without a permit.*

Carter: *It is a negligence fee.*

Hines: *I understand but it is double the permit cost.*

Carter: *Yes. The permit fee is double and if it is a contractor who keeps doing the same thing then we have a negligence fee we tack on.*

Hines: *Right. It is negligent right out of the gate if it is a contractor though. If it is a contractor, they definitely should know. Maybe it is a negligent thing for a homeowner but not for a contractor.*

Carter: *I think by the statutes we can only charge double the permit fees.*

Hines: *And that is confirmed?*

Carter: *Yes.*

Hines: *Thank you.*

Walker: *Is there a registry for rentals, rental cottages, or a fee?*

Stewart: *No. We have not discussed that have we Rob?*

Testerman: *There has not been one since I have been here.*

Kitty Hawk Town Council Minutes: March 28, 2022

Page 5

Walker: *Just so you have an idea where they are and who ... if you must have a permit to have a horse ... that is pretty basic to know where these rentals are.*

Hines: *And we know there are homes that have multiple units that are not registered.*

Walker: *If there is a fee, it does not have to be much, and I think it would be quite a source of revenue. I know it is extra work on the police, public works and EMS. It is not unreasonable to have them registered.*

Garriss: *I do not know how you would regulate or enforce that.*

Stewart: *It would be easier to regulate that than it would be Occupancy tax. That is regulated and collected by the county. To me that is their job. We do not get all the Occupancy tax generated for Kitty Hawk. It gets divvied out, so to put our resources there to possibly require registration and then get a fee ... I don't know.*

Walker: *You could start with the rental companies.*

Stewart: *Yes. Then it is just like everyone else. The town would have to verify ... if it gets a request that somebody has not registered then we would ...*

Walker: *It was just a thought. A registry of them.*

Stewart: *Probably would help with the additional services that the houses require on top of full-time residents.*

3. PROPOSED COMPENSATION PLAN AND ON CALL PAY

Stewart: *There are only two routes we can take when it comes to a compensation study. We can attempt one in house and that is what Melody has done. I think she has done a fine job at it, or we could contract with someone who does these types of studies and compare it to the local market. We decided to start with this and if there is an issue with our recommendation, we will hire someone else to do it.*

Clopton: *Good morning. Over the last several years it has become more and more evident that the town's pay ranges, and employee pay lags behind our market. When I talk about our market I talk mainly about local municipalities, all the other towns in our area that we compete for with employees.*

As Andy just said there are a couple of options. One is a pay study with a company. I did reach out to several of them. They are all extremely busy and we are looking at an 8 to 12 month waiting period if we were to do a pay study and the cost was \$15-\$20,000.

Kitty Hawk Town Council Minutes: March 28, 2022

Page 6

Because our neighboring towns have mostly all done pay studies recently, we have access to that information. It is all public record. Employees pay is public record. We can gather all that information and use their data to do our own market analysis.

There were three objectives from Andy. Number one was to bring the salary ranges within 10% of the average market range. Plus, or minus, no less than 10%. Adjust employee pay based on the proposed scale and maintain internal equity between jobs and years of experience. That is one thing our current plan does very well. It may be lower than market but the steps that we have, and the grades and the classes keep us from having compression which is hiring people at more of a pay than people working in the job. That happens in a lot of places. We are lucky in that respect. The other thing was to keep expenditures within the town budget and create a plan that is sustainable for the future. Andy said we have about \$350,000 to allocate for this in this budget without affecting taxes and so forth.

We took the salary data from neighboring towns and we utilized it to compile average ranges. The average pay range for comparable positions and then what is the average pay that somebody is paid in that position. When you are averaging you have lows and highs. Average is kind of in the middle. The average pay for comparable positions, and again, you have people in a job who have been there a short period of time and you have people in a job that have been there a long period of time, so it helps give you an idea of where people are for comparable jobs.

In our plan this year we are proposing that all employees receive a minimum of a 5% pay adjustment. Some positions and employees were found to be compensated more equitably in the market so if their increase was less than 5% on the new scale, we are proposing that we give them a onetime bonus. So, the bonus and the increase and their pay will add up to 5%. That is how that works.

When I looked into compensation plans and compensation philosophies, I found that our 30-step plan was too long of a scale. Most step plans are 20 steps. So, we made an adjustment to that. The span of the range, the beginning to the ending is the same. So, there is the same amount of money between the 20 steps and the 30 steps, and you will see how we did that in a minute. The grades continue to be 5% apart just like our old plan. However, the steps are no longer equal. In our old plan all the steps were 2%. Two, two, two, two and two. It took forever to get up the scale.

So, we are using what they call a mid-point method of compensation management. Our new scale is trying to get people to move forward on the scale very quickly and get them into the average market pay which is what we call a green zone. Step 5 to 10 is where the employees are in the market. They are being paid what the average person is being paid in our area. As the employee reaches the green zone which includes the midpoint the pay is within the market.

No position will be paid at more than top of the range. This is normal. Any employee who has satisfactory performance and is at Step 20 in our range will get a onetime lump sum bonus as approved by council for pay increases. They will get something.

Kitty Hawk Town Council Minutes: March 28, 2022

Page 7

This plan puts all the department heads in the green zone within the next two years. In our studies we found public safety and some of the more entry level positions were more out of whack as well as our department heads.

This new pay plan accomplishes the goal of putting every range in 10% of the market average. The midpoint of the range closely matches current average pay information. Several positions have changed grades to be more closely aligned with the market information we collected. All the pay increases will continue to be subject to budget and town council approval. Everything is going to work pretty much like it does now.

The proposed new pay plan looks very similar to our old pay plan with Grades and Steps. The Steps range from 5.3% in the beginning to 1.5% in the end. So, you see as you get to Step 5 - 10 that is the green zone. Then after Step 10 you see the steps decrease a little bit over time. The starting ranges all start within 10% of the market and as I said the green zone is where the market is.

Here is the thing. We must watch this all the time. We cannot just say we have this and wait another 20 years and say oh we are behind again. We need to administer this plan. Also, one of my goals for next year is to try and implement some type of pay for performance bonus that goes along with this. There are a lot of other things that we can do to increase productivity and have people paid equitably.

This is the proposed new ranges and how they compare to the market. We will do the first one. The fire chief proposed minimum range is \$82,423 and the average minimum range is \$82,423 so the difference is zero. Positive numbers mean we are above the market with starting pay. Negative numbers mean we are below the market with starting pay but again there are no positions that are less than 10% off.

This is the proposed classification plan with the midpoint. This is Step 10. So, the proposed midpoint for fire chief is \$109,781. You see that is 1% below the market so we are right in there. Keep in mind that our policy says that we can hire up to Step 10 so if we have a very experienced applicant, we can hire them now in the market.

So, some of them are higher some of them are lower. It just depends. When there was only one position like a master firefighter or a police officer II, I did not draw a correlation. That is why you see no comparable. A lot of places put all the firefighters in one pay grade or all the police officers in one pay grade. We have a career ladder, so it makes a little bit of a difference.

Grade changes. The positions are the police lieutenant, management assistant, which is going to get a new title of administrative services director, public works director, public works supervisor and the finance technician are all going to have grade changes. To make sure we were going in the right direction I reviewed this information with Andy and each department head. We looked at how this breaks down for their individual employees. I asked for their ideas, where they thought

Kitty Hawk Town Council Minutes: March 28, 2022
Page 8

people should be in the pay scale. I think for the most part everybody was on board with this. I also reviewed this with the HR person at the League of Municipalities, again, just to validate we are on the right path. If this is approved the department heads and I will meet individually with each employee, tell them about the market data that we found and where they are in the system. There would also be an opportunity for that employee to make an appeal if they think that something is wrong, or they have a case that they are not in the market or in the pay plan where they need to be. We would listen to that, and Andy would have the final approval.

The actual pay increase to employees is \$272,053. Of course, whenever you have pay increases, you have increased cost in benefits. So, employment taxes, 401k contributions and retirement are \$65,513. The lump sum bonuses I believe affect eight people and that is \$9,887. The total increase is \$347,453 which is right in where Andy said to be.

I am sure you have questions.

Garriss: *Melody great job. I came out I know twice, and Andy and Melody and I discussed this, and they ran it by me. Like you said this has gone on for too long and that is why we are in the shape we are in right now. This has been mentioned before and it never gained any traction. Something is happening now. Do I wish we could do a whole lot more? I sure do because we have some salaries that are not even close. We are not in competition, if you want to use that word, with the other towns in Dare County or surrounding areas but ... Andy identified this \$350,000 and gave that amount to Melody and she has worked her magic with other staff involved. I think this is great. Again, do I wish we could do more? Yes, but I think this is great with what we have. I told Andy and Melody both to continue looking at this every year. Do not expect this to happen every year but I think you have done some great work with what you had to work with. Both of you have done extremely well. Thank you. Comments?*

Hines: *This proposed plan is a great start in the right direction. I know you have worked very hard on it but aren't we still ... I mean all the other towns have already done another increase as well. So, we are still playing that ...*

Clopton: *Most of them are doing 5% this year.*

Hines: *Right. So, most are doing 5% next year.*

Stewart: *I know Dare County is about to do ...*

Hines: *They are doing a study.*

Stewart: *Yes, so that will increase the numbers that we have used.*

Hines: *I am not referring to Dare County. It is Kill Devil Hills, Nags Head, Manteo, Southern Shores and Duck.*

Kitty Hawk Town Council Minutes: March 28, 2022
Page 9

Clopton: *And that is why we will have to continually monitor this. I mean as Craig said we kind of knew we had some problems, but we never were able to take any action.*

Hines: *I appreciate the hard work that everybody has done. I just want it to be recognized that I am glad it is happening now ...*

Stewart: *You are correct that is what has happened to us over the past five years that I can speak of. We were doing 2% steps and 4% but we never looked at the market and those other towns just recently have given a \$6,000 raise to keep police officers. We hear about it a lot inhouse here and that will cause some friction. We have a great work environment, but we need to at least stay ... we do not have to be the highest ... we are comparing to the average and when you are 30% below the average you are going to have a problem if you do not look at it. We need to make sure we at least pick a threshold and work towards it and right now that is why we said 10% below average because we could not afford ... and if we did a salary study, I do not think any ... depends on the philosophy.*

Clopton: *I did this without the _____ and I forgot how ... do you remember how much it was? It was close to \$500,000.*

Pruitt: *If we did a salary study, they would do basically what you did. I mean 100% and that would be \$20,000 we threw out the window we could have given you. So, I definitely do not want to do a study. I think you have done a great job studying it myself.*

Garriss: *I know what you are saying but this is it basically.*

Hines: *I get it.*

Clopton: *But again, as I said it earlier, we have to stay on top of it. We must be prepared to look at this a lot.*

Garriss: *We must look out for our employees. This has been a thorn in my side for a few years, but it is a new day, and we are going to look out for our staff. Right now, this is the best we can do.*

Hines: *And I agree with that. I just think hopefully it does not get ... hopefully as long as this council is in office it does not happen what has happened in the past.*

Clopton: *The council sets the tone.*

Hines: *Right.*

Pruitt: *I am good with it. I certainly think we need our employees. I would hate for our policemen to go jumping from town to town. Or any of them.*

Kitty Hawk Town Council Minutes: March 28, 2022
Page 10

Stewart: *We have people that could leave and go make \$8,000 more a year in a neighboring town. And with the housing market and the increase in inflation. If we do not look at it, it will be a problem so that is why we must earmark what we can for now and hopefully growth will allow for more revenues. We can eventually maybe look at trying to get to average but I think for now we need to give effort to get where the pay is not so much of a glaring difference.*

Clopton: *One thing I looked at this morning is 52% of our employees have less than 5 years of experience. So, we have a young staff, and they now can get 5% increases every year until they get to the midpoint of the range. Of course, no one is ever always happy but I think it is a step in the right direction.*

Stewart: *But once again we cannot always be a training ground. We do need some people to stay because people cannot afford to move and live here. We need to try and keep some. We realize that a lot of our employees must have second jobs.*

Clopton: *I do not know what we would have to pay somebody to actually be able to afford to live here. That is a sad reality.*

Hines: *I think it is going to correct itself a little, sooner than later.*

Stewart: *The housing market?*

Hines: *Yes.*

Garriss: *Department heads and staff. I hope you know we appreciate the heck out of what you do for Kitty Hawk, and we are going to do everything we can to look out for you but right now the way I see it and the way I think council sees it, this is all we can do for right now. Again, I wish it was more, but I promise you as long as we are sitting up here, we are going to continue to look at it. That is about all I can say. Any more comments?*

Walker: *When I came on board this was my pet peeve. That this was not equitable and competitive, and I am thrilled that you have made these steps to take care of it. I know there have been long meetings. I know there have been difficult discussions and compromises so thank you very much.*

- **On-Call Pay:**

Clopton: *We have a request to look at our on-call pay. The first thing I do whenever somebody asks is what is everybody else doing. We wanted to look at the on-call pay structure to make sure employees who are taking calls are compensated fairly and equitably. Our town provides 24 hours a day 7 days a week service to customers. It is necessary sometimes for our employees to be available to respond to any reasonable request for duty at any hour of the day or night. One of the conditions of employment with the town is the acceptance of a shared responsibility for taking calls.*

Kitty Hawk Town Council Minutes: March 28, 2022
Page 11

We currently have a detective in the police department, fire captains and public works techs and supervisor who are all taking calls after hours when needed. When I collected all the data there was nothing consistent. Towns are all over the place. Our current call rate is \$10 a day. This means if somebody is at home and are ready to come to work it is \$10 a day. Seems a little small, doesn't it?

Pruitt: *You mean this is on my day off?*

Clopton: *Yes, or at night. Or on a Saturday or Sunday or a holiday.*

Pruitt: *Do I get another day off for that?*

Garriss: *No.*

Clopton: *Our recommendation is to make the on-call an hourly rate. A dollar an hour because we have some people taking calls when they leave work at 5 p.m. until 8 o'clock the next morning when they come to work. Sometimes someone is taking a call on a Saturday and Sunday. So, if you took a call all day you would get \$24 and that is close to the average that we see out in the market. According to our department heads we use a software to do scheduling and everything on paying. Paying on call hourly is going to be better for us because they can put it in hours, and it can just roll into our payroll system. That way you are getting compensated for the hours that you are on call versus \$10 a day. If people want to split up a day into mornings and evenings, they can do this with the hourly way.*

Walker: *Within themselves?*

Clopton: *Yes, as long as they put in their time. So, employees will be more accurately paid their on-call time and departments will have more flexibility to share that call if it is needed on a given day.*

The current cost of \$10 a day is \$17,903. The proposed cost for this new change is \$37,737. The amount of the increase is up to \$20 grand. But it is in the budget.

Garriss: *Thank you Melody. Any questions?*

Hines: *That \$10 a day. Is that 24 hours or ...*

Clopton: *If you are on call for 5 hours or 24 hours you get \$10 so being paid on call by the hour is a little bit more.*

Johnson: *Usually they do it weekly and Saturday and Sunday they are on call. I have stayed home many a day and not gone to Virginia with my wife and kids because I am on-call for \$10.*

Kitty Hawk Town Council Minutes: March 28, 2022
Page 12

Pruitt: *I am all for whatever you can do to up it.*

Garriss: *I did it for 30 years with no on-call pay so I think this is better.*

Pruitt: *I would hate to know I had to do it.*

- **Personnel Policy Amendments:**

Clopton: *I put in your packets some proposed personnel policy changes. Most of them just have to do with rewriting it to go with the pay plan changes. I did update the employee benefit section with the retiree names and everything, so you probably saw that. Also, when an employee leaves the town their last day of health insurance is the end of the month that they work. That was not written anywhere so it is now written in the policy. You cannot be on leave without working and get your health insurance paid for by the town when you are not actually physically here.*

Pruitt: *So, if I save up a couple of weeks or a month before I retire when I perform my last day of duty with the town it does not ...*

Clopton: *If you are getting ready to retire and using that leave yes, we would go until your retirement date.*

Pruitt: *That is what I wanted to make sure.*

Stewart: *We are available until June to bring things up to me. This covers a large majority of it. This is the earliest we have had our budget numbers put together. I think we are headed in the right direction.*

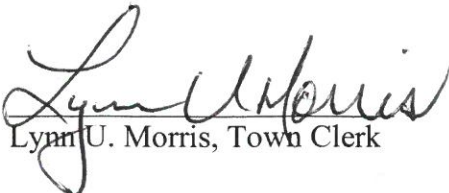
4. MOTION TO SCHEDULE A PUBLIC HEARING

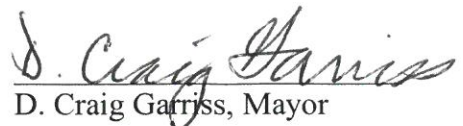
MPT Pruitt made a motion to schedule a public hearing for the Fiscal Year 22-23 Budget for June 6, 2022, 6:00 p.m., Kitty Hawk Town Hall. Councilwoman Walker seconded and it passed unanimously, 4-0.

5. ADJOURN

Councilwoman Walker made a motion, seconded by MPT Pruitt, to adjourn. The vote was unanimous 4-0. Time was 10:10 a.m.

These minutes were approved at the June 6, 2022 council meeting.


Lynn U. Morris, Town Clerk


D. Craig Garriss, Mayor