



**Minutes**  
**Special Meeting**  
**KITTY HAWK TOWN COUNCIL**

Tuesday, April 16, 2024  
Kitty Hawk Town Hall, Smith Room  
6:00 PM

1. Call to Order
2. Moment of Silence/Pledge of Allegiance
3. Approval of Agenda
4. Award of Police Station Construction Contract
5. FY 2024-25 Budget Discussion
6. Adjourn

**Council Members Present:**

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

**Staff Members Present:**

Town Manager Melody Clopton, Town Attorney Casey Varnell, Administrative Services Director Laura Walker, Finance Officer Liliana Noble, Police Lieutenant James Helms, Fire Chief Mike Talley, Public Works Director Willie Midgett, Finance Technician Lauren Cavendish.

1. Call to Order
2. Moment of Silence/Pledge of Allegiance

**Garriss:** Good evening, everyone I would like to call the Special Kitty Hawk Town Council meeting to order, today is Tuesday, April 16<sup>th</sup>, 2024, at 6 pm in the Smith Room Kitty Hawk Town Hall. Thank you all for coming tonight we have some important business to take care of or to discuss. Thank you to those in attendance tonight. If you would please stand if you can for a moment of silence followed by the Pledge of Allegiance.

**3. Approval of Agenda**

**Garriss:** Council I trust you had time to look at the agenda if so if it meets with everyone's approval, I need a motion to approve tonight's agenda, please.

**Pruitt:** So Moved Mr. Mayor.



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**Garriss:** Thank you Jeff.

**Walker:** Second.

**Garriss:** Second by Charlotte, all in favor?

**All Council:** Aye.

**Garriss:** All opposed – NONE.

#### 4. Award of Police Station Construction Contract

**Garriss:** Item number four. Award for the Police Station Construction Contract. Melody?

**Clopton:** Good evening, Council, staff, and public. We are here tonight to talk about the award of the Police Station building construction contract. We will also talk later about our budget for the next fiscal year. A little bit about the process. As you know, we have been working with Dills Architects to design our project. Once the design was finalized, the project was bid for construction. We received three responsible bidders for this project. They were Sussex Development, Whiting-Turner, and A.R. Chesson. Dills and the Town staff reviewed all the submitted bids and tabulated the submissions, confirming all the bids were in order and met all of the criteria the town seeks and requires for its procurement process, the state of North Carolina procurement process, and the federal procurement process. Based on the tabulation it is Dills Architects' recommendation as well as the town staff's recommendation we award the contract to A.R. Chesson. While this organization has a Williamston address, A.R. Chesson also has offices in Elizabeth City. Their bid was the lowest. It also had the least number of days for completion. The bid submitted was \$3,540,000. The estimated bid time for construction was 270 days. This bid includes 8140 square feet of renovation and 940 square feet of an addition which is the lobby area, and then also a diesel generator to supply power to that portion of the building in times of emergency. Does anyone have any questions?

**Garriss:** Any questions for Melody?

**Hines:** I will but not at this moment.

**Clopton:** Currently in our fund 41 which is the Police Department fund. We have \$3,599,010.56 available. We do believe that the estimated additional cost right now is \$550,315. This is for furnishings, equipment, fitness equipment. Special agent inspections, IT and communications, and security cabling, again these are estimates. It is also recommended that we include a 10% contingency just for things that were not expected or changes.

**Garriss:** David, you said you have some questions?



**Hines:** I am good right this moment.

**Garriss:** Any questions for Melody?

**Hines:** Is there anybody here from A.R Chesson?

**Clopton:** No.

**Hines:** Is this now that we are going to discuss this?

**Garriss:** Yes, and hopefully a motion to approve.

**Pruitt:** Have they done work here?

**Clopton:** A.R Chesson is a very well-known company here, yes. They do a lot of projects for the hospital. They have done a lot of work around here. I specifically know about the Hospital projects.

**Garriss:** I know they did the rehab place that is sitting right at the road at the hospital.

**Clopton:** They did the renovation at Urgent Care in Nags Head that used to be a Hardees.

**Walker:** Part of the reason they can do it is because they are local, and they have contacts here and they have a lot of things that the other two may not have had.

**Hines:** I have seen some of the work they have done. If I am not mistaken, they worked on the Marriott in Kill Devil Hills/Nags Head.

**Walker:** They have a good reputation.

**Pruitt:** So, we allocated 3.5, so we are looking at the \$ 40k for the building, right?

**Clopton:** We had \$3.8 but we used some of that for design services, and so forth so right now we have \$3.599, so we have an extra \$40K so we have an extra \$40,000 which is above the proposal, but we do anticipate it will cost more.

**Pruitt:** So, we are not increasing, it's coming in at what we had hoped.

**Clopton:** The construction part of it yes.

**Pruitt:** We will talk about the other part of it. Okay.



**Garriss:** Okay, council? What would you like to do with this matter?

**Hines:** I want to get back into a couple of things. First of all, everybody knows I am a big supporter of this police department being built and I am aware of their reputation as developers, builders whatever. I think what I have a hard time with, and I am sure there is a state law reason why we can't. I have a hard time awarding a contract without seeing a contract, that has provisions of delays, change orders, runovers, and things to that effect. That may be something we have to do about the award before we can see that.

**Clopton:** Correct.

**Hines:** But it's concerning to me when we are already over budget.

**Clopton:** We cannot talk with A.R. Chesson until you all give us the approval to move forward. So, that is where we are. We have been working on a contract. Casey has been reviewing it. That is something we will make sure is in order before we move forward. Before we can move forward, we need to inform you of our recommendation.

**Hines:** By moving forward, we are not locked in 100% if we do not like something or a provision of their contract is that correct?

**Varnell:** So, no. And it is truly going to be our contract in this particular case. It is one we prepare, and we send to them. If they have some edits to it, that is fine, they are subject to our approval. If there was something really major, I don't anticipate it, but if there was something really major that they object to in our contract, we would come back and we would go with the second-best bid, for example. So, to answer your question it is not locked in. No, we are not stuck with them, that is not how it works. This is the first step in moving forward. We are not even allowed to talk about a contract until such time as a bid has been awarded.

**Hines:** So, by doing so are we paying them to create a contract?

**Varnell:** No, it is us. It is going to be our contract.

**Hines:** Okay. So, all my other questions I had prepared for tonight we will tack into once we have that. Okay.

**Tillett:** I have a question on these additional costs. Some of them I see can be handled after the building is complete, and some look like they need to be handled during construction.

**Clopton:** Correct.



**Tillett:** Are we able to split those up so we have a better understanding of what really needs to be added to this and what can wait?

**Clopton:** I think so, and again these are estimates from Dills design team. For example, we have found furniture and equipment to be estimated a little bit high.

**Tillett:** I think the construction admin inspections, that needs to happen up front for sure, or during construction. The furnishing and the fitness equipment, that could all be worked in near the end.

**Clopton:** Correct. The cabling has to take place during the construction.

**Tillett:** Okay.

**Clopton:** And I do believe we have money we budgeted this year's budget for fitness equipment, so they are taking care of that differently.

**Tillett:** Do we have a ballpark as to what that is, just out of curiosity?

**Pruitt:** Five hundred is what I think you submitted Chief.

**Palkovics:** No, I think it was \$25,000 was what we put in the budget.

**Pruitt:** For gym equipment?

**Tillett:** Alright.

**Palkovics:** Yes, for fitness equipment. Let me make sure that is exactly what it was.

**Tillett:** I was just looking for a ballpark, you don't have to look at exact numbers. I was just curious what it was.

**Clopton:** We can get that information.

**Tillett:** I would like to see it split up between what can wait until after the building is done and what needs to happen during construction.

**Garriss:** Okay council. Does anyone wish to make a motion?

**Hines:** Tell you what, I will make the motion provided I understand you correctly that we can review our contract.



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**Varnell:** Correct.

**Hines:** In that case, I will make the motion to award a Police Department Building construction contract to A.R. Chesson for the amount of \$3, 540,000.00, I will make the motion.

**Garriss:** Thank you David, can I get a second?

**Walker:** Second.

**Garriss:** Second from Charlotte, any further discussion? All in favor say, "Aye."

**All Council:** Aye

**Garriss:** All opposed? NONE

**Hines:** I do want to see it get going.

**Garriss:** Thank you.

**Clopton:** All right, thank you.

**Garriss:** Melody, with a big smile can you make those contacts tomorrow morning?

**Clopton:** I would be happy to.

**Garriss:** So, we can get this thing rolling?

**Clopton:** We will.

### 5. FY 2024-25 Budget Discussion

**Garriss:** Item five, our fiscal year 2024-2025 Budget discussion, as you all know on March 19<sup>th</sup> we had a budget workshop. The staff furnished us with a lot of information to look at and think about. I know some of you have met personally with Liliana. Some have requested materials and information to study and look at, I think that is wonderful that's what we all need to do, Melody?

**Clopton:** Before we get into our discussion I wanted to provide the budget timeline. As the Mayor said, we had our budget workshop meeting on March 19<sup>th</sup>. Today we are here for your feedback and direction on where we would like to go with the budget. Our goal is to have the draft budget prepared and presented by May 6<sup>th</sup>. We have to have it available for public review for 10 days and we have to set a public hearing in May if we want to approve the budget in June. Of course, we can always have other special meetings, but this is the timeline we are working under right now.



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Basically, we are here to answer questions and hear your observations. We talked a little bit about some of our shared revenue decreases going forward. We discussed some revenue options and I know there has been a review of our expenditures and so if there is a prioritization of expenditures that you would like to pass on to us we are ready to move forward and get this budget balanced and ready for presentation in May.

**Garriss:** All right you folks want to go down the line. I know a lot of you have questions and concerns and comments. David, you want to start.

**Hines:** No sir, I do not. I reserve my time thank you.

**Garriss:** Dylan?

**Tillett:** No comments right now, I am sure I will chime in as we get going.

**Garriss:** At this point, I have a preference of which way I would like to go but I will hold that to the end also. Jeff?

**Pruitt:** Well, I don't want to raise taxes, I don't mind saying it. I just wish there was a way that we could have balanced this budget without raising taxes or trying to take money from Beach Nourishment.

**Garriss:** From what I understand, that is possible.

**Clopton:** We can.

**Garriss:** We can.

**Pruitt:** I am just hoping, now which way to go to say at this meeting Chief doesn't get this and Fire Chief doesn't get that, I am not sure. I would rather you all decide what your priority is that you can do without the most and try to come back with a balanced budget so that we don't have to raise the taxes this year. With that being said, I have talked with other council members, and I do see us having to do it and probably next year and people say, "Oh it's an election year." Well, that does not matter. We don't know what our projection this year of the people and tourists coming so it's just like we didn't know during COVID if they were coming or not. They did. Everybody is predicting us to be back to pre-pandemic numbers. David keeps a good track being on the tourism board, so he sees the figures coming in and we will be able to realize that as it goes along. I would hope we could work it out this year. We have spent a lot of money and the people have watched us spend a lot of money. I don't want the optics of us raising their taxes for us to look like, hey man we are ready to do this, and this and we are going to raise your taxes. We have spent a lot where we have saved a lot. I don't want it to look like we have overspent. That is the point I am trying to make.



**Clopton:** The day after we had the budget meeting, the first thing I said was, "Okay you guys what can you cut from your budget?" Then things went from there.

**Garriss:** Nobody has said that we cannot balance this budget without raising taxes or the one-cent reallocation. Nobody has said that. If I am going to base how I vote on something if I am worried about being reelected I should not be sitting up here.

**Pruitt:** That's what I said. It does not matter. It would be easier to raise taxes this year and then know you are covered. I get that, or do we wait and see if we can do it without raising taxes this year. Then once again, I believe the numbers are probably going to come in that they will have to be raised next year.

**Garriss:** We can look at it next year.

**Pruitt:** That's just the way I look at it, that's one opinion up here.

**Hines:** What was that number Liliana presented the other day? \$177,000.

**Noble:** In the presentation, it was the projections of revenues. It was the projection of a loss in revenues. Do you still have this page?

**Hines:** I am getting there.

**Noble:** That was the projection revenue decrease for sales tax, occupancy tax, and land transfer as a result of other taxes increasing the tax rate in the shared distribution of these three taxes will affect the other towns. That is a projection of fees and revenues.

**Hines:** Okay. I know again, I know I left early but that was before the last presentations. This was discussed prior to me leaving. I want to bring up what we were talking about before. So these projections are being projected revenue decrease. Okay.

**Noble:** Correct. Moving forward.

**Hines:** Where are those numbers coming from for the projection of the decrease? Based on Occupancy Tax, based on sales tax?

**Noble:** These projections are coming from Dare County Projections. Dare County provided this data.

**Hines:** Correct.





**Noble:** So they provide the data on how much decrease our percent participation is for the upcoming fiscal year. That is where I got the projection.

**Hines:** I got you, the same way you use it every year, right?

**Noble:** Yes, the same formula.

**Hines:** The formula is the same every year.

**Noble:** Exactly, the same, yes sir.

**Tillett:** After our March meeting Melody, when we went back to the departments, was there a number difference that we can talk about that was re-discussed?

**Melody:** There was a slight number difference.

**Tillett:** What is the ballpark of something like that?

**Clopton:** I think from what I know, probably about \$80-90,000.

**Tillett:** Total?

**Clopton:** Yes, and we had a \$12,000 surplus at the time.

**Tillett:** Right, Okay.

**Hines:** How did you come up with that \$80-90,000?

**Clopton:** Asking them what they might be willing to cut out of their budget.

**Hines:** Okay.

**Tillett:** What were some of the items that were removed if I can ask cause, we don't want to squeeze each department too tight, but I am curious what was willing to be removed.

**Clopton:** For us reducing townwide training. Reducing community relations items we had added. I know Willie had a number; he did not exactly tell me what.

**Midgett:** Mostly maintenance stuff.

**Tillett:** Okay.



**Noble:** The finance department, \$10,000 less for software to the capital reserve.

**Garriss:** I hate to see training go guys; training is huge.

**Walker:** I did not see them ask for anything that I thought was extravagant. I think they put a lot of thought into what they asked for, and they felt like they really needed that. It's brave of them to look at it and do that. But I did not see anybody trying to get something that they did not need.

**Clopton:** I definitely agree with you, that is not the case.

**Tillett:** I agree with that as well.

**Clopton:** We talked about the fire truck situation, that is still looming. Chief, I don't know if you have more information to share about the fire truck or the cost of it.

**Talley:** Good evening, Mayor, Council. So, the timing between our last meeting and now is relatively short to get a vendor to get those kinds of numbers together. Informally and unofficially, it's about the same as what we talked about, it is going to be in that \$850-900,000 range, based on percentages from the last purchase. To get something more concrete, we would have to sit down and go through pretty much line-by-line items to get a more concrete number and then get an official number.

**Garriss:** And again, you said if we ordered that truck today you said it would take about two years to get it.

**Talley:** Right now, the timeline is about two and a half years if we order it today.

**Tillett:** Chief, can you explain what truck that is so we can have a better understanding? There are ladder trucks, there are engine trucks. Which one did we recently purchase within the past couple of years and which ones are going to be phasing out with their life span?

**Talley:** The next two vehicles that are getting ready to go out, one is a fire engine, otherwise known as a pumper. That is in 2026, it will reach its 25-year mark.

**Tillett:** That is the next one we talked about; it's coming up.

**Talley:** In 2030 that will be our ladder truck. It will be 25 years old.

**Tillett:** During our last meeting we discussed the ladder truck was already having inspection issues. That is not typical I would assume. That is not something you want to be dealing with too frequently. Failing inspections on the ladder truck?



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**Talley:** All apparatus and all vehicles have issues. When they start getting this age, it's expected. Most departments or jurisdictions, they start phasing their trucks out much earlier than 25 years. We are pushing it to the limit. Some of these things, it is going to be expected. Things we are getting hit with now are maintenance calls, we are sending it to these qualified service technicians, it is drastically higher than what it has been in previous years. That is really driving up our costs.

**Tillett:** That ladder truck replacement, can you give us a ballpark cost? The Engine before that, you said \$850,000 to \$900,000, what does a ladder truck cost? Is it \$1.2 Million? Is that reasonable?

**Talley:** I just got done calling around to various departments who purchasing apparatus and vendors and unofficially they are talking anywhere from \$1.8 million to \$2 million dollars.

**Pruitt:** And Chief, a ladder truck is that a requirement? That is a requirement now that we have, like the Hilton Garden, is that something we have to have? Don't get me wrong, we are going to try to have a ladder truck. Is that something that is required of a Town that has buildings of that size?

**Talley:** It is part of the ISO grading, so yes. Without that service vehicle that is what it is classified. I cannot tell you where the score would go, but it would be a big hit.

**Garriss:** Going back to the last truck, I know you are to be complimented here because you said you wanted a working truck, not a parade truck, not a show truck. That still was about \$750,000, is that right?

**Talley:** No, it was closer to about \$700,000. A little less than \$700,000.

**Garriss:** Okay.

**Talley:** A lot of what is driving the cost is just the demand. Supply and demand. Because of the pandemic, everything got pushed back, so now we are playing catch up and it is driving costs up dramatically.

**Tillett:** In terms of big trucks, the newer truck we have, and the two that are aging. Is that the total 3 larger trucks at the department? Or is there others, or is there more?

**Talley:** We have four. We have three engines or three pumpers and then one ladder vehicle, ladder truck or service vehicle.

**Pruitt:** And after the ladder truck, how long are we looking we have 2026, 2030. Do you know the next number?



**Talley:** It would be 2036.

**Walker:** Is that the one we just got?

**Pruitt:** No.

**Walker:** Oh, okay. We will all be gone by that time.

**Talley:** So, it's 2036 and then 2042 for the next numbers.

**Pruitt:** I want that out there, so people realize that when we are budgeting. If we don't budget, as you can see this is going to pile up. Once again going back to taxes, that is what it pays for, these trucks and stuff. If it does come to it having to be raised, you have to see that we have to prepare for the future so we are not hit really hard to explain we took a fire truck years ago and it never could complete inspection, so it got us behind the 8 ball. We are playing catch-up. I thank you for what you are doing, trying to keep us aware of staying ahead of this even though it is hard to do. We are going to do our best to keep up with it.

**Talley:** Five or six years ago we actually had another vehicle. So, we downsized, we actually had another service vehicle that we put out of service that did not replace it.

**Tillett:** What was that? Was that another engine or a pumper?

**Talley:** It was looked at as a ladder truck or a service vehicle, but it was much smaller.

**Hines:** With the inventory that you guys expiring if you will or the stuff is no longer in use, what is being done with those items? Are we selling them for scraps and things to that effect?

**Talley:** They are going to GOV DEALS, or they are auctioned off.

**Hines:** So, it's the same thing for the fire department, the GOV Deals is.

**Clopton:** Yes.

**Tillett:** What kind of trade-in value do we get for an old truck like that?

**Talley:** Not much. It is drastically reduced.

**Tillett:** Less than 100?

**Talley:** They look at the same documents in NFPA and 25 years is the end of their service life so, they know there is nothing left.



**Hines:** So, somebody is buying that right around town.

**Talley:** The last person who bought one was actually a farmer.

**Clopton:** I think it is Powell's Point isn't it?

**Midgett:** I pass it two times a day.

**Tillett:** The vehicle before that was a farmer and he uses it to irrigate his fields. The other one is just yard art.

**Garriss:** Any more questions for Chief Talley? Any discussion?

**Hines:** I do want to be clear, my questions tonight are not from a safety standpoint for fire, or police it's about a budget thing and I have been up here for five years, and I stand behind whatever both those departments need so you can be safe. So, I want to make that clear. I am not trying to, as somebody said earlier, pinch certain departments that are life and safety.

**Garriss:** Thank you Chief.

**Hines:** Thank you Chief.

**Garriss:** Charlotte, I think it is your turn to provide a little feedback.

**Walker:** Right, well. Nobody wants to hear the words raising taxes, that is just a phrase that strikes fear in somebody's heart. I especially understand that. I also know that some of the values of property would not raise the taxes \$35 dollars. I cannot go out to lunch for \$35. Not breakfast either probably. To keep everybody safe and to have everything that we need, it is going to have to happen. It does not mean it has to happen this year, it does not mean right away, but we also lose a share of the shared revenue and not taking that into consideration about how much more that would give us from the shared revenue if these other towns are raising their taxes. They are doing it; they are not even thinking about it. They don't have a village. We have a village, and we have to be considerate about those people as well as the commercial people. It just adds another dimension about how hard you think about raising taxes. I hate to leave money on the table. I hate to lose that shared revenue. I really think if you looked at the amount the taxes would go up, it is not that much. There is another option with the beach renourishment. We put away money that should far exceed that cost. I am open to what this town needs to do. And it has been ten years since we raised taxes. That is almost unheard of.

**Garriss:** The shared revenue is a biggie.



**Walker:** It's a huge thing.

**Garriss:** It's costing this town. It's costing the taxpayers.

**Walker:** Liliana helped me understand the shared revenue and what we were leaving on the table. Lord knows, I don't want to go up on taxes.

**Garriss:** No, nobody does.

**Walker:** These things are coming down the pike and they are not getting any cheaper. I can go either way with it. I am not saying we have to do that. There is the beach renourishment money that we could go to, because that exceeds what we feel like that is going to cost. Anyway, that is my two cents.

**Garriss:** Thank you Charlotte. Do we have any further questions or discussions tonight while we have department heads here now is the time to do it. Anything particular for Willie or Chief Palkovics or Liliana or any other department heads? Okay?

**Hines:** I don't for department heads personally. Not right now.

**Garriss:** I am like Dylan I don't see anything that goes above and beyond request that should not have been made, I really don't. If they requested it, they needed it.

**Hines:** I agree with that, but there are certain parts of what was presented the other day. I am going to bring up an example for example, I think it was \$49,000 in merit pay for in my words, patting someone on the back for doing their job. I think it said in the last minutes, that I was in favor, I am in favor of recognizing staff through advancement not through extra pay. I just want to be on the record for that. I personally don't agree with that, and I think that was \$49,000, is that right and some change?

**Clopton:** And I will remind you that when you hired me, you asked me to do a performance evaluation, and merit pay system. That is what drove that, so if that is something we don't want to do any longer, I am fine with that.

**Hines:** I just want to be clear; I am okay with recognizing people for going from Sergeant to Lieutenant or Assistant Director to Director, but when we are pinched already trying to figure out how to do something that's the reason, I mainly bring that up this year.

**Clopton:** You understand we don't have a lot of opportunities for advancement here and that is part of our issue.

**Hines:** So maybe we should look at the payscale for the current situation they are in.



**Clopton:** We continually look at the pay scale.

**Hines:** If we can find \$49,000 to divvy out amongst all of the staff, don't get me wrong, I appreciate the staff. Then maybe if their current position now reads as pay current salary is \$50-62,000 depending on experience and this particular person is at \$56,000, then maybe there is an advancement in that side of it is where I am going with it. Because there is a pay scale.

**Garriss:** David, some of the reason I agree with what you are saying. I agree with what you are in the shape now is because council in the past did not want to hear the words pay study.

**Hines:** I get it, for sure.

**Garriss:** Any questions for Melody?

**Hines:** I got one last thing while I am the bad guy. I would like to see a line item for a specific line item to show what the Town Manager expects when we are having a get-together, or a party or for employees because it's kind of hidden, not hidden because it's coming out of the non-department.

**Clopton:** It is in employee relations, under non-departmental.

**Hines:** So, is its own line item?

**Clopton:** Yes.

**Hines:** Under which item is it? It's under employee relations?

**Noble:** The reason it is under non-departmental, is because it is for events that cover all of the departments. Otherwise, you have to assign a budget for each department for their own things. So, we put it in non-departmental for all the activities that we do townwide. Internally and for the public. That is what is in non-departmental.

**Clopton:** Retirement parties and things like that.

**Hines:** I am glad we don't have any of those for a while.

**Walker, Laura:** I am sorry there are more coming.

**Hines:** I mean that's fine, but I think that it is still the amount of funds that is used at the discretion at the night you are having a party. Right?



**Clopton:** We do determine a budget for each event, and we stay within that budget.

**Hines:** So that line item is where, where can I find that?

**Noble:** Under non-departmental.

**Clopton:** It is called employee relations I believe.

**Hines:** Okay, that is okay I will look it up.

**Noble:** I will get it for you right now.

**Hines:** That is not the way I read it, that is not the way I read the packet I got the other day. I am hoping for it to be explained to me.

**Noble:** I believe you received that department as well but let me double check.

**Clopton:** Where did you see that?

**Hines:** To me I don't interpret what we are talking about as being a separate line item. To me it is all being under non-departmental item.

**Melody:** It is under non departmental, under employee relations.

**Noble:** Employee Relations and events. That is the line item. General Account number 10-4120-3552.

**Hines:** So, what was the budget for that in 2023?

**Noble:** \$18,000?

**Hines:** What did we spend?

**Noble:** You said last fiscal year.

**Hines:** Yes Ma'am, what did we budget versus what did we spend?

**Noble:** The budget was \$19,500 and the activity was \$16,572.

**Hines:** Under the employee relations line item, correct?

**Noble:** Again, it is under Non-Departmental Employee relations and events.





**Hines:** Ok, I am good for now, thank you.

**Tillett:** I have some more questions, Liliana. So, I met with Liliana and I want to point out and I want to thank you publicly for helping explain everything to me because it was extremely helpful. Just for a general understanding of everything, this helped open my eyes. I don't have a current Melody, you supplied us with a current detailed historical budget it shows 2018- 2019, 2021, 2022, the total fund balance breakdown.

**Melody:** Correct.

**Tillett:** So, I have 2022 to 2023 in front of me, I don't have the current budget numbers for this one, but I want to highlight what, I think this is going to be really simple. So, our total fund balance right now is close to this, roughly \$12 million, is that right?

**Noble:** Where are you looking at that?

**Clopton:** Our total available fund balance right now?

**Noble:** Are you looking at this?

**Tillett:** Yes that, I just want to reiterate these numbers and what they look like from my perspective. So total fund balance, would you say what we are seeing for 2022 – 2023 is close numbers to this new fiscal year budget?

**Noble:** I cannot say that yet until we finish because this is the financial statement of the town on June 30.

**Tillett:** Okay, correct.

**Noble:** Because we have not finished this fiscal year and the busiest months of the month are coming which is May and June. So, it is close but, I cannot be sure. But we definitely are not going to be in a deficit.

**Tillett:** And this paper, I am allowed to say these numbers to the public?

**Noble:** Yes, it is the official financial statement for the Town of Kitty Hawk. The Auditor prepared this.

**Tillett:** I want to go over these just so everybody has a better understanding. This is just general numbers. The total fund balance, and you can confirm as I go along, is close to \$12 Million. Is that correct? This was for 2022-2023.



**Noble:** At the beginning, correct. Yes, go ahead.

**Tillett:** So, now we have got, there are mainly four categories that I see that are large placeholders here. The first one is the capital reserve fund which is the budget we are talking about that we balanced. The second one is a required safety net that the State sets as a savings account, a back up. The State sets that number.

**Noble:** Correct.

**Tillett:** The other, the third one is a street Powell Bill, that is to maintain our roads.

**Noble:** Yes.

**Tillett:** And the last one is a public safety number, that is a rather small number. But that is the fourth one. And then years ago the previous council set an emergency reserve policy to hold \$3.5 Million in reserves. And all those add up to be close to \$8.4 Million dollars. With our total fund balance of \$12k. The variable fund balance left over is \$3.7 Million, that is unallocated funds.

**Noble:** Correct. Yes sir.

**Tillett:** I see that, and I feel comfortable, not only are we holding our \$3.5 Million that the previous council set, we actually have double that in unallocated funds balance. And this is with the budgeted budget. Right?

**Noble:** I would not say we double it.

**Tillett:** I would not say we double it, I am saying it is essentially double because we have the reserve amount, leftover is another \$3.7 Million.

**Noble:** That is correct. So, I will rephrase everything that you said, basically, the fund balance for this town on June 30 is \$12,193,799. There is money that is restricted. The one on the left. So the money that is not spendable that is restricted by the statute that you mentioned, \$1,349,534. Restricted for the Powell Bill, restricted for public Safety, Capital Reserve, plus the money that we have as a policy of \$3.5 Million is money that money is part of the money that is restricted. So how much money do you have now available to assign to other things? \$3,760,926.

**Tillett:** So that is not including the safety net the previous council set up of \$3.5 million. To hold and set aside.

**Noble:** Correct, that is available unallocated funds.



**Tillett:** Unallocated

**Noble:** Correct:

**Tillett:** So, in my view, and this is strictly just my view. I have concerns that I want to track. Those concerns are culvert replacements. We already talked about that during the meeting on Eckner Street and that could be a huge chunk of money. There are other road and maintenance items. We talked to Chief Talley on upcoming fire trucks, and those are coming. They are not cheap. Interest, you and I discussed the interest money that we make, many years past it was close to \$150,000, recently it has been about \$450,000, almost tripled because of high interest rates. Interest rates are going down. That income from interest rates is going to go down. The cost of everything is going up. Our shared revenue is going down as other towns increase their taxes while we stay the same. I think we need to watch those. But at this point with balancing our budget, holding \$3.5 Million per previous council policy and having \$3.7 Million unallocated funds left over at the end of the day, personally I side with what Jeff was saying earlier, I don't see a need to raise it this year, I think we need to keep an eye on it. Maybe that is next year, or the year after that. I don't know but I feel comfortable with the funds we have right now even if an emergency came, and we had to buy a fire truck out of pocket. If we had to fix a culvert out of pocket. I feel like the funds are there. I don't want to spend, I am not in the habit of spending our savings but that is exactly what it is for, emergency savings. In my opinion we should track these things that are changing, and it is possible next year that taxes do go up, but I feel like this year we are fine, right where we are at with the balanced budget we have.

**Noble:** You are absolutely correct, we are fine. Just to clarify, we can balance the budget. And when we balance the budget, the expenditures are higher than revenues in the budget, we balance with the fund balance. That is how we balance the budget. However, it is our obligation to inform you and the citizens of the town what is coming and that was the purpose of the presentation about the revenue projections, because it is coming.

**Tillett:** And that is extremely helpful.

**Noble:** And there was another email this morning too.

**Tillett:** I think we need to keep watching those items that are changing. The fire trucks the revenue, interest. I think we need to keep a close eye on that within the next year.

**Noble:** Yes, we can balance the budget and again we have the balance is when we bring from that budget the fund balance from this to this \$3,716,926 to balance the budget here.

**Hines:** Liliana, I have a question, are we still paying. Do we still have an interste payment on the past beach nourishment?



**Noble:** We still have one more payment. One more payment, yes \$41,000.

**Hines:** \$41,000

**Noble:** When the new project starts, we generally finish the loan.

**Hines:** That is through PNC, correct?

**Noble:** Correct. Yes.

**Walker:** Does anybody know when the property values will be re-evaluated?

**Noble:** Yes, in January.

**Walker:** This year so.

**Noble:** January 2025.

**Hines:** Well, we know they are going to be up.

**Walker:** Yes, I think they will be too.

**Hines:** Then we will have to bring the tax rate down.

**Walker:** That's what we have had to do in the past. We can't raise the taxes and have the property values go up at the same time. We just can't do that.

**Hines:** I agree, not this year, we need to wait.

**Walker:** It's too much.

**Willett:** Is it mandatory to lower the taxes due to equity?

**Noble:** It is not mandatory but it's a math calculation, basically what we do is to calculate a rate that we provide so it is the same revenue as the last year. That is the purpose of the re-evaluation. Because if we keep the same number, then we will have more revenues and that is not the purpose of the government. So, the math calculation for the tax rate, that is what you see for your tax rate is now 30 cents, and after the re-evaluation we re-calculate to provide the same revenues as the previous years, because your property value is higher. So, we cannot calculate the same number, are you clear on that one?

**Pruitt:** Is that the reason that we have lowered taxes twice before?



**Noble:** Yes.

**Pruitt:** It is because the property value went up and what we were charging versus the property value was too high.

**Noble:** So, you have to lower the number in order to get the, because the properties, 99% of them mostly increase in value. So, you have to reduce that number of tax to get the same rate as previous that way you do not hurt the tax payer.

**Hines:** Jeff, that is the same thing the county does.

**Pruitt:** Right.

**Noble:** It is called a neutral tax.

**Tillett:** Are there other towns that do not lower it?

**Noble:** Oh no, that is the standard to lower.

**Hines:** I think it's the policy to lower it.

**Clopton:** You are going to have a huge amount of revenue if you don't.

**Tillett:** I was just curious, we had the most number of lowerings, then other towns.

**Noble/Clopton:** We do.

**Clopton:** We only lowered it once because of reevaluation. We lowered our tax when we implemented the MSD, the other towns did not do that.

**Hines:** Dylan, just so you know. Nags Head is the only town that collects their own tax. Separate from Dare County. Dare County. So, Dare County cannot tell them what to put their tax rate at.

**Varnell:** So, we are subject to whatever the county decides.

**Garriss:** Any questions for Liliana while she is at the podium?

**Noble:** I am all yours.

**Garriss:** Great job Liliana.



**Noble:** Bring it on David Hines.

**Walker:** We appreciate you, Liliana.

**Garriss:** Great job Liliana.

**Pruitt:** Good job.

**Tillett:** Thank you Liliana.

**Garriss:** Questions for discussion? Keep in mind at our next council meeting May 6<sup>th</sup> as Melody said earlier the draft budget presentation will be made.

**Clopton:** And to confirm the feedback I am hearing; we are going to balance the budget.

**Pruitt:** I would like to see that, and I agree with what Dylan said, if we see something we need to go in, I feel comfortable with the numbers, don't want to go there but.

**Hines:** For me I would like to see a balance without using beach nourishment.

**Clopton:** Correct, we are not talking about that at all.

**Varnell:** No raising, no beach nourishment. We are good.

**Clopton:** Just as we are.

**Hines:** Okay as long as I am clear about that.

**Clopton:** We are good.

**Garriss:** Does that give you and Liliana enough guidance to proceed?

**Noble:** That is exactly what we needed today, now we can move forward.

**Walker:** Do we need to have a public hearing on?

**Clopton:** We would set the public hearing at the May meeting and have a public hearing in June.

**Garriss:** And then vote in July hopefully.

**Clopton:** No. Vote in June.



**Garriss:** No vote in June, that's right by law it has to be done.

**Clopton:** At least by the 30<sup>th</sup> of June.

**Garriss:** All right, any more questions, any more conversation, discussions? Everybody good? Council if there is nothing else, I need a motion to adjourn.

**Pruitt:** Mr. Mayor, I make a motion to adjourn.

**Garriss:** Thank you Jeff. Second?

**Tilllett:** Second.

**Garriss:** All in favor?

**All Council:** Aye.

**Garriss:** We are adjourned.

## 6. Adjourn

The Minutes of the April 16, 2024, Kitty Hawk Town Special Meeting are approved at the May 6, 2024, Kitty Hawk Town Council Meeting.

  
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D. Craig Garriss, Mayor

