

MINUTES
KITTY HAWK TOWN COUNCIL
Monday, June 6, 2011
Kitty Hawk Town Hall, 6:00 PM

AGENDA

1. Call to Order
2. Moment of Silence/Pledge of Allegiance
3. Approval of Agenda
4. Public Comment
5. Consent Agenda
 - a.) Approval of Minutes
 - b.) Revenues and Expenses Report for April 2011.
 - c.) Tax Pick Ups and Releases.
 - d.) FY 10-11 Budget Amendment #4
 - e.) FY 10-11 Budget Amendment #5
 - f.) Acceptance of Contractor for Post-Storm Facility Repair
6. Items Removed from the Consent Agenda
7. Public Hearings
 - a.) Proposed FY 2011-2012 Budget
 - b.) Conditional Use Permit: Application for a conditional use permit to establish a family child care operation (maximum of five children) in a Village Commercial (VC-2) zoning district within the existing residence at 925 W. Kitty Hawk Road
 - c.) Text Amendment: Proposal to amend Section 42-99(b)(7) by establishing more specific standards for the review and approval of conditional use permit applications
8. Return to Regular Session (Council action for Public Hearings)
9. Unfinished Business
 - a.) Text Amendment: Proposal to replace the existing Chapter 32, *Soil Erosion & Sediment Control*, with updated standards and wording from the N.C. Division of Land Resources to make Town standards compliant with current State standards.
10. New Business
 - a.) Capital Improvement Plan for FY 11-12 through FY 15-16
 - b.) Fiscal Year Fund Balance Policy for the General Fund
 - c.) Resolution to Revise Capital Reserves Funding to Include Future Purchase of a Fire Truck, Internet Technology Upgrades, and Park and Trail Improvements
 - d.) Credit Card Policy Revision
 - e.) Resolution Opposing HB 635 or Any Legislation Changing the Current Transportation Funding Equity Formula
 - f.) Text Amendment: Add Section 16-3 to the Town Code
 - g.) Planning Board and Board of Adjustment Appointments
11. Reports or General Comments from Town Manager
 - a.) Update on Sandy Run Park Phase II Project
 - b.) Update on Kitty Hawk Storm Drainage Study
 - c.) New Dare County Park in Kitty Hawk
 - d.) Street Paving Change Order

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12. Report or General Comments from Town Attorney
13. Report or General Comments from Town Council
14. Public Comment
15. Adjourn

COUNCIL MEMBERS PRESENT:

Mayor Clifton Perry, Mayor Pro Tem Gary Perry, Councilwoman Emilie Klutz, and Councilman Richard Reid

COUNCIL MEMBER ABSENT:

Councilman Bateman

STAFF MEMBERS PRESENT:

Town Manager John Stockton, Town Clerk Lynn Morris, Town Attorney Steve Michael, Planning Director Joe Heard, Finance Officer Mike Eubank, Police Chief David Ward, Fire Chief Lowell Spivey, Public Works Director Willie Midgett

1. CALL TO ORDER

Mayor Perry called the meeting to order and welcomed everyone.

2. MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE

Following a moment of silence, the Pledge of Allegiance was recited.

3. APPROVAL OF AGENDA

Councilwoman Klutz added item 11(d) approval of a paving change order and then moved to approve the agenda as amended. MPT Perry seconded the motion and it passed unanimously, 4-0.

4. PUBLIC COMMENT

There was no public comment.

5. CONSENT AGENDA

- a.) **Approval of Minutes - April 11, 2011 Recessed Meeting & May 2, 2011 Regular Meeting.** *(An affirmative vote for the Consent Agenda will approve these minutes.)*
- b.) **Revenues and Expenses Report for April 2011.** *(An affirmative vote for the Consent Agenda will acknowledge this report.)*

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- c.) **Tax Pick Ups and Releases.** *(An affirmative vote for the Consent Agenda will acknowledge this report.)*
- d.) **FY 10-11 Budget Amendment #4** – This amendment will recognize and appropriate a full 100% reimbursement of monies expended by the town for materials to stabilize the protective berm/dune line. Application has been made and funds will be reimbursed by the county at cost for materials purchased by the Public Works Department in the amount of \$6,287 during this current budget year. *(An affirmative vote for the Consent Agenda will approve this budget amendment.)*
- e.) **FY 10-11 Budget Amendment #5** - This amendment will recognize and appropriate a full 100% funding grant in the amount of \$1,020 to the Fire Department from the NC Office of the Fire Marshall and NC Governor's Highway Safety Program. The money will be used for purchase of materials for the Child Passenger Safety Program. *(An affirmative vote for the Consent Agenda will approve this budget amendment.)*
- f.) **Acceptance of Contractor for Post-Storm Facility Repair** – The town received one bid and the Public Works Director suggests council accept the proposal from Sanderling Construction, Inc. as the contractor to repair Town Facilities in the event of an emergency event. The contractual term will be from July 1, 2011 through June 30, 2012. This is a requirement for FEMA reimbursement. *An affirmative vote for the Consent Agenda will approve this bid.)*

Mayor Pro Tem Perry made a motion to approve the consent agenda as promulgated. Councilwoman Klutz seconded the motion and it passed unanimously, 4-0.

6. ITEMS REMOVED FROM THE CONSENT AGENDA

There were no items removed from the consent agenda.

7. PUBLIC HEARINGS

Mayor Pro Tem Perry made a motion, seconded by Councilwoman Klutz to go into public hearing. Vote was unanimous, 4-0.

a.) Proposed FY 2011-2012 Budget

Manager Stockton: *Mayor and council, in accordance with section 159.11 of the North Carolina General Statute, the recommended budget for FY 2011-2012 is hereby presented. As far as the principles considered when developing the budget we looked at the depressed economy, the town services, personnel policies, ordinances, and practices to make sure they*

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are consistent with Federal and State laws. It incorporates the adopted goals, objectives, and financial policies. It incorporates the work plans for the town boards and committees and generally accepted accounting principles are included as stipulated in the North Carolina Local Government Budget and Fiscal Control Act.

The recommended general fund budget totals \$5,819,981. It is a decrease of \$584,062 from our Fiscal Year 2010-2011 budget. A decrease is due to a reduction of revenues. A transfer of \$510,426 from general fund and \$12,500 transfer from the Powell Bill fund will balance the budget.

The property tax rate will remain at 18 cents per \$100 of valuation. Our shared State and local revenues will generate about \$1,977,400 and utility franchise taxes will generate about \$346,500. As I mentioned before, a transfer of \$510,426 from the General Fund balance and a transfer of \$12,500 from Powell Bill will be needed to balance the budget.

The expenditures by function: \$1,632,595 will be spent carrying out the general government functions. \$3,230,386 will be spent on public safety, \$847,000 will be spent on sanitation and environmental services and \$110,000 will be spent on transportation services.

Expenditures by category are: \$3,416,286 will be spent on our personnel and this expenditure includes a 2% step increase for employees, a high deductible health plan, dental insurance, life insurance, longevity awards, contribution to the North Carolina Retirement System, a 2% 401k match for all employees, and an additional 5% 401k contribution for police. In addition, the fire department will be adding one additional part-time fire fighter per shift.

Some other expenditures by category include \$847,000 for our solid waste collection and disposal and contractual chipping. Contracted services are \$76,140 for next fiscal year and \$779,355 for our operating expenses, \$110,000 for transportation services, \$390,200 for capital expenditures. And we have a continuing debt service of \$282,000 which is for the fire house.

As far as restricted funds in the budget, the fund balance in the Powell Bill after February 2011 was \$428,202. A capital reserves fund is established to meet future costs for computers, future replacement of Engine 131, and future construction in maintenance of parks and trails.

As far as Capital Project ordinances, we have a PARTF grant approved in the amount of \$144,890 and a Tourist Bureau grant in the amount of \$144,890 approved to construct Phase II of Sandy Run Park. We also have funds from the Village Multi-Use Path projects which has been transferred to the capital reserves fund for future appropriation.

For discussion with council, we are establishing an emergency fund which will be a part of the budget and this is set up to replace the minimum fund balance target of 70% of prior year

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expenditures. A 3.5 million amount will be maintained for emergency purposes in the event we have a hurricane, nor'easter or something like that where we need the emergency funds to continue to operate.

As far as a balanced budget and recommendation, the proposed budget is balanced in accordance with State Statute. The budget is fiscally sound, the budget addresses the top priority needs of the town, is set at a level to maintain the existing tax rate and the essential service levels. The proposed budget for FY 2011-2012 is therefore recommended for approval by council.

Mayor Perry asked if there was anyone signed up to speak and Clerk Morris replied there was not. Mayor Perry asked if anyone wished to speak to this portion of the public hearing. Seeing no one, he asked for the record to reflect no one came forward.

Councilwoman Klutz asked if the town's shared revenues will be affected by the special district that the Town of Nags Head set up to collect an additional 16 cents.

FO Eubank replied it is his understanding that because it is a special tax district rate it does not impact the shared revenues. However the ad valorem tax increase of 2 cents for the entire town they are considering will affect shared revenues.

b.) Conditional Use Permit: Application for a conditional use permit to establish a family child care operation (maximum of five children) in a Village Commercial (VC-2) zoning district within the existing residence at 925 W. Kitty Hawk Road

PD Heard: *This proposal is for a conditional use permit to establish a family day care operation in a VC-2 zoning district at 925 W. Kitty Hawk Road. The proposed day care would be limited to 5 children at a time. As typical of such uses children would generally be dropped off in the mornings and picked up in the evenings. The applicant stated the anticipated hours of operation would be Monday through Friday 8:00 AM to 5:30 PM.*

As noted in the staff report prepared for the town council there are several criteria that this type of use has to meet in the town. I want to note for the record that one of those is the property must be licensed by North Carolina Department of Health and Human Services, Division of Child Developments. That approval is something the applicant would have to obtain in addition to the town's approval before the use is operated.

The planning board evaluated this proposal a couple of months ago and really the only issue worth considering as far as the proposal went had to do with parking and ascertaining whether or not the site could accommodate the traffic flow with the drop-off of children. The residence in this case (pointing to a map) is a four bedroom house and there is enough room in the driveway to park four vehicles. One of the things we looked at when we went out there was if there was any additional space to accommodate parking for the day care on the site.

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The driveway widens where the parking is noted and staff estimated with the relatively small size of this operation there would not need to be any more than 2 spaces provided for the day care. We went out and physically measured, with the applicant, the area and the width. Even if there are 2 vehicles parked in the manner outlined, there is still eleven and a half feet behind that where vehicles can come and go from the residence itself. It did not appear there would be any issue at all with traffic flow related to this. Of course as you see on the photograph the property abuts Cozy Kitchens so there is plenty of room for turning around and maneuvering for people that would be coming and going from the proposed use. The board did not find any issue with that and at its meeting on April 14th the planning board voted unanimously to recommend approval of the proposed conditional use permit to town council.

Mayor Perry thanked Mr. Heard and asked if anyone wished to speak during this portion of the public hearing. Seeing no one come forward he asked for the record to reflect such.

MPT Perry: *Is that a swimming pool shown on the property?*

Applicant: *Yes.*

MPT Perry: *That is not a problem? It is gated with everything you need to keep children from...*

Applicant: *Yes, we have it fenced in and we have locks on the deck and on the door going out to the... two locks one up high and one down low going out to the pool.*

MPT Perry: *And how long has the pool been there?*

Applicant: *Twenty-five years.*

MPT Perry: *The reason I ask the question is the thing that is going around now is safety on the suction outlet.*

Applicant: *That is a good point. You are speaking of the bottom drain?*

MPT Perry: *I am speaking of the drain yes. A child could get in there and get sucked to the bottom of the pool. Would you look at that to see if we... we want to avoid drowned children. In the Coast Guard I pulled people out of the water and it is not pretty. It is something that concerns me.*

Heard: *The standards that the State and the town have are the ones that relate with the North Carolina Building Code for the fencing requirements in order to keep children or others who should not be in there out. That is the main mechanism we have for looking at that.*

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MPT Perry: *But the age of the pool does not dictate anything about safety of drainage. Is that an issue that we can get into Steve?*

Michael: *I cannot remember what the regulations said when they came out. We looked at them last year and...*

MPT Perry: *I want you to have it. I just want to make sure children are safe that is all I am worried about.*

Mayor Perry: *Does the town have to check the pools to see if they meet the requirements? Who is doing that?*

Heard: *I am not sure and would be glad to look into it and respond to council.*

Mayor Perry: *I was wondering when I saw that if somebody had to be checking those.*

Michael: *They have regulations that apply to all the new pools that are put in for the commercial areas but I cannot remember what it said about existing pools. And I do not think they apply to residential.*

MPT Perry: *Okay. In the future though, it certainly is something for planning and inspections to look at for something of this nature. I am going to go ahead and approve it if it is not a requirement of some sort but I would ask the applicants for the safety of children to please look into it.*

Applicant: *We will look into it.*

Mayor Perry: *Any other questions?*

c.) Text Amendment: Proposal to amend Section 42-99(b)(7) by establishing more specific standards for the review and approval of conditional use permit applications

PD Heard: *Staff recently became aware of some provisions and recent court decisions. We made the planning board aware of this at their meeting on April 14th and talked with them about whether or not some changes needed to be made to the town's ordinance to reflect some of those recent court cases, particularly one in Guilford County. This has to do with the provisions and standards the town has for adoption of conditional use permits. Basically the way some of the court decisions go it notes that the standards cannot be so general they leave the council unbridled discretion in its decision or the courts will invalidate decisions based on those ordinance provisions. Specifically with the case in Guilford County the court invalidated an ordinance stating the conditional use permit must be denied unless the board finds the granting of a conditional use will not adversely affect the public interest. That was*

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the only standard stated for their approval. The wording of it happens to be identical to the current wording of our ordinance and that is what the court invalidated.

In order to have a more legally sound ordinance and provide clear standards for review the planning board has recommended adoption of more specific guidelines. And they would state the town council must make a finding that the proposed use: 1) does not materially endanger the public health or safety; 2) does meet all required conditions and specifications; 3) will not substantially injure the value of adjoining property or be a public nuisance; and, 4) will be in harmony with the area in which it is located and be in general conformity with the comprehensive plan. This specific language, although still fairly general in allowing the council some flexibility, was upheld in another case so the board felt safe in recommending it to you. Again, at its meeting on April 14th, the board voted unanimously to recommend this change to the council.

Mayor: *Thank you. Would anyone like to speak at this portion of the public hearing? (No one came forward) Let the record show that no one came forward. Does council have any questions? Hearing no questions, the mayor asked for a motion to go back into regular session.*

MPT Perry made a motion for the public hearings to be closed. Councilwoman Klutz seconded.

Mayor Perry: *We will take up the first item, the budget.*

Reid: *We had a motion and a second but we did not vote on it.*

The motion passed unanimously, 4-0.

8. RETURN TO REGULAR SESSION (Council action for public hearings)

a.) Proposed FY 2011-2012 Budget

MPT Perry moved that the FY 2011-2012 budget ordinance and documents as presented by the town manager be approved and said budget shall be in effect July 1, 2011. The mayor and the town clerk are authorized to sign the budget ordinance and further moved that the tax rate of 18 cents per \$100 valuation of taxable property be approved. Mayor Perry asked if council needed to take out the registration fee. Councilwoman Klutz offered to make the second for discussion purposes. Councilwoman Klutz seconded and amended the motion to delete from the Fee Schedule under Planning, the "short term business registration fee" of \$10. Delete it from the Fee Schedule. MPT Perry amended his motion to include that. Councilwoman Klutz seconded the amended motion. Mayor Perry asked if there was any further discussion. Hearing none he called for the vote. Vote was 4-0. (Att. #1, FY 11-12 Budget Ordinance is Ord. No. 11-07)

b.) Conditional Use Permit: Application for a conditional use permit to establish a family child care operation (maximum of five children) in a Village Commercial (VC-2) zoning district within the existing residence at 925 W. Kitty Hawk Road

Councilwoman Klutz moved to grant approval of the conditional use permit application to establish a family child care operation in the existing residence at 925 W. Kitty Hawk Road subject to the conditions outlined in the Town Code and compliance with all applicable town and State requirements. Town Council finds that approval of this conditional use permit is consistent with the Town's adopted CAMA Land Use Plan and granting approval is in the public interest. Councilman Reid seconded the motion. Councilwoman Klutz commented that additional child care in the Town of Kitty Hawk is something that is needed and most welcome. Vote was unanimous, 4-0.

c.) Text Amendment: Proposal to amend Section 42-99(b)(7) by establishing more specific standards for the review and approval of conditional use permit applications

Councilman Reid moved to amend Section 42-99 paragraph (b)(7) by establishing more specific guidelines for the review and approval of conditional use permit applications. The Town Council finds this amendment to be consistent with the Town's adopted CAMA Land Use Plan and in the public interest by establishing more comprehensive and legally sound standards for the review of conditional use permit applications. MPT Perry seconded and the vote was unanimous, 4-0. (Att. #2, Ord. No. 11-05)

9. UNFINISHED BUSINESS

a.) Text Amendment: Proposal to replace the existing Chapter 32, *Soil Erosion & Sediment Control*, with updated standards and wording from the N.C. Division of Land Resources to make Town standards compliant with current State standards

MPT Perry moved to amend the proposed sections of Chapter 32 of the Kitty Hawk Town Code updating standards for Soil Erosion and Sedimentation Control. The Town Council finds this amendment to be consistent with the Town's adopted CAMA Land Use Plan and in the public interest by maintaining consistency with State requirements and providing appropriate standards and safe guards for erosion and sediment control. Councilman Reid provided and second and the vote was unanimous, 4-0. (Att. #3, Ord. No. 11-06)

10. NEW BUSINESS

a.) Capital Improvement Plan for FY 11-12 through FY 15-16 - The CIP is an estimate of future Capital Outlay purchases and is contingent upon fiscal year revenues and budget requirements for any one year.

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Manager Stockton said this has been discussed with department heads and is an estimate of future capital outlay purchases. It is contingent upon fiscal year revenues and budget requirements for any one year. Approval of the capital improvements plan is not a commitment of any funds by the council for any future purchases. It is merely a tool by which the department heads and administrative staff can use for future planning expenditures.

Mayor Perry stated as long as it is a plan and not set in stone and asked if there was any discussion.

Hearing none, **Councilwoman Klutz moved for the approval of the Capital Improvement Plan as submitted on this date, June 6, 2011 by the town manager. I further move that no appropriation of funds shall be made for the improvements listed unless so authorized by the town council. MPT Perry seconded and the motion passed unanimously, 4-0.**

b.) Fiscal Year Fund Balance Policy for the General Fund

FO Eubank: *This was going to be put in capital reserves but after running it by our auditor and checking with others, decided against it. Especially with the transition to GASB 54 about the classification of funds and renaming them. A capital reserves fund, by limiting it to emergencies only, would limit it specifically for emergency use only. That amount of money could only be used for catastrophic disaster events which might not be interpreted very well and could be challenged by other councils. They advised us to create a general fund balance policy where we commit the funds of 3.5 million and the wording that we have used is the monies will be taken from available undesignated fund balance. What we show now at the end of last fiscal year, based on last fiscal year's audit is pretty close to 4.3 million. We are going to take 3.5 million of that and by this resolution reserve it and commit it for unanticipated shortfalls. Shortfalls could be due to economic circumstances as well as emergencies. It is all subject to future council action as to what the use of that 3.5 million would be. It is a broader definition and that is why it is not in a capital reserves fund. It is back in the general fund balance policy. However it is going to be taken away (restricted) from total available funds in the General Fund. We are showing that to you on the monthly revenue and expense report. We are dealing with that extra \$500,000. You are still going to see it. It is only going to be a lesser or greater amount but the 3.5 million will not be in that formula anymore. It will be committed/restricted cash in the bank waiting for an emergency or an appropriation as you all determine.*

Klutz: *After a storm event are we going to need to move money out of this fund into the fund balance before the storm comes in order to start right away to clean up or can we reimburse the town after the fact? I am wondering about the logistics.*

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Mayor Perry: *It would be after the fact of the storm because you would not be paying up front in most cases. We have enough fund balance to start anyway.*

MPT Perry: *This money is not held in a way that we cannot use it to run the town without a meeting or council approval first is it?*

Eubank: *Are we talking, again are we talking...*

Klutz: *Not just to operate the town I am talking about...*

Eubank: *You are talking the specific emergency. As long as we are maintaining a 3.5 million dollar reserve and we have not dropped below anywhere close to that in the last three or four years, we are fine. Now for what Councilwoman Klutz has alluded to, that is not going to be any different than what we have been doing in the past. The good news is that you do have the reserved three and a half million set aside that you can tap. Typically what would happen is if it is a declared disaster we are going to continue to use operating funds and available funds out of everything that we have to make it happen. When the event is over and we get our reimbursements back and we are eligible for grant funding, that money will be reimbursed to the town and it will not ding us in regards to these reserved funds. But we will be able to have plenty of cash, well I mean hopefully enough cash reserves, to deal with whatever comes down the pike. Should there be a gap, then I would be here with you explaining we had this much in reimbursed funds and this much was ineligible, we have a shortfall of a hundred thousand dollars and I would like a budget amendment to move from our emergency reserves into general fund. The hundred thousand to cover the shortfall from these reserved funds and you would either approve it or not and in most cases that is what it would be for. So that would not really change much, it is just to cover the shortfalls from a reserved funds rather than general undesignated fund balance.*

Klutz: *Suppose there is a big Nor'easter in the spring and we were getting towards the end of the fiscal year and for some reason we did not have enough money available in the general fund to take care of emergency type operations? It would only be under that circumstance that we have to do something of a special council meeting or perhaps wait until we get the bills to come in at a regular council meeting to make the transfer. That would be about the only time it would possibly happen wherein we would not have enough money available to us to handle what we have to do before making a transfer towards the end of the fiscal year.*

Eubank: *Right. For instance this past year we had the Hurricane Earl event and that was graciously declared a disaster by the President. He had a threshold of \$1,000 on the event which was to me unusual. We incurred fourteen thousand or so in expenses and all of it was reimbursed under that emergency declaration. We were eligible for that amount of money. Had that been what I would say a normal disaster where fourteen thousand is nothing they would never have declared that as eligible and we would have had to stand for the fourteen*

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thousand dollars. At which point in time you would have two choices. If there is enough General Fund balance you could pull it from there but you also now have the option to pull it out of this other fund that we have set aside for such events. If it were fourteen thousand we could have taken it out of General Fund balance rather than the restricted funds.

Klutz: I am trying to determine if it is going to take any special action to respond to an emergency or if we will be able to handle it much the way we have in the past. The only time we would have to meet to pull money out of that fund would be way after the fact when we know we cannot get reimbursed.

Eubank: *Correct.*

MPT Perry: *Thank you for explaining. When I read through it I understood it to be slightly different from what we had talked about at the workshop.*

MPT Perry moved for the approval of the resolution establishing the General Fund Balance Policy reserving 3.5 million as defined and that the mayor is authorized to sign and the town clerk to attest said document. Councilwoman Klutz seconded and the motion passed unanimously, 4-0.

c.) Resolution to Revise Capital Reserves Funding to Include Future Purchase of a Fire Truck, Internet Technology Upgrades, and Park and Trail Improvements

Manager Stockton explained this is a Capital Reserves budget amendment. It is a resolution establishing the capital reserves funding for future purchases of a fire truck, information technology upgrades and park and trail improvements. Approval of this budget amendment will amend the existing Capital Reserves fund to include the transfer of existing funds in the amount of \$140,000 from the Village Path Capital Project for future park and trail improvements, sweeping unspent computer line item funds at the end of each fiscal year for future information and computer upgrades, and continuing to retain existing funds of \$327,623 for purchase of a fire truck.

Councilwoman Klutz requested changing the word "internet" to "information" and then made a motion to approve the Resolution Revising and Amending the Capital Reserves Fund to Include Funding for Information Technology, Park and Trail Improvements and the Future Purchase of a Fire Truck and the mayor be authorized to sign and the town clerk to attest said document as amended. MPT Perry seconded and the vote was unanimous, 4-0.

d.) Credit Card Policy Revision - This proposed Purchasing Card Administration and Usage Policy is recommended to replace and update the existing Credit Card usage Policy adopted in March 2004

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Manager Stockton said this proposed Purchasing Card Administration and Usage Policy is recommended to replace and update the existing credit card usage policy originally adopted in March 2004. Recent web based advances and increased purchasing card acceptance by vendors have provided a more efficient method of purchasing controls and histories for institutional users of purchasing cards services. In late fall of 2010 the finance department began transitioning the town from credit cards to purchase cards through an existing State sponsored contract with Bank of America. Part of the process of review of credit card purchasing and procedures has been instituted that currently reflect the proposed policy changes to the town's specific purchase card program. Under the control of the finance department existing standards of monitoring and control have been created for each department through web based access to all outstanding purchase cards with the ability to immediately monitor and classify individual purchase card activity while increasing security and fraud protection. A future benefit to the town will come in the form of purchasing dollar volume rebates as more vendors are included into the town's credit purchasing profile. The program has been fully operational for six months providing greater detail on credit transactions by employees. Approval of the recommended purchase Card Policy will satisfy the final phase of compliance for the program.

MPT Perry moved to approve the Purchasing Card Administration and Usage Policy. Councilwoman Klutz seconded. MPT Perry stated this kind of safeguard is appealing and appropriate. In this day and age hopefully it will keep the citizen's money used for what it is designed to be used for. **Vote was unanimous, 4-0.**

e.) Resolution Opposing HB 635 or Any Legislation Changing the Current Transportation Funding Equity Formula

Manager Stockton reported he attended an Albemarle Rural Transportation Planning Organization meeting on May 24th and asked to present this resolution to council. It asks the State legislature to continue with the same equity formula for the distribution of transportation dollars that was established in 1989 as a part of the highway trust fund. In particular a concern is about the formula for the distribution of funds for secondary road improvements and Powell Bill funds. Any change to the formula would place more emphasis on population and less on intrastate road improvements whereby affecting the counties of eastern North Carolina.

Mayor Perry said he knew there had been talk of this for a while and wondered if there is any possibility the formula would be changed.

Manager Stockton replied he does not know whether they are planning on going through with it or not.

MPT Perry added he was also at the meeting and Jerry Jennings, district engineer, said if they change the formula we are going to be really cut out of Powell Bill money. The whole

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eastern section has less population than west of us and it will hurt. It will affect what can be done and to that end **made a motion to adopt the Resolution by the Town of Kitty Hawk Opposing House Bill 635 or Any Legislation Changing the Current Transportation Funding Equity Formula and authorize the mayor to sign and the town clerk to attest said resolution. Councilman Reid seconded and it passed unanimously, 4-0.**

f.) Text Amendment: Add Section 16-3 requiring registration and a modest fee for new business owners and operators for conditionally approved businesses

Councilman Reid moved for council to table this amendment until some future time, undesignated at this point. Councilwoman Klutz asked if can be tabled indefinitely. Attorney Michael offered that council can move to "lay it on the table." Councilman Reid said "so move" ("lay it on the table"). Councilwoman Klutz provided a second and it passed unanimously, 4-0.

g.) Planning Board and Board of Adjustment Appointments

MPT Perry said he would make the following motions individually and if somebody is satisfied with the motion to second it and then it will be voted on.

MPT Perry moved to reappoint Don Stallman to the planning board for a term to end June 2013. Councilwoman Klutz seconded and the vote was unanimous, 4-0.

MPT Perry moved to appoint Jeff Pruitt to the planning board for a term to end June 2013. Councilman Reid clarified it is for a regular position and not an alternate position. Councilwoman Klutz seconded and the motion passed unanimously.

MPT Perry moved to appoint Craig Garriss to the planning board for a term to end June 2013. That also is a regular position. Councilwoman Klutz seconded and the motion passed unanimously, 4-0.

MPT Perry moved to appoint Lynne McClean as alternate to the planning board for a term to end June 2013. Councilwoman Klutz seconded the motion. It passed unanimously, 4-0.

MPT Perry moved to reappoint Oscar Northen as Chair to the planning board for a one year term to end June 2012. Councilwoman Klutz seconded and the motion passed unanimously, 4-0.

MPT Perry moved to appoint John Richeson as alternate to the planning board to fulfill the vacant seat caused by moving Craig Garriss for a term to end June 2012. Councilman Reid seconded the motion. Councilwoman Klutz asked for the motion to be repeated. MPT Perry repeated the motion and the vote was unanimous, 4-0.

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MPT Perry moved to appoint Craig Garriss as Vice-Chair to the planning board for a one year term to end June 2012. Councilwoman Klutz seconded and the motion passed unanimously, 4-0.

Mayor Perry asked the Town Clerk if that covered everyone for the planning board and Clerk Morris replied it did.

MPT Perry moved to appoint Gary Muir as alternate to the Board of Adjustment for a term to end June 2013. Councilman Reid provided a second. Councilwoman Klutz asked if that is the correct ending for the term and MPT Perry said he had checked with the clerk. Vote was unanimous, 4-0.

MPT Perry moved to appoint Chris Jenkins as alternate to the Board of Adjustment for a term to end June 2012. Councilman Reid seconded and it passed unanimously, 4-0.

MPT Perry finished by saying each of the people appointed had been contacted to see if they were willing and available to serve.

11. REPORTS OR GENERAL COMMENTS FROM TOWN MANAGER

a.) Update on Sandy Run Park Phase II Project – Manager Stockton said he and Joe Heard met recently with Brian Rubino and Mike Strader of Quible and Associates last Wednesday. The engineers have reported they should have the modification to the CAMA permit and the Army Corps approval within the next 30 days. The geotechnical report has been completed and there does not appear to be any adverse soil conditions that would result in deeper pilings. There should be structural details for the construction drawings within a week. There should be construction plans and a project manual completed by the end of June and then the advertisement of the project will be published by the end of June or the beginning of July. Hopefully the bid opening will be towards the end of July. Based on discussions with the engineers it is still on track and hope for construction to begin in September.

b.) Update on Kitty Hawk Storm Drainage Study – Manager Stockton reported there was a public meeting on Wednesday, June 1st, to discuss the status of the storm drainage study that is being conducted by Albemarle and Associates. John DeLucia discussed several points of the study which included results of the questionnaires, the determination of the study area, the review of prior reports and studies, and the permitting process and constraints. They are now ready to proceed with the design of the preliminary improvements, preliminary cost estimates, and the viability of the solutions with the permitting agencies. Once staff and council have had an opportunity to review the draft of the final results, another public meeting to discuss the report will be planned.

c.) New Dare County Park in Kitty Hawk – Manager Stockton said he, Chief Ward, and Joe Heard recently met with Tim White, Director of Dare County Parks and Recreation.

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Chief Ward had concerns about their ability to respond adequately to complaints at the new park. It was not sure whether a county ordinance covered the hours of operation which can be a factor in enforcing the hours of closure. After discussing the issue with the county manager and Attorney Michael it was determined a letter from the county designating the town as an agent of the county would provide the authority to enforce the hours of use.

d.) Street Paving Change Order - Manager Stockton said this item came up on Friday and is needed for closing out for the end of the fiscal year. There was a change order authorized with Barnhill Contracting Company. Originally council approved the contract with the ability to pay up to \$5,000 for additional work. The Public Works Director had additional work done which amounted to \$7,057.40 and exceeded the \$5,000 amount. A motion to approve the change order for that particular project is in order.

Councilwoman Klutz asked about the extra work that was done.

PWD Midgett said there was additional paving at Balchen Street.

MPT Perry made a motion to approve the paving change order to Barnhill Contracting Company according to a memo dated 6-3-11 as presented to town council this evening. Councilwoman Klutz seconded and it was unanimously approved, 4-0.

12. REPORTS OR GENERAL COMMENTS FROM TOWN ATTORNEY

Attorney Michael said he did not have anything for council tonight.

13. REPORTS OR GENERAL COMMENTS FROM TOWN COUNCIL

New Dare County Park in Kitty Hawk - Councilman Reid he wanted to bring up one item for the benefit of the public. Kitty Hawk staff has been receiving phone calls about this park and wanted everyone to be aware they will need to call Dare County. Perhaps staff could put it in the newsletter and on the website to make sure it is very clear who to call at the county offices.

Councilwoman Klutz said she knew the police department was going to enforce the hours but what about other criminal activity.

Chief Ward said they will take care of any disturbances. Their main concern was the hours and the skateboard park. Making sure everybody was out at the right hour.

Joey Monroe and Leroy Williams - Councilwoman Klutz extended council's condolences to the family of Joey Monroe (passed away June 2, 2011). Joey was such a supporter of that skate park and she is glad he was able to see the beginnings of it. Much of what is in the park is something that was near and dear to Joey's heart and he worked very hard to make it

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happen. Another thing Joey helped with was the Heritage Day event. He was always there doing the work that needed to be done to set up and close up. To quote him, when it came to the end of the day, he would say, "you mess it up, I'll clean it up." He was a fine man and a big loss to the Town of Kitty Hawk.

Mayor Perry agreed and brought up the passing of Leroy Williams (May 17, 2011). He was a previous fire chief in the Town of Kitty Hawk and he served on the USS Kitty Hawk. Both of them will be missed.

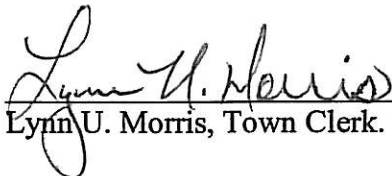
14. PUBLIC COMMENT

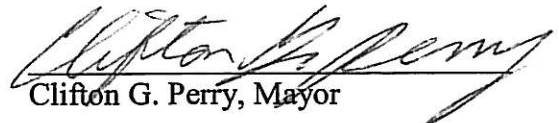
There was no public comment.

15. ADJOURN

MPT Perry made a motion to adjourn, seconded by Councilman Reid. Vote unanimous, 4-0. Time was 7:04 PM.

These minutes were approved at the *July 5, 2011* Town Council meeting.


Lynn U. Morris, Town Clerk.


Clifton G. Perry, Mayor