

**MINUTES  
KITTY HAWK TOWN COUNCIL  
RECESSED MEETING  
Monday, March 11, 2013  
Kitty Hawk Town Hall, 9:00 AM**

Agenda

1. Call to Order
2. Approval of Agenda
3. FY 13-14 Budget Discussion
4. Adjourn

**COUNCIL MEMBERS PRESENT:** Mayor Clifton Perry, Mayor Pro Tem Gary Perry, Councilman Ervin Bateman and Councilman Richard Reid

**COUNCIL MEMBERS ABSENT:** Councilwoman Emilie Klutz

**STAFF MEMBERS PRESENT:** Town Manager John Stockton, Town Clerk Lynn Morris, Attorney Steve Michael, Planning Director Joe Heard, Finance Officer Charlene Allen, Police Chief Joel Johnson, Fire Chief Lowell Spivey, PW Director Midgett and Management Assistant Melody Clopton

**1. Call to Order**

Mayor Perry called this recessed meeting to order at 9:05 AM.

**2. Approval of Agenda**

**MPT Perry “so moved” for approval of the agenda. Councilman Bateman seconded the motion and it passed unanimously, 4-0.**

**3. Fiscal Year 2013-2014 Budget Discussion**

**Stockton:** *What I want to do this morning, on a very preliminary basis, is talk about some concepts we are faced with as far as the budget is concerned for next fiscal year. I have received requests from the departments and we have put those into our documents. Bear in mind what we have received thus far is basically a wish list from the departments because we do not know on the revenue side what that is going to look like. If there are any questions as we go along please interrupt me.*

*As far as the format of the budget I want to make sure everyone is okay with it. I think last year we had a little change by adding a table. Basically there is the budget message, budget ordinance, general fund revenues and expenditures. Then there are the departmental budgets, budget development calendar, council goals and work objectives, financial policies, board and committee work plans, position classification and salary scale, schedule of fees, a table for capital expenditures, a table for approved positions, longevity bonuses, a list of the retiree health insurance, separation allowance and retiree life insurance.*

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*There was discussion last year about revising the pay plan and we want to revise it about 2%. Also proposed is a 2% step increase.*

**Mayor Perry:** *What are you talking about revising the pay plan?*

**Stockton:** *The minimum and the maximum salaries will go up in the pay plan.*

**MPT Perry:** *You are talking a pay adjustment. There are two things. Pay adjustment and step increase. When I read "revised" that meant to me a whole new pay plan.*

**Stockton:** *No. What I am talking about is the pay plan that is in the budget and shows the minimum and the maximum salaries. We want to adjust that upward.*

**MPT Perry:** *By 2%. So you are not changing the pay plan as it exists. You want a 4% raise basically.*

**Stockton:** *Basically we are asking for a 4% increase. As far as benefits go we are proposing to maintain existing benefits which include the retirement, health insurance, life insurance, 401k, vacation leave, sick leave, holidays, petty leave, longevity awards and the education benefit. I listed the proposed salaries and if you look down the list you will see there are actually some decreases. We had a couple of people retire and that is one of the reasons for the decrease. Overall we are looking at about a 2.9% overall increase in personnel. That would be salaries and benefits.*

*Under contracted services for next year there is not much of a difference than this year. Environmental services is basically our solid waste collection and disposal cost. There is an increase of \$68,428. We have had an increase in disposal cost and collection and we applied a CPI, Consumer Price Index. We also felt it was probably a little short this year so we beefed it up to try to be more realistic in terms of the expenditure for that.*

**MPT Perry:** *I had an email that asked how Kitty Hawk came up with \$50 per half pickup truck load for C&D for Southern Shores and Duck. I responded we did not. Was I correct in saying that?*

**Stockton:** *That is right. Duck and Southern Shores proposed the \$50 fee and I was not going to argue.*

**MPT PERRY:** *I looked at the fee and wondered who in the world is going to pay that.*

**Stockton:** *If somebody from Southern Shores and Duck asks why we are charging that amount they need to talk to their prospective managers. We feel like that should cover our disposal and any administrative costs that might be incurred.*

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*Comparing this year's operations segment of the budget with what we are proposing for 2013-14 you will actually see there are some reductions from \$833,985 to \$809,944. A decrease of \$24,041 in operations. My compliments to the department heads for trying to keep their costs down in terms of operations. We continually look at this portion of the budget.*

*Transportation is under public works and is basically our Powell Bill money. From this year to next year we are looking at dropping it back to \$100,000. A decrease of \$45,600.*

**MPT Perry:** *Is that in anticipation of a decrease from the state?*

**Stockton:** *No. We have heard about the legislature thinking about doing away with the Powell Bill funds.*

**MPT Perry:** *We have heard that before. What is this based on?*

**Stockton:** *It is based on what Willie has planned for street overlay and maintenance.*

**Midgett:** *And we had more last year because of the stormwater study.*

**MPT Perry:** *But you are planning to get this from the state?*

**Midgett:** *That is what we plan our budget on, yes sir.*

**MPT Perry:** *We all know that something might happen.*

**Mayor Perry:** *But there is no plan that we know of from the state. What they are going to do.*

**Stockton:** *We do not know. I guess if they eliminate Powell Bill funds then we will not have a line item for transportation for street maintenance and overlay.*

**MPT Perry:** *We have to rethink where we are going to get it from. We still have to do maintenance but we may have to pull it out of somewhere else.*

**Mayor Perry:** *The thinking was to turn over all streets to the towns and counties.*

**Midgett:** *Right now the counties do not have any roads.*

**Mayor Perry:** *Right. But they did have all the roads and turned them over to the state.*

**Midgett:** *Then the state started the Powell Bill fund and gave them to the municipalities. The last word I heard is they want to base it on population which will hurt us a lot because our population is no indication of how our roads get used during tourist season. The League said they would fight that battle. They understand how the tourist areas are in the summertime. It is*

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*enormous and taxes the roads. Hopefully it will not be too bad but I think it is coming eventually. I do not know if it will happen this year but it is coming.*

**Stockton:** *The next category is capital and includes equipment and vehicles. We are looking at an increase from \$351,049 to \$907,957. We included \$600,000 under the fire department budget. We will have that in capital reserve. That would be on the revenue side. We would have the \$600,000 to pay for the new engine in the fire department.*

**Mayor Perry:** *How much is in that fund now?*

**Stockton:** *\$475,000 I think.*

**MTP Perry:** *Did we actually put \$191,000 in last year?*

**Mayor Perry:** *Or \$130,000. We had been putting in \$150,000.*

**Bateman:** *Wasn't there something else though?*

**Mayor Perry:** *At the end of the year it seemed like we did a little bit less.*

**Stockton:** *That included breathing apparatus for \$17,000, thermal imager for \$11,000, ocean rescue vehicle \$33,000, engine replacement \$123,000 and replacement of pressure governor, \$7,000.*

**Bateman:** *It was a whole lot of stuff because I remember we were ...*

**Stockton:** *Yes sir. We did cut back on the amount for the reserve for the engine.*

**MPT Perry:** *So the \$632,000 is a figure for everything.*

**Stockton:** *That is everything under capital.*

**MPT Perry:** *Not just a truck?*

**Stockton:** *No.*

**MPT Perry:** *Now I am okay.*

**Mayor Perry:** *The truck is only about \$200,000 isn't it chief?*

**Spivey:** *I think that will get us a cab and chassis.*

**Mayor Perry:** *Do you have an idea what the price is?*

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**Spivey:** *The truck we are looking at right now for the needs of the town is probably going to come in somewhere around \$525,000. And then we have \$75,000 budgeted for equipment that needs to go on the truck. We have some equipment we will try to pass down to it also.*

*In the capital outlay is the breathing apparatus. We are still buying three a year to meet OSHA and Department of Labor standards for firefighters. It also includes bottle replacement every fifteen years. By doing it this way it is about \$17,000 a year instead of needing to replace thirty-five air packs and 70 bottles all at once. This way levels things out. By budgeting it every year you know about what it is going to cost for fire service.*

**Mayor Perry:** *So you are looking at like \$525,000 for the truck itself.*

**Spivey:** *That is what I am hoping. I am having a hard time finding trucks that are similar with a rear pump and we are looking for a way to try to piggyback somewhere. All of the dealers and salesmen are calling wanting to know ... they monitor this and they want to know when we are going to have the money. But looking at what is going out and prices that is what I am thinking the actual truck is going to cost. I was explaining to the town manager and finance officer earlier that when we bought the Smeal aerial we had an opportunity to pay for the cab and chassis up front. I do not remember the actual dollar savings but we did explore it and chose to do that. All the manufacturers now offer that.*

**Mayor Perry:** *When you got the aerial you went in under Charlotte's contract.*

**Spivey:** *We piggybacked and we also saved some extra money by paying for the cab and chassis up front. I have told them all that I would prefer to have a Spartan cab and chassis but we are looking for the best bang for the buck. If you can go out and build a custom cab and chassis and bring it in then we will certainly explore it. I am not looking for any manufacturer or any brand right now.*

**Stockton:** *Under capital in public works there is an increase from \$64,866 to \$159,647. I am proposing we budget \$106,647 under public works for a match in the event we get the Clean Water Management Trust Fund grant. Or if we can budget some monies in there we could perhaps proceed with some of the storm drainage improvements that we have been talking about. As you know we have been flooded again between the highways and I am starting to get visits from people asking what the town is going to do so I am recommending we try to budget funds.*

**MPT Perry:** *And I agree. We need to start getting money together just like we are doing for the fire truck. At least have it ready because you are not going to get a Clean Water grant. It is not going to happen. We do not meet the criteria that you and I both know they want. Plus they are cutting back on that fund.*

**Mayor Perry:** *And you have to have the engineering completed before you can get money for it. Have you heard anything from CAMA, what they are ...*

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**Stockton:** *No, we have not received the final permits for that. Just to summarize everything, personnel, contracted services, environmental services, operations, transportation, capital, we are looking at \$6,448,843 for the upcoming fiscal year. For fiscal year 2012-13 it is \$5,788,749. As I mentioned before that increase includes the pay plan adjustment and a step increase. A 2.9% increase overall for personnel, contracted services about the same, an increase in environmental services, a decrease in operations, transportation offset by the Powell Bill funds, the \$600,000 in the capital offset by the capital reserve account and I am proposing the \$106,647 in capital be offset by the Powell Bill fund.*

**Bateman:** *Back on page 3 under salaries you have an increase in police and an increase in fire. Is that from two additional positions? Is that adding another position on each one?*

**Stockton:** *No. There is no increase in positions. It is a step increase, benefits and a pay plan adjustment.*

**MPT Perry:** *Does it include some people on retirement or is that active employees?*

**Clopton:** *It includes active and retirees.*

**MPT Perry:** *Because we have additional retired people it is going to increase that figure also.*

**Stockton:** *That was included in the cost.*

**MPT Perry:** *That is all I am asking. That is where your numbers are coming from.*

**Bateman:** *And that is where your 2.9% comes from.*

**Reid:** *On page 4 under contract services the Board of Adjustment is almost double. What is causing that?*

**Stockton:** *We bumped up the legal fees for Board of Adjustment in anticipation of another challenge. In other words we had the situation this year where we had to use some legal fees on Winks when it came before the Board of Adjustment. There was an attorney for the board and the town attorney represented the town.*

**MPT Perry:** *Go back to the 2% adjustment. You are asking for a 4% overall increase and I am not sure any of the other municipalities ... most of them have been frozen now for several years. But I do understand the pay adjustment. It is needed to keep the scale in line with inflation. I am not sure that I am willing to go 2% and 2% but we might need to adjust it. You get your pay adjustment and move your scale giving some increase to reflect reality. Does that make sense? One percent, one percent or something like that? I am throwing this out for you to think about.*

**Bateman:** *I am open-minded about it.*



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**Mayor Perry:** *I do not think ... if we compare it to what everybody else around us has done I do not think we fell behind in the last few years with our 2% each year.*

**MPT Perry:** *Well yes and no. You have not fallen behind in the sense that the employees have been given a raise when others have not but you have fallen behind in the adjustment of the pay scale overall.*

**Mayor Perry:** *I understand what you are saying about doing half and half.*

**MPT Perry:** *In order to keep the scale somewhat moving.*

**Stockton:** *Would it be of any benefit to do a comparison of pay scales with the other towns? Compare our starting and ending salaries with the other jurisdictions.*

**Bateman:** *That is how we got in this trouble in the first place I think.*

**MPT Perry:** *It is awfully early in the process. I do not have a feel for what this year's economy is going to do to us. Hatteras Island. Folks, Hatteras Island is in trouble. I am on the Tourist Bureau and I see a lot of things you may or may not see and if they represent 30% of the Occupancy tax for Dare County, and that is what I have been told, that 30% is just about to go away if something does not change. When you look at that and then you figure the sales are somewhere on that same revenue avenue, we need to know more about where the economy is going before we start jumping in here whole ...*

**Mayor Perry:** *Yes. We are way ahead of knowing what we are looking at ... in all the categories. Sales tax and Occupancy. You know there is a little bit more building going on than there was last year and that helps the sales tax if they are buying in Dare County. It will probably be May before we can even look at that.*

**MPT Perry:** *There is a meeting of the Tourist Bureau next week and I will have a better feel for what the realtors have and what to expect and I will certainly pass that on to you. I am anxious to see what they come up with.*

**Bateman:** *All last year all I heard was the fact that we are having the greatest year we have ever had in business. I, personally, and the business people in South Nags Head and Hatteras Island, did not see that and the Tourist Bureau director was saying it was a fantastic year. Are they still saying we are having the greatest year we have ever had?*

**MPT Perry:** *As of the last meeting that has tempered to a more real factor. They are beginning to realize that the numbers the county gives them are delayed numbers. Sometimes people do not pay on time so you might get one month that is better than another month because the receipts do not come in in a timely fashion. Everybody is beginning to temper the numbers and the great outlook they had with a more realistic look. Like the numbers kind of show something that*

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*maybe is not real. And so it is being looked at a lot closer and differently. I think you will start seeing it being reported in a more realistic fashion. The Tourist Bureau is a different animal from what we are doing here.*

**Mayor Perry:** *They are looking at the income as far as bookings and last year they were booked ahead more than they were the year before. Tourists are what have kept us afloat basically. They have come but did not spend the money like in years past. But they came.*

**MPT Perry:** *What happened during Hurricane Irene is people got shut out of Hatteras, got their money back and brought it up here. It was almost a double dip situation where the county got money twice because the money that came in through the insurance, taxes were collected on it. I asked that question specifically. Taxes were collected on that same money so it looked better than it was. Does that make sense?*

**Bateman:** *Sure.*

**MPT Perry:** *Last year we had some other problems and it did not work out that way so it has tempered down and this year ought to be interesting with what is going on because everybody knows there are problems with NC 12. I do not know where it is going. I do not mean to hold this up but we are way into the early part of where we think our economy is going that is for sure.*

**Stockton:** *Somebody suggested that perhaps because of Hurricane Sandy hitting the beaches up north we might benefit.*

**MPT Perry:** *There is a lot of speculation. I don't know the answer.*

**Mayor Perry:** *They just got beat to pieces up there again. Some places actually are worse than before.*

**Bateman:** *I call around every Sunday afternoon to ... I call them the Big Four Realty companies ... because they can help me judge what kind of business I am going to do for the week. I was trying to judge the Taste of the Beach which is this weekend coming up and St. Paddy's Day weekend. Find out how many bookings they have. What the folks have told me is the smaller cottages, the ones that are three thousand dollars and less, are booking like wildfire. They are 70 some percent up in comparison to last year but the cottage of the \$6,000 to \$25,000, especially up north, they are not booking in the mad dashes like they were in the past. People are still coming to the Outer Banks but they are not going to spend that big money. They are still going to enjoy the thrills of the Outer Banks with a smaller cottage. I hope that that is going to change but ...*

**Mayor Perry:** *That is one of the things we have been afraid of with the big cottages to start with. What is going to happen down the road with the big cottages?*



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**MPT Perry:** *It affects even worse. Ernie Foster on the Tourist Bureau comes up from Hatteras and he said last year the tourists came down and rented a cottage and said they would go to the beach but not go fishing and that is what happened. Basically his business suffered. They were there but they just did not spend money and you are going to see more of that.*

**Mayor Perry:** *And some will cook in rather than go out to eat in restaurants and so on and so forth which affects us in a way.*

**Stockton:** *The fact that we have smaller cottages could be more desirable then.*

**Bateman:** *To expand on what Gary said a while ago about Hatteras, I have two employees that live down there. We have been open since last Thursday and they have not been able to get to work which means they are still eligible for unemployment benefits. They cannot come to work. It is tough on those folks down there. The businesses that are down there that would have had a good weekend like we did at the Creek did not have a weekend at all because no one can go there. They cannot go to Ocracoke unless they go to Swan Quarter. We have these double whammies coming at us. As far as the Tourist Bureau dollars I will tell you this. There was about an 11% cost increase last year across the board on purchases on the Outer Banks. Those are the numbers I have. Everything you bought on the Outer Banks, the restaurants, the things you went to the grocery store for, was up about 11%. That reflects on the amount of dollars being taken in. So there is a 10% increase in sales automatically but you haven't made any extra money because it cost you 10% more.*

**MPT Perry:** *And that is why the Tourist Bureau numbers sometimes get skewed. It looks better than it is.*

**Stockton:** *As I mentioned before these are preliminary estimates and we will have to wait until we get a better feel for the revenues to know exactly where we are going. At this point in time Charlene is going to come up and talk about the revenue neutral tax rate. We are going to get an idea of that. It is preliminary but we did want to go over it and discuss it with you.*

**Mayor Perry:** *It is interesting knowing and it will probably be May before you can really have any figures to rely on. I doubt you are going to get figures from the county for ad valorem tax before May. You might know in April but it will probably be the last part of May. My suggestion is to figure exactly what we budgeted last year for ad valorem tax. Budget that in your preliminary budget plus all of the other taxes and not focus on this particular thing until we get the final figures. Then it will be up to us to decide where we go with revenue neutral and how we do it. That is just my opinion. Use the figure you had last year for revenue and later we will determine what the rate is.*

**MPT Perry:** *This is new to me. I do not want us to make more money this year than we made last year however we figure that in.*

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**Mayor Perry:** *And that is using the same figure we had last year. Like I said at the end we will have to determine what we will spend and how we are going ...*

**MPT Perry:** *What Charlene and John have done is helpful. We have gone through a period that has been unprecedented in our lifetime. An extreme high to an extreme low and I do not know how you can average any of that out which is where I come from in saying if we made two million dollars for this particular fiscal year then I would not want us to try to make more than that next fiscal year. At whatever rate that comes to.*

**Bateman:** *Coming over here I was talking to a town resident and he said his house has dropped a hundred and twenty-five thousand dollars in value. He told me not to go to the meeting and just because the rate is going to be different try to sneak in another cent or two cents in on him. He said he knows how towns operate and things have been tough the last few years and the town has not made the money we want to make. That is a pretty wise statement and I do not want to do that kind of thing. I want to make sure we stay kind of where we need to be and we also need to understand these people have taken a big hit. I know I took a big hit on my house and this guy in Kitty Hawk Landing really took a big hit. He got smacked.*

**Stockton:** *That is assessed value. It is not the value of your house.*

**Bateman:** *I know but the perception is that when you get that bill in the mail that is what your house is worth now. I hate to tell you when they do the comps, I am not a realtor, but all of a sudden there are people making offers on houses with assessed values of \$325,000 and it was \$475,000 before and make an offer of \$375,000.*

**Stockton:** *You talk to realtors you get different opinions too.*

**Bateman:** *These figures matter to a lot of people.*

**Reid:** *My wife started instantly complaining to me. I got a lot of flak over the assessment. My house went down 25% and my vacant lot went down almost 40%. I am not planning to sell it right at the moment but it will take time for that to come back up to what it has been. I know it was a false figure. I watched it and it went up double, triple and I thought this is crazy. I think the thing that frustrates me is that irrespective of that we have to run the government. It takes a certain amount of money to run this town. Every year the income drops. We have done nothing in seven years that I have been on this council but cut, cut, cut, cut. We have not been extravagant and I feel like, again, we have been penalized because of that formula. Now we are being penalized because of the assessment. I am frustrated and do not know what to do but we have to have "X" dollars to run the government. Where do we get them? We cannot get grants the state is not going to help us or the federal government. All we can do is adjust the tax rate and then we have all of the citizens upset with us. I do not see any way around it.*

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**Mayor Perry:** *How about all of those people that are down 50%. They are going to pay twice as much. Some people are going to get taxes raised if you hold revenue neutral and some people are going to get taxes raised almost double. Some people are going to get taxes lowered a little bit so how do you ... if our tax rate goes up to whatever it is then they are going to be really taxed. Their taxes are going to go way up and then somebody that is at 26% should be fairly close to being the same as it was before. There is no way of getting everybody to revenue neutral. It is going to be according to how much they lost value.*

**MPT Perry:** *The only way we can run the town is to adjust the rate to reflect the amount of money we need and we are hoping we can maintain the services and pay at what this fiscal year is. And then individuals, like he has just described, are going to have to pay whatever that is.*

**Mayor Perry:** *We cannot change that.*

**MPT Perry:** *No we cannot but they are going to have to figure out a tax rate that gives us the same dollar amount and we are going to have to accept it. Individuals like you just described are going to have to accept it. I had one person tell me his valuation is still too high and he could not sell it for that. He may appeal. We do not know how many people are going to appeal.*

**Stockton:** *I have heard other people say it may be 2% instead of 5%.*

**Mayor Perry:** *This could be totally different from last time because it went up and everybody complaining got their assessment lowered some. This time we have as many people grumbling about it going down as we do going up. Talking about it now is just way before time.*

**Stockton:** *Charlene handed out a sheet and I will make a point later after her presentation. It has the revenue neutral tax rate calculations. At the bottom of the page it shows the current ad valorem tax revenue is \$2,821,137. That is the target amount.*

**Mayor Perry:** *And that is what I was recommending you use to start out with in your budget. Work from that and then in May we will have to make a determination once we have all the final figures. Before then we really cannot.*

**Allen:** *Good morning. Thank you for giving me the opportunity to go over the information with you. I want to emphasize this is preliminary. This is all preliminary and I have a couple of bullet points I want to go over for the revenue projections. Our current collection rate for ad valorem is 97% as of the end of January. I talked with the county last week and it is around 97.5 as of the end of February. It has increased some. It is basically the outstanding collections for accounts receivable for taxes. They have had some Chapter 11 filed bankruptcies for some of the big houses and due to the economy. There have also been people that typically do not pay until the very end of the year. Dare County staff is starting the collection calls and going to people's homes to put notices on their doors. They anticipate a 99% collection rate by June 30 but this is where we are now. We are shy about \$86,000 on those taxes.*

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*The Land Transfer tax is currently around 45.89% of the budget and is around \$17,000 under budget. However in April we will have the third quarter revenue numbers and I feel like I will have a better projection for you then. It is early to tell but I wanted to put that out there. I would rather show you these figures than come back in April and May and say we are going to be short this much. Building permits are down around 43.79% and we are projecting \$23,000 under budget. We are monitoring those closely to see what comes in but in April I will have the third quarter results and be able to provide that for you.*

*With regards to the revenue sharing formula Dave Clawson with Dare County always puts this together and shares it with us. Based on our tax levy and our tax rate these will fluctuate. The Sales tax is at 3.52% and Occupancy is 12% out of the 100.*

*I was in Raleigh last week and there was mention of the Sales tax being the weakest point and I think they said that the weakest point for Sales tax is a 2.3% annual growth and then 3.7% is the highest but everything can change and this will be updated as we see what other towns are doing.*

*Determining the revenue neutral tax rate comes straight from General Statute 159-11(e). (1) determine a rate that would produce revenues equal to those produced for the current year; (2) increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to growth since the last reappraisal; (3) adjust the rate to account for annexation, de-annexation, merger, or similar event.*

*This is a basic calculation and I know we just talked about utilizing the figures that we currently have budgeted and that is my goal. To stay where we are, I am on board with you. We have the tax base which comes from what Dare County has given us. However this will change. They are anticipating giving us updated figures in April. That could go on into May and that is what they call their revised figures. They will still be holding hearings and those types of things. There is an exemption in there for elderly and disabled that will also change. What is shown is the figure from last year and is all subject to change. The reserve for appeals is 5% and is what most municipalities and Dare County also use for appeals. It is an unknown. We do not know what that is going to be and you can see I have in there the collection rate and what we have budgeted. Then I have put 31 cents based on a 98% collection rate. The annual growth for that particular calculation is just over the last six years. It went from 2.5% growth all the way down to .24%. It was 2.5, 2.45, .75, .86, .67, and .24 and of course when you average all those you get around 1.25% so that is the annual growth rate.*

**Mayor Perry:** *So .24 would have been last year?*

**Allen:** *Yes.*

**Mayor Perry:** *And to clarify, we cannot figure in our budget any higher tax collection rate than what actually is at the end of June.*

**Allen:** *That is correct. It is actually when you adopt your budget. If you decide to adopt your budget on June 1<sup>st</sup> whatever your collection rate is at that time is what you have to use. You cannot go higher.*

*The pie chart shows what the taxable values by property type is. When I did this slide I ran out of room after "condominiums" so the orange 6% on the chart is actually commercial. If you want to add below condominiums "commercial" it is the orange color at 6%. This is the percentage of type of property we have in town. That gives you an idea. The bulk of it is non-influenced parcels that we have. There is also information available on what the percentages were. For example the oceanfront, as far as a decrease in the percentage of value, the oceanfront was 26%, the ocean influence was 25%, the sound was 28%, and non-influence was 24%, condominiums was at 14%, and commercial was at a 33% reduction, decrease in value.*

**MPT Perry:** *A non-influenced is anything that is not say east of 158 or directly on the sound side.*

**Allen:** *That is correct. And the county just recently gave us specific addresses and the values. We do have that available if you are interested in coming in and we can go over it with you. I did one comparison of the new values on the ocean influence residence and I have more examples if you like. This is basically an ocean influence and the value is \$400,100. The percentage decrease there was 25% and the new tax value came to \$300,075. If you look at a tax rate of 20 cents on that value it would be \$801. Then estimated at 32 cents it is \$961. A difference of \$13 a month. The next slide shows you how I calculated that and anybody could take their value they had before and the current value and come up with the calculation.*

*The percentage of change is you subtract the new value from the old and get the difference. Divide it by the original and you get the percentage. The 32 cent figure used is the highest that I think we would need to use.*

*Dates to keep in mind include February 25<sup>th</sup>. If you have not received your notice it was sent out on that date and you will need to contact Dare County to get that. March 28<sup>th</sup> is the day they project all appeals to be in to Dare County and they will begin the appeal process. They are anticipating the first week of April is when we will receive a revised tax base due to the appeals. We are not sure how that will all pan out as far as the dates there.*

**Bateman:** *The comparison you did on the ocean influence residents reiterates and backs up what I was saying about the average person out there in the town who is going to say the value of his property has dropped but his taxes have increased. That is why we have to be really careful.*

**Mayor Perry:** *The town's average, overall, is 26%. Is that right?*

**Allen:** *Yes sir. That is according to the figures we received from Dare County. That will change possibly based on appeals.*



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**Mayor Perry:** *The other factors are what changes that because I had figured what the 26% decrease overall would be. What it would take to generate that and it did not come up anywhere near your 31 or 32 cents.*

**MPT Perry:** *I understand what you have given us and the 1.25%, I was going to ask you where that came from, so thank you for explaining. It is helpful. It is too early but it is helpful and at least it helps me explain to people when they ask me.*

**Stockton:** *I have a question for council. We have scheduled another workshop for the 23<sup>rd</sup> of April. If you feel that is too early we could change it. We have another one if needed scheduled in May if you wanted to wait until then.*

**Bateman:** *I personally would like to have as much information as possible when we come back. So the latter ...*

**MPT Perry:** *I'm good.*

**Reid:** *I cannot be here for the April meeting but I will be here for the May meeting.*

**Mayor Perry:** *You have to have a budget by the first of June presented to us is that right?*

**Stockton:** *The schedule is to present a recommended budget on May 28<sup>th</sup> then a public hearing on June 3<sup>rd</sup> and possible adoption but it can be extended out.*

**Mayor Perry:** *By the first of June you have to have one. I do not see us being able to make any real good decisions before the last part of May. Towards the end of May.*

**Stockton:** *On June 25th we had tentatively scheduled a recessed meeting in case you want to wait until the end of June to adopt the budget.*

**Mayor Perry:** *Something I talked about with you was the one full time position in the police department that has not been filled for a while. Is it still in the budget?*

**Stockton:** *No. We did not budget for it.*

**Mayor Perry:** *Does it still exist?*

**Clopton:** *It is my understanding it is a fulltime position just unfunded at this point.*

**Mayor Perry:** *What keeps it there? What do we have to do if we want to take it out? Is it in personnel?*



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**MPT Perry:** *Here is the issue. You may have a new council next year and if the position is needed in the future it should be justified. Otherwise, at this point, it is not justified and should therefore be removed. What the mayor is asking is if it is on the books we want to take it off the books and let it be reviewed should it be needed in the future. How do we do that?*

**Stockton:** *We will find out. If we need council action to do that we can bring it before council.*

**Mayor Perry:** *Take it out now and if you need to put it back in you can put it back in with another council action. That is what he is saying. How many vacancies do we have now in the department?*

**Johnson:** *Not filled positions?*

**Mayor Perry:** *Not filled right now.*

**Johnson:** *Two that we are waiting to hire. One is Chief Ward's position and the other one was Trey Piland's position.*

**Mayor Perry:** *Those two are still vacant?*

**Johnson:** *We have identified some candidates and are waiting on the paperwork from Raleigh. One we started off with base pay and the other one just a little higher because he has experience and it saves us money in not having to train him. My goal is to hire younger police officers because not only does it save money but we get to mold them like we want and they tend to stay longer.*

**Mayor Perry:** *What we are talking about taking out is the vacant position and then if you have to have it then come back to council at some point. Evidently it was working without that position according to Chief Ward.*

**Johnson:** *I understand I would have to justify it and I understand the standing on that now.*

**Mayor Perry:** *All right. Anything else?*

**Stockton:** *Did everyone get the notification about the Secretary of Transportation being at the Dare County Administrative Building this evening between 5 and 6 o'clock? My understanding is they are going to talk about NC 12 south of here.*

**MPT Perry:** *I think you are right. I got that impression but it might be a place where we can get a word in on NC 12 north.*

**Stockton:** *That meeting is for public officials and the meeting between 4 p.m. and 7 p.m. is for the public if I am not mistaken.*

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**MPT Perry:** *And there will be another meeting that is going to happen at some point because John has really stirred it up about the Comprehensive Transportation Plan.*

**Stockton:** *They were not proceeding logically as far as I was concerned.*

**MPT Perry:** *Did any of the other participants object to it?*

**Stockton:** *I do not think they really objected but they did not say yes. They did not say they approved of it. I think the young lady from Dare County said she had to go back to her board and get approval before she could say anything and I think everybody else was pretty much in agreement with her.*

**Mayor Perry:** *The last plan that was prepared we never adopted. We only accepted as receiving it. We never adopted it because there was too much stuff in it that created a problem.*

**MPT Perry:** *This time they were saying if you don't take our way they will take the highway.*

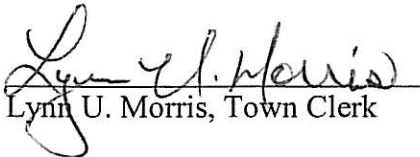
**Mayor Perry:** *You go on the bottom of the list.*

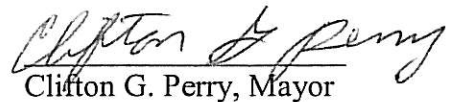
**MPT Perry:** *Right and that is no good.*

**4. Adjourn**

**Councilman Bateman** said "so move" to adjourn. **MPT Perry** seconded and the vote was unanimous, 4-0. Time was 10:21 a.m.

These minutes were approved at the *May 6, 2013* council meeting.

  
Lynn U. Morris, Town Clerk

  
Clifton G. Perry, Mayor