

**Town of Sunset Beach
Monthly Tuesday Council Meeting
Town Council Chambers
March 22, 2016**

MINUTES

Members Present: Mayor Ron Watts, Mayor Pro-Tem Carol Scott, Councilman Lou DeVita, Councilman Mark Benton, Councilman Peter Larkin and Councilman Rich Cerrato

Members absent: None

Attorney & Staff Present: Susan Parker, Town Administrator; Bonnie Schwerd, Finance Director; Jenna Pettit, Deputy Finance Officer; Rawls Howard, Planning and Inspections Director; Kevin Dempsey, Fire Chief; Richard Childres, Assistant Fire Chief; Lisa Joyner, Police Chief; Joe Smith, Assistant Police Chief; Dustin Graham, Public Works Director and Lisa Anglin, Town Clerk

Mayor Watts called the Meeting to order and the Pledge of Allegiance was recited by those in attendance.

Draft Agenda Amendments

Mayor Watts called for Agenda amendments and the Council reached a consensus to add the following items:

- a. Public Comments for Agenda Items only – prior to Old Business
- b. Consideration of Adding Article 5 Section 5.02 Proof of Ownership Ordinance – Old Business b.

Closed Session

Mayor Watts advised that the Closed Session topic is Sunset Beach West and requested Council to consider holding the discussion in open session. After a brief discussion, the Council decided to go into Closed Session.

COUNCILMAN BENTON MADE A MOTION TO GO INTO CLOSED SESSION PURSUANT TO NCGS 143-318.11 (a) (3) TO CONSULT WITH ATTORNEY RICHARDSON CONCERNING SUNSET BEACH WEST. COUNCILMAN DEVITA SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY A UNANIMOUS VOTE.

The Council met in Closed Session for approximately 30 minutes and received legal advice from Attorney Richardson concerning the Sunset Beach West property.

COUNCILMAN BENTON MADE A MOTION TO RETURN TO OPEN SESSION. MAYOR PRO-TEM SCOTT SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY A UNANIMOUS VOTE.

COUNCILMAN LARKIN MADE A MOTION TO RECONVENE THE MEETING. COUNCILMAN CERRATO SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY A UNANIMOUS VOTE.

Attorney Richardson advised that the Town may be the owner of the Sunset Beach West property and if so the Town is prohibited by NCGS from conveying the property back to the original owner as stated in the October 2004 Resolution adopted by the Council at that time.

Public Comments – Agenda Items Only (**Added by Council**)

None heard.

Old Business

Consideration of Acceptance of Article 2 Section 2.19 Alteration of Sand Dunes and to schedule a public hearing for April 19, 2016

Mayor Pro-Tem Scott questioned if the Town regulations can be more restrictive than the CAMA regulations. Attorney Richardson and Rawls Howard, Planning Director both believe that the Town regulations can be more restrictive than the CAMA regulations but will contact CAMA to verify. Mayor Pro-Tem Scott proposed the following amendments to the Planning Board recommendation:

SECTION 2.19 Alteration of Sand Dunes or Ocean Front Vegetation

(A) It shall be unlawful to alter, disturb, or relocate any sand, sand dune, or cut or remove vegetation ~~within an area on a lot in violation of any established CAMA regulation, outside of the permitted, net buildable area.~~

~~(B) For those areas of ocean front lots not covered under any CAMA regulation of disturbance, alteration or removal of natural vegetation may only be allowed~~ **except** under the following circumstances, whichever is most restrictive, after proper application to the Town and the issuance of a zoning permit:

1. Alteration needed to accomplish CAMA approved activities;
2. Vegetation exceeding the height of the first, habitable floor level of the house on the lot. In such case, the vegetation may be trimmed down no lower than the first habitable floor level.
3. Alteration in violation of any established CAMA regulation.

~~(B)~~ **B** Exemptions. The Town, County, State or Federal governments shall be exempt from this section in the normal upkeep, construction, or maintenance of Town or other approved governmental facilities and infrastructure and in compliance with all applicable CAMA regulations.

The Council agreed with the proposed amendments and deleted #3.

MAYOR PRO-TEM SCOTT MADE A MOTION TO ACCEPT THE PLANNING BOARD RECOMMENDATION AS AMENDED BY COUNCIL AND TO SCHEDULE A PUBLIC HEARING FOR APRIL 19, 2016 AT 9:00 AM. COUNCILMAN LARKIN SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY UNANIMOUS VOTE.

Consideration of Acceptance of Article 5 Section 5.02 Proof of Ownership (**Added by Council**)

Councilman Cerrato and Councilman Benton presented draft Ordinance Article 5, Section 5.02 Proof of Ownership for Council consideration. Councilman Cerrato advised that developers should be required to show proof of ownership prior to permits being issued. Councilman Cerrato cited the questionable ownership of Riverside Drive and Cedar Point as they believe both are owned by the State of North Carolina. Councilman Cerrato and Councilman Benton have written to the State expressing their opinion and are awaiting a response. The Council advised

Old Business (Cont.)

Consideration of Acceptance of Article 5 Section 5.02 Proof of Ownership (Cont.)

that the draft as presented would require all lot owners to provide proof of ownership prior to receiving a permit for any type of development on their property. The Council requested Councilman Cerrato and Councilman Benton to narrow the range of owners that would be required to provide proof of ownership and to resubmit the draft for consideration. The Council questioned if this ordinance would require Planning Board review and recommendation. Both Attorney Richardson and Rawls Howard agreed that the ordinance would require Planning Board review and recommendation.

Presentation -Year in Review & Accomplishments

Susan Parker, Town Administrator deemed this the “Year of Water” noting the historical amount of rainfall the area received. Parker listed the past years’ accomplishments including the multi-modal path on Sunset Blvd. North, the completion and dedication of the Veteran’s Memorial in the Park, the Donation Program which netted five (5) benches and six (6) swings for the Park, and the technology upgrades for the phone system, the conference call system, public wi-fi availability and the GIS system.

Major Projects Underway

Parker stated that the NCDOT Main Street Widening Project will begin on April 4th, the Beach Walkways Extensions Project began on March 21st and the dredging project scoping meeting is scheduled for March 24th in Wilmington. Parker advised that the First Street Beach Walkway will be open for the upcoming Easter holiday. Parker anticipates that the Stormwater Management Plan contract will be on the April 4th agenda for Council consideration.

Rawls Howard advised that the Planning Board is currently reviewing the UDO and prior Code of Ordinance for omissions. Howard advised that the Planning Board has scheduled a CAMA Land Use Plan Public Input Meeting for Thursday, April 14th at 7:00 pm in the Town Hall Council Chambers.

Requested 10% Budget Reduction

Bonnie Schwerd, Finance Director, reviewed the results of the current year (2015/2016) 10% Budget Reduction exercise performed by Staff as requested by Council totaling \$590,000. The reductions include the following:

- Annual Report (\$6,000)
- Vehicles & Equipment: Council Chambers (\$5,000); Fire Dept./ Turn-Out Gear (\$10,000); Fire Dept. Truck (\$30,000); Inspections – GIS Equip. (\$27,500); Streets – Truck (\$28,000)
- Legal Fees – (\$45,000)
- Elections Fees (not an election year) – (\$2,260)
- Salaries and Wages – Administration - (\$11,600); Police Department – (\$78,820)
- Benefits – (\$42,000)
- Gas & Oil - Police Department – (\$20,000); Fire Department – (\$8,300)
- General Fund Contingency (\$196,626)
- Various Small Reductions throughout the departmental budgets

Current Picture

Schwerd explained the Fund Balance categories and advised that the estimated Total Fund Balance as of March 1, 2016 is \$7.8 Million (07/01/15 Fund Balance \$7.6 Million plus revenues received \$5.3 Million less expenditures/encumbrances \$5.1 Million). Schwerd reviewed Financial Benchmarks and Trends, and Economic Conditions with the Council by way of a power point presentation. Schwerd reviewed Revenue Generation Opportunities with the Council and methods to generate revenues without increasing the tax rate including:

- Growing the tax base
- Building economic development
- Maximizing investment strategies
- Establishing new or increased service fees
- Increasing collection efforts

Current Compensation & Staffing

Compensation & Benefits

Schwerd reviewed the annual departmental salaries for the past 3 years including the benefits multiplier with the Council. Schwerd reviewed the benefits package with the Council which includes health, dental and vision insurances noting that the Town pays 100% of the employee premium and 50% of the dependent premium. Short term disability and term life insurance are also provided for each employee. The retirement package includes state retirement which is mandated by the State and a voluntary 401K program offered by the Town. The State Retirement Plan requires an employee contribution of 6% of their gross pay per pay period and a Town contribution monthly of the total gross payroll for all employees. The current Town contribution rate is 12.34% for general and fire personnel and 12.75% for law enforcement personnel. State law mandates a Town 401K program contribution of 5% of the total law enforcement personnel gross payroll per pay period. The Town matches contributions made to the 401K program for general and fire personnel up to 5% of the employee's gross pay (6% if employed by the Town prior to 08/2014). Town employees receive 10 days of paid vacation leave, 12 days of paid sick leave and 12 paid holidays annually.

Councilman Cerrato voiced disagreement with the current benefit package offered and advised that the employees should pay for their insurance. Councilman Cerrato stated that the Town should not contribute to the 401K program unless mandated by the State. The Council discussed developing a new benefits package for new employees. The Council requested that a benefits package comparison be prepared and agreed to provide a list of municipalities/counties at a future meeting.

Current Staffing & Services Levels

Schwerd reviewed the current staffing levels and the services performed by each department with the Council.

Recess

The Council recessed for lunch and reconvened the meeting at 12:45 pm.

Requested 10% Budget Reduction – Detailed

Schwerd reviewed the items reduced or eliminated in order to achieve the 10% budget reduction exercise noting that the one-time expenditures including in the current budget are a portion of the total reduction.

Requested 10% Budget Reduction – Detailed (Cont.)

Proposed Departmental Changes and Impact to Service Levels

Schwerd reviewed the departmental changes proposed by the department heads and a brief discussion was held concerning the impact the changes would have on the current service levels. The Council agreed to consider an amendment for Ordinance 30.66 concerning purchase orders and to establish a per diem for travel expenditures. Mayor Pro-Tem Scott questioned the need for the GIS/Planner position instead of a third building inspector. The Council advised Staff that the summertime 2nd garbage pickup service will not be eliminated. The Council requested Staff to determine a projected cost for outsourcing the leaf and limb program. The Council discussed closing Fire Station #2 and the potential negative impacts for the citizens in the fire district including increased insurance premiums and longer response times. The Council questioned the department heads as to the reasons for the increase in employee turnover. The department heads advised that the contributing factors for the turnovers are the rumors circulating that the Council is considering cutting positions and benefits, the starting salary is low in comparison and the absence of a salary adjustment program when certifications are achieved. The department heads agreed that the current benefits package is a plus for retaining employees and recruiting new employees.

Recess

The Council recessed for an afternoon break.

Proposed Additional Major Projects

Schwerd reviewed the proposed additional major projects for the upcoming budget including the Electronic Records Management System, Website and PEG Channel/Social Media/Communications Upgrades - \$40,000; Financial System Upgrades - \$10,000; Road Paving/Crack Sealing Program - \$100,000 and Storm Water System Repairs - \$100,000+. The Council discussed the Island Parking Program and that it could be a revenue source if the NC General Assembly grants the requested authority to the Town. The Council briefly discussed the proposed dredging project and the dredging and maintenance fee district. Schwerd distributed information received from multiple non-profit agencies requesting funding consideration during the upcoming budgeting process.

Next Steps – Action Plan for Staff

Susan Parker requested direction from the Council concerning projects and other expenditures to include in the draft budget that Staff will be preparing for the upcoming budget meetings. After a brief discussion, the Council reached a consensus to call for a Special Meeting during the April 4, 2016 meeting to discuss a 5-year Vision Plan for the Town of what the Council wants to achieve. Mayor Watts requested the Council to consider April 11, 2016 at 9:00 am for the Vision Plan meeting. Parker outlined that the Staff will begin to develop the proposed budget utilizing the Capital Plan and Equipment and obtaining an estimated cost for outsourcing the leaf and limb program.

Review and Establish Agenda Items for April 4, 2016 Meeting

The Council reviewed the Disposition of Directives Upcoming Agenda Items. Parker requested Council to consider moving agenda items to the May 2, 2016 meeting in order for the April 19, 2016 meeting to be dedicated primarily to the draft budget review.

Public Comments

Karen Joseph 915 Sandpiper Bay Drive – Advised that the perception of budget cuts including employee benefits has a negative impact on employee morale and causes turnover; advised that residents have an obligation to present a positive image of the Town.

Charles Nern 647 Oyster Bay Drive – Encouraged the Council to listen to the department heads as employees are an important component to the Town; thinks the Council should consider a new benefits package for new employees; concerned about the amount of money being expended in legal fees.

COUNCILMAN DEVITA MADE A MOTION TO ADJOURN THE MARCH 22, 2016 MEETING. MAYOR PRO-TEM SCOTT SECONDED THE MOTION. MAYOR WATTS CALLED FOR A VOTE AND THE MOTION CARRIED BY UNANIMOUS VOTE.

Town of Sunset Beach

Ron Watts, Mayor

Submitted by:

Lisa Anglin, Town Clerk