

**TOWN OF PINE KNOLL SHORES**  
**BOARD OF COMMISSIONERS**  
REGULAR MONTHLY MEETING  
June 8, 2022— 6:00 p.m.

**Public Forum Discussion**

At 5:30pm prior to the beginning of the regularly scheduled meeting, the commissioners held a public forum for residents to voice their concerns. A quorum of the Commissioners was present, but no board action was taken.

**Call to Order and Pledge of Allegiance**

Mayor John Brodman called the June 8, 2022 regular monthly Meeting of the Pine Knoll Shores Board of Commissioners to order at 6 PM in the Town Hall Board Room and led the Pledge of Allegiance. Also present for the meeting were Commissioners, Clark Edwards, Robert Cox, Alicia Durham, Bill Knecht, and Ted Goetzinger; Town Attorney Neil Whitford, Town Manager Brian Kramer; Assistant Town Manager Julie Anderson; Public Services Director Sonny Cunningham; Town Planner Kevin Reed; Fire Chief Jason Baker; Police Chief Ryan Thompson; and Town Clerk Charles Rocci.

\*Members marked present (online) participated online via GoToWebinar

**Approval of the Agenda**

Commissioner Goetzinger made a motion to approve the agenda as presented with a second from Commissioner Durham. The motion passed unanimously.

**Disclosures and Conflicts of Interest**

There were no disclosures or conflicts of interest.

**Announcements**

Mayor Brodman gave announcements.

**Public Comment**

**Ken Rozewski:** I want to talk about budget and resilience. I know we are talking about a large tax increase from a need to make our jobs more competitive. I would like to see empirical evidence that any of our 34 jobs are not giving competitive wages. The town has one traffic light, mostly second homeowners and mostly private roads. In the mission statement “develop and implement plans for the continuous improvement of the town.” In our language for impervious surface, natural terrain will be maintained to the extent possible. We believe with the clear cutting going on, we will not be able to fulfill our resilience without taking measures to avoid destruction to our natural environment. I asked Brian to show a drone video before and after Florence. The forest is disappearing.

**Diane Warren:** I have been asked to give information about the SRO. These schools are covered by five police officers throughout the year. Morehead provides funding for SRO. That includes salary and benefits as Morehead City employees. During the summer, these officers are working officers. The education department has broken down PKS having 102 children for K-9 and Atlantic Beach having 66. I do not have numbers for West Carteret or alternative schools. Atlantic Beach

has agreed to give \$6,900 for the next two years. We ask \$8,000 for PKS for the next two years. Sherriff buck is asking the county for funds as well.

**Missy Clor:** Don't take this that I am against trees. I work in insurance and argue how special PKS is. Having said that, my dad was a contractor in this town and built many of the homes you see today. Both my brothers followed that same path. During the building process, none of these lots look the same as they do when finished. If you drove by these homes, you would not be able to tell which lot was more disturbed than others. The house did not fall from the sky. Why add another rule to impervious and tree requirements? Have you spoken to developers about this?

**Devan Barbour:** A lot of people have not dealt with house footprints. If you picture a lot in your brain and think about the footprint, all trees have got to be removed from those places. During the site plan, all we can do it make a recommendation. In my years here, only a handful of houses could have been considered clear cut.

### **Consent Agenda**

The consent agenda included minutes from the April 27, 2022 and May 11, 2022 Commissioners meetings, Strategic Planning Committee appointments for Robert McClellon, Christine Voss, and Jeanne Biddle, PARC appointment for Vicki Daniels, and May 2022 tax discoveries and releases. Mayor Brodman edited the May 11 minutes to correct confusing language. Commissioner Edwards made a motion to approve the consent agenda as amended with a second from Commissioner Goetzinger. The motion passed unanimously.

### **Public Hearing**

Brian Kramer opened with discussion this year's budget process. The proposed tax increase came from the impact of inflation and wanting to keep the employees we have. The general fund comes in at \$5,090,000 balanced as required. This is a 3.3 cent tax increase per \$100 of assessed property. The increase will maintain all town services and all 34 staff members. The water enterprise fund comes in at \$1,260,000. Inflationary factors affect the water enterprise fund as much as they do the general fund. Brian recommends an increase in usage and base rate for water. For a house that uses less than 5,000 gallons of water a month, this is an annual increase of \$86. Our last water rate increase was in 2010. The town budgeted an additional \$365,000 for the beach capital reserve fund which brings the total up to \$4,500,000. No changes have been made to the two municipal service districts. Kayak for the Warriors fund is budgeted at \$60,000.

**Ken Rozewski:** "We have recently had our home values reassessed. If my home value doubles, does that mean that taxes double? (Julie Anderson responded that this is incorrect). I had a lot of people work for me. I feel like as a property owner, there is a potential that employees are hijacking us. What jobs are we comparing? Wouldn't it be prudent for this to be the best place to work? We could be selective of the employees we hope to retain."

**Devan Barbour:** "I am going to talk in generalities. The town can do what it wants without raising taxes. The town has a healthy fund balance. You want to grow your fund balance by what your tax revenue increase is going to be. If you leave fund balance neutral, you can shift spending and save people on taxes. You can fund everything you want by budgeting your fund balance, and still have a fund balance exceeding \$2,000,000."

**Leonard Riccio:** 108 Yaupon Rd, Pine Knoll Shores. 28512. COLA Increase adjustment process: Moving forward any PKS employees annual salary COLA increase will be tied to the North Carolina State employee rate 2-year average. The past two years the state employees

received a 2.5% annual increase plus a one-time bonus of \$500. Planning and Inspections: Update planned fee collection to match or exceed department expenses. So, if the department's cost equals \$300,000 then all fees charged contractors, residents need to at least quadruple current rates. If building costs have greatly increased over the past 5 years then so should towns building and inspection fees. Outsource the property tax billing and collections to Carteret County. Today multiple townships in Carteret County use the Carteret County Tax and Billing department to bill and collect both county and township property taxes (i.e. Emerald Isle, Beaufort). Public Safety Group Multiple options exist to update how our public safety group is structured and to operate in a more efficient manor by today's standards for small and medium sized towns. Look to evolve the group as a true public safety force where all members are team based and share the same role as a firefighter and or police officer and or an EMS. By having overlapping responsibilities, you afford for latitude with the number of employees needed and shift staffing. This requires breaking down silos that exist within each of the groups. The removal and or reassignment of police and fire chiefs typically have to be addressed in a team-based public safety environment. Public Safety Consolidation. <https://leb.fbi.gov/articles/perspective/perspective-public-safety-consolidation-does-it-make-sense>. Merge Public Safety department between one or more townships on the island to create a Crystal Coast Regional Public Safety group. As listed, you explore merging existing services with another municipality. One likely possibility would be Indian Beach and Salter Path with Pine Knoll Shores. We already share services between each, land linked and are within 5 miles between each fire station. Each town has limited commercial property to extend public taxes and now find that individual public services is creating a heavy tax strain on their community. A shared tax base and shared public services can easily reduce cost and tax burden by over 30%. This structural change maintains a quality of service while lower cost to all residents. Pine Knolls Shores Budget Oversight Committee: Budget management is a 12-month process. Today the community has no direct oversight with how the town employees are planning to spend our tax dollars. Just looking at how the budget information is prepared each year creates a failed plan. The budget documents lack scope, lack both forward and backward review, lack sign off on approvals within the town government. Just take a look at the detail that Emerald Isle goes to preparing each year's budget documents. Very detailed and comprehensive. As a result I would like to see a public committee made up of trained accounting and finance professionals to provide oversight to the budgeting process from request, review to approval to BOC. To say there lacks accountability is an understatement. Some of what I have described along with supporting spreadsheet details is a troubling property tax projection to Pine Knoll Shores residents. This year the BOC is taking from one equipment reserve set aside for fire equipment to pay for everyday salaries. This is very troubling approach. You should raise taxes to cover the funding you plan to approve. The BOC is just trying to minimize the truth or kick the can down to next year. But next year, with inflation the way it is and the unusual way the town employees calculate COLA increases we can expect another 8 to 9 cent property tax increase. No new revenue sources, same town government approach without improved standards and processes will just lead to tax increases every year. Now some of the items I listed, if implemented will either reduce spending and or increase revenues leading to a net benefit in the hundreds of thousands of dollars. Now PKS BOC the ball is in your court to decide. We change the way we operate or please just tell the residents that they can expect ongoing tax increases because of run away spending habits from our town employees. (Table available herein these minutes).

**Carl Maehr:** I saw the article in the Sunday Paper about Brian Kramer wanting to increase taxes. I disagree with that. This is the wrong time to even consider raising taxes. With inflation, retirees are having a difficult enough time paying their present taxes and other bills. So, I am against even considering raising taxes.

**John Mandeville:** As we continue to wind our way to a decision regarding Town Manager Kramer's recommendations for the Pine Knoll Shores municipal budget for Fiscal Year 2023, I want to revisit a few salient points and then provide a satisfactory recommendation to resolve debate concerning this effort. You know that, beginning with your Fiscal Year 2021 budget appropriation, Manager Kramer's recommendations will produce an increase in expenditures for "Salary and Benefits" of 57% within the general fund cost centers. You know that increasing the tax rate to 27 cents (or equivalent) over the next two fiscal years will result in an increase in property taxes by 30%. You know that the compensation that is proposed will increase the average employee salary for the town to \$71,938. You know that the substantiation for the pay increase before you is based upon staff review and not on an objective analysis. You know that Atlantic Beach, a peer municipality, will provide its employees with an 8.5% cost of living adjustment in the forthcoming fiscal year without any tax increase (a retention of the current 20 cent taxation rate). You know that Pine Knoll Shores already provides differential tax rates for property owners who own ocean front property and for those who do not. Recommendation: Since staff retention and extended staff services are of the utmost importance to the full-time residents (voting public) of Pine Knoll shores, I propose that you apply a differentiated tax rate to those who are registered to vote in the town (full time residents) and those who are not (second homeowners). The differentiation is simple to enact. First, for second homeowners, maintain the current taxation rate (21.7 cents per \$100 valuation). Second, recalculate the taxation rate for full time residents (owners who are registered to vote in the town) to generate the revenue needed to support the added expenditures budgeted for staff retention and benefits. This will allow for equitable taxation based upon the true usage of municipal services. The solution is simple, effective and easy.

**Dick Brvenik:** Good Evening, Mr. Mayor and Commissioners. My name is Dick Brvenik, and my wife and I have been full-time residents of Pine Knoll Shores for almost ten years. I hope to make comment regarding the town's Fiscal Year 22'-23' budget plan and proposed tax increase. First, while all of you have my thanks and appreciation for your work and for having a good record of keeping our taxes low to date, I am concerned with the plan presently under your consideration which I oppose and which I believe harms our fellow residents. \*Foremost, while the increase appears small, it is not small or insignificant to those on a limited for fixed income, and I am sure all of us know such people who we may see in our neighborhoods, at the grocery store, in church or elsewhere. Some people have lost spouses, and that ultimate loss can quickly change a household's finances. We should always consider these people who may not have the time or capacity to speak up on their own behalf but who may have real challenges with a tax increase that compounds rampant inflation that already has made core needs, food, fuel, insurance, rent so expensive. Please consider delaying any tax increase as several of our neighboring towns have until inflation abated and until the impact of revaluation has been calculated and identified. Sadly, we are in for turbulent times economically as noted by Jamie Dimon, CEO of JP Morgan Chase, who has forecast an economic hurricane and by Treasury Secretary Janet Yellen, who recently acknowledged her error in calling the current inflation transitory. \*Spending. Pay increases of 18% are quite simply unacceptable. Had I ever proposed that magnitude of an adjustment, I literally would have been shown the door. I certainly am in favor of fair compensation, but it should reflect

a merit-based system with incentive compensation for management based on achievement of goals established in advance by the Board of Commissioners. Likewise, market analyses for compensation should be conducted by an independent third party, not internally by management. A structure of compensation is detailed and requires skills, experienced, and objective firms that possess not only objective data but also compensation administrative experience. Lastly, with the impending retirement of key town managers over the next 12 months or so, overall staffing and position descriptions should be evaluated. Some positions and functions might be unfilled at least short term to evaluate long term needs and other staff might be incentivized to assume any key duties; other might be shared with other neighboring towns. The latter must be a specific goal for achievement that includes a benchmark and target date for competition. Both measures will reduce expense yet keep the Town moving forward. If these are done, not only can a tax increase be averted, but we will have a smoother more efficient operation.

Following the public comments, Commissioner Goetzinger made a motion to come out of public hearing with a second from Commissioner Durham. The motion passed unanimously.

#### **Unfinished Business**

##### **a. FY 2022-23 Annual Budget**

Each Commissioner was given an opportunity to share their thoughts on the proposed budget. Commissioner Durham is concerned with a 24% staff salary increase, adding that she wants to retain employees, but needs to consider the long term health of the town. Commissioner Knecht said that he was away during the majority of the budget process and that the decision is difficult. There is not a large labor pool in this county and officer training is down. Commissioner Edwards said that there is too much of an emphasis on percentages. Our public safety employees are versatile, and turnover can be very expensive. Commissioner Goetzinger argued that we are just trying to get to the middle of the road with salaries. Staff are willing to leave for very little salary increases and we cannot be complacent. Commissioner Cox explained that he was concerned that staff did not consider all alternatives to reach a balanced budget.

Following further discussion, *Commissioner Goetzinger made a motion to approve the Fiscal Year 2022-23 Budget as presented with a second from Commissioner Edwards. The motion passed with Commissioners Goetzinger, Durham, and Edwards voting aye, and Commissioners Cox and Knecht voting nay.*

##### **b. Proposed Changes to Chapter 74 of the Town Code**

Town Planner, Kevin Reed presented the proposed changes which would set a 35% natural area requirement for undeveloped and redeveloped lots. He mentioned that this is not a recommendation from the Planning Board. The Planning Board is seeking feedback from the Commissioners on how they should move forward with this ordinance change. The Commissioners feedback on the ordinance included a list of anticipated outcomes from the change, impervious data coverage, legal review, the possibility of a sliding scale, and a larger sample size of lots this would affect. Commissioner Edwards made a motion to send the ordinance back to the planning board with the above recommended critiques. The motion was seconded by Commissioner Knecht and passed unanimously.

##### **c. American Rescue Plan Special Revenue Fund Budget Amendment and FY 21-22 Budget Amendment**




Assistant Town Manager Julie Anderson presented. These are two separate budget amendments because ARP amendments need to be strictly in the new fiscal year budget. The other budget amendment addresses premium pay, water fund, and general fund amendments. Commissioner Edwards made a motion to approve budget amendment seven and budget amendment eight with a second from Commissioner Knecht. The motion passed unanimously.

d. Carteret County School Resource Officer

The town of Morehead City has requested an \$8,500 donation from Pine Knoll Shores for the next two years to fund school resource officers for Morehead Middle, Elementary, and Primary schools. Commissioner Edwards made a motion to approve the \$8,500 donation to the Town of Morehead City for one year. The motion received a second from Commissioner Goetzinger and passed unanimously.


### Town Manager Report & Staff Reports

*The slides from town manager and staff reports are available below:*




#### Town Mgr Report

- Salter Path Road Water Line project
- Phase III Stormwater Project
- FEMA Excess Funds
- NCDOT Drain lines
- Brown yard Waste Bags




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#### Finance & Administration

- Annual Audit Interim Fieldwork May 31<sup>st</sup>
  - Separation of Duties with new FTE and new Tax Collector
  - Returning in August for 3-4 days
- GASB 87 Requirements
  - Debtbook Services for long term lease evaluations
  - Additional GASB changes in the future for subscriptions
  - Small unit accommodations require NC General Assembly action which have not taken place



#### FIRE/EMS

- ANNUAL PKS HURRICANE CLASS!
  - JUNE 21<sup>st</sup> – 10am
  - NOAA will be in attendance – they will get it online for folks who cannot attend in person
- DEHYDRATION CALLS
  - IF YOUR GOING TO SPEND A DAY AT THE BEACH – PLEASE HYDRATE HYDRATE HYDRATE
  - DRINK PLENTY OF WATER MIX IN A LITTLE GATORADE TO REPLACE ELECTROLYTES
  - WITH A NICE BREEZE YOU DO NOT FEEL YOURSELF BEING ROASTED BY THE SUN PLENTY OF SUNSCREEN – RE APPLY THROUGHOUT THE DAY NOT JUST WHEN YOU GO OUT. SKIN CANCER IS A REAL THING!



FIRE/EMS MAY CALLS													
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YTD
FIRE	1	0	2	0	0								3
EMIS/RES													8
CUE	12	12	25	27	32								109
FALSE													77
ALARM	0	7	6	6	8								27
SERVICE	0	0	1	4	2								30
CALL													7
GOOD													14
INTENT	4	2	3	6	5								20
CALL													20
SPECIAL													
INCIDENT	0	0	0	0	0								0
TYPE													3
HAZARD													
OUT	0	1	2	0	2								5
COND													0
OVERFIRE													
SUBRE	0	0	0	0	1								1
RUPTURE													0
SEVERE													
WEATHER	0	0	0	0	0								0
R													0
TRAINING 2022													
TRAINING	370	584	579	680	363								2576
O													1849

Pine Knoll Shores Police Department													
May Arrests & Charges													
Arrest 1: Driving while impaired, drive after consuming being under 21, driving while license revoked, giving a malt beverage to < 21													
Arrest 2: Possession of schedule II, driving while impaired, failure to maintain lane control, possession of marijuana, possess drug paraphernalia													
Arrest 3: Order for arrest (failure to appear), driving while license revoked													
Arrest 4: Felony trafficking opium, driving while license revoked, possess drug paraphernalia													
Arrest 5: Domestic violence protection order violation													
Arrest 6: Driving while impaired													
Arrest 7: Order for arrest (failure to work after being paid)													
I.A. Eric Tellefsen assisted the Trinity Center with an active shooter drill/planning session on 05/27/2022.													

PSD / Water													
Installed 8 new water meter connections for new homes last month.													
Fertilized the 4.4 miles of beach grass.													
The Town is spraying for mosquitoes, please call if you are having issues. (252-723-0055)													

Town Planner													
Single-Family Landscape Permits (SFLPs)													
Total SFLPs issued for FY YTD is 29. Issued 17 SFLPs in all of FY21. 4 SFLP applications are currently under review.													
NC RCCP – Phase III													
Staff submitted application to DCM on June 3.													
Town requested \$45,000 and anticipated date for decision on application is end of June.													
Canal Tour/Seawall Inspection													
Tour conducted by Town staff with assistance from FD on June 7.													
Letters will be sent to the owners of property requesting they obtain permits to repair/replace the failing seawalls.													

Building Inspector													
Month of May 2022													
Issued 23 building permits with total value of \$2,985,505.													
Issued 17 mechanical permits, 3 electrical permits and 1 plumbing permit.													
Total value of all permits issued was \$3,111,092.													
Issued 18 tree removal permits.													
Performed a total of 81 inspections.													

Town Clerk													
Sand Fencing Grant Opportunity (NCDEQ)													
2022 Tree City Award (22 <sup>nd</sup> consecutive selection)													
Board Room Repairs													
Registered for Planning and Development Regulation this fall													
Acorn Court													
Getting quote for speed table near Walnut Circle – Acorn Court Intersection													

## Public Comment

There were no public comments.

## Mayor and Commissioner Reports

There were no mayor or commissioner reports.

## Adjournment

The Board adjourned on a motion by Commissioner Edwards with a second by Commissioner Durham which passed unanimously. The meeting adjourned at 9:20pm.

  
 Charles W. Rocci, Town Clerk

To: PineKnoll Shores Board of Commissioners - Document of record for 6/8/2022 resident comment  
 Leonard Riccio 108 Yaupon Rd, Pine Koll Shores, NC

**Proforma budget projections from empirical information from Pine Knoll Shores Budgets**

PKS Budgets for Fiscal Yr.	Public Safety Group Budgeted Cost	Property Rate per \$100 value	Beach Rate Inshore	Total Rate Property + Beach tax	Taxes on \$400K property plus Inshore	Taxes on \$600K property plus Inshore	Carteret County Tax Rate	Carteret County Tax	PKS property taxes with County Tax
2017-2018 Actual	\$1,747,000.00	\$0.197	\$0.015	\$0.212	\$848.00				
2018-2019 Actual	\$2,080,000.00	\$0.197	\$0.015	\$0.212	\$848.00				
2019-2020 Actual	\$1,928,000.00	\$0.197	\$0.015	\$0.212	\$848.00				
2020-2021 Actual	\$2,321,000.00	\$0.207	\$0.015	\$0.222	\$888.00				
2021-2022 Actual	\$2,438,000.00	\$0.207	\$0.015	\$0.222	\$888.00		\$0.33	\$1,320.00	\$2,208.00
2022-2023 Actual	\$2,978,000.00	\$0.240	\$0.015	\$0.255	\$1,024.00		\$0.33	\$1,320.00	\$2,344.00
2023-2024 Forecast *	\$3,246,000.00	\$0.330	\$0.015	\$0.345 ##	\$1,380.00		\$0.33	\$1,320.00	\$2,700.00
2024-2025 Forecast **		\$0.330	\$0.015	\$0.345		\$2,070.00	\$0.33	\$1,980.00	\$4,050.00

\* Tax rate Includes the 3 cent funding shortfall from 2022 - 2023 budget and additional 6 cent per \$100 needed to cover an expected 9% COLA increase

\*\* County Property assessment increase property values at a conservative estimate of 50% from 2016 Countywide property assessment

## Estimate based on 9% budget increase due to higher than normal inflation and a higher PKS property tax rate tax to pay these additional expenses

Note: Calculations excludes PKS trash fees

>>>>>All 'rates' are used to calculate property taxes per \$100 of home assessed value established by Carteret County, NC

Formula to calculate property tax (rate/100 X your home assessed value)

Public Services makes up the largest share of PKS budget and is the fastest growing segment of the budget from 2017 - 2018 budget through 2022 - 2023 budget which is a 70.5% increase over the 6 year period

PKS Property Tax Rates (Illustrates no PKS tax rate reduction after County property reassessment)

2015-2016 Budget Fiscal Yr	19.7
2016-2017 Budget Fiscal Yr	19.7