

Agenda
Town of Duck Council
Paul F. Keller Meeting Hall
April 16, 2025
1:00 p.m.
Mid-Month Meeting

1. Discussion/Consideration of the Sale of Surplus Police Vehicles
2. Discussion/Consideration of Resolution 25-09, A Resolution of the Town Council of the Town of Duck, North Carolina, Opposing Changes to Local Government Authority in House Bill 765
3. Discussion/Consideration of Authorizing the Town Manager to Enter into a Contract for the Demolition and Removal of Structures and Other Site Improvements on the Herron Property
4. Discussion of FY 2025-2026 Draft Budget
5. Adjournment – The Next Meeting will be the Regular Meeting on Wednesday, May 7, 2025 at 1:00 p.m.

INTEROFFICE MEMORANDUM

TO: MAYOR KINGSTON & MEMBERS OF THE TOWN OF DUCK TOWN COUNCIL
FROM: JEFFREY ACKERMAN, CHIEF OF POLICE
SUBJECT: REQUEST TO DECLARE TWO MOTOR VEHICLES TO BE SURPLUS AND REQUEST FOR AUTHORIZATION TO SELL THE VEHICLES BY PRIVATE SALE TO ANOTHER MUNICIPALITY
DATE: APRIL 8, 2025
CC: DREW HAVENS, TOWN MANAGER

Pursuant to the Town's Financial and Budgetary Policies, I am requesting that the Town Council declare the following motor vehicles to be surplus:

- 1) 2019 Ford Police Interceptor Utility, VIN 1FM5K8AT6KGA11999
- 2) 2019 Ford Police Interceptor Utility, VIN 1FM5K8AT7KGA12000

If the Town Council declares the aforementioned motor vehicles to be surplus, I am requesting that the Town Council allow the surplus motor vehicles to be sold to the Town of Edenton for the sum of nine thousand dollars (\$9,000.00) each.

Selling the motor vehicles by private sale will save the Town of Duck from having to contract with a vendor to remove the aftermarket electronics and equipment, emergency lighting, and graphics prior to sale by auction to the general public.

The Town of Edenton is in need of used police vehicles for its police department and this arrangement allows them to acquire two fully outfitted police vehicles that their internal fleet maintenance department can refurbish and place back into service.

A RESOLUTION OF THE TOWN COUNCIL OF
THE TOWN OF DUCK, NORTH CAROLINA, OPPOSING CHANGES TO
LOCAL GOVERNMENT AUTHORITY IN HOUSE BILL 765

Resolution No. 25-09

WHEREAS, local governments play a critical role in managing land use, development, and community planning to ensure the health, safety, and welfare of their residents; and

WHEREAS, House Bill 765 proposes significant changes to local government authority, including limitations on zoning, development regulations, and planning processes, which could undermine the ability of local governments to address the unique needs of their communities; and

WHEREAS, the bill restricts local governments from enacting certain zoning regulations and prohibits negotiation with private developers to ensure developments that are compatible with the jurisdiction and enhance the character of the community; and

WHEREAS, the bill pre-empts local authority by mandating the allowance of certain housing types, restricting the ability to require parking for new developments to reduce the stress on an already scarce resource, and allowing multi-family development units to be occupied ahead of the completion of the entire building; and

WHEREAS, the bill introduces personal liability for local government officials in certain development decisions, which could discourage public service and create a chilling effect on decision-making; and

WHEREAS, the bill's provisions, such as the extension of site-specific vesting plans and the prohibition of certain local fees and regulations, could hinder local governments' ability to manage growth, infrastructure, and public services effectively; and

WHEREAS, the changes proposed in House Bill 765 could erode local control, reduce public input, and prioritize private development interests over the long-term needs and values of local communities.

NOW, THEREFORE, BE IT RESOLVED, that the Town of Duck strongly opposes the provisions of House Bill 765 that limit local government authority and preempt local decision-making; and

BE IT FURTHER RESOLVED, that the Town of Duck urges the General Assembly of North Carolina to reconsider the provisions of House Bill 765 and to work collaboratively with local governments to ensure that state legislation supports, rather than undermines, local governance and community planning; and

BE IT FINALLY RESOLVED, that a copy of this resolution be sent to the members of the General Assembly, the Governor of North Carolina, and other relevant stakeholders to express our opposition to the changes proposed in House Bill 765.

Adopted this 16th day of April 2025.

Mayor

ATTEST:

Clerk



April 11, 2025

To: Members of the Duck Town Council
From: Drew Havens, Town Manager
Re: Demolition Contract for Herron Property

Following the acquisition of the Herron property late last year staff received direction from the Town Council to attempt to dispose of the house located on the property via auction and, if the auction was not successful, to move toward securing a contract for the removal of the house and other structures on the property.

After two unsuccessful attempts to auction the house on GovDeals, staff prepared a Request for Proposals (RFP) entitled "Demolition and Removal of Structures and Other Site Improvements" that was distributed and posted on our website on March 26, 2025 with a deadline for responses of April 11, 2025.

A requirement in the RFP was to have the proposer meet with me on the site to ensure that they fully understand the scope of work and the nature of the site and site improvements. Two contractors contacted me and met with me on the site; Don Humphries (a vendor we use for septic system maintenance) and Ben Vorndran (Duck resident and a vendor we use for some small excavation and other similar work). Both are qualified and have equipment to perform the work.

Here are the fee proposals from each:

Don Humphries	\$15,500
Ben's Backyard (Ben Vorndran)	\$ 6,445

Both bidders understood that we will provide the dumpsters and associated hauling and disposal. The bid from Ben's Backyard includes \$1,200 for fill. If fill is not needed, the invoice for the job will be reduced by that amount.

Based upon these bids, staff recommends that Council award this contract to Ben's Backyard and authorize the Town Manager to execute a contract for this work which will be coordinated with current efforts to remove, for preservation, some materials from the house.

AGENDA: April 16, 2025

Mid-Month Meeting

ITEM #4:

Discussion of FY 2025-2026 Draft Budget

RECOMMENDED ACTION:

- Per discussion

SUMMARY OF INFORMATION:

The Town Manager will discuss the FY 2025-2026 Draft Budget for the Town of Duck and will answer questions of the Town Council. The Proposed FY 2025-2026 Budget is planned to be presented at Council's May 7, 2025 Regular Meeting.

ATTACHMENTS:

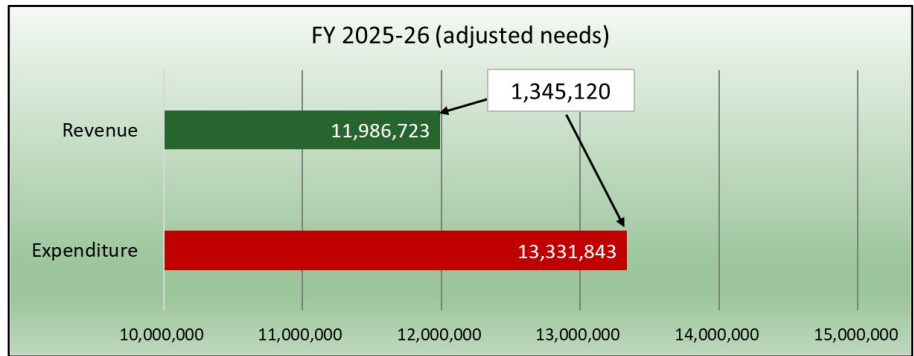
- Fiscal Year 2025-2026 Budget Summary



Fiscal Year 2025-26 Budget Conversation – April 16, 2025

This document contains preliminary information related to the preparation of the Fiscal Year 2025-26 Budget for the Town of Duck. A more in-depth presentation of this is being made to the Town Council at their meeting on April 16, 2025 during which staff will ask for guidance relative to Council priorities in order to prepare a balanced budget for presentation at a Public Hearing on May 7, 2025.

Revenue is estimated based upon trends and economic conditions, and expenditures are estimated based upon fixed costs, personnel costs, and capital projects and purchases following the draft Capital Improvement Plan. After some significant (\$1.4 million) initial



reductions, the difference to make up is \$1,331,169. This will need to be accomplished using a combination of additional reductions in expenditures and consideration of rate changes.

Revenue Summary

The table below shows revenue from different sources in our budget and includes a full-year actual revenue, the current fiscal year budget and year-end estimate, and the current draft budget for FY 2025-26.

Revenues by Source						
Source	FY23-24 Actual	FY24-25 Budget	FY24-25 Estimate	FY25-26 Request	Variance v. CY	Request % Change
Ad Valorem Taxes	4,190,980	4,741,190	4,752,919	4,814,293	73,103	1.5%
MSD Taxes	1,016,988	1,012,674	423,300	1,024,119	11,445	1.1%
Local Government Sales Tax	2,143,722	1,900,000	1,900,000	1,800,000	(100,000)	-5.3%
Real Estate Transfer Tax	489,290	375,000	380,000	375,000	0	0.0%
Occupancy Tax	2,265,416	2,000,000	2,000,000	1,900,000	(100,000)	-5.0%
Grants	6,483,185	186,549	186,549	52,686	(133,863)	-71.8%
ABC and Beer & Wine	89,919	92,500	93,000	93,000	500	0.5%
Utility Taxes	452,718	410,000	450,000	420,000	10,000	2.4%
Permits and Fees	190,059	178,000	181,400	177,000	(1,000)	-0.6%
Interest and Asset Sales	475,734	330,000	383,000	325,000	(5,000)	-1.5%
Transfers	627,263	496,764	548,420	788,025	291,261	58.6%
Debt Proceeds	0	2,000,000	2,000,000	0	(2,000,000)	
Fund Balance Appropriated	0	2,650,543	2,650,543	0	(2,650,543)	-100.0%
Other Revenue	224,144	149,160	174,703	217,600	68,440	45.9%
Total	18,649,418	16,522,380	16,123,834	11,986,723	(4,535,657)	-27.5%

Of note, in terms of changes from the FY 2024-25 budget, are decreases in debt proceeds (loan for Herron land), in the use of Fund Balance (FEMA bond repayment), in grant revenue due to the NC 12 project being complete, and the reduction in interest revenue due to no longer having the proceeds of beach nourishment bond sales invested and earning interest. We predict slight decreases in Sales and Occupancy Tax revenue due to current trends as modified by assumptions that the rate of growth in these will be dampened by the current economic climate. Other Revenue includes sales of Memory Lane bricks.

Effect of Revaluation – Revenue Neutral Tax Rate

North Carolina law requires all counties to reappraise or revalue real property at least once every eight years. The purpose is to make sure assessed property values accurately reflect their market value so that the property tax burden is spread equitably among all property types. Dare County departed from the eight-year standard and conducted the revaluation in 2020 resulting in a seven-year cycle and, effective this year, is now on a five-year cycle. Our tax base increased over \$202 million or 12.5% in FY 2021 due to the last revaluation by Dare County and now has increased approximately \$1.2 billion based upon this year’s revaluation.

Since reappraisals affect property values, North Carolina General Statute 159-11 requires each “taxing unit” to publish a revenue-neutral tax rate. The revenue-neutral rate serves as a benchmark for taxpayers to compare against the proposed post-revaluation tax rate. While many local governments reduce tax rates following revaluations, property owners may still experience an effective tax increase depending on the extent of the rate adjustment. Including the revenue-neutral rate in the proposed budget provides taxpayers with essential context when evaluating the governing board’s tax decisions for the upcoming fiscal year.

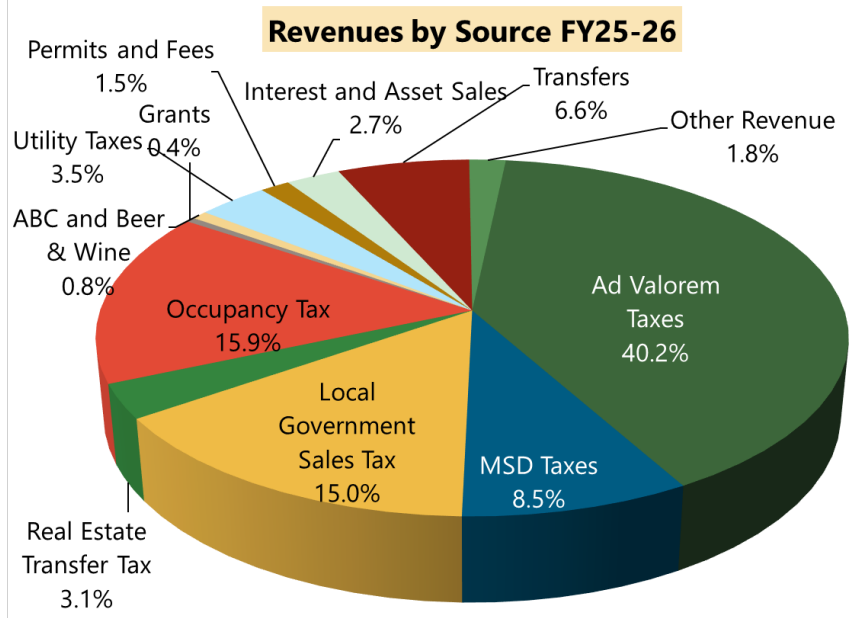
According to General Statute 159-11(e), the revenue-neutral rate is the rate estimated to generate the same revenue in the next fiscal year as the current rate would have produced if no revaluation had occurred. The statute outlines a specific three-step calculation:

1. Identify the rate that would generate the same revenue as the current fiscal year.
2. Adjust for the average annual percentage increase in the tax base due to improvements since the last revaluation.
3. Account for any annexation, deannexation, merger, or similar events.

In practice, this calculation is straightforward, especially since our jurisdiction has no annexations or deannexations to consider. The primary adjustment involves accounting for annual tax base growth over the past seven years. Additionally, since we have two municipal service districts, we must perform separate calculations for each based on updated property values. The table below shows the current rates and our preliminary revenue neutral rates.

	Current Rate	Revenue Neutral Rate
Townwide	0.25	0.1555
MSD - A	0.1296	0.0798
MSD - B	0.285	0.189

The currently proposed tax rate (revenue neutral) and its corresponding revenue, along with the other revenues mentioned above, fell well short of initially expressed budget needs. Even after significant reductions, we still have a revenue shortfall that will need to be addressed as noted above. We remain aware of and seek any other sources of revenue, whether through grants or other sources, as deemed appropriate. It is important to note that historically less than half of our revenue comes from Ad Valorem and MSD taxes. In FY 2025-26 we anticipate that 48.7% of revenue will derive from these sources. The percentage of each source is depicted in this graph.



Expenditure Summary

Expenditures are broken down into fifteen functional departments and two other expenditure groupings to account for transfers and contingency. These departments are identified as follows:

- **Governing Body:** Expenses related to the Town Council including election expenses.
- **Administration:** Expenses related to the general administration and management of the Town.
- **Finance and Human Resources:** Expenses for financial services such as financial statement preparation, preparation of the annual audit, and other related services provided by outside professionals. This department also contains the amount paid to Dare County to collect our tax revenue. Also, expenditures related to employee engagement, tuition reimbursement, and other Human Resources related expenses.
- **Legal:** Expenses related to the services of the Town's contracted attorney.
- **Information Technology:** Expenses for our contracted IT support, licenses, subscriptions, etc. for our Information Technology infrastructure. Also included this year is a cost to transition to virtual servers as opposed to investing in on-premises servers that have a limited lifespan.
- **Police:** Expenses related to the Duck Police Department. Included this year are a new Police Investigator position and the scheduled replacement of two police vehicles.
- **Fire:** Expenses for the operation of the Duck Fire Department. This year we are moving away from providing a direct allocation to the Fire Department and budgeting, as we do with other departments, expenses in individual line items. This will also move accounts payable functions from the volunteer fire department to be handled by town Finance staff.
- **Ocean Rescue:** Expenses, directly to a contractor, to provide ocean rescue services on the beach in Duck.
- **Communications & Special Events:** Expenses for communication platforms, graphic design, and the production of on-line and print communication materials. Also, expenses related to the conduct of special events, such as Jazz Festival, 4th of July, etc. and advertising and marketing for these events and the Town of Duck in general.
- **Community Development:** Expenses related to planning, code enforcement, grant writing, and the Planning Board.
- **Inspections:** Expenses related to our enforcement of the NC Building Code including the issuance of permits and inspections to ensure Code compliance.

- **Public Facilities:** This department accounts for expenses related to the maintenance of our buildings, playground, park, boardwalk and others with the exception of sidewalks/Duck Trail which are accounted for in the Streets & Highways department. Projects for FY 25-26 include repairs to the amphitheater and picnic shelter, replacing a portion of the irrigation system in the Town Park, and other more routine repairs and upgrades.
- **Streets & Highways:** While we own no streets, this department accounts for expenses related to the maintenance of Duck Trail, sidewalks, crosswalks (including lights), and for projects related to improving this infrastructure.
- **Sanitation:** Expenses, paid to our contractors, for the collection of trash and recycling.
- **Environmental Protection:** Expenses related to beach nourishment, beach grass planting, and soundside shoreline protection. Included in this year is funding for the second phase of the Town Park Shoreline Protection project.
- **Transfers:** Transfers to the Beach Nourishment Capital Project fund.
- **Contingency:** A small percentage (1%) of budgeted expenditures (after subtracting debt service and capital) to allow for unexpected expenditures during the year.

This table shows each of the fifteen departments and two additional lines, for transfers and contingency, and provides actual expenditures for the one prior complete fiscal year, the current year's budget, the estimate of the year-end expenditures, and the FY 2025-26 request as part of the "adjusted needs" budget. The large decrease in expenditures is driven by non-recurring land purchase (Herron) and debt repayment (Bond for Beach Nourishment) in FY 24-25.

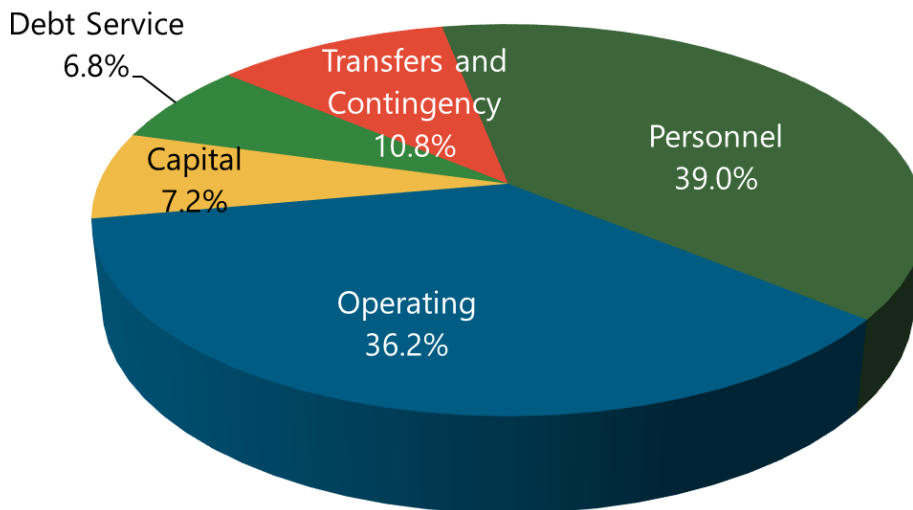
Expenditures by Department						
Department Expenditures	FY23-24 Actual	FY24-25 Budget	FY24-25 Estimate	FY25-26 Request	Variance v. CY	Request % Change
Governing Body	154,108	154,751	156,468	177,124	22,373	14.5%
Administration	760,925	427,390	415,475	460,329	32,939	7.7%
Finance & Human Resources	134,470	251,261	255,705	248,849	(2,412)	-0.96%
Legal	117,940	65,460	62,000	66,720	1,260	1.9%
Information Technology	182,053	182,431	170,000	186,706	4,275	2.3%
Police	2,207,034	2,259,300	2,284,013	2,492,467	233,167	10.3%
Fire	2,017,702	2,065,852	2,017,817	2,082,727	16,875	0.8%
Ocean Rescue	628,270	764,500	763,300	783,723	19,223	2.5%
Communications & Special Events	231,945	511,404	509,288	536,206	24,802	4.8%
Community Development	343,120	391,069	386,114	398,796	7,727	2.0%
Inspections	228,669	253,479	237,452	270,627	17,148	6.8%
Public Facilities	537,979	2,745,853	2,749,814	895,916	(1,849,937)	-67.37%
Streets & Highways	4,545,223	332,634	328,400	408,433	75,799	22.8%
Sanitation	1,252,653	1,442,775	1,430,333	1,501,220	58,445	4.1%
Environmental Protection	896,180	3,271,115	3,315,771	1,378,825	(1,892,290)	-57.85%
Transfers	1,438,789	1,348,855	1,348,855	1,342,175	(6,680)	-0.50%
Contingency	0	54,251	54,251	101,000	46,749	86.2%
Total	15,677,062	16,522,380	16,485,055	13,331,843	(3,190,536)	-19.3%

In order to have a clearer picture of how funds are used, we look at types of expenditures that are common across operational departments.

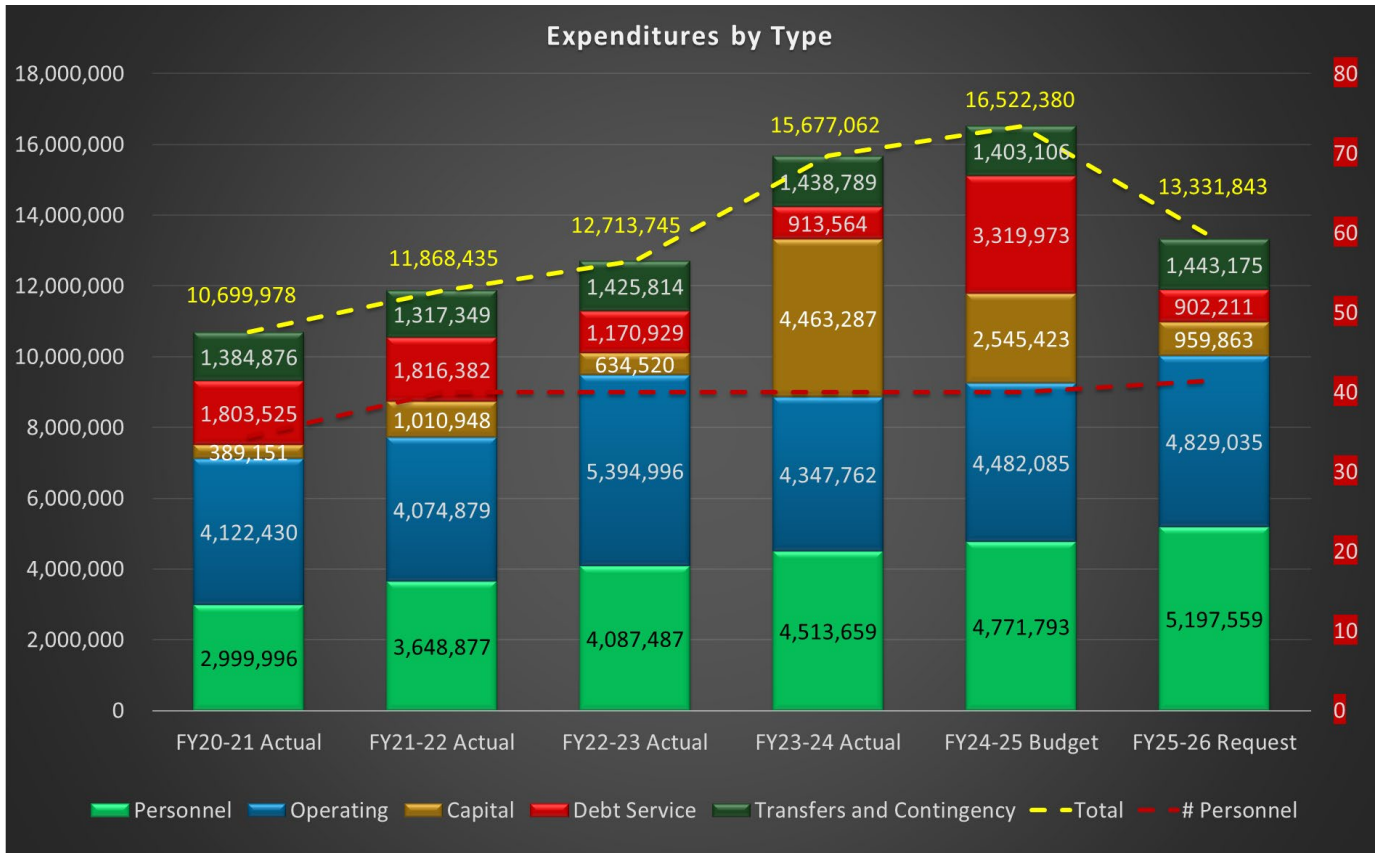
Expenditures by Type						
Type	FY23-24 Actual	FY24-25 Budget	FY24-25 Estimate	FY25-26 Request	Variance v. CY	Request % Change
Personnel	4,513,659	4,771,793	4,721,863	5,197,559	425,766	8.9%
Operating	4,347,762	4,482,085	4,400,913	4,829,035	346,950	7.7%
Capital	4,463,287	2,545,423	2,587,398	959,863	(1,585,560)	-62.3%
Debt Service	913,564	3,319,973	3,371,775	902,211	(2,417,762)	-72.8%
Transfers and Contingency	1,438,789	1,403,106	1,403,106	1,443,175	40,069	2.9%
Total	15,677,062	16,522,380	16,485,055	13,331,843	(3,190,536)	-19.3%

- **Personnel** – accounts for salaries, overtime, FICA, retirement, 401k, medical insurance, and workers’ compensation insurance. Of note is a proposed 5% merit increase pool based upon outcomes in annual performance evaluations.
- **Operating** – accounts for all expenses for contracted services, professional services, supplies and materials, and small item purchases.
- **Capital** – accounts for large capital purchases (greater than \$5,000) and small “capital” purchases that, while they do not meet our \$5,000 capitalization threshold, are items we like to capture in a separate category due to their one-time nature for a specific purpose.
- **Debt Service** – accounts for principal and interest on outstanding debt issued by the Town.
- **Transfers and Contingency** – transfer of MSD tax revenue to the Beach Fund and a small Contingency amount for unexpected expenditures.

Expenditures by Type FY25-26



This graph shows the trend in expenditures, by type, over the past several years. Of note is that the "capital" portion of what is shown in FY 2023-24 contains just over \$4.5 million for the, partially grant-funded, Highway 12 elevation project which was completed in FY 2023-24.



This graphic shows how each dollar of revenue is budgeted. Public Safety (Police and Fire) will remain one of our largest expenses due to how personnel-intensive they are. Environmental Protection includes annual debt service payments for Beach Nourishment.

