



**MINUTES
TOWN OF NAGS HEAD
BOARD OF COMMISSIONERS
BUDGET WORKSHOP
TUESDAY, JUNE 9, 2020**

The Nags Head Board of Commissioners met in a Budget Workshop in the Board Room of the Nags Head Municipal Complex located at 5401 S Croatan Highway in Nags Head, North Carolina on Tuesday, June 9, 2020 at 10:00 a.m.

Board members Present: Mayor Ben Cahoon; Mayor Pro Tem Michael Siers; Comr. Renée Cahoon; Comr. Webb Fuller; and Comr. Kevin Brinkley

Board members Absent: None

Others present: Town Manager Cliff Ogburn; Andy Garman; Amy Miller; and Town Clerk Carolyn F. Morris

Call to order

Mayor Cahoon called the Budget Workshop to order at 10:10 a.m.

Town Manager Ogburn briefly reviewed the items for discussion:

- Planning Department discussion
- Cost analysis: Engineer vs Engineering Consulting Services
- Catamaran rack at the Harvey Sound Access site
- Firing Range funds

Firing Range Funds

Comr. Brinkley confirmed with Town Manager Ogburn that if the Resolution to commit firing range funds in the Fund Balance is adopted at the June 17th Board meeting, then the Police Dept will have access to those funds in their budget.

Planning Department discussion

Planning Director Michael Zehner was present; his memo entitled FY 20-21 Proposed Budget – Planning & Development Department Staffing Levels & Structure - read in part as follows:

“At the Board of Commissioners May 27, 2020 Budget Workshop, Staff was asked to consider the structure and staffing levels of the Planning & Development Department (“the Department”; for the purposes of this memo, this includes the Septic Health Division). Specifically, based upon concerns regarding project funding, members of the Board inquired about the workload of the Department’s Principal Planner position; additionally, members asked whether the Department was overstaffed, and whether there was an opportunity to combine positions.

`BACKGROUND, CURRENT, AND PROPOSED STAFFING LEVELS

As far back as FY03-04, the Department (again, including the Septic Health Division) was comprised of 10 positions, as follows:

1. Director of Planning & Development
2. Deputy Director of Planning
3. Planner
4. Chief Building Inspector
5. Building Inspector
6. Building Inspector
7. Code Compliance Officer
8. Zoning Administrator
9. Planning Technician
10. Septic Health Coordinator

`Within the current FY, the Department includes the following 13 positions:

1. Director of Planning & Development
2. Deputy Director of Planning & Development
3. Principal Planner
4. Chief Building Inspector
5. Senior Building Inspector
6. Code Enforcement Officer
7. Zoning Administrator
8. Permitting Coordinator
9. Environmental Planner
10. Engineering Technician
11. Administrative Assistant
12. Part-Time Building Inspector
13. Part-Time Event Coordinator

`Comparing staffing in FY03-04 to the current FY, it is important to note that the 10 positions in FY03-04 were full-time, whereas, in the current FY, 11 are positions are full-time and 2 are part-time. Additionally, as the Board is aware, in the current FY one position, the Engineering Technician, was moved from the Town Manager's Office to the Department. Further, the Part-Time Building Inspector was not utilized during the current FY.

`For FY20-21, the proposed budget would eliminate the Part-Time Building Inspector position, with the 12 other positions to remain. With respect to funding, it is important to note that 50% of the funds for the Environmental Planner position and 25% of the funds for the Engineering Technician position are appropriated from the Town's Water Fund.

`STRUCTURE

The current organization chart for the Department, the same included in the proposed budget, demonstrates that the Director of Planning & Development and Deputy Director of Planning & Development have supervisory responsibility for all Department personnel. The only other position with supervisory responsibility is the Chief Building Inspector, who supervises the Senior Building Inspector. Alternatives to the current organizational structure of the Department have been considered, and would be supported; these alternatives would likely focus on functional areas (discussed further below). If the Board

wishes, Staff can present a proposed alternative for consideration.

'While the current organizational chart is hierarchical, focusing on supervisory responsibility, administration and management of the Department responds to the Department's functions. As noted in the Department's Budget Narrative (attached):

"The Planning and Development Department implements Town goals related to the growth, development, environment, and quality of life in Nags Head. The Department is responsible for zoning and subdivision administration, code compliance, floodplain management, erosion and sedimentation control, long-range planning activities, and Planning Board, Board of Adjustment and Arts & Culture Committee staffing. Additionally, the Department provides building permitting and inspection services to enforce state and local regulations relating to the construction, renovation, or alteration of structures to ensure a safe, sanitary, and healthy community. As part of the building inspections function, the Department is responsible for storm damage assessment and repair permits."

'In fact, in addition to regular Department-wide staff meetings, the Department has regular team meetings for the *Permitting & Inspections; Code Enforcement Team* and *Planning & Zoning; Environmental Planning; Hazard Planning Team*. There is overlap in staff between both Teams, with 6 positions attending meetings of both Teams.

'Additionally, depending on projects and initiatives, any Staff person within each of the Teams has the opportunity to be responsible for tasks, managing, relying upon, and directing the work of other Staff.

'It is important to note that the *Permitting & Inspections; Code Enforcement Team* generally focuses on current development and the administration and enforcement of regulations, whereas the *Planning & Zoning; Environmental Planning; Hazard Planning Team* focuses on current planning and the implementation of plans and initiatives, and long-range planning.

'ROLES AND RESPONSIBILITIES, GENERALLY; PRINCIPAL PLANNER, SPECIFICALLY

Generally, each position within the Department has functions and responsibilities for which they are solely accountable. With respect to some functions, there are opportunities for cross-training, and regardless, Staff communication is encouraged so that there is a general awareness of assigned functions and responsibilities.

'Additionally, where feasible, some functions and responsibilities are able to be shifted between positions to support professional growth and increased knowledge and experience. Given assigned responsibilities, actual workloads, and the *Planning & Development Department and Septic Health FY2020-2021 Strategic Work Plan* ("Work Plan"; attached), a reduction in or combining of positions would have a negative effect on Department performance. If this decision were to be made, Staff would want the opportunity to revisit the Department's proposed Work Plan and Budget Narrative.

'With respect to the Principal Planner position, this position is solely responsible for focusing on the Department's long-range planning efforts, administration of the Town's N.F.I.P. and Community Rating System obligations, and grants administration, with support from and coordination with other Department and Town Staff, along with other duties and responsibilities as assigned. At least due to the budget constraints, and therefore potential impacts to projects, there was an expressed concern that the workload of the Principal Planner would be impacted, reducing the need of the position. However, in FY20-21, CIP funds were only being sought for the Estuarine Shoreline Management Plan and Skate Park project, the later intended to be a design/build project with minimal, if any, involvement by the Principal Planner.

'Furthermore, the Principal Planner has spearheaded applications for two grants to fund the Estuarine Shoreline Management Plan, totaling \$225,000; the Town has been approved to proceed to further review for each, and there is a potential that this project could be executed at no potential cost to the Town. In addition, the Principal Planner has also led the application for pending grants (in addition to the two mentioned) totaling approximately \$400,000, and would be expected to serve as a significant resource to the update of the Town's Decentralized Wastewater Plan, a currently funded project.

'Regardless of the above, eliminating the Principal Planner position would remove the Department's only position focused on proactive long-range planning, including the implementation of the Town's various plans. Budget constraints certainly make these functions more complex, but not impossible."

Comr. Fuller said that if Nags Head/activities is compared with a similar sized Town/activities, Nags Head has a higher number of employees no matter what matrix is viewed.

Mayor Cahoon said that an outside consultant could be hired to review and make recommendations re: streamlining Planning processes.

Comr. Fuller expressed concern that some progressive tasks in the Septic Health Initiative program are not being done anymore.

Planning Director Michael Zehner explained that streamlining their workload is done every day; his employees are responsible and are accountable to him. If the Board has concerns about any of his employees, it is his issue and he should be held accountable.

Mayor Cahoon stated that fill regulations have been in place for about a year – and still needs work.

Director Zehner stated that after discussions with local engineers and homebuilders a stormwater Best Management Practices (BMP) document and a new stormwater ordinance were adopted in January 2014. Mayor Cahoon questioned if the Town is well served with the tweaking of ordinances.

Director Zehner said that there would be merit in having an engineer come in and review procedures, etc. to determine what improvements can be made and to improve incentives associated with the ordinance. He feels that the program is working in 90% of the projects.

- Mayor Cahoon suggested having someone from the outside look at the stormwater regulation ordinance starting with whole premise of what is being done fundamentally.

- Planning Director Zehner would like to be able to continue to show progress before having someone come in and question him and his management – he would look for ways to formalize the workflow and to make sure staff improves their levels of communications and does more documenting. He also noted staff taking over in-house water quality testing of the Septic Health Initiative Program.

Mayor Pro Tem Siers pointed out that Director Zehner knows his departments and what his staff are doing; Director Zehner also pointed out that the Planning Board has some good recommendations still to come forward.

Cost Analysis: Engineer vs Engineering Consulting Services

Dep Town Manager Andy Garman summarized the memo entitled Cost Analysis: Staff Engineer vs Engineering Consulting Services which read in part as follows:

"At the Board's May 27, 2020 workshop, Staff was asked to compare the cost of utilizing a staff Engineer vs. funding this as a contracted service. For the purposes of this analysis, we broke the engineering function down into three primary components:

1. Discreet Single Projects
2. Consulting Services and Access
3. Development Review

'Discreet Single Projects

These projects would typically involve new capital assets and infrastructure. Projects normally include design, permitting, bidding, and construction administration. Fees for these services would range from 8-12 percent of the estimated project cost. For smaller projects, the fees would be on the higher end of the range. In some cases, the percentage can be higher than 12 percent based on the complexity of the project. For most projects, there would be a minimum fee of at least \$5,000.

'Last year, the Town Engineer completed the following projects in-house (see below). In most cases, we estimated the fee at 10 percent of the construction cost estimate. In one instance, the fee is an actual cost based on two separate proposals received by outside consultants.

'FY 2019/20

Title	Estimated Cost	Estimated Fee
Multi-Use Path	\$1,600,000	\$160,000
Jacob Street Beach Access	\$180,000	\$18,000
Kipper Court Drainage (design only)	\$45,000	\$25,000*
Dowdy Phase III	\$50,000	\$5,000
Soundside Road Pipe Replacement	\$30,000	\$5,000

*Based on cost proposal received

'As you will note, the fees for these projects total \$213,000. Currently, including benefits, our Town Engineer's annual salary is \$143,912. It is important to note that the Town Engineer's project workload varies from year to year. In the three years prior to the current fiscal year, the Town Engineer has handled the following projects from design through construction:

1. Dowdy Park Phase I
2. Dowdy Park Phase II
3. Bonnett Street Bathhouse
4. South Nags Head Drainage Improvements

'In total these projects cost approximately \$2.9 million with engineering and construction phase services estimated at \$290,000 if a consulting engineer were required.

'Over the same time period, there were several other projects the Town Engineer handled that involved bidding and planning/construction phase services but did not include design services. These include:

1. Debris monitoring (40 hours)
2. Beach nourishment design and surveying RFQ (2016) (80 hours)
3. Stormwater master plan (80 hours)
4. Stormwater projects 1-3 as part of the stormwater master plan (120 hours)
5. Sand fencing/sprigging; several phases (20 hours)
6. Pavement condition survey (30 hours)
7. On-call architecture services (30 hours)

'After speaking with several consulting engineers, hourly rates for engineering services typically range from \$120 per hour for a licensed PE up to \$170 per hour for a senior engineer. Using an estimate of \$145 per hour and based on the hourly estimates shown above, the fee for these services would be \$55,100.

'The combined total for discreet single projects over a four-year period is \$558,100 (\$213,000+\$290,000+\$55,100).

'Consulting Services/Access

This work involves providing technical expertise as a service to town citizens and to other departments. This could include meeting with citizens to discuss flooding or infrastructure concerns, coordinating projects or solutions to be designed by outside firms, managing programs that require engineering expertise and judgement, drafting ordinances and standards, and responding to complaints. Many communities who hire a consulting engineering firm for these services use a retainer which allows for a certain number of hours/meetings per year. Kill Devil Hills uses this format and pays an average of \$20,000 per year as a base rate. Hours are added to the base rate for additional services and discreet single projects are handled on a per project fee.

'Development Review

The Town has a Technical Review Committee that includes the Town Engineer. The Town Engineer typically provides review of stormwater management, traffic circulation and turning movements, ingress and egress, curb cuts, and coordinates with NCDOT and other agencies on technical matters. Fees for this work would be similar to the hourly rates described above for consulting services/access. The amount of this work varies from year to year based on the number of projects being submitted to the town. This work would be performed using the retainer arrangement described above.

'A four-year snapshot of these costs favors continued use of a staff Town Engineer. The discreet single projects (\$558,100) combined with the minimum retainer estimate of \$20,000 per year totals \$638,100 over a four-year period. The internal salary cost to the Town over four years would be \$575,648.

'Other considerations:

1. The Town still requires outside engineering assistance to meet its project workload.
2. Kill Devil Hills paid American Engineering the following for the last two years:
 - 2019 Fiscal year – \$349,538
 - 2020 Fiscal year to date – \$339,504 – plus another \$50,000 by July 1
3. Project work has been increasing in recent years, particularly in light of stormwater, parks, pedestrian, and beach related projects the town is undertaking.
4. The water department is using an outside engineer for its projects.
5. To supplement the Town's internal capacity, we would recommend that the Town consider an on-call services contract with an outside engineering firm.
6. The Town will likely be hiring a Public Works Director in the next six months. The Town may want to consider the structural relationship between the Town Engineer and the Public Works Director since the Public Works Director has general responsibility for infrastructure and needs the authority to coordinate projects across all Public Works Divisions.

7. Although the Public Works Director may have the skills to perform some of the work described herein, given the operational demands of the department, the projects not listed in this analysis, and other assigned responsibilities, the Public Works Director position would likely only be able to assume a small portion of this workload.”

Comr. Fuller questioned if the Town was getting its money’s worth and he questioned who is supervising the Town Engineer and his workload; both Town Manager Ogburn and Dep Town Manager Garman emphasized how ethical the employee is and that they have complete faith in his work habits and work quality. Dep Town Manager Andy Garman also noted that it is his responsibility to supervise this employee and that supervision is in place to make sure Town projects are being done during work hours.

The Board also expressed concern about the multi-use path project not being done and businesses not wanting to lose their summer business as they lost their spring business; the substantial completion date of the path is July 3, 2020.

It was questioned if the Town Engineer keeps track of how much of his time is spent on each project - separate from the multi-use path project. Dep Town Manager Garman said that he is not required to do this but may do it anyway. He noted that there is now a project tracking list for all departments; 70 plus projects are being tracked.

Catamaran rack application for Harvey site

Town Manager Ogburn summarized catamaran regulations staff prepared for the Harvey sound access site. The regulations read in part as follows:

“This year, we will begin accepting applications June 1, 2020, and the season will run from June 8, 2020 to November 1, 2020. Please call the above number to make your reservation.

‘Rental racks are first come first serve, and you must contact the town to be placed on the list.

‘Racks #1 and #2 will be able to be reserved monthly, and #3 will be available for weekly rental. Consecutive rental periods are allowed if no one else is signed up on the waiting list.

‘All boats MUST be removed by November 1, 2020.

‘Boat storage rental spaces are nonrefundable and are nontransferable.

‘It is highly recommended that you lock your catamaran to your assigned rack.

‘No other personal items should be attached to the rack.

‘Catamarans must be removed by the owner in advance of any significant weather system including but not limited to any named storms.

‘I hereby signify that the above information is true and that I have read and agree to abide by the attached boating regulations for the Town of Nags Head.

‘The undersigned acknowledges that the Town of Nags Head (hereinafter called TOWN) is extending a special privilege in allowing him or her to store his or her catamaran. In consideration of the privilege to store their catamaran at the TOWN, the undersigned, for himself or herself and any personal

representative, heirs, and next of kin, hereby acknowledges, agrees and represents the following:

'RELEASE I agree to release, waive, discharge, and covenant not to sue the TOWN, its commissioners, officers, employees, and agents from all liability to me, my personal representative, heirs, and next of kin for any loss, theft, or damage, and any claim or demands therefore on account of injury to my property or any bodily injuries, whether caused by the TOWN or otherwise during the rental period.

'INDEMNIFICATION I agree to indemnify and save and hold harmless the TOWN from any loss, liability, theft, damage, injury or cost that may incur due to my storing my catamaran, upon or about the TOWN premises whether caused by the TOWN or otherwise.

'ACCEPTANCE OF RISK I agree to assume full responsibility for and risk of property damage caused by the TOWN or otherwise while my catamaran is stored during the rental period.

'The undersigned further expressly agrees that the foregoing RELEASE, INDEMNITY AND ACCEPTANCE is intended to be as broad and inclusive as North Carolina law allows and that, if any portion is held invalid, it is agreed that the balance shall continue in full legal force and effect."

Board members spoke in favor of the catamaran racks which have already been installed and noted that they will need to be monitored closely.

Items requested to be put back into the FY 20/21 Budget

Town Manager Ogburn asked about the items staff had listed to be put back into the FY 20/21 Budget; Comr. Renée Cahoon said that she would not be comfortable with all of the items to be put back.

Town Manager Ogburn noted that the other towns/Dare County are including cost of living allowances (COLA) in their upcoming budgets; he is concerned about getting too far behind other municipalities if this is not included in the budget.

It was Board consensus to put both COLA and within-grade back into the budget; in addition, there was no mention of eliminating other items listed for inclusion back into the budget.

Adjournment

The Board adjourned at 12:02 p.m.

Carolyn F. Morris, Town Clerk

Date Approved: **July 1, 2020** _____

Mayor: _____
Benjamin Cahoon