



TOWN OF KILL DEVIL HILLS

Land Where Flight Began

MEMORANDUM

August 8, 2022

TO: Mayor and Board of Commissioners

FROM: Debora P. Díaz, Town Manager

REF: Consent Agenda

1. Minutes (Attached CA-1A)

A. July 11, 2022

2. Monthly Report (Attached CA-2A)

A. June 2022

Staff recommends approval of the Consent Agenda as presented and a motion will be in order.

Minutes of the Monday, July 11, 2022, regular meeting of the Kill Devil Hills Board of Commissioners held at 6:00 p.m. in the Meeting Room at the Administration Building, 102 Town Hall Drive, Kill Devil Hills.

Members Participating: Mayor Ben Sproul; Commissioners Terry Gray, Ivy Ingram, Bernard “B.J.” McAvoy, and John Windley

Members Not Participating:

Others Participating: Debora P. Díaz, Town Manager; Meredith Guns, Planning Director; Cameron Ray, Assistant Planning Director; Casey Varnell, Town Attorney; and James Michael O’Dell, Town Clerk.

Call to Order

At 6:05 p.m., Mayor Ben Sproul opened this meeting of the Kill Devil Hills Board of Commissioners (BOC) and welcomed all present.

Pledge of Allegiance and Moment of Silence

Mayor Sproul shared the passing of Jerry Froehlich, who dedicated decades of service to the Town’s Planning Board, the SISPC, the Fire Department Auxiliary, and the Firefighter’s Relief Fund Board, and elsewhere throughout the community. He asked the group to keep Jerry’s wife, Gail, and their family in thought and prayer during this time of loss.

Agenda Approval

Commissioner McAvoy moved to approve the agenda as presented. Commissioner Windley seconded the motion, which passed by a unanimous, 5-0, vote.

1. Public Hearing

Notice for the following item has been published in the *Coastland Times*, meeting or exceeding the N.C.G.S. requirements for public hearings. The notice has been posted on the Town’s bulletin boards, on the <https://www.kdhnc.com/1060/July-11-2022-Board-of-Commissioners-Meet>, and social media platforms, and has been disseminated through the town’s electronic distribution list.

Proposed Zoning Amendment – §153.117 Low Density Residential Zone Special Use(s) – Add Cluster Home(s) (Attached PH-1)

The Board of Commissioners directed Staff to prepare a zoning amendment to add Cluster Home(s) as a special use in the Low Density Residential (RL) Zone for essential long-term housing at its May 16, 2022, meeting.

At its May 24, 2022, meeting, the Planning Board voted to forward the attached amendment to the BOC, recommending approval. The Planning Department’s memorandum highlighted the changes of the proposed amendment. At its June 13, 2022, meeting, the BOC scheduled this public hearing.

Commissioner Windley moved to approve the amendment as presented, and that the Board of Commissioners finds that the amendment to Chapter 153 Zoning, §§153.002, 153.117, 153.120, and 153.311 – Add Cluster Home(s) is consistent with all comprehensive plans and other official adopted plans of the Town of Kill Devil Hills that are applicable. The amendment is reasonable and in the public interest because it allows for development for long-term housing stock. Commissioner Ingram seconded the motion, which was approved by a unanimous, 5-0, vote.

Public Comment

Response to Public Comment

Ongoing Business

New Business

1. Site Plan Review – 3206 Briggs Street in the Commercial Zone – Proposed Two 4-Unit Townhomes (Attached NB-1)

Assistant Planning Director Cameron Ray stated that House Engineering has submitted a proposed site plan for two four-unit townhomes at 3206 Briggs Street in the Commercial Zone. The two four-unit townhomes, consisting of each unit with two bedrooms, would include 22 parking spaces and associated site modifications.

At its June 21, 2022, meeting, the Planning Department voted to forward this site plan for the Board of Commissioners’ approval as presented. Staff also recommended approval of the site plan as presented.

Commissioner Ingram moved to approve the site plan 3206 Briggs Street in the Commercial Zone – Proposed Two 4-Unit Townhomes, as presented. Commissioner Gray seconded the motion, which was approved by a unanimous, 5-0, vote.

2. Authorization to Apply for DCTB Grant – Sidewalk from Landing Drive to Colington Road on west side of US158 (Attached NB-2)

From multiple discussions in its regular meetings and Board retreats, the BOC has expressed support for the construction of a sidewalk on the west side of US 158, from Landing Drive to Colington Road. Planning Director Meredith Guns stated this proposed .95 mile pedestrian link, which is a part of the Town’s Pedestrian Plan, would complete the Town’s west side US 158 sidewalk infrastructure. Staff was directed to contact the National Park Service, which is generally in support of the project.

She shared that Staff has requested BOC authorization to apply for a Tourism Impact Grant from the Dare County Tourism Bureau. As a part of that process, Staff also requested authorization to begin work with the Town Engineer for a preliminary project cost estimate and design for grant submittal.

Commissioner Windley moved to authorize Staff to apply for a Tourism Impact Grant from the Dare County Tourism Bureau, and to authorize its work with the Town Engineer for a preliminary project cost estimate and design for grant submittal. Commissioner Ingram seconded the motion, which was approved by a unanimous, 5-0, vote.

Committee Reports

Dare County Tourism Board (DCTB) – Commissioner Ingram stated the DCTB had recently met and approved its annual budget.

Commissioners’ Agenda

Commissioner Gray

New Town Website Commissioner Gray and the BOC thanked Staff for its work on the Town’s new website.

Independence Day Fireworks The BOC expressed its appreciation to Town’s public safety employees, the fireworks vendor, and everyone involved with successful Town fireworks event and streaming service.

Mayor’s Agenda

Baum Tract Mayor Sproul stated that the BOC was exploring its options with regard to the Town’s Baum Tract property, and that Town Staff was researching the issue. He thanked the public for its input.

Town Manager’s Agenda

Town Attorney's Agenda

Mr. Varnell requested that the Board of Commissioners enter into closed session in order to preserve attorney-client privilege concerning a legal matter.

Mayor Sproul moved that the Board of Commissioners enter into closed session pursuant to NCGS §143-318.11(a)(3) in order to preserve attorney-client privilege concerning various legal matters. Commissioner Ingram seconded the motion, which was approved by a unanimous, 5-0, vote.

The Board entered closed session at 6:22 p.m. The Board resumed open session at 6:44 p.m.

Mr. Varnell reported that during closed session, he was given direction by the BOC on a legal matter. Any action taken during the session would come up before the public at a later time.

Consent Agenda

1. Minutes (Attached CA-1A)

A. June 13, 2022

2. Monthly Report (Attached CA-2A)

A. May 2022

Ms. Díaz presented the Consent Agenda, and recommended approval.

Commissioner Ingram moved to approve the Consent Agenda, as presented. Commissioner Windley seconded the motion, which was approved by a unanimous, 5-0, vote.

Public Comment

Town Manager Debora Peele Díaz congratulated Fire Chief Troy Tilley on the birth of a new grandchild, and also congratulated Assistant Police Chief Dana Harris on his 41st wedding anniversary.

Response to Public Comment

Adjournment

There being no further business appearing before the BOC at this time, Commissioner Gray moved to adjourn the meeting. Commissioner Windley seconded the motion, which was approved by a unanimous, 5-0, vote.

The time was 6:48 p.m.

Submitted by:

James Michael O'Dell
Town Clerk



TOWN OF KILL DEVIL HILLS

Land Where Flight Began

MEMORANDUM

August 8, 2022

TO: Mayor and Board of Commissioners

FROM: Debora P. Díaz

REF: Monthly Report - June 2022

Administration Department			
Administration Division			
Metric	Current Month June 2022	2021/2022 Fiscal Year to Date	2020/2021 Fiscal Year to Date
Personnel Turnover/Positions Vacated (does not include temporary positions; figures based on "effective" date)	2	9	7
Personnel Grievances Filed	0	0	0
Buildings and Grounds Division			
B & G Maintenance Expenditures	\$3,078	\$39,919	\$41,385
Access/Recreation Facility Expenditures	\$28,254	\$94,248	\$56,831
Tax and Finance Department			
Tax and Finance Division			
Actual Revenues vs. Budget	Separate Report Attached		
Management Information Services Division			
Calls for Service	109	865	991
Fleet Division			
Number of Vehicle Work Orders	72	674	692
Outsourced Vehicle Repairs	\$2,600	\$10,238	\$67,805
In-shop Vehicle Repairs	\$19,238	\$137,956	\$137,742

Planning and Inspections Department

Metric	Current Month June 2022	2021/2022 Fiscal Year to Date	2020/2021 Fiscal Year to Date
Site Inspections	571	6,360	6,202
Plans Reviewed	20	133	123
Grant Applications Completed (Total)	-	-	\$1,092,792.11
KDH PORTION (value applied for, not received)	-	-	\$335,880.92
Building Permits Issued	130	1,230	1,118
TOTAL Fees	\$34,829.00	\$621,959.18	\$449,193.74

Police Department

Metric	Current Month June 2022	2021/2022 Fiscal Year to Date	2020/2021 Fiscal Year to Date
Dispatched Calls	2,045	19,172	21,607
Dispatched Calls per Patrol Officer	102	959	1,080
Self-Initiated Calls	1,414	13,023	14,779
UCR Part 1 Crimes	36	356	408
Animal Control Division			
Animal Impoundments	6	88	105
Civil Citations Issued	0	16	9
Non-dispatched Services	95	1,098	648

Public Services Department

Water Division

Metric	Current Month June 2022	2021/2022 Fiscal Year to Date	2020/2021 Fiscal Year to Date
Number of Water Taps Sold	5	87	50
Total # Word Orders Completed	316	3,379	3,254
Gallons Consumed	52,025,000	450,140,000	443,517,000

Streets Division

Asphalt Repair - Hot Mix (tons)	9	24	29
Asphalt Repair - Cold Patch (bags)	14	16	55

Wastewater Division

Total wastewater allocation sold (gallons)	480	1,080	1,680
Total wastewater allocation remaining (gallons) <small>(Residential and Commercial combined as of 4/11/2022 BOC mtg. March ending, Residential - 880; Commercial - 12,570)</small>		12,610	13,690

Solid Waste Division

This section reflects figures one month behind due to the delivery of monthly solid waste disposal figures by Albemarle Solid Waste Authority and Outer Banks Hauling.	Prior Month May 2022	2021/2022 Fiscal Year to Date	2020/2021 Fiscal Year to Date
Outer Banks Hauling # of stops	(+) 13	1,082	1,037
Outer Banks Hauling - Tonnage	28.70	272.04	276.25
SW- Commercial -Trips to Dare County Transfer Station	73	718	699
SW - Commercial - Tonnage	508.64	4,782.68	4,686.66
Residential - Trips to Dare County Transfer Station	65	577	589
Residential - Tonnage	493.37	4,753.24	4,966.96
Recycling - Trips to Dare County Recycling Center	14	144	147
Recycling - Tonnage	24.32	206.50	221.36
White Goods / Metal Recycled - Trips to Dare County Recycling	6	61	76
White Goods / Metal Recycled - Tonnage	15.61	167.44	239.59
C & D - Trips to Stumpy Point Landfill	20	185	200
C & D - Tonnage	87.15	873.96	921.16

Fire Department			
Metric	Current Month June 2022	2021/2022 Fiscal Year to Date	2020/2021 Fiscal Year to Date
Total Number of Incidents	193	857	838
Total Number of Fires	4	13	19
Rescue & EMS	108	454	441
Hazardous Condition (no fire)	12	68	74
Service Call	27	115	114
Good Intent	23	94	96
False Alarm & False Call	17	107	91
Severe Weather/Natural Disaster	2	6	3
Average Response Time Overall	4:13 minutes	4:13 minutes	4:05 minutes
Average Response Time North of Colington Rd	3:38 minutes	3:42 minutes	3:27 minutes
Average Response Time South of Colington Rd	4:44 minutes	4:42 minutes	4:42 minutes
% 1st due Unit Arrival within 5 minutes Overall	75.00%	76.16%	82.42%
% 1st Due Unit Arrival within 5 minutes North of Colington Rd	88.89%	89.93%	93.40%
% 1st Due Unit Arrival within 5 minutes South of Colington Rd	60.78%	62.86%	71.23%
Training Hours	520	3,706	4,231
Ocean Rescue Division			
Ocean Rescue - Beach Population	303,081	524,054	378,899
Ocean Rescue - Total Incidents	237	313	180
Ocean Rescue - Swimmer Assist/Rescues	75	105	54



TOWN OF KILL DEVIL HILLS

Monthly Financial Dashboard

FISCAL YEAR ENDING June 30, 2022

Reporting Period: June 1, 2022 to June 30, 2022

OUR CASH IN RESERVES...		
CASH & INVESTMENTS BY FUND		
Balances on June 30, 2022 in whole dollars		
GENERAL FUND	June 2021	June 2022
Operating	\$ 16,880,362	\$ 22,135,612
Powell Bill	43,603	84,286
Designated Street CRF	369,840	330,771
Petty Cash	1,700	1,700
TOTAL GENERAL FUND	\$ 17,295,505	\$ 22,552,369
CAPITAL RESERVE FUNDS	June 2021	June 2022
Shoreline Accesses	\$ 111,117	\$ 141,659
Recreation	89	89
Beach Nourishment	2,484,945	2,831,687
Sidewalks	141,619	173,715
TOTAL CAP RES FUNDS	\$ 2,737,770	\$ 3,147,150
OTHER FUNDS	June 2021	June 2022
Equity Index Fund OPEB	\$ 218,734	\$ 323,117
Public Works CPF	536,399	-
ARP SRP	-	1,172,110
Beach Nourishment CPF	378,459	5,529,423
Fireman's Relief Fund	251,615	249,424
Water Enterprise	7,983,498	9,148,052
Water Cap Res Fund	680,251	605,041
WW Cap Reserve Fund	20,719	34,108
TOTAL OTHER FUNDS	\$ 10,069,675	\$ 17,061,274
GRAND TOTAL-ALL FUNDS	\$ 30,102,950	\$ 42,760,794

OUR CASH FLOWS...			
REVENUES & EXPENSES BY FUND		Comparison of FYTD %	
GENERAL FUND		Prior FYTD %	Current FYTD %
Fiscal Year Budget		\$ 23,821,613	\$ 26,529,346
Revenues Fiscal Year to Date	\$ 25,272,307	87.91%	95.26%
Expenses & Enc FYTD	\$ 23,626,191	86.61%	89.06%
WATER ENTERPRISE FUND		\$ 5,692,894	\$ 5,640,710
Revenues Fiscal Year to Date	\$ 5,311,699	73.38%	94.17%
Expenses & Enc FYTD	\$ 4,842,222	92.25%	85.84%
WASTEWATER ENTERPRISE FUND		\$ 221,615	\$ 233,618
Revenues Fiscal Year to Date	\$ 185,690	86.26%	79.48%
Expenses & Enc FYTD	\$ 209,703	84.32%	89.76%

OUR PROPERTY VALUES...			
PROPERTY	VALUATION	TAX RATE	TAX LEVY
Municipal Service District	\$ 201,672,100	0.240	\$ 484,013
All Oceanfront Property	\$0	0.320	\$ -
Non-Oceanfront Property	\$ -	0.320	\$ -
**Total Town	\$ 2,796,867,600	0.320	\$ 8,949,976
1 cent town wide generates \$285,052			
** Does not include PP, Utilities, & MVT			

SPECIFIC REVENUE COLLECTIONS AT A GLANCE...			
Comparison of FY %			
	Prior FY %	Current FY %	
AD VALOREM PROPERTY TAX Incl MSD			
Fiscal Year Budget	\$ 9,470,709	\$ 9,923,049	
Revenues this month	\$ 47,612	0.48%	
Revenues FYTD	\$ 10,075,661	104.83%	101.54%
SALES & USE TAX			
Fiscal Year Budget	\$ 2,714,427	\$ 3,128,115	
Revenues this month	\$ 291,415	10.20%	9.32%
Revenues FYTD	\$ 3,377,416	108.77%	107.97%
OCCUPANCY TAX			
Fiscal Year Budget	\$ 2,473,914	\$ 3,271,030	
Revenues this month	\$ 263,405	9.25%	8.05%
Revenues FYTD	\$ 3,392,221	123.53%	103.70%
LAND TRANSFER TAX			
Fiscal Year Budget	\$ 625,000	\$ 755,199	
Revenues this month	\$ -	0.00%	0.00%
Revenues FYTD	\$ 1,322,276	185.15%	175.09%
BUILDING PERMIT FEES			
Fiscal Year Budget	\$ 325,000	\$ 350,000	
Revenues this month	\$ 31,604	8.90%	9.03%
Revenues FYTD	\$ 549,918	109.63%	157.12%
INVESTMENT INCOME			
Fiscal Year Budget	\$ 140,000	\$ 100,000	
Revenues this month	\$ -	0.00%	0.00%
Revenues FYTD	\$ 81,005	41.41%	81.01%
WATER ENTERPRISE FUND CUSTOMER-BASED REVENUES			
Fiscal Year Budget	\$ 3,927,491	\$ 4,325,994	
Revenues this month	\$ 404,230	9.83%	9.34%
Revenues FYTD	\$ 4,272,390	100.18%	98.76%
WF System Dev Fees YTD	\$ 893,200		
WASTEWTR ENTERPRISE FUND CUSTOMER-BASED REVENUES			
Fiscal Year Budget	\$ 221,615	\$ 230,470	
Revenues this month	\$ 41,967	19.86%	18.21%
Revenues FYTD	\$ 185,690	86.17%	80.57%
WWF Sys Dev Fees YTD	\$ 13,295		

EXPENDITURES AT A GLANCE...			
GENERAL FUND		Comparison of Monthly Expenses	
DEPARTMENTS	Fiscal Year 2022 Budget	This Month's Expenses June	YTD
Administration	\$ 1,424,504	\$ 114,002	\$ 1,144,475
Building & Grounds	4,404,819	400,158	3,136,630
Beach Nourishment	1,381,307	20,993	1,081,033
Tax & Finance	1,681,601	122,944	1,536,956
MIS	446,085	45,879	382,295
Fleet Maintenance	575,990	49,437	495,489
Planning	1,057,158	96,430	898,732
Police	4,503,381	369,054	4,124,560
Animal Control	181,228	17,483	168,961
Fire	3,015,976	210,724	2,559,723
Ocean Rescue	741,596	143,692	573,007
Streets	2,944,635	408,534	2,226,933
Powell Bill	240,000	4,924	235,026
Solid Waste	3,931,065	228,681	2,829,436
	\$ 26,529,345	\$ 2,232,935	\$ 21,393,256
% of Annual Budget Expended		8.42%	80.64%
WATER ENTERPRISE FUND			
Water Administration	\$ 1,366,945	\$ 64,437	\$ 1,259,854
Water Plant	1,818,965	122,899	1,353,318
Water Systems	2,454,800	189,648	1,852,066
	\$ 5,640,710	\$ 376,984	\$ 4,465,238
% of Annual Budget Expended		6.68%	79.16%
WASTEWATER ENTERPRISE FUND			
Wastewater Department	\$ 233,618	\$ 33,557	\$ 176,146
% of Annual Budget Expended		14.36%	75.40%

TOWN OF KILL DEVIL HILLS
Actual Revenues Compared To Budget
General Fund
JUNE 2022 (FY 2021-22)

	Month Actual	Month Budget	Variance Mo Over (Under)	Actual YTD	Budget YTD	Variance YTD Over (Under)	Annual Budget w/Amendment:	Prior YTD Actual	% incr (decr) cur/prior YTD
Prior Year Property Taxes	\$ 522	\$ 2,500	\$ (1,978)	\$ 23,358	\$ 30,000	\$ (6,642)	\$ 30,000	\$ 43,460	-46.25%
Current Year Property Tax:	17,282	25,000	(7,718)	9,244,898	9,036,855	208,043	9,056,855	9,097,187	1.62%
Current Year MSD Tax	1,101	-	1,101	494,093	491,194	2,899	491,194	491,543	0.52%
Motor Vehicle Taxes	29,229	31,250	(2,021)	336,670	375,000	(38,330)	375,000	339,484	-0.83%
Tax Penalties and Interest	1,094	650	444	10,443	7,350	3,093	8,000	16,300	-35.93%
Business Registration	-	-	-	7,968	8,000	(33)	8,000	7,440	7.09%
Article 40 Sales Tax	44,244	32,476	11,768	399,820	324,761	75,059	389,714	348,114	14.85%
Article 42 Sales Tax	64,560	38,000	26,560	864,333	677,691	186,642	778,691	753,402	14.72%
1% Sales Tax	166,583	87,000	79,583	1,927,500	1,579,000	348,500	1,787,691	1,680,652	14.69%
MSD Sales Tax	16,028	14,335	1,693	185,756	143,350	42,406	172,019	170,359	9.04%
Occupancy Tax	263,405	106,000	157,405	3,392,221	2,497,000	895,221	3,271,030	3,055,945	11.00%
Land Transfer Tax	-	-	-	1,322,276	566,399	755,877	755,199	1,157,211	14.26%
Solid Waste Disposal Tax	-	-	-	4,448	5,300	(852)	5,300	4,153	7.10%
Utilities/Gas Sales Tax	202,968	188,375	14,593	765,075	753,500	11,575	753,500	733,479	4.31%
Telecommunication Svc Tax	6,622	10,625	(4,003)	35,070	42,500	(7,430)	42,500	44,089	-20.46%
Video Programng Tax*	38,127	36,250	1,877	146,134	145,000	1,134	145,000	142,827	2.32%
PEG Channel Support	6,452	26,123	(19,671)	25,975	26,123	(148)	26,123	26,718	-2.78%
Wine & Beer Tax	30,457	-	30,457	30,457	30,000	457	30,000	30,815	0.00%
ABC Tax	-	4,750	(4,750)	29,448	19,000	10,448	19,000	23,341	26.16%
Mixed Beverage Tax	-	9,750	(9,750)	46,945	39,000	7,945	39,000	32,227	45.67%
Powell Bill	-	-	-	275,526	240,000	35,526	240,000	228,370	20.65%
Drug Reimb/forfeiture.	1	-	1	4,384	-	4,384	-	826	430.72%
Building Permit Fees	31,604	29,167	2,437	549,918	350,000	199,918	350,000	356,310	54.34%
Occupancy Permit & Fees	300	208	92	4,250	2,500	1,750	2,500	4,000	6.25%
Site Plan Review Fees	2,925	4,167	(1,242)	67,082	50,000	17,082	50,000	88,383	-24.10%
Other Planning Fees	1,200	333	867	8,062	4,000	4,062	4,000	7,229	11.52%
CAMA Fees	300	125	175	4,560	1,500	3,060	1,500	2,135	113.58%
Homeowner Recovery Fees	6	8	(2)	80	100	(20)	100	82	-2.44%
Taxi Ordinance Fees	10	25	(15)	120	300	(180)	300	75	60.00%
A/C Boarding & Rabies Vac	178	170	8	2,758	2,150	608	2,150	4,077	-32.35%
Dog Licenses	45	83	(38)	630	1,000	(370)	1,000	608	3.62%
Court Cost & Fees	198	267	(69)	2,709	3,200	(492)	3,200	2,610	3.77%
Finger Print/buy gold Fees	60	83	(23)	532	1,000	(468)	1,000	212	150.94%
Purchases For Resale	8,019	6,266	1,753	92,835	96,955	(4,120)	96,955	82,906	11.98%
Interest Income	-	8,333	(8,333)	81,005	100,000	(18,995)	100,000	57,970	39.74%
Miscellaneous	5,041	1,833	3,208	52,975	22,000	30,975	22,000	44,056	20.24%
Sale of Fixed Assets	1,505,286	1,666	1,503,620	1,524,446	20,000	1,504,446	20,000	161,363	844.73%
Rental Income	5,712	11,110	(5,398)	134,057	133,319	738	133,319	132,691	1.03%
Contributions	271	-	271	1,331	950	381	950	8,720	0.00%
Lease/ Note Proceeds	25,177	47,856	(22,679)	1,648,463	1,648,459	4	1,648,459	505,613	0.00%
Insurance Proceeds	10,348	-	10,348	14,028	14,280	(252)	14,280	37,059	0.00%
Water Fund Transfer	-	-	-	467,076	467,076	-	467,076	667,931	0.00%
CRF Transfer	-	-	-	533,970	681,343	(147,373)	681,343	-	0.00%
Grants & Restricted	2,274	2,275	(1)	412,196	542,078	(129,882)	542,078	278,205	48.16%
Powell Bill Appropriation	-	-	-	-	-	-	-	-	0.00%
Fund Balance Appropriated	-	-	-	-	3,963,320	(3,963,320)	3,963,320	-	0.00%
Total Revenues	\$ 2,487,628	727,059	\$ 1,760,569	\$ 25,175,881	\$ 25,142,553	\$ 33,328	\$ 26,529,346	\$ 20,870,177	20.63%
Prior YTD	\$ 1,121,356	\$ 1,165,094	\$ (43,738)	\$ 20,870,174	\$ 20,833,961	36,213	\$ 23,821,613		



North Carolina
Total Retirement Plans



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

6/16/2022

92821 - TOWN OF KILL DEVIL HILLS
ATTN: CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR
P.O. BOX 1719
KILL DEVIL HILLS, NC 27948

Dear 92821 - TOWN OF KILL DEVIL HILLS:

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015. This legislation was created to control the practice of "pension spiking," in which a member's compensation substantially increases, resulting in a monthly retirement benefit that is significantly greater than the member and employer contributions would fund. The Contribution-Based Benefit Cap (CBBC) approach was created to protect each system for current and future retirees and to prevent all employers in the Retirement Systems from absorbing the additional liabilities caused by compensation decisions made by other employers. This legislation applies to members who retire on and after January 1, 2015, with an average final compensation of \$100,000 or higher (adjusted annually for inflation), and will directly impact only a small number of those individuals. It requires the member's last employer to pay the additional contribution required to fund the member's benefit in excess of the cap. [G.S. 135-5(a3); 135-4(jj); 128-27(a3); and 128-26(y)]

In order to assist employing agencies with planning and budgeting to comply with the CBBC provisions, we are required to report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months. This letter and the attached report serve as our required monthly notification to your agency under this provision. [G.S. 135-8(f)(2)(f) and G.S.128-30(g)(2)(b)]

The chief financial officer of your agency is required to provide a copy of the attached report to the chief executive of your agency, as well as to the governing body, including any board which exercises financial oversight. Additionally, the chief financial officer of a public school system is required to provide a copy of the report to the local board of education and notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and how many employees were listed in the report. [G.S. 115C-436(c); 135-8(j); and 128-30(j)]

For the purpose of determining the employees of your agency that are likely to require an additional employer contribution should they elect to retire in the following 12 months, the Retirement System modified the criteria used in the CBBC calculation. This allows for a broad list of potential employees, including those whose compensation average may approach the threshold and attempts to provide your agency with prior notification of a potential cost. The attached report

lists employees of your agency who may be eligible to retire in the next 13 months (at either a reduced or unreduced benefit), whose salary is \$95,000 or greater, and whose estimated monthly retirement benefit exceeds the CBBC based on information in the employee's most recent annual benefits statement. In addition, a lower CBBC Factor (i.e., TSERS is 4.2 and LGERS is 4.4) is applied.

This list is not exhaustive, and members included on this list may or may not exceed the CBBC upon retirement, depending on a number of factors such as the member's average final compensation, the member's age at retirement, and membership service. This is merely a notification of a potential cost that your agency may be required to pay, in the form of a lump-sum payment, due after the member retires.

For those employees hired on or after January 1, 2015, the employer is not required to pay the additional contribution to fund the member's benefit in excess of the Contribution-Based Benefit Cap. The employer has the option to pay all or part of the contribution required in excess of the CBBC; the employee also has the option to pay all or part of the contribution. However, should neither of you choose to pay this additional contribution, the employee's retirement benefit will be capped.

You can calculate the likelihood of whether the retirement benefit of a member listed on the attached report will exceed the CBBC with information available on our website at <https://www.myncretirement.com/employers/employer-training/pension-spiking>.

If you have any questions or need assistance in calculating the likelihood of a potential CBBC liability, please contact us at the address or telephone number listed below.

Sincerely,

Retirement Systems Division
N.C. Department of State Treasurer

623_PENSPK



North Carolina
Total Retirement Plans

North Carolina Department of State Treasurer
Retirement Systems Division
3200 Atlantic Ave, Raleigh, NC 27604
1-877-NCSECURE (1-877-627-3287) toll-free • Fax (919) 855-5800
www.myncretirement.com



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

CONTRIBUTION-BASED BENEFIT CAP REPORT

Agency	Member ID	Name
Members -Ired Before Jan 1, 2015	92821-TOWN OF KILL DEVIL HILLS	[REDACTED]
		[REDACTED]

PLEASE FORWARD TO YOUR CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR