CITY OF SOUTHPORT
BOARD OF ALDERMEN – REGULAR MEETING
COMMUNITY BUILDING
223 E BAY ST, SOUTHPORT NC 28461
June 17, 2026 | 1:00 PM

Present Members:
Joseph Hatem, M.D., Paul Gross, Marc Spencer, Rebecca Kelley, Lowe Davis, Robert Carroll, Karen Mosteller
Absent Members:

Staff Present: City Manager Noah Saldo, City Clerk Tori Deviney, Public Information Officer ChyAnn Ketchum, Planning Services Director Maureen Meehan, Police Chief Todd Coring, Fire Chief Charles Drew
Others Present:
City Attorney Brady Herman

A. Call to Order - Recessed meeting from June 11, 2026

Mayor Hatem called the recessed meeting of June 11 back to order at 1:00 p.m.

B. Agenda

1. FY26-27 Budget
City Manager Noah Saldo
Mayor Hatem opened discussion on the proposed Fiscal Year 2026–2027 Budget and invited the Board to consider any amendments before final adoption.

Alderman Carroll reopened discussion regarding employee merit compensation, noting that the proposed budget included a flat $500 merit payment. He asked City Manager Saldo to explain how returning to the percentage-based merit increases used in previous years would compare to the proposed flat amount and whether he recommended the flat payment or a percentage increase. City Manager Saldo explained that the $500 merit payment had been proposed because it allowed the City to maintain a balanced budget without requiring an additional tax increase. He stated, however, that from an employee's perspective, he believed a percentage-based increase would provide greater long-term value because it became part of an employee's salary rather than a one-time payment. He added that the proposed flat payment was intended to recognize employee performance while minimizing recurring personnel costs associated with retirement and future salary obligations.

Alderman Davis asked how merit compensation would be administered through the employee evaluation process. City Manager Saldo explained that regardless of whether the Board chose a flat bonus or a percentage-based increase, employees would continue to receive annual performance evaluations and merit compensation would be based upon those evaluations. He emphasized that not every employee would automatically receive the maximum amount available. City Manager Saldo further advised that replacing the proposed $500 merit payment with a two percent merit increase would require approximately $62,933 in additional funding above the amount currently budgeted.

Alderman Gross stated that one of the primary advantages of maintaining a one-time merit payment rather than a recurring salary increase was that it would not permanently increase employee salaries or create additional long-term obligations for taxpayers. He explained that salary increases not only affected base pay but also increased retirement contributions and other personnel costs that continued to compound over time. He noted that the Board had already decided not to require employees to contribute toward their health insurance premiums or the City's 401(k) match and believed those decisions already represented significant employee benefits. He stated that the Board also had a responsibility to consider the long-term financial impact on taxpayers when making compensation decisions.

Alderman Carroll responded that while he understood the concern regarding recurring costs, maintaining competitive compensation remained important if the City hoped to recruit and retain qualified employees. He noted that neighboring municipalities continued to recruit employees and that Southport needed to remain competitive in the current job market. He also stated that employees had expressed a willingness to contribute toward health insurance if the City offered benefits comparable to surrounding jurisdictions and emphasized that continuing to invest in employees was important to reducing turnover.

Alderman Kelley stated that the Board should consider the City's entire employee compensation package rather than focusing solely on merit pay. She commented that Southport already provided strong healthcare and retirement benefits compared to many surrounding municipalities and believed the City Manager's original recommendation appropriately balanced employee recognition with the City's financial responsibilities.

Finance Director Joey Kronenwetter then provided several cost comparisons requested by the Board. He explained the estimated costs associated with one percent, one and one-half percent, and two percent merit options and clarified the distinction between recurring salary increases and one-time bonuses. He advised that a one percent bonus would average approximately $709 per employee, while a two percent bonus would average approximately $1,420 per employee, although actual amounts would vary based upon salary. He further explained that several lower-paid employees would receive less than $500 under a one percent calculation.

Alderman Mosteller stated that she believed a percentage-based merit award was a fairer approach because it reflected employee salaries and responsibilities rather than assigning an arbitrary dollar amount. She commented that a $500 merit payment did not appear to be a significant recognition of employee performance and expressed support for a higher percentage-based award.

Mayor Hatem stated that percentage-based merit increases had served the City well in previous years and believed they contributed to employee recruitment, retention, and morale. He remarked that employees who felt appreciated generally provided better service to the public and believed the Board should continue investing in its workforce.

As discussion continued, Finance Director Kronenwetter provided additional calculations requested by Board members regarding one percent bonuses with a guaranteed $500 minimum, one and one-half percent bonuses, and two percent merit awards. He explained the budget impact associated with each option and clarified that the figures represented the maximum potential cost for the upcoming fiscal year and did not include future salary growth or cost-of-living adjustments.

Alderman Gross questioned whether the cost estimates reflected only the upcoming fiscal year or included future compounding costs. Finance Director Kronenwetter explained that the figures represented the maximum potential cost for the upcoming fiscal year only. Alderman Gross reiterated that recurring salary increases were not financially sustainable over the long term because they continued to increase retirement obligations and future personnel costs. He observed that personnel expenses had increased substantially over the past several years and stated that the Board should avoid creating additional recurring expenditures whenever possible.

Following additional discussion, Alderman Carroll indicated he remained open to alternatives, including increasing the flat merit payment or establishing a percentage-based bonus that would not permanently increase employee salaries. Alderman Kelley asked staff to calculate the cost of providing a one percent bonus while ensuring that every eligible employee received at least $500. Finance Director Kronenwetter reported that only eight employees would fall below the $500 threshold and that guaranteeing a minimum payment would increase the overall cost by approximately $250.

Alderman Spencer made a motion to amend the proposed budget by replacing the flat $500 merit payment with a one and one-half percent merit-based employee bonus. Alderman Davis seconded the motion to allow additional discussion.

Following further discussion regarding the financial impacts of the proposal, the Board voted to approve the amendment, replacing the proposed $500 merit payment with a one and one-half percent merit-based employee bonus, resulting in an additional appropriation of approximately $49,075 within the proposed budget.

Alderman Carroll made the amended motion to approve the Fiscal Year 2026–2027 City Budget Ordinance and attached Fee Schedule, as amended, including an additional appropriation of $49,075 from fund balance for the employee merit bonus. The motion was seconded by Alderman Spencer. The motion passed unanimously.

2. **Board and Committee Appointments**

a.

- ABC Board
- Forestry Committee
- Planning Board
- Board of Adjustment
- Historic Preservation Commission
- Cemetery Committee

Mayor Hatem stated that the next item on the agenda was Board and Committee appointments.

Before the Board began the appointments, Alderman Gross asked for a point of order. He stated that questions had come up regarding whether a public hearing would be required before repealing an ordinance, specifically relating to the Historic Preservation Commission. He explained that, in his understanding, the answer depended on what the ordinance did. If the ordinance simply created the Historic Preservation Commission, appointed members, defined duties, and authorized studies or recommendations, then North Carolina law generally would not require a public hearing before repealing it. He stated that the Board would still need to follow open meetings requirements and any applicable local rules, but a formal public hearing would not typically be required by state statute if the City had not fully adopted a historic preservation overlay.

Mayor Hatem and Alderman Carroll questioned how that issue related to the Board appointments on the agenda. Alderman Gross stated that he questioned why the Board was proceeding with appointments to the Historic Preservation Commission when the direction of the Board appeared to be moving away from a quasi-regulatory body and toward a voluntary advisory role.

ABC Appointments

Alderman Gross then proceeded with the ABC Board appointments. He stated that the ABC Board interviews had been conducted by the ABC Board Chair, William Davis, the Vice Chair, Zach Zuehlke, and himself as the Board liaison. He explained that there were four vacancies, including one open seat because a current member had chosen not to reapply.

Alderman Gross stated that the first recommendation was to reappoint Jim Poppe, a current ABC Board member, for a three-year term. He stated that the interview committee vote was unanimous, three to zero, in favor of reappointment.

> *A motion was made by Alderman Gross to reappoint Jim Poppe, to seat 1. The motion was seconded by Alderman Carroll. The motion passed 5-1 with Alderman Spencer voting nay.*

Alderman Gross stated that the second vacancy was the seat held by Adam Steadman. He explained that the interview committee also unanimously recommended reappointing Mr. Steadman, but for a two-year term in order to help bring the ABC Board into compliance with state law requiring staggered terms.

> *A motion was made by Alderman Gross to reappoint Adam Steadman to seat 2, with a 2029 expiration, which was seconded by Alderman Carroll. The motion carried unanimously.*

Alderman Gross then discussed the third seat, which was the vacant seat held by Zach Zuehlke, who had not reapplied. He stated that the interview committee unanimously recommended David Geary for that seat. Alderman Gross explained that Mr. Geary had a unique skill set and experience related to ABC store marketing. He stated that Mr. Geary conducted tastings through a third-party company and had knowledge of products, marketing, and sales. Alderman Gross stated that the committee believed Mr. Geary could help with marketing recommendations and potentially assist with improving product drops and revenues.

Concerns were then raised regarding whether Mr. Geary's work created a conflict of interest or an appearance of a conflict. Alderman Mosteller stated that in the past the Board had nominated someone connected with the alcohol industry and later had to correct the appointment. She requested that the matter be reviewed before the Board proceeded. Alderman Gross stated that Mr. Geary did not work directly for a distillery but through a third party. Alderman Davis stated that the Board may be making a premature decision without a legal determination. Mayor Hatem stated that he had no problem seeking a legal opinion, and the Board agreed to delay consideration of Mr. Geary's appointment until the July meeting.

Alderman Gross then addressed the remaining ABC Board seat, which was held by Angela Wadsworth. He stated that the interview committee recommendation was split, with two votes for Angela Wadsworth and one vote for Gabe Azzato. He explained that each member of the interview committee made their recommendation based on the interviews, background, skill sets, and who they believed would best represent the Southport ABC Board.

Alderman Kelley stated that she had previously disclosed that her brother, Gabe Azzato, had applied for the ABC Board. She stated that he was her brother but that neither she nor her family had anything financially to gain from the appointment. City Manager Saldo explained that the Board would need to determine whether it believed a conflict existed and, if so, whether Alderman Kelley should be recused. Alderman Davis stated that she believed it was close to at least the appearance of a conflict. Alderman Gross stated that his understanding was that a conflict of interest required a financial interest under state law and that he did not believe Alderman Kelley had a financial interest. He also clarified that Gabe Azzato did not work for a winery or distillery but had retail marketing experience that impressed him during the interview.

Alderman Carroll stated that he valued the input of the current ABC Board members and understood that there was reasoning behind their support for Ms. Wadsworth. Alderman Gross stated that he did not want to speak for others but believed that when board members serve together, relationships and loyalty can develop. He also reiterated that the Board was attempting to bring the ABC Board terms into compliance with state law so that no more than two terms expired at the same time.

Alderman Spencer disclosed that he had a conflict because one of the applicants was his only paying landscaping customer. Discussion continued regarding whether to delay the remaining appointments until July so the City

Attorney could be present.

A motion was then made by Alderman Spencer to appoint Angela Wadsworth and Gabe Azzato to the ABC Board. Alderman Carroll seconded the motion and clarified that the motion would appoint Angela Wadsworth to Seat 3 and Gabe Azzato to Seat 5.

Before the vote, Alderman Gross reiterated that the interview committee had unanimously recommended Dave Geary because of his background and skill set. He stated that the ABC Board was facing reduced revenues, dropping from approximately $575,000 to $264,000 next year, and that the committee believed Mr. Geary's marketing and product knowledge could assist in increasing sales and revenues returned to Southport.

Following discussion, the motion to appoint Angela Wadsworth to Seat 3 and Gabe Azzato to Seat 5 carried with a 5-1 vote with Alderman Gross voting nay.

Forestry Appointments

Alderman Carroll then presented the Forestry Committee appointments. He stated that there were two seats available and that three applicants had interviewed. The interview committee consisted of Alderman Carroll as liaison, Vice Chair Fred Fiss, and the Mayor sitting in as the chair was up for reappointment. Alderman Carroll stated that the recommendation was to appoint Scott Len and Michael Proctor. Alderman Kelley clarified that Michael Proctor would be appointed to Seat 1 and Scott Lynn to Seat 7.

A motion was made by Alderman Carroll and seconded by Alderman Davis to appoint Michael Proctor to Seat 1 and Scott Len to Seat 7, and the motion carried unanimously.

Planning Board Appointments

The Board then moved to Planning Board appointments. Alderman Mosteller stated the interview committee had reviewed several strong candidates and hoped those not appointed would continue participating and attending meetings. The recommendation was to reappoint Larry Ashley to Seat 4 and Ed Ekert to Seat 5.

A motion was made by Alderman Mosteller and seconded by Alderman Carroll to reappoint Larry Ashley to seat 4 and Ed Ekert to seat 5, and the motion carried unanimously.

Board of Adjustment Appointments

Alderman Spencer then presented the Board of Adjustment appointments. He stated that Chair Pete Haislip, Vice Chair Jason Robbins, and Alderman Spencer conducted the interviews. He stated that there was full consensus to reappoint Chris Eckert to Seat 3 and Tuck Masker to Seat 6 for full terms expiring June 30, 2029.

A motion was made by Alderman Spencer and seconded by Alderman Mosteller to reappoint Chris Eckert and Tuck Masker, and the motion carried unanimously.

Alderman Spencer then made a motion to appoint Jerry Rivenbark to Seat 4 on the Board of Adjustment for a term expiring June 30, 2029. The motion was seconded by Alderman Gross.

Alderman Davis stated that he understood there were pending code enforcement violations and suggested that it may not be an appropriate time to make the appointment. Discussion followed regarding whether the matter should be delayed until additional information could be provided. Alderman Mosteller stated that she believed the Board may need to establish a policy in the future regarding appointments when an applicant has outstanding violations, especially for boards such as the Board of Adjustment.

The Board voted on the motion to appoint Jerry Rivenbark to the Board of Adjustment, and the motion failed 4-2 with Alderman Spencer and Alderman Gross voting yea. The motion failed.

Alderman Kelley then made a motion to bring the matter back at the next meeting, so the Board could receive more information regarding the violations. The motion was seconded by Alderman Gross.

After discussion and clarification, the motion was amended to bring back Seat 4 for consideration at the next meeting with information regarding any code enforcement violations. The motion carried with a 4-2 vote with Alderman Davis and Alderman Mosteller voting nay.

Alderman Spencer then made a motion to appoint Sue Hodgin to Seat 5 on the Board of Adjustment for a term expiring June 30, 2029. The motion was seconded by Alderman Mosteller.

Following discussion, the vote was tied three to three. Mayor Hatem voted in favor of the appointment, and the motion carried.

Yea — Mayor Hatem
Yea — Alderman Davis
Yea — Alderman Carroll
Yea — Alderman Mosteller

Nay — Alderman Kelley
Nay — Alderman Spencer
Nay — Alderman Gross

Historic Preservation Commission Appointments

Alderman Carroll then motioned that appointments to the Historic Preservation Commission be delayed until the July regular Board meeting, noting that the Board would be considering a significant matter related to that subject at the July meeting. Alderman Gross seconded the motion. The Board voted to delay Historic Preservation Commission appointments until the July regular meeting, and the motion carried five to one with Alderman Gross voting Nay.

Cemetery Committee Appointments

Alderman Spencer then presented the Cemetery Committee appointments. He stated that two people had been interviewed.

Alderman Spencer then made a motion to appoint Larry Ashley to seat 2 with a term expiring June 30, 2029. The motion was seconded by Alderman Kelley, and the motion carried unanimously.

Alderman Spencer stated that for the second seat, he preferred an independent applicant because the ordinance provided for representation from certain committees, and he believed fresh independent participation would be beneficial. No additional appointment was made for the second seat.

C. Manager's Report

There was no discussion.

D. Mayor's Comments

There was no discussion.

E. Board Comments

There was no discussion.

F. Adjourn

Mayor Hatem thanked the Board for its work and stated that he was pleased the City had adopted a budget. He thanked everyone who participated in the process and wished everyone a happy and safe Father's Day.

A motion to adjourn was made by Alderman Mosteller and seconded by Alderman Spencer. The motion carried unanimously.

The meeting was adjourned at 2:44 pm.

Joseph P Hatem MD

Dr. Joseph P Hatem, Mayor

Attest:

Tori Deviney

Tori Deviney, City Clerk

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1792
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