

# CAROLINA BEACH

Town Council Workshop Minutes  
Wednesday, May 30, 2018 @ 9:00 AM  
Council Chambers  
1121 N. Lake Park Boulevard  
Carolina Beach, NC 28428

## ASSEMBLY

The Town of Carolina Beach Town Council Workshop was held on Wednesday, May 30, 2018 at 9:00 AM at Council Chambers.

PRESENT: Mayor Joe Benson, Council Member LeAnn Pierce, Council Member Steve Shuttleworth, and Council Member JoDan Garza

ABSENT: Mayor Pro Tem Tom Bridges

ALSO PRESENT: Town Manager Michael Cramer, Assistant Town Manager Ed Parvin, Finance Director Debbie Hall, and Town Clerk Kim Ward

### 1. MAYOR BENSON CALLED THE MEETING TO ORDER AT 9:00 AM

### 2. BUDGET DISCUSSION

- a. Mr. Cramer began by stating that there were three kinds of priority cuts.

Mayor Benson stated that there is a risk assessment being assumed by cutting any number of these.

Council Member Pierce asked if Mr. Cramer made the cuts or if his department heads did.

Mr. Cramer replied that they both did. He had his department heads send him a list of cuts and they established the priorities together to determine what cuts were there.

Mr. Cramer also said that the original dollar value in the executive budget for computers was \$206,000 and some change. The revised budget now has been reduced by \$20,000.

Council Member Shuttleworth asked if there will be a formal presentation of this budget.

Mr. Cramer said yes.

Mr. Cramer also said that the total cuts would bring a saving of \$908,946. First priority cuts would be \$527,610. The second priorities are \$105,000 and the third priorities are \$235,000.

Council Member Shuttleworth asked what the CVAS with Avenue South Picture Property was and what is being leased down there for \$800.

Mr. Cramer replied that there is an annual lease for two months of the season for the lot at the picture taking area. It's been that way for several years. The reason why that's a reduction is that the Town is working with Mr. Murphy and his organization on their development next to the FEMA lot. We were able to retain a reduction of that \$800 of the leasing of that lot.

Mr. Cramer also said that when we use the Land Use Plan, Council will be deciding on the vendor.

Council Member Shuttleworth asked if we still need to spend \$41,000 on Town Hall door cameras and access systems.

Mr. Cramer replied that the cameras were a level two priority and the access systems were a level three priority. He said that they are still needed items.

Council Member Pierce asked if the cameras were cameras that were used to film the meetings with or security cameras.

Mr. Cramer replied that it was the latter for the Town Hall facility.

Mr. Cramer also said that using that door access system, it was our hope to move out into different Town facilities. It would also be helpful for locking the bathrooms at a certain time. That is a future goal.

Council Member Pierce stated that she did not know many of these things were in the budget because this plan is much more detailed.

Mayor Benson said that he does like going line item by line item.

Council Member Garza said that he feels that the meeting about the Lake Park Boulevard should be first priority and shouldn't be pushed off.

Mr. Cramer explained that it is a little bit reversed when you do cuts. Priority ones are the first that should be cut and priority threes are the last that should be cut. Since Lake Park Boulevard is currently a priority three, it means we are not recommending it gets cut.

Council Member Pierce asked what pre-employment costs were.

Mr. Cramer said that pre-employment costs are all of the ancillary costs that we go through in hiring somebody, like background checks, bloodwork and drug testing. Police officers also have to take psychological tests.

Mayor Benson asked for confirmation that the \$15 million in the General Fund incorporates the priority one cuts.

Mr. Cramer confirmed.

Council Member Shuttleworth asked if the \$15 million got the budget balanced.

Mr. Cramer said it does.

Council Member Shuttleworth said that he is in support of extending the hours and possibly the months of parking fees.

Mr. Cramer said that he would like to begin his presentation of General Fund Revenue. The revised projected revenue is \$15,060,213 while the original projected revenue was \$13,309,371. The total revenue increase was \$1,750,842.

Mr. Cramer also said that a \$75-\$100 non-residential decal for parking was recommended. We expect that to bring in \$14,575.

Council Member Shuttleworth asked who was typically buying the nonresidential decals.

Mr. Cramer said the majority of it is Kure Beach residents and Wilmington residents.

Council Member Shuttleworth asked if we give golf carts the same rate on parking as cars.

Mr. Cramer said that we do; a vehicle is a vehicle.

Council Member Shuttleworth said that he is not sure that \$25 is enough of a jump.

Mr. Cramer said that one of the comments that he has heard in the past when they raise non-residential decals is that Kure Beach residents feel that we are not trying to be one island.

Council Member Pierce said that we are a separate government.

Council Member Shuttleworth said that we have no trouble supporting Kure Beach coming to Food Lion or something like that, but it is different when they park in our metered spots.

Mrs. Pierce asked if there is a caveat in our contract with the parking company that says if we increase the rates, they'll get a percentage of that overage.

Mr. Cramer said that there isn't currently but I'd negotiate that for the next rate increase. There will be a gap in the incentive and it does not include the extra \$.50 we'd receive for

an hour.

Council Member Shuttleworth said based on this residential rate increase, we get \$14,000 by going up \$25 dollars. That means there are 583 people who are non-residents that are taking advantage of our parking.

Mr. Cramer confirmed that.

Mayor Benson asked if Wrightsville does something similar with non-residential decals.

Council Member Garza said they do \$75 for a weekly pass.

Mayor Benson said we are not Wrightsville Beach and cannot do that.

Mr. Cramer said that at an earlier meeting, the Council had asked about expanding the months of paid parking. He said that he certainly could do that but trying predict that revenue is like throwing darts.

Mayor Benson said that year-round parking should not be third priority especially because of business owners.

Mr. Cramer said that is the reason they didn't recommend year-round parking because then it gives them a chance to draw people in during the tourist season.

Council Member Pierce said she thinks parking should be April through September.

Mr. Cramer said currently we are going April through October with parking.

Council Member Shuttleworth asked if the last day was October 1st.

Mr. Cramer said no, we're going through October 31st.

Mr. Cramer also said that this new plan would have parking fees from 7am to 10pm at night and that would end up gaining \$5,000 additional revenue a month. Now, that's sort of a stab in the dark because we don't know how many people are coming and if they are filling every parking space. \$5,000 is a guesstimate of what we believe we can bring in.

Mr. Cramer said there are other possible rate increases. Non-residential golf carts would go from \$75 a year to \$100 a year, increasing the revenue by \$1,450. Residential parking decals would go from \$10 a year to \$20 a year, increasing the revenue by \$62,450. Residential golf carts would go from \$10 a year to \$20 a year, increasing the revenue by \$5,820. A Freeman Park annual pass would go from \$150 a year to \$175 a year, increasing the revenue by \$37,275. Freeman Park's Early Special would go from \$75 a year to \$100 a year, increasing the revenue by \$144,925. Freeman Park daily passes would go from \$30 a

day to \$40 a day, increasing the revenue by \$165,680. Freeman Park camping passes would go from \$20 a day to \$30 a day, increasing the revenue by \$45,930.

Council Member Shuttleworth asked if we sell 16,558 daily passes.

Mr. Cramer confirmed that.

Mayor Benson said that he would prefer to not raise resident parking decals and that he is okay with raising Freeman Park related fees.

Council Member Pierce said that she thinks \$20 is reasonable.

Mr. Cramer said that reducing some of these rates will reduce the amount of revenue we have to pull out of the Fund Balance to balance the budget.

Council Member Shuttleworth said that we have to reduce that amount because we have been pretty cavalier about the Fund Balance and we haven't been saying no. Now, our Fund Balance is under 25%.

Mr. Cramer agreed that it was slightly under 25%.

Council Member Pierce said that capital expenses will have to happen sooner or later.

Mr. Cramer said that many of the capital expenses will come as recommendations next year.

Council Member Pierce said she would like an outsourced, operational study to happen in the departments that is overseen by at least two Council Members.

Mr. Cramer said that would have to be added to the budget for this year.

Council Member Shuttleworth asked if we have ever looked at incentives for the town staff in order to save money.

Mr. Cramer said that we haven't here, but he has done it before in Greensboro.

Council Member Shuttleworth said he has a problem with the COLA because it raises the inflation in personnel and cost. In the future, he says he will be more willing to support more merit and less COLA.

Council Member Garza said that if we are going to increase our revenue, why not increase the 401k and the merit.

Mr. Cramer said that when he budgets merit, he always gives the department heads the

maximum because there are some stellar employees. However, we don't ever use the maximum.

Council Member Pierce said that she'd rather have fewer employees and be able to pay them more.

Council Member Shuttleworth said that's what he's hoping the efficiency study would provide.

Mr. Cramer said that he thinks we can do that.

Council Member Garza said we should aggressively tackle increasing the merit.

Mr. Cramer said that he heard in general the Council wants 0% COLA, 3% at least for merit and 1% additional percent for 401k. If we were to go up to 4% on the merit, there would be virtually no change to the budget. However, any higher would change the budget.

Council Member Shuttleworth said that he is okay with going up on merit. He is also okay with all of the reductions except he'd like to see Freeman Park go up to \$200 and the Early Bird Special up to \$150. He would also like to see non-residential decals at \$150.

Mayor Benson said that he likes the non-residential decals where they are at \$100.

Council Member Garza also said he liked the \$150.

Mayor Benson said that he is fine with all of the potential rate increases.

Mr. Cramer said that he can get the statistics about the Early Bird Special to Council Member Garza.

Council Member Garza said he's fine with all of the rates other than the Early Bird Special.

Mayor Benson said that he's all right with the \$150 for non-residential decals.

Council Member Garza asked that since we have dropped the gap by more than half, why don't we take the difference and throw it towards our tax rate so we can drop it.

Council Member Shuttleworth said he likes that idea, but our sales tax would be increased then. He would like Mr. Cramer to come back with those numbers.

Mr. Cramer said the Enterprise Fund's original projected revenue was \$7,876,282 and it is now \$9,436,489. The total revenue increase is \$1,750,842. There will be a new system development fee but there will be basically no change in that.

Council Member Garza asked how many years the Water/Sewer/Stormwater increase will go for.

Mr. Cramer said that it will be 11.5% for the first three years and then 5% for the last two years. He recommends that we do not reduce that 11.5% this year.

Council Member Shuttleworth said our difference from Kure Beach is that we already charge an escalated base rate based on the meter size.

Mr. Cramer confirmed that.

Council Member Shuttleworth doesn't think that the tiered water rate will work for Carolina Beach as it does for Kure Beach because we have a different number of commercial users.

Mr. Cramer replied that it is a good model and that we can go off of tiers or volume.

Council Member Shuttleworth asked if the water system was supposed to increase revenue or reduce usage.

Mr. Cramer said we are trying to do both but for commercial businesses, it is going to be a revenue regenerator.

Council Member Shuttleworth asked if we added to the Fund Balance last year in the Enterprise Fund.

Mr. Cramer said that we did put three quarters of a million dollars into the Fund.

Council Member Shuttleworth said that he appreciated that Mr. Cramer was conservative on the revenue and aggressive on the expenses so that we have that gap. He did ask that if we know our revenue is x, can we start with a budget of x.

Mr. Cramer replied that we can always start with a budget of x.

Council Member Pierce said she is really concerned about five or ten years down the road because she cannot see our revenue really changing but she can see our expenses growing. She hears people say all the time that the government is not like a business but she says that it is. She doesn't think we can keep stealing from our savings account.

### **3. NON-AGENDA ITEMS**

- a. Council Member Shuttleworth said that the Freeman Park Committee wants to know how long it takes to do a run with the can truck from one end of the island to the other.

Mr. Cramer said that's not how we run the can trucks.

Council Member Shuttleworth said the question is that we have two can trucks and do we need to run both at the same time or make different trips.

Mr. Cramer said that would be something to study for the next fiscal year.

Council Member Pierce said that we need to have a workshop on just Freeman Park in the fall.

Council Member Shuttleworth asked if the MAC committee would support giving them some dollars out of the MAC committee's reserves to do a marketing campaign.

Council Member Pierce said she liked the idea.

Mr. Cramer said that we would be happy to update the study.

**4. MAYOR BENSON ADJOURNED THE MEETING AT 11:00 AM**