

CAROLINA BEACH

Town Council Workshop Minutes
Wednesday, May 16, 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 16, 2018 at 9:00 AM at Council Chambers.

PRESENT: Mayor Joe Benson, Mayor Pro Tem Tom Bridges, Council Member LeAnn Pierce, Council Member Steve Shuttleworth, and Council Member JoDan Garza

ABSENT:

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

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

2. BUDGET DISCUSSION

- a. Michael Cramer stated that he would be presenting the administration budgets. These are typically Town Hall budgets that do not have large operational type expenses.

Non-Departmental \$414,476

Personnel & Benefits \$0

Maintenance & Operations \$414,476

Capital Outlay \$0

Total Budget \$414,476

Staff = 0 Full Time

Highlights

1.CBP3 Loan/Taxes \$224,211

2.Non-Profit Donations \$50,415

- CB Inlet \$7,500

- Federal Point Historic Society \$7,500

- Friends of Ft. Fisher \$5,000

- Island of Lights\$8,000

- Senior Center\$11,715

- PI Sea Turtle Project \$7,700

- Saving Animals\$3,000

3.Chamber of Commerce Donation \$97,400

4.CBDI Donation\$32,500

5.WAVE Transit\$9,950

OVERALL BUDGET .5 % Increase

Debt Service \$1,034,938

Personnel & Benefits \$0

Maintenance & Operations \$0

Capital Outlay\$0

Debt Service\$1,034,938

Total Budget\$ 1,034,938

Staff = 0 Full Time

HighlightsAmountRemaining Yrs

Wilmington Beach Paving & Drainage\$283,579.537 yrs

Municipal Complex\$178,632.642 yrs

2008 Fire Truck\$77,778.35Last yr

Fire Station Renovation\$ 103,114.2913 yrs

Ops Center\$ 112,674.7713 yrs

2016 Fire Engine\$ 55,081.007 yrs

Boardwalk Powerlines\$ 81,591.393 yrs

Fire Boat\$ 41,404.804 yrs

Marina Bulkhead\$ 49,404.8014 yrs

New Environmental Backhoe\$ 52,000.003 yrs

OVERALL BUDGET .3 % INCREASE

MPT Bridges asked for a status on the Wilmington Beach Assessment.

Ms. Hall replied that most of that has been paid.

Council Member Shuttleworth suggested looking at leasing equipment versus purchasing to save on maintenance expense, specifically on the backhoe.

Mr. Cramer said that he would look into it.

Legislative \$289,162

Personnel & Benefits \$95,157

Maintenance & Operations \$176,455

Capital Outlay\$0

Total Budget \$289,162

Staff = 5 Full Time

Highlights

1.Travel & Training \$15,000

2.Professional Services - Town Attorney \$130,000

3.Dues & Subscriptions \$18,155

•WMPO\$5,300

•NCBIWA Membership\$1,100

•NCBIWA Sponsorship \$1,500

•League of Municipalities \$6,800

•UNC School of Govt \$750

- COG \$1,400
- American Shore and Beach \$500
- Water Resource Congress \$250
- NC Chamber \$555

OVERALL BUDGET 12% DECREASE or 4% INCREASE (due to adding \$50,000 for a mid-year add due to the Freeman Park litigation).

Executive \$936,073

Personnel & Benefits \$283,891

Maintenance & Operations \$652,182

Capital Outlay \$0

Total Budget \$936,073

Staff = 3 Full Time

Highlights

1.IT Systems \$76,946 Increase

- Moving from a Premise System to a Hosted System and IT as a service.

2.Liability Insurance \$66,212 Increase

OVERALL BUDGET 16.5% INCREASE

Council Member Garza asked if the public kiosk in the reception area could be replaced.

Mr. Cramer said that it would.

Council Member Shuttleworth asked about the proposed new IT services and how it would benefit the Town and provide additional services. He mentioned that the cost is increasing \$77,000 and that could be a full-time employee.

Mr. Cramer explained that the new IT provider will offer cloud services and the Town will no longer have hardware expenses such as servers and computers.

Council Member Shuttleworth suggested using this same philosophy with the backhoes (lease vs own). He feels that you would save money on maintenance.

Council Member Shuttleworth asked how Council would see the dollars that are not spent on projects and moved into the fund balance.

Mr. Cramer replied that he could show a monthly report but it has always been easier to roll the money into the fund balance at the end of the year in case other issues arise. He said that he should have better numbers on the IT project in a few weeks with the company comes in and gives us a true analysis and cost. He expects to see some savings by moving with this new company.

Council Member Shuttleworth asked about the cell phone bill. He said Willard noticed that the Town budgets \$70,000 for phones.

Mr. Cramer said it is \$17,000 for cell phones. That line item covers all cell phones, land lines, air cards, internet, etc.

Clerk \$229,397
Personnel & Benefits \$156,772
Maintenance & Operations \$72,625
Capital Outlay \$0
Total Budget \$229,397
Staff = 2 Full Time
Highlights
1. Printing & Publishing \$21,000
2. Software \$32,100
• iCompass \$13,100
• Laserfiche \$18,000
• Improving document management for staff and public
• Social Media Spend \$1,000
3. Maintenance of Town Code \$10,000
OVERALL BUDGET 2.3% INCREASE

Council Member Pierce asked why there was a contracted services cost for outsourcing the transcription of minutes. She asked if those duties were not assigned to the second employee in the clerk's office.

Mr. Cramer replied that they are not.

Finance \$380,996
Personnel & Benefits \$241,381
Maintenance & Operations \$139,615
Capital Outlay \$0
Total Budget \$380,996
Staff = 3 Full Time
Highlights
1. Bank Charges \$7,649 Increase
2. Contract Services \$4,620 Increase
• NHC Tax Collection Fee \$45,000
• Lexis Nexis \$1,620
3. Annual Audit \$11,100 Increase
• Regular Audit \$10,000
• Single Audit \$8,000
• LGERS Audit \$5,500
OVERALL BUDGET 9% INCREASE (mainly banking and auditing charges)

Council Member Shuttleworth said that he has received the question both from Council and others why the Town went back to doing payroll in house.

Mr. Cramer said it is for control and management of information. He can have employees stay over and work on payroll if needed where you couldn't with an outside vendor. He said he has never

researched it.

Council Member Pierce recommended using ADP. She uses it with her business and is very satisfied. She recommended the Town Manager take a serious look at going that route. They do all the tax paperwork as well.

Mr. Cramer said he could look into it.

Council Member Shuttleworth said that he hears all the time that the Town's payroll is an excruciating process.

Council Member Pierce feels that the Manager should consider outsourcing some of the work instead of hiring more people.

Mr. Cramer said this is something that he could look at in the future but it is not something that was put into this current budget.

Human Resources \$371,082
Personnel & Benefits \$ 288,542 (Includes retiree expenses)
Maintenance & Operations \$82,540
Capital Outlay\$0
Total Budget \$371,082
Staff = 2 Full Time
•Cost includes Retirement Health Care
Highlights
1.2% COLA \$114,369
2.2% Merit \$116,669
3.401 K Match Increase 1% \$ 67,248
Total Personnel Increases \$298,286
Transfer Longevity to Individual Departments \$32,165

OVERALL BUDGET 6% DECREASE or 0% INCREASE (depending on if you move longevity to each department)

Council Member Shuttleworth mentioned that 1 point on the taxes goes to employee benefits. He said that he was not opposed to it, but that is how he looks at the budget.

Council Member Garza stated that the number doesn't bother him. He feels that employees do a lot of work to take care of the residents and the Town.

Council Member Pierce said that she wants to take care of the employees but she really wants the Town to look at outsourcing some of the work.

Council Member Shuttleworth mentioned that he didn't know Finance had three positions and asked what that third position was.

Mr. Cramer replied that grants and projects created a larger work load. Also, the auditor requested a third person be in Finance to have the checks and balances and internal control.

Council Member Shuttleworth said that when you outsource, you do not have to pay retirement, benefits, etc.

Mayor Benson said that Council is asking the Manager to move to more automation that could curtail the long term liability.

Mr. Cramer replied the Town does have room for improvement in efficiency but it would come at a large cost initially. He added that it would cost around \$50,000 to move to an automated time keeping system.

Council Member Shuttleworth is concerned about the COLA. He said that Seattle, Washington is going to start taxing businesses on the number of people they have. Chicago is proposing a 1% property tax to pay for their employee longevity and pension. He added that when you add a 2% COLA, that number never comes off the payroll. There are only a couple of ways to pay for this. You could raise revenues or raise property taxes.

Mr. Cramer clarified that a COLA is given to keep up with the competing market. The Town does a pay study every 5 years and if you keep up with the market gradually, you will be less likely to take a big hit every 5 years.

MPT Bridges said he has a different view on this topic. He feels that these decisions should be made by the manager. He feels that Council should look at an overview of the budget and make a recommendation to the Manager on a percentage that they would like for him to cut from the budget. The manager should be able to make the decision on where he feels the cuts should be made. He does not feel that Council should be telling the Manager that he doesn't need a backhoe. He also stated that he doesn't agree with leasing equipment. At the end of the lease, you either lose the equipment or you have to buy it. You can sell it at the end of its life if you buy it.

Council Member Pierce told MPT Bridges that he comes from a government background where the other Council Members are in the private sector and know that they don't get paid if the numbers don't work.

Mayor Benson said he comes from the public and private sector and feels that Council owes the Manager a bogey, which is a number you get where you don't assume an additional tax burden. He recommends giving the Manager that number and asking him to show them what he can do with that number.

Council Member Shuttleworth said there are two ways you could handle the budget. You can ask the Manager what his projected income is and tell him to go meet it or you can go through the process and do what Tom feels is micromanaging. He stated that in six years on Council, he has mentioned several times that Council needs to make policy and let the Manager implement it. He went on to say that he flips to the end of the budget and notices that 50% of the budget is personnel, so when the Manager is asking to add staff, he feels that Council should be looking at other areas to cut costs.

MPT Bridges commented that he feels they are going to get to the same place but his opinion on how they get there is different.

Council Member Garza stated that he feels it is Council's job to ask questions that residents would want to ask.

Mr. Cramer mentioned that these topics would be great for the annual retreat; topics such as leasing versus buying and how to conduct the budget process moving forward.

Planning \$922,264
Personnel & Benefits \$759,979
Maintenance & Operations \$90,285
Capital Outlay \$72,000
Total Budget \$ 922,264
Staff = 9 Full Time

Highlights

- 1.Land Use Plan Study \$50,000
 - 2.Replacement Vehicles \$72,000
 - Building Inspection Vehicle \$24,000
 - Code Enforcement Vehicle \$24,000
 - Town Hall Admin Vehicle \$24,000
- OVERALL BUDGET 17.18% INCREASE

Council Member Pierce asked if these would be take home vehicles.

Mr. Cramer said that the building inspector vehicle would be.

Council Member Pierce asked if he lived close by.

Mr. Cramer replied that he lives in Jacksonville. He added that police officers, operations admin, and employees that are on call have take home vehicles.

Council Member Shuttleworth asked if there are some vehicles that are coming out of the fleet that could be repurposed to the planning department.

Mr. Cramer replied that they are in too bad of shape.

Council Member Pierce asked if the Town provided SP Plus their vehicles and fuel.

Mr. Cramer replied that they do.

Council Member Pierce followed up by asking if all SP Plus provides is staff.

Mr. Cramer said that they provide staff and services.

Council Member Pierce stated that she feels when you hire a contractor, they should provide their own supplies and equipment. She asked when the contract was up.

Mr. Cramer replied at the end of this year. He added that the reason the Town provides all of the equipment is to keep the cost down to the Town. That is the way the contract was written.

Council Member Pierce added that she feels that by the Town providing this equipment, not only do you have the cost of maintenance but you are also paying an employee to take the vehicle in for service.

Marina \$25,775
Personnel & Benefits \$0
Maintenance & Operations \$25,775
Capital Outlay \$0
Total Budget \$25,775
Staff = 0 Full Time
Highlights
1. Electric \$10,000
2. Maintenance & Repair – Equipment \$1,500
3. Supplies \$1,575
4. Miscellaneous \$2,700
5. Professional Services \$10,000
Current Fiscal Year Transfer \$633,724 for Phase II
OVERALL BUDGET 0% INCREASE

Mr. Cramer stated that the Marina used to have one employee listed as the Harbor Master. The position no longer exists and the duties have been absorbed by himself and the Assistant Town Manager Ed Parvin.

Powell Bill \$186,000
Personnel & Benefits \$0
Maintenance & Operations \$186,000
Capital Outlay \$0
Total Budget \$186,000
Staff = 0 Full Time
Highlights
1. Supplies \$61,000
• Traffic Control \$11,500
• Markings \$19,500
• Signs \$30,000
2. Street Maintenance \$125,000
• Pothole Patching \$45,000
• Right of Way Trimming \$80,000
Current Fiscal Year Transfer \$650,000 from PB Reserve
OVERALL BUDGET 0 % INCREASE

Council Member Shuttleworth asked if the right-of-way mowing was outsourced.

Mr. Cramer said that it was. The only thing the Town does is the overhanging branches, sight obstructions, and side ditches.

Council Member Shuttleworth asked if the Town's side arm mower worked. If it does, why isn't the Town mowing the right-of-ways? If not, why does the Town still have it?

Mr. Cramer said that they have asked for a new one in this budget but they will continue to patch the one they have until they can replace it.

Council Member Shuttleworth asked the Manager to get an estimate on outsourcing the side ditches.

Mr. Cramer felt it was important for the Town to be able to do this for stormwater maintenance and flooding mitigation. He mentioned that he would get an estimate.

Council Member Pierce said that she understands it would have helped the manager if he would have known some of the items that Council wanted him to research in advance.

Mr. Cramer moved on to say that this current year the Town pulled \$650,000 out of Powell Bill Funds to repair roads. Each year, the Town receives \$186,000 from the Powell Bill.

Parking \$426,000
Personnel & Benefits \$0
Maintenance & Operations \$426,000
Capital Outlay \$0
Total Budget \$426,000
Staff = 0 Full Time
Highlights
1.SP + Budget \$421,000
•Account Adjustment, Incentive Pay, ad Asset Replacement \$82,000
1.Interior Signs \$5,000
OVERALL BUDGET 25.6% INCREASE

Council Member Pierce expressed a concern over the Town covering all the expenses for the contractor as well as paying them a budget and incentive pay.

Council Member Shuttleworth asked the Manager to research how many parking spaces Carolina Beach has versus Wrightsville Beach. According to Mayor Blair, they receive \$2.4 million in parking revenue. They set aside \$500,000 every year from that for sand. They signed a contract with the County saying they would pay 17.5% of beach renourishment. Carolina Beach did not know anything about that. He recommended that the Town start looking at where to pull sand money by increasing revenue.

Council Member Pierce asked to know how many parking passes were sold last year.

Mr. Cramer said that he had sent all of this information out in an email this week and they should be able to find the answers to those questions in there but he also mentioned that he thinks Wrightsville Beach has 600 more parking spaces than Carolina Beach.

Council Member Garza suggested increasing the hours of paid parking.

Mayor Benson stated that he received the email Mr. Cramer is referring to and would like to add a workshop to discuss these details.

Council Member Pierce said she wanted to talk about the parking contract at that workshop.

Council Member Garza agreed and wanted to understand why the Town is paying the parking company incentives when they had trouble keeping employees last year and could not fulfill their obligation to patrol Freeman Park. He asked if the \$421,000 includes Freeman Park.

Mr. Cramer said that it did not. That is an additional \$162,000 that comes out of the Beach Maintenance budget.

Council Member Pierce said that she is looking to save money.

Mr. Cramer said he agreed and knows that he could do this for less but he would have to increase town staff. He would like to discuss this before the parking RFP.

Beach Maintenance \$1,053,758
Personnel & Benefits \$362,098
Maintenance & Operations \$617,500
Capital Outlay \$75,160
Total Budget \$ 1,053,758
Staff = 6 Full Time
Add .5 Full Time Beach Patrol Officer \$29,687
Highlights
1..5 Beach Patrol Officers \$29,687
2.Storm Damage Reduction \$350,000
3.Inlet Dredging \$10,000
4.Replacement of Vehicle 110 & 111 \$75,160
5.SP + Contract for Freeman Park \$162,000
Current Fiscal Year additional \$169,395 for Freeman Park Property
OVERALL BUDGET 8.7 % DECREASE or 7 % INCREASE

Council Member Shuttleworth explained that the Town has been putting \$350,000 aside out of Beach Maintenance each year for sand. The Town did not tell the County they were doing that and that is why Commissioner Barfield made the comment that he did at the Beach Towns Breakfast when he stated that Wrightsville Beach is the only one planning and saving for beach nourishment. The Town was reluctant to the 17.5% because that would take the County completely out of the

game. He feels that the County should also be willing to contribute because County residents are visiting these beaches.

Mayor Benson said that the County needs to have some skin in the game.

Council Member Pierce reminded everyone that the money collected for sand comes from the Room Occupancy Tax, it is not resident tax dollars. It is generated by visitors.

Council Member Shuttleworth stated that the City of Wilmington puts in 40% and gets nothing from sand. Kure Beach does not generate enough room occupancy tax to contribute to what they take out. Wrightsville Beach gets their money from parking, Carolina Beach gets theirs from Freeman Park, and Kure Beach has to figure out where they are going to get theirs from.

Council Member Pierce said that the Town needs to look at Freeman Park and how much it is costing the Town. She suggested talking about camping, hours, trash, and management. How much would go away if the park was run differently?

Total GF \$15,701,889
Personnel & Benefits \$7,116,298
Maintenance & Operations \$7,831,891
Capital Outlay \$753,700
Total Budget \$15,701,889
Staff = 87.5 Full Time
Add Deputy Police Chief
Add .5 Full Time Beach Patrol Officer
OVERALL BUDGET 4.7 % INCREASE

Council Member Shuttleworth asked Mr. Cramer if he would consider putting off the purchase of the planning vehicles until next year.

Mr. Cramer said that he would.

Mr. Cramer said that he is looking for guidance in how to move forward with the budget and is looking for a consensus from Council.

Council Member Shuttleworth said that going with what Tom recommended, they are going to let the Manager make the operational decisions. He stated that the Manager is asking for a budget of \$15,701,889 and he projects the revenue to be \$13,662,000 which is a gap of \$1,800,000. He asked what the Manager's proposal was to close the gap.

Mr. Cramer replied that he did not have one because the past few budgets, the Manager presents the budget to Council and Council makes the recommendations on what to cut out of each budget. He said that he does have some suggestions on increasing revenue with parking and/or closing the gap with reserve.

Mayor Benson asked when Council would have the surplus number for the 17/18 fiscal year.

Mr. Cramer answered by stating the budget was cut off yesterday so they should have some good projection in two weeks.

Council Member Shuttleworth said that his suggestion would be to take the number that Michael is projecting for revenue and tell him to get to that number. Once he gets to that number, he can come back and tell Council what he has to do to get to that number and then Council will make the decision to either cut expenses, find revenue, or increase taxes. Philosophically, he recommends having the manager find \$2 million in cuts.

Council Member Garza asked if there was any fluff.

Mr. Cramer replied that of course there is some flexibility. It would not cover the 11% difference.

Council Member Shuttleworth said that he has asked Mr. Cramer to tighten the gap on his estimate on what he will need from fund balance.

Council Member Pierce said that they cannot change any user fees without discussing parking and Freeman Park first and make those changes in the following year. She asked the Manager to make a list of what he could cut and bring that back to Council for their review.

Mr. Cramer mentioned that you could change rates in the next budget year if Council chooses to.

Mayor Benson asked if the Manager could have the closed book number by the next meeting.

Council Member Shuttleworth asked what one point on ad-valorem would be this year.

Mr. Cramer replied that it is 194,000 for 1 cent.

Council Member Shuttleworth said that he was confused because there is more property at a higher value now.

Mr. Cramer said that he had provided Council with the ad-valorem spreadsheet and he pulled it up on the screen.

RATES AND FEES BUDGET

Residential and Commercial Solid Waste Fees will increase 1.6%.

Mr. Cramer presented several possible parking fee and marina fee increases.

Water and Sewer Rates will increase 11.5%.

Tax Rate

Current Tax Rate is 22.5 cents per \$100 of property value, 1 cent on the tax rate is equal to \$194,937 of revenue.

Suggested Changes in Fines

Dogs on the Beach \$250.00 to \$100.00
Working without a permit \$500.00 Double the building permit fee and \$50.00 per day until a permit is pulled
Current Proposed
Failure to Obtain a Final Inspection \$100.00 \$500.00
Permit not Posted on Site \$0.00 \$50.00
Nuisance Abatement \$50.00 per day
First Offense \$50.00 per day
Second Offense \$100.00 per day
Third Offense \$200.00 per day
Zoning Violation \$50.00 \$50.00 + Admin + Remediation Cost
Noise Violations \$50.00
First Offense \$250.00 per day
Subsequent Offense \$500.00 per day
Late Penalty (14 days) \$50.00 per 14 days

Council Member Pierce suggested looking at the parking rates. She wanted to know how many parking passes were sold last year.

Mr. Cramer said that last year the Town sold 6,245 resident parking passes at \$10 each, 525 non-resident, 11 CBD employee passes, and gave 47 committee members a free pass.

Council Member Shuttleworth asked if the rates were locked in contractually on the marina rates.

Mr. Cramer said the contract states that the Town can raise rates.

Council Member Shuttleworth asked how much money the Town is putting into the renovation of the marina.

Mr. Cramer said about \$3 million.

Council Member Shuttleworth said that bumping the marina rates might be a good funding source.

Mr. Cramer explained the Kure Beach Water/Sewer Rate System. It is set up to have the higher users pay more.

Council Member Shuttleworth said that Kure Beach did this for two reasons. One, as a revenue generator, and two, it would push people to conserve water. Carolina Beach charges by meter size and gallons. He suggested lowering the base amount and add a second or third tier.

Mr. Cramer said that out of 4,869 Carolina Beach water customers, 1418 of them use less than 1,000 gallons. There are 46 customers that use 50,000 gallons.

Council Member Pierce asked why the Town charges a base rate for customers who are not using any water.

Mr. Cramer explained that the base rate is for having the system in place. If there is a break in the system, the Town has to fix it.

Council Member Shuttleworth asked why rates are higher on larger meters. He explained that 1,000 gallons of water is 1,000 gallons of water no matter what size meter it's coming through.

Mr. Cramer said that it is because of the capacity it will hold. They are larger pipes that will hold more water. It is only the first 3,000 gallons that is affected by their meter size.

Council was interested in looking into the tiered system.

Mr. Cramer said that staff is interested in lowering the fine for dogs on the beach from \$250 to \$100. 99% of the fines that have been issued have been appealed and Chief Spivey is spending an enormous amount of time dealing with appeals. Chief Spivey and the Manager recommended \$100 because they feel that violators will be more likely to pay that and not appeal it.

3. MEETING ADJOURNED AT 12:00 PM

Adopted at a regular meeting on June 12, 2018

Submitted by:

Kimberlee Ward, Town Clerk