



CAROLINA BEACH
TOWN COUNCIL MEETING
MINUTES • APRIL 28, 2015

Council Chambers

Workshop

5:00 PM

1121 N. LAKE PARK BLVD.
CAROLINA BEACH, NC 28428

I. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Dan Wilcox	Mayor	Present	
LeAnn Pierce	Mayor Pro Tem	Present	
Steve Shuttleworth	Council Member	Absent	
Sarah Friede	Council Member	Present	
Gary Doetsch	Council Member	Present	
Michael Cramer	Town Manager	Present	
Debbie Hall	Finance Director	Present	
Noel Fox	Attorney	Present	
Hannah Dotson	Administrative Support	Present	
Jeremy Hardison	Senior Planner	Present	

II. WORKSHOP ITEMS

1. Athletic Facility Reservation Agreement with Pleasure Island Adult Sports

(Requested by Michael Cramer, Town Manager's Office)

Town Manager, Michael Cramer, opened the meeting by explaining the changes in the agenda and order of the items.

Eric Jelinski, Parks and Recreation Director presented on the Athletic Facility Reservation Agreement and Process.

Mr. Cramer - Correct me if I'm wrong, but they will actually pay the \$15.00 fee up front and then all of their activities will be credited back to them?

Mr. Jelinski - It's actually working a little bit different. They will not pay up front, but they will give us their schedules prior to the start of the season and at that time we can say, this adult softball season based on the schedule is \$2000. Every November they will reconcile with us. There may be a credit or they may owe money.

Mayor Wilcox - Is this just for materials?

Mr. Jelinski - It's for materials, capital projects we did not work in, volunteer time. They were ok with that and honestly they have already met that threshold for this year.

2. New Business Registration Process Pursuant to NCGS 160A-194, municipalities are authorized to license and regulate businesses but can no longer do so through the "privilege license tax" after July 1, 2015. Requiring businesses to register with the Town is still allowable. This is necessary for a number of purposes, including ensuring compliance with zoning regulations, minimum building and fire code standards, and exercise of the general police power. This proposal will create a requirement for brick and mortar businesses to register with the Town and lay out fees and penalties for the new regulation. See attachment #1 to view the proposed language and fee/penalty recommendations.

(Requested by Michael Cramer, Town Manager's Office)

Jeremy Hardison presented on the privilege license section of the Ordinance for Business Registrations.

Mayor Wilcox - When you say 'physical location', what does that mean? Is that a commercial physical location where you're actually doing business out of? Does that take into account a home business or people that do business on the island that work out in the field? People that come across to the island to do business?

Mr. Hardison - If you are claiming where the location of your business is in that town, then that is where you would register your business.

Mayor Wilcox - So basically our citizens are paying and people coming across the bridge to make money on our citizens aren't paying.

Mr. Hardison - Yes, if it is an outside contractor coming in doing work, they would not need a business registration from the Town.

MPT Pierce - So you mean anybody running a business?

Mr. Hardison - They would need one if their physical location had a presence here on Carolina Beach. If their business is in their house and they live on Carolina Beach, yes, they would need a business license.

Mayor Wilcox - I don't know what a business in a house means. I understand what a home occupation is, but if I am a contractor/sub-contractor, I have my normal workspace in my house, but my work is out in the field. I don't really have a business location. How is that applicable?

Mr. Hardison - For home occupations, we look at, or when you apply as of now for your privilege license, we look at where is your physical location of your business.

Mayor Wilcox - But that is not a physical location for a business. That is somebody that happens to live on the island that doesn't have a business location. Maybe they're out giving surfboard lessons...

Mr. Hardison - If they're not putting a physical location as Carolina Beach, then they would not need one.

Mayor Wilcox - I guess what I'm saying is I don't know how you make that distinction.

Mr. Hardison - We let them make that distinction. We ask them what their address is for their business.

Mr. Cramer - What you're asking is, how do we tie back to a business that is operated out of the home, but does not actually conduct business out of the home.

Mayor Wilcox - There are a lot of people that work out in the field. I'm just curious as to how that would work.

Mr. Cramer - Part of this is related to the zoning. Looking at our zoning for home occupancy businesses. They have to get a license right now, as a privilege license to operate in the town as a business. That all ends up going away. What we are looking for is a brick and mortar type of business registration. We expect that we will probably be in the range of 364 of them. That is just looking through our records for privilege licenses and opting out those that we don't believe will meet the criteria. There isn't anything set in stone in either the Legislation from the State that allows this, or in anything that we've seen that they've been offering to identify what that is. We could go and write up the Ordinance to make it so it is specifically for zoning designations and you may be able to opt out for a residential zoning district.

Mayor Wilcox - Let me make a finer point. The reason people have a privilege license is because they were doing business in the Town, not because they had a physical business location. Two different things. A whole different animal is being proposed here and I think it's a whole different set of challenges. I haven't heard anything what specifically that distinction is.

Mr. Cramer - We haven't gone into that level of detail with it yet. What I've seen with most other communities and their business registration program, it is based on that zoning area, that brick and mortar type facility. You want to know if a business is moving from one location to another and if that zoning district is appropriate for that business. I don't remember seeing anything that specifically addresses home occupation and things of that nature. The privilege license was trying to hit a cross-section of all businesses that were conducted within the community.

Council Member Doetsch - Until this bill either passes or goes away, wouldn't we be wise just to hold back until we see what happens?

Mr. Hardison - Yes, that is one reason I wanted to bring this to you. I wanted to get direction on the best approach and maybe get some of these questions answered. We can see what authority the State is going to give us to move forward.

Council Member Doetsch - They might not give us any authority. I think it would be crazy on our part to move along with this until we see what the state is going to do.

Mr. Cramer - One thing that is new is the idea that of the legislation being passed where the State says we can't charge a fee for the registration. Previously, when we looked at this, it was based off of the existing legislation. That new legislation was only introduced late last week. At that point, we backed up and looked at what other communities are doing.

Mayor Wilcox - It is only \$20.00, but you can come across the bridge and do business and not pay, but the people that live here have to pay something. That doesn't sit well.

Mr. Cramer - It is somewhat in equitable in that regard. The intent of it is different. What do we lose when we lose a privilege license process? It's not so much the dollars, although we do lose dollars, but we also lose that data and the process that

we have used to trigger other activities and other types of governmental regulation as we go along.

Mayor Wilcox - We will lose a big chunk of that data. We will have it for our brick and mortars, but that's about it.

Mr. Cramer - The question then becomes, we can ask for information, if there is no fee are we going to get it? What do we have to do to get the information? And will we have a penalty for not providing the information?

Mayor Wilcox - What is the timing on that bill?

Mr. Cramer - It's already an active bill that is out there. There isn't a timeline on when they are going to resolve the issues.

Mayor Wilcox - Will we get it in for this budget cycle?

Mr. Cramer - Originally that was the plan. With this backup it doesn't seem feasible. Our thought is, once the legislature approves something we can come bring it back to you.

3. Consider Awarding the Financial Institution Contract for the LGC Loan

(Requested by Michael Cramer, Town Manager's Office)

Debbie Hall presented on the Award of the Financial Institution Contract for the LGC loan.

Council Member Gary Doetsch made a motion to approve Resolution 15-2086. Motion carried unanimously.

4. Public Works Budget Presentation

(Requested by Kim Ward, Town Clerk)

Brian Stanberry continues the Budget Summary which began on 4/23 during the Budget Meeting.

Mr. Stanberry summarizes remainder of his Budget Presentation.

One of the highlights being that there will be a survey assessment of the Town streets to give the Town data in order to address streets going forward with maintenance.

Council Member Doetsch - Will that include the infrastructure issues that we may see on some streets?

Gil Dubois said that they will be taken care of.

Mr. Cramer - Part of what we will be able to do with this data that we receive back is opt out those certain project areas because they will be happening within the next few years and focus on the other areas.

Mr. Stanberry moves into the trucks that are out paving now and explained that it is a temporary fix that will lead them into the process of the evaluation and implementing a program.

Mr. Stanberry highlights the requests for signage and replacement of stop lights.

Council Member Doetsch - I had a question earlier that Mr. Cramer mostly answered for me about the 10,000 pound trailer that you are wanting to add in. I was wondering if one of those F250's might not be better done as an F350. Mr. Cramer seems to think that the 250's do ok with pulling that.

Mr. Stanberry said he is confident the F250 will work.

Mr. Stanberry summarized the budget for Beach Maintenance. Some of the highlights are improving handling of the beach strands, solid waste there and Freeman Park. Some of the requests are the repair of signage and dune rope along the beach front. Replacing everything in Freeman Park to prepare for the camping. Other highlights are dredging and beach renourishment.

Mr. Stanberry asks if there are any questions. He moves on to the summary of Public Works Administration budget. One of the main highlights is the electric work that the Town is funding through contract services. One request is the property underneath the water tower on Dow Road. They would like to be able to fence that area in and utilize it.

Mr. Cramer - One of the things that we recognize with this project was trying to do large infrastructure projects in our residential areas where we have very little property to go in to store and hold materials is extremely challenging. One of the assets that we have with the water tower on Dow Road is a triangular piece of property there. We believe we can use that as some of the storage for our infrastructure projects. Our intent is to have a 2-3 sided fence that is a wooden fence and then have a chain link gate that goes across the entry point that way we have containment and they are not visible.

Mayor Wilcox - So the gate would have slats in it?

Mr. Cramer - Very similar to what we have at Bridge Barrier Road.

Mayor Wilcox asked if there were any questions for Mr. Stanberry. No questions.

MPT Pierce - Speaking of Bridge Barrier Road, Michael, I had someone ask me, I don't know if you've looked at it from the Post Office but there is a section half-way down the fence toward the end where there are no brown slats. Are you familiar with that?

Mr. Cramer - Yes.

MPT Pierce - Do you have plans to put slats in there?

Mr. Cramer - Yes we do.

Discussion ends.

5. Public Utilities Budget Presentation

(Requested by Kim Ward, Town Clerk)

Gil Dubois presents on Public Utilities Budget.

Highlights include having GPS units installed, new tires and increase in fuel and Fleet Maintenance. They are working toward getting their arms around the entire vehicle fleet for the Town so that they can present recommendations for the entire Town rather than by Department.

Mr. Dubois addressed the question Council asked concerning vehicles during the last budget meeting. He mentioned that every new vehicle is bought under the State Contract. The State Contract makes a substantial difference in how much money the Town saves. They would like to rotate their vehicles more frequently so that the resale value is higher. He cautioned that if something is not done to treat the salt water wear under the vehicles the vehicles will not last as long.

Council Member Doetsch - How much would it cost to put that in place?

Mr. Dubois - I can't give you an exact cost, but it would be very minimal.

Council Member Doetsch - I would like to see you come back with a plan to put that underwash together for us and get that back in place.

Mr. Dubois - As soon as we get the new Operations building constructed and get organized we can address that.

Mr. Dubois moves on to summarize the Water and Sewer Administration budget.

No questions are asked.

Mr. Dubois summarizes the Wastewater Treatment Plant Section. Highlights include improvements in safety and productivity at the plant.

Mayor Wilcox - Michael what did we transfer from water and sewer last year to the general fund?

Mr. Cramer - The administration budget contains the \$600,000 that we transferred in costs from the utility fund to the general fund.

Mayor Wilcox - That's all in Admin?

Mr. Cramer - Yes.

No further questions for this section.

Mr. Dubois summarizes Wastewater Collections. Highlights include a new truck, lift station #8 updates and sewer camera update.

Mayor Wilcox - What are the repairs on the entrance gate? Is that damage or age? That \$10,000.

Mr. Dubois - The gate at the plant, we've had it serviced about 3 times in the last year. There are several things that are worn out. We had someone give us estimates anywhere from \$10-\$15,000 for replacement. I believe that gate has been there 12 years.

MPT Pierce - The drying beds renovation, what are you doing to that?

Mr. Dubois - The drying beds that are there were designed in 1975 and one of the issues is the concrete that approaches the drying beds, they were designed for something light for equipment. We can't put that at the front of the plant. We want to thicken the concrete under the ramps so they will support heavy loads. Also, the current drying beds just have two ramps going down both sides, we would like to

make that more efficient.

MPT Pierce - What is the \$8,000 in equipment?

Mr. Dubois - I could probably hand this to you and let you look over it. It is a long list.

Council Member Doetsch - I think we have gotten a copy of that once before.

Mr. Cramer - That is all the information that you received in the previous spreadsheet and all the detail was over to the side.

Mayor Wilcox expressed that he is struggling with associating what is shown in the spreadsheets and the presentation because there is not enough detail.

Mr. Cramer explained that the information was in a spreadsheet that he had previously sent to Council. He plans to print a master spreadsheet for everyone once the information has been updated.

Mr. Dubois moves on to summarize Water Distribution and Utility Fleet Maintenance.

MPT Pierce - Are you saying that you want to buy a new back hoe?

Mr. Dubois - Yes.

MPT Pierce - I ask that question because I see some other equipment listed out, like a dump truck, and I did not see the back hoe on here. Is that not as needed?

Mr. Dubois - If you go to the next line item under "water and sewer new installment debt". That is where it is listed. It would be set up on a 3-year installment plan. The current truck is about 11 years old and is due for replacement.

Mr. Cramer - Just so everyone has an understanding, anything that has been a purchase or budgeted item under \$100,000 we have been trying to get those with the existing funding. Anything that is more, we find that it is easier to finance those between 3-10 years out.

Council Member Doetsch - We used to fund the Capital Improvement Plan, and then that was built into the Capital Improvement Plan. Basically, you didn't have to come to us at budget time and beg for these things. I would really like to see us get back to funding that Capital Improvement Plan. I would like to have a better system in place.

Mr. Dubois - I think that by going over all of the Town equipment and vehicles next year we will be able to see where we can improve.

Mr. Cramer - There are several different ways that you can do Capital Improvement Plans for equipment like this. One way is to charge the Departments a lease rate. Those Departments pay lease rate into a fund that is used to offset the costs of purchasing. One of the difficulties is you are basically ballooning your maintenance and operations cost for the sake of your Capital items. The way that we are currently doing it, you know it is a Capital Item and it will be purchased and replaced. I think there is a hybrid plan that we could use.

Council Member Doetsch - I know you are busy right now, but sometime after the

budget cycle we can get into working on that.

Mr. Dubois moved on to summarize Water/Sewer Revenue/Debt Service and Wastewater Treatment Collections. One of the highlights is to repair the pumps in the pump stations.

Mayor Wilcox - Things like the electrical repairs, are those bid out?

Mr. Dubois - What we would do if we get the money appropriated would be to bid that out. What we have done to formulate this for you, I have gotten an estimate.

Mayor Wilcox - Those items of that substance do go to some kind of bid process.

Mr. Dubois closes with a summary on the Utility Fund.

Mayor Wilcox - Part of what I'm struggling with this budget is over and over again things appear to need to be done at one time. Generators for instance, I know you want to come into compliance with those generators. Do they all need to be done this year? Can we do two this year? Two next year?

Mr. Dubois - Yes sir, I can do two this year and two next year, but what we are trying to do is explain the need. If we are going out for some kind of revenue bond or financing these, rather than coming back to you each year, we will allocate those funds.

Mr. Cramer - There are a couple of options. Specifically with Gil's Department, which has many more large capital intensive needs. With that, what I've laid out in the budget, in those spreadsheets, is that these projects that you see listed out here, they would be consolidated into the revenue bond. You can bundle them together and bond it out for a revenue bond time frame, and know that those products in that infrastructure are going to be good for that time frame. Or you can budget them individually each year, which is what we've been doing. In looking at those two options there are trade-offs. If you do revenue bonds, you are able to have the cash up front on hand to be able to do the repairs faster and more of them at one time than you can by doing it over the long haul. We would be much better prepared for the generators if we had a storm. There are pros and cons to doing that both ways. What we are showing you here is that we would roll all of these into a revenue bond. If we didn't, yes, you could see this being a 5 year plan and replace one each year.

Mayor Wilcox - Again, that is just some added difficulty here. We are looking at a budget with you transferring \$1.5 million from the general fund to balance it or are we doing a bond. We have had some discussion about that, but if our mindset was to do a bond then that changes the outlook on some of these numbers. I guess we will get to that.

Council Member Doetsch - I think when we are talking about the generators, we have been extremely fortunate not to have had a storm.

Mayor Wilcox - I'm just using that as an example. We never want to regress. We want to make slow and steady progress. There are some things that make take us 2-4 years to come into compliance or to at least meet our full need, and then we don't want to regress from that once we get there. Looking at the Fire and the Police budget it just seems that everything needs to be done right now. That will just be a struggle. If we're doing a bond then that is a different mindset.

Mr. Cramer - I was hoping that you would be able to see that correlation in the spreadsheets, and I understand that it will be easier for you to understand when it is printed off. That spreadsheet does show those linkages.

Council Member Doetsch - What we are seeing over the course of 12-15 years is that a lot of these things have been put on the back-burner and ignored. I am not the type of person that likes to ignore things because sooner than later that comes back to bite you.

Mayor Wilcox - Unless we can fold it into a bond, if it takes 10 years to get behind on something, sometimes it takes 5 to get out of it.

Mr. Cramer - Some of this, in looking at it, we're also trying to be respectful of our neighbors. For instance, the Wastewater Treatment Plan Improvements, we could say that we need to do them all at one time so we can bring it up to compliance, however, that would severely impact not only our budget but also Kure Beach's budget because they fund part of those capital improvements. These are all things we will need to discuss at the next budget meeting.

Council Member Doetsch - Everybody needs to know that we are in this together. If they know what the capital outlay is to get this back up to where it needs to be, they need to figure it out just like we do as far as how they are going to pay for it.

Mr. Dubois - Last year was the first time that the Mayor of Kure Beach and part of our Council actually did a tour of the Wastewater Treatment Plant and assessed its needs. This year, before the Water/Sewer Authority meeting, we went back and did another tour. Everyone is aware of the needs, but he was looking at more of a 10 year timeline.

Mayor Wilcox thanked Mr. Dubois and ended the discussion.

Mayor Wilcox expressed concern about the fish freezers and the smell.

Mr. Cramer said they are not being frozen yet and the staff is to meet with the boat Captains and educate them on using the freezers.

6. Town Benefits Discussion

(Requested by Michael Cramer, Town Manager's Office)

Holly Brooks presented on Town Benefits and Recommendations.

Mayor Wilcox - The commission rate is going down relative to the benefits being reduced? Is it a straight across the board reduction?

Mr. Cramer - It's based on percentage and the number of employees.

Holly Brooks continues the presentation.

Mr. Cramer - At last week's Manager's Meeting, one of the items we talked about was being able to piggyback on to the State of North Carolina's Health Insurance program, previously that is not something that has been allowed. There is legislation pending that would set parameters where we could do that. A couple of the smaller communities that have half of our employees are looking to switch to that. There are some pros and cons and not all of the details on what they will allow have been completely vetted. If you pool the State of North Carolina and all of its employees and the local communities that participate in that, we may see an attractive pricing

mechanism. It is not something that is available to us today, but we are hoping it will be available later on.

Mayor Wilcox - If it is not something that is available to us today, how are other municipalities switching over?

Mr. Cramer - They're not switching over yet, they've been working with the State if the legislation goes through. It's currently not allowed. The anticipated time for this it would be opened up in July, which means that during that period you will need a gap insurance. That doesn't seem attractive to me. Most communities will wait until next year.

Mayor Wilcox - So we can't look at this until the next budget cycle?

Mr. Cramer - That's correct.

Ms. Brooks continues her presentation.

Mayor Wilcox - If you had a five member family and during the course of the year each person had to get some kind of non-generic drug, they have a potential additional \$500 per year deductible?

Ms. Brooks - Which would go towards the out of pocket limit, that is correct.

MPT Pierce - What is it now?

Ms. Brooks - Just your normal tiers for prescription drugs.

Ms. Brooks continues presentation.

Council Member Friede joined the meeting at 6:41.

Mayor Wilcox - The slides and information you are showing us is not in our package.

Mr. Cramer - No it's not. We are going to print those off for you.

Mayor Wilcox - I would like this information to be advanced to Council before the meetings so that we have time to go over them and are able to ask questions.

Mayor Wilcox asked, in reference to changes in Retirement Benefits, if those already covered would be affected by the changes.

Ms. Brooks - What we are suggesting is that after June, that we change the plan for future employees. It doesn't necessarily impact existing employees.

Mayor Wilcox - Is there a way to give incentive to move to Medicare?

Ms. Brooks - No, Medicare is by age. There are two groups, those are under the retirement age and those that are of retirement age. If you retire and you are over 65, you must go into the Medicare Supplement plan.

There is confusion as to what the Staff Recommendation is for this matter.

Mr. Cramer - What we are suggesting is that once retired employees reach retirement age they are no longer covered by the Town Plan and they have to move

to the Medicare Plan and we fund the Supplement portion. This suggestion means that we would no longer fund the supplement plan. One of the reason why this has happened over the years is because there wasn't previously a real supplement program. You had Medicare. With all of the changes in the healthcare legislation, everyone offers some sort of Medicare Supplement to improve your plan at some point in time. All we are saying is that it is something we don't feel the Town needs to cover going forward.

MPT Pierce - What do most companies do?

Mr. Cramer - Some of the information you were provided covers what other communities do. Most other communities under 18,000-20,000 in population have a freeze provision where they stop benefits at a certain point. Most of the trend is going towards have that break point that employees hired after a certain date won't have that coverage any longer. The question then becomes is this something you want to change.

Council Member Friede - Tell us why you are anticipating such a large jump in that?

Ms. Brooks - Because it has been three years of accruals.

Council Member Friede - Is that a typical jump that we would expect to see every three years? Do we have to set aside that money?

Ms. Brooks - Municipalities are not required to fund that. It is just a liability that exists. The auditors capture that information and put it into the financials.

Council Member Friede - Do we count on the dependents to get our 100 in the group?

Ms. Brooks - They are included in the live count.

Council Member Friede - Do we need the dependents in the group?

Ms. Brooks - No.

Ms. Brooks completes presentation with suggestion that the Volunteer Firefighter benefits be reviewed.

MPT Pierce - Do you know if those firefighters keep a certain number of hours?

Ms. Brooks - I know of two that are currently active in service. The others I do not know.

Mayor Wilcox - Are you suggesting that we are reimbursing people for insurance who aren't participating in the Volunteer Program?

Mr. Cramer - the other 17 are not currently participating in our plan, however, it is unclear as whether they have any vested right, which increases our liability. We think we need to sit down with Noel and figure out the intent of what Council passed.

MPT Pierce - I'd have to ask the question of whether or not the other 17 are still active and if they have insurance through someone else.

Mr. Cramer - There is one that we know of who is getting insured through another employer and we are paying their premiums for that because they were on that list. That is an example of why we have this in the list of recommendations to review.

MPT Pierce - I remember that when this was going on if they didn't meet their certain number of meetings or calls they were disqualified. Are we keeping track of that?

Mr. Cramer - I don't believe that we are.

MPT Pierce - Can we pull the Chief in on that?

It is agreed to investigate further.

Council Member Doetsch recalls that they needed to be active in order to receive these benefits.

Mr. Cramer - Part of the reason we are reviewing this is because the Affordable Healthcare Act may have made it so we are not able to provide those provisions. There may be a liability there for us.

Mr. Cramer - The last item I would like to bring up in this benefits discussion. Unlike other plans, our plan premiums are only going up, if we changed nothing other than the deductible for prescriptions, 2.1%. If we add other non-essential voluntary items that we offer to employees, we believe we could bring that down to .1% increase for this year. I have had an opportunity to talk with the Department heads to poll some of their employees that they know are individuals that use non-generic and ask them how that would impact them. The feedback I've been given most have said it won't impact them with the flexible spending account available. I would like to get more information, but the idea is I budgeted into the current budget a 10% increase in Healthcare Premiums. If we do nothing but follow these recommendations, this will come down significantly. It would change the budget numbers.

III. CLOSED SESSION

Mayor Wilcox made a motion to go into closed session in Accordance with NCGS 143-18.11 (a)(3) and a Personnel Matter in Accordance with NCGS 143-318.11(a)(6). Motion unanimously approved at 7:13:09.

IV. ADJOURN

Mayor Wilcox made a motion to adjourn. Motion unanimously approved.

Kimberlee Ward
Kimberlee Ward, Town Clerk

5.12.2015
Date Approved