

**MINUTES OF THE RECESSED MEETING
OF MAY 9, 2006 OF THE TOWN COUNCIL
TOWN OF CAROLINA BEACH**

May12, 2006

The Town Council of the Town of Carolina Beach met in regular session on May 12, 2006 at 9:30 a.m. in the Council Chambers at the Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. This was a continued meeting from May 9, 2006. The following were present: Mayor, Bill Clark; Mayor Pro Tem, Alan Gilbert; Councilwoman, Pat Efird; Councilman, Jerry Johnson; and Councilman Joel Macon. Also present was Town Manager, Tim Owens and Town Clerk, Lynn N. Prusa.

Mayor Clark called the meeting to order and stated that we are out of recess and back into our regular meeting that was held on May 9, 2006.

CONTINUED DISCUSSION CONCERNING REQUEST TO VEND ON PUBLIC PLACES

The town manager said he meet with Mr. Brett Keeler and he is requesting that he be able to vend on the public spaces on 421 up to Cape Fear and on Canal and to the North-End but not on Freeman Park and not on the beaches. He would like to vend at the beach access sites and sidewalks, in the CBD parking lots and also in one area in the CBD in front of the Marriott where an old pier used to be. Also, possibly one other place in the CBD where he may own some interest in some land in that area or he has an arrangement with the people that own it. They are not proposing to use ATVs. A synopsis of what Mr. Keeler is proposing to sell was provided to Council. The manager said they haven't pinned down the formal contract yet but this can be done if the Council approves it and he suggests that if we do it that it be limited to one year. Also the insurance requirement will need to addressed which is usually a \$1,000,000 property and liability policy. Mr. Owens said that Mr. Keeler agreed to set up in an area outside of any traffic hazard in the parking lots. He will be using a push cart and they will take the push carts out every morning.

Councilman Johnson asked if we are going to designate an area in the parking lots for him to set up. The manager said we haven't actually located a place where he will set up, but it will be written in the contract in a way that it cannot cause a traffic hazard and it cannot create a problem for people parking and if he is creating a hazard then we can revoke the license based on creating a hazard. The times for conducting business are from sun up to sun down. He will not be setting up in a spot. He plans to set up in a graveled area on the side and not in an area of traffic flow. Councilman Macon said that he doesn't know how he feels about that because let's say we have six vendors that want to do the same thing then we have to consider where they want to go and he would consider this more offensive then an ATV going up and down the beach.

There was discussion about the number of vendors that we currently have. Mr. Owens said that personally he only knows of 1 food vendor and he has heard about Dominoes on the North-End. Mayor Pro Tem Gilbert said, are we talking about a food type vendor that we see on the corner downtown or in front of Lowe's? Mr. Owens said that is what we are talking about, but he realizes that it is hard to control. Mayor Pro Tem Gilbert said he likes the idea of having somewhere to get a hotdog without having to leave the beach in an area where you cannot get one. However, he suggested that we need to set a number of licenses that we are going to issue for each season and it might be renewable each season and as it becomes more competitive let these vendors present contracts and that may address what Councilman Macon is saying. Mr. Owens said there was a policy set some time back that limited it to 3 but he thinks we are probably above that. We may want to consider taking bids in the future. Councilman Efirm said we need to look more closely at what they are and how efficient the service is and it may take a year to determine that. Mayor Pro Tem Gilbert agreed that quality is an issue and we want to make sure that our visitors are being serviced well. Councilman Macon said he feels that at some point we lifted the maximum number of vendors and Councilwoman Efirm agreed.

Councilman Johnson said at first we were talking about food vending but he noticed that it mentions other items such as shirts and hats. Mr. Owens said it doesn't say what you can and cannot vend. Some may be concessions or a rental. Councilman Macon said he agrees with Councilman Johnson that is one thing to offer a drink and a hotdog that someone might need but he doesn't know that they need a t-shirt. Mayor Pro Tem Gilbert asked, what about convenience items such as sunscreen? There was also discussion about businesses selling t-shirts to promote their businesses and vendors that set-up and sell items during special events such as fireworks. Mayor Pro Tem Gilbert said there are a lot of people that are selling on the coat tails or our events and without licenses. The town manager said this is an enforcement issue and we can take care of it. Councilman Macon suggested that we have some type of identification that they carry with them. Mr. Owens said we will call out our current vendors and create some type of identification. Mayor Clark asked if we are above the vend number now and Mr. Owens said we are already above it and he is just hearing that we lifted it.

A motion was made by Councilwoman Efirm to grant the vending license and let the town manager work out with the Black Horn Kitchen and Grill the details of where he can park the vending cart. **MOTION CARRIED (Councilman Johnson voted no).**

CONTINUED DISCUSSION CONCERNING LIGHTING ISSUES

The town manager presented an outline of the different lighting proposals to include the lake proposal, the Boardwalk proposal and the bridge proposal.

Mr. Owens said that about \$40,000 of the bridge cost was seeding and tamping and about \$4,000 was lighting but we may be able to bring that cost down.

The total of the 3 proposals combined would be a one time charge of about \$67,000 and total per month \$3,600, and almost \$44,000 for the monthly electric/maintenance charge which is about \$30,000 then we are spending now for electricity and maintenance per year now. The Mayor said he walked the lake last night and he found 14 lights were out. The manager said he feels good about the lake proposal. He is unsure about how much more or less light and how it will affect the neighborhood. It may be a wanted addition and it may not be.

The other proposal was the Boardwalk and there was some questions about safety and he doesn't feel that we are there yet.

Concerning the bridge proposal, there was some question about seeding and tamping. Councilman Macon suggested that we set up some meetings with the Seabreeze community and see how they feel about lighting at the bridge. Mr. Owens said it is in the county and we are paying for lights that are not in our community, although it is the gateway to the town. He agreed with Councilman Macon and said we should also talk to New Hanover County.

Mayor Pro Tem Gilbert said, if we are putting lights in because it is a safety issue that we should document it and if there is any funding available with respect to safety issues then we would have documentation. He suggested that we see if there is any alternative funding. Mayor Clark said we have asked David Munn with Progress Energy to look at the Boardwalk again because we don't feel that we got a good proposal.

Councilwoman Efird asked that we please don't let the lights at the bridge be overlooked in the process.

Mayor Pro Tem Gilbert said if we vote to go forward on the lake lighting that he would like to know a time table on the Boardwalk because although the lake is a jewel in our crown, he hasn't heard a lot of safety complaints like he has from the employees that leave the Boardwalk late at night because of lighting. He also hears from others that they don't go to the Boardwalk at night during the winter because of the lighting. Also as Councilwoman Efird suggested, he would like to see a time table for the bridge proposal too. Mayor Pro Tem Gilbert said he will take it to the DOT meeting and see if there is any funding available due to safety reasons.

Councilman Johnson asked if there is a different light globe that would replace what is at the Boardwalk now and what the cost would be? He asked if there is a universal globe that would replace all of the globes that are up there now so we can get some safety lighting. Harry Oakes said he doesn't know for sure but he feels the globe would be well over \$100.00. He said the ones that you cannot find replacements for are the hat lights.

Councilwoman Efird made a motion that we initiate the lake proposal for lighting and give real good attention to the Boardwalk next and see if we can't get some lights up there. **MOTION CARRIED UNANIMOUSLY.**

***CONTINUED DISCUSSION CONCERNING STORM WATER EDUCATION
OFFERED BY CAPE FEAR RIVER WATCH PROGRAM***

Mayor Clark said there is \$8,000 in the budget now and they will need \$12,000 to do this full proposal. Councilman Johnson noted that Fred Crouch's letter said \$12,000 but during Mr. Holleman's presentation he said \$10,000-12,000 so we have a range that we can choose.

Mayor Pro Tem Gilbert said he would like to know what we are required to do and the cost for the other education such as going into the school and a few other things. He would like to know the cost for minimum training and then see what the wish list is, and make sure their training is in line with our goals. The town manager said he hasn't really been involved in the whole thing but he would say that we would have to do some mandatory education concerning the stormwater, but the water conservation is something that we choose to do to help our water situation. He is willing to break it down. He hasn't seen a contract yet but in the contract we can spell it out concerning cost and what we want to do. Mayor Pro Tem Gilbert said he just wants to make sure that it is in line with their goals.

A motion was made by Mayor Pro Tem Gilbert to go forward not to exceed \$12,000.

MOTION CARRIED UNANIMOUSLY.

CONTINUED DISCUSSION CONCERNING WATER ISSUES

Mayor Clark informed Council that Vaughn King came in yesterday to talk about well site #3 located off on Georgia Avenue where he has a conditional use permit to expand the marina area and he has agreed to let us continue to operate the well until September 2008. Mr. Owens said he talked to the attorney about how to formalize the agreement because the current agreement doesn't give any type of time frame for when we close the well. We are looking at middle of September and they have agreed to cap and dismantle the well and he assumes that we wouldn't receive payment until after that is done in September 2008. The development will be phased in and his plan is to start with the marina and the building part will not start until about September 2007. Councilwoman Efird asked if we ever received any payment and the finance director said that we haven't. Mr. Owens suggested that a motion be made instructing the attorney to amend the agreement to state when the well is closed and it will be brought back to Council for approval. Councilman Johnson asked if the attorney should have verbiage in the contract, just in case the project doesn't get off the ground, to cover in case the project isn't completed or doesn't meet the conditions of the permit. The town manager agreed that this should be something that we add.

Councilwoman Efird made a motion to accept the offer from Vaughn King to let us use the well until September 2008 and ask the town attorney to draw up a contract and make sure

that if anything happens that we still have use of the well. **MOTION CARRIED UNANIMOUSLY.**

CONSIDER PROCLAIMING MAY 22, 2006 "SOLDIER RIDE DAY IN CAROLINA BEACH, NC"

Mayor Clark said there is a group of soldiers touring the country and they will be in Carolina Beach on May 22, 2006 and he made a motion that we adopt Proclamation No. 06-869 (*Exhibit 1*) proclaiming May 22, 2006 as Soldier Ride Day in Carolina Beach, NC. **MOTION CARRIED UNANIMOUSLY.**

Councilwoman Efirm said that we should support that. Mayor Clark announced that they will be at the lake on Monday, May 22, 2006 at 8:30 a.m. and he invited all to attend.

PRESENTATION BY TOWN MANAGER CONCERNING PROPOSED BUDGET FOR FY 2006/2007

The town manager provided Council with a handout. He said that he is recommending a 3.4% COLA for FY 2006/2007.

The second part of the budget analysis is the presentation on the health insurance and cost proposal and he turned that over to the Human Resources Officer, Sarah Archibald, for presentation.

Mrs. Archibald said that she, the town manager, the finance director and the town's Health Care Consultant, Hughes Waren, met last week and talked about the proposed renewal rates. She presented Council with a packet outlining the proposed rates for worker's compensation, medical, dental, short-term disability and life insurance and AD&D (*Exhibit 2*).

There was discussion concerning the option of the town absorbing the dependent increase of 3.6%. Ms. Archibald said that over the past two years the Council has voted to absorb the increase to the employees and it is one of those benefits that is a jewel in the crown for the employees but she is concerned that one day we may not be able to do this.

Mayor Pro Tem Gilbert asked her to give him the worst case impact on an individual. Mrs. Archibald said, without considering the pre-tax, increased health care cost would be \$19.48 per month. If you take the pre-tax into consideration it would be about \$16-17 per month. Ms. Archibald said if you decide to absorb the increase then they will make sure that during the open enrollment the employees are educated to understand that the town is covering the increase and Council voted to absorb the additional increase. If you decide to pass on the cost to the employee we would have to explain that increase as well. Mayor Pro Tem Gilbert said he feels the education piece is important in the retention of the employees. He is concerned too about getting a cost of living increase and then have

an insurance rate increase. He said that to the employees it may feel sort of backhanded. The town manager said they have also talked about sending letters out to the employees explaining their benefits.

Councilwoman Efirm said the more incentive we have for employees the better, and she made a motion that the town absorb the dependent increase and that we accept the plan. **MOTION CARRIED UNANIMOUSLY.**

The manager said we don't have the numbers yet on the property/liability insurance but we have projected at 15% increase. We are happy with the service that the League is providing to the town.

The next item was concerning the water/sewer rate analysis. He feels that we should eventually have someone to do a rate analysis because we are going to be taking on a lot of debt service. He said we are relying a lot on our impact/facility fees.

The manager went over the various rates in each department.

Mayor Pro Tem Gilbert asked, are you projecting that you are going to get more or less water service fees than last year? Mr. Owens said it was around \$2,000,000 this year and he is projecting right around \$2.1. He said that he did not get into a whole lot of projections and he was a little conservative on the revenue estimates. Mayor Pro Tem Gilbert asked, are we projecting more or less this year on impact fees, and the manager said about the same. Mr. Owens said that we don't need to rely on our impact fees to offset our rates and we don't need to rely on them to balance our budget in case we have a down year. He said, granted more water and more revenues will be coming in but he doesn't think it is a good idea to use your facility fees to off set your rates. Mayor Pro Tem Gilbert said what he is saying is that he agrees completely but he doesn't see where you are getting an increase. If we are down, and we are looking at 2004, almost 300 units were built last year and now we're at about 175 and the trend looks like it is lower - he just wants to be cautious with this budget. The finance director said the current year's budget we have \$1.126 million budgeted for facility fees and that is water/sewer fees per bedroom and what Tim has here for the projection is \$1.212. Mr. Owens said we are projecting about the same number of permits, but there are a lot of large projects that could be built or not and it is an unstable revenue. Mayor Pro Tem Gilbert said that in the past that income wasn't realized or wasn't budgeted. He said we haven't been relying on singular projects and the audit talks about relying on those projects and that is probably a better trend to look at and we should be relatively conservative and not bet on those projects. The finance director said that in the current year most of the monies were for duplexes. The town manager said we didn't use those big projects in that number. We used basically what we did this year as a projection and this year there were a lot of duplexes to include 400 homes. He is not comfortable with it either but if you take away that revenue then your rates are going to jump drastically.

The town manager said when you talk about debt service, if you borrow \$4.5 million at 5% for 12 years, because of water and lift station #1 that doesn't give us any capacity,

you are talking about an extra \$500,000 and if we rely on rates to pay for that you are talking about \$4.00 total from water/sewer to pay for that and you are almost doubling your rates for paying the debt service so you can't take those impact fees totally out of the equation. He feels like our rates are low and the operations director agrees. Our engineer looked at the numbers and recommends a 5% increase.

He said if you look at raising your flat rate - \$2.00 for water and \$2.00 for sewer you would generate about \$177,000. If we are looking at 5% water rate increase and 5% sewer rate increase you would not generate a whole lot of rate and it would only be about \$37-38,000. He said if we do this he is projecting about \$215,000 additional revenue. He said what this would mean to a family of 4 that uses 6,000 gallons would be a total for the year about \$58.00 or \$5.00 per month roughly. The manager said the flat rate is for billings, collections, reading your meter, meter depreciation – those are the things you flat rate covers.

The manager gave Council a brief overview of each fund.

The manager said he is looking for some guidance on what the Council would like to do with the rates.

Mayor Pro Tem Gilbert asked the town manager and directors to look at 1996 to 2001 and look at those peaks and estimate the fees you took in and get some realistic numbers because we might be undercutting ourselves and we might have a larger deficit than what we are projecting and he would like to be more conservative in our projection.

There was additional discussion about the water rate increase and the manager said that Harry Dail with Engineering Services recommended the 5% rate increase and he did an analysis and he looked at it with the auditor and the finance director.

Mayor Clark asked how long it would take to do a rate study. The manager said it would take about 4 months and he said that we could always go back and change the rates based on the study.

There was general discussion about the speculative market, the economy and trends for the future.

A motion was made by Councilwoman Efrid that we increase our water/sewer flat rates \$4.00 total plus the 5% increase. **MOTION CARRIED UNANIMOUSLY.**

The town manager recapped the various funds, and he said that he is not proposing any tax rate increase.

He asked Council to focus on the full time employee requests. He hasn't had the luxury of being around very long and he is taking the department heads' requests and plugging it into the budget with some changes. There are total of 13 ½ positions requested and he is proposing 8 ½, as follows: ½ in Planning, 1 in HR, 1 in Fire, 1 Rec, 2 police (Tourism

Fund), 1 Environmental (Tourism Fund), 1 Water Collection, and 1 Sewer Collection, with an estimated cost of \$300,000 additional for those 8 ½ employees. Those are the positions in the budget so far. Mayor Clark asked what has been the increase in new hires over the past several years. The finance director said from 2004 to 2005 we had 10 employees increase (3 in General Fund, 4 in Utility Fund and 3 in Tourism Fund).

Mayor Pro Tem Gilbert said he would like the operations department to look at efficiency. You have requested 6 new positions and he asked, since we are raising fees and impacting the public, to look inward and start thinking efficiency. He said we may want to look at efficiency and if we need to move people around. Concerning police/fire, he understands there was some decrease in police and if we are not a staffing level that we were at a few years ago then he would consider police a priority. He said that HR has had the same staffing for years and he feels that HR is important.

Councilman Macon said he is leaning the same as Mayor Pro Tem Gilbert in the sense of with police/fire he sees the need, but in the planning department you have 8 people and if we are seeing the building trend going down he can't justify it. Recreation we don't mow anymore and somebody would have to show me that the hours aren't being covered at the Recreation Center. With the fire department there is no question that in order to get the coverage we need a certain amount of people for the coverage. It is easy to see with police and fire but not with the other departments and he would like to see some justification.

The town manager said with that said, we can always put it in the budget and gets some more justification. We don't necessarily have to hire them day one.

There was discussion about the need for the full time position in planning that is now a ½ time position and the full time position in HR. The finance director also explained that last year the former town manager proposed that the ½ time position would go full time with the justification that they were going to handle the setting up of the Wilmington Beach assessments and she is unsure if Mr. Harrell is aware of that being proposed by Mr. Peck last year.

Mayor Pro Tem Gilbert said he likes the manager's recommendation to put it in the budget and then we can look at the justification. The finance director explained that the set of the assessments would only be in the beginning stages and then that person would be finished. Councilman Macon said that in the past that sort of thing has been outsourced.

Councilman Macon said he feels there should be some type of town presence even at events that are not run by the town such as Dixie Youth.

The town manager recommended that we rethink some of the things that have been discussed.

Councilman Macon said he definitely supports the police and fire. The manager said he understands the need for fire personnel. His thought to funding 1 instead of 2 is that we run that person Monday through Friday because the biggest calls are from 7-7 and next year we hire another.

Councilman Johnson said he would like to get that policeman. The manager said his thought was to hire 2 in the Tourism Fund.

In reference to the HR position, Councilman Macon said he is not talking about cutting that position, and the problem is we have always had the people in the field but not enough people to deal with those issues from having people in the field.

Councilwoman Efird said she feels we should let it come back as it is and we need to set a date for the June 1st meeting. The town manager said he would like to vote on that and setting a public hearing for June 13th.

A motion was made to set the public hearing for the regular budget meeting on June 12, 2006 at 7:30 p.m. or soon thereafter. **MOTION CARRIED UNANIMOUSLY.**

The town clerk pointed out that the next regular meeting is June 13th and not June 12th.

Mayor Pro Tem Gilbert motioned to amend the motion to set the public hearing date to June 13, 2006 instead of June 12, 2006 and to recess this meeting to June 1, 2006 at 9:00 a.m. **MOTION CARRIED UNANIMOUSLY.**

Respectfully submitted,

Lynn N. Prusa
Town Clerk

Approved: _____