

**MINUTES OF THE RECESSED MEETING
OF JUNE 10, 2008 OF THE TOWN COUNCIL
TOWN OF CAROLINA BEACH**

June 16, 2008

The Town Council of the Town of Carolina Beach reconvened on June 16, 2008 at 8:00 a.m. in the Council Chambers at the Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. The following were present: Mayor Joel Macon; Mayor Pro Tem (MPT) Dan Wilcox; Councilwoman Pat Efird; Councilman Jerry Johnson; and Councilman Alan Gilbert. Also present were Town Manager, Tim Owens, and Administrative Support Specialist II, Sara Hartman.

Mayor Macon called the meeting to order.

Tim Owens began reviewing the proposed budget. Council requested a report on gas and take home vehicles which he provided, a copy of the budget from the budget workshop, a packet regarding the next step in the process that includes direction on how to proceed on the proposed budget, summarization of the new capital items within the budget for Council to review and eliminate if needed, individual fund packets for Council to go through each line item and eliminate expenditures, and summarization of some of the concerns or comments made by Council members at the budget public hearing with staff analysis on these items for review. Mr. Owens said the town must adopt a budget by June 30, 2008 which can be a full budget or an interim budget. Next he reviewed the next steps in the process. The town manager and Council discussed usage and costs of vehicles in the gas and take home vehicles' reports with particular notice of the number of vehicles going home vs. people on call. Mr. Owens said he can look into this and have the supervisors make it for only on call employees. Supervisors can also look at individual use of gas and review usage such as going off the island for lunch or more than one vehicle being used for breaks.

Council also expressed concerns regarding staffing and changing the budget process. Mr. Owens said staffing is the same as it was in 2001 and he does not feel that staffing is that broken. He can meet with the supervisors and talk to them about accountability and managing their individual units, they can all sit down with them or he can do it on their behalf.

Issues regarding costs of storm water and whether to move it to the General Fund, water and sewer rates, and parking were discussed.

Council agreed to meet on July 7th at 3:00 p.m. to discuss details and how to make changes. Department heads are welcome to attend. The finance director said it would be helpful to staff if Council brought in their issues on paper so they could have a starting point. The town manager said that information should be provided by the day of the meeting. Mayor Macon said the meeting will be to discuss details that will affect the future budget process such as staffing, policies, efficiency, and accountability. Councilman Gilbert called for a vote on the budget.

Councilwoman Efird made a motion to adopt the 2008/2009 Budget as proposed.

MPT Wilcox suggested raising the storm water fees and lowering water/sewer rates. Another option is to move storm water to the General Fund. You need to distinguish the rate increase between those two items so that when it is adjusted you don't have an artificially set water and sewer rate that is not going to be reduced. Mrs. Johnson said that once the budget is adopted, you cannot adjust the tax rate for the coming year. Mayor Macon said that, as proposed, water and sewer is supplementing storm water by \$200,000. If we were going to move storm water, what MPT Wilcox is saying is to go ahead and fix the rate now so that when we do we know what we're moving and how much it takes and so you are not supplementing it. If you do that and take the \$200,000 where you are not supplementing from water and sewer, you will have to have the difference there what your fee is going to be for storm water and then you can adequately reduce your water/sewer rate to make up for the \$200,000. Mrs. Johnson said that if there are grants available and you do not have the rates where they are, you will not be grant eligible or the points you will need for the grant. Mr. Owens said there are several ways to reduce rates. There is a variable rate or flat rate. The variable rate generates \$134,000 worth of revenue.

Mayor Macon made a motion for a 5 minute recess. MOTION CARRIED UNANIMOUSLY.

Mayor Macon called the meeting back to order.

The town manager said that basically the difference between the revenue they anticipate and the departmental expenditures, operational expenditures, is about \$226,000. You reduce the flat rate by \$5.00 and go up \$10.00 for the storm water fee. This is very consistent with what the Storm Water Committee recommended several years ago.

MPT Wilcox made a motion to adopt the proposed budget with the two changes.

The first change being to reduce the water and sewer rate to a \$5.00 flat rate and to increase the storm water rate from \$5.25 to \$10.00 and have the commercial ERU's run consistent. The town manager said that in addition he has to adjust the revenue side of things in both storm water and water/sewer billing. Councilman Gilbert said there is no true reduction in fees, you're just taking from one and putting it into the other. The town manager said yes, pretty much. Mayor Macon said that the emphasis is that, at a later date when you are talking about next year's budget when you have to move the storm water into the General Fund that they know exactly what they are dealing with or close to it. The increase in water and sewer rates is to pay for the projects that we currently are doing. Councilman Gilbert said and the O&M. Mayor Macon said, yes. MPT Wilcox feels the town should start dealing with the storm water issues because it isn't going away, and create some type of education to let people understand the value of it and what it means for the future on the island because it isn't going away. Mayor Macon as well as we are doing a study of all of the outfalls and education of cleaning up those outfalls. The town manager said since you mentioned that this budget does not include that, but what he would like to do is come back in July and adopt an amended

budget and take \$35,000 from the reserve fund and get a grant for \$70,000 for storm water. Mayor Macon said we don't know the answers are going to be from the study but it may be something that we need to let the public vote on whether they want to pay for the clean-up of storm water running into Myrtle Grove Sound. Mayor Macon called for a vote. **MOTION CARRIED 3-2 WITH COUNCILMAN GILBERT AND COUNCILMAN JOHNSON VOTING NO.**

Councilman Gilbert said that if a special meeting is called for a CUP that the cost of that meeting would be passed on to that person and he would like to see some discussion on that in the future.

The town manager addressed some additional budget items. He said they have basically set a budget for the master development plan coordinator and they will have to come back on July 7th for the budget adjustment to do that. He also discussed the parking deck budget of \$18,000 for pre-planning and surveying. They ran into some surveying issues and will need to hire an attorney to look at it and will probably overrun the budget and need to add \$10,000 to cover attorney fees and extra surveying. This should be done by July 1st. The other item is the Hilton Garden Inn building inspections. The town now has level 3 inspections and the Hilton would prefer to go to the county for their inspections primarily because of loss of time. The county will do the inspections if we ask them to or will give it back to us. It could be a loss of revenue, \$100,000+ as far as building inspection fees go but there is a little bit of grey area there. Mayor Macon said the county can do their own plan review. If we do it in-house you have to send the plans to DOI (the county already has their plans) and have them go through the review process which could take 7 weeks or more. The town manager said there is a fast track permit too, and the way they are building it there is incremental plan review. MPT Wilcox said it's not just one permit they will go back for numerous permits and every time it will have to go back to DOI. MPT Wilcox said with regard to their discussion about contacting the county relative to Carolina Beach being involved on a oversight level with enough fees coming to us to cover our administrative fees and such. Mr. Owens said they have not had that discussion yet but he feels that the county will not go for that, they will probably want all or nothing. He thinks they will let them be involved in the process but not want to share in the revenue. Mayor Macon said he feels they put the project in jeopardy from the beginning because we lost our inspector and didn't know when he was going to get his level 3 so we sent them to the county and they began that process and planned their whole time frame around that particular process and now, we get our level 3 back. He does not feel it is fair to change the process on them and delaying the process which can cost tens of thousands of dollars. MPT Wilcox feels this would be a great loss of the opportunity for the planning department to be involved in this project for educational purposes so that when the next level 3 comes down the line, that we are better suited to deal with it. It is a town project and would like to see the town involved and if what we can get out of the potentially \$150,000 is \$20,000 to \$25,000 to cover our expenses that would be a good resolution and still keep things on track. He would like to know more about the process. He doesn't want to impact the project unnecessarily regarding timing but would like to know if they are better off adjusting their fee down and letting the developer pay DOI an expedition fee to process and keep the project on

track, are they better off foregoing all of this money to the county - other than discussion, he hasn't really seen any hard information on how much delay it will cause the project. He feels we should talk to DOI and the county to see if they would entertain that. He would like to know how many permits they are talking about, how long they feel it would delay the project, and is there a way with DOI to offset those delays rather than just turn over everything to the county. He also questioned if we could pay the rush fee and then retain the other \$125,000 as we have an unusual situation. Councilman Johnson also inquired about whether the county requiring that a certain percentage of the floor be completed because they will issue a certificate of occupancy on that. MPT Wilcox suggested calling the developer and asking how many permits they are talking about.

Mayor Macon made a motion to recess for 5 minutes to call DOI and the developer. MOTION CARRIED UNANIMOUSLY.

Mayor Macon made a motion to go back into open session. MOTION CARRIED UNANIMOUSLY.

Mayor Macon said there is no fee for fast tracking. If you want to fast track, you have your designer make an appointment and personally review the plans with DOI. Their turnaround is a maximum of six weeks, it typically runs less. They can do it in phases, they can approve the foundation, they can approve each phase of it as you go. There is no fee. What typically takes longer is if the main designer designs a shell and has 15 or 20 other designers who design different components of the interior of the building. If your plans are whole and you come up there with whole plans, then that is the best and quickest way. Mr. Owens said their story didn't agree with Mayor Macon's. He said the piling and foundation is what they are doing first, then the building and then they might do an upfit on the building.

Councilman Gilbert made a motion for a 5 minute recess. MOTION CARRIED UNANIMOUSLY.

Mayor Macon made a motion to go back into open session. MOTION CARRIED UNANIMOUSLY.

Mayor Macon said that his understanding from his two sources at DOI is that there is no fee, they do it in phases so they would approve the foundation. If you want your foundation approved, your designer makes an appointment and goes up there, it shortens the review process time to do it in phases. The most it will take is six weeks and it has been significantly shorter as they have no backlog.

MPT Wilcox has questions for the building inspector regarding his constitution during the process about being willing to make decisions and judgment calls and how much he would have to go to DOI for interpretations.

Mayor Macon told the Building Inspector, Van Paxton, they were discussing having DOI do the plan review and having him do the inspections. There are a number of engineers involved as well as a third party inspector involved with the project that is paid by the developer so it is a third party inspection required by the building code. He asked if he was comfortable with the town doing the permitting system here, him doing the inspections and getting a reasonable return on the process. Mr. Paxton said yes, he has a contact who is pretty responsive up there. He confirmed that there is no fee and that having the designer deal with them on a one on one basis it would definitely increase the time to have a set of plans reviewed. MPT Wilcox asked what kind of things would we need to go to DOI for. Mr. Paxton said safety items primarily. They are required to do the inspections for municipalities. Mayor Macon said that basically he would be required to do plan review on your own as well as they would be doing an overall look with a primary focus on like safety issues. Mr. Paxton said, yes. Mayor Macon said that a lot of the issues you have had questions in the past dealt with flood, things of those types of issues and the 50% rule which were hashed out with various departments and does he feel pretty comfortable with his interpretations on the flood regulations and things of that nature now? Mr. Paxton said, yes. Mr. Owens said he doesn't mind hiring an outside architect or engineer to assist Mr. Paxton. Mayor Macon said the questions they have had in the past were due to conflicting interpretations coming out of all of the different agencies but he feels they have all been hashed out now. MPT Wilcox feels it would be a good idea for the building inspector to go with whoever he meets with DOI so they can all be on the same page. One of the applicant's concerns is even if they can overcome the delays running the plan review through DOI and getting them back to us, once construction got started a question would come up and then construction would stop because we were waiting on an interpretation from DOI for something and he is not sure what that interpretation might be if we have all these inspectors and engineers and designers - is it a fair assumption, with a collaborative effort like that, we can make most of those interpretations as need be in house? Mr. Paxton said yes, he doesn't anticipate seeing that many problems arise. Council agreed that they would like to see everything they can do be done in house.

Councilwoman Efird made a motion to recess the meeting to July 7, 2008 at 3:00 p.m. MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,

Sara Hartman
Administrative Support Specialist II

Approved: _____