

CAROLINA BEACH

Town Council Workshop

Tuesday, March 28, 2023 - 9:00 AM

Council Chambers, 1121 N. Lake Park Boulevard, Carolina Beach, NC



MINUTES

CALL TO ORDER

Mayor Barbee called the meeting to order at 9:00 AM.

PRESENT

Mayor Lynn Barbee

Mayor Pro Tem Jay Healy

Council Member Mike Hoffer

Council Member Deb LeCompte

ABSENT

Council Member Joe Benson

ALSO PRESENT

Town Manager Bruce Oakley

Assistant Town Manager Ed Parvin

Finance Director Debbie Hall

Town Clerk Kim Ward

Mayor Barbee recognized the passing of New Hanover County Commissioner Deb Hays and asked everyone to take a moment of silence for her. He said the Town will follow the County on flying the flag at half-staff in her honor.

DISCUSSION ITEMS

1. Capital Improvement Financial Planning Model Presentation

David Cheatwood with First Tryon Advisors attended the meeting virtually and gave an overview of the Town's existing debt and capital planning model for the utility system. He said First Tryon has worked with the Town since 2016 and developed the model to help determine the best way to fund the Town's sizeable needs for the next five to 10 years.

The first slide focused on the existing debt profile for utilities:

- As of June 30, 2022, the Town had approximately \$23 million of utility-related debt outstanding, consisting of a series of revenue bonds and various State Revolving Fund (SRF) loans and installment financing contracts.
- The portfolio had an average coupon of 4.111%, a 10-year payout ratio of 57%, a weighted average life of 9.423 years, and a final maturity in FY 2041.

Mr. Cheatwood reviewed components of the capital planning model, which gives the Town the ability to forecast the impact of funding proposed capital projects over both the near-term and long-term horizon:

- The model is designed to be interactive and allow the Town to run multiple scenarios with different assumptions in a timely manner.
- Within the model, the focus is on several key inputs to produce desired results. Inputs include existing debt, credit profile, capital improvement plan/project “wish list,” and financial performance. Outputs include revenue impact, cash balance impact, compliance with financial policies/targets, credit rating impact/peer comparison, and revenue/expenditure performance.

An optimal funding plan will achieve the following goals:

- Fund 100% of projects
- Debt service coverage remains strong (minimum coverage of 1.5 times parity and 1.2 times total)
- Cash remains above targeted level (180 days)

Other slides covered overview of assumptions, capital improvement plan summary, summary of debt-funded capital projects, and summary of financial projections.

Mayor Barbee said this is a happy day for the Town because infrastructure items have been punted around from Council to Council without a plan, which is now in place. He said the Town now knows what it must do, cost estimates, and a financial plan for how to get it done and when. Mayor Barbee said this is important because Council can stop debating about when to borrow money and how much and instead just follow the plan. He thanked Mr. Oakley for his work.

Mayor Barbee said Council will have to figure out how to roll out rate increases. He questioned whether the Town would want to hit people every year or do something different.

Council Member LeCompte said this is a great start, but there is a lot of material so Council Members will need to review, draw conclusions, and add information.

Mayor Pro Tem Healy asked Mr. Parvin if he had ever seen the Town get in front of expenses like this in the past. Mr. Parvin said there has been a capital improvement plan, but there were no numbers behind it like now with this model. Mayor Pro Tem Healy said this is a big day for the Town.

Mayor Barbee mentioned Canal Drive as a non-utilities project that has been kicked down the road for many years. He asked staff to run a similar model for this and other projects not covered by the model discussed today. Mayor Barbee asked what a reasonable time frame would be for this. Mr. Oakley said it would be about six months to have a plan in place and work on a model. Mayor Barbee said without a plan, the Canal Drive project is never going to move forward.

Council Member Hoffer said it’s comforting to know the projects can be done with rate increases that he feels are reasonable for most people. He said everything goes up 3% per year, and it seems like the average person can handle this.

Mr. Oakley said the Town is still actively searching for other funding sources, including at the State and Federal levels, that may affect the model in the long term.

2. Update from the Centennial Committee

Centennial Committee Chair Maureen Lewis gave an overview of the group's projects. She said the Pleasure Island Chamber of Commerce voted on March 15 to absorb the Centennial Committee under its umbrella, a move that will offer more flexibility with fundraising. Ms. Lewis said the Chamber's reach and mission align with the committee's vision, and the Chamber's board president and a Chamber staff member currently serve as committee members.

Ms. Lewis said funding for the projects will take a four-pronged approach: Town-owned activities and programs, existing local organization programs that can be "centennialized," via room occupancy tax (ROT) to attract a wide tourist base, and through private and private/public funded programs that will enhance the centennial celebration.

Proposed projects for Town funding include Venus fly trap statues, the centennial logo on the water tower, replacement of decals on Town vehicles with the centennial logo, a mural on Town Hall, street banners, a time capsule, new centennial logo shirts for Town staff, and a hometown fair and picnic. Ms. Lewis said the committee can look for sponsors for anything the Town doesn't cover.

Island Arts Council President Chris Higgins presented the most pressing budget item, a \$6,000 request to go toward the design of the first Venus fly trap statue to be on display in Town Hall and become property of the Town. Ms. Higgins said the Island Arts Council was established in 2011 and originated as the Town's ad hoc Arts and Activities Committee. She said the Town provided a \$3,000 seed grant, and the organization has been self-sustaining since then.

Ms. Higgins said the Venus fly trap statues, a public sculpture project, would be produced by local manufacturer Hubert Graham of Grahamland, which is located on Highway 74 in Bolton (Columbus County). She showed a mockup of the first statue and reviewed benefits of the project, which include celebrating the community, promoting the arts, and supporting economic development and tourism.

Ms. Higgins said there is a multi-year plan for implementation of the statue project:

- 2023 – design, prototype, and introduction \$10,000-\$15,000
- 2024 – production, artists' magic, and launch \$30,000-\$40,000
- 2025 – installation and celebration \$10,000 to \$15,000

Proposed funding sources include:

- 2023 – grants and fundraising campaign
- 2024 – more grants, fundraising, and pre-sale
- 2025 – auction and merchandise

Council Member Hoffer asked about the Island Arts Council's track record of raising money. Ms. Higgins said the group has not been back for money from the Town in 12 years, has raised grants, and

has \$17,000 in the bank, which the group keeps reinvesting and growing. She said the Island Arts Council birthed the Carolina Beach Mural Project and Art in the Yard.

Mayor Barbee thanked Centennial Committee members for their work and praised them for creating a vision.

ACTION: Motion to approve the transition of the Centennial Committee to the Pleasure Island Chamber of Commerce, therefore dissolving the Town ad hoc committee

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem Healy, Council Member Hoffer, Council Member LeCompte

Motion passed 4-0

Mayor Barbee mentioned the idea of creating a photo-op location related to the centennial celebration at the Federal Emergency Management Agency (FEMA) or marina parking lot. The Town will work with the Island Arts Council on this project.

Mayor Barbee said he would like Council Members to hand out T-shirts with the centennial logo during the Thursday fireworks displays this summer to create support and a buzz.

3. Beach Services Discussion

Planning Director Jeremy Hardison gave an overview of beach vending services for the 2023 season. He said in Freeman Park, a maximum of six vending permits for motorized vehicles are allowed, and currently two have been issued. Mr. Hardison said the number of permits sought at Freeman Park has dropped since the maneuverable size of the park has decreased. He said six non-motorized vending permits are allowed on the municipal beach strand, and six have been issued.

Mr. Hardison said for both motorized and non-motorized permits, vendors can operate from sunrise to sunset and may not remain in a stationary location for more than 30 minutes.

Permit issuance

- Existing vendors shall submit a request for permit renewal on or before March 1 of each year.
- All vending permits shall expire on March 31 of the following year.
- The vendor shall sign a new one-year vending permit with the Town.
- No vendor shall apply for or obtain more than one of each type of vending permit (i.e., one motorized and one non-motorized).

Mr. Hardison said a wait list is available and currently contains two applications for non-motorized permits.

Council Member Hoffer asked if the Town still has the brick-and-mortar rule. Mr. Hardison said that requirement was removed from all permits when regulations for food trunks changed. He said the previous rule was that to get a permit, you had to have a brick-and-mortar business in the Town, but this is no longer required.

Council Member Hoffer asked if anybody ever makes it off the wait list. Mr. Hardison said this happens very rarely.

Mr. Hardison said a permit shall be removed immediately by a citing Town official upon receipt of three violations, and the Beach Patrol will help enforce this. He said the fee for a permit is \$200 annually.

Mr. Hardison also gave a brief history of beach vending permits, which started on the municipal strand in 1996 and in Freeman Park in 2006. He said there were ordinance revisions in 2007 and 2011 before getting to the current regulations in 2017.

Mayor Barbee said many years ago, the Boardwalk had lots of walk-up services such as cotton candy, candied apples, and corn dogs, but things have changed over the years and there are now more sit-down restaurants. He said beach vendors are providing a type of service that has migrated off the Boardwalk, so it's a good program.

Mayor Pro Tem Healy said he would like to add one more non-motorized vending permit. Several Council Members said they often don't see any vendors on the beach all day long in certain areas.

Council Member LeCompte said boat captains operating out of the marina have a certain number of trips they must take to maintain a lease, so she would like to consider doing something similar with beach vendors to make sure the permits are being used to the fullest extent. She said they could provide a log of when they operate.

Mayor Barbee said he likes the idea of 10 carts on the 3.5-mile municipal beach strand, so he would be in favor of adding four more non-motorized vending permits. He said he supports a free market and doesn't think the Town should get in too deep specifying exactly what they can sell in comparison to what's already out there, but he also doesn't want to create a structure where they can't survive and be successful.

Mayor Barbee said Council Members should let Mr. Oakley know their thoughts, and staff will bring back a proposal for discussion and a vote at the next meeting.

4. Manager's Update

Mr. Oakley gave an update on various projects:

- The lake dredge bids will be in later this week.
- The Starfish Lane project is underway, and stormwater improvements are being made.
- A rendering of the Brandy Myers Memorial Playground was displayed. The project, which will be located at Lake Park, should start this fall and be complete by spring.
- The paving projects are still underway. Crews are starting to pave Carolina Beach Avenue North today.

Mayor Pro Tem Healy mentioned the archway shown in the playground rendering and asked if the Town would consider doing something similar at Freeman Park. Mr. Oakley said it's possible, and the Town still needs to plan a monument to the Freeman family at some point.

Mr. Oakley said the grant for the purchase of Freeman Park is awaiting some appraisals, and after those are complete the Town can move forward with a contract and receipt of funding.

Council Member Hoffer said with the Town 75% of the way through the current year's budget, he wants to know if things are on pace to expand the paving projects. Mr. Oakley said there are a lot of unknowns because many projects are put off until the last quarter so the budget can be monitored. He said if there is leftover money at the end of the year, it could be rolled into Powell Bill funds to do more paving next year.

Mayor Barbee said the idea to add more paving projects now is so the Town can save money on mobilization costs while the equipment is already here. He asked if mobilization would cost more later. Mr. Oakley said with the current paving contractor, mobilization is built into the unit price and there is no separate charge for it, but additional projects would need to be bid out, a process that would take about two weeks.

Council Member Hoffer asked if there is room in the current budget to add to the paving projects. Mr. Oakley said he thinks there will be a surplus in June, but he doesn't know how much. He said any overage could go toward other projects, so it all comes down to priorities.

Council Member Hoffer said some roads that didn't quite make the cut this time are rough, so he doesn't want them to sit for another two years.

Mayor Barbee said he thinks a continual paving program would be beneficial, but he understands that the Town may need to build up funds. Mr. Oakley said the current paving projects are being done with all Powell Bill funds allocated by the State and not any Town property tax dollars.

Mayor Barbee asked Mr. Oakley to bring a list of possible priorities that could be handled with a surplus so Council can vote on the items.

Council Member Hoffer said he thinks there should be more clarity into the budget as each month passes. Mr. Oakley said he gave Council a budget actual of every line-item last month. Council Member Hoffer said he would like to see updated projections. Mr. Parvin said any method for making projections would not be accurate because of big projects that are scheduled for later in the year.

5. Approve Change of Meeting Day for the Operations Advisory Committee

The Operations Advisory Committee voted on March 14 to change its meeting day from the second Tuesday to the second Monday of the month due to a schedule conflict. The meeting time will remain 10:00 AM, and the location will continue to be the multipurpose room in Town Hall.

Ms. Ward said because Council sets the schedule for committees, Council will have to vote to change the meeting day.

ACTION: Motion to change the meeting day of the Operations Advisory Committee from the second Tuesday of the month to the second Monday of the month

Motion made by Mayor Barbee

Voting Yea: Mayor Barbee, Mayor Pro Tem Healy, Council Member Hoffer, Council Member LeCompte
Motion passed 4-0

6. Beautification Committee Appointment

Council made the following committee appointment:

- Karin Harriss – Beautification Committee (term expiring on June 30, 2025)

7. Discuss Agenda Items Scheduled for April

Council Members asked that the following items be placed on the agenda for the April 11 regular meeting or April 25 workshop (or otherwise reviewed for later consideration):

- Adding beach vending permits
- Update on the Beach Patrol ranger position
- The Defense Community Infrastructure Pilot Program, which offers grants to communities that support military installations
- Update on the entrance sign at Snow's Cut Bridge and what the N.C. Department of Transportation (DOT) will allow
- DOT approval for a permanent flat monument at Lake Park Boulevard and Cape Fear Boulevard in honor of Cora Kruger, who was killed by a vehicle at the intersection in 2019
- Lake Park Boulevard 2025 DOT paving project
- Presentation by the Beautification Committee
- Update on the 2023 summer season and any major changes
- Hamlet Avenue stoplight progress
- Bottle shop ordinance
- Right-of-way issues

COUNCIL COMMENTS

Mayor Barbee said the capital planning model is big news, so he hopes Council Members will help the public understand what the Town just achieved in terms having a plan to pay for infrastructure. Mr. Oakley said the presentation can go on the Town website. Mayor Barbee said this is a big deal and thanked everyone involved in making it happen.

ADJOURNMENT

Mayor Barbee adjourned the meeting at 12:00 PM.