

# CAROLINA BEACH

Town Council Workshop

Tuesday, March 23, 2021 - 9:00 AM

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



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## MINUTES

### CALL TO ORDER

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

### PRESENT

Mayor LeAnn Pierce

Mayor Pro Tem Jay Healy

Council Member Lynn Barbee

Council Member JoDan Garza

Council Member Steve Shuttleworth

### ALSO PRESENT

Town Manager Bruce Oakley

Assistant Town Manager Ed Parvin

Town Clerk Kim Ward

### DISCUSSION ITEMS

1. Public Hearing to Receive Requests from the Chamber of Commerce for Room Occupancy Tax Funds

Debbie Elliott, Chairman of the Board of the Pleasure Island Chamber of Commerce, gave a presentation on behalf of the Chamber. She began with an explanation of room occupancy tax (ROT) funds and how they are distributed.

Ms. Elliott also reviewed a breakdown of the \$1.639 million in ROT funds collected by the Town in 2020. This was an increase of more than 12% from 2019. Of that amount, \$819,881 (50%) must be used to promote travel and tourism, while the remaining \$819,881 is for Tourism Development Authority (TDA) approved tourism-related expenditures, including capital expenditures.

The Chamber is asking for \$82,500 (10%) of these funds for the following:

- Relocate Chamber office/Visitors Center to 300 Cape Fear Boulevard: \$47,500
- Beach Music Festival: \$15,000
- Fort Fisher Concert Series: \$5,000
- Kite Festival: \$15,000

Ms. Elliott said the new location is a freestanding building that would work better than the current office space in Town Hall. The relocation is proposed for two phases, with Phase I allowing immediate use of the space for one to two years and then moving to Phase II for a complete gutting and redesign of the building to be completed in 2024. Ms. Elliott said the Chamber would return to request additional ROT funds for Phase II and also launch a capital campaign.

Ms. Elliott said the Chamber has the opportunity to purchase the rights to the Cape Fear Kite Festival and build upon its success. Mayor Pierce asked how much that will cost. Ms. Elliott said \$10,000. Mayor Pierce asked why the Chamber couldn't create its own event to save the purchase fee. Ms. Elliott said the cost is a one-time fee that would cover the logistics and contacts of an event that has already demonstrated success. She said current organizers would also be available to assist during the transition.

Council Member Shuttleworth asked what the Chamber's role has been in the Kite Festival in the past. Ms. Elliott said none. Council Member Shuttleworth asked if there was a reason the event would go away if the Chamber didn't purchase it. Ms. Elliott said she thinks the current organizers are tired and ready to move on. The event takes place at the Fort Fisher State Recreation Area and points south. Council Member Shuttleworth asked what the additional \$5,000 would be used for if the cost of purchasing the event is \$10,000 and the Chamber is requesting \$15,000. Ms. Elliott said that would be to assist the Chamber with out-of-pocket costs to make it a bigger and better event, including merchandise and rentals.

Council Member Shuttleworth said he was confused about the presentation because of the Visitors Center component. He asked if the Chamber was rebranding itself as a Visitors Center. Ms. Elliott said the Chamber has always been a Visitors Center. Council Member Shuttleworth said the Wilmington & Beaches Convention and Visitors Bureau (CVB) used to staff the Visitors Center in Town Hall and that just happened to be near the Chamber office with some interaction. He said the Chamber has not been referred to as a Visitors Center. Ms. Elliott said since she has been involved with the Chamber it has been emphasized to her and is possibly in the organization's bylaws that it is a Chamber and a Visitors Center. She said most beach communities' Chambers play such a dual role. Council Member Shuttleworth said this was news to him and that most Chamber members have not thought of the organization as a Visitors Center. Ms. Elliott said she disagreed and believes that most people have seen the Chamber as more of a Visitors Center than a Chamber and that part of the current vision for the Chamber is to get it back to being more of a Chamber. She said she believes it can be effective as both.

Mayor Pierce asked how many members the Chamber has. Ms. Elliott said about 375. Council Member Shuttleworth said there have been efforts in recent years by the Chamber to bring in members from the Monkey Junction area. Ms. Elliott said yes, that area has been a focus of the group.

The Chamber is also requesting ROT funds from the Town of Kure Beach. Mayor Pierce asked what would happen to the proposed projects if Carolina Beach donates the requested amount but Kure Beach does not. Ms. Elliott said the Chamber is working hard to demonstrate to Kure Beach that they will get a good return on their investment. She said if Kure Beach says no, then the Chamber will have

to retool and figure out how to advance their objectives without that support, but it would be difficult to move forward on a Visitors Center for the entire island without Kure Beach's support.

Council Member Shuttleworth said in the past the Town has given \$5,000 as a sponsor for the Beach Music Festival. He asked why the current request is triple that amount. Ms. Elliott said the current requested amount is a better reflection of the real cost to put on the event. Council Member Shuttleworth asked if the event makes money. Ms. Elliott said yes, this is the Chamber's biggest fundraiser. Council Member Shuttleworth asked why the Town would pay triple the previous amount for a festival that continues to make money. Ms. Elliott said the Beach Music Festival is a large driver of tourism, and therefore she does not think this is an unreasonable request. Council Member Shuttleworth said it has been his position in the past that giving significant ROT funds to an endeavor that generates a profit seems counterproductive when there are plenty of uses for the money that don't have the ability to make money, such as public bathrooms and lifeguards. He said he doesn't have an issue with a sponsorship of \$2,000 to \$5,000 for profitable events, but to underwrite an event for triple the amount given in the past when it makes about \$40,000 per year seems like an unwise use of fiduciary responsibility when there are so many other demands on ROT funds.

Council Member Barbee said he wanted to clarify that the Chamber is a non-profit organization. Council Member Shuttleworth said he understood but that the group does make above the line on several events that can be used to offset other expenses.

Council Member Shuttleworth said he is not opposed to some of the plans the Chamber has, but he thinks Council needs more detail and a reimbursement plan. Ms. Elliott said she can come back to Council with an itemized budget as to why the funds are necessary. She said historically Chambers have been unable to sustain themselves on membership alone, which is why they do events. She said our Chamber is unusual in the size and scale of its events because it is also a Visitors Center that is charged with driving tourism, and these events are expensive to execute and a hurricane or other forced cancellations can be debilitating to the bottom line. She said the Chamber has a vision of becoming more self-sustaining with membership fees so these events can be a supplement and not a lifeline.

Council Member Garza asked what the current membership fee is. Ms. Elliott said it's \$240, but this year or next year the Chamber is planning to introduce a tiered membership structure that offers different benefits for different levels of investment.

Mayor Pierce said the Town wants the Chamber to be successful and that it seems Ms. Elliott is indicating the organization is struggling. Ms. Elliott said yes, the Chamber has historically done a great job, but the operations and administration aspect could use some strengthening. She said the Chamber is in the process of putting together that infrastructure, and leadership hopes to get those aspects in place before recruiting and hiring a new Executive Director. She said she thinks the organization has incredible potential.

Council Member Shuttleworth said the Town funded some events last year that didn't happen due to the COVID-19 pandemic and wondered why those funds would not be available to offset some of the current request. Ms. Elliott said that money is not available and that she can only speak to what the

Chamber should do moving forward. Council Member Shuttleworth said he wants to know where the money is. Ms. Elliott said her understanding was there was a conversation happening between the Chamber and Town staff members regarding the accounting for those funds. She asked if that money was fronted or reimbursed. Council Member Shuttleworth said in the past Chamber has gotten its money upfront.

Council Member Garza said the Chamber owes the Town \$29,000 for those events. Council Member Shuttleworth said the Town has some investigation to do into the matter and that he has asked Mr. Oakley to look into it.

Ms. Elliott said the Chamber needs to have some successful events before it is in a position to reimburse any funds. She said in the absence of an Executive Director, the Executive Committee has been dividing administrative duties and that Treasurer Lynne Willis could give better answers about financial matters. Council Member Garza asked if there is a reason why Ms. Willis was not present. Ms. Elliott said they did not anticipate this conversation taking place at this meeting. She said the Chamber will circle back to Council about all of the questions.

Mayor Pierce said she applauds the Chamber for trying to become a better organization but that it is Council's job to ask about the money. Ms. Elliott said she values the questions because it makes the Chamber more thoughtful and deliberate about its operations. Mayor Pierce said she represents the Town with the TDA and therefore must explain funds when there are questions, and if she can't do that it's a problem.

Council Member Shuttleworth said he appreciates that Ms. Elliott, as a volunteer, takes hard questions about the Chamber. He said he thinks the vision for the Chamber is great and that Council wants things to move forward in the community. Ms. Elliott said the Chamber will get back to Council in a week with answers to questions.

Mayor Pierce said Council will look over these requests when going through the Town budget process. She said the Chamber has always been a good partner with the Town. She asked Mr. Oakley to find out more about what happened to the funds previously given because there is a TDA meeting next month and the matter will come up.

Council Member Shuttleworth said even though the Town has a lot of money from ROT funds, there is the issue of beach nourishment for storm damage reduction to consider. He said at this point there is no funding for this, and while the Town is hopeful that State and Federal governments will come through, if not there is no Plan B. He asked Mayor Pierce to meet with the mayors of other municipalities in the County to craft a letter to the County suggesting they'd like to see a Plan B to understand how they might fund sand on the beach if State and Federal money is not available. He said if a contribution is required from the Town, which has never happened before, the Town needs to be prepared to possibly use ROT funds.

Council Member Shuttleworth said he would also like to tell the CVB that the Town wants to cap what they are spending on advertising and instead use some of that money to build up a reserve account. He said the Town needs to get creative or otherwise will have to raise taxes. He said the Town has some

big-ticket items, such as public bathrooms and lifeguard stations, that are struggling for funding sources. He said he has never referred to the Chamber as a Visitors Center and considers that a paradigm shift. He said Mr. Oakley needs the ability to make recommendations on things he thinks the Town needs. He said he doesn't know why the Town would fund the Kite Festival for \$15,000 when the purchase price is \$10,000 and recommended that the Chamber show a detailed plan first.

Council Member Garza said people don't go to Visitors Centers anymore because all the information they need is app-based and can be done on mobile phones. He said he sees the proposal as an office for the Chamber.

Council Member Shuttleworth said he didn't feel he got a good answer about why the extra money for the Beach Music Festival was necessary.

Mayor Pro Tem Healy said he is not in favor of paying \$10,000 for the rights to the Kite Festival because the current organizers are tired.

Council Member Garza said he is not a big fan of the Beach Music Festival because people bring their own alcoholic beverages and then drive away. He said he would like to see this event structured differently and thinks the way it has been is almost like a frat party. He said he is probably not going to support a Visitors Center due to the large expenses and the need to use that money for other things.

Mayor Pierce said Council needs to share their thoughts with Mr. Oakley so he can have direction when making the budget. She said until the Hamlet Avenue public bathrooms and Ocean Rescue facility are complete, she can't see giving that much money to the Chamber.

Mayor Pro Tem Healy said he does not understand how the money that the Chamber received last year for fireworks and movies that didn't happen has dissipated. He said there has to be some clause in the future to protect that money for citizens.

Council Member Shuttleworth said he is sure the Town will get to the bottom of the issue and that there may be reasonable explanations for it. He said he does not want to come across as not supporting the Chamber and its vision of taking on a more public role as a Visitors Center, but he is not ready to spend a lot of money without a well-thought-out plan.

Mayor Pierce said she thought the long-term vision for the property proposed for the new Chamber office and Visitors Center was to tear it down and build something for the community, so she thinks putting a lot of money in it might not be a good idea. She said there had been discussion about that being a future location for a pool, community garden, volleyball court, or meeting center.

Council Member Shuttleworth said he would like some understanding of other possible uses for the property.

Mayor Pierce asked Council Member Barbee, who is an ex-officio member of the Chamber board, to get some answers for Council. Council Member Barbee said he would be glad to do that.

Council Member Barbee asked if the Town fronts money for everyone who wants ROT funds. Mr. Oakley said for the most part, the Chamber is the only group that has been fronted money; others are required to show receipts and then receive reimbursement. Council Member Barbee said if the Town is fronting money to an organization, then the Town owes taxpayers very strict accounting of the money.

Council Member Garza said Council is behind the Chamber and feels it does a lot of great things, but he reiterated that Council has fiduciary responsibility and must consider the sand issue because they are so many uncertainties with it.

Council Member Shuttleworth said he is supportive of the Chamber taking on a more public role as a Visitors Center.

## 2. Manager's Update

Mr. Oakley said there was an item he forgot to put on the agenda. He said Fire Chief Alan Griffin is asking for a budget amendment regarding Ocean Rescue lifeguards. When making the budget last year for the current fiscal year, the Town did not anticipate the peak season to be as busy as it turned out to be and therefore was expecting lower revenue than normal.

Chief Griffin said this would be a request for ROT funds, which he acknowledged as awkward based on discussion around the previous agenda item. He said last year around this time when beaches were closed due to the COVID-19 pandemic, there was a conscious decision to scale back wages and park one 4-wheeler because of the uncertainty about how much ROT funds would be collected. However, summer turned out to be very busy, so Chief Griffin is asking for a budget amendment from the General Fund for \$25,000 for wages, \$1,500 for the FICA fund, and adding the 4-wheeler back into rotation for \$6,000.

Mayor Pierce said she would have liked to look over this request before the meeting. Mr. Oakley apologized for not having it on the agenda and said Council can hold off on a decision until the next meeting.

Council Member Shuttleworth said money is available, and one of the primary things the Town has funded out of ROT funds has been lifeguards, which makes for a much safer beach. He said he is fine with granting the request.

Mayor Pierce asked which months the Town is using lifeguards. Chief Griffin said hiring of lifeguards begins in early May, they start on the Friday of Memorial Day weekend, and stay at least through Labor Day, but historically that date has been pushed to October 1 with minimal staffing.

**ACTION:** Motion to approve the budget amendment as presented by Chief Griffin

Motion made by Council Member Garza

Voting Yea: Mayor Pierce, Mayor Pro Tem Healy, Council Member Barbee, Council Member Garza, Council Member Shuttleworth

*Motion passed unanimously*

Council Member Barbee said when budgeting for the upcoming fiscal year, Town staff should take into account that we are going to have another busy summer.

Mr. Oakley updated Council on current and future projects.

- Pack It In, Pack It Out
  - Additional signage
  - Community support
- Budget
  - April 13 – community input hearing
  - April 27 – budget workshop
- Parking: Mr. Oakley said there have been issues with management of the parking program regarding collecting revenue, maintenance of equipment, and not enough personnel. He said the Town has sent a cure letter giving 30 days to correct the problems or the Town will terminate the contract. If the contract does have to be terminated, Mr. Oakley said he wants Council's permission to go out for RFP for other companies to manage parking. Council consensus was to allow the RFP if necessary.

Mr. Oakley said the Shell Lot is getting sod tomorrow, and then photo props and benches will go there.

Council Member Shuttleworth asked if Town staff wanted to talk about the sidewalk easement and rides.

Planning Director Jeremy Hardison said the Town got a demo permit for the Putt-Putt course on the Boardwalk last week. He said the plan is to put rides on the property, although there has been no formal request thus far. Council Member Shuttleworth said the oceanfront sidewalk in that area has been historically open public space, but there is some question over whether this is actually part of the private property, whether there is an easement, and if so, where exactly it lies. He said a future request could include obstruction of that sidewalk. Mr. Hardison agreed that it could. Council Member Shuttleworth said in the past, Putt-Putt said it owned all the land up to the public restrooms, but the Town's contention was that it is the Town's property and was part of a bad survey. He said documentation later surfaced that it was private property, but there was a Town easement for the sidewalk. He said the Town needs to have resolution on ownership of that property and validity of an easement. He said if it is private property, the owner has a right to put rides there and disrupt traffic flow between the concrete walkways along the dunes. Mr. Hardison said he would get Town Attorney Noel Fox to look into the matter.

American Rescue Plan Act of 2021  
\$1,870,000 (split over 2 years)

- To respond to negative economic impacts
- Premium pay for essential workers
- Lost revenue due to COVID-19
- To make necessary investments in water, sewer, and broadband infrastructure

Mr. Oakley said the Town expects to get this money around June 15.

Mr. Oakley said Gov. Roy Cooper is having a press conference today at 2:00 PM to discuss steps moving forward after the upcoming expiration of the current Executive Order. He said he thinks there may be lessening of restrictions and will update Council with any changes.

### **NON-AGENDA ITEMS**

Mayor Pro Tem Healy said he wants information about a possible controlled burn at a church. He said citizens had approached him about this. Mayor Pierce said she has not heard anything from the public about this and asked Mayor Pro Tem Healy what comments he had received. Mayor Pro Tem Healy said citizens were concerned about how it would look to burn a church. Chief Griffin said as of Friday, it's simply a building and is no longer owned by the church. Chief Griffin said the investor who purchased the former church contacted the Fire Department and offered the property for training, including burning. He said this is a benefit for both the property owner who needs to remove a building and the Fire Department for hands-on experience. Chief Griffin said due to concern about the public image involved with burning a previous church facility, he and Mr. Oakley agreed they wanted Council weigh in on the training plans. Chief Griffin said he wanted to avoid any negative connotations but said this is a unique training opportunity for his staff. Mayor Pierce asked if all religious symbolism has been removed, including inside and outside the building. Chief Griffin said State training regulations require the building to be cleared out before it can be burned. Mayor Pierce asked if there were any concerns about proximity to other buildings. Chief Griffin said he had none. Council Member Garza said he was fine with the training plans. Council Member Barbee said his family were members of the church for many years and he was married there, but he sees the people, not the building, as the church. He pointed out that churches are often repurposed for other uses, including Deck House restaurant, which houses a bar, and no one is picketing that. He said he doesn't see any negativity associated with burning the building. Mayor Pro Tem Healy said he is all for the training plans and thinks the practice will be beneficial to the community. He acknowledged some people may not be happy. Council Member Garza said any plan would always have that. Council Member Shuttleworth said he would defer to Chief Griffin to do what he feels is right. Mayor Pierce said she was in favor of the training plans as long as any crosses and other religious symbolism were removed prior to burning. Chief Griffin said he definitely will ensure that happens. Council Member Garza asked what the developer wants to do there. Mr. Hardison said plans call for removing the structures and subdividing the parcel into four lots to be sold individually.

Council Member Garza said as we prepare for the summer season, the Town should keep hurricanes in mind and push out preparation messaging as a friendly reminder whenever possible. He also mentioned getting a lot of negative feedback about potholes on streets and also wanted to remind Town staff of the overgrowth obstructing turns in some areas.

Council Member Barbee said as the Town goes into the next budget season, he is confident that the Town is being fiscally responsible with taxpayer money, but he is concerned that facilities and improvements that residents want are not being addressed. He said he is referring to new projects and not existing things. He said he doesn't want to necessarily imply that he is talking about tax increases at the moment, but he wants to ensure the Town is considering some of these things that aren't



happening. He said other towns seem to be able to get such projects done and that we need to think about a long-range plan for tackling some of these items that are not moving forward. Council Member Shuttleworth said \$1.8 million in new money is coming over the next two years due to the American Rescue Plan Act of 2021, plus more revenue from the growing property tax base, so this could help address some of those items. He asked where the Town is with the lake project and said it looks like that is not going to happen in the current budget year, which is a problem. He said while Council Member Barbee is talking about wish-list items, there is still a need list of projects that are unfinished. He said there have been many projects completed over the years, such as the new Boardwalk and extension, major improvements around the look of the lake, new park playground equipment, and bike trails. He said things always look better when you visit another town, but we have made our share of progress. Council Member Barbee said he doesn't disagree with that, but he'd rather see the Town put some of these project to bed and say no, we're not going to do them, rather than continue to drag out things with the public.

Mayor Pierce said she wanted an update on the Saint Joseph Street multiuse path. She said a multiuse path is something the Town should really push for, so she wants to find out more about the status of that project.

Mayor Pierce said was planning to meet with the mayors of Wrightsville Beach and Kure Beach about what the three beach towns want the County to do for beach renourishments and come up with a letter of unity. Council Member Shuttleworth asked if Council is in agreements that they want a Plan B or whether the Town wants to state it's Federal funding or nothing. He said the County has taken the position that it's Federal funding or we get no beach renourishment in fiscal year 2021/2022. He said he thinks it's prudent to explore Plan B to find out how much it might cost and what percentages of contributions would be required from the State, County, ROT funds, and potentially municipalities. Council Barbee said there should be a Plan B because this is critical infrastructure. Council Member Shuttleworth said the County's decision was made without input for a Plan B. Mayor Pierce asked Ms. Ward to be at the meeting because they will need notes for a record of what all the mayors think and somebody so start crafting the letter.

Mayor Pierce said she would like an update on the Beautification Committee and plans for redoing the landscaping at beach accesses. She said committees can't raise funds and wants to know the source of the money for this. Mayor Pro Tem Healy said the landscapers are doing the work pro bono and that no money would be required. He said he and Mr. Oakley have had discussions about possibly going a different route with the Beautification Committee so it can have access to contributions in the future. Mr. Oakley said any money donated would go into the Town's General Fund and would have to be allocated during the budget process. He said there has been discussion about creating a non-profit organization that could raise funds. Mayor Pierce asked if plans for the beach accesses would go before Council prior to implementation. Mayor Pro Tem Healy said yes, landscapers must submit drawings in advance. Council Member Shuttleworth asked how many beach accesses will be updated. Mayor Pro Tem Healy said plans are to do all of them, and he thinks there will be enough interest. He said each one will be different but must operate within size guidelines.

Mayor Pierce said she recently signed the Mayors' Monarch Pledge to protect monarch butterflies through the Town's use of certain plantings and other measures. She said the elementary school is

opening a butterfly garden, and she would like as many Council Members as possible to attend the event. She asked Ms. Ward to find out the date.

Council Member Garza said he wanted to add to what Council Member Barbee said about a long-term plan for projects. He said the Town failed to determine which key projects to move forward with this year, so he would like to see a plan in writing with small goals that the Town can start to put into play now.

#### **ADJOURNMENT**

**ACTION:** Motion to adjourn

Motion made by Mayor Pierce

Voting Yea: Mayor Pierce, Mayor Pro Tem Healy, Council Member Barbee, Council Member Garza, Council Member Shuttleworth

*Motion passed unanimously*

The meeting adjourned at 11:06 AM.