

# CAROLINA BEACH

Town Council Regular Meeting

Tuesday, June 8, 2021 - 6:30 PM

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



---

## MINUTES

### CALL TO ORDER

Mayor Pierce called the meeting to order at 6:30 PM, followed by the invocation by Mayor Pierce and Pledge of Allegiance.

### 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

Town Attorney Noel Fox

### ADOPT THE AGENDA

**ACTION:** Motion to adopt the agenda

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*

Council Member Barbee requested that the committee appointments item be moved to next month because at the upcoming workshop Mr. Oakley is proposing an ordinance addressing committees and their structures.

**ACTION:** Motion to drop committee appointments from this agenda and push them to next month

Motion made by Council Member Barbee

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

*Motion passed unanimously*

**ACTION:** Motion to adopt the agenda with the motion to remove committee appointments

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*

**CONSENT AGENDA**

1. Annual Write-off of Outstanding Accounts Receivables
2. Budget Amendments/Transfers
3. Approval of Meeting Minutes from 4/27/2021 and 5/11/2021

Council Member Garza pointed out that this year's write-off of outstanding accounts receivables represented roughly \$20,000 in unpaid bills, which is money the Town planned for in fees and revenue. He also praised the \$24,000 grant the Police Department received for body cameras and mentioned a \$1,000 donation to the Police Department.

Mayor Pro Tem Healy asked if there is a flag in the system that alerts the Town when someone with an outstanding account gets back in the system. He wanted to know if these accounts are still responsible for their balance or if they are completely wiped off the map.

Finance Director Debbie Hall said the accounts are not completely wiped off and that most are sent to the State, but the Town takes them off the books so they are not shown as continued collections. She said the hope is that the Town will eventually collect on them.

Council Member Garza asked about the source of the unpaid bills. Ms. Hall said they are all water and sewer accounts.

**ACTION:** Motion to adopt the consent agenda

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*

Mayor Pierce said before the meeting Council Members were in the back meeting the Town's new K9 Officer. She said the public would get a chance to meet the new K9 Officer soon.

Mr. Oakley introduced State Rep. Charlie Miller, who joined the meeting virtually to give updates about House Bill 500 – Disaster Relief and Mitigation Act of 2021. Rep. Miller announced he was able to add a \$2 million allotment to the bill for the Town's lake dredge project. He said the bill must still go through the House and Senate for approval, so he also put in a budget request through his office as a backup plan. He praised Mr. Oakley's communication efforts and said he was pleased because the bill has a lot of bipartisan support. Rep. Miller said the Town has a good team and mentioned his acquaintance with Police Chief Vic Ward as well as Mr. Oakley, both of whom he talks to on a regular basis. He asked Council Members to come to him with any needs or ideas and said he is available to help the Town as much as possible.

Mayor Pierce thanked Rep. Miller for his hard work and said Council Members appreciate him taking care of the Town. She said this is good news and asked Mr. Oakley to give an explanation of the need for additional money.

Mr. Oakley said the lake needs dredging, but because the Town is no longer able to use Military Ocean Terminal Sunny Point (MOTSU) land for the spoils that material will need to be taken off the island, which significantly increases the cost of the project. He said this money will help cover some of additional expenses, and the hope is that in the future the Town will be able to use MOTSU land again.

Mayor Pierce said there will be an update on the lake dredge project after the summer season ends.

#### **SPECIAL PRESENTATIONS**

##### 4. Employee Recognition

Fire Chief Alan Griffin recognized Ken Athing, who is retiring from the Fire Department as a full-time employee but plans to stay on as an active volunteer.

Mayor Pierce thanked him for his work and continued involvement.

##### 5. Marketing Committee Budget Presentation by Chair Jeff Hogan

Jeff Hogan, Chairman of the Marketing Advisory Committee, presented the FY 21/22 marketing budget. He explained that the purpose of the budget is to use a designated percentage of room occupancy tax (ROT) funds for advertising to get more heads in beds, keep the flow of visitors coming, and ensure continued support of businesses that depend on tourism.

Council Member Barbee asked if the money is mandated through State legislation. Mr. Hogan said yes and added that the money is from a tax on hotel bookings and involves no Town funds.

Mr. Hogan said the budget for FY 21/22 represents a total spend of \$866,207. This is a 30 percent increase from FY 19/20. He said the holdback amount was increased from 10 percent to 20 percent because there was a lot of money leftover due to advertising not being done as much during the COVID-19 pandemic.

Mr. Hogan said a lot of the spend now was a group effort between Wrightsville Beach, Kure Beach, Carolina Beach, and Wilmington, which allowed for a lot more marketing than concentrating on our area alone all the time.

Mr. Hogan went over some the specific items in the budget, including a new logo design and professional videos and photographs.

Revisiting the holdback issue, Mr. Hogan said this amount of \$172,690 would help when there is a catastrophic event such as a hurricane because it enables increased advertising to let people know that the area is open and ready for visitors to return.

Mr. Hogan said the money is spent during the spring and fall shoulder seasons and not during the summer. He said the purpose is to increase the flow of visitors beyond the summer months so businesses can make it year-round.

Mayor Pro Tem Healy asked if holdback money that is not spent rolls over. Mr. Hogan said yes. Council Member Shuttleworth said it stays in the Town's advertising fund and does not go into the general fund. He said the Town has built up a pretty good nest egg that was available immediately after Hurricane Florence in 2018 for additional advertising. Mr. Hogan said feedback from businesses indicated this was successful.

Council Member Shuttleworth thanked Mr. Hogan for being on the committee. Mayor Pierce said she applauded the committee for the 20 percent holdback. Mr. Hogan said the committee plans to switch from virtual to live meetings in August.

Mayor Pierce asked Mr. Hogan if he is recommending approval of the budget. Mr. Hogan said he thinks it's a good budget and that overall it is spending money where it needs to be spent.

**ACTION:** Motion to approve the Marketing Advisory Committee's budget as presented

Motion made by Council Member Shuttleworth

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

*Motion passed unanimously*

#### 6. Events Update by Tim Murphy

Tim Murphy, Recreation Programs Superintendent/Community Events Coordinator for the Town, reviewed special events for June/July:

- Carolina Beach Market – May 15-October 2 (Saturdays) at Lake Park
- Irreverent Warriors Hike – June 12 at Good Hops Brewing (start/end)
- Carolina Beach Double Sprint Triathlon – June 19 8:00-11:00 AM; Dow Road from Cape Fear Boulevard to Kure Beach will be closed 8:00-10:00 AM
- Golf Cart Palooza – July 1 4:30 PM from Publix parking lot
- East Coast Got Em On King Mackerel Classic – July 9-11
- Fireworks begin Friday, July 2, and continue weekly on Thursdays through September
- Family Night begins July 6 and continues weekly on Tuesdays through the end of August
- Movies at the Lake series begins July 11 and continues weekly on Sundays through September

Mr. Murphy said all of the event information has been updated on the Town website.

Council Member Garza expressed concern about the Golf Cart Palooza being held on what he considers a huge travel day during a peak hour when lots of visitors will be arriving. He asked if there will be any road closures. Mr. Murphy said Lake Park Boulevard will be closed at Harper Avenue for a brief time.

Mayor Pro Tem Healy asked if there will be police presence. Mr. Murphy said yes.

Mayor Pierce asked for specifics about how long the road would be closed. Mr. Murphy said it will be in increments of about 20 golf carts at a time and should be an efficient process.

Mayor Pierce told Mr. Murphy he has done a good job handling events and said she has heard very few complaints. She said she trusts him to make sure the Golf Cart Palooza will go smoothly.

Mr. Murphy said the Netflix movie “Along for the Ride” has wrapped up filming in the Town, and several other film projects have reached out in the past week or two. He said Council will see more about these in the future.

Council Member Barbee told Mr. Murphy he is doing a great job.

## 7. Manager’s Update

Mr. Oakley updated Council on current and future projects.

### Legislative Update

- Community Project Funding
  - Storm Damage Mitigation: The Town is still working on this and hopes for federal funding for beach nourishment, but the act approved earlier this year reinstated earmarks, so the Town is going to put in storm mitigation as an earmark and hopes for funding to get that done this year. The Town should know something soon.
  - Lake Park Amenities: The Town requested other earmarks for Lake Park, but storm damage mitigation will have to take priority, so those probably won’t get approved in this budget but are possible for the following year.
- House Bill 500 – Disaster Relief and Mitigation Act of 2021
  - Coastal Storm Damage Mitigation: About \$35 million is available for beach nourishment to help with the State match if the Town gets funding.
  - Lake Dredge
- MOTSU: Mayor Pierce, Mayor Pro Tem Healy, Mr. Oakley, and other Town staff met with MOTSU recently, and Mr. Oakley said the relationship has improved and there is the potential for beneficial developments in the future.

Council Member Garza asked Mr. Oakley if he had thought about trying to include infrastructure items such as roads and pipes in with House Bill 500. Mr. Oakley said not at this time because he had to react quickly to the immediate opportunity presented, but this could be something that reoccurs and if so then the Town can start looking at adding other mitigation-related items.

### Lake Dredge

- Permitting
  - Engineering
- Firms
- House Bill 500

Mr. Oakley said Town staff met with a contractor about some lake dredge possibilities, and there are some Coastal Area Management Act (CAMA) issues that need to be cleared up before moving forward. He said this is in progress as well as getting permits back up to speed, and hopefully House Bill 500 will help and the Town can get moving sooner rather than later. He said he plans to provide more frequent updates on the issue.

Council Member Barbee said work to repair bridges and the gazebo at the lake looks good and he appreciates the efforts.

Council Member Shuttleworth said the Town has exhausted its search for a place to put the lake dredge spoils, so the next step is going to the private sector to see if someone can find a solution instead continuing to burden Town staff, which has been trying to find a place on the island to put spoils for three years.

Mayor Pierce said Mr. Oakley will be reaching out to private contractors for pricing.

Mr. Oakley said he will reach back out to contractors who expressed interest in the previous request for proposals to get some ideas. He said the original U.S. Army Corps of Engineers permits have expired, and the Town is working on getting them reinstated.

Mr. Oakley said the Town's billing office will be closed tomorrow morning for training.

Mr. Oakley asked Mayor Pierce if she wanted to consider rescinding the Town's COVID-19 Emergency Order following some recent developments at the State level. The emergency order has been in place for over a year.

**ACTION:** Motion to rescind the Emergency Order for Carolina Beach

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*

#### **PUBLIC COMMENT**

Lynne Denne spoke about a boarding house in her neighborhood. She thanked Mayor Pro Tem Healy for listening to residents' complaints and trying to get answers. Ms. Denne said since she spoke to Council about the issue in November, a member of the community was beaten in the head with a hammer by a person living at the boarding house. She said nothing has changed about the situation, and she wants to know what the Town is doing about this.

Mayor Pierce said Council voted last month on an ordinance regulating boarding houses. Mr. Parvin said that instead of allowing individual rooms to be rented out, the ordinance requires that everybody be on one lease unless the owner lives on the premises.

Ms. Denne said she has contacted the owner of the house in question and did not receive any cooperation.

Council Member Shuttleworth asked what has been done about the situation in the past 30 days. Mr. Oakley said there has been a zoning investigation that revealed all residents are now on a lease. Planning Director Jeremy Hardison said there has been monitoring of the site for any issues of non-compliance, but none have been found. He said he spoke to the owner of the property after additional complaints came forward, and Mr. Hardison has requested the lease documents about the individuals residing at the house and what type of agreement they have been provided to the Town.

Council Member Shuttleworth said the Town needs to find a way to expedite enforcement so there can be a resolution. Mr. Oakley said there would be some updates later. Council Member Shuttleworth asked Mr. Oakley to give updates to Ms. Denne and communicate with residents of that area about what is being done.

### **PUBLIC HEARINGS**

8. Consider a Text Amendment to Chapter 6 Buildings and Building Regulations, Chapter 30 Flood Damage Prevention, 36 Subdivisions, and Chapter 40 Zoning to comply with State Statute 160D updates

**ACTION:** Motion to open the public hearing to consider a Text Amendment to Chapter 6 Buildings and Building Regulations, Chapter 30 Flood Damage Prevention, 36 Subdivisions, and Chapter 40 Zoning to comply with State statute 160D updates

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*

Senior Planner Miles Murphy presented the details.

### Background

- Consolidates Chapters 153A and 160A into one unified Chapter 160D
- Must be adopted by all cities and counties by July 1, 2021
  - Pushed back due to COVID-19
- Primarily affects subdivisions and zoning ordinances, but there are some small updates to building and flood regulations

### Definitions, Protocols, and References

Outside of Conditional Zoning, the biggest changes were:

- Addition of required definitions to Chapters 6, 36, and 40
- New procedures for Special Use Permits
- Updated requirements for public hearings
- Required conflict of interest statements
- Every former 160A/153A reference must reference 160D
- Development approval time periods and site-specific vesting plan and their time frames (Special Use Permits)

- Fraternities and sororities can be independent organizations; where allowed as a permitted use, they are not required to have university recognition

#### Local Ordinance Implications

- No more Conditional Use Permits or Conditional Use Districts
- Changes to notification requirements
- Updated Special Use Permit procedures to Conditional Zoning
- Requirement for a recent Comprehensive or Land Use Plan is already met
- Extra-territorial jurisdiction updates

Mayor Pierce asked if anyone from the public wanted to come forward. No one requested to speak.

**ACTION:** Motion to close the public hearing

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*

**ACTION:** Motion that the Commission, whereas in accordance with the provisions of the NCGS 160A-383, does hereby find and determine that the adoption of a Text Amendment to amend Chapter 6, 30, 36, and 40 to reflect 160D State statute changes is consistent with the goals and objectives of the adopted Land Use Plan and other long-range plans

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*

Mayor Pierce praised the Planning Department for working hard on these changes, which were required by State legislation.

#### 9. Public Hearing to Consider Establishing a Municipal Service District

**ACTION:** Motion to adopt a hearing to consider establishing a Municipal Service District

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*

Mr. Oakley presented the details.

#### Municipal Service District (MSD)

Council can define district by ordinance if it can establish the district is in need of one or more of the services, facilities, or functions listed in NCGS 160A-536 to a greater extent than the remainder of the city.

- Beach erosion and flood hurricane protection works



- Downtown revitalization projects
- Drainage projects
- Off-street parking facilities
- Watershed improvement projects
- Conversion of private residential streets to public streets

Mr. Oakley said MSDs are mainly used in North Carolina for downtown districts. He said they are fairly common, with over 20 in the State. He said the MSD would allow the Town to do more things in areas where more services are provided. The area being proposed for the MSD is the Boardwalk and marina district, which falls within a portion of the Central Business District.

#### Proposed and Possible Uses of MSD Funds

- Dedicated Police presence
- Increased and improved signage
- Increased security and decorative lighting
- Security cameras
- Future capital projects
- Issuance of debt

#### MSD Advisory Board

- Board consisting of property owners, residents, and businesses within the district
- Recommendations to Council on needed services and projects
- Recommendations to Council on annual budget for district
- Work with Council and Town staff on events and promotions
- Report to Council on progress of projects and review of spending

Mr. Oakley said the proposed tax is a 5-cent increase per \$100 valuation, which would generate approximately \$70,000 per year. He said advertising on proposed signage done using MSD funds would generate an estimated additional \$3,000. Mr. Oakley said the MSD tax would also start a capital project fund that could be built up.

Mayor Pierce asked Mr. Oakley to pull up a map of the proposed MSD.

Council Member Barbee asked about the fiscal process for the MSD, including where the money goes and how the Town is held accountable. Mr. Oakley said he had to create a line item in the proposed budget for the MSD, and State law requires that money is only for meeting the needs of the established MSD. He said there would be an audit every year, and Council has oversight of the funds during the budget process.

Council Member Barbee asked about the amount the Town now spends in the proposed MSD. Mr. Oakley said the Public Works Department alone spends \$159,000 in cleaning and maintenance staff, and this amount does not account for Police, Fire, and utility work. Council Member Barbee said the proposed MSD tax would essentially split the additional costs of maintaining the Boardwalk area between the Town and the property owners there. Mr. Oakley said the proposal is an attempt to cover a portion of the costs.

Council Member Barbee asked how the rate changes. Mr. Oakley said this would be done every year in the budget, similar to setting the overall tax rate. He said the Town would work with the Advisory Board to make recommendations to Council.

Mayor Pierce asked if anyone from the public wanted to speak.

Ms. Fox asked Mayor Pierce for a motion to open the public hearing. Mayor Pierce said she thought that had already been done but agreed to make the motion.

**ACTION:** Motion to open the public hearing on the Municipal Service District

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*

Deb LeCompte of 307 Charlotte Avenue said the only alternative proposed for raising money for the Boardwalk area was the MSD tax. She said with the overall population getting a tax hike due to increased values, she thinks other options should be explored, especially on the heels of the COVID-19 pandemic. She requested that the Town take the next fiscal year to discuss possibilities for the next budget cycle by studying other places, allowing affected property owners to have a say, using ROT funds, and fundraising/volunteer efforts. She said the community should work together to figure out a solution.

Paul Levy of 1606 Mackerel Lane said he has no business interest in the proposed MSD zone. He said as a former member of the Business and Economic Development Committee, he doesn't recall the MSD idea ever being discussed. He said he is open to the idea but thinks there was a lack of communication, so the issue should be tabled during the upcoming budget period and reassessed for the future. He said he hopes Council will engage in open dialogue with the Pleasure Island Chamber of Commerce and those with business interests in the proposed MSD. He said in the meantime, he hopes the Town can find some savings to implement the public safety aspect of the proposal. He said as a full-time resident, he is strongly opposed to additional taxes on all residential properties.

Greg Miller, President of the Tidewinds HOA at 102 Carolina Beach Avenue South, said he wonders why a residential group such as his should pay the MSD tax when they don't receive additional services. He said there are nine separate owners who wish to be excluded from the proposed MSD, and he asked how to express this. Mayor Pierce said if the MSD is approved tonight, then there is an opt-out process. Ms. Fox said a person who doesn't want to be included has five days after the public hearing to write a request to be excluded, and then Council makes the final determination. Mr. Oakley said the residents can send exclusion requests to him or Ms. Ward.

Karen Adams, also of Tidewinds at 102 Carolina Beach Avenue South, asked if each property owner must submit a separate request to be excluded or whether one request from Mr. Miller could represent the whole building. Council Member Garza said voices en masse always help.

Michelle Alberda of 205 Greenville Avenue and co-owner of the building the houses Hurricane Alley's on the Boardwalk said the letter that went out about the proposed MSD looked like junk mail and was not adequate notification. She said there was no communication with business owners in the Boardwalk area and that information only comes in small pieces when they know what questions to ask. She said she is concerned because there would be no cap on the proposed MSD tax. She said additional revenue should come from increasing overall property taxes, reducing expenses, or figuring out how to increase other types of revenue.

David Cole of 205 Greenville Avenue and owner of Hurricane Alley's on the Boardwalk said the proposed MSD tax is unfair, especially when property taxes will already be going up. He said he talked to and got signatures from 53 business owners, and only one person knew about the MSD possibility before Mr. Cole informed them. He said once the MSD is created, it will never go away and the tax rate will keep going up.

Napoleon Barefoot, who said he was born in Wilmington and grew up in Carolina Beach, expressed concern about a new tax coming right after the COVID-19 pandemic. He said it is not necessary and he would advocate against it. He said he and his family own the building at 440 North Lake Park Boulevard where Blackburn Brothers Seafood is located.

Ed Thomas, a Kure Beach resident and owner of Gulfstream Restaurant near the Boardwalk area, said he has been involved with similar ideas in other places, including Atlanta, where the tax went up significantly over 11 years. He said his biggest concern is the inability to cap the MSD tax, and he thinks it disproportionately penalizes people in the proposed area because they already pay many other kinds of taxes. He said Council is voting on the future of the community and that he has seen zones destroyed because of this type of tax.

Lynne Denne of 100 North 7<sup>th</sup> Street said there is enough taxation going on right now and that it has been a tough year. She said the proposed MSD would be more than burdensome, and the Town should look at ways to cut spending and be more frugal.

Jeanie Shaffer, owner of Latella Gelato on the Boardwalk, said she first heard about the proposed MSD from Ms. Alberda and Mr. Cole. She said businesses are still recovering from the COVID-19 pandemic and dealing with struggles they've never had before, including employee staffing and supply chain disruption. She said the MSD sounds good on paper, but in the long term it might not be best for the Town. She asked for consideration of other alternatives and encouraged finding a way for the community to come together to do something different. She said she doesn't own the building where her business is, but she believes the property owner will pass the MSD tax to her and she is worried that it will continue to increase. She said she saw several businesses close during the COVID-19 pandemic and doesn't want to see any others leave the Boardwalk.

Amy Hooker-Kidd of 618 Clarendon Avenue said she doesn't have a business in the affected area, but she thinks the way the proposed MSD tax came about showcases a shortfall in the way the Town handles things. She said it's premature to move forward, and there should be a conversation with all involved before making decisions about their best interests.

Ken Thompson of 203 Carolina Sands Drive said nobody present seems to be in favor of the services that are being provided. He questioned who wants a downtown and who is asking for the MSD tax and the Boardwalk. He said the Town should consider selling the Boardwalk for scrap and returning it to natural land because lumber is at a great price. He said then the Town could take the \$159,000 it's spending in the area and use it for something else to reduce taxes. He asked whether there is any kind of commitment to keep the Boardwalk when nobody is defending it.

Ken Coffey of 1334 Saint Joseph Street said he'll defend the Boardwalk and believes the Town has one of the top 10 boardwalks in the country. He said it was once a blighted area and dangerous, and he served on the revitalization committee for 20 years. He said the Boardwalk is now thriving and businesses are doing great, but he thinks this is the wrong time to bring up a new tax due to the recent COVID-19 pandemic. He asked the Town to put it off until next year and said hopefully property owners can get rid of it again. He said the Town needs to cut costs within by laying off staff. He said he only owns dirt in the area and not a business, but the business owners and the Atlantic Ocean are what bring visitors here.

No one else requested to speak.

**ACTION:** Motion to close the public hearing

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*

Council Member Garza apologized for the lack of communication and said not soliciting the right input at the beginning of the process was a mistake. He said the MSD tax will probably take place eventually, but his vote would be to not implement it now.

Council Member Barbee said he has spent a lot of time researching MSDs and that the concept checks a lot of boxes for him. He said this would move government closer to the people who use the service, give transparency into costs, and offer accountability to businesses that are requesting services and the Town for providing them. He said the MSD as a concept is very good and will solve problems that people are complaining about, but the Town could have communicated better and sooner. He said he thinks it's a good idea but doesn't have to be done today.

Mayor Pro Tem Healy said nobody likes taxes, but tax revenue dictates quality of life. He said the additional services for the downtown area represent a big cost for the Town. He said there are dozens of places in the State that have implemented this concept for their downtown areas, including the City of Wilmington, and he has not read anything negative about it. He said it gives those downtown areas a voice, but he thinks the timing is bad and the message to the property owners was bad. He said he does see it happening in the future and thinks it's a benefit, offering property owners the ability to have a say in what they want to do with the money. He said he is fine with delaying the issue until a future budget.

Council Member Shuttleworth said communication with residents was not on point, and he was surprised to hear the Town couldn't cap the MSD tax. He said the Town has looked at cuts, but that's not an easy solution because residents have demands and it's a balancing act. He said the last time he voted on a budget to reduce property taxes, it cost the Town \$250,000 in sales tax revenue. He said the Town has explored many options for funds, including increasing parking revenue and fees, but at some point directing a tax toward those who benefit is not disproportionate or unfair. He said he will not support the MSD tax tonight but would encourage future Councils to look at capping it. He said people have put a lot of energy into the Boardwalk, transforming it into a phenomenal asset for the community. He said it's hard for residents to get up and say they support the MSD tax, but some residents do support it. He said in the long run Council needs to figure out how to communicate with business owners and see what some solutions are.

Mayor Pierce said this has been an interesting conversation, and she thanked everyone who spoke. She said 15 years ago nobody wanted to be on the Boardwalk, and now coming up on the 14<sup>th</sup> year of Boardwalk revitalization the area has come a long way. She said she has always been a small business owner who believes in small government and doesn't believe in high taxes. She said with the Town just coming off the COVID-19 pandemic and just tonight releasing the State of Emergency after over a year, she can't and won't support the proposed MSD tax. She said the Town might want to revisit the issue in the future and form a committee to look at it. She said the communication was poor but praised staff for coming up with a creative possibility for raising revenue because it is effective in some communities. She said our businesses need time to recover and move forward.

**ACTION:** Motion to not approve the Municipal Service District

Motion made by Council Member Shuttleworth

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

Voting Nay: Council Member Barbee

*Motion passed 4-1*

Mayor Pierce requested a five-minute break.

#### 10. Public Hearing to Receive Public Input on the FY21/22 Budget

**ACTION:** Motion to open the public hearing to receive public input on the FY 21/22 budget

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*

#### Budget Message

FY 21/22

- General Fund: \$16,627,254\*
- Utilities: \$9,328,375\*\*
- Total Budget: \$25,955,629

\*Includes Proposed Tax Decrease – 21.5 cents per \$100 with MSD or 21.75 without MSD

\*\*Includes 2% rate increase/\$1 Stormwater Fee increase and \$312,446 from Utilities General Fund

Mr. Oakley said the more tax the Town cuts property tax, the more sales tax is lost because it has a cascading effect.

#### Budget Highlights FY 21/22

- Facilities Maintenance Position
- Training
- Project Manager/Grant Writer
- COLA/Merit Increases
- American Rescue Plan
- Infrastructure Bill?

#### Projects FY 21/22

- Mike Chappell Park Restroom Facility
- Lake Park Playground
- Saint Joseph Street Bike Lane
- Hamlet Bathhouse and Ocean Rescue
- Fire Department
- Beach Patrol
- Police Department: Drone and K9 Officer Lea
- Stormwater Projects
- Florida Avenue

Mayor Pierce asked if anyone from the public wanted to speak.

Paul Levy of 1606 Mackerel Lane said discretionary items should be reduced and prioritized when outside funding or greater flexibility is possible. He said he is not opposed to the improvements at Mike Chappell Park but is concerned that a request for renovated restrooms became a larger project with meeting space. He said the Town should be cautious about projects unexpectedly going over budget. He said priorities for funding should be beach renourishment and lake dredging, followed by critical infrastructure, public safety, repair and maintenance of existing facilities, and expansion of amenities.

Ricky Niec of 702 Clarendon Avenue said the current budget depends too much on property tax increases, so he asked Council to work with staff to reduce expenses or find other sources of income. He said the Town will be suffering big revenue losses from Freeman Park and the water/sewer transfer to the General Fund, so he would like to see some of the American Rescue Plan funds cover the loss of income and reducing property taxes.

Cathrine Robbins of 301 Ivy Lane said the tax rate is not revenue-neutral and represents an increase of 26 percent. She said a revenue-neutral budget is important to sustain the longevity of the community. She said she wants to know how the actual revenue is being used because she has noticed some projects being listed for several years over multiple budgets that are still not completed. She said she

had questions about the bond passed in 2016, the huge increase for Parks & Recreation, and where the Town's lawsuit settlement fund money is in the budget. She said she wants to see more transparency.

Michelle Alberda of 205 Greenville Avenue said she thinks the Town should get rid of some of the proposed expenses for the Boardwalk area, such as \$18,000 for signage, security cameras, and supplies such as flags. She said she will personally donate lights and would like to figure out some alternative ways to pay for other things. She said the Town and residents can work together, but communication is an important first step.

No one else requested to speak.

**ACTION:** Motion to close the public hearing

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*

Mayor Pierce said she wants to table the budget vote and ask Mr. Oakley to revisit the budget to shave down some of the numbers. She said residents' County taxes are going up, so she is concerned about the Town taxes also being an increase.

Council Member Shuttleworth said he is fine with the delay, but he is frustrated with residents waiting until June to express concerns when the budget has been discussed publicly since January. He said in addition to property tax values going up, there have been more than 200 new homes built in the Town, so that is going to generate more property tax revenue and the Town's costs are going up just like businesses. He said he agrees that water, sewer, Police, and Fire are the priorities. He said it's painful to hear the public imply that Council Members are not doing their jobs when the budget has been discussed for six months and several cuts have already been made. He stressed the importance of adequate public facilities, such as the bathrooms at Mike Chappell Park, and said he was concerned that the Town is setting up a conflict between Boardwalk property owners and the rest of the public now that the money from the proposed MSD tax would be going into the overall budget. He said there are a couple of weeks left in the fiscal year, so Council does not have to rush a decision tonight, but he cautioned that the Town was unlikely to find additional significant cuts.

Council Member Barbee said there is an unrepresented majority of voters who have made it clear they are tired of maintenance projects not being completed. He said they have been very vocal to him and are part of a changing community that wants different things than it did 25 years ago. He said he does not believe in cutting services to the Boardwalk, but the Boardwalk community has said they do not benefit from the services associated with the proposed MSD tax so those are what should be cut.

Mayor Pro Tem Healy said the Town has done due diligence with the budget for five or six months. He said there has been an efficiency study to see where the Town could save money, and the Town has followed that guidance. He said he doesn't like always pushing things back and that members of the public should have voiced their opinions earlier in the process. He said many residents have spoken to him to say they do not want the additional quarter-cent tax.

Council Member Garza said anyone who has attended or listened to Council meetings in the past few months should know where the priorities are. He said Mr. Oakley stepped into an environment that was less than favorable, and he has done more than enough to show he is the person the Town needs. Council Member Garza said he is ready to make a motion to approve the budget at 21.75 cents.

**ACTION:** Motion to approve the budget at a 21.75-cent tax rate

Motion made by Council Member Garza

Voting Yea: Mayor Pro Tem Healy, Council Member Garza

Voting Nay: Mayor Pierce, Council Member Barbee, Council Member Shuttleworth

*Motion failed 2-3*

**ACTION:** Motion to approve the 21/22 budget at a 21.5-cent tax rate

Motion made by Council Member Shuttleworth

Voting Yea: Mayor Pierce, Council Member Garza, Council Member Shuttleworth

Voting Nay: Mayor Pro Tem Healy, Council Member Barbee

*Motion passed 3-2*

Because the MSD tax was voted down, Ms. Fox said this rate would not be balanced and would require further work to the budget to get it to that point. She said the State requires the Town to pass a balanced budget, so Mr. Oakley will need to bring back a revised budget before the vote could be valid.

Mayor Pierce said due to the invalid vote, she wants to go back to her initial idea of tabling the budget vote until Mr. Oakley can bring back a balanced budget at a rate agreeable to Council.

**ACTION:** Motion to table the budget discussion and ask the Town Manager to come back with a balanced budget at a tax rate of 21.5 cents or less before June 30

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*

Mayor Pierce said Mr. Oakley would need to cut the \$70,000 that was to be generated by the proposed MSD tax.

The budget discussion will resume on June 15 at 6:30 p.m.

## **ITEMS OF BUSINESS**

### 11. Committee Appointments

This item was removed from the agenda.

## **NON-AGENDA ITEMS**

Council Member Garza



- Council needs to reopen the conversation about a tree ordinance to come up with some short-term and long-term solutions. He suggested sending the issue to the Planning and Zoning Commission.
- Staff is not following up enough on Council Members' non-agenda items.
- He apologized to Boardwalk property and business owners for the lack of communication and said whenever there is an issue affecting certain parts of the community, the Town needs to think ahead about how to get people involved immediately.
- Now that summer has kicked off, people aren't always paying attention to public safety, so it's a good idea to constantly remind everyone about hurricanes and other issues so they can be prepared.
- House Bill 781 could be beneficial for the downtown area, so he asked everyone to learn more about it and follow the progress.

#### Council Member Barbee

- Within the proposed budget was an increase in littering fees from \$150 to \$500, which was very well-received by the Police Advisory Committee. He said he also thinks it's a good move.

#### Mayor Pro Tem Healy

- Transparency has come up a couple of times tonight, so the Town needs to do a better job of communicating with the public.

#### Council Member Shuttleworth

None

#### Mayor Pierce

- It is difficult for the public to sift through budget numbers, so the Town should figure out a way to make this process more transparent.

Mr. Parvin said the MOTSU Committee, which has tentatively scheduled its first meeting for June 30 at Leland Town Hall and plans to gather two to three times per year, is requesting that Council appoint a representative and alternate.

**ACTION:** Motion to appoint Mayor Pro Tem Healy as the liaison to the MOTSU Committee and Mayor Pierce as the alternate

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*

#### **CLOSED SESSION**

**ACTION:** Motion to go into closed session to discuss an attorney/client matter in accordance with NCGS 143-318.11(a)(3). Matters being discussed are:

18 CVS 3151 Town of Carolina Beach vs. Carolina Freeman LLC

18 CVS 3152 Town of Carolina Beach vs. B&F Enterprises LLC

18 CVS 3153 Town of Carolina Beach vs. DRDK LLC

18 CVS 3154 Town of Carolina Beach vs. Freeman Beach LLC

18 CVS 3155 Town of Carolina Beach vs. Winnie Futch Heirs

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*

Mayor Pierce called the meeting back to order and said Council took no action during closed session.

#### **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 9:45 PM.