

CAROLINA BEACH

Town Council Budget Retreat Day 1 of 2

Tuesday, January 29, 2026 – 8:30 AM

Riverview Restaurant 121 Riverfront Road Kure Beach, NC 28449



MINUTES

CALL TO ORDER

Mayor Barbee called the meeting to order at 8:30 AM.

PRESENT

Mayor Lynn Barbee

Council Member Jay Healy

Council Member Vince Losito

Mayor Pro Tem Deb LeCompte

Council Member Wayne Rouse

ALSO PRESENT

Town Manager Bruce Oakley

Finance Director Debbie Hall

Fire Chief Alan Griffin

Public Works Director Brian Stanberry

Parks and Rec Director Eric Jelinski

Community Development Director Jeremy Hardison

Deputy Town Manager Ed Parvin

Town Clerk Kim Ward

Police Captain Scott Hettinger

Public Utilities Director Mark Meyer

Executive Assistant Sheila Nicholson

Attorney Noel Fox

Welcome and Overview of the Agenda

Mayor Barbee called the Town Council Budget Retreat to order. The Mayor presented Town Manager Bruce Oakley with a certificate for his six years of service with the Town, acknowledging his valuable contributions.

Bruce explained that the retreat provides an important opportunity for Council and staff to communicate and align on priorities for the upcoming budget and projects. He noted that while the first day would cover many ongoing projects and strategic planning elements, the second day would focus more on gathering input from Council for the budget and strategic plan.

Bruce presented the current budget schedule timeline and showed a slide illustrating how single social media comments can sometimes divert focus from strategic priorities. Mayor Barbee emphasized the importance of adhering to the strategic plan rather than being swayed by social media commentary.

Project Successes

Mr. Oakley reported that the Town has accomplished over \$22 million in projects over the past six years, many funded by outside organizations. He emphasized that these accomplishments stemmed from the strategic plan and Council priorities, such as the marina, boardwalk bathroom, and lake dredge stabilization.

Mayor Barbee noted that a key factor in these successes was the improved relationship between staff and Council over the past six years, creating better harmony and professionalism. Council Member Losito mentioned that after attending government training the previous week, he recognized how fortunate Carolina Beach is compared to other municipalities facing significant challenges.

Council Member Rouse pointed out that when he researched other coastal Towns during his campaign, he found that Carolina Beach provides more services with proportionally fewer employees than comparable communities.

Bruce agreed and mentioned that he had a spreadsheet comparing Carolina Beach to all other coastal Towns in North Carolina, demonstrating that they provide more comprehensive services (including water, sewer, fire, police, and lifeguards) while maintaining lower tax rates than 80% of comparable communities.

Project Updates

Deputy Town Manager Ed Parvin provided updates on current projects, beginning with the Spartanburg Avenue crosswalk. He explained they were still waiting on the sidewalk plan from DOT before they could incorporate the crosswalk properly. Jeremy Hardison clarified that DOT had stormwater concerns with some neighbors and would be setting up a meeting with the Town to discuss the design.

Mayor Barbee expressed frustration with the slow progress, noting that he and Council Member Healy had campaigned on getting this crosswalk installed six years ago. Council members discussed other crosswalk issues in Town, including the Harper Avenue and Carl Winner intersection. Ed Parvin noted that Harper Avenue was part of an emergency evacuation route, and Fire Chief Alan Griffin clarified the distinction between DOT emergency evacuation routes and the Town's designated emergency response roads.

Mr. Parvin provided updates on PTC 8 projects, noting that the Scotch Bonnet bulkhead was the last remaining project under FEMA reimbursement. Council discussed ongoing challenges with persistent flooding issues in certain areas, particularly around Florida Avenue, where property owner reluctance has hampered efforts to implement solutions.

Mr. Parvin discussed several street paving and utility projects, including:

- Second Street, which is scheduled to be completed in spring 2026
- Texas Avenue, which requires stormwater solutions including a potential ditch connecting to Henniker's ditch to address flooding concerns
- Saint Joseph Street multi-use path, which is awaiting easement acquisitions
- Boardwalk restrooms, approaching substantial completion by the end of March
- 1810 Canal Drive parking and restrooms
- Relocation of portable restrooms to permanent facilities at Freeman Park
- Beach access improvements at Scallop Lane and the Hatteras Ramp

Council discussed the importance of ADA accessibility in these projects, with many Council members emphasizing how this has made Carolina Beach one of the most accessible beaches on the East Coast.

Financial Update

Finance Director Debbie Hall presented a comprehensive financial update, including:

Property Tax Collections:

- As of December, collections totaled \$6.4 million
- January collections (not reflected in the report) added \$900,000
- Collections appear to be on track to meet budget projections

Sales and Use Tax:

- Collections were up 13% compared to the same period last year
- This is trending higher than initial estimates

Room Occupancy Tax:

- Mrs. Hall presented data showing revenue from both hotels and short-term rentals
- Council noted the significant contribution from short-term rentals to this revenue stream

Other Revenue Sources:

- ABC tax sales were trending slightly down compared to the same period last year
- Investment interest remains strong due to continued higher interest rates

Debt:

- Mrs. Hall showed the current general fund debt and identified three debts that were retired in the previous fiscal year
- She noted that the CBP3 debt would be paid off by 2028

Utility Fund:

- Revenue sources were on track at approximately halfway through the year
- Connection fees and system development fees are dependent on development activity
- Redevelopment of existing properties results in lower connection fees than new development

Budget Summary:

- General Fund: 50% of revenues collected, 46% of projected expenses spent
- Utility Fund: 41% of both revenues and expenses used at this point in time

Mrs. Hall also presented the fund balance history, showing growth to 52%.

Council members acknowledged the positive trend in fund balance growth, with Mayor Barbee noting the importance of all staff members contributing to this financial success.

Capital Planning

Fire Chief Alan Griffin presented upcoming major capital purchases for the Fire Department:

1. A new engine scheduled for delivery in November, costing approximately \$1,100,000
2. A new ladder truck that needs to be ordered in fall 2026 with an estimated cost between \$2,000,000-\$2,600,000
3. Future replacement of the fire rescue boat in 3-5 years, estimated at \$500,000

Griffin explained that the department has worked to space out major purchases to avoid financial strain, timing new debt to coincide with retiring debt. He noted that the ladder truck would need to be ordered soon as manufacturers are taking 24-48 months for delivery, and the current ladder truck will be 20 years old in 2028. The fire boat may need replacement in 3-5 years due to hull deterioration.

Ed Parvin presented the capital improvement plan for water, wastewater, and stormwater projects. He discussed the upcoming revenue bond funding of nearly \$18 million for various infrastructure improvements including:

- Well 15H and associated piping
- New AMI water meter reading system
- Phase C of water/sewer infrastructure improvements
- 2-million-gallon ground storage tank and headworks engineering

Parvin explained that rates would need to increase to support these improvements, with projected 9% increases for four years followed by 5% in the fifth year. He and staff are also exploring changes to the water billing structure, potentially moving away from the current 3,000-gallon minimum to make rates more equitable.

For stormwater, there would be annual increases of approximately \$1 per ERU (Equivalent Residential Unit), with potential future changes to how ERUs are calculated to better reflect actual impervious surface area.

Overview of the Strategic Plan

Town Manager Bruce Oakley provided an overview of the current strategic plan, noting that approximately 95% of the actions identified in the plan have been accomplished. He suggested that rather than conducting a complete overhaul of the plan at this retreat, the Council could remove completed items, make minor adjustments, and consider a more comprehensive update with a facilitator next year.

Mayor Barbee agreed with this approach, noting that they had worked hard to get to this point and shouldn't start over completely, but should treat it as a living document that can evolve over time. Council Member Rouse suggested incorporating the Town's ADA accessibility accomplishments into the next version of the strategic plan.

Renaming the Public Parking Lots

Mr. Oakley presented a proposal to rename the Town's public parking lots, explaining that many current names cause confusion or reference landmarks or businesses that no longer exist. The new naming convention would primarily use geographic identifiers or street names.

Council members reviewed the proposed names and generally supported the changes, with Mayor Barbee suggesting that "Ocean Lot" should be "Ocean Boulevard Lot" to reduce confusion. Oakley noted that the Surfside lot would remain through the summer as site preparation for new development wouldn't begin until September.

Canal & Cape Fear Traffic

Public Works Director Brian Stanberry presented stormwater management efforts around Canal Drive and the Cape Fear Boulevard area, highlighting:

- Completed projects including Starfish, Florida Avenue, and Maryland Avenue stormwater improvements
- Bulkhead replacements and installations at Dolphin, Scallop, and Seagull
- Comprehensive scoping and cleaning of stormwater pipes throughout Town
- Approximately \$1,005,000 in total expenditures over the past four years

He also discussed planned projects including bulkhead work at Scotch Bonnet, Clamshell, and Sand Dollar, as well as a backflow installation at Captain's Quarters. He noted that these projects would address all the Town's remaining non-bulkheaded properties.

Canal Drive & RCCP

Community Development Director Jeremy Hardison provided an update on the Resilient Coastal Communities Program (RCCP), explaining that the Town is working with Coastal Protection Engineering on a comprehensive plan to address flooding vulnerabilities.

He explained that the Town is currently in Phase 1 (Risk and Vulnerability Assessment) and moving into project identification. While the north end of Town (Canal Drive, Florida Avenue) would be a focus area, this would be a Town-wide plan addressing all vulnerable areas.

Hardison noted that the plan would incorporate previous studies like the Canal Drive study and watershed plans, building upon their findings. A key goal is to bridge communication gaps with affected residents to ensure better support for proposed solutions.

Mayor Barbee expressed support for this process, noting it would help address long-standing questions about how to properly fix Canal Drive's infrastructure issues, which have been repeatedly deferred due to complexity and cost. The RCCP would provide a phased approach to addressing these concerns.

Council discussed challenges with certain property owners blocking improvements that would benefit the community, particularly around Florida Avenue. Parvin and Hardison emphasized that the RCCP process would help build community consensus around solutions.

FEMA elevation grants were also mentioned, with approximately 27 homes currently being evaluated for engineering to determine elevation feasibility.

Canal & Cape Fear Traffic

Town Manager Bruce Oakley provided an update on the temporary one-way traffic design implemented on Canal Drive from Cape Fear to Harper Avenue. He noted that there had been little feedback from the Council or community regarding the change.

The temporary design used stanchions to create a one-way traffic pattern. Council discussed whether to keep this temporary design for the summer season or revert to the previous two-way traffic pattern. Council members expressed concerns about the current appearance of the temporary barriers stating that it resembled a construction zone.

Chief Griffin explained why parking along the roadway was problematic, noting that the fire code requires a 20-foot egress, and the road is barely that wide. He emphasized that safety issues arise when delivery trucks park on the street.

Council discussed the option of hiring a traffic engineer to provide design options for a permanent solution. The estimated cost would be approximately \$37,000 for engineering work and \$28,000 for surveys.

Several Council Members questioned whether such extensive engineering was necessary, with Councilmember Rouse asking if they could simply change signage and traffic patterns without the expense. However, both staff and Mayor Barbee emphasized the importance of proper traffic engineering for safety and liability reasons.

Council ultimately decided to leave the temporary one-way configuration in place as a test through Easter weekend (until approximately April 5th), then remove it and pursue a professional traffic engineering study for a potential permanent solution.

Powell Bill Improvements

Public Works Director Brian Stanberry provided an update on street paving projects. He explained that the Town is finishing up paving segments based on the previous Pavement Condition Index (PCI) study from 2020-21, with about \$100,000 worth of work planned for approximately seven street segments.

Stanberry noted that TransMap would be conducting a new PCI survey by the end of January, with results expected by April or May. He explained that the PCI survey uses lidar, radar, and ground-penetrating radar to assess road conditions comprehensively and generates a scientific rating from 0-100 for each segment of roadway.

The Council praised the PCI approach for removing politics from the paving decisions. Stanberry mentioned that most streets in Town were currently rated in the 70s and 80s, showing significant improvement from previous years.

Welcome Sign

Public Works Director Brian Stanberry presented an update on the Town welcome sign project. The final design will be approximately 18 feet long, a significant increase from the originally planned 12-foot width for better visibility.

The sign will be placed in the right-of-way area at the Town entrance, positioned carefully to avoid conflict with the Island of Lights' large luminary display during the holiday season. It will be approximately 6 feet tall (8 feet including the base) and will be illuminated from the interior.

The design features posts in the back to create a floating appearance. The next steps include finalizing engineering and permitting, with Stanberry hoping to complete the project within the next five months, although challenges with supply chains might extend this timeline.

Town Council Round Table on Boards and Committees

Mayor Barbee led a discussion about the Town's various committees, explaining that they had evolved from a way to encourage community involvement when participation was low, to a situation where many had been replaced by nonprofits.

Council discussed which committees should be maintained. There was consensus that statutorily required committees (Planning & Zoning, Board of Adjustment) must continue, along with the Marketing Advisory Committee (MAC) which connects to the Tourism Development Authority.

After extensive discussion, Council unanimously agreed to keep only the Bike-Ped Committee in addition to the statutorily required ones, as it serves an important function with the Metropolitan Planning Organization (MPO) and is working on transportation initiatives beneficial to the Town. All other committees would be dissolved.

For the Beautification Committee and other dissolved committees, Council suggested their functions could continue under relevant nonprofits such as Friends of Parks and Greenways. Council also discussed creating a volunteer database to harness community interest without the formal structure of committees.

ACTION: Motion to keep only the statutory committees (Planning & Zoning, Board of Adjustment), the Municipal Advisory Committee, and the Bike-Ped Committee, while dissolving all other Town committees. Motion made by Mayor Barbee

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

Motion passed unanimously

Nonprofits

Town Manager Bruce Oakley presented information on nonprofits currently funded by the Town, including the Chamber of Commerce, Katie B. Hines, Sea Turtle Project, Inlet Association, Island of Lights, Federal Point Historic Preservation Society, Friends of Fort Fisher, and Friends of Felines.

Council discussed each nonprofit and their contributions to the Town, focusing on which ones perform functions that the Town would otherwise need to do. There were questions about the reporting requirements for nonprofits receiving Town funding and whether all applicants should be required to make presentations to the Council.

Council agreed on implementing more formal requirements for nonprofit funding applications, including:

- Providing previous year's financials and detailed reporting on how Town funds were used
- Explaining how their activities align with the Town's strategic goals
- Submitting a complete application package

Council decided that nonprofits would no longer need to make presentations at a public hearing but would instead submit applications to Town staff for initial review before Council consideration.

Town Attorney Noel Fox also reminded Council members about conflict of interest concerns if they serve on boards of nonprofits receiving Town funding, noting she would work with staff to identify potential conflicts before budget decisions.

Freeman Park Management Plan

Ed Parvin discussed the development of a land management plan for Freeman Park, which is required as part of the purchase agreement with the state land and water fund. A committee has been appointed to oversee this process, including Town staff, citizens, and representatives from the land and water fund.

He outlined the different areas of Freeman Park (beachfront, inlets, dunes, marsh, and spoil islands) and explained that some areas are "burdened" with specific restrictions under the declaration of covenants, while others are "unburdened."

The management plan will address environmental protection, historic preservation, recreation activities, safety and security, and economic impact. Permitted uses include camping, fishing, beach driving, dredge spoils, and a potential Freeman family memorial.

Council discussed annexing Freeman Park into the Town limits, which would give the Town more control over issues like abandoned boats in adjacent waters. Town Attorney Noel Fox advised that much of the preliminary work for annexation had already been done during the acquisition process.

E-bikes

Captain Hettinger provided an update on e-bike issues in Town, noting it has been a hot topic on social media for about two years. The department has focused on education, particularly for parents, as most riders are juveniles.

He explained the challenges of determining which bikes are actual e-bikes versus electric motorcycles that require registration, insurance, and licensed drivers. When stopping juveniles on non-compliant vehicles, officers contact parents to inform them of the requirements.

The department has documented four collisions involving e-bikes, including one serious head-on collision. Council was informed that a bill giving municipalities authority to regulate e-bikes remains at the state level, though there is continued support from elected officials to move it forward.

Facility Study

Mr. Oakley presented preliminary results from a facility study commissioned to assess the Town's building needs over the next 10-20 years. The study examined several properties, including land beside Town hall, and provided options for reorganizing Town facilities.

The preferred recommendation included:

- Building a new police department on the vacant property next to Town Hall
- Reorganizing Town Hall to incorporate some utility department staff
- Expanding the fire station at its current location
- Developing a new community center that would house the Chamber of Commerce, History Center, and the Senior Center in one building

Council discussed the condition of the Island Cottage building, which Fire Chief Alan Griffin indicated would need to be condemned due to structural issues. There were questions about the tenants of both Island Cottage and the Help Center, with Council Members expressing concern that they did not have clear information about who operated these facilities despite them being Town tenants.

The presentation was an introduction to the full facility study results, which would be presented at the February workshop for further discussion and prioritization.

Municipal Service District/Social District

Mr. Oakley presented information on both Municipal Service Districts (MSD) and Social Districts. An MSD would allow the Town to charge an additional tax in a defined area to provide enhanced services such as cleaning, maintenance, or security in that area. The tax revenue would be managed by a board appointed by Council and could only be used within the district.

Oakley noted that when previously proposed, most affected businesses would have paid between \$17-19 per month, with hotels paying about 90% of the total tax. The MSD was projected to generate around \$70,000 annually.

The Social District concept would allow people to carry alcoholic beverages in designated cups within specified boundaries during designated hours. This would require the Town to create a management and maintenance plan to enforce ABC laws.

Council discussed having the Chamber of Commerce lead outreach to business owners about both concepts before moving forward. They agreed that the two initiatives could work well together, with an MSD providing the structure and oversight for implementing a Social District.

For a business owner interested in testing a Social District concept in March, the Council concluded that the timeline was too short to implement the required regulations but suggested a special event permit might be a more appropriate alternative for a trial run.

Develop Legislative Initiatives

Council discussed potential legislative initiatives to pursue with state representatives:

Mayor Pro Tem LeCompte suggested legislation that would allow municipalities to recoup training and equipment costs when police officers or firefighters leave shortly after being hired. The discussion centered around the high costs of training new officers (approximately \$12,000-15,000) and the frequency with which smaller departments lose officers to larger departments offering higher pay.

Council also discussed continuing to support e-bike regulation legislation through the Metropolitan Planning Organization, which would give municipalities authority to establish local regulations.

Additionally, they revisited previously proposed legislation regarding bulkhead requirements along Canal Drive, which had been opposed by a few residents. Town Attorney Noel Fox noted the legal challenges of requiring bulkheads without specific legislative authority.

Mr. Oakley also alerted Council to pay attention to property tax limitation proposals being discussed at the state level that could impact Town revenue in the future.

Meeting adjourned at 4:00 p.m.