

BOARD OF ALDERMEN MINUTES

MARCH 10, 2025 9:00AM

TOWN HALL CONFERENCE ROOM, 321 CAUSEWAY DRIVE, WRIGHTSVILLE BEACH

A duly-noticed special called meeting of the Board of Aldermen was called to order at 9:00am by Mayor Mills. The following were present:

Board of Aldermen

F. Darryl Mills, Mayor
Hank Miller, Mayor Pro-tem (via Zoom)
Jeff DeGroot, Alderman (via Zoom)
Ken Dull, Alderman
Vivian (Zeke) Partin, Alderman

Staff

Haynes Brigman, Town Manager
Lance G. Heater, Town Clerk
Matt Holland, Acting Fire Chief
Brian Murray, Finance Director
Bailey Hartsell, Communications Manager

The Board noted the remote participation of DeGroot and Miller.

BUDGET WORKSHOP

Brigman reviewed the agenda as follows: 1) General Fund Balance and Strategic Allocation; 2) Beach Nourishment Fund; 3) Revenue Estimates and Budget Impacts; 4) Capital Improvement Plan; 5) Compensation and Benefits; 6) Reorganization Options; and 7) General Discussion.

Brigman introduced Bailey Hartsell as the Town's Communications Manager, noting that this was her first day of employment.

FUND BALANCE AND ALLOCATION

Murray reported that there was a \$29.6 million cash balance in the General Fund and, although the staff and Board knew the need and purpose for the large balance, it was not immediately apparent to the public. Therefore, it was recommended that in order to enhance financial transparency, a portion of these funds be allocated to specific project funds in order that stakeholders better understand that the funds are designated for future needs.

Murray recommended that there be established a Disaster Recovery Fund with \$10 million to cover recovery, emergency repairs and disaster-related costs. This would ensure that the Town could fund recovery efforts while awaiting FEMA/NCEM reimbursements. Murray also recommended that there be established a Bridge Revenue Stabilization Fund with \$12 million that would be designed to offset lost revenue during the years in which the 3 bridges will be replaced. This would help maintain financial stability during a period in which the Town anticipates lost revenues. Finally, the remaining \$7.6 million would remain in the General Fund balance which would be equivalent to 43% of annual expenditures.

In response to a question from Mills, Brigman stated that the Town was anticipating a 6 year window of bridge replacement, however, this could be 3-4 years depending on NCDOT plans. Mills stated that, although the total impact is unknown, there would definitely be a loss of parking revenue during that time.

BEACH NOURISHMENT FUND

Murray also recommended that a Beach Nourishment Fund be established, funded through the annual CIP that would ensure that funds were available for beach nourishment projects, should they be needed in the event that federal funding were to be lost.

REVENUE ESTIMATES AND BUDGET IMPACTS

Murray reported that, due to reassessment, the property tax base had increased from approximately \$3.9 billion to \$6.7 billion. The resulting revenue neutral tax rate would be \$.0531 per \$100 in assessed valuation versus the \$.0923 per \$100 in assessed valuation in the current budget. Brigman stated that staff had asked New Hanover County for a breakdown of actual tax bills for Town residents based upon the revenue neutral rate, noting that the impact would vary depending on actual assessments. Murray noted that the sales tax distribution from New Hanover County was based on ad valorem tax rates, therefore, if other localities were to have higher tax rates, the Town's share of sales tax revenues would decrease anywhere from \$337,900 to \$830,800. Brigman stated that staff would stay abreast of the situation and inform the Board if other localities were to have a tax increase.

CAPITAL IMPROVEMENT PLAN

Murray recommended that the Capital Reserve Fund be eliminated through a process of transition and that capital projects be budgeted out of the General Fund. The plan would be to eliminate the Capital Reserve Fund over time by transferring out the remaining cash once projects are completed. Instead, funding will now be kept directly in the General Fund and follow a 5-year Capital Improvement Plan. Under this scenario, the year a project is due for completion, it will be budgeted directly in the General Fund's new Capital Investments departmental budget. Each year a CIP allocation will also be budgeted within this department to ensure that enough revenue is being generated to fund future projects in the plan.

In listing significant capital projects proposed for FY25-26, there would be 1/3 of the cost of Town Hall renovation (\$600,000); design work for Loop improvements (\$300,000), and the total cost of a new Fire pumper truck (\$1,075,000). The lead time for ordering the truck is 2+ years and the apparatus would be needed prior to bridge replacement projects beginning. Brigman reviewed the phasing plan for the renovation of Town Hall, which called for spending approximately \$600,000 over the next 3 years so that the project would fall below 50% of the value of the building in any one year in order that the facility would not need to meet current floodplain management standards and to allow for continuing operations while renovations are underway. The Mayor and other Board members expressed support for moving forward with the renovation project as soon as possible.

In reviewing the Loop project, the Board expressed support for the inclusion of the design work in the proposed budget. With regard to the Fire pumper, Brigman stated that he anticipated the Town would need to station a Fire truck on the island during the bridge replacement projects.

Brigman also reviewed in detail capital investments across all departments which will be proposed for FY25-26 as well as a 5-year CIP. In discussing beach walkovers, the Board expressed interest in the development of Beach Access #1. Brigman stated that the staff would add to the budget a project for Beach Access #1 that would be separate from the Dune Walkover replacement study. Partin expressed support for the installation of lighting at the Blue Star Memorial site. Brigman stated that he would obtain estimates for the Board's consideration. Finally, Brigman reviewed future capital needs which, for various reasons, were not yet included in the 5 year CIP.

COMPENSATION AND BENEFITS

Brigman reported that HR and management staff are currently collecting data from surrounding jurisdictions and the private sector, with recommendations for adjustments to be presented during the April budget workshop. Brigman also reviewed challenges associated with the Town's health insurance, stating that the small group size limited options for either cost savings or improved benefits. Brigman also stated that the staff was exploring benefit improvements outside of salary adjustments.

REORGANIZATION OPTIONS

Brigman outlined three areas in which he recommended reorganization: 1) establishment of Parks & Recreation as a stand-alone department reporting to the Town Manager; 2) movement of the Park Rangers under the Police Department in order to provide for better coordination between Police and the Park Rangers; and 3) Police Department reorganization in order to move from a Chief with 2 Captains to a Chief, 1 Captain, and 2 Lieutenants in order to provide for better supervision.

GENERAL DISCUSSION

Brigman asked, in light of the repaving of N. Lumina between Causeway Dr. and Salisbury St., if the Board would be amenable to not replacing the 39 paid parking spaces on the West side of Lumina in this section. Brigman stated that the spaces are not available during weekends and holidays and only generated \$11,500 in annual revenue. Brigman stated that elimination of the spaces would allow for an emergency lane to be maintained, which would definitely be necessary during the bridge replacement projects. After discussion, it was the consensus of the Board for the spaces to not be replaced. Brigman stated that he would confirm the revenue numbers before finalizing that decision.

Brigman reminded the Board that the next budget workshop would be held on April 15 at 9:00am.

The meeting was adjourned at 11:06am.

Respectfully submitted,

Lance G. Heater, Town Clerk