



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
FRIDAY, MAY 7, 2021 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, May 7, 2021 at 10:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Gerald Brown; Commissioners Brian Murdock, Mike Sullivan, Pat Kwiatkowski and Rick Smith; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson, Fiscal Operations Supervisor Margaret Lancaster; Budget & Fiscal Analyst Daniel McRaine, Inspections Director Tim Evans, Public Works Director Chris Clemmons; and Police Chief Jeremy Dixon.

PUBLIC COMMENT

No comments were made.

DISCUSSION AND POSSIBLE ACTION ON RESOLUTION 21-06, ASSESSMENT RESOLUTION TO IMPROVE THE EXISTING SOIL ROADWAY OF SEAGULL DRIVE

Town Manager Hewett said this is the initial formal step towards paving Seagull Drive. It is the action required to move forward.

Motion by Commissioner Smith to move forward; second by Mayor Pro Tem Brown; approved by unanimous vote.

BUDGET WORKSHOP

The Board talked about prioritizing their objectives. The Board will score them based on a scale of 0 – 3, (3 – Must Have, 2 – Should Have, 1 – Nice to Have, 0 – No Priority) and return them to Town Clerk Finnell on Monday so they can be assembled.

Town Manager Hewett reviewed the budget schedule. He said there is an error on page 11 of the packet. He provided a new page 11 and the Capital Improvement Plan (CIP) to the Board. He reviewed the layout of the documents provided. There are four operational funds – the General Fund, the Water/Sewer Fund, the BPART Fund and the Canal Dredging Fund. Capital Reserve funds are not shown but can be discussed. The CIP wasn't updated last year. The law says you do not need to have a plan. It wasn't adopted last year because we were in survival mode due to COVID-19. He explained the different columns on the worksheets.

Worksheet highlights include that it was drafted at a 20 cents tax rate. It is the same rate as last year. It reflects the increased construction we are seeing, the positive trend we are seeing with the occupancy tax and passes through the county's \$2.36 wholesale water rate increase. It represents department head and the canal dredging working group requests. Town Manager Hewett compiled them but did it without the benefit of the Board's goals being prioritized. The worksheets provide for a 3% merit pool, funding for Seagull Street paving, a sanitation dump truck and a new inspections' position, plus vehicle. In accordance with our Vehicle Replacement Policy, it provides for two Police replacement vehicles, and a Water and Sewer vehicle. It provides for implementation of the Board's Fire Hydrant Replacement Policy. It includes funding for a water rate study, the lift station 2 upfit, lift station 4 genset replacement, several walkway repairs, the Ocean Boulevard bike path, the Corps' sand study and the Lockwood Folly Inlet maintenance and the inlet crossing sand project (every two years). It doesn't include funding for the Jordan Boulevard restroom upgrade or a detective position or vehicle that Chief Dixon asked for. There is no sand search money. There is no Isaias money in the draft budget. We have received the approval from FEMA. The Board will amend the budget to accept the money at the next Board meeting. That is \$3.8 million. There is no American Recovery Plan money in the budget. We do not know the implementation rules at this time. We have been apprised we will receive two \$96,000 draws. There is more information forthcoming on that. There are no contributions to the Beach & Inlet Capital Reserve Fund. Our current Fund Balance Policy directs that a contribution from the General Fund to the Beach & Inlet Capital Reserve Fund be made when the balance of the General Fund is greater than 70%. At the end of the fiscal year last year, the audited amount for our Fund Balance was 112%. That amounts to a policy directed transfer of \$1,068,523 that is supposed to have been made administratively. Town Manager Hewett said he did not make that apportionment last year. He proposed, if the Board still wants to adhere to that policy, it would be included in the next draft documents for consideration. The Board can consider the whole \$1 million transfer or amend the policy and do something else. Part of that is deciding how much the Board would like to keep in Fund Balance. We haven't run Fund Balance calculations on this budget. He reviewed the amounts of the transfers for the last couple of years.

Town Manager Hewett explained the funds for the water tower study are in the CIP. We slid that to the right.

Town Manager Hewett explained what the Board has are rough documents, but revenues do equal expenses. There is \$173,000 under Governing Body expenses that is available to appropriate.

Town Manager Hewett went through each section with the Board.

Town Manager Hewett went over some of the revenues in the General Fund. On the expense side, the state treasurer and the Department of Insurance is looking at the revenues produced by the Inspections Department against their expenses. With the hiring of the additional person and the vehicle it should make their expenses about what they earn. Town Manager Hewett reviewed how revenue projections were made.

Governing Body Expenses - Professional Services is where we pay for the lawyer and auditor. Estimated those expenses will be lower this year. The glideslope on the debt service on the new Town Hall continues downward. Town Manager Hewett said in the Operations and Repair item, he doesn't know

what expenses the Town will incur on the HVAC units. There are 15 on the back side of building. That is one item we may need to modify before the documents go final. Transfer amounts would be injected into that section if the Board desires. After discussion, the Board agreed to use \$500,000 as the working number to transfer to beach nourishment.

We have more expenses in cyber security. It will be reflected in the communication lines throughout each department budgets and funds.

Police - The Police budget is relatively the same. It does see an overall \$50,000 increase. The detective that the chief asked for is not included. Town Manager Hewett explained it reflects a fulltime administrator position. Chief Dixon said the administrative hours would coincide with the normal business hours of the Town. They would man their phone lines, in addition to other responsibilities to include DCI, CJIS standards where they could help maintain files and criminal records. Chief Dixon said he has some rough ideas on options to cover seven days a week, but he doesn't have a solution for nights and weekends. This handles daytime. Commissioner Kwiatkowski suggested he look at options. Town Manager Hewett said we do not have money for this year. The Overtime line item was discussed. Overtime is projected on a straight ratio of the salary line. We don't budget for storms, but when they do happen, we need to spend it. The Salary line covers the open position. The position is getting ready to be filled. Chief Dixon explained the Equipment line is for an integrated in-car and body camera system. The Communications line is for a computer automated dispatch system that integrates with the county's dispatch. He described how it works and the benefits. The price point in the budget is for the base model. Chief Dixon is waiting on certification from the state for the last position. The \$89,000 includes the body cams and in-car integration. The Police Department has some defibrillators, but they are not in all cars. Commissioner Sullivan suggested that each on duty officer have a defibrillator in their car. Chief Dixon said all officers are current on CRP/AED training. He said they ordered their new vehicles at the start of the current budget. The excuse is COVID-19. We finally have the vehicles but are now waiting on the upfitter. There is not a mandate in North Carolina requiring body cameras. He thinks you will see that it will be mandated in the next few years. He would prefer to be ahead of the curve. It is for the community's and officers' protection.

Inspections - Town Manager Hewett said the budget includes a new position. Inspections Director Evans explained there is a vehicle, that vehicle is not for the new hire. It is to replace one of the two vehicles that far exceed the mandate for when they need to be replaced. They intend to roll down one of the two existing vehicles to the new hire. It is his intention that the new hire be integrated into a combination of plan review, issuing some inspections and education. He explained regulations pertaining to his position. Inspections Director Evans said he doesn't anticipate an increase in gas. He is taking a drone course. He passed the FAA pilots' exam for drones. He went over what he learned in class. He intends to be able to map our unvegetated areas of the dunes and the dune areas and create a 3D mapping. He should also be able to map the island's services like water meters and fire hydrants. You can take pictures of the whole island and have them before a storm. He talked about additional ways the drone could be used to include after a storm and for construction. Town Manager Hewett said he thinks we would be able to do a tactical assessment after a storm. He talked about how it would assist the Town in that situation.

Building and Grounds – Town Manager Hewett stated this is the budget where the Seagull paving is. He went over the CIP. The paving had been scoped at about \$100,000 a year. This year, we are moving

the priority scheme one year to the right and substituting the Seagull Project for the current year. There is not money allocated to look at areas of flooding on Ocean Boulevard. We asked DOT if the resurfacing and addition of the bike lanes included any stormwater fixes and they said it didn't. That is a to-be developed estimate. If we need a number, the best way to do it is to have our consultant engineer review it. Discussed having funding available for work on Ocean Boulevard. Public Works Director Clemmons talked about conversations he has had with the DOT. After discussion, Town Manager Hewett suggested that assuming DOT is not going to pay for it, we can talk to our engineer to get budget numbers for a report and what infrastructure may cost to possibly integrate with the bike/paving project. He provided information on the grant he is working on for the bike path. He talked about the timeline of the paving/bike project.

Sanitation – the big-ticket item is the dump truck. We have a place holder for \$100,000. Public Works Director Clemmons talked about the vehicle he is replacing and the purchase of a new one. Town Manager Hewett said we are not sure what will happen with the Blue Can Recycling item with the new amendment. There is a slight increase built into the contract each year. Projected that there will be an increase in that service of 25%. Public Works Director Clemmons said there is no change in the price at this point to rollback all cans, instead of just empty ones. The Board discussed providing the contractor with something identifying them as a Holden Beach contractor.

Water and Sewer – Town Manager Hewett went over revenues. The big-ticket item is the pass through of the proposed county increase. It also includes the loan proceeds for the upfit of lift station 2. He talked about the process for the loan for lift station 2 and to pay ourselves back for what we just did.

Water and Sewer Expenses – Town Manager Hewett said the Communications line for the automated meter read system is going to increase. Public Works Director Clemmons talked about irrigation meter expenses. There is money for a water rate study. Under Contracted Services, there are funds to have the mapping completed of water and sewer lines, valves, fire hydrants, etc. This amount isn't going to do the whole island, it will get us started. We have tried to get grants in the past but haven't been approved. He talked about how he would proceed with the project. Right now, he will focus on Ocean Boulevard. \$35,000 of that line item is for this. Mayor Pro Tem Brown suggested that the project be sent out to bid before it is started. Public Works Director Clemmons said the increase under Purchase for Resale is half the year at the new rate to the county. Equipment Purchase Water includes a pickup truck and a generator for lift station 4. He provided information on why generators are needed at the stations. He talked about selling the existing one. New boring equipment is also included in the line. Capital Outlay Major Equipment is the payment on the lease purchase for the vector truck.

BPART Fund - Assistant Town Manager Ferguson said bleacher expenses are under BPART.

Town Manager Hewett went over revenues in the BPART Fund. We are expecting a banner year on occupancy tax. The other big-ticket items are the transfer from the Beach & Inlet Capital Reserve. You will see it on the expense side. It is for the dredging of the Lockwood Folly Inlet. It is navigation and a navigation maintenance project that puts sand on the beach. There is a \$500,000 Fund Balance Appropriation. That is the Town's portion of the Corps' study.

Assistant Town Manager Ferguson went over expenses. The only large changes are Lockwood Folly dredging, which Town Manager Hewett just addressed. It is the year for us to get the sand. We do not

have the definite cost yet; we went with last year's numbers. The Corps is suggesting that we move to something like a quarterly plan. Every eight to nine weeks, the inlet would be dredged with the Merritt to do maintenance dredging. That cost is shared with the county, the state and Oak Island. This would budget for a year's worth of maintenance. In Professional Services, we need to do an update of the Shallow Draft Inlet Permit. She went over the Concerts' line.

Commissioner Kwiatkowski asked if the Beach Vegetation includes soil sampling to check salinity to see if alternative beach vegetation types would be better in high chloride areas. Assistant Town Manager Ferguson said if the Board wants to move forward with that, we can. They have talked internally and they believe that is more a factor of low spots that occur in the dunes every time we get a storm, that's where it happens. She thinks it can be accommodated in that number if the Board does want to proceed. Commissioner Kwiatkowski suggested doing a program of spot checks to see if the hypothesis fits. Town Manager Hewett said we will ask the Brunswick County Soil and Water Conservation District to come and give us an advisory on that.

Assistant Town Manager Ferguson said the bike path will need to be updated in the CIP for the next workshop. Commissioner Kwiatkowski suggested using part-time/retired police officers to fill some of the beach ranger positions. Commissioner Smith suggested having a way for the beach rangers to communicate with the Police Department and maybe have them issue ordinance citations. Town Manager Hewett said the intent is a public relations outreach to inform and educate. If there are any gross violations, we will establish communications with the Police Department.

Mayor Holden asked if there is money in the budget in the case a property owner would sell an easement on their property for public access. Town Manager Hewett replied no. Commissioner Smith asked about requirements for access. Town Manager Hewett stated for federal projects there is a distance and parking requirement. For projects that use state money there is a requirement that is defined as adequate, there is nothing quantitative that he knows of.

Town Manager Hewett went over the FEMA Projects fund.

Town Manager Hewett reviewed the Canal Dredging funds. We are shovel ready with current permits for the project. We do not anticipate executing a project this year. In the CIP and the update in the Master Plan, we are planning for a small project to do a clean out in the next budget. The assessments are proposed to remain the same.

Town Manager Hewett reviewed the takeaways: the Board needs to complete the scoring; we will look into the stormwater; will add \$500,000 as a transfer from the General Fund; and coordinate with the Soil and Water District (will not have a budget implication, depending on the recommendation).

ADJOURNMENT

Motion by Commissioner Smith to adjourn at 12:07 p.m.; second by Commissioner Murdock; approved by unanimous vote.

ATTEST:

J. Alan Holden, Mayor

Heather Finnell, Town Clerk