



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
MONDAY, MARCH 13, 2023 – 5:30 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Monday, March 13, 2023 at 5:30 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Rick Smith; Commissioners Brian Murdock, Page Dyer, and Pat Kwiatkowski; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Police Chief Jeremy Dixon; Inspections Director Tim Evans; Public Works Director Chris Clemmons; Finance Officer Daniel McRaney; and Fiscal Operations Supervisor Margaret Lancaster. Commissioner Gerald Arnold arrived at 5:40 p.m.

PUBLIC COMMENT

No comments were made. No public was in attendance except for the Brunswick Beacon.

DISCUSSION AND POSSIBLE ACTION ON SETTING 2023 BOARD OF COMMISSIONERS' OBJECTIVES

Town Manager Hewett provided background. Commissioner Kwiatkowski said she believed she was misinterpreted. It wasn't about adding the list of projects that the Board has already said are priorities. It was the fact that the Board's objective is that Town Manager Hewett create a project plan and complete a capital project plan for 10 projects; this is how we will watch and manage them from beginning to completion. Town Clerk Finnell put the projects back into the objectives, but the real objective is that a capital project plan is created and kept up-to-date and the projects will be watched and managed by the plan. The projects were: Corps' Project; Pier Property Renovation, including pursuing funding; Stormwater Mitigation Project, including pursuing funding; Water Tower Needs Assessment and possible construction, including pursuing funding; Existing Restroom Renovation, overall plan for restrooms, including pursuing funding; Block Q Development for at least boat trailer parking; ADA/ABA Complaint Beach Access Plan and implementation; Sewer System Improvements, Lift Station 2 and Any Other Modifications; Paid Parking Adjustments (lots, spaces and ADA compliance); and 796 Building Project. She said those are not individual objectives. Now it is a matter of a plan and managing those projects through the plan. Town Manager Hewett said staff wanted to make sure that everyone knew everything that is on the table. If the projects line is reduced to one thing that is called capital projects plan and program that is fine. He gets the things in there, but we wanted to make sure it is registered with everyone. Commissioner Kwiatkowski said there is still the item about the boat ramp that is not a capital project. Mayor Pro Tem Smith would like the no wake zone item to remain. Mayor Holden agreed it is a high priority. Commissioner Murdock inquired if some of the items that have been taken care of should be removed. Mayor Pro Tem Smith said some need a line drawn through

them. He said it is just about ridiculous that the Ocean Boulevard Paving and Bike Lanes are not done, however there were restraints that were brought up by the DOT. He doesn't think anyone on the Board would not like to see that completed this year. Commissioner Murdock agreed the big-ticket items need to be tracked separately from the beginning to the end.

The Board reviewed the rest of the objectives in the packet. Commissioner Kwiatkowski said develop a plan to enforce NC laws governing low speed vehicles is new to that section. Mayor Pro Tem Smith stated he thinks Chief Dixon took a giant step forward putting the video on the website. It shows how dangerous the vehicles are. He thinks we need to be diligent in making sure the laws of North Carolina are upheld. If they are breaking a law they need to be stopped. If word gets out, it will spread through the rental companies. He doesn't want anyone to get hurt.

The Board discussed the easement from the east end of Heron Landing Wynd. Town Manager Hewett explained it relates to the canal dredging projects and the water asset inventory.

The Communications section can be removed.

General – the item about filling the open Inspections position can be eliminated.

Finance/Budget

Commissioner Kwiatkowski explained why she would like the item about redefining the capital reserve fund for beach renourishment to restrict its use solely for physical beach renourishment and define annual revenue streams for implementation during fiscal year 2023/2024 to be added. Her proposal was discussed. Town Manager Hewett cautioned about doing that without looking at the numbers first. Assistant Town Manager Ferguson said historically we have used the fund for the bend widener project. It is our year for that. She did show that as a transfer this year in her budget worksheets because the anticipated amount of our share without getting the bids back is going to be \$253,125. The Board will need to consider that because it is sand on the beach on the east end. Commissioner Kwiatkowski said she would vote against that.

Town Manager Hewett said this year's auditor did not identify any problems with internal controls. Commissioner Kwiatkowski stated this goes back several years. Town Manager Hewett had created spreadsheets and a timeline, it is just a matter of finishing it.

Town Manager Hewett said he is not aware of a defined policy for transferring money from the General Fund to the Beach and Inlet Capital Reserve Fund, but there has been a practice in the past. His advice is that numbers need to be pushed around to see where we are before we decide on a policy. Commissioner Kwiatkowski said there was a policy written four or five years ago. Town Manager Hewett said that is a practice that we have not followed due to some of the borrowing protocols.

Add infrastructure and amenities/parks and rec projects costs to the CIP – Commissioner Kwiatkowski stated that was done last year. Town Manager Hewett said the CIP will be updated as part of the effort to include all of the projects listed. The item will be removed.

Create specific budget section with BPART for a pier property project with sufficient detail to track revenues and expenses – Town Manager Hewett said this has been done, but more may be needed.

Expand detail in budget lines covering professional services to enable understanding of which firm has received reimbursement – Town Manager Hewett explained you don't put firms' names in the budget. You could maybe describe it in the detail in the budget sheets.

Town Manager Hewett will continue to include details and charts in the budget message.

Policies and Procedures

Define priority objectives and compliance objectives followed by a plan to address the objectives. Commissioner Kwiatkowski said this is something for the Board to get together and decide what it wants enforced in a year and how the departments can do it.

Board review and update as needed of all departments' complaint policies and procedures and communicate links to all necessary information – Current procedures for the departments were discussed. Mayor Pro Tem Smith summarized that the numbers for nighttime and weekends can be published, otherwise it has been handling itself pretty well with the procedures in place. It can be revisited if the Board finds it necessary.

An overall review of personnel policies must be taken with the intent to propose changes that will improve staff retention and development – Commissioner Kwiatkowski said she believes at the very least it was decided that everyone will get their pay increases starting in July. Town Manager Hewett said that hasn't been determined. There are some practical considerations before committing to that. He thinks the policy is where it needs to be right now. The implementation of the pay plan has solved a bunch of problems. Town Clerk Finnell explained a change to the merit date would not be a change to the policy. As far as the policy itself, she hasn't had any negative feedback. She doesn't know of anything in particular the Board would need to do. Changing the dates for merit raises was discussed. Commissioner Murdock said in his opinion changing the dates would be a decision made by the town manager.

Evergreens

Balance the budget without raising taxes – The Board discussed this item. It will be changed to do our best to balance the budget without raising taxes.

Continue to support LWI access to ocean; Continue LW Inlet support at all cost – After discussion, the Board agreed to take off the second part.

Ensure the Town achieves an unmodified opinion rating on annual fiscal audit and addresses noted deficiencies - The second part, addresses noted deficiencies will be removed.

Poyner Spruill will be changed to Ward and Smith in the last item under Evergreens.

No additional objectives were suggested.

Mayor Holden asked if anyone had a problem addressing item 5 on the agenda, before item 4. No objections were made.

BUDGET WORKSHOP

Budget

Town Manager Hewett went through his slideshow. He reviewed the budget schedule and how the documents are laid out. This is a preliminary rough draft that represents the department heads' initial service level estimates. It does not include a draft of the Capital Improvement Plan (CIP). We do have the foundation documents scoped out preliminary. Brunswick County does their revaluation every four years. The tax base for Holden Beach has increased by 73%. The calculated revenue neutral tax rate is equal to 12.02 cents. He explained the formula to determine that number. Town Manager Hewett provided a handout with examples of the tax revaluation percent value change on a few properties. For the purposes of the draft budget worksheets, we have shown the revenue neutral amount as a placeholder. Occupancy tax collections – before COVID, it showed a steady, slow growth of 1 – 3%. Once COVID started and the years after, those numbers increased dramatically. We are on pace to close out this fiscal year close to \$4 million. He is proposing to carry that momentum into next year's estimate.

Town Manager Hewett explained that since we now have legislation that provides for use of parking revenues for any public purpose, we drafted the budget to reflect those being consolidated in the BPART Fund. We will continue to separate those parking revenues directly associated with the pier parking lot, keeping in mind the intent to treat the pier as a cost center. Town Manager Hewett said the bottom line is he thinks we will show revenues close to \$500,000.

Town Manager Hewett said the Town has asked for direct state fiscal year 2023 appropriations for the following amounts - \$2 million for a second water tower, \$1.5 million for the lift station upgrade, \$4 million for the pier upfit, \$800,000 for Block Q and \$525,000 as the Town's match for the Coastal Storm Damage Reduction (CSDR) Study. These numbers will change as it flows through the General Assembly. We have federal asks in of \$1.5 million for operations and maintenance of the Lockwood Folly Inlet and \$425,000 for the Corps to have in their budget. Just a reminder that the fiscal year 23 budget has \$2.7 million in the lift station upgrade at Greensboro. That is EPA money. There is also \$100,000 stormwater and \$1 million in Corps' CSDR. Assistant Town Manager Ferguson provided information on CSDR funding and explained we are waiting on a decision on DRA funding which would mean the rest of the project would be federally funded. The only thing the Town would be obligated for would be the \$50,000 that is included in the budget worksheets and we would have to pay the \$800,000 that we put in this year's budget before the end of June. If the funding does not come through, the Town would pay half of everything in the total increment column on the handout she provided.

Town Manager Hewett explained the NC Department of Public Safety has communicated that FEMA has issued its Congressional Notification for Holden Beach's Storm Damage Repair Projects. That is FEMA's last required step before approval/release of the Town's remaining \$600,000 reimbursement. He provided information on what that amount consists of. Assistant Town Manager Ferguson talked about the Town's journey to receive reimbursement for the interest. The Town would be the first in the

nation to receive the interest. Mayor Holden thanked Town Manager Hewett and Assistant Town Manager Ferguson for going after something nobody else thought of.

Town Manager provided a Projects Quarterly Update.

Corps CSDR Study – the Board just received the update.

Pier Property Renovation -agreement is on tomorrow's agenda.

Stormwater Mitigation Project – had two meetings and a ride around with McGill Associates to prepare for getting the April deliverable to the Board. Jim Medlock from the Corps will meet with staff tomorrow regarding the parameters of the \$100,000 federal appropriation.

Water Tower Needs Assessment/Asset Inventory – we executed the contract in February and that work has begun. Public Works Director Clemmons believes that there is cost in the contract we will not have to incur based on some data that we have already acquired.

Existing Restroom Renovation – CAMA grant is on the agenda for tomorrow.

Block Q Development – the revised engineering agreement for the next phase is on the agenda for tomorrow.

ADA Access Plan – that is a work in progress.

Greensboro Lift Station Improvements – we have been able to locate who our point person is to guide us through the project. They went out on FMLA. The substitute is providing canned guidance to us. We are awaiting the scheduling of a webinar. It will be on a reimbursable basis.

Paid Parking Adjustments – The fee schedule was amended at the February meeting. Jim Varner from Otto Connect and Lieutenant Dilworth have done a street-by-street review. We are looking at \$6,000 - \$7,000 of signage to procure and deploy.

796 Status – contract for the maintenance services is on tomorrow's agenda.

Mayor Pro Tem asked about the CSDR Study. Commissioner Kwiatkowski said she received an email today that included some proposed rule changes. There is a section specific to proposed changes after a disaster. She thinks the Town needs to understand it before making any formal decisions about moving forward with the Corps. Town Manager Hewett said our advocates are looking at it and he would assume something will be provided forthwith.

Commissioner Murdock asked if a debt service sheet with amortization rates could be put together. Finance Officer McRainey said that could be printed from debt books.

Commissioner Kwiatkowski said we are not making the numbers for General Fund Revenues, Interest on Savings and Investments. She asked if we should be more realistic with that number. Town Manager Hewett replied yes.

Blue can recycling was discussed. Town Manager Hewett agreed the number for blue can recycling may be altered.

Commissioner Kwiatkowski asked about Local Sales and Use Tax. Town Manager Hewett explained it is a state distributed revenue. The numbers have gone up the last couple of years. For these worksheets, we straight-lined that number.

Commissioner Kwiatkowski asked about building permits revenues. Inspections Director Evans said the Board will be addressing new rates tomorrow. The projections are not based on the proposed numbers. That would be a 25% increase.

Commissioner Kwiatkowski questioned Town Hall Ops Maintenance Repair - Town Manager Hewett explained we started budgeting for three HVAC units.

Commissioner Kwiatkowski inquired about Admin Expenses Software - Finance Officer McRainey explained we have been working on getting the software installed, but it will need to be carried on through next year. This year Contracted Services Software Support doubled to support the new and existing software. Commissioner Dyer asked if the Town will be able to take credit card payments when the system is completely transferred. Fiscal Operations Supervisor Lancaster explained what payments we are taking. Town Manager Hewett added Finance Officer McRainey is looking into the internal control aspect of it, but it would be part of the new software. Inspections Director Evans said he is looking into a portal to handle inspections.

Town Clerk Finnell said the increase for health insurance costs is 8.7%. Salaries are based on the recently approved salaries, plus a 5% merit increase and a 6.9% COLA increase based on CPI numbers.

Commissioner Kwiatkowski inquired about the Pavement Management Plan. Public Works Director Clemmons replied the plan needs to be updated. Town Manager Hewett explained it will incorporate the 13 miles of Powell Bill streets in terms of a priority and a 10-year capital plan. Public Works Director Clemmons said we are waiting on the bids to come in for the streets listed this year. He is hoping we will have the funding for it this year, but we will know more when the bids come in.

The water and sewer earmark on the expense side and the proposed water tap rates were discussed.

Commissioner Kwiatkowski asked about Professional Services under Operations. Public Works Director Clemmons explained there are new EPA regulations he needs to follow and he may need to hire some outside help.

Commissioner Kwiatkowski said she doesn't see anything for maintenance on 796 OBW. Public Works Director Clemmons said he would be able to do some small repairs. Assistant Town Manager Ferguson said there is a blank line for 796 OBW under BPART. She didn't know if the Board would be discussing the property during the goals portion of the meeting. Commissioner Kwiatkowski suggested the idea of a more passive site that would still involve bathrooms. That would still mean the BPART Fund would have to buy it from the Water and Sewer Fund. That is part of the 796 discussion the Board needs to have.

Assistant Town Manager Ferguson pointed out the Beautification line description is incorrect. Also, the \$89,800 is not Ward and Smith's whole amount. Part comes from canal dredging.

Commissioner Kwiatkowski said there is a budget for the public restrooms and we are not going to use it so that money could be used somewhere else. Assistant Town Manager Ferguson explained staff will propose that part of it goes to the Block Q contract since restrooms are a part of that. Assistant Town Manager Ferguson said there is a line missing on the spreadsheets for Block Q development for \$300,000.

DISCUSSION OF CORPS' COASTAL STORM DAMAGE REDUCTION STUDY RAMIFICATIONS ON PLANNING AND BUDGETING, INCLUDING IF APPROPRIATE, RECONSIDERATION OF THE PROJECT

Commissioner Kwiatkowski said the decision to go with the program was made a couple of years ago. She thinks it is rational to discuss this again given the changes to the deadlines and costs and the fact that Oak Island will have a CSDR Study. She inquired if Oak Island and Holden Beach should have one assessment done and work together. She wouldn't want to move forward without input from our lobbyists on the proposed rules. Mayor Pro Tem Smith explained why he thinks the Town needs to leave our island separate. Assistant Town Manager Ferguson asked if this is something the Board would like to consider at our next budget meeting since there will hopefully be a decision on DRA funding at 100% federal within the next few weeks. Commissioner Kwiatkowski said funding isn't the driving force on if the Town should work with Oak Island. Assistant Town Manager Ferguson explained the Town would need to pay when the Corps sends the request for funding for \$800,000 that is already budgeted in the current year.

ADJOURNMENT

Motion to adjourn at 7:36 p.m. by Mayor Pro Tem Smith; second by Commissioner Murdock; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk