



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
FRIDAY, MAY 20, 2022 – 9:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Tuesday, May 20, 2022 at 9:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Rick Smith; Commissioners Gerald Brown, Brian Murdock, Page Dyer and Pat Kwiatkowski; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Public Works Director Chris Clemmons; Public Works Supervisor Scott Cunningham; Police Chief Jeremy Dixon; and Lieutenant Frank Dilworth.

PUBLIC COMMENT

Charlie Samardelis said he reviewed some of the numbers and the Town is well below what other Police Departments are making. He thinks it needs to be addressed.

Commissioner Kwiatkowski would like to add an item to the agenda after the Budget Workshop.

Motion by Commissioner Kwiatkowski to add Discussion and Possible Action on Block Q Parking Lot; second by Mayor Pro Tem Smith; approved by unanimous vote.

BUDGET WORKSHOP

Town Manager Hewett directed the Board's attention to page 23, FEMA Projects Funds. Even though it is not specifically addressed as a Board priority in this year's goals, the FEMA Project probably won't be done for a while. The Town is probably on the hook for \$1 million of interest on the special obligation bond. He provided background on the bond. We have been talking to the Department of Public Safety for three years to figure out if the interest on the bond, along with the cost of issuance would be reimbursed to the Town as project expenses. Now as we wrap up the final payout on the project and process the associated reimbursements to FEMA, staff has become skeptical of the fed's reimbursement of the \$1 million. Our thinking is that disapproval of the reimbursement interest request would cause an unacceptable delay in the reimbursement of the last 25% of the project expenses because a final inspection will not be performed when there is an appeal pending. \$1 million will need to come from somewhere. Town Manager Hewett prepared a fund balance calculation handout (hereby incorporated into the minutes). He went over the information and explained how it is calculated. Last night, Congressman Rouzer released his Congressional priorities list. Of the 15 projects submitted, the Town had three of those. Those three projects are \$1 million for the Corps to fund their piece of the Coastal Storm Damage Project, the Greensboro Street Lift Station 2 Hazard

Mitigation Upgrade at \$2.7 million and the Ocean Boulevard Stormwater Mitigation Project that is \$750,000. That still is subject to approval with the Congressional budget.

Town Manager Hewett said the salary line in the Police Department doesn't include the detective that the chief requested. It was an error. That is about a \$60,000 swing on that budget. Insurance costs went up roughly 3%. While predicated on no tax increases, the sewer assessment needs to increase to \$459.73. That is a function of the debt service on the upgrade of lift station 3. The Capital Improvement Plan (CIP) has been updated with the water and sewer section that the Board approved at the last meeting. The BPART portion of the CIP doesn't include the \$500,000 - \$750,000 in the outyear estimates that have been made previously for repairs or the \$116,000 estimate that the divers' report reflected the other night. The revised spreadsheets are before the Board for discussion and revision as they see fit.

Commissioner Kwiatkowski said if you give a 7.4% COLA, nine exempt employees will get approximately \$44,000 and the other 17 hourly employees will get \$42,500. She sent her proposal to the Board and the town manager that the Board should look at it differently. She stated the Town gave everyone a \$750 bonus in December. If she knew what she does now, she would have proposed more in December. She proposed the Town give a \$750 bonus before the end of the fiscal year. She also proposed to address the departments that are most hurting, Public Works and the Police. She suggested that all hourly employees get a raise of 50 cents, immediately after July 1st, 5% merit to be managed and in January another \$750 bonus. She said if she calculated right, that is about an 8% increase based on this year's salary budget.

Commissioner Kwiatkowski stated she doesn't see how to add a detective and body cameras this year. She is not saying to not do the interrogation room. Mayor Pro Tem Smith agreed we need the interrogation room equipment upgraded. He thinks the cameras and detective are important, but with the budgetary restraints we have, he thinks we need to increase salaries to the point we can attract officers to fill the vacant positions. Commissioner Kwiatkowski said other municipalities are looking at ways to attract people. She said there is nothing wrong with a sign-on bonus. She said based on what she is proposing, anyone here as of September, doing a good job would be eligible for the \$750 in January. Town Manager Hewett said the Personnel Policy does not provide for a sign-on bonus. He talked about potential problems and morale issues associated with doing that. You can put money towards the personnel side, but unless you address the classification side you only address half the issue.

The proposal and classification rates were discussed.

Commissioner Dyer asked if it would be beneficial to hire someone with detective abilities that could also act as an officer when they are not doing detective work. Chief Dixon said he needs to fill the patrol positions first. Our salaries are \$2,000 - \$4,000 behind every other local department and about \$8,000 - 10,000 behind the Sheriff's Office. We can't keep up with the Sheriff's Office, but he thinks we should keep up with the other local departments. He talked about the need to increase a few employees because they wouldn't be making starting salary if the amount was increased and the potential problem of compression in his department. Mayor Holden said the funding is equivalent to half of a cent on the tax rate to get the Police Department competitive on the local basis and still remain non-competitive with the Sheriff's Department.

Commissioner Murdock proposed a \$1 increase on the hourly people. Retaining current employees was discussed. Compensation and the proposal were further discussed.

Town Manager Hewett recapped that what he heard is a \$750 bonus now for everyone performing satisfactorily before the end of fiscal year; as of July 1st, a \$1 increase for non-exempt employees; on January 1st, a \$750 for everyone with the Town as of September 1st; and a 5% merit pool for all. He said the cost of this is to delete the body cameras and detective position. He said those fundings are in different funds. The deletion of the detective and body cameras will only free the revenue in the General Fund. Mayor Holden asked what will cover the additional expense in the other departments. Town Manager Hewett replied he needs to run it. Commissioner Kwiatkowski said when she did the calculations on the proposal with the 5%, she was coming in around an 8% increase over last year's salary budget. She thinks you should be within the 10.4% that was recommended or it will be pretty close.

Examples of the proposal and how it would be calculated were discussed. Inflation, addressing both personnel and classification sides and increasing salaried employees' rates were discussed. Increasing salaried employees by \$1 per hour would be equivalent to an increase of \$2,080.

Commissioner Kwiatkowski suggested doing another classification/pay study next fiscal year. Town Manager Hewett explained the merit increase process. Commissioner Kwiatkowski said the following is her understanding of where the Board is: two \$750 bonuses, \$1 hourly and 5% merit. Then adding the equivalent of \$1 per hour to salaried employees. The Board agreed they are not voting on anything today; it is just discussion.

Town Manager Hewett confirmed the Board's guidance is a \$750 bonus now in the current budget year, \$750 bonus in the upcoming budget on January 1st for all employees who have been here as of September 1st and performed satisfactorily, a 5% merit pool for all and \$1 increase for all employees (\$2,080 equivalent for salary employees).

The Board talked about new hires and adjusting classification ranges.

The Board agreed to use the social security COLA to update the classification ranges this year. From a policy standpoint regarding classification plan increases, staff will bring something back to the Board.

Commissioner Kwiatkowski inquired about the \$1.1 million being taken out of the sand fund. She stated the sand fund is for sand on the beach. Assistant Town Manager Ferguson explained it is for \$1.1 million of the payment for central reach. There is no fund balance to take. Commissioner Kwiatkowski asked how much is available for fund balance appropriated from the General Fund. Town Manager Hewett replied \$3,020,447 is the estimate, which is right at 72%. Commissioner Kwiatkowski said we have a 40 – 70% target. She said when central reach came in we were using two cents of tax money from the General Fund towards central reach and the rest was coming out of BPART. She asked if we can still do that so the General Fund pays the equivalent of two cents for paying off central reach and the sand fund covers the rest. She would like the sand fund to stay there. That's where we would get money to pay dredging and you could pay interest on the revolving loan from that fund. Town Manager Hewett responded that the Town has 70% fund balance. Two cents on the tax rate is about \$250,000. You can

transfer the amount, but it would have a corresponding effect on fund balance. It would probably bring it down to about 60%. You have to remember whatever the appropriation is, it is really a twofold hit. Now that becomes an expense, which hits your denominator and numerator in the fund balance calculation, so it is really a \$500,000 swing in the equation. He said the Board should register the fact that it is also proposed in the budget to finance the lift station upgrade at Greensboro. As the budget was presented, it was proposed to fund it as a loan. That same project has been set forward by Congressman Rouzer for \$2.7 million of federal funding. He is not sure how that will turn out. You have to consider how the fund balance may impact the Local Government Commission's approval of a loan if the federal funding doesn't come through. If you want to move two pennies out of fund balance to pay the Central Reach Project debt, it will have an impact on your fund balance. It would be about 60% which is within the goals of the Board's policy. The \$250,000 contribution is still going to limit the availability, because you are still negative on BPART fund balance.

Town Manager Hewett confirmed the Board wanted to transfer the equivalent of two cents.

Commissioner Kwiatkowski said the Professional Services line in BPART went up \$30,000 since the last workshop. Town Manager Hewett provided a handout on Professional Services (hereby incorporated into the minutes) He said we don't want to mix budget up with accounting. He reviewed the handout. He said to break out that level of detail in the budget is not in accordance with the Fiscal Control Act which says you budget by function and it is not in accordance with GAAP (Generally Accepted Accounting Principles). If there is a desire to see a list of vendors that are being paid for in a particular line item, the handouts are the kind of reports that could be provided. To put that type of accounting information into the budget is not appropriate. The amounts are based on previous numbers. He said the increase was because he deleted the ATM line and moved it into Professional Services. Commissioner Kwiatkowski asked about the \$91,000 In the Governing Body Professional Services. Town Manager Hewett replied he used prior year experience to arrive at the amount. Since Rick Green is a new attorney that is up in the air. Attorney costs are always soft. Besides the audit, Thompson Price Scott Adams and Cavanaugh MacDonald Consulting are also in that line. Assistant Town Manager Ferguson explained that the money from the last workshop for beach vegetation and sand fence has been removed. The new information we have is that we will probably need to till and pick up rocks so that money has been moved to Professional Services Beach for those purposes.

Commissioner Kwiatkowski asked about dredge money for Lockwood Folly. Assistant Town Manager Ferguson said the Corps has O&M money to take care of their own maintenance and it is not our year to get the crossing sand. Assistant Town Manager Ferguson said Rothschild and Davis Park includes water for splashpad use, fence repair, bathroom cleaning and boat dock repair/maintenance. Everything associated with the park is sourced from there. The 796 OBW line is for an engineering and construction plan.

Town Manager Hewett answered questions on the worksheets. Commissioner Kwiatkowski inquired about the ad valorem budget going down about \$100,000. Town Manager Hewett responded that has to do with the collection rate. He said he thinks we have as many customers as before for blue can recycling, but he thinks people haven't been paying their bill. We sent out collection notices last week. Local sales and use tax are one of those accrual distributions on a quarterly basis. It lags two quarters. It is based on the League's revenue projection estimates. Commissioner Kwiatkowski asked if off street parking revenue could be transferred to BPART. Town Manager Hewett responded he put it in streets

because of the expense line. Not knowing how the revenues and expenses will be scrutinized, he wanted to make sure there is a direct correlation between the revenue and expense in the General Fund so it was apparent what it was being used for because of the legal requirement to track that. A transfer to the General Fund is identified as Transfer to the General Fund. It was identified as two cents. Commissioner Kwiatkowski said we will continue to have parking lot preparation costs next year. She wanted to know if it can go into BPART so that the money is available for the expenses that will come from upfitting and maintaining parking lots. Town Manager Hewett answered he doesn't think its necessary to make a concentrated, wholesale transfer. The line in the General Fund allows us the flexibility to make the repairs. Town Manager Hewett agreed that the increase in Insurance and Bonds is partially because of the recent property purchases. Commissioner Kwiatkowski asked why the City Capital Costs Sewer went down. Town Manager Hewett replied that it is County Capital Costs, not City. It is function of the bond refunding that the county did.

Mayor Pro Tem Smith stated he asked Town Manager Hewett yesterday about the funds for the grant for the 50' access by the pier and was told they wouldn't be added. Town Manager Hewett agreed it has been our practice to not add it until the funds were received. Commissioner Kwiatkowski said she had asked if it could be put in as a capital expense. She saw the \$500,000 was put in. Town Manager Hewett said that is a reimbursement of a prior year expense. Basically, it goes to fund balance whenever it is accounted for. It would be a Board decision at that time when it is received to put it in fund balance or reappropriate it. Assistant Town Manager Ferguson explained the \$500,000 is listed so they can get points on the grant application if we are turned down this year and reapply next year. It is a requirement for the grant, not a normal practice of the Town.

Commissioner Kwiatkowski asked that Town Manager Hewett go back to how the Budget Message was done in 18/19 with a lot more details and pie charts so it becomes a reference book that everyone has.

The Board recessed from 11:06 a.m. - 11:12 a.m.

DISCUSSION AND POSSIBLE ACTION ON BLOCK Q PARKING LOT

Commissioner Kwiatkowski stated it was raised at the last meeting that with the leveling and mowing done with Block Q it may be a situation where people will try to illegally park.

Motion by Commissioner Kwiatkowski that the town manager direct no parking signs be installed in the interior portion of that Town owned lot, that is within the signs that define the right-of-way (ROW) parking and that there are no other alterations within the lot other than ensuring that the right-of-way portion is maintained suitably until the Board determines what to do next and has a direction for work that is to be done.

Town Manager Hewett explained we got it together to post and rope around it. We will secure the site.

Commissioner Kwiatkowski withdrew the motion regarding no parking signs.

Motion by Commissioner Kwiatkowski that other than installing the post and rope and keeping up that ROW that nothing else is done until the Board makes a decision on how to proceed.

Commissioner Kwiatkowski agreed she meant except for the direction given the other night regarding the closing of Carolina Avenue. Commissioner Dyer asked how much trailer parking is there. Lieutenant Dilworth replied that there is nothing officially dedicated except for the nine Wildlife spaces.

The motion was seconded by Commissioner Brown.

Town Manager Hewett said it appears to him the only people that park around the ROW are boat trailers. Commissioner Dyer asked if there are ample spaces for boats. Staff doesn't have an answer on that. Staff talked about what they have seen. Mayor Holden asked if the motion means the Town can't mow. The Board agreed to keep it mowed.

Commissioner Kwiatkowski said if it is going to have post and rope there is no need for a motion. Commissioner Brown agreed.

PIER PROPERTY SITE VISIT AND DISCUSSION

Commissioner Murdock explained his intention was to have a hands-on experience at the pier. With the absence of Inspections Director Evans, he doesn't think it is necessary to go.

Mayor Holden inquired if Inspections Director Evans and the electrician made it to campsites. Public Works Supervisor Cunningham said Inspections Director Evans looked at it yesterday. Town Manager Hewett is not sure if the sites will be ready by Memorial Day.

Commissioner Dyer inquired about food trucks. Town Manager Hewett said they need to set up a schedule. The intent is to get them out there as quick as we can.

Commissioner Kwiatkowski asked if the parking lot at 120 Davis will be finished before Memorial Day. Public Works Director Clemmons said they will do their best.

ADJOURNMENT

Motion by Commissioner Brown to adjourn at 11:24 a.m.; second by Commissioner Dyer; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk