



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
REGULAR MEETING
TUESDAY, JUNE 21, 2016 – 7:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Public Hearing/ Regular Meeting on Tuesday, June 21, 2016 at 7:00 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem H. Ashley Royal; Commissioners Peter Freer, Kim Isenhour and John Fletcher; Town Manager David W. Hewett; Town Clerk Heather Finnell; Public Works Director Chris Clemmons, Police Chief Wally Layne; Shoreline Protection and Recreation Manager Christy Ferguson; Fiscal Operations Clerks Margaret Lancaster and Mandy Lockner; and Town Attorney Noel Fox. Commissioner Ken Kyser was unable to attend the meeting.

NATIONAL ANTHEM – SPECIAL GUEST MARIE-PIERRE FLETCHER

PUBLIC HEARING – PROPOSED BUDGET FOR FISCAL YEAR 2016 - 2017

Town Manager Hewett reviewed the budget process. The proposed budget appropriates the current debt services for Town Hall, the Emergency Operations Center, sewer and Police Department vehicles. It establishes a Capital Improvement Plan (CIP). It decreases the General Fund Balance Available to approximately 19%. The Central Reach Project (CRP) is the centerpiece of this budget. The budget establishes it in a Capital Project Fund. It escrows the projected \$1.5 million debt service payment for the CRP in accordance with the Interlocal Agreement. It makes the projected interest only payment for the debt service of \$192,000 for the CRP. It retains about \$2 million in the BPART Fund Balance. The budget increases the tax rate by seven cents. It increases the water/ sewer rates and inspections fees. It establishes dock fees. It reconditions and paves streets in accordance with the Streets Plan. It retains current employee benefits. It finishes the park. It increases the solid waste budgets in response to some of the expenses we have incurred this year. The contract with Waste Industries is up in January so that is subject to modifications. The budget funds the gensets from the CIP. It continues with the Canal Dredging Program.

Town Manager Hewett explained that the proposed budget doesn't include cost of living adjustments or merit raises for the employees. There is no Lockwood Folly Inlet navigation/ maintenance dollars. There is no engineering for sewer lift station fixes in this budget.

The CIP is a 10 year effort to scope all of the different requirements coming to the Town. It represents about \$24 million in total.

Bill Spier asked what canals are being discussed. Town Manager Hewett stated it is all of the subdivisions collectively. Dolly Mitchell pointed out the canal property owners pay for that. Lewis Mitchell added none of the canals will be dredged this year. Town Manager Hewett explained the process and the upcoming schedule

for canal dredging. Gay Atkins asked if there will be a collection of revenue for the dredging this year. Town Manager Hewett responded yes, the fees are listed in the ordinance.

Irvin Woods asked why there isn't funding for the Lockwood Folly dredging. Town Manager Hewett explained why an appropriation was not made, but stated that doesn't mean an appropriation couldn't be made at a future time.

Joe Butler asked about the CRP. Town Manager Hewett explained it is a \$15 million project and how it is broken down. Mr. Butler is concerned that the Town is biting off more than we can chew. Susan Scharling is concerned about the spending. Mr. Woods said that without an adequate beach strand, this town will go broke. He supports the CRP even though his section won't benefit from it. Mr. Butler said nourishment is a top priority and that was not what his comment meant.

Mayor Holden closed the public hearing at 7:20 p.m.

REGULAR MEETING

Mayor Holden asked for a moment of silence and then called the Regular Meeting to order.

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

Mayor Holden stated in considering the agenda, we already listened to the national anthem so that could be removed from the proposed agenda.

Motion by Mayor Pro Tem Royal to approve the amended agenda; second by Commissioner Freer; approved by unanimous vote.

APPROVAL OF MINUTES

Motion by Commissioner Isenhour to approve the minutes of the Special Meeting of May 17, 2016 (Reconvened Meeting of April 8, 2016) as written; second by Commissioner Fletcher; approved by unanimous vote.

Motion by Commissioner Fletcher to approve the minutes of the Regular Meeting of May 7, 2016 as written; second by Mayor Pro Tem Royal; approved by unanimous vote.

PUBLIC COMMENTS ON AGENDA ITEMS

Will Carter stated he has read reports about terminal groins. He talked about his observations. He asked Town Manager Hewett about the Bald Head Island groin. Town Manager Hewett stated it appears to be working well. Mr. Carter said the benefits of the groin are many for wildlife, homeowners, fisherman and boaters. He said the drawbacks are mainly monetary. He asked the Board to approve the opportunity, while it is available.

Tony Marwitz stated he was on the Sewer Vulnerability Committee. He stated if you could wave a magic wand and do everything recommended on the suggestion list, we still will have a problem. He thinks the Town needs to find a way to bypass a lift station. He foresees a monster pump on a trailer. Mr. Marwitz thinks the Town needs to address it with Air Vac.

Irvin Woods asked if what is referred to as Ocean Boulevard East Extension in the traffic code is what most people know as Ocean Boulevard East between Avenue A and Dunescape. Town Manager Hewett stated the agenda item change is for Ranger Street only. Mr. Woods detailed his concerns with the Ocean Boulevard East extension in the existing ordinance.

BUDGET REPORT – TOWN MANAGER DAVID W. HEWETT

Town Manager Hewett explained this is a summary report as of June 1st. It provides a status as of that date. He explained the report. Mayor Pro Tem Royal asked about the Water/ Sewer Fund. Town Manager Hewett said the challenge is magnified by the fact that we take a lot of money in the middle of the year and there are not a lot of expenditures at that time. He explained the challenge is always one of cash flow in addition to the budget. We take a lot of money one month and then get hit with a famine the next month. Mayor Pro Tem Royal said a projection line would be good to have for the rest of the fiscal year.

POLICE REPORT – CHIEF WALLY LAYNE

- So far it has been a typical busy season with no major incidents.
- Thinks the flashing sign on the causeway has been a big help. Has been riding the beach since Memorial Day. Has encountered one dog. Public Works Director Clemmons is averaging about one item left on the beach a day. He has been running the route at 6:00 a.m. The Board talked about the sign. Chief Layne stated we are coming up on July 4th. Will be interesting to see if people pay attention to the fireworks information on the sign.
- Gearing up for the 4th of July and the rest of hurricane season. Have your plan.
- Commissioner Fletcher asked how an officer is notified when someone calls 911. Chief Layne answered they are dispatched by radio. Gay Atkins asked if there is any way to say welcome to Holden Beach on the flashing sign to make it friendlier. Chief Layne said their intention is to educate folks to prevent them from getting a ticket. Dolly Mitchell asked the cost of the sign. Chief Layne stated about \$20,000. Chief Layne said the sign is programmable, it can be adjusted as needed.

SANITARY SEWER VULNERABILITY – PLANNING & ZONING BOARD MEMBER MIKE SULLIVAN

Mr. Sullivan provided a recap of the Sanitary Sewer Committee and its work. The committee made a chart with vulnerabilities. They determined the system is most vulnerable to an electrical outage. Storm surge was listed second. Mr. Sullivan went through the additional vulnerabilities. The committee found there are a number of issues in trying to get into a group to share resources. The availability of parts was provided to the Board. He reviewed costs of replacements parts and our current inventory levels. Mr. Sullivan went over NOAA data. The committee suggested that the best way to protect the system is to take the underground vault, remove the electrical equipment from it, remove the parts that are susceptible to damage and put them above the flood level at each of the stations. Pump Station I is the least vulnerable so they suggest the

Town work on Station II first. You would need to build another station that is fully operational and then flip a switch. The committee suggests that you use whatever parts you can from that to fix the other stations. Mr. Sullivan stated he spoke with Public Works Director Clemmons about the ability to bypass the retention tanks. The company that put in the system said it currently would not work. They can keep looking for other methods to bypass it. The retention tanks are currently housed in subterranean vaults. In the case of tank failure, the concrete slab would need to be broken to replace it. It has been suggested that the slab be modified by cutting a hole large enough to replace the tank and covering the hole with a stainless steel hatch cover. Mr. Sullivan stated the recommendations run about \$2.2 million. If this work is started, you will need to bring everything up to code.

Mayor Pro Tem Royal asked if we have done any non-destructive testing on the tanks. Public Works Director Clemmons stated that they noticed some corrosion during the annual cleaning. They will monitor it to the best of their ability. He said you need to have a collection tank for the system to run. He said in a perfect world you would have a second tank to switch the system to for times there are problems and they need to work on it. Mayor Pro Tem Royal thinks we should look into testing. It could help with prioritizing and assessing risk. He commended the committee. He said engineers were involved in the original design. He thinks it would be reasonable to get an independent engineering assessment of the recommendations of the committee. Commissioner Freer concurs that he would like a second opinion. He inquired if we make repairs when we notice flakes. Public Works Director Clemmons replied no, he can't afford to shut it off for the time needed. Commissioner Fletcher asked how it affects the other stations if you shut one down. Public Works Director Clemmons explained how the system works. Commissioner Freer asked if new generators will be on ground level. Public Works Director Clemmons responded yes. If there is a potential for flooding, they would take them off the island. Mayor Pro Tem Royal asked about confined space. Public Works Director Clemmons reviewed the regulations he follows. Commissioner Isenhour asked if anything could be done to make the parts more uniform when the Town builds a new system. Public Works Director Clemmons explained the vacuum pumps are pretty uniform. He detailed why the sewer pumps are not. Commissioner Isenhour stated she would like to ask the independent engineer that the Board might find to look at this to look at putting the retention tanks above ground. Public Works Director Clemmons stated he would like to look into that, but he is not sure if that is possible since it is a gravity system.

PLANNING & ZONING BOARD SUBDIVISION REGULATIONS REVIEW – PLANNING & ZONING BOARD VICE CHAIR VICKI MYERS

Mrs. Myers reviewed the Board's request. The Planning & Zoning Board (P&Z) reviewed the subdivision regulations and found the Town's ordinances are based on the state's regulations and that allows lots to be combined. The subdivision regulations do not address the size of structures. There are other restrictions already in place that restricts structures. Mrs. Myers stated P&Z is suggesting that they prepare a summary of restrictions already on the books. They would like clarification on the task to address size. Commissioner Freer said he focuses on structure size. He likes P&Z's recommendation and would like to see a list. He would also like to see it noted who controls each contributing factor. Commissioner Fletcher stated his thought was to limit it to a mass amount for a building. Mrs. Myers said they did look at different communities and rules vary by municipality. Commissioner Freer would like to know the options and contributing factors. He thinks the recommendation in the third paragraph of P&Z's memo is sufficient. Commissioner Isenhour agrees, the Town might have regulations on the books already. Mrs. Myers asked if they should do a financial analysis.

Commissioner Freer said he just wants to understand the issue, not to restrict people. Mayor Pro Tem Royal explained why he thinks this is a function of P&Z.

DISCUSSION AND POSSIBLE APPROVAL OF DISASTER DEBRIS MANAGEMENT AND MONITORING CONTRACTS

Public Works Director Clemmons stated the county awarded the contract to Crowder Gulf for storm debris management and Landfall Strategies for monitoring services. They seem to be qualified. You need to have this in place before an event in order to qualify for FEMA reimbursement. Commissioner Freer asked the cost. Public Works Director Clemmons said there is only a cost if you have an event. The Town could activate the contract at any time. It locks them into a price. Town Manager Hewett stated the reimbursement rates are established by FEMA. We are piggybacking on the county's contract.

Motion by Commissioner Isenhour to piggyback on the County's contract; second by Commissioner Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 16-10, AN ORDINANCE AMENDING THE HOLDEN BEACH CODE OF ORDINANCES, CHAPTER VII: TRAFFIC CODE (§72.03 PARKING PROHIBITED AT ALL TIMES)

Chief Layne said the modification is pertaining to Ranger Street. The Board was informed of issues by homeowners in that area at a previous meeting. The proposed ordinance would designate areas for vehicles, golf carts, beach equipment and bikes by sign. Chief Layne explained the 25' listed in the ordinance still remains. Commissioner Isenhour explained the Ranger Street area and why designating parking makes sense in that area. Mayor Pro Tem Royal asked if this will set a precedent for other areas. Town Manager Hewett replied there are two other similar streets that this may be a template for. Commissioner Isenhour stated she thinks the difference is there is space available for parking there. Mayor Holden recommended that the Town consider a wording change to include Hillside Drive.

Mayor Holden suggested the wording could be Ranger Street extended southward through the right-of-way of Hillside Drive. Attorney Fox agreed.

Motion to approve the ordinance as amended; second by Commissioner Isenhour; approved by unanimous vote.

BEACH SECURITY – COMMISSIONER FREER

Commissioner Freer stated there is a constant challenge of enforcing the Town's beach ordinances. He doesn't know the best model to adopt. He proposes the Police present an evaluation of part-time beach patrol. He also would like to have the Parks & Recreation Advisory Board to do an evaluation of a beach ambassador program. He thinks we need to supplement the Police.

Motion by Commissioner Freer to ask the Police for their recommendation and Parks & Rec for their recommendation; second by Commissioner Fletcher; approved by unanimous vote.

REQUEST FOR NO PARKING ZONE – HOLDEN BEACH CHAPEL

Town Manager Hewett said the Chapel would like to make the sodded area adjacent to Rothschild and Brunswick Avenue no parking. Jane Edwards, Chair of the Chapel Grounds explained there used to be a fence in the area. The Chapel has four parking lots, which are open for people to use. The fence had become a liability so they have taken it down. She stated the Chapel would like that area to be a no parking zone. She stated there are sprinklers and landscaping in the area. The Board discussed the request.

Motion by Mayor Pro Tem Royal to consider at the next regular meeting an ordinance that authorizes the installation of no parking signs at the Chapel directed by the letter.

Commissioner Isenhour said it is a not just the signs, it is a no parking zone.

Mayor Pro Tem Royal agreed to the amendment; second by Commissioner Freer; approved by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 16-11, AN ORDINANCE AMENDING ORDINANCE 15-06, THE REVENUES AND APPROPRIATIONS ORDINANCE FOR FISCAL YEAR 2015 – 2016 (AMENDMENT NO. 6)

Shoreline Protection and Recreation Manager Ferguson said the inlet was dredged over the Memorial Day holiday. Two thirds of the cost was from the NC Division of Water Resources fund. The county paid \$50,000 upfront and asked Oak Island and the Town to share in the cost, making our local share \$12,500. The best way to appropriate the funds would be to decrease the Beach Nourishment Fund by \$12,500 and increase the Lockwood Folly Dredging Fund by \$12,500. The project was for transportation purposes only.

Motion by Mayor Pro Tem Royal to approve Ordinance 16-11; second by Commissioner Isenhour; approved by unanimous vote.

DISCUSSION AND POSSIBLE APPROVAL OF TOWN/ COUNTY INTERLOCAL FINANCING AGREEMENT FOR THE CENTRAL REACH PROJECT

Shoreline Protection and Recreation Manager Ferguson explained the Central Reach Interlocal Agreement was passed by the county on May 31st. She recommended approval of the agreement.

Motion by Commissioner Fletcher to approve the Town/ County Interlocal Financing Agreement for the Central Reach Project, second by Mayor Pro Tem Royal.

Mayor Pro Tem Royal said the Town has talked about decreasing the Fund Balance in the budget that is going to be considered. The Board was briefed that doing so could have potential impacts on the cost of borrowing money. He asked for confirmation that this interlocal agreement and the budget will implement the reduction in the Fund Balance. Town Manager Hewett stated it will only implement the reduction in the fund balance if the Board passes the budget.

The motion passed by unanimous vote.

DISCUSSION AND POSSIBLE SCHEDULING OF A DATE TO HOLD A PUBLIC HEARING TO ESTABLISH A MUNICIPAL SERVICE DISTRICT

We are required to hold a public hearing in order to establish a Municipal Service District for the Central Reach Project. It is recommend that it be held on August 16th.

Motion by Mayor Pro Tem Royal to hold the public hearing on August 16th; second by Commissioner Isenhour; approved by unanimous vote.

JOINT AMICUS BRIEF – NC OCEANFRONT COUNTIES AND TOWNS – NIES VS EMERALD ISLE

Town Manager Hewett explained that the Town of Emerald Isle is requesting that beach communities assist with the funding in the matter of Nies versus the Town of Emerald Isle. At issue is the right of the public to use the dry sand beach which has been the historical and traditional public practice by right. Known local governments participating are Southern Shores, Dare County, Wrightsville Beach, Indian Beach, North Topsail Beach, Pine Knoll Shores, Nags Head, and Duck. Brunswick County and Kure Beach will be considering it soon. The amount requested is \$2,000. Town Manager Hewett stated that he thinks the broader implications for North Carolina and the resulting consequences for Holden Beach would justify the Town's monetary support. Commissioner Fletcher asked if doing this adds the Town's name to the lawsuit. Attorney Fox said the Town's name would be added to the Amicus Brief. She provided a summary of her understanding.

DISCUSSION AND POSSIBLE APPROVAL OF ORDINANCE 16-16, THE REVENUES AND APPROPRIATIONS ORDINANCE FOR FISCAL YEAR 2016 - 2017

Town Manager Hewett stated this is the proposed spending plan for the upcoming year. He confirmed it includes revenues.

Commissioner Fletcher said the majority of the budget includes the Central Reach Project, an expenditure of \$15 million. He owns a house on the beach which may be affected. He thinks he has a conflict of interest and should recuse himself. Attorney Fox stated he doesn't have a direct substantial financial interest and explained why he has a duty to vote.

Commissioner Fletcher asked about the addendum to the budget. Town Manager Hewett said the CIP is not an executable budget. The only budgetary execution is in the ordinance, which is year one of the plan. The CIP is being passed as an addendum to the budget. Mayor Pro Tem Royal asked if the Bridgeview Park dock fees are comparable to similar facilities. Town Manager Hewett responded as best as we can come up with, in accordance with Fish and Wildlife guidance. Commissioner Isenhour stated she is ready to vote for the budget. She thanked Town Manager Hewett and the department heads for their work on the budget. She stated it is very difficult to say yes to a tax increase. Commissioner Isenhour stated she would like to change the process in the upcoming year. She would like to come up with a way to work toward developing a process; start earlier; and have workshops. She would like to see the Town start with workshops within the next couple of months. Commissioner Freer stated he agrees with that concept. He would like to be more involved. He stated the Board could have a special meeting soon and incorporate the Audit Committee. Commissioner Freer stated there are a lots of positives in the budget. The Inspections Department increased their fees so

they could support themselves. We have an increasing block rate structure for water that is in line with other communities. Commissioner Freer stated it is good the Town is not facing a 9.5 cents increase, but it is tough saying a 7 cents increase is good. The biggest thing that jumps out at him is the low Fund Balance Available. He stated the Town needs to adjust how we are doing things to rectify that. Mayor Holden asked for a brief explanation of what the budget doesn't include. Town Manager Hewett replied there is \$130,000 in the budget to complete the permitting of the terminal groin. A residual of \$2 million is left in the BPART Fund Balance. The terminal groin construction is in year three of the CIP. There are no funds budgeted for the purchase of the Holden Beach Fishing Pier or the Griffin property.

Motion by Mayor Pro Tem Royal to adopt the budget as presented; second by Commissioner Fletcher; approved by unanimous vote.

TOWN MANAGER'S REPORT

- An electrical vehicle charging station is being installed courtesy of Nissan and Brunswick Electric. The equipment has been installed free of charge. There will be free power for a year.
- Building Official Tim Evans will be out for about six more weeks. Bill Bruce will be filling in on a contractual basis. Mayor Pro Tem Royal asked Town Manager Hewett to pass along that Building Official Evans is missed and they wish him well.
- Working on the repair for the walkway at 885 OBW. Will get it done as soon as we can.
- Lockwood Folly Inlet Crossing Maintenance Dredging - the Corps' Chief of Navigation has made an inquiry to us to see if there is interest in participating in a piggyback project. We have questions in to the Corps.
- Shallow Draft Inlet - there is a move to extend the Memorandum of Agreement to 10 years. Also trying to increase the funding cap.
- The pre-bid conference for the Central Reach Project was held last week. The bids are due back the first part of July. Easement work continues.
- Bridgeview Park – the lights are on. They are scheduled to go off at 10:00 p.m. There are a lot of people having fun out there. The dock structures are complete. Waiting to have a SaniSailor and the utility connections made. Still remaining is the rest of the stormwater, laying down sod and the sidewalks. That will finish the first phase. Work on the PARTF portion will not begin until after the summer.
- The Department of Transportation Bridge Landscaping Project is still not finished. There is no signage or lights in the contract.
- Received approximately \$115,000 from the county for loaning our excess sewer capacity to Southport. Our capacity remains unaffected. Southport is using some of the unused capacity.
- Embers will be here this weekend.
- Commissioner Fletcher asked if Town Manager Hewett would be bringing back information to the Board about funds available for the pier. Town Manager Hewett replied yes. Commissioner Fletcher asked if the Town is aware some Outer Banks island are doing nourishment projects in the summer and inquired if they are ignoring the turtles. Town Manager Hewett stated their issue is one of weather. It is a cost benefit determination for them. Their permits are written that they can dredge in the summer.

MAYOR'S COMMENTS

- No comment.

BOARD OF COMMISSIONERS' COMMENTS

Mayor Pro Tem Royal

- Been very pleased with the Department of Transportation Bridge Beautification Project. He thinks it is a great opportunity to have a sign and lights at the location.
- Thanked Town Manager Hewett and staff for enduring questions during the budget process. He found them to be very well prepared to speak to their department's needs. Sympathize that most are on a fixed income. Didn't expect to approve a tax increase when deciding to run for commissioner, but was convinced it was the prudent thing to do.

Commissioner Freer

- Agreed with everything Mayor Pro Tem Royal said.

Commissioner Isenhour

- Thanked everyone for the work on the budget.
- Thanked the Sewer Committee. They worked extensive hours. Appreciates what they came back with. It was very helpful and a lot of work.
- Reminded everyone about the Second Helping Program.

Commissioner Fletcher

- Asked at the last meeting that we have a good turnout at this meeting. Happy to see how many people are here.
- In support of Commissioner Isenhour's recommendation on workshops for the budget. Thinks everyone will see how the business functions and why it costs what it does to run a Town like this.
- Seconds the efforts of the Sewer Committee. It is a major risk. They did a tremendous job of investigating the issue.

Mayor Holden explained that Commissioner Kyser had a previous commitment that was scheduled before the meeting schedule was amended.

PUBLIC COMMENTS ON GENERAL ITEMS

Dolly Mitchell asked if we would have water if we didn't have sewer. Public Works Director Clemmons answered that it is two separate systems, but if we don't have a collection system it could cause a problem and we would probably shut the water off. Commissioner Fletcher added that if there is no sewer, people cannot be on the island. Mrs. Mitchell said there are people who saved their septic system. She asked if there are options to use the septic systems until the sewer system could get up and running. Mayor Holden stated unless the Board changes the existing policy, if the sewer is down, people are off the island.

ADJOURNMENT

Motion to adjourn at 9:32 p.m. by Mayor Pro Tem Royal; second by Commissioner Fletcher; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk