



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
FRIDAY, APRIL 13, 2018 – 9:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, April 13, 2018 at 9:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Mike Sullivan; Commissioners Pat Kwiatkowski, Joe Butler, John Fletcher and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Fiscal Operations Clerks Margaret Lancaster and Mandy Lockner; Public Works Director Chris Clemmons; Shoreline Protection Manager Christy Ferguson; Police Chief Wally Layne and Building Official Tim Evans.

Mayor Holden said he and Town Manager Hewett have a GSATS meeting today at 10:30 a.m. He asked if the Board would prefer he stay or go to the meeting. The Board did not have a preference. Mayor Holden said he will play it by ear.

Commissioner Freer said he doesn't see an item for agenda approval. Town Clerk Finnell explained that special meetings don't usually have that item listed because those meetings are called for a specific purpose.

DISCUSSION AND POSSIBLE ACTION BY THE BOARD TO DIRECT CLARK WRIGHT, ENVIRONMENTAL ATTORNEY FOR THE TOWN OF HOLDEN BEACH TO REQUEST THAT THE USACE IMMEDIATELY SUSPEND FURTHER PROCESSING OF THE TOWN'S SECTION 10 AND SECTION 404 PERMIT APPLICATIONS, SAW-2011-01914, PENDING FURTHER DETERMINATIONS BY THE HOLDEN BEACH BOARD OF COMMISSIONERS

Commissioner Butler said he has a major problem with the word suspend. When he looks at suspend, he thinks of it as something up in the air. He said it is on the agenda for Tuesday as well and suggested that Item 2 be removed to avoid confusion. Mayor Pro Tem Sullivan said at the last special meeting, the Board directed Mr. Wright to petition the Corps to extend the 30-day comment period. Mr. Wright went to the Corps and was advised they would not look favorably on that. They will look favorably upon a suspension. Mr. Wright suggested the Board make a motion to allow him to ask for that suspension. He explained this is a safety measure. Commissioner Freer said he thinks having this and the two items relating to the groin on the next agenda will be confusing to the Corps and the public. Commissioner Kwiatkowski said she doesn't believe it will be confusing to the Corps. It is a simple procedure that they already discussed with the attorney. She said the suspension is what is appropriate after the discussion that they wouldn't grant the extension on comments. Commissioner Butler suggested waiting until Tuesday to decide. He said the Town would pay the lawyer to do one thing and then again to do something else on Tuesday. Mayor Pro Tem Sullivan said if you wait until Tuesday, the time has expired. We need to have it done by the 16th. Commissioner Fletcher said the public hasn't seen this item at all and he thought the process was to not vote on something the public hasn't seen. Mayor Pro Tem Sullivan said when he was objecting in the past, the issue on the agenda was changed. He added this is on the agenda, it was sent out and people are here to hear it. He said this is to the benefit of the people who want to stop this project. Commissioner Freer said the reason for doing this is not documented. He couldn't delineate what the reason for the suspension is. He suggested adding that. Mayor Pro Tem Sullivan said the purpose is to achieve the goal that this group had asked the environmental attorney to achieve which was to extend the comment period thereby stopping time when the Record of Decision could be issued. It is

an alternative to achieve the same goal of extending the comment period. Commissioner Freer asked if that could be added to the motion. Town Clerk Finnell responded that the motion can be made however the Board chooses. Commissioner Freer said the attorney advised them that one day wouldn't come into play.

Motion by Commissioner Butler to add after the word "suspend" to achieve the goal to extend the comment period.

Commissioner Butler said it would be to add the purpose of the suspension is to achieve the goal to extend the comment period. Mayor Pro Tem Sullivan said that is not the motion, that is a comment. When a motion is made the Board doesn't delineate all of the discussion that the Board made. The motion was further discussed and no second was made.

Motion by Mayor Pro Tem Sullivan to direct Clark Wright, Environmental Attorney for the Town of Holden Beach to Request that the Corps immediately suspend further processing of the Town's pending Section 10 and Section 404 permit applications; second by Commissioner Kwiatkowski.

Motion by Commissioner Butler to amend the motion to suspend in order to achieve the goal to extend the comment period.

Commissioner Kwiatkowski said it was not clear to her at the last closed session whether suspending automatically froze the clock on comments. She added that not knowing that she would rather not have that in the motion because it could render the motion inaccurate.

Mayor Pro Tem Sullivan does not approve the proposed amendment.

Motion by Commissioner Freer to amend the motion that the reason is to suspend the further processing of the Town pending Section 10 and 404 for the reason of getting to the next Board of Commissioners' meeting on April 17th.

Mayor Pro Tem Sullivan does not agree with the amended motion.

The motion failed. Mayor Pro Tem Sullivan and Commissioner Kwiatkowski voted for the motion and Commissioners Butler, Fletcher and Freer voted in the negative.

BUDGET WORKSHOP (EXPENSES)

Fiscal Operations Clerk Lockner reviewed the budget schedule.

Fund 10, General Fund – Fiscal Operations Clerk Lockner explained that this fund includes the Governing Board, Administration, the Police Department, Building and Inspections, Streets and Sanitation.

In Governing Body/ Administration we have a decrease in the Town Hall debt service and a proposed 3% salary increase, merit or COLA, it's up to the Board. The monies in the Communications line represent an amount for a professional website design for the Town's website. The increase in the New Town Hall line includes our HVAC repair, building maintenance (doors that need to be fixed) and kitchen appliances. The relocation of a generator is being moved into the next fiscal year so that will go away. Town Manager Hewett said the Professional Services line is the Town Attorney and audit expenses. He said the audit hasn't been bid yet, it is based on an estimate. Commissioner Fletcher said there is a number of 17/18 budget line items where no money has been spent yet and we are repeating the same number next time. He provided some examples including Decorations, Travel and AB Supplies and Materials. Fiscal Operations Clerk Lockner explained that the amount in AB Supplies and Materials represents a new fireproof cabinet that Town Clerk Finnell requested. Town Manager Hewett said the travel lines

are primarily if the Board or appointed boards decide to travel for training. As a practice, we try to budget a small amount in case the Board is inclined to attend a course or two. Fiscal Operations Clerk Lockner stated that contributions are typically paid out at the end of the year to the non-profits who requested funding. Town Manager Hewett explained the New Town Hall Ops, Maintenance and Repair line includes the cost of two more HVAC units. Fiscal Operations Clerk Lockner said it also includes taking the wallpaper down, painting and kitchen appliances. Mayor Holden added it is also for the brackets on the building that are rusted again. Town Manager Hewett said the Transfer to the BPART Fund line is to pay for the Special Obligation Bond. He knows it was requested to look at reducing that by two cents. That reduction exercise is not reflected in the \$806,000. When we get into marrying the revenues and expenses together, we will bring that back in the context of what it does to the Fund Balance Ratio. He said staff will bring it back to the Board so the decision point will be set up for the Board. Fiscal Operations Clerk Lockner said the salaries for the Board are the same as the current year. Commissioner Kwiatkowski said one of the things discussed at the budget priority meeting in January was that there be an overall review of salary and benefits. She thinks that discussion could take place at the end since it is in every section. Town Clerk Finnell said group insurance went up about 4.4%. Fiscal Operations Clerk Lancaster said in regards to Advertising she hasn't advertised for taxes yet. Town Manager Hewett explained an example for M&R Equipment is if a laptop stops working and we need to get another one. Fiscal Operations Clerk Lockner added it is to help in emergencies for Admin.

The Police Department is requesting no new operating expenses. They are requesting to purchase a SUV. Chief Layne said in keeping with the policy they have maintained over the past several years, it is time to replace one this year. The SUV is saving money compared to the previous pick-up trucks. The SUV is around \$48,000 and comes fully equipped. The pick-ups were around \$56,000. The vehicle being replaced is the firearms instructor's. He needs to carry ammo. Security measures would need to be added if we purchased a pick-up truck. There is a Crown Vic at the Emergency Operations Center that is used as a spare. They are going to sell that on GovDeals. The truck that they are taking out of service will become the spare. Town Manager Hewett pointed out that in the Police Department budget you will see that money was appropriated to procure a truck. Due to the costing of the truck, they didn't execute that budget this year. We are not doing the lease purchase program anymore. Chief Layne said there is only one payment left on one vehicle outstanding with that program. Chief Layne said they will purchase AEDs from the Equipment line item. He said he has not heard from the Turtle Patrol or the HBPOA about wanting to contribute funding for the AEDs. They will need three at about \$1,500 each. Mayor Pro Tem Sullivan inquired about an estimate of overtime amount for one officer. Chief Layne provided some statistics. Mayor Pro Tem Sullivan said he was looking at another expense and was wondering if it would be more cost efficient if we had a Police Officer do it rather than the person it is budgeted for.

Fiscal Operations Clerk Lockner said Building Inspections also is requesting a new vehicle for CAMA/ Zoning Official Wooten. They are asking for an increase in Travel and Training to reflect continuing education requirements. The Beach Ranger Program is expanding, but you will see those expenses in the BPART Fund. Building Official Evans explained CAMA/ Zoning Official Wooten's current vehicle is 14 years old. The equipment she carries is getting wet in the back. He talked about why it would be better for her to have a SUV. They would put the old vehicle on GovDeals. It has been maintained, but needs lots of repairs. The Ford Ranger is having issues too. This environment is rough on vehicles. In Contracted Services, we still have a bill for Pointe West. Historically, we had a project that needs to come out of this line every year. He tried to cut it last year and we ended up needing a budget amendment. Town Manager Hewett added that is also where the Land Use Plan (LUP) would come from. Building Official Evans said if a separate attorney is needed for the Board of Adjustment process it also comes out of there. Commissioner Kwiatkowski inquired if \$20,000 is enough if the LUP falls in this line item. Building Official Evans responded to his knowledge besides the LUP and some other issues that might pop up, there isn't anything scheduled. Town Manager Hewett said we were swagging that we would just do Phase 1 of the LUP this year. The amount is covered in this line only. It is a multiyear project. Building Official Evans said his department has three fulltime people.

Fiscal Operations Clerk Lockner stated that in Streets and Sanitation the street paving project includes Sand Spur, Sand Piper and Sand Dune at a cost of about \$112,000. Commissioner Freer said this is running on data that is a couple of years old and asked if that is being looked at. Town Manager Hewett said there is money in Professional Services to have an engineering estimate to recalibrate that study. Public Works Director Clemmons stated last year we rearranged a few. The streets that are on there this year need it. Town Manager Hewett said we had called a timeout on the Pointe West street while we were addressing stormwater so we should be able to work that back in. Commissioner Freer said he had a request from someone because a new streetlight is shining right in their bedroom. Building Official Evans asked him to get the information to him and he will see what he can do. Mayor Holden asked if the vacuum truck is repaired. Public Works Director Clemmons responded yes. He explained that part of Contracted Services in Sanitation is Steve Mercer's yard debris pickup. Yard debris just resumed in March.

Fiscal Operations Clerk Lockner explained the Board hasn't made a decision regarding recycling yet so the amount in the packets is a placeholder. Commissioner Kwiatkowski reviewed the decisions the Board will need to make considering solid waste. Fiscal Operations Clerk Lancaster stated the citizen pays \$54 and Waste Industries charges us \$48. Commissioner Fletcher inquired how that is an expense. Commissioner Freer said the payment is going through the Town. Town Manager Hewett said the number in the budget is based on 377 subscribers. He explained we get a bill from Waste Industries. We collect the money from the citizen. The money we collect is shown on the revenue side. The Town acts as the middle man in the process. Commissioner Kwiatkowski said the Board needs to try to determine what the Town will give the citizens starting in 2019 for a recycle program. She is talking about calendar year because she doesn't think trying to make a midseason switch when people already paid a set amount would work well. Mayor Pro Tem Sullivan added that rollback also needs to be discussed. Commissioner Freer's opinion regarding recycling is to keep it as it is. Commissioner Kwiatkowski would like to expand it to Saturday weekly pickup during season and every other week for the rest of the year with the idea that it would make it useful to the renters. Commissioner Fletcher said everyone who isn't a rental house will end up paying more for the summer pickup that they don't need. Commissioner Kwiatkowski said the Town actually has more rental houses than permanent houses buying into the program. She has had quite a few people telling her that it would be more attractive for rental houses if they know it would be picked up every week. Town Clerk Finnell said Waste Industries was willing to increase to weekly over the summer, but Saturdays wasn't an option for the pickup day when we broached the subject with them. They were willing to collect on Tuesdays only. She reviewed the costs for subscription based service. Town Manager Hewett said in the Solid Waste Study that was demarked in terms of number of pickups and the percent increase was a logical progression. Commissioner Kwiatkowski said we would need to see if that achieves what the rental homes need if the pickup was on Tuesday. The Board discussed if they thought this would increase participation in the program. Commissioner Kwiatkowski suggested doing it for a year. If we don't get much interest we can go back to the existing methods. Town Manager Hewett stated the Board needs to keep in mind we have a contract relationship with Waste Industries. He believes it is a three year contract. He thinks it would be okay to assume we could drop back to the existing setup, but the terms would be a function of the contract. Commissioner Kwiatkowski said we could approach them and tell them we would like to do a one year test run. Commissioner Butler said there are a number of benefits associated with this program and the recommendation for the summertime. Commissioner Fletcher stated it would make it more beneficial if we say one of the black cans could be replaced by a blue can. The black cans are actually more expensive. The Board discussed that idea.

Mayor Holden passed the gavel to Mayor Pro Tem Sullivan at 10:03 a.m. so he could leave to attend the GSATS meeting.

Mayor Pro Tem Sullivan said if the Board is talking about eliminating the rollback program, people would roll the can out on Saturday, no matter what day it is picked up so it will be by the street for two days before it is picked up. Town Manager Hewett said the Board could adopt a budget without those considerations in it and then would have

time to work the contract amendments in before the 2019 start date. The Board agreed that this topic has interrelated items and should be addressed in a special meeting.

Fund 30, Enterprise Fund (Water/ Sewer) Fiscal Operations Clerk Lockner explained Public Works Director Clemmons is asking for two Dodge 1500 trucks. The Capital Outlay line includes water/ sewer locating equipment and the improvements to Sewer Lift Station 4. Public Works Director Clemmons confirmed he would be retiring two vehicles. He does have an old police truck and is trying to see if it will work out. He talked about the vehicles he would like to replace. Town Manager Hewett said Capital Outlay Major Equipment Sewer is a good example of we had a budget, didn't execute it in the current year and are basically rolling it to the next year. We anticipate being under contract for the Station 4 upgrade by the end of the year so that may or may not roll across. Public Works Director Clemmons said the water and sewer locating equipment is to purchase ground penetrating radar equipment so you can see what is underground before you dig. He said there is also funding for GIS mapping. He said he doesn't plan on using the \$7,500 under M&R Equipment in the current year, but equipment can fail. Town Manager Hewett stated that amount falls back into Undesignated Fund Balance if it isn't spent. Mayor Pro Tem Sullivan said he believes the schedule is that we will complete Station 4 during the fiscal year. He asked if we allocated funds for the next station because that process should be during the next fiscal year. Town Manager Hewett said it is not included, but it needs to be. Normally we would budget 15% more as a programming factor. Fiscal Operations Clerk Lockner explained that Contribution to CRF Water and Sewer are for what we need to transfer for House Bill 436. She explained how those numbers are calculated. Town Manager Hewett said those numbers are inverted, \$173,790 goes with water and \$14,785 goes with sewer. There will be a corresponding revenue line.

Fund 50, BPART Fund – Fiscal Operations Clerk Lockner explained there is a new expense for researching sand source borrow sites. There are beautification expenses for landscaping at Bridgeview Park. The increase in Access and Recreation is due to updating pet waste stations and beach mats. There is a new line, Internship, for an intern for the summer months. The expense of the initial \$3 million that the Board agreed upon is under Beach Renourishment and Inlet Management Fund. Sand Source Data Collection is the expense for researching sand sources. Shoreline Protection and Recreation Manager Ferguson explained how the \$132,000 for that line is broken down. Beautification is asking for funds for landscaping at Bridgeview Park. Fiscal Operations Clerk Lockner stated that the Beach Equipment Maintenance line includes a military truck Public Works Director Clemmons is requesting. Public Works Director Clemmons explained he is looking for a military truck to be able to go onto the beach to clean up lumber and debris. He said it would be a big help after a storm. He said he may be able to find one at a different price, but that amount is based on one he recently found. Shoreline Protection and Recreation Manager Ferguson said in the past the beach rangers' maintenance was in there, but this year it is all separated out. Fiscal Operations Clerk Lockner said the cost of the whole program for the beach rangers is \$48,000. Building Official Evans said he is increasing shifts to two a day and adding a person. He stated it is imperative to have someone out for the second shift. That's when a lot of violations start. The program starts Memorial Day. People will come in for training the week before. He is going to have the current UTV serviced and is getting prices on a new one. It won't be purchased before July 1st. UTVs are washed before and after shifts. Commissioner Fletcher suggested using Salt Away. The Turtle Patrol uses it and they no longer have rust on their vehicles. Building Official Evans said the shifts will be 9:00 a.m. – 2:00 p.m. and 2:00 p.m. – 7:00 p.m. They will double up on holidays. Town Manager Hewett explained the changes are not funded for before July 1st. Building Official Evans said the largest expense to implement the changes before July 1st would be for the UTV. The quotes he is getting is for \$8,000 – \$10,000. He said he could get the numbers to start the program earlier to the Board.

Commissioner Fletcher asked about the \$8,971,106 amount in the BPART Fund. Fiscal Operations Clerk Lockner explained that FEMA Matthew and PARTF numbers are reflecting in there, but aren't showing. She had removed them since they would not be in the next budget. Shoreline Protection and Recreation Manager Ferguson stated the Professional Services line item is to account for if we are required to do monitoring. This year monitoring and

debris removal was captured under Matthew. Town Manager Hewett said it is a permit requirement. ATM Contract fees is pretty much the Annual Monitoring Report. They bill in April. Shoreline Protection and Recreation Manager Ferguson said the Jordan Boulevard line item is going up because we need to do some repairs to the fishing pier and now that we have taken over the maintenance of the north side of bridge, the contractor will need to put more mulch out. Commissioner Freer asked if we are replacing trash cans. Public Works Director Clemmons said he is trying to use blue barrels, the old were rusting. He hopes they will all be replaced next year. Shoreline Protection and Recreation Manager Ferguson said the Gas, Oil and Tires line is for the Admin vehicle. Commissioner Butler asked if the Town had any thoughts on the organization of parking on Jordan Boulevard. Public Works Director Clemmons said he does have some thoughts, but they are not etched in stone. He thinks there is room for improvement. Commissioner Butler would like to discuss that further after we get through Phase 1 of the parking process. Public Works Director Clemmons said he wouldn't have a quote at this point, but we may be able to handle it with post and rope and some minor grading. Building Official Evans and Shoreline Protection and Recreation Manager Ferguson both accounted for some signage in their budgets. Commissioner Fletcher asked if the Town is in the position to do anything about the lot on Jordan Boulevard with the pilings. Building Official Evans replied that he can't invalidate a permit under statutory law as long as they can prove they are not abandoning the permit on an annual basis. Town Manager Hewett said Festival and Security is not just for the police presence, it is also trash and support of that. Shoreline Protection and Recreation Manager Ferguson added that the Public Works Department is looking into a system for trash that is like what Ocean Isle Beach uses. Town Manager Hewett said Contribution amounts are held until late in the year before they are released. Waste Industries is for the second pickup. Public Works Director Clemmons said he thought the extra pickups stopped in September, but it continues through September. The increase was to cover that and there was also a slight increase in prices. Shoreline Protection and Recreation Manager Ferguson said Matthew covered the cost of sand fence this year. Historically, we put out sand fence yearly based on where it is needed. Commissioner Fletcher said if we didn't have rental income, all of these expenses would need to be paid from the General Fund. Town Manager Hewett said these are directly related to sand, erosion or tourism. The Board had a brief discussion on what would happen if the Town didn't have the rental income.

Mayor Pro Tem Sullivan said he looked at the Lockwood Folly Dredging line for next year and it's twice the amount spent so far this year. He asked what that number was based on. Shoreline Protection and Recreation Manager Ferguson replied we are anticipating an increase because it is the second year that falls into the AIWW contract for the bend widener. They don't have their numbers yet. This is the year we could piggyback on that if their contract comes through. The pipe would be used like last time. We are anticipating a dredge event and bend widener event. Instead of budgeting for it quarterly, she thinks the Town is better off doing a budget amendment if quarterly dredging comes to fruition. Mayor Pro Tem Sullivan said we are contributing more money each year for dredging and if it continues into the future we need to prepare for it. Town Manager Hewett said what we don't have down with a finite understanding is how dredging the inlet crossing with a pipe that puts sand on the beach actually affects the need for dredging the throat of the Lockwood Folly Inlet with the hopper dredge. Commissioner Kwiatkowski asked if two islands ever go together to share investigation and cost for Sand Source Collection. Town Manager Hewett said Sand Source Data Collection is predicated on being able to use that data in our permit. Commissioner Freer asked if it is a possibility that we are collecting data on the same source that someone else is. He asked if it would be a waste of time for whoever doesn't get there first. Town Manager Hewett answered that what we know is there is only one active offshore permit in place now and it is ours. It doesn't give us rights to the sand. We are trying to find alternative sources for the existing permit. The Board talked about if there is a need to do the investigatory work now. Town Manager Hewett said he would want to have a shovel ready project and permit in hand for when the next hurricane hits. One of the reasons we were able to take advantage of FEMA to work into our Central Reach Project is that we had a permit in play. How much sand was needed as a result of past hurricanes was discussed. Town Manager Hewett thinks there is a half a million yards in our existing permit.

Fund 60, Canal Dredging - Fiscal Operations Clerk Lockner explained the working group anticipates a full dredge the winter of 18/19. The dredge spoil area expenses are to be determined because the Corps has denied use of the two disposal areas we have previously used. Shoreline Protection and Recreation Manager Ferguson said we will need to look at capacity on one of our Town owned properties.

Fiscal Operations Clerk Lockner talked about the Capital Improvement Plan (CIP) she handed out. Commissioner Freer inquired about the BPART under Revenues by Source. She explained the expenses have to meet the revenues. Town Manager Hewett said the BPART balance as of June 30th was at \$6.46 million. \$1.5 million is escrowed with the county and \$3 million will go into the reserve fund. Town Manager Hewett said Water/ Sewer shows the relocation of the generator; it should be in the General Fund.

Vicki Myers inquired about the Beach Project Salary in the BPART Fund. Fiscal Operations Clerk Lockner said it is part of a Public Works person. Town Manager Hewett explained it is the attempt to capture the workload of Public Works when they pick up trash in the off season. Ms. Myers asked about the Contract Services in Sanitation. Fiscal Operations Clerk Lockner replied that it is for Steve Mercer's contract for trash and rollback. Public Works Director Clemmons added there are two parts to the contract. He said part of the increase is because September wasn't captured last time. The contract is split if the Board decides to change the rollback program.

Commissioner Kwiatkowski asked if the Board was going to discuss salary benefits. Commissioner Freer said he is fine with doing it when they finalize it. Commissioner Fletcher asked if the Town has a policy for vacation that isn't taken. Town Manager Hewett replied that you are not supposed to accrue more than 30 days. Commissioner Fletcher asked if we will have any surprise expenses when someone retires. Town Manager Hewett answered that the audit speaks to retirement liability. He said if someone retires and they have a month's worth of vacation, they would be paid. The policy is in writing. Commissioner Fletcher asked about pension. Town Manager Hewett said the Town is part of the Local Government Retirement System and makes contributions. 401k is separate. There is a mandatory 5% for the Police Department. There is a voluntary program for the rest of staff. Commissioner Freer said we have been treating staff and the Town Manager's salary separately and asked if that is still the case. Town Manager Hewett responded that the manager's salary is in the Admin line. Ms. Myers asked if the public will see another draft before the budget message. Commissioner Freer said there is not anything scheduled. Fiscal Operations Clerk Lockner said after the Budget Message is presented, there will be a public hearing. Town Manager Hewett said he wanted to remind the Board that there is also the sewer and water rate structure that we are working into the budget process.

ADJOURNMENT

Motion by Commissioner Fletcher to adjourn at 11:04 a.m.; second by Commissioner Freer; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk