



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
FRIDAY, APRIL 12, 2019 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, April 12, 2019 at 10:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem John Fletcher; Commissioners Mike Sullivan, Pat Kwiatkowski, Joe Butler and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Public Works Director Chris Clemmons; Planning Director Tim Evans; Fiscal Operations Clerks Margaret Lancaster and Mandy Lockner and Police Chief Jeremy Dixon.

Mayor Holden called the meeting to order.

PUBLIC COMMENTS

No comments were made.

BUDGET WORKSHOP

Commissioner Freer suggested reviewing the Board's goals. Commissioner Kwiatkowski explained in the back of the packet is the list of the Board's goals that she condensed down to items that received scores of greater than 10. She explained it is for everyone to take a look at and to make sure if there are activities the Board is committed to there is appropriate funding. Commissioner Freer said he would like to see a top five, or six to eight. The Board talked about what they selected and how to proceed.

Commissioner Freer stated his number one is **no new taxes**. The Board agreed that is one of the top five. Town Manager Hewett asked if they mean no new tax rate or new taxes. The Board agreed it is the same tax rate.

Commissioner Freer stated **no annual debt and no tax increase** was the goal he ranked as number two. He said he is looking at annual debt as long-term. He understands there could be a bridge loan for FEMA reimbursement, but no additional long-term debt. Mayor Holden asked if he is including assessments in that. Commissioner Freer replied no. Mayor Pro Tem Fletcher said his view of the topic would be no long-term borrowing for expenses we won't be reimbursed for; trying to manage the Town without any new long-term debt. Town Manager Hewett explained a type of assessment could be street paving. That is a separate and distinct process from the annual budget process that goes along with that.

Mayor Holden said when you say no tax increases, those in government may understand more than an average person who may think nothing will increase. He is looking for clarity if the Board is looking at taking money from the public's pocket in any way other than the tax rate. Mayor Pro Tem Fletcher said if the tax values go up significantly people will pay more taxes. The rate doesn't change, but the bill would go up. Commissioner Freer said the values are going up, but the Town is having a zero balance, you are not paying more. Town Manager Hewett said individuals could. Commissioner Kwiatkowski said some properties in the reassessment went up in their tax value, others may have dropped. It balances in the end, but there will be individuals who pay more. Others may pay less and some will pay the same. Town Manager Hewett explained with the same tax rate the greatest majority will pay very close to what they paid before. His experience is that if in a revaluation year a tax bill goes up it is a consequence of discovery of something like a swimming pool. Commissioner Freer said the intent is to stay revenue neutral. The Board talked about revenue neutral.

Commissioner Sullivan said having no long-term debt is a good aspiration, but the Town is also a growing community. He asked if the Town will be capable if the Town decides to build a second tower to pay for the tower with the funds that we have or if we are going to need borrow. He is not sure if we want to make a definitive statement that we are not going to take on any long-term debt. Commissioner Freer said it is a goal. Our long-term debt is going down, but it is still healthy. Mayor Pro Tem Fletcher said he thinks everyone understands something could happen where the Town would need to borrow something that needs to be done to keep the island the way we want it. Commissioner Sullivan said that is the intent of the Board, he doesn't think we need to state that. Nobody wants to and we would only do it under circumstances that require it. Commissioner Kwiatkowski agreed, the goals should be something the Board needs to actively manage. There is nothing in the budget or in the Capital Improvement Plan (CIP) for this upcoming fiscal year that is endangering our intent to have no long-term borrowing. If the desire is to keep it to a handful of objectives she would make them something that takes activity, not passivity on the Board's part. Commissioner Freer stated it is a goal we are applying to the budgeting process. He wants to apply it to everything the Board does. Commissioner Butler said the Board already talked about the need of a bridge loan, but he thinks the long-term debt is something we need to consider. Town Manager Hewett said the issuance of debt is such a deliberative process. Any type of project that would require debt would take fairly intense deliberation and action by the Board to do that. Commissioner Freer stated he believes it will be an easy goal to meet, but something that needs to be stated. Mayor Pro Tem Fletcher said if Carolina Beach decided to do this a couple of years ago they wouldn't be in the trouble they are in now. Commissioner Sullivan said he agrees, but his view is they all agree on this topic so there really is no need to put it on the list.

Commissioner Freer said his next one is to **increase BPART/ Fund Balance and the General Fund Balance**. He said we don't want to subtract from the fund balances. Commissioner Sullivan said last year the Board had a large discussion because of the FEMA reimbursement. The Town allocated two cents of that money into increasing the BPART Fund. We now have more money in the BPART Fund than we did prior to the Central Reach Project (CRP) and we set \$3 million aside. He said that was done because we wanted to prepare for the next CRP. If you look at where we are today, we will have a project that will only require us to put money up and we will be reimbursed. He stated we don't need to have \$15 million to \$20 million to accomplish the project. He thinks it is time that the Board start looking at how to use some of that money, not to tap into the BPART Fund, but we don't need to worry about contributing more money into a fund that hopefully we will not need to use other than making the initial down payment and then we

will be reimbursed. Commissioner Sullivan said his position is the same as it was last year; we should reduce taxes by two cents. Commissioner Freer said the Town took a ten year loan out for \$12 million. He said the CRP was for 1.31 million cubic yards and now we are hoping to be reimbursed for 1.1 million cubic yards. Commissioner Sullivan said despite the fact we will not get 1.3 million cubic yards, if we add 1.1 million cubic yards, we still will have more beach than we did when the CRP was completed. The Board talked about the amount of sand on the beach. Town Manager Hewett explained that when FEMA does the lost estimation and the engineering behind it, the 1.3 million cubic yards was a dry sand beach placement. When FEMA does the calculations on the sand losses, they go to 20 feet depth of closure. The losses that qualify are wet; the methodology used is to our benefit. If you put the losses back on the beach, you will end up further out to sea with a dry sand berm. Commissioner Freer asked if the Town is required from FEMA to put the 1.1 million cubic yards we are being reimbursed on the beach. Town Manager Hewett replied it has to go in the permitted template, which is a dry berm template, in accordance with the permit design. Mayor Pro Tem Fletcher asked if the current BPART balance is projected to grow, shrink or stay the same. Fiscal Operations Clerk Lockner said the total is the same, it is balanced. Mayor Pro Tem Fletcher said he loves the idea of giving a refund, but it means we will bleed down the BPART Fund \$250,000 a year. Commissioner Sullivan said we put in an extra \$250,000 out of the FEMA reimbursement. He said we put \$3 million in a lump sum. Mayor Pro Tem Fletcher said the Board took it out of the money charged in taxes. Commissioner Sullivan said the Town would not have the money without the money from FEMA. He said he isn't talking about the seven cents the Town receives from tourists. FEMA gave us a reimbursement. Out of that extra money, the Board took \$3 million and put it into the sand fund. Commissioner Sullivan said then there was \$250,000, which he argued should be a tax reduction. That was taken and put into the BPART Fund last year, instead of giving a tax refund. He said the Board did that because they were worried about Central Reach 2. He thinks they can say that concern is not as strong of a concern as it was before so the Board can take that money and allocate it in a different way. Mayor Pro Tem Fletcher said the money that would go into Fund 90 this year is coming from the tax revenue. He said from the \$800,000 tax increase the Board gave them, about \$600,000 goes into the BPART Fund and the balance goes to Fund 90. BPART still needs to pay the bill and they don't take in enough to do that. Commissioner Butler stated he is glad they put \$3 million into a dedicated sand fund, a capital reserve fund. Mayor Pro Tem Fletcher agreed and explained he would prefer to have money in savings than plan on future taxation. Commissioner Sullivan said the first 15 minutes of discussion today was that the Board did not want to increase debt or taxes, but what the Board is doing in effect is taking money that is capable of being used for a reduction in taxes, which was discussed that we won't need based on the current situation with FEMA and in effect we are taxing the current property owners the two cents. He thinks the people who agreed to take on the \$15 million debt are entitled to have a reduction in the tax rate. He said it seems logical to him that if the Board doesn't want to raise taxes that they should do that. Commissioner Butler said there is \$3.241 million that was put into a dedicated sand fund. He doesn't know what Mother Nature has in store for us. There are two other ends of the island. He said the Board should be concerned about the east end with everything going on.

Commissioner Freer said his number 4 is **creating a short-term beach re-nourishment plan**. He said that is what we are working on with the two FEMA named storms. Town Manager Hewett stated that short-term beach nourishment plan operationally with FEMA and some of the current issues right now is in play. Additionally as part of the beach management master plan, that is a leg on that stool too.

Commissioner Freer stated his number five is the **\$10 million for 10 years - Central Reach**. We have a little over \$3 million and are going into the third year so we are on schedule for that. Mayor Pro Tem Fletcher stated that continues to be one of his goals.

Commissioner Freer stated that is his top five. He could keep going, but five is a good number.

Mayor Pro Tem Fletcher stated that his other one that was a major one is to **look at a communications plan**. One that shares information with the public, not just for our residents, but all of the taxpayers. He said we had too many events that the Board ends up making a decision that they find out the public isn't very happy with. He feels like he represents all taxpayers. He would love to see a communications system that gets developed that can send out the information easily. He thinks we could use a better information flow. Commissioner Freer said he agrees with that. On Tuesday there is an organizational study analysis and it should be part of that.

Commissioner Butler stated he agrees with the ones stated. The one area that really seems to be of concern to him is number 15 **advocacy – sand fund strategy and supporting documents**. He said the more information we obtain and the more meetings we go to, the further south we go. He said we need to get our feet going. Commissioner Butler said things are happening behind our backs and we don't know what's going on. He said starting with the county and the Corps, there seems to be massive confusion. Commissioner Kwiatkowski stated if you look at the wrap-up she did, almost everything in the advocacy section received a 15 or 14 points. She said the section is something the Board needs to have as a priority. It is not just going to meetings. It is coming back with what is going on and a plan on how to fix it. She explained that was a good part of what the D.C. meetings were about. She said we need to **focus on advocacy in general**, where we are going, what we are producing and what we are trying to achieve. She said this takes several years. Commissioner Kwiatkowski would disagree that we haven't made some progress. It may not be apparent yet, but she thinks there has been some progress. She thanked Commissioner Butler for pointing that out. She thinks the Board needs to take advocacy on as a major objective. Commissioner Butler described some of the confusion he feels is out there. Sand is our number one commodity.

Commissioner Sullivan stated **the Board has to look at and come up with a plan about the long-term expenditures for all of the various dredging projects in the Lockwood Folly**. We have gone from paying roughly \$78,000 and now they are talking about \$1.2 million. We cannot sustain that type of nourishment program so we need to address that. He said the Board needs to make some hard decisions and try to figure out a way to nourish the east end, but at a cost we can absorb. Commissioner Freer said he said short term and Town Manager Hewett extended it to long-term, but he thinks Commissioner Sullivan is right. It's planning. Commissioner Sullivan said he is talking specifically for the Lockwood Folly. The Board talked about current issues relating to the inlet and the financing involved. Commissioner Kwiatkowski said the Deeper – Wider Project was one the Town wasn't on board with; we simply said if you are going to do this we need the sand. She said we are now back to square one that the Town needs the sand that comes from the normal dredging and the crossing. Commissioner Freer agrees. He asked how the Town is advocating to the county. Town Manager Hewett said Poyner Spruill is working for the Town on federal issues. Mr. McIntyre will be on the agenda in May for an update.

Commissioner Kwiatkowski stated she thinks the Board should put **improving the community rating score** on their objectives. She doesn't think it is unreasonable to say that in this fiscal year steps start to be taken to get the effort underway to improve the score. Right now we are at an eight and we get 10% off of our flood insurance. We may be able to get to 20. Commissioner Freer stated he does not disagree with that.

Commissioner Freer stated we are up to eight. Commissioner Kwiatkowski said a lot of these are not new efforts, but they are continuations. She looks at it as what the Board is taking on that is new and more effort is necessary by staff and the commissioners. She stated she doesn't disagree with the objectives we are stating, but she doesn't think the Board needs to limit themselves. Commissioner Freer said he views it as a guideline for the budget so Town Manager Hewett could understand the guidelines a little clearer.

Commissioner Sullivan said he is in favor of a tax reduction and others are not. Commissioner Kwiatkowski said like last year, she agrees. She would like the Board to give the two cents back and play it year to year. If there isn't agreement on it, she thinks the best idea would be to put it into the sand fund. Commissioner Freer stated the Town is close, but not to where the General Fund Balance should be. He would rather put it in savings than give it back. Commissioner Butler said he is neutral. He wants to keep the tax rate where it is. Mayor Pro Tem Fletcher said he doesn't think there is any surplus in any of the funds. He would love it, but if they don't put it in the sand fund he thinks it should be put in the General Fund to improve our financial statements. He said we are not far from Carolina Beach and they are being warned by the Local Government Commission. Mayor Holden asked about the interest rate on the original \$10 million loan. Town Manager Hewett replied he would need to look.

Fiscal Operations Clerk Lockner reviewed the schedule. Next Friday is the last workshop. There is a Budget Message deliverable between the 6th and 10th of May.

Fiscal Operations Clerk Lockner said not much has changed in the General Fund. We did change some expenses in the Governing Body. Commissioner Sullivan said looking at the numbers for ad valorem, we are anticipating getting about \$215,000 more than this current year. Fiscal Operations Clerk Lockner agreed. Commissioner Sullivan asked about the difference in Miscellaneous. Fiscal Operations Clerk Lockner said \$43,000 was the sales tax that was put in Miscellaneous and then was distributed to the various funds. Town Manager Hewett stated it does not show \$43,000 now. He explained the numbers are benchmarked at February 19th. Fiscal Operations Clerk Lockner said the Budget Message will show what we are proposing for the upcoming year. It doesn't show the spreadsheets.

Mayor Pro Tem Fletcher said when you look at the next to last line in the funds where you are appropriating, it means you are taking out of the fund. It is only \$35,000, it is pretty much a balanced budget, but it isn't growing the fund. It would lower the fund ratio. Town Manager Hewett explained staff still have some tweaks and they understand the Board's guidance.

Commissioner Kwiatkowski said on page 11 when you look at the transfers to BPART and the Beach re-nourishment fund two weeks ago they were higher and were expressed at two cents and five cents. She would like to understand the change in numbers. Town Manager Hewett explained last year we transferred a total of \$806,000. When we ran the numbers for this year we did use the two/ five split. Both of those amounts were more. In order to accommodate fund balance, we decided to project a total of \$806,000 transfer, so it is a little lower than a seven cents total. The transfer to the BPART Fund is the

five cents, which is the debt service on the special obligation bond. The other two cents equivalent is the contribution to the Capital Reserve Fund.

Commissioner Kwiatkowski said she was comparing against the last meeting and based on those numbers the salaries went up about \$30,000. She asked if there was refinement to the item. Fiscal Operations Clerk Lockner said she would need to go back and look. Town Manager Hewett said it is the inclusion of the part time administrative assistant, the auxiliary police and there is an offset in differentials between the upcoming budget force structure as opposed to last year's. Commissioner Kwiatkowski stated the overtime budget has remained constant. It is not being reflected that an extra officer could reduce the amount of overtime. Chief Dixon said that is his goal, but there are hurricanes, festivals, sick days, etc. Commissioner Kwiatkowski states she knows there is a lot the Police Department wants and needs. She asked if there are some things that can be looked at to see if they can fund part this year and part next year and still achieve the overall objective given that we are looking for \$35,000 – \$40,000. Chief Dixon replied he has looked at that and explained why for professional appearances it will be best to roll it out together. Commissioner Freer said he is a big supporter, but he thinks the overtime should be reduced. If you are adding one and not reducing the other, it doesn't make sense to him. Mayor Holden stated that 12 years ago, the Board at the time wanted to go to a 10 member department. We are potentially at nine; someone is doing good with the purse strings.

Commissioner Sullivan said when he looks at group insurance and compares the cost of the salaries to the insurance, it is different by department. He asked how it varies. Fiscal Operations Clerk Lockner explained it is a different workforce in each department. There are different dependents based on who is in the department. The Town pays 100% for employees, 80% for dependents. Commissioner Freer asked if we will have the compensation plan report back before the Budget Message. Town Manager Hewett replied no, he is thinking it will not be available until July or August. He said the 80/20% split has been a practice the Town has evolved over many years. Commissioner Freer said the practice has evolved in the rest of the world differently. Commissioner Kwiatkowski said not everywhere. There is great latitude in how different organizations do it. Commissioner Freer said the Town is flipped from most municipalities. He said the state teachers are flipped as well. Commissioner Butler asked about the total of insurance for single and family coverage. Town Manager Hewett stated he provided that information at the last meeting when he wasn't there. He will get it to him.

Commissioner Butler talked about the New Jersey State Troopers' uniforms.

Commissioner Kwiatkowski inquired about the rollback number. Public Works Director Clemmons said the number will reflect the new bids because he used some of the information from the new figures.

Mayor Pro Tem Fletcher asked if the Fund Balance appropriated in the Water and Sewer Fund is primarily for the upgrade to Station #3. Fiscal Operations Clerk Lockner replied yes. Commissioner Sullivan said there seems to be a \$150,000 difference in the Water Capacity Charge line; it went from \$170,000 - \$15,000. Fiscal Operations Clerk Lockner said that is related to the capital reserve fund and the sewer study. We had a budget of \$170,000 last year and the Board made some changes. We have moved about \$15,000 over to the capital reserve fund. The amount was budgeted because we have not made any new decisions and that was the amount we received. Town Manager Hewett explained the delta is directly attributable to the fact that the \$173,000 was predicated on a high capacity charge last year and what we

have received is a lot less based on the commissioners adopting a reduced fee schedule. We don't have an updated fee schedule for the fee so we budgeted pessimistically on that. He confirmed it is in relation to the sewer capacity fee charge being changed. The fee schedule was changed after the budget was adopted and we didn't go back to it.

Assistant Town Manager Ferguson said the county requested a special meeting with the staff on April 3rd. The county is concerned about liability and no longer wants to take the lead on the Deeper- Wider Project. If the Board wants to do the project, the Town will need to handle the initial cost. They are still willing to give the part that they suggested. The Town would need to take the lead on the full amount and then apply for and receive a grant. The county de-obligated the grant funding with the state. It is a major modification of our permit. That does cause concern because we were also going to try to do the AIWW Crossing Project. If we were to do this major modification, we don't want our permit to be tied up. Staff talked to the Town's engineer, Fran Way. He said it is very similar to option 4 of the terminal groin study. Assistant Town Manager Ferguson provided details on the concerns in the similar scenario. A similar project in New River Inlet just cost \$80,000 in permitting. The county's grant application showed \$60,000 in permitting. Mr. Way is concerned about the shipwrecks out there. A possible full Environmental Impact Statement (EIS) may be required because of archeological and essential fish habitat. There is up to one year for permitting. Assistant Town Manager Ferguson said this would put the sole liability back on the Town. What we were saying in the interlocal draft that went to the county was based on the resolution that the Board passed the Town would like to see modeling. Now it falls to the Town.

Commissioner Butler said he looked at the report last night. Everything has changed. He goes to a meeting and hears one thing. Then staff goes to meetings and everything changes. Commissioner Freer asked if this reflects the direction of the county. Town Manager Hewett replied yes, the county is walking away from this project. The county is the one that applied for the grant. We protested the application of the grant in the beginning. We didn't feel like some of the concerns were adequately addressed. Commissioner Freer asked if he thinks this reflects a wider direction of the county as far as Lockwood Folly dredging. Town Manager Hewett explained he does not know what the county will do as a follow up to this. Commissioner Kwiatkowski stated this project was positioned as an experiment. She said a lot of times when an agency puts out an experimental idea they are hoping to get positive feedback from different informed bodies who have been through things, saying it is a good idea. She doesn't think they received that from anyone. She thinks the liability concerns suddenly hit them so they didn't want to take the lead. Commissioner Kwiatkowski said a year ago the Board was dead set against this and our caveat was if they are going to do this, we need the sand. She said she thinks they have come to the conclusion that this is an experiment and they are not prepared to go out on a limb like you have to for an experiment with possible severe consequences. Mayor Pro Tem Fletcher asked if we anticipate that there would need to be extensive environmental studies to get the permit. Town Manager Hewett responded that this is a modification to a Corps' existing authorized template. He thinks the statement about up to one year for permitting may be optimistic. A full blown EIS is probable. We have said all along we want modeling whenever there is anything that is a modification to the current modus operandi out there. Assistant Town Manager Ferguson stated the staff's interpretation is the Board is not interested in the Deeper-Wider Project, they don't want a grant applied for and they don't want to move forward with the project. The Board agreed. Town Manager Hewett explained that is what this budget reflects. The amount was pulled out.

Assistant Town Manager Ferguson said regarding the AIWW Crossing and Piggyback Project, for the current fiscal year, the Corps announced they are planning to do a contract on that. The total cost estimate based on this year's numbers for piggyback was \$3,840,000. Mr. Way thinks more sand may be available if Oak Island doesn't get to the sand this year for the piggyback portion. Based on the numbers we have, we would need to apply for the grant from DWR. She doesn't think the funds should be appropriated from the Capital Reserve Fund until there is notification of grant award and we have confirmation from the Corps that we are the ones getting the sand. \$1,280,000 is the Town's share. We can request the county participates in that. This involves using our permit. 200,000 yards is what Mr. Way is anticipating as the amount. Commissioner Freer stated we don't know what Oak Island is being charged. Assistant Town Manager Ferguson said we are still following up with the Corps on that question. Town Manager Hewett stated the piggyback project is not in this budget either. The Board would have to adopt a project ordinance once a grant contract is in place. Commissioner Freer stated he is surprised there is not a line where the Town will work with the county as we have done in previous years. Town Manager Hewett said that is the Lockwood Folly Dredging line, which is basically the operations account for the Corps' dredge plant. We try to discriminate what goes into the operations budget based on there being a contract document in place versus ongoing maintenance. Assistant Town Manager Ferguson stated in the budget the recommendation is to leave the \$1,280,000 in the capital reserve fund and don't bring it over until there is a project. Commissioner Freer said we are assuming the county is not participating. Town Manager Hewett said we will need to take it up with the county if we receive a grant award. The application process has become more finite now that the SDI-5 Fund has become a reality. Commissioner Freer said it seems like the county is hands off and we need to change that.

Assistant Town Manager Ferguson said in this fiscal year we were awarded a CAMA access grant. We do not have the grant documents at this time. We don't have time to build a walkway before the season. The grant needs to slide to the next fiscal year. The admin vehicle has been removed from the budget.

Commissioner Freer asked about Professional Services. He inquired how the decision for choosing two of the four projects for the collaboration with UNCW was made. Assistant Town Manager Ferguson replied in discussions with Mr. Way based on what he thought would complement what the Town was already doing. She explained the Inlet & Beach Protection Board (IBPB) heard the presentation. The minutes show that staff would go back to talk to Mr. Way and see what he thinks would work best. There were some things that he needed to give us information on. On some of the cameras and other monitoring, he was a little skeptical of spending money at this point in time until the technology came along a bit. It is up to the Board if they want to go for the full amount. The full amount was \$32,200 as an estimate. The recommendation is \$15,400. It was \$7,700 for dune vegetation mapping and monitoring and \$7,700 for Lockwood Folly and Shallotte Inlet history map and track. Commissioner Freer said he views the process as staff and Mr. Way bring the information to the IBPB and they bring it to the Board. Town Manager Hewett said the budget process is a staff process. The IBPB reviewed that and his understanding is it was couched in terms of what the operators would think would be the utility in that. That is what this budget reflects. Vicki Myers (IBPB Chair) said she believes the IBPB recommended going forward with all of them. Assistant Town Manager Ferguson said her understanding was staff was supposed to get with the engineer and find what would complement the Town best. Commissioner Freer said it makes sense because we want Mr. Way and UNCW to be collaborative, but he doesn't think it went back through the process. He had the opportunity to look at the camera and it is being used. He encouraged Mr. Way to look into it a little further. Assistant Town Manager Ferguson asked if the Board wants the number to be changed to

\$32,200 and all of the possibilities be put in. Commissioner Freer replied no he is okay; he is just talking about the process.

Commissioner Kwiatkowski asked if she remembers correctly from the last meeting that finding a new sand source that will apply to CRP 2 is a possible reimbursement. Assistant Town Manager Ferguson replied yes. Commissioner Butler stated he thinks the Board will discuss this Tuesday, but rather than using Central Reach, he used hurricane names. He said FEMA reimbursement is a direct result as a loss of the sand due to the hurricane. He would like to keep Central Reach separate from FEMA. Ms. Myers stated the IBPB discussed it. It was 50/ 50. She agreed they are different funding sources so it probably would be clearer for the public to use Florence/ Michael Remediation. Commissioner Kwiatkowski suggested the Board could use Central Reach Reimbursement (CRR), instead of project. Town Manager Hewett stated this is a permitting expense that is a direct reimbursable function of a storm. Commissioner Butler doesn't want to confuse the two. Town Manager Hewett explained we don't have an approved project worksheet or project budget. Until that happens it is not a reimbursable expense.

Commissioner Kwiatkowski stated she sees there is another \$10,000 for Board Travel. She asked what is expected for that. Assistant Town Manager said it is not all Board travel. The line went up because we are not getting a new truck. It includes money for travel costs.

Commissioner Freer explained in reference to the money for the heaters at the Fire Substation, they need to keep the trucks heated all winter. Assistant Town Manager Ferguson explained that the line also includes taking care of rot issues at the substation.

Fiscal Operations Clerk Lockner explained the last slide is the capital reserve funds. We have gotten a little closer to the numbers on page 37. The Capital Reserve Fund Water includes what is currently in there, plus the amount you see in the budget in the Water Fund, as well as sewer. The Beach Re-nourishment and Inlet Management Fund shows what is in there now at \$3.2 million, plus the amount \$2.6 million that will be transferred.

ADJOURNMENT

Motion by Mayor Pro Tem Fletcher to adjourn at 11:50 a.m.; second by Commissioner Butler; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk