



**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
TUESDAY, MAY 21, 2019 – 7:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Regular Meeting on Tuesday, May 21, 2019 at 7:00 p.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem John Fletcher; Commissioners Mike Sullivan, Joe Butler and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Public Works Director Chris Clemmons; and Police Chief Jeremy Dixon. Commissioner Pat Kwiatkowski was unable to attend the meeting.

Mayor Holden announced that Lindsay Kriz, the Beacon reporter, had a stroke. He asked that everyone keep her and her family in their prayers. He asked for a moment of silence and then called the meeting to order.

**PLEDGE OF ALLEGIANCE**

**AGENDA APPROVAL**

Commissioner Freer said that at the end before adjournment the Board would like to go into Closed Session for an attorney/client issue. Mayor Holden said that would be Item 22.5. Town Manager Hewett said Planning Director Evans is ill so Item 16 needs to be deleted from this month's agenda.

*Motion by Mayor Pro Tem Fletcher to approve the amended agenda; second by Commissioner Butler; approved by unanimous vote.*

**APPROVAL OF MINUTES**

*Motion by Mayor Pro Tem Fletcher to approve all minutes (minutes of the Special Meeting of March 28, 2019, the Special Meeting of April 12, 2019; the Regular Meeting of April 16, 2019 and the Special Meeting of April 19, 2019); second by Commissioner Sullivan; approved by unanimous vote.*

**PUBLIC COMMENTS ON AGENDA ITEMS**

No comments were made.

## **RECOGNITION OF PAR COURSE EAGLE SCOUT PROJECT, TODD ROBBINS**

Assistant Town Manager Ferguson recognized Todd Robbins for his work on the PAR Course for his Eagle Scout Project.

## **RECOGNITION OF INTERNATIONAL CITY/ COUNTY MANAGEMENT (ICMA) AWARD OF CREDENTIALLED MANAGER STATUS TO TOWN MANAGER HEWETT**

Tommy Combs, ICMA recognized Town Manager Hewett for his credentialed manager status. He explained that on April 24<sup>th</sup>, Town Manager Hewett received notice that he achieved the designation as a credentialed manager. To become a credentialed manager you must pass the scrutiny of three groups. It starts with the ICMA Advisory Board. Then they place your name in an ICMA publication and anyone in the association can make a comment. Finally the Executive Board of ICMA must approve it. You must have significant experience as a senior manager. Town Manager Hewett has over 20 years as a manager. He has worked for Leland, Caswell Beach and Holden Beach. Prior to that he has several years of responsible leadership in the US Air Force. You must have earned a degree in or related to administration. Mr. Combs reviewed Town Manager Hewett's educational background. He said you must also demonstrate a commitment to high standards of integrity, lifelong learning and professional development. Once you achieve the designation you must develop a plan and submit an annual report to ICMA on how you will continue your professional development. Mr. Combs said Town Manager Hewett has met all of the requirements with distinction.

## **LOCKWOOD FOLLY INLET SEDIMENTATION ANALYSIS PRESENTATION**

Fran Way said the Town will have the completed study by the end of the week. He provided information on the Lockwood Folly Inlet Crossing and the projects that occur in the inlet. In 2019, the sand from the Crossing Project was put on Oak Island and not on Holden Beach. There were a couple of reasons; Oak Island said they needed sand and there was an easement issue. The east end of Holden Beach is highly erosional. This project is a critical element to keeping the beach healthy and stable so there is concern that the sand was going elsewhere. Within the crossing there is a bend widener. He provided information on the bend widener. In 2010, the Corps went to the 400 foot bend widener and there was a lot more material. The Town said we wanted to put that material on the beach in 2014 and 2017. In 2013, the State came in with their own funding, the Shallow Draft Dredging Fund. They also established a Memorandum of Agreement with the Corps. Now the 400 foot bend widener is more economical.

Mr. Way showed Division of Coastal Management long-term erosion rates. The east end of Holden Beach's erosion rate is five to seven feet per year. The west end of Oak Island is accretional. He showed the Lockwood Folly Inlet Crossing history. Since 1971 there has been 41 projects where they dredge the crossing and the sand was placed on the Town's east end. For Oak Island there were five over the same span. Holden Beach is the Base Disposal Plan. It's the least costly alternative. Mr. Way provided historical information on the east end. Oak Island has been accretionally stable. The east end of Holden Beach should have priority. In 2012, the Corps did a complex, economic study about the cost benefits of placing sand and protecting infrastructure at beaches. It showed positive net benefits for Holden Beach.

Mr. Way explained they did some modeling. There is a big question of where the material ends up. They also wanted to see how the material performed. One key component to that is the channel orientation. They looked at that and the shoal migration. He reviewed the modeling. They looked at historic channel dredging of the Corps. For the last 10 years or so they have been centrally located, a little closer to the Holden Beach side. The beach has been doing well because a lot of material has been placed on Holden Beach from 2010 to now. The beach is looking okay, but the Lockwood Folly Inlet Crossing material is a critical component. About five times as much material is coming from Holden Beach into the inlet versus what is from Oak Island. That agrees well with the erosion rate comparison which is, Holden Beach is about five times more erosional than Oak Island.

Mr. Way summarized the report. Holden Beach's east end has been the "Base Plan". The dredge mobilization/demobilization costs are about 15 – 20% lower for the east end than for Oak Island placement. The erosion rate is five times on the east end from Oak Island's west end. The Lockwood Folly Inlet Crossing deposition is five times higher. The Corps' does not include the west end of Oak Island in their BCB Project. Since 2010, with the additional bend widener material it has proved to be a critical element to the health of the east end. With the state funding contributions expecting to continue we will try to maximize that.

Commissioner Freer asked if it is in the plan to continue the bend widener. Mr. Way replied yes, they would recommend it. There are several ways to go about the project. He provided details. This year they didn't have enough time to do the bend widener so they are planning on doing the project again in 2020. There should still be a good amount of material there. Commissioner Freer thought it has been every other year. Mr. Way explained it varies. A lot of times the follow-up project is small. Commissioner Butler said this is really critical to us at this point in time. If you throw in the crossing you are up to about 200,000 cubic yards. Mr. Way agreed you could pretty much double it and maybe add a little bit more. Commissioner Sullivan said the reason ATM was asked to conduct the study was that against all history and financial benefits the Corps determined they would put the sand on Oak Island so we decided to combat that with data. He asked if Oak Island has any legitimate argument that would justify putting the sand on Oak Island rather than Holden Beach in the future. Mr. Way replied that he heard they are developing a model for the inlet as well. They will show you pictures of a hot spot. Even then, there is a fat dune system that is right in front of those few homes, much more than on Holden Beach's east end. He doesn't see a reason. Commissioner Sullivan stated we now have the data that we would be able to rebut their argument that they are entitled to an equal distribution of sand. Town Manager Hewett said he would like to point one thing out about that economic analysis that the mobilization/ demobilization are 15% less than the Oak Island placement. Not only will it cost less on a per accomplishment time, he would submit that as a larger programmatic cost, placement on Oak Island actually increases the frequency needed to dredge the inlet and therefore is a higher cost over a span of several years because of the need to mobilize the sidecaster dredge with the sand falling back into the inlet. That cost is primarily born by either the Shallow Draft Inlet Fund. Commissioner Freer said Mr. Way didn't say the inlet, he said the waterway for the migration. He asked if the sand migration from Oak Island is the inlet and waterway. Mr. Way replied they could add something in about that. He reviewed his slide on what the sand is doing and how it affects the Town.

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Mr. Way explained they plan on doing the first step in June for the sand search. Commissioner Freer said we are in a race for sand; the schedule is important. Commissioner Butler asked if ATM has a preliminary draft timeline. Mr. Way replied yes. Commissioner Freer would like some kind of schedule. Commissioner Sullivan asked if Oak Island has a permit yet to access the sand source. Town Manager Hewett answered that he understands they have a CAMA permit. Mr. Way agreed he will put together a draft timeline.

### **FIRE DEPARTMENT UPDATE – ASSISTANT CHIEF DAVID WARD**

Assistant Chief Ward provided statistics on the Fire Department. In 2018, they responded to 1,429 calls. 81% of the calls were on the mainland, 221 calls were on Holden Beach. In 2019, they responded to 444 calls, 374 on the mainland, 48 on Holden Beach and 22 mutual aid calls. In 2018 they celebrated their 50-year anniversary. In 2018, they switched their staffing model to 24 hour shifts. In 2019, they did not request an increase to fire fees. Station 2 (Holden Beach) staffing will begin on Friday, May 24<sup>th</sup>. It is staffed 7:00 a.m. – 7:00 p.m. from Memorial Day to just after Labor Day. They will be doing their MDA Fill the Boot Drive on May 24<sup>th</sup> and 25<sup>th</sup>. This year they are starting the planning and design of a new fire station for replacement of the station at Sabbath Home Road.

Assistant Chief Ward explained that the Fire Department provides services for fire response, medical first responder, rescue services, child passenger safety permanent checking station and various public service items such as smoke detector installs, home safety surveys and lifting assistance calls. They have 17 full-time staff, 16 part-time staff and 14 volunteers.

Assistant Chief Ward said letters supporting a beach access and a water tank were sent by Chief Todd to the Board and are included in the packets. Commissioner Sullivan asked the response time for service onto the island. Assistant Chief Ward responded their average response time is five minutes. It varies during the year, the time of day and call location. He provided examples of response times. He talked about how they code their calls.

### **POLICE REPORT – CHIEF JEREMY DIXON**

- We had 193 service calls. Details are on the report. The incident reports in April were up to 14. Took several reports for breaking and entering and larcenies. It is common for this time. They might not have happened in April, but this is when people discover things after not being here during the winter.
- May 20<sup>th</sup> started the prohibition on pets from 9:00 a.m. – 5:00 p.m. on the strand.
- If you are using beach equipment on the strand, take it with you when you go.

Commissioner Sullivan asked about the 15 traffic stops. He asked if citations were issued. Chief Dixon said he is not sure. He knows there was at least one DWI. He is sure the others were minor traffic violations.

## **DISCUSSION AND POSSIBLE ACTION ON STATUS OF 2018 AUDIT**

Mayor Pro Tem Fletcher stated we are coming up on the seventh month of when the last audit report should have been submitted to the LGC. He asked for an update on the status. Town Manager Hewett explained we have received the final draft from Rives and Associates and provided a few corrections back to them. He needs to develop the management discussion and analysis, along with the fixes to the two findings in the report. He said as he discussed with Mayor Pro Tem Fletcher it will probably be the end of next week before he can get it back to the auditor.

## **DISCUSSION AND POSSIBLE ACTION – REVIEW OF FISCAL YEAR 2019 – 2020 BUDGET MESSAGE**

Commissioner Freer said the Board has the Budget Message for this year and he knows we will have a public hearing in a month. He said one of the issues he noticed is the revenue neutral tax rate. Town Manager Hewett explained there is a requirement to publish the revenue neutral tax rate in the year when a reappraisal of properties is conducted. He explained what that meant. Commissioner Freer said one of the goals was that the Board wanted to be revenue neutral and to not raise taxes. He said if you don't do revenue neutral you are essentially raising taxes. Town Manager Hewett said evidently something was lost in translation. In the minutes when he asked if it was no new taxes or no new tax rate, the Board agreed that it was the same tax rate. We proceeded all through the workshops with using the 22 cent tax rate. Commissioner Freer said he saw the same thing, but he also thought it was in the minutes to make it revenue neutral. He would request to modify the budget to be revenue neutral so that it would be a 20 cent tax rate. Town Manager Hewett stated there are some qualifiers so staff can go back and recalibrate that to make sure the revenue neutral tax rate is accurately calculated. Mayor Pro Tem Fletcher said the revenue neutral tax rate will give the Town more money than last year because you get one year of growth. Town Manager Hewett clarified it is four years of growth. Commissioner Freer said the Board would like to improve the General Fund ratio, which this should. He said they also would like to make sure the sand fund would not be negatively affected. Town Manager Hewett stated he is interpreting that he is proposing that the budget ordinance reflects a revenue neutral tax rate instead of the 22 cent tax rate proposed.

Commissioner Sullivan said his suggestion and his request last year and during meetings this year is that the Board should reduce the taxes by two cents. The Town was reimbursed for a large sum of money by FEMA. That allowed the Board to put \$3 million in the sand fund and it would allow the Board to reduce the tax rate by two cents. He stated his colleagues voted against it last year and are voting against it again this year. He said they are artificially keeping the tax rate higher by at least two cents. If the Board at the time knew the Town would be reimbursed the FEMA money, they never would have authorized a tax increase of two cents because it would not have been necessary. He said when the Board is talking about the Central Reach Reimbursement (CRR), nobody is talking about raising the tax rate \$25 million to pay for it. He said the Town borrowed money with the firm belief we needed money. Hurricane Matthew came in and FEMA reimbursed us for the money the Town spent on the Central Reach Project (CRP). We were reimbursed. Commissioner Sullivan said the Town has more money in the BPART Fund now than before the CRP began. He added \$250,000 is being taken from the General Fund and being put in the sand fund; that money should be a tax reduction. Mayor Pro Tem Fletcher stated if we give 250,000 back today, there

is a \$400,000 drop in the General Fund this year. Commissioner Sullivan stated if the Board doesn't give a reimbursement based on the money we received from FEMA, we are artificially taxing the people in the Town and raising their taxes without being upfront about it. Mayor Pro Tem Fletcher said everyone knew what the Board did and why they did it. He stated the BPART Fund Balance is being reduced over \$300,000 this year. Commissioner Freer said we are not raising taxes and we are not lowering them. He said the BPART Fund balance is being reduced by \$316,000, the General Fund Balance ratio is not at its target and the sand fund balance is \$3 million. We know that we plan on doing a project every 10 years. It will probably cost \$20 million in seven years. Commissioner Sullivan said he is not questioning if the fund is justified. He stated by not lowering taxes, the Board is doing exactly what they are voting against here. If we are going to look at the CRR, don't use the tactic that we will need a great amount of money in the next ten years because we will have more sand on the beach when we complete the CRR than we had before we did the original CRP. We will have at least another 30 or 40 feet than when we completed the CRP and it will not cost the Town anything. We will upfront the money, but it will be reimbursed. Commissioner Butler asked the total debt on the current project. Town Manager Hewett replied \$10.8 million. Commissioner Freer said he is looking at the long game of having monies in the BPART Fund so we can get reimbursed. You can't get reimbursed by spending nothing. Commissioner Sullivan asked if there is enough money in the BPART Fund to fund the CRR. Town Manager Hewett explained the fund will pay a piece of it, but we will need to get a bridge loan to pay for it until we are reimbursed. Commissioner Sullivan asked if another \$250,000 would do that. Town Manager Hewett replied no. Commissioner Butler said didn't we just appropriate \$316,000 into the BPART Fund. He said he guesses they were trying to balance something.

*Motion by Commissioner Sullivan that instead of just asking for the budget to be adjusted to be revenue neutral, that there be a two cent tax reduction incorporated into it, so the new tax rate would be 18 cents or thereabouts. No second was made.*

*Motion by Commissioner Freer to direct the town manager to adjust the current budget to revenue neutral, second by Mayor Pro Tem Fletcher; approved by unanimous vote.*

## **RECEIPT OF INLET AND BEACH PROTECTION BOARD (IBPB) REPORT**

Commissioner Freer explained the IBPB met on April 25<sup>th</sup>. We are calling the project the Central Reach Reimbursement as to not confuse it with the follow-on to Central Reach. The Wider and Deeper Project has been canceled. The county was not interested in taking the lead in the project. We were not interested in taking over. Commissioner Butler added there is tremendous cost and liabilities associated with that. Commissioner Freer said work continues on obtaining easements for east end property owners. Attorney Fox stated we are still on schedule. They have sent the Corps a copy of each easement that has been recorded. They met with them a couple of weeks ago to confirm how they like to receive information. Commissioner Freer explained that is to be ready for the next dredging in the crossing. He said there has been a lot of work on the comprehensive long-term plan. He is interested on when that plan will be available to the Board. Assistant Town Manager Ferguson said the first draft is going to the IBPB at their next meeting. The planner is looking at bringing it to the Board in the summer, maybe the July or August timeframe.

## **DISCUSSION AND POSSIBLE ACTION – CONSTRUCTION MANAGEMENT SERVICES OF THE VACUUM SEWER SYSTEM #4 UPGRADE STATUS REPORT**

Public Works Director Clemmons said the contractor wrapped the project up. A separate item that didn't have to do with the project was that he requested a quote on gas monitors. He hopes to have a quote in the next few days. We don't have the last pay request yet. He was hoping to have the contract in hand for Station #3, but we only received it a couple of days ago and there hasn't been time to iron out all of the details. Commissioner Freer asked if there is an impact to the schedule with the contract being delayed. Town Manager Hewett replied yes. Public Works Director Clemmons added it is a tight schedule. Town Manager Hewett said this lift station will be trickier than the other because of sound continuation issues and acoustical engineering that needs to go along with that. The contract for the engineering services will be significantly more expensive than the previous one and the funds appropriated in the current year because of the acoustical engineering requirements. He proposed we roll the proposed contract costs into the budget ordinance consideration. Those requirements were not in the original McGill study.

## **DISCUSSION AND POSSIBLE SCHEDULING OF A DATE FOR INTERVIEWS FOR INLET AND BEACH BOARD VACANCY**

Town Clerk Finnell said we have a vacancy on the IBPB and recommended that the Board hold interviews for the position on June 18<sup>th</sup> at 6:45 p.m.

*The Board agreed to June 18<sup>th</sup> at 6:45 p.m. by consensus.*

## **DISCUSSION AND POSSIBLE ACTION ON ORDINANCE 19-08, AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE OF ORDINANCE OF THE TOWN OF HOLDEN BEACH**

Town Clerk Finnell explained that the latest supplement to the Code of Ordinances codifies the ordinances the Board already approved.

*Motion by Commissioner Butler to approve Ordinance 19-08, second by Mayor Pro Tem Fletcher; approved by unanimous vote.*

## **TOWN MANAGER'S REPORT**

- Received a CAMA walkway grant in the amount of \$21,000. Will execute the contract. It is in the budget for next year. Have a tentative approval on award for the state's stormwater assessment reimbursement for some of the engineering evaluations and surveys for the hurricanes. That cost is about \$20,000.
- Memorial Day is upcoming. The first concert of the season is Sunday. The splash pad is testing operational and will be running this weekend.

Commissioner Freer asked when the solid waste/recycling changes would take place. Town Clerk Finnell answered island wide rollback started today. Weekly recycling will start next Tuesday. Saturday trash

pickups will begin this Saturday. Public Works Director Clemmons stated the trash cans on the beach were placed today.

## **MAYOR'S COMMENTS**

- Had a couple of calls about allowing people to smoke on the beach. Saw on the news that others are talking about it. Attorney Fox said she has a legal opinion when the Board is ready.
- With the weather forecast, all indications are we will have a good chance of a full crowd this weekend.

## **BOARD OF COMMISSIONERS' COMMENTS**

Mayor Pro Tem Fletcher

- The weather has changed so the temperature is warm in the ocean. Jellyfish are flourishing and are washing up onshore. The turtles are following them. Yesterday is normally the day we have our first nest. Yesterday we had six turtles on the beach, five of them laid eggs. As of today, we have 11 nests. Last year we had a total of 35 for the year. The anticipation is that we will get flooded with turtles this year. The good news is they love our beach now. When we first did the CRP, it was packed and hard. It is much easier to dig in it now so they are laying eggs. Early July will be the hatching time.

Commissioner Sullivan

- Thanked everyone for showing up and participating in participatory government.
- On behalf of Commissioner Kwiatkowski, she sends her apologies for not being able to attend the meeting tonight. She will be here for the June meeting.

Commissioner Butler

- Be safe. Remember the ocean is a great place to swim. Just remind your families about any possibility of rip currents.
- Thanks for coming.

Commissioner Freer

- Thanks for coming.
- There has been a lot of rip currents and people are being caught in them. Be careful this weekend.

## **PUBLIC COMMENTS ON GENERAL ITEMS**

Ashley Royal complimented Fran Way on his report. He was taken back by the fact that west Oak Island is accretional and the east end of Holden Beach is erosional. It is a shame they were successful in getting sand placed on an accretional beach. He said this may be an opportunity to secure a lobbyist. Commissioner Freer stated there was a meeting today with the Town's lobbyist. Mr. Royal said he appreciates what Commissioner Sullivan said about the budget. He said having served on the Board that raised the tax rate two cents to fund the CRP, today does show there is justification to reduce it by two cents. He was disappointed the Board voted to keep the two cents in there. He understands what it is being used for but if we were reimbursed it should be given back to the citizens. Mr. Royal said he was

interested in agenda item 16 on the Maximum House Size Construction and he assumes it will be on the agenda next month.

**EXECUTIVE SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(3) TO CONSULT WITH THE TOWN ATTORNEY**

Town Clerk Finnell read the reason for Executive Session.

*Motion by Mayor Pro Tem Fletcher to go into Executive Session at 8:29 p.m.; second by Commissioner Freer; approved by unanimous vote.*

**OPEN SESSION**

*Motion by Mayor Pro Tem Fletcher to go into Open Session at 8:58 p.m.; second by Commissioner Freer; approved by unanimous vote.*

**ADJOURNMENT**

*Motion to adjourn at 8:58 p.m. by Commissioner Freer; second by Commissioner Butler; approved by unanimous vote.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk



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Mr. Way explained they plan on doing the first step in June for the sand search. Commissioner Freer said we are in a race for sand; the schedule is important. Commissioner Butler asked if ATM has a preliminary draft timeline. Mr. Way replied yes. Commissioner Freer would like some kind of schedule. Commissioner Sullivan asked if Oak Island has a permit yet to access the sand source. Town Manager Hewett answered that he understands they have a CAMA permit. Mr. Way agreed he will put together a draft timeline.

## **FIRE DEPARTMENT UPDATE – ASSISTANT CHIEF DAVID WARD**

Assistant Chief Ward provided statistics on the Fire Department. In 2018, they responded to 1,429 calls. 81% of the calls were on the mainland, 221 calls were on Holden Beach. In 2019, they responded to 444 calls, 374 on the mainland, 48 on Holden Beach and 22 mutual aid calls. In 2018 they celebrated their 50-year anniversary. In 2018, they switched their staffing model to 24 hour shifts. In 2019, they did not request an increase to fire fees. Station 2 (Holden Beach) staffing will begin on Friday, May 24<sup>th</sup>. It is staffed 7:00 a.m. – 7:00 p.m. from Memorial Day to just after Labor Day. They will be doing their MDA Fill the Boot Drive on May 24<sup>th</sup> and 25<sup>th</sup>. This year they are starting the planning and design of a new fire station for replacement of the station at Sabbath Home Road.

Assistant Chief Ward explained that the Fire Department provides services for fire response, medical first responder, rescue services, child passenger safety permanent checking station and various public service items such as smoke detector installs, home safety surveys and lifting assistance calls. They have 17 full-time staff, 16 part-time staff and 14 volunteers.

Assistant Chief Ward said letters supporting a beach access and a water tank were sent by Chief Todd to the Board and are included in the packets. Commissioner Sullivan asked the response time for service onto the island. Assistant Chief Ward responded their average response time is five minutes. It varies during the year, the time of day and call location. He provided examples of response times. He talked about how they code their calls.

## **POLICE REPORT – CHIEF JEREMY DIXON**

- We had 193 service calls. Details are on the report. The incident reports in April were up to 14. Took several reports for breaking and entering and larcenies. It is common for this time. They might not have happened in April, but this is when people discover things after not being here during the winter.
- May 20<sup>th</sup> started the prohibition on pets from 9:00 a.m. – 5:00 p.m. on the strand.
- If you are using beach equipment on the strand, take it with you when you go.

Commissioner Sullivan asked about the 15 traffic stops. He asked if citations were issued. Chief Dixon said he is not sure. He knows there was at least one DWI. He is sure the others were minor traffic violations.

## **DISCUSSION AND POSSIBLE ACTION ON STATUS OF 2018 AUDIT**

Mayor Pro Tem Fletcher stated we are coming up on the seventh month of when the last audit report should have been submitted to the LGC. He asked for an update on the status. Town Manager Hewett explained we have received the final draft from Rives and Associates and provided a few corrections back to them. He needs to develop the management discussion and analysis, along with the fixes to the two findings in the report. He said as he discussed with Mayor Pro Tem Fletcher it will probably be the end of next week before he can get it back to the auditor.

## DISCUSSION AND POSSIBLE ACTION – REVIEW OF FISCAL YEAR 2019 – 2020 BUDGET MESSAGE

Commissioner Freer said the Board has the Budget Message for this year and he knows we will have a public hearing in a month. He said one of the issues he noticed is the revenue neutral tax rate. Town Manager Hewett explained there is a requirement to publish the revenue neutral tax rate in the year when a reappraisal of properties is conducted. He explained what that meant. Commissioner Freer said one of the goals was that the Board wanted to be revenue neutral and to not raise taxes. He said if you don't do revenue neutral you are essentially raising taxes. Town Manager Hewett said evidently something was lost in translation. In the minutes when he asked if it was no new taxes or no new tax rate, the Board agreed that it was the same tax rate. We proceeded all through the workshops with using the 22 cent tax rate. Commissioner Freer said he saw the same thing, but he also thought it was in the minutes to make it revenue neutral. He would request to modify the budget to be revenue neutral so that it would be a 20 cent tax rate. Town Manager Hewett stated there are some qualifiers so staff can go back and recalibrate that to make sure the revenue neutral tax rate is accurately calculated. Mayor Pro Tem Fletcher said the revenue neutral tax rate will give the Town more money than last year because you get one year of growth. Town Manager Hewett clarified it is four years of growth. Commissioner Freer said the Board would like to improve the General Fund ratio, which this should. He said they also would like to make sure the sand fund would not be negatively affected. Town Manager Hewett stated he is interpreting that he is proposing that the budget ordinance reflects a revenue neutral tax rate instead of the 22 cent tax rate proposed.

Commissioner Sullivan said his suggestion and his request last year and during meetings this year is that the Board should reduce the taxes by two cents. The Town was reimbursed for a large sum of money by FEMA. That allowed the Board to put \$3 million in the sand fund and it would allow the Board to reduce the tax rate by two cents. He stated his colleagues voted against it last year and are voting against it again this year. He said they are artificially keeping the tax rate higher by at least two cents. If the Board at the time knew the Town would be reimbursed the FEMA money, they never would have authorized a tax increase of two cents because it would not have been necessary. He said when the Board is talking about the Central Reach Reimbursement (CRR), nobody is talking about raising the tax rate \$25 million to pay for it. He said the Town borrowed money with the firm belief we needed money. Hurricane Matthew came in and FEMA reimbursed us for the money the Town spent on the Central Reach Project (CRP). We were reimbursed. Commissioner Sullivan said the Town has more money in the BPART Fund now than before the CRP began. He added \$250,000 is being taken from the General Fund and being put in the sand fund; that money should be a tax reduction. Mayor Pro Tem Fletcher stated if we give 250,000 back today, there is a \$400,000 drop in the General Fund this year. Commissioner Sullivan stated if the Board doesn't give a reimbursement based on the money we received from FEMA, we are artificially taxing the people in the Town and raising their taxes without being upfront about it. Mayor Pro Tem Fletcher said everyone knew what the Board did and why they did it. He stated the BPART Fund Balance is being reduced over \$300,000 this year. Commissioner Freer said we are not raising taxes and we are not lowering them. He said the BPART Fund balance is being reduced by \$316,000, the General Fund Balance ratio is not at its target and the sand fund balance is \$3 million. We know that we plan on doing a project every 10 years. It will probably cost \$20 million in seven years. Commissioner Sullivan said he is not questioning if the fund is justified. He stated by not lowering taxes, the Board is doing exactly what they are voting against here. If we are going to look at the CRR, don't use the tactic that we will need a great amount of money in the next ten years because we will have more sand on the beach when we complete the CRR than we had

before we did the original CRP. We will have at least another 30 or 40 feet than when we completed the CRP and it will not cost the Town anything. We will upfront the money, but it will be reimbursed. Commissioner Butler asked the total debt on the current project. Town Manager Hewett replied \$10.8 million. Commissioner Freer said he is looking at the long game of having monies in the BPART Fund so we can get reimbursed. You can't get reimbursed by spending nothing. Commissioner Sullivan asked if there is enough money in the BPART Fund to fund the CRR. Town Manager Hewett explained the fund will pay a piece of it, but we will need to get a bridge loan to pay for it until we are reimbursed. Commissioner Sullivan asked if another \$250,000 would do that. Town Manager Hewett replied no. Commissioner Butler said didn't we just appropriate \$316,000 into the BPART Fund. He said he guesses they were trying to balance something.

*Motion by Commissioner Sullivan that instead of just asking for the budget to be adjusted to be revenue neutral, that there be a two cent tax reduction incorporated into it, so the new tax rate would be 18 cents or thereabouts. No second was made.*

*Motion by Commissioner Freer to direct the town manager to adjust the current budget to revenue neutral, second by Mayor Pro Tem Fletcher; approved by unanimous vote.*

#### **RECEIPT OF INLET AND BEACH PROTECTION BOARD (IBPB) REPORT**

Commissioner Freer explained the IBPB met on April 25<sup>th</sup>. We are calling the project the Central Reach Reimbursement as to not confuse it with the follow-on to Central Reach. The Wider and Deeper Project has been canceled. The county was not interested in taking the lead in the project. We were not interested in taking over. Commissioner Butler added there is tremendous cost and liabilities associated with that. Commissioner Freer said work continues on obtaining easements for east end property owners. Attorney Fox stated we are still on schedule. They have sent the Corps a copy of each easement that has been recorded. They met with them a couple of weeks ago to confirm how they like to receive information. Commissioner Freer explained that is to be ready for the next dredging in the crossing. He said there has been a lot of work on the comprehensive long-term plan. He is interested on when that plan will be available to the Board. Assistant Town Manager Ferguson said the first draft is going to the IBPB at their next meeting. The planner is looking at bringing it to the Board in the summer, maybe the July or August timeframe.

#### **DISCUSSION AND POSSIBLE ACTION – CONSTRUCTION MANAGEMENT SERVICES OF THE VACUUM SEWER SYSTEM #4 UPGRADE STATUS REPORT**

Public Works Director Clemmons said the contractor wrapped the project up. A separate item that didn't have to do with the project was that he requested a quote on gas monitors. He hopes to have a quote in the next few days. We don't have the last pay request yet. He was hoping to have the contract in hand for Station #3, but we only received it a couple of days ago and there hasn't been time to iron out all of the details. Commissioner Freer asked if there is an impact to the schedule with the contract being delayed. Town Manager Hewett replied yes. Public Works Director Clemmons added it is a tight schedule. Town Manager Hewett said this lift station will be trickier than the other because of sound continuation issues

and acoustical engineering that needs to go along with that. The contract for the engineering services will be significantly more expensive than the previous one and the funds appropriated in the current year because of the acoustical engineering requirements. He proposed we roll the proposed contract costs into the budget ordinance consideration. Those requirements were not in the original McGill study.

## **DISCUSSION AND POSSIBLE SCHEDULING OF A DATE FOR INTERVIEWS FOR INLET AND BEACH BOARD VACANCY**

Town Clerk Finnell said we have a vacancy on the IBPB and recommended that the Board hold interviews for the position on June 18<sup>th</sup> at 6:45 p.m.

*The Board agreed to June 18<sup>th</sup> at 6:45 p.m. by consensus.*

## **DISCUSSION AND POSSIBLE ACTION ON ORDINANCE 19-08, AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE OF ORDINANCE OF THE TOWN OF HOLDEN BEACH**

Town Clerk Finnell explained that the latest supplement to the Code of Ordinances codifies the ordinances the Board already approved.

*Motion by Commissioner Butler to approve Ordinance 19-08, second by Mayor Pro Tem Fletcher; approved by unanimous vote.*

## **TOWN MANAGER'S REPORT**

- Received a CAMA walkway grant in the amount of \$21,000. Will execute the contract. It is in the budget for next year. Have a tentative approval on award for the state's stormwater assessment reimbursement for some of the engineering evaluations and surveys for the hurricanes. That cost is about \$20,000.
- Memorial Day is upcoming. The first concert of the season is Sunday. The splash pad is testing operational and will be running this weekend.

Commissioner Freer asked when the solid waste/recycling changes would take place. Town Clerk Finnell answered island wide rollback started today. Weekly recycling will start next Tuesday. Saturday trash pickups will begin this Saturday. Public Works Director Clemmons stated the trash cans on the beach were placed today.

## **MAYOR'S COMMENTS**

- Had a couple of calls about allowing people to smoke on the beach. Saw on the news that others are talking about it. Attorney Fox said she has a legal opinion when the Board is ready.
- With the weather forecast, all indications are we will have a good chance of a full crowd this weekend.

## **BOARD OF COMMISSIONERS' COMMENTS**

Mayor Pro Tem Fletcher

- The weather has changed so the temperature is warm in the ocean. Jellyfish are flourishing and are washing up onshore. The turtles are following them. Yesterday is normally the day we have our first nest. Yesterday we had six turtles on the beach, five of them laid eggs. As of today, we have 11 nests. Last year we had a total of 35 for the year. The anticipation is that we will get flooded with turtles this year. The good news is they love our beach now. When we first did the CRP, it was packed and hard. It is much easier to dig in it now so they are laying eggs. Early July will be the hatching time.

Commissioner Sullivan

- Thanked everyone for showing up and participating in participatory government.
- On behalf of Commissioner Kwiatkowski, she sends her apologies for not being able to attend the meeting tonight. She will be here for the June meeting.

Commissioner Butler

- Be safe. Remember the ocean is a great place to swim. Just remind your families about any possibility of rip currents.
- Thanks for coming.

Commissioner Freer

- Thanks for coming.
- There has been a lot of rip currents and people are being caught in them. Be careful this weekend.

## **PUBLIC COMMENTS ON GENERAL ITEMS**

Ashley Royal complimented Fran Way on his report. He was taken back by the fact that west Oak Island is accretional and the east end of Holden Beach is erosional. It is a shame they were successful in getting sand placed on an accretional beach. He said this may be an opportunity to secure a lobbyist. Commissioner Freer stated there was a meeting today with the Town's lobbyist. Mr. Royal said he appreciates what Commissioner Sullivan said about the budget. He said having served on the Board that raised the tax rate two cents to fund the CRP, today does show there is justification to reduce it by two cents. He was disappointed the Board voted to keep the two cents in there. He understands what it is being used for but if we were reimbursed it should be given back to the citizens. Mr. Royal said he was interested in agenda item 16 on the Maximum House Size Construction and he assumes it will be on the agenda next month.

## **EXECUTIVE SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(3) TO CONSULT WITH THE TOWN ATTORNEY**

Town Clerk Finnell read the reason for Executive Session.

*Motion by Mayor Pro Tem Fletcher to go into Executive Session at 8:29 p.m.; second by Commissioner Freer; approved by unanimous vote.*

## **OPEN SESSION**

*Motion by Mayor Pro Tem Fletcher to go into Open Session at 8:58 p.m.; second by Commissioner Freer; approved by unanimous vote.*

**ADJOURNMENT**

*Motion to adjourn at 8:58 p.m. by Commissioner Freer; second by Commissioner Butler; approved by unanimous vote.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk