



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
PUBLIC HEARING/ REGULAR MEETING
TUESDAY, JUNE 18, 2019 – 7:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Public Hearing/ Regular Meeting on Tuesday, June 18, 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, Pat Kwiatkowski, Joe Butler and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Assistant Town Manager Christy Ferguson; Planning Director Tim Evans; Public Works Director Chris Clemmons; Police Chief Jeremy Dixon; Fiscal Operations Clerk Mandy Lockner; and Town Attorney Noel Fox.

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

PLEDGE OF ALLEGIANCE

PUBLIC HEARING: PROPOSED BUDGET FOR 2019 - 2020

Town Manager Hewett explained the total budget is at a little over \$17 million. In the General Fund there is \$3.4 million; the Water/Sewer Fund is \$5.3 million, with a big piece of that being the sewer lift station upgrade; the BPART Fund is about \$3 million; the Canal Dredging Fund, which keeps a shovel ready project is \$2.1 million; and the Capital Reserve Funds, which are our Inlet and Beach and Water and Sewer Capital Reserve Funds, are at \$3.2 million. The Capital Improvement Plan, which is a 10-year window is at about \$15.4 million. He reviewed the budget schedule and the ten goals and objectives the Board laid out. The proposed Budget Message recommended a 22 cent tax rate. Last month, the Board directed to reduce that to a revenue neutral tax rate of twenty cents. The balanced budget for the Board's consideration tonight, with revenues equaling expenses accomplishes that by cutting out some expenses and also upwardly projecting some of the revenues. We were able to do that because by early June the revenue projections become more credible. The Water/Sewer Fund revenues are trending about the same. We haven't had a rate increase in a while. Water/Sewer consumption is holding steady. There are accommodations in the Water & Sewer Capital Reserve Funds to transfer the System Development Fees that were adopted last year over into the Capital Reserve Funds from the operations fund. BPART revenues continue a healthy, but slight trend upward. There is a transfer from the General Fund of \$576,000 to partially offset the Central Reach Debt Service, along with some fund balance appropriations that are directly related to a sand search and Board goals.

Town Manager Hewett explained the reduction of two cents in the tax rate created a shortfall of approximately \$262,000. In the Governing Body expenses we deleted live meetings, the hurricane preparedness money, along with operational contingencies. We took \$50,000 out of the Inspections Department, which was basically the cost of a replacement vehicle and the cost of the Annual Contractors'

Meeting. The Police Department was the big loser in the exercise. \$112,000 was cut out, that included some of the maintenance and repair on the vehicles, the voice stress analyzer, the new position, the new vehicle that goes along with that and the uniforms. In Streets there was the deletion of a replacement vehicle.

In the budget, as required by the Local Government Budget Fiscal Control Act, we have to pay our debt. We pay all of the new debt service on the Town Hall, the sewer collection system, our Emergency Operations Center and the Central Reach Project. The proposed budget pays for all contractual obligations for the West Brunswick Regional Sewer System. This budget increases the Fund Balance Ratio of the General Fund to a projection of approximately 65% and retains employee benefits at the current levels, along with a proposed merit pool at 3%. The recycling frequency and rollback program have both increased. The budget pays for the second phase of the CAMA Land Use Plan Update. The western half of Brunswick Avenue paving is anticipated in the budget. The Beach & Inlet Master Plan is taken care of within this budget, along with keeping a shovel ready canal dredging project. In the Water/Sewer Fund there are appropriations for the upgrade of lift station #3, both construction estimates and engineering. There is one new manpower position budgeted, with one new vehicle to go along with it. There is also funds for Professional Services for the engineering estimate for the second water tower study. In BPART the fund balance appropriations include a sand search for \$170,000. An appropriation was made this year, but it will be rolled over into next year. Our advocacy consultant funds are also included, as well as a financial consultant to assist with the FEMA project. The boards want to travel more. There is also a Fire Station upgrade and a walkway grant contribution.

Town Manager Hewett provided background on the canal dredging process. Basically all of the dredging that has taken place in the canal system up until this year has been self-funded. Everyone who lived on the canal system paid an assessment. In addition to the self-funding we were able to procure a state grant through the Shallow Draft Inlet Navigation Fund that paid for a lot of the dredging. The Working Group that has assisted the Town in scoping and managing the program annually coordinates as the program is carried forward. The assessments for the upcoming year are \$260 for Harbor Acres, \$400 for Holden Beach Harbor and \$400 for Heritage Harbor.

The budget doesn't comply with our seven years/70,000 mile Vehicle Replacement Policy. It doesn't improve our Community Rating System (CRS). Planning Director Evans will talk to the CRS later on the agenda. There is no Lockwood Folly Inlet navigation money for the Merritt. Town Manager Hewett explained why it's recommended to not make an appropriation at this time. There is a small stipend for the Murden. There may be an opportunity for that. There is no Lockwood Folly Inlet Atlantic Intracoastal Waterway Crossing money in the proposed budget. Staff is proposing it be paid for this fiscal year. There is a budget amendment before the Board. We already coordinated with the state to make it happen.

The Capital Reserve Fund Water is \$26,000, the Capital Reserve Fund Sewer is \$44,000 and the Beach Renourishment and Inlet Management Fund is at \$3.1 million.

The Capital Improvement Plan (CIP) is a ten-year plan at approximately \$15 million. There is where we lay out our strategies for our streets, maintenance, water and sewer equipment, shoreline stabilization, sewer lift stations and our water supply improvements. Year one is reflected in the budget and it is refined every year.

Larry Blume asked if the Capital Sewer Fee charge of \$497.30 is something that homeowners will need to pay forever. Town Manager Hewett replied that amount is related to contractual obligations in the sewer plant. In the Budget Message there is an actuary table that shows when that is over. He believes it ends in 2026. If no other debt is assumed that would qualify for that, it would tail off.

Dolly Mitchell asked if the Contractors' Meeting being removed will impact insurance. Town Manager Hewett responded that Planning Director Evans can address that, but the assessment that we just had last week won't occur again for another few years. The adjudication has been made based on what has already been done.

Vicki Myers asked where beach stabilization is listed in the CIP. Town Manager Hewett answered that the only thing in there for BPART is walkways. The CIP is where beach stabilization would end up if there was a project.

Commissioner Sullivan stated there is a typo on page 15 of the budget. It is written as twenty-two cents (\$.20). It should say twenty cents.

The Public Hearing was closed at 7:27 p.m.

AGENDA APPROVAL

Attorney Fox would like to add a closed session for attorney client.

Motion by Mayor Pro Tem Fletcher to amend the agenda by removing item #8.

Mayor Pro Tem Fletcher said it was added to the agenda assuming there would be a meeting between the auditor, Audit Committee and the Town and that didn't occur. As a result Jay Sharpe, the accountant is not attending the meeting tonight to make the presentation. He said item #9 can stay. Mayor Pro Tem Fletcher stated as he understands it the audit has already been approved; apparently the Board doesn't need to approve it anymore. He said the audit and the letter of representation have already been submitted to the LGC.

The motion to remove #8 was seconded by Commissioner Freer.

Mayor Holden asked the Board if they all agreed to Attorney Fox's request before they moved on to removal of item #8. The Board all agreed to add Attorney Fox's request of an Executive Session for attorney client purposes.

The Board unanimously agreed to delete item #8.

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

APPROVAL OF MINUTES

Commissioner Sullivan would like to amend the minutes of the Regular Meeting on page 10 to clarify. He made a motion to adjust the budget to not only be revenue neutral, but to have a two cent reduction in the tax rate. That was never seconded and another motion was made by Commissioner Freer. He asked that a comment be added that explains no second was made to his motion before Commissioner Freer's motion. *The Board agreed to the change.*

Motion by Mayor Pro Tem Fletcher to approve the minutes as corrected (Minutes of the Special Meeting of May 21, 2019 and the Regular Meeting of May 21, 2019). The motion was approved by unanimous vote.

PUBLIC COMMENTS ON AGENDA ITEMS

No comments were made.

POLICE REPORT – CHIEF JEREMY DIXON

- We made it through Memorial Day. The numbers for May are in the packets. Have been busy. Had a lot of ordinance complaints. Issued 47 parking tickets over the month of May. Trying to crack down on some of the issues they are getting complaints on. If you see a problem, let the Police Department know.
- Fireworks are illegal. Please do not buy your own fireworks. On July 3rd Ocean Isle Beach will be doing a fireworks display. You will probably be able to see most of it from the west end of the island. Southport always has a display on July 4th.

DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF 2018 ANNUAL AUDIT PRIOR TO SUBMISSION TO THE LGC

Mayor Pro Tem Fletcher said it is the established protocol that the Audit Committee chair will work with the auditor and town manager throughout the audit process, but especially at the end, reviewing it and putting it together, taking it to the Audit Committee for review and then taking it to the Board for approval of the report. He learned today from the LGC that they already have the audit report and the letter of representation, which suggests the Board has already approved the audit. He asked for clarification on where the Town stands with this. Town Manager Hewett explained the letter of representation is management's responsibility to provide to the auditor, which he has done. His understanding is that Jay Sharpe submitted the audit on up. Mayor Pro Tem Fletcher asked if there is a reason they didn't have a meeting with the Audit Committee and Mr. Sharpe. Town Manager Hewett replied Mr. Sharpe has been on vacation this week. Town Manager Hewett said the management discussion and analysis input to the audit had to be provided to Mr. Sharpe. He was waiting for a final to come back. He did not know that the process was that when that was submitted then the audit went up, irrespective of a review by the Audit Committee or the Board. He provided his input to the auditor and the auditor did what he did. He did not give them instruction to submit that to the LGC. Mayor Pro Tem Fletcher said the auditor told him today that he was instructed to send it to the LGC. Town Manager Hewett said he didn't receive that instruction from him. Mayor Pro Tem Fletcher said the Board doesn't need to think about approving it because it has already been submitted and it is too late. Commissioner Butler asked if there is an identified process. Town Manager Hewett replied that process is laid out in the contract, on the approved LGC contract form.

It prescribes how the audit is submitted. Mayor Pro Tem Fletcher stated he will arrange for the auditor to meet with the Audit Committee and subsequently bring a report to the Board of the Audit Committee's assessment and how they will monitor the improvements that are being suggested.

Commissioner Sullivan asked if the auditor will still appear before the Board. Mayor Pro Tem Fletcher replied yes, he was waiting to have a meeting between him, Town Manager Hewett and two members of the Audit Committee first. Commissioner Butler stated he is confused as to the steps. If we don't have it well documented, we should do it. Commissioner Kwiatkowski asked if the Audit Committee will discuss who the Town will use for the audit starting in July. She said this has been a difficult year and nothing has run smoothly. She would like to understand if it is the Audit Committee's opinion the Town should stay with this auditor or move to another one. Mayor Pro Tem Fletcher responded that the Audit Committee took a vote at the last meeting to stay with this auditor. They understood the reasons for the delays. Town Manager Hewett stated even though the audit was submitted to the LGC, it will not be approved until the contract is amended to reflect the late date and the modification to the terms. The terms will be subject to the Board's approval and the LGC's approval. He believes the amended contract should go to the Audit Committee because it relates to the selection of the audit firm. The bill for the amended contract has been submitted in the amount of \$10,000. The original contract price was \$13,000 - \$14,000. Mayor Pro Tem Fletcher said it is \$10,000 more primarily because when the auditor took the contract he assumed the books were being kept according to the law and they weren't. Town Manager Hewett stated he takes issue with that; that has not been ascertained. Commissioner Sullivan said it is still up to the Board to make a decision, based on the Audit Committee's recommendation. Mayor Pro Tem Fletcher said there will be an Audit Committee meeting early in July and hopefully they will have progress to the point that the auditor can be there as well.

RECEIPT OF INLET AND BEACH PROTECTION BOARD (IBPB) REPORT

Commissioner Freer thanked the IBPB for their report.

DISCUSSION AND POSSIBLE ACTION ON LOCKWOOD FOLLY INLET DREDGING

Assistant Town Manager Ferguson explained the Town received an email on June 6th from Brendan Dooley with the Corps. It was to let us know that they estimate 135,000 cubic yards of material is available in the bend widener for the upcoming AIWW Crossing Project. The cost estimate to remove the material and to utilize beneficial beach use placement is \$1,165,000. Staff spent the next day in communications with the state, the Division of Water Resources, to try to be able to utilize the Memorandum of Agreement. The Town has requested state funding through the NC Shallow Draft Channel and Aquatic Weed Fund in the amount of \$776,705. The local match will need to be \$388,295. The Corps would need to receive all money by June 27th in order to include this as part of their base contract. They requested a letter of intent, which is included in the packets. To complete this action, \$100,000 can be taken from the current Lockwood Folly Inlet Dredging line in the BPART budget. The remainder of the funds, which is \$288,295, will require a budget amendment to transfer funds from the Beach Renourishment and Inlet Management Fund to the Lockwood Folly Inlet Dredging line in the BPART budget. Assistant Town Manager Ferguson said due to the timeline they were working under, they were not able to secure a reimbursement of 50% from the county, but staff has reached out to make them aware that the Town will be asking for that. That would be \$194,147.50. Staff recommendation is to approve the budget amendment, Ordinance 19-09.

Commissioner Sullivan inquired on the likelihood of receiving the 50% contribution from the county. Town Manager Hewett replied that the county doesn't have a policy certain on what their participation in these projects will be. In the past, they have participated at 25% and then the two towns split the other 25%. This is a different set of circumstances; he thinks our position is that the beaches make up about 1/3 of the county's \$26 billion tax base and it is money well spent. We will be asking for 50% of the local share. He said the Town will front the money and ask for it on the comeback. He said due to Assistant Town Manager Ferguson's efforts, the state has already fronted the whole pile of money to the Corps, but they have a yo-yo clause on it so if the Town doesn't put forward our share they will cancel the project. Assistant Town Manager Ferguson added typically it takes several weeks to get approval from the Division of Water Resources. They have been through all of their hoops and got this done for the Town in two days. The Town should be appreciative to them for their efforts.

Commissioner Freer asked about the \$100,000. He thought that budget was originally set at \$168,000. Assistant Town Manager Ferguson confirmed that and explained there was also funds for the easements in that line.

Commissioner Butler stated he thinks this is really wonderful. He keeps pushing for this to happen. He asked for the expectation on when the project will be done. Assistant Town Manager Ferguson answered it would be sometime between the fall and the end of next March. Commissioner Freer said great job to get it lined up for next time. Commissioner Butler said this is really big; the sand will go on the east end.

Motion by Commissioner Freer to approve Ordinance #19-09; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE ADOPTION OF ORDINANCE 19-10, BUDGET ORDINANCE FOR FISCAL YEAR 2019 - 2020

Town Manager Hewett explained the budget presented for the Board's consideration is balanced in accordance with the Fiscal Control Act and it accomplishes the two cent tax rate reduction that the Board instructed at the last meeting.

Commissioner Freer asked if not having the Contractors' Meeting has a negative effect on the Town. Planning Director Evans said the outreach program gives a lot of points. In the audit last week, the auditor explained the importance of the program under the new numbering system that they have. The Contractors' Meeting is unique in it that it not only helps with the CRS rating, it also affects the Building Code Evaluation. It directly affects the CRS. Planning Director Evans said anything you do to the Inspections Department affects the CRS. Right now, the Town has second lowest BCEGS rating that the auditor has ever seen. He explained how different situations would affect the CRS. Commissioner Freer would like to see some work on the budget to add the meeting back in. Town Manager Hewett stated he would recommend that the consideration on the workshop be held in abeyance. That workshop normally happens in November. They can get the cost together and either bring it back to the Board or see if it can be accommodated from within existing funds. He said the recommendation to cut the vehicle and the meeting was made by the Inspections Department. Commissioner Kwiatkowski asked if the assumption is that the meeting occurs every year or if it can occur on a less than every year frequency. Planning Director Evans answered that he is not sure how that would affect it. The auditor took all seven agendas and compiled them. Commissioner Butler believes the program is effective. He likes Town Manager Hewett's

idea of going back through to find a way to make this happen. Town Manager Hewett said he would like the Board to consider passing the budget and then will bring any cost back to the Board for a subsequent appropriation. Mayor Pro Tem Fletcher asked if he was assuring the Board the meeting would not be canceled without coming back to the Board. Town Manager Hewett said we are not canceling the meeting. Commissioner Freer said we can scrub the budget, if they have the assurance they will do that, he is okay with that.

Commissioner Butler stated satellite phones have so many benefits. He has used them before and thinks the Board needs to reconsider it. He knows they are expensive and hopes we never need to use them. Commissioner Sullivan suggested the Board follow the same protocol as they did for the Contractors' Meeting. Commissioner Freer said if you look at Fund 10 there are items they could look at. He has a hard time with donations. They are taking money from taxpayers and then donating it to different charities. He said taxpayers are capable of donating their money in the way they would like to. He said that is \$22,250 so that would cover quite a bit; there is money in decorations, advertisements, all kinds of unencumbered money in the budget that the Board should look at. Town Manager Hewett stated this budget is a \$17 million budget and we are talking about the cost of a day long workshop and a phone. He would recommend the Board move forward and leave it up to the department heads and management to make it work.

Commissioner Butler said uniforms in the Budget Message were \$27,000. He thinks we are reducing it by \$10,200. Now it is \$3,958. He would like to go back and look at it to make sure the math is right. Chief Dixon thinks on page 21 it shows the wrong number on the reduction line.

Motion by Commissioner Sullivan to vote on the budget; second by Commissioner Kwiatkowski.

Mayor Pro Tem Fletcher stated the only feedback he has received is from people that don't think the Town should be making contributions for them. They would prefer to do it themselves. He doesn't see we get much benefit from that as a Town, but we are spending the taxpayers' money. He would like to see that come out and it will cover some of the concerns on the cost reductions. Commissioner Freer stated he agreed. Commissioner Kwiatkowski said the Board had no public comment and asked why the Board sat through five budget meetings between February and May. She said the public has not commented to the Board officially about a concern on donations. She believes some of them are to groups that give us safety support. She said before the Board would cut something, generally they would go through it and discuss it. She stated they had five meetings and none of this was raised. We are now at the point of having an ordinance in front of us that we have a limited amount of time to react to. Commissioner Freer stated he didn't know until 20 minutes ago that the General Fund Ratio was at 65%. He said one of the goals was to increase that and they have. He stated he also didn't know all of the adjustments that were going to be made to meet the revenue neutral tax goal. He said until the end, they didn't know the information to make the decisions on. Commissioner Sullivan said the reason they are getting the adjustments for revenue neutral now is because the Board asked Town Manager Hewett to do that since the last meeting. There was some confusion at the last meeting when the Board said no new taxes, but that they were going to use the same tax rate. The Board did discuss the contributions earlier so they knew those numbers. He said you can make adjustments to the budget if the Board needs to make appropriations for one of the things being talked about or shift money from one fund to another. He stated tonight the Board should vote on the package. Mayor Pro Tem Fletcher said there are a number of things he doesn't agree with. While he would change it if it were his, right now he thinks the Board should make the decision to vote on

the budget in total and as they go along if things need to be changed they can have a meeting to change the budget.

Commissioner Freer said there are a few other things that need to be addressed. If the Board has assurances that items like satellite phones will be addressed that is fine. There is room in the budgeted items in Fund 10 that can handle that. Mayor Pro Tem Fletcher stated his experience is that at the end of year Town Manager Hewett has done a remarkable job of having excess income versus expenses. We have built up from a low number to 60% for the Fund Ratio. His guess is he would be able to manage it again this year without losing a lot and still end up with a little money in the bank. He said we have come a long way in the past four years. Commissioner Freer reviewed the progress over the last couple of years. He said the goal is 100%; in case we do have a hurricane we have the money to handle it.

Commissioner Sullivan stated he will vote no on the budget. It has nothing to do with the adjustments that were made; it has everything to do with the tax rate. He said last year he suggested the Board lower the tax rate and give a two cent reduction because of the money the Town received from FEMA. The Budget Message last year included the two cent tax reduction, but it was voted down because in addition to the \$3 million, they wanted to put the \$250,000 into the Sand Fund. The Board kept it at the 22 cents, rather than lowering it to 20 cents last year. To him that is a hidden tax. He said nobody on that Board would have voted for that tax rate if they knew the Town was going to receive the FEMA reimbursement and Town Manager Hewett would not have asked for that much money. He sees no difference at all between not giving the money back from FEMA in a tax reduction and arguing we shouldn't be taking any extra money because of the revenue neutral increase. Commissioner Sullivan said the Board should have given the money back last year, they should give it back this year. He said there is no consistency in not giving back the two cent reduction because of the FEMA money. It is artificially keeping the tax rate high. It is the same as if we took the \$260,000 as a result of the reassessment and not going revenue neutral. Commissioner Butler stated the \$240,000 went into the Sand Fund. He mentioned having opportunities like this because they know Mother Nature. Commissioner Butler said he was in favor and still is in favor of the \$240,000 being put into the Sand Fund. We just took \$288,000 out of it. Commissioner Sullivan stated it is not a question of if the money is well spent. It is question of whether it should be spent at all and whether we will be consistent. He said if the Board didn't go revenue neutral, the Town could have done a lot of things with the \$260,000. He stated if the Board is consistent and doesn't want to raise taxes or have a hidden cost, they should have reduced it by two cents. Commissioner Sullivan is not arguing if it is a good use of money. Commissioner Freer stated one is a tax refund and one is a tax increase, they are different. Commissioner Sullivan asked if he would have voted for the tax increase if he knew the Town would get the FEMA money back. Commissioner Freer replied he probably would not have, but he knows more now, so doesn't think it is wise to do a tax refund. That is also why he is not in favor of a tax increase.

Mayor Holden announced that the motion to approve the budget as presented carried by a 4-1 vote with Mayor Pro Tem Fletcher and Commissioners Kwiatkowski, Butler and Freer voting for the motion and Commissioner Sullivan voting in the negative.

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

Public Works Director Clemmons explained that as he mentioned before, we pretty much wrapped everything up with that project. Everything within the scope of work is complete. We were waiting on a proposal for gas detectors to be mounted permanently. He received the proposal from Green and we are in the process of completing that now. That is the only thing we need to do to be complete, even though it is not part of the original project. He is kind of concerned about the cooling at the stations. He is not sure how effective it will be until we get into July and get up to full capacity. Right now it seems doable, but the temperature is in the 90s. He has been working with Air Vac to see if they can get the temperature down. Green has turned in the last pay request.

Mayor Pro Tem Fletcher asked if the schedule for #3 is to go through the summer with construction. Public Works Director Clemmons replied yes. Mayor Pro Tem Fletcher asked if they will be able to switchover without shutting down. Public Works Director Clemmons said the contractor on #4 did an exceptional job. We switched over and didn't have a glitch. He said he is tying a bow on it besides the monitoring and the cooling situation. Mayor Pro Tem Fletcher asked if that is a design change to look at for Stations 2 & 3. Public Works Director Clemmons answered yes. Commissioner Freer asked if next month the status report can be changed to Station #3. Public Works Director Clemmons responded yes. He stated the parts are in for the gas detectors. They just need to be installed.

DISCUSSION AND POSSIBLE APPROVAL OF AGREEMENT BETWEEN THE TOWN AND GREEN ENGINEERING FOR ENGINEERING SERVICES FOR STRUCTURAL AND MECHANICAL MODIFICATIONS TO VACUUM SEWER PUMP STATION #3

Public Works Director Clemmons said he is asking the Board to consider award to Green Engineering of the agreement for structural and mechanical work to sewer lift station #3 as outlined in Alternative #2 of the Holden Beach Sewer Study completed by McGill Associates in April 2017. Work is also to include evaluation, design and construction of a possible force main interceptor at Ocean Boulevard West and Seagull Street. The contract amount is \$311,805. He said we spent about \$158,000 for Station #4 on the engineering, plan and design. We used the numbers from the McGill Study that didn't take into consideration the noise and close proximity of the structure on the neighboring lot. There is a lot of acoustical testing to make sure we meet the requirements. He explained that is where a big part of the increased cost comes from. Commissioner Freer talked about using what was learned at one station and using it on the others. He would use McGill as a base, but put less credence on it. He said it sounds like that is being done. Town Manager Hewett said the other piece is the evaluation of the force main interceptor. Those considerations have to be taken upfront because it is a lot more expensive if you go back in to retrofit. Public Works Director Clemmons added if you don't plan for that now, it will get real costly in the future. Commissioner Kwiatkowski stated she understands the issue, but when you read Article 5, Compensation and you look at Station #3 versus #4, the \$154,000 extra is described as Construction Administration/ Supervision Phase which doesn't really bring across the issue stated. She said the number is right; it is difficult to see it as this contract is written.

Commissioner Freer asked how confident we are in the summer build in the schedule. Public Works Director Clemmons replied he believes after conversation with Leo Green, he thinks we can beat the schedule, but we could wait to flip the switch until we are sure it is safe. He said we are starting a whole

lot later and he doesn't know of any other way to handle it. Commissioner Kwiatkowski said she saw that in this contract they are giving 270 days for construction and she believes for station #4 it was 180 days. She assumed the extra time was put in there for potential delays during the season or a hurricane. Town Manager Hewett added it is a good thing we have the extra lots down the street that are available to stage from. We can never foresee what type of storm implications will come out. We were fortunate last year they were not too bad. Not only is it summertime, it is in the middle of the island. He would also foresee a difference because of the acoustical issues that need to be accommodated, in addition to the interceptor. This lift station is a different creature than the one on the west end. Commissioner Freer said we finished #4 and we are doing the engineering for #3 in June. We have two to do next; he said this schedule doesn't jive with the engineering in the summer like we are doing now and to do the build in the offseason. It will affect #2 as well. Public Works Director Clemmons stated you learn from all of them. He said you don't have the close proximity of neighbors at #2.

Mr. Green stated this station is a different challenge than #4. You are 16 feet away from the neighboring house. They started acoustical testing in February. He talked about decibel levels. He said unfortunately we are starting later than we did with #4 and you can't put it into operation in the middle of the season. Commissioner Sullivan stated the engineering costs for this station are much greater than the costs for #4. He asked if he could give a ballpark figure of how much it will increase the actual cost of building the station. Mr. Green responded that it will be significantly more. He said the enclosure for the pump will be significantly more. He explained the construction market has gone through the roof. There isn't much competition for the work. Commissioner Freer asked if the Town has the money in the Sewer Fund Balance to cover this and #2. Town Manager Hewett stated we made the appropriation in this year's budget based on the program estimate for #3 and we have to decide what the level of comfort is on funding station #2. He is going to recommend that the Board evaluate if they would like to assume some more debt to pay for it or if they would rather take Fund Balance down. It will depend on how comfortable the Board is with decreasing the Water & Sewer Fund Balance. Mr. Green said they did bring the last project in below budget. Hopefully, they can do that on the next one.

Commissioner Butler asked if the design is still to eliminate the well. Public Works Director Clemmons replied yes. Public Works Director Clemmons said you always have safety issues around a wet well of that size. You have odor issues. Mr. Green explained the biggest advantage is the odor control. Commissioner Freer asked if we can do some lessons learned and take what was learned to #1. Public Works Director Clemmons said the interceptor would be bypassing the wet well. Mr. Green explained if you go forward you would eliminate double pumping and odor problems. He said that may be the only thing you do at #1. There is no flooding issue there.

Motion by Commissioner Freer to approve this contract; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

DISCUSSION AND POSSIBLE ACTION ON PROPOSED ORDINANCE FOR MAXIMUM HOUSE SIZE CONSTRUCTION

Planning Director Evans said a few months ago he gave this presentation to the Planning & Zoning Board (P&Z). In the past, we had a lot of discussion on large homes and regulations. His biggest concern in the past was how to be fair and equitable. The ordinance would try to maximize the amount of square footage you could have for a structure on the beach, while being fair and equitable to everyone. It makes the

maximum house size 6,000 square feet for Holden Beach. It has progressive setbacks. It would decrease storm debris and stormwater discharge through a reduction in the size of the structures. The ordinance should help reduce some parking density and help with traffic reduction. It should also help improve the quality of life and increase lot open space. He explained the regulations in the current ordinance. The proposed regulations would change based on the house size. He reviewed the proposed sizes and a slide that shows the structure you can have currently and what you could have under the proposed rules. He thinks this will work and he knows they are using it in other places. He reviewed the additional possible regulations. He said this proposed ordinance was well received by P&Z. It is up to the Board if they would like to accept the changes. Town Manager Hewett asked if houses currently larger than 6,000 square feet would be allowed to be built back if they burned. Planning Director Evans said he would recommend if you have a non-conforming house once the ordinance is passed that unless it is substantially damaged or improved, it be allowed to be non-conforming. As long as it doesn't add to the non-conformance it would be forever grandfathered. If a storm came in and wiped it out it would need to comply.

Commissioner Sullivan asked if other communities have these regulations in place and if they have been challenged. Planning Director Evans answered he thinks Oak Island has them in place and he doesn't think they had any issues. P&Z liked the additional possible regulations. He said it needs to be put into an ordinance format. Vicki Myers, P&Z Chair, said P&Z liked it and voted in favor of the ordinance. Town Manager Hewett said the proper administrative procedure would be to have the staff develop the proposed ordinance, have the attorney review it and bring it back to the next convenient meeting. Planning Director Evans stated staff can put it in the proper format.

Motion by Commissioner Kwiatkowski to have Planning & Inspections prepare an ordinance around this description for house size limitations to provide to the attorney before it comes back to the Board of Commissioners and it be done in a timely fashion; second by Commissioner Freer; approved by unanimous vote.

COMMUNITY RATING SYSTEM UPDATE

Planning Director Evans talked about the last CRS evaluation and how they have tried to improve the rating since that visit. They implemented the higher requirements for design flood elevations and implemented them across the board. They implemented outreach programs, one of them being the Contractors' Informational Meeting. During the CRS visit the auditor informed them they had only seen one other BCEGS as low as Holden Beach's. When they evaluated his department they went from a seven to a three. The evaluation is done by ISO, which is the same people that do the CRS evaluation. When they did the evaluation, the auditor said there is a good chance they won't get better, but they won't get worse. At that time, they gave the Town the information we needed to move forward with what it would take to possibly get it lowered. Planning Director Evans is hoping that when they do the tally the Town's will go down. They worked very hard to get it lower, but they changed the rules. He talked about some of the changes. He stated if you want the rating to get lower, you will need to get tougher. He has enforced every rule he can and has done everything he can.

Planning Director Evans talked about the budget process. He said he didn't chose to cut the program. He was told he needed to cut the extra items. He went to five different meetings and wasn't told what to cut. He said the Contractors' Informational Meeting was something he chose to implement.

NORTH CAROLINA COASTAL FEDERATION SEMINAR RELATED TO GENX AND EMERGING INDUSTRIAL CONTAMINANTS, DISCUSSION

Commissioner Sullivan said on May 31st he attended a seminar that was given in conjunction with the NC Coastal Federation, UNCW and the NC PFAS Testing Network. It had to do with PFAS (Per- and polyfluoroalkyl), GenX and other chemical compounds. The presentation was interesting. He printed out one of the presentations, but there were also other areas discussed. If anyone wants the information, he can provide the website. In 2013, Profession Knappe was doing research and found GenX. They published it in a journal and that started the ball rolling on Chemours and what to do. In 2018, the state gave \$5 million to this North Carolina collaboratory, six or seven universities getting together working in conjunction with the state. They test 20 public water supply systems in 11 counties in North Carolina and also private wells and water supply systems. They test for about 20 compounds, when there are about 500 compounds out there. They do test for GenX. The goal is to have less than 140 nanograms per liter. If that kind of level is kept, they don't see how exposure to GenX would be harmful in our lifetime. It is cumulative. He talked about water filters and their impact. It helps to lessen the impact. The foam that firefighters use goes into the ground and there are high levels of polycarbons. Commissioner Sullivan said there was a ton of information. He reviewed the chart on page 71. It seems like the collaboratory, the testing and having Chemours stop dumping has been pretty successful at this point.

DISCUSSION AND POSSIBLE NOMINATION OF MEMBER TO FILL VACANCY ON THE INLET AND BEACH PROTECTION BOARD

The Board voted by ballot. Mayor Holden announced that Timothy Gibble was selected to serve on the Inlet & Beach Protection Board. The votes were as follows: Timothy Gibble – Mayor Pro Tem Fletcher & Commissioners Sullivan and Freer, Irvin Woods – Commissioner Kwiatkowski and Phillip Caldwell – Commissioner Butler

DISCUSSION AND POSSIBLE SCHEDULING OF A DATE TO INTERVIEW PEOPLE INTERESTED IN FILLING VACANCIES ON THE PLANNING & ZONING BOARD, BOARD OF ADJUSTMENT AND PARKS & RECREATION ADVISORY BOARD

Town Clerk Finnell said there are vacancies on the Board of Adjustment (BOA), Planning & Zoning Board (P&Z) and the Parks & Recreation Advisory Board (PRAB). The current PRAB and P&Z members are eligible to serve another term. The BOA member is not eligible. She explained the Board can vote now to keep the members who are interested in remaining on the boards and she can advertise for the BOA position or she can advertise for all of the positions.

Commissioner Freer proposed the Board do the first option. Commissioner Sullivan said he doesn't have a problem re-nominating the people, but there might be people who would like the opportunity to apply. He suggested giving people the opportunity and voting in July. The Board agreed that was fine and agreed to hold interviews at 6:45 p.m. before the next Regular Meeting.

DISCUSSION AND POSSIBLE APPROVAL OF UPDATED RECORDS RETENTION AND DISPOSITION SCHEDULE: GENERAL RECORDS FOR LOCAL GOVERNMENT AGENCIES

Town Clerk Finnell stated at the March meeting, the Board voted to have staff develop the new Records Retention and Disposition Schedule, including the discretionary time periods. Staff did that and included them in the packet. Staff recommendation is to approve the schedule and to allow the staff to enforce internal policies setting minimum retention periods for the records that DNCR has scheduled with the disposition instruction “destroy when reference value ends.” That would give the staff the freedom to change any of the ones they find they may need to change. Commissioner Kwiatkowski asked if it is both the hard copy and digital copy when you talk about destroying records. Town Clerk Finnell replied it depends on the item and provide examples. Each item that is destroyed needs to be in the schedule. If it is not, we need to go to the state to ask permission before it can be destroyed.

Motion by Commissioner Sullivan to adopt the schedule; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

TOWN MANAGER’S REPORT

- The asphalt is down for the paving job of Sand Dune, Sand Piper and Sand Spur. Thinks there is some shoulder work that remains to be done. This is the fourth year running that we have been able to get our 10-year streets plan taken care of and not interfere with the Memorial Day holiday.
- Classification Study by the Maps Group - They completed all staff interviews. Now they are in the process of comparing those with the most relative job markets. This study will propose updates to the pay plan, position descriptions and will also provide a benefits comparison evaluation. All of those should be ready for his review after the end of the fiscal year, with the goal to bring it to the Board with a couple of passes. This year’s budget includes a 3% merit pool. Those employees that have evaluations that fall in that timeframe will be dovetailed with any changes that may be proposed.
- Hurricane Damage Repair Projects (FloMike) - Those project worksheets for the estimated \$25 million project are currently in the environmental que with the feds. In the meantime we are moving out with the offshore sand search and our update of the permits that will be required to carry out the forthcoming project.
- RMS Internal Control Follow-up - Made inquiries to the status of the final to the program manager and the project officer. Has not received a response. Received a bill for the remainder of the contract. Withholding payment until we receive a final on the report. We have proceeded with some of the items in the report. Two staff members have been to class for CAFR training. We are also revising some staff’s responsibilities that relate to internal control in the MAP study. Last week the LGC issued a guidance memo for the performance of audits for the upcoming fiscal year, audits with June 30, 2020 endings. It addresses several issues raised by the RSM draft. Will rely on and follow LGC guidance to implement best practices during the upcoming fiscal year.
- Canal Dredging - We received our final large reimbursement from the Shallow Draft Inlet Navigation Fund. There are a couple of minor repair and cleanup issues. The Scotch Bonnet issue will take a while to dry out. Would be remiss if didn’t speak to the Canal Dredging Working Group and some of the history behind that. These projects have long lead times. There are multifaceted pieces of it and changing regulations. Recent interpretations by the Corps would not allow the Town to place dredge spoils in Corps’ controlled spoil areas. If the Town didn’t have the foresight to secure the land for the Scotch Bonnet and Greensboro sites nine, ten years ago, this project would not have been possible.

He knows the Town took some heat on the acquisition of the property, but that one item is illustrious of a long lead time action that was specifically and solely responsible for being able to do the project. There are other local governments up and down the coast that have not been able to complete projects and have missed out on grant money because of this one specific thing. If it wasn't for the foresight of the Town leadership at the time, we would have missed out on about \$750,000 in grant funds. The actual grant was approved at significantly more than that, but they didn't reach the threshold on the cost. It was a favorable bid environment. Mayor Holden was responsible for suggesting the Canal Working Group be assembled. Thanked Lewis Mitchell, Dennis Harrington, Al Yetman, Bill Gettys, Joe Colclough, Robbie Bryant, Rob Collinson, Bobby Brown and Rick Paarfus. All of those people have contributed immensely to make sure the canals are taken care of.

MAYOR'S COMMENTS

- As we enter the hurricane watch season, he and some of the Town officials have attended the most recent training available and feel like they are on the right track for being prepared for emergencies. Feels good about our relationships with other communities in the county and hopes we don't have to use the knowledge we worked hard to get.

BOARD OF COMMISSIONERS' COMMENTS

Mayor Pro Tem Fletcher

- Thanked everyone for coming and participating in a two and a half hour meeting.
- As of this morning, they dug nest #52. We are three weeks into the season. Last year we had 30 total for the year. Thinks we will overrun the 2013 number of 73 nests. Had five nests laid last night. Tuesday is the turtle nesting day. Not one turtle has laid an egg on a Sunday. Starting around July 1st we should have the first hatching. If you get a chance get out and enjoy that.

Commissioner Sullivan

- Thanked everyone who came to the meeting tonight.
- Thanked all of the volunteers and people on the committees, especially the Beautification Club. When you come over the bridge, the Padgett Garden and the plantings at Town Hall really make the Town look good. Appreciates all of the hard work that they do to make the Town look good.

Commissioner Kwiatkowski

- It's good to be back. Apologizes for missing last month's meeting. Goes to Europe every other year to visit friends from when she lived there. Was particularly sad to miss when Poyner Spruill came in. Hopes everyone got a good feeling on everything they are doing for us. Was at the meetings in D.C. with them, Town Manager Hewett and Assistant Town Manager Ferguson. They are really bringing value and are very helpful in helping us plan for however we can plan to get support and funding for various things. They are doing a good job and they were really helpful in Washington, D.C.

Commissioner Butler

- Wants to pay attention to the great staff we have, regarding the budget and their personal dedication. Had the opportunity to work with a number of folks. It is not easy to work with the Corps. Inspections Department – got involved in an issue on the east end of the island with a homeowner. Hearing the owner's side and then the Inspections Department's side, there is no comparison. Opened his eyes to

how difficult the job is. Maintenance, roads, lift stations, Police, we have it covered. Seeing tickets written. There was a car blocking the blacktop on Memorial Day and it was towed. Nobody wants to see that happen. He isn't saying we should write tickets, but we are sending a message. If the Fire Department needed to get through there they would not have been able to. Town clerk is efficient.

- Thanks for attending tonight.

Commissioner Freer

- Thanked the staff for the hard work and dedication. It is appreciated.
- Thanked everyone for participating this evening.

PUBLIC COMMENTS ON GENERAL ITEMS

Ray Compton wanted to thank Planning Director Evans and the Planning Board for their work on addressing the size of lots. The HB West POA went through considerable expense to solve some of their own problems. He explained it is an assembly issue and that needs to be addressed.

EXECUTIVE SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(5) TO ESTABLISH OR INSTRUCT THE STAFF OR AGENT CONCERNING THE NEGOTIATION OR PRICE OR TERMS OF A CONTRACT CONCERNING THE ACQUISITION OF REAL PROPERTY AND NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(3) TO CONSULT WITH THE TOWN ATTORNEY

Town Clerk Finnell read the reason to go into Executive Session.

Motion by Mayor Pro Tem Fletcher to go into Executive Session at 9:32 p.m.; second by Commissioner Sullivan; approved by unanimous vote.

OPEN SESSION

Motion by Commissioner Kwiatkowski to go back into Open Session at 10:02 p.m.; second by Mayor Pro Tem Fletcher; approved by unanimous vote.

Attorney Fox tendered her resignation.

Motion by Mayor Pro Tem Fletcher to accept Attorney Fox's resignation; appoint her as the interim attorney and to direct the town manager to put out a RFP for legal services; second by Commissioner Sullivan; approved by unanimous vote.

ADJOURNMENT

Motion by Mayor Pro Tem Fletcher to adjourn at 10:03 p.m.; second by Commissioner Sullivan; approved by unanimous vote.

ATTEST:

J. Alan Holden, Mayor

Heather Finnell, Town Clerk