



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
WEDNESDAY, MARCH 11, 2020 – 2:00 P.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Wednesday, March 11, 2020 at 2:00 p.m. Present were Mayor J. Alan Holden; Commissioners Woody Tyner, Brian Murdock, Mike Sullivan and Pat Kwiatkowski; Town Manager David W. Hewett; Town Clerk Heather Finnell; Public Works Director Chris Clemmons; Assistant Town Manager Christy Ferguson; Inspections Director Tim Evans; and Police Chief Jeremy Dixon. Mayor Pro Tem Gerald Brown was unable to attend the meeting.

Mayor Holden called the meeting to order.

PUBLIC COMMENT

No comments were made.

DISCUSSION AND POSSIBLE ACTION ON SETTING 2020 BOARD OF COMMISSIONERS' OBJECTIVES

Commissioner Kwiatkowski talked about the process. She suggested going through all items that are scored at 13 and above. The Board discussed if the goals were fiscal year or calendar year items. The Board agreed that anything that is financial/budget needs to be addressed for the next budget year. If there are other items that do not take money the Board can move forward.

Financial/Budget

Financial Stability – 1) Financial stability is creating balance in the Town's efforts to achieve desired outcomes while keeping expenses in line with revenues. This means not only working to balance today's budget, but also keeping in view future needs and opportunities as the Town strives to be an excellent steward of public trust; 2) Balance the budget while preserving minimum fund balances and reserves; 3) Ensure revenues from the Town's delivery of municipal services covers the associated expenses; 4) Town achieves "unmodified opinion" rating on annual financial audit; 5) Town meets or exceeds annual financial budget goals; and 6) Town develops and tracks various financial ratios to flag any negative trends: Commissioner Kwiatkowski said financial stability covers a number of different points. She added it wraps some of the items that are lower scored into it. Town Manager Hewett asked what item 5 means. Commissioner Tyner said it means the Town either exceeds the revenues or comes in under expenses. Town Manager Hewett said legally there can be no expenses greater than appropriations made in the budget. He stated from a business management perspective just because you have \$10 of revenue and \$10 of expense programmed, that doesn't give carte blanche

to spend \$10. When he brings the budget to actual to the Board, you will see a comparison of the cash. You do have to spend negatively just because of the nature of revenues received, property tax. At the end it has to come out to zero or plus. He understands the goal, he just wanted to make sure he wasn't missing something else. Town Manager Hewett asked about item 6. Commissioner Tyner replied he thinks there are certain flags that would tell you that you are on a negative trend. Town Manager Hewett said the State Treasurer takes the AFIR (Accounting Finance Information Report) and compiles a whole suite of different ratios over time. That is set up to benchmark against other like municipalities. That information already exists. He added if there are different ratios the Board would like to see, they will need to define them for him. He said he can pull some out and propose those as a snapshot of the things he is seeing. The Board agreed to use this item as an objective.

Ensure funding/budgeting for lift stations 3 and 2 (sewer); Complete lift station 3 and begin prep for lift station 2 – The Board agreed.

Ensure funding/budgeting for FLOMIKE and Dorian FEMA projects: Town Manager Hewett said this is what he calls an octopus goal. The Florence, Michael, Dorian wheelhouse is \$40 million. Florence and Michael are on the agenda to adopt the placeholder budget. We have the approval for those programs. Dorian is pending. We will need to work through the funding. It will probably be a yearlong process. You have to pay it up front and get it on the back. The Board agreed to this objective.

Eliminate audit concerns; Accept no excuses for wrong accounting practices; Hold people accountable for audit shortfalls. Quit with excuses. Audit seems to always have deficiencies. Get it right; Ensure staff is qualified to perform newly established audit and accounting procedures; Do we need to fill empty position in Town Hall?: Commissioner Kwiatkowski said when you look at this she thinks it falls under some of the things from financial stability, but if the Board wants to keep it because it has more specifics that is fine. Mayor Holden agreed it should come out. Commissioner Tyner said he thinks what the individual was trying to say is we had some deficiencies over the last couple of years and it is time to address them and get rid of them. It is probably a little more specific than just achieving an unmodified opinion on the audit. Mayor Holden stated he doesn't ever remember an audit for this Town that didn't have something that needed to be improved. He asked if anyone has any recollection or knows of any records that show the Town has ever had an audit that there wasn't something that needed to be done. He asked if anyone knew of a town anywhere that doesn't have deficiencies or recommendations in their audits. He said it is nice to have a target to achieve an audit with nothing wrong with it, but it is a dream to have a perfect audit. Town Manager Hewett stated that every audit since he began here had a weakness in it. Mayor Holden explained the biggest problem is because the numbers move throughout the year. As you get to the end of the year things need to be shuffled to make the projections and realities come together. Town Manager Hewett said we budget so tight that there is no leeway at the end that you don't need to move money around. Other places budget plenty of headroom and don't need to move stuff around. Commissioner Murdock asked for additional explanation. Town Manager Hewett replied we always net out at 0. We just need to move so much around in order to shoehorn it in that the amounts in total exceed the generally accepted accounting limits for moving those types of things around. It is the nature of the business. Commissioner Tyner said he thinks based on what Town Manager Hewett has told him that some of the deficiencies we had in the past will probably be addressed this year. He added that based on the corporate world, sometimes they would get to an audit item and say while the risk can't be completely eliminated, we

feel like we have it under control and we can live with the risk. It will never go away because we are not going to spend the money to make it go away, but we feel like we have it controlled enough. Commissioner Kwiatkowski said one of the things on the list is one of the points people kept making last year. With the changes that are happening, we need to make sure staff is qualified to operate under the new audit/accounting procedures. She inquired if this is really what this is about. Commissioner Murdock said in the past it was late, the CPA wasn't done. He thinks what they are saying is if we can eliminate trouble year after year, that is the goal. He said get it as close to right as we can. Mayor Holden said it upsets him looking back at the thousands of dollars that we spent beyond what we normally spend and we seemingly didn't end up with an improvement. He said regarding the last sentence he thinks we all realize we are in need of filling the empty position. Commissioner Tyner said he doesn't want to eliminate it. He suggested that under financial stability we put the Town achieves an unmodified opinion and rating on the annual financial audit and addresses any audit concerns. After discussion the Board agreed to add and address noted deficiencies under item 4 of financial stability.

Oversee progress in internal control plan with every six month reviews: Commissioner Kwiatkowski explained Town Manager Hewett did a two-year plan to address the internal control report. This would just be an update to the Board every six months to talk about the progress. The Board agreed.

Look at cost of each employee, including benefit package. What do they cost exactly; Review all employee benefits packages and subsequent cost to Town; Finalize salary/benefits standards: Commissioner Kwiatkowski said last year they reviewed job descriptions, the personnel policy and salary adjustment to meet the market. Benefits were not part of that. Town Manager Hewett said we are in the process of getting quotes for medical for the upcoming year. That is normally a part of the budget development process. Commissioner Tyner said he thinks the Board needs to leave it as a goal. We can get the information and look at it to decide what we need to do. Commissioner Kwiatkowski asked if this is something that should be put in the budget for a study. Town Manager Hewett replied he thinks the Board wants to look at the health benefits and see what the cost is. Commissioner Sullivan said we have the information on what towns contribute; based on that the Board can determine what is fair to the workers by comparing. Commissioner Kwiatkowski stated in the open market there is so much variability in different medical plans. She would think there is a difference between deductibles, co-pays and things like that. It can be so complicated. Commissioner Sullivan asked how the Town purchases insurance. Town Clerk Finnell explained the Town has a broker and they solicit different plans. Over the past few years, she, along with Town Manager Hewett, reduced the benefits of the employees to keep the cost down. The deductible and co-pays are now higher to keep the costs down. Commissioner Sullivan said he doesn't think that was addressed in the study. Commissioner Kwiatkowski asked if this is something that needs an independent study. Commissioner Tyner said if the Board wants to do this, he thinks the Board needs to have it as a line item in the next budget to do some type of study. Town Manager Hewett said he doesn't know what type of capability exists with the League of Municipalities to do that kind of evaluation. A study is what we do during the development of the budget where we solicit bids and see the least cost for the Town. We do that, in conjunction with reviewing the percentages and comparing them. We can show that to the Board. The League of Municipalities compiles that data. Commissioner Murdock stated as far as he is concerned, he wants to make sure we are paying employees what they need to be paid. He knows there are still employees that are not getting paid what they need to and he feels like there are employees who are getting paid more than they need to. At the same time, we have an above and beyond benefits package.

It is a cost all employees benefit from. There has to be an average. He doesn't make more because he has been a builder for 30 years. Commissioner Murdock said he doesn't see how you can look at the cost without looking at the benefits package. From the MAPS Study, he has had people thank him and had people who aren't happy. He wants everyone to be paid fair. Commissioner Murdock thinks it is wrong to not consider everything as a whole. Commissioner Kwiatkowski said in the MAPS Study, benefits other than the healthcare was handled as part of it. The only thing the Board said they would defer until the next budget was evaluating healthcare. All of the other benefits were part of the policy. Years of service was factored in as part of Option I that the Board approved for the salary adjustment. The Board decided that they were not going to do a longevity bonus. She said there are other areas the Board could use that money better. Town Manager Hewett pointed out that the MAPS Study was a direct specific result of the internal control review. He was critiqued for not having moved out on that more readily. The report and the solution were driven by the Board. Commissioner Kwiatkowski asked if the Board wanted to have this as a priority with the understanding that Town Manager Hewett will give a comparison as information becomes available that the Board can have a discussion on. The Board agreed.

Evaluate Police Department staffing against safety and enforcement wants and ensure adequate manpower and funding for next 3 – 5 years; Ask sheriff for assistance during rental season: Town Manager Hewett said that is a personal conversation with the sheriff to see what we can do. Commissioner Kwiatkowski stated over the past three years or so one of the things you hear from the public is we need more enforcement for parking, moving traffic and for dogs on the beach. If we are going to address public complaints there has to be a desire to have enforcement. Commissioner Tyner said also in recent discussions they added golf cart safety as being important. Chief Dixon said he can get the numbers from the sheriff. If they come over here, they will not look at our local ordinances. They may answer 911 calls. If you are looking at enforcing local ordinances it would take more local officers that are sworn here. Mayor Holden added the sheriff would be friendly to the idea, but the person that may be sent over may not know anything about the area, in addition to what Chief Dixon said. He thinks the willingness is there, but in the past when they looked at it unless it is a special event, a day to day event has not proven to be a workable idea. Commissioner Murdock asked if the Town has their support if we need help. Chief Dixon replied we have a good working relationship, but the Sheriff Department may not be in the area if he needs help. They are split into zones that cover a large area. Commissioner Murdock stated he thinks it needs to be looked at. Town Manager Hewett said ten years ago there was ten officers authorized and there are now eight authorizations. We have a pending resignation. Recently we had three officers out. Commissioner Murdock said the island is growing and is getting busier. If we are even going to try to address a dog running on the beach you need someone to do it. Town Manager Hewett stated it is a fairly simple matter to gather data from other beaches to see what type of manpower they have. We can get the information and have it for the budget. The Board agreed to keep this item.

Long-Term Plans

Approve a Land Use Plan; Finalize Land Use Plan: Commissioner Kwiatkowski said she thinks the Board all agrees we are close to doing that and it needs to happen.

Fire hydrants replaced that are in disrepair, 294 total, some don't work: The Board agreed it should be an ongoing program. Mayor Holden provided information on an old lawsuit. Public Works Director Clemmons said he knows of one that isn't working. With budget season coming we need to budget to replace some of the parts. The Board agreed.

Protect beach and dune system, keep people off dunes: Commissioner Kwiatkowski said this is an objective. The question is how to do it. It is something the Board will need to work at.

Find an option for generators left on beach, salt eats them up. No need to replace. Why are they not going inside?: Commissioner Murdock stated if we need to have them, we need to have them. If you put a new one in, it will be gone again. What bothers him is the replacement of the sewer lift stations. A lot of the public is under the opinion that the generator is going to run the sewer system in the event they go down. He asked if there is any chance of them staying running during a minor storm once the stations are raised. He knows generators can be put inside buildings and vented with air intakes and exhaust. On the brand-new station, it is sitting on the ground beside it. He inquired if anyone thought of putting the generator inside where the salt would not get to it as bad and where the station might stay running for something minor. Or is it when the storms come, we need to shut the doors on the place. Commissioner Murdock said if that is the case, he doesn't see how this building is a critical facility. He said if we are going to spend \$100,000, he would like someone to call BEMC to see how many times the power went out on this building without the event of a storm coming though. He asked if we could get the generators quickly to the stations if we have them in a closed building. Public Works Director Clemmons explained when the stations first went into operation, we had one generator for three stations and it was kept at the Emergency Operations Center (EOC). It wasn't practicable. A few years ago, we had a sewer inspection and as a result we had to get the additional ones. He said we never shut down during a tropical storm. We only have when there was something major. He provided information on potential problems. They were put on wheels because that is how others do it. The only time we pull them away is when we know there is a major storm. He doesn't know the details or costs to enclose the generators.

Town Manager Hewett said there are security issues that go along with Town Hall that need to be perpetuated whenever the power goes off. We have evidence, finance records, personnel records. He said the Board would need to decide to not make this building a critical facility. Whenever there is a storm, this building is not able to be used to reconstitute the island. Inspections Director Evans added without power on this building you cannot occupy it. Town Manager Hewett said there are limited services and capabilities at the EOC. While we have capabilities, they are short term. The generators at Town Hall and the EOC have been used during most of the major storms. Commissioner Murdock said there may be a better way to protect that investment. Mayor Holden stated anyone that builds on Holden Beach knows you don't put generators and air conditioners on the south or the west side of the building. Inspections Director Evans said the generators at the pump stations are required and should have been there since day one. The only reason we move them is because if the sewer is not running you don't need them. Commissioner Sullivan explained the reason we purchased two additional generators was because the vulnerability of the system was more susceptible to an electrical outage caused by something other than a storm. He inquired if it is possible to get some sort of cover made for the generators. Public Works Director Clemmons will see what options he can find based on the discussion. The Board agreed this should be a priority.

Complete water tower need assessment; Consider need for second water tower as Town continues to grow, let county build it; Approve RFP for a study and make a decision on need for second water tower (both drinking water and safety/fire flow considerations): The Board agreed they want to do the study.

Mark all legal crosswalks so people are kept safe: The Board agreed to decide on how they can best do this.

Decide who we will rely on for beach nourishment, Corps or FEMA, cannot be both: Commissioner Kwiatkowski said we need to wait for a determination to come on whether or not we have an opportunity for the Corps. Commissioner Sullivan stated if you decide it would be better to go with the Corps, you can do that. It doesn't eliminate you from getting FEMA until such time as the Corps' project is completed. He provided information on a project in South Carolina where after 17 years that municipality decided to withdraw because nothing was ever done. As that time went on for 17 years, it didn't prevent them from getting FEMA funds. It is only after you have a completed project. Commissioner Sullivan said this is something that doesn't need to be considered right now since the Town can do both up until a time a project is completed. The Board agreed to remove this item.

Support inlet access to ocean. It's our backbone, keep it open: The Board agreed.

Assistant Town Manager Ferguson said from the MOA meeting, the Merritt is anticipated to be back in April. We are still waiting on final numbers for past projects. It used to be that the crossing and bend widener were every two years. Recently in the last three to five years they are doing it every year now. On the slide at the meeting, they put that they were expecting to put a project for this upcoming fiscal year out to bid for the crossing in June, with the contractor being selected in August. She followed up with Brennan, their program manager, to say Holden Beach wants the sand. She received an email response that the sand was going to Oak Island. Assistant Town Manager Ferguson said we have a conference scheduled with the Corps and we have involved our lobbyist. Right now, without them doing their own study and without them being accepting of our study it looks like they are going to give the sand to Oak Island one year and Holden Beach another year. Commissioner Sullivan stated so they are ignoring the data in the study and deciding contrary to their own rules. Commissioner Kwiatkowski said that is interesting because last year in D.C. they seemed to say that for navigation purposes it would always be least cost and where it doesn't come back. Assistant Town Manager Ferguson explained they have that information in their point paper for their advocacy trip. It seems to be at the local level, the Wilmington District, that is saying they don't want to decide between the two. As of last year, they said they didn't have their own study. Commissioner Sullivan stated this is a replay of two years ago when they told us we didn't have the proper easements. They made the decision without the Town having input.

Ordinance Related

Make decision on zoning change re setbacks, parking, % permeable for different size homes: The Board agreed to make a decision.

Policies/Procedures/Resolutions

Work together for the good of the Town. Has not been going on. People have had their own personal agenda. Don't forget why you're here; No personal agenda; Be transparent: The Board agreed that was their objective.

Advocacy

Maintain pressure to stop expansion of IHA; IHA advocacy; Review and as appropriate amend directions to Poyner Spruill for federal advocacy; Lobbyist should have to prove worth – what are we getting? Support and participate in advocacy efforts at any level as appropriate; More involvement in regional advocacy groups and committees; Develop advocacy strategy and materials for state level efforts and implement a plan using available Town resources; Develop advocacy strategy and materials for county level efforts and implement a plan using available Town resources; Make friends again with our neighbors. Walking on thin ice, work together; Legislative advocacy for sand funding: Commissioner Kwiatkowski said as you will notice, everything under Advocacy got greater than 13. When you read the first five, it is actually two objectives. One of them being we have to continue to stop the inlet hazard area situation. The other has to do with getting what we need for our island in terms of maintaining our beaches and inlets. That is at the federal, state and county level. It can probably be reduced to two objectives.

Marketing of Holden Beach to renters, potential homeowners: Town Manager Hewett stated we give a penny of the occupancy tax to the Tourism Development Authority. That does it on a strategic and large-scale level. We do have a promotions budget. That is small things like if there is an opportunity for radio time. One year we did a video with Terry Bradshaw. There are things we do, like our concerts on the coast series. Commissioner Sullivan added Days at the Dock. Commissioner Tyner stated he submitted that objective and was thinking about point advertising to specific groups that might want to find Holden Beach as their permanent home. He suggested retirees and people who can work from home. He thinks it is something to explore. Commissioner Kwiatkowski asked if the Board wants to task the town manager with this for the budget year. Mayor Holden said he is supportive of it. He is sure Commissioner Murdock is. Mayor Holden said you look at the state magazine, festival ads and Holden Beach is not promoting. Commissioner Kwiatkowski stated it doesn't hurt to seek out what others are doing. The Board agreed to keep this as objective and to figure out how it will be taxed. Commissioner Tyner would like Mitzi from the Tourism Development Authority to provide more detail on what they are doing to help us.

Commissioner Kwiatkowski stated typically we would organize what the Board prioritized as priorities for the public to see. Commissioner Tyner said he did task the Audit Committee to do their own research about what they believe the Audit Committee's responsibilities should be. He thinks they need to do some work cleaning the ordinance up. Commissioner Kwiatkowski said if there are things people still feel strongly about that didn't make the cut, there is nothing that says you can't still lead something and try to get action on it. Commissioner Kwiatkowski said she would work with Town Clerk Finnell to make sure everything is captured and would put it together for the April meeting. Commissioner Tyner asked if under Advocacy she was going to combine the items. Commissioner Kwiatkowski confirmed yes and she would make it into one big item.

EXECUTIVE SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTE 143-318.11(A)(6) TO DISCUSS A PERSONNEL MATTER

Town Clerk Finnell read the reason for Executive Session.

Motion by Commissioner Tyner to go into Executive Session at 3:31 p.m.; second by Commissioner Kwiatkowski; approved by unanimous vote.

OPEN SESSION

Motion to go into Open Session by Commissioner Kwiatkowski at 4:38 p.m.; second by Commissioner Tyner; approved by unanimous vote.

No action was taken.

ADJOURNMENT

Motion by Commissioner Sullivan to adjourn at 4:39 p.m.; second by Commissioner Kwiatkowski; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk