

MINUTES
OAK ISLAND TOWN COUNCIL
SPECIAL MEETING – BUDGET WORKSHOP
JUNE 5, 2017 – 6:30 P.M.
COUNCIL CHAMBERS - OAK ISLAND TOWN HALL

Present: Mayor Cin Brochure, Mayor Pro Tempore Loman Scott, Council members Sheila M. Bell, Charlie K. Blalock, Jim Medlin and Jeff Winecoff, Town Manager David Kelly, Assistant Manager Lisa P. Stites, Finance Director David Hatten and Town Attorney Brian Edes.

Mayor Brochure called the meeting to order at 6:30 p.m. She said Council would hold a Public Hearing on the proposed budget, which would include any expenses/revenue for beach nourishment in the coming year, on June 13th at 6 p.m. She said there would also be a Public Comment period at the June 13th meeting, like there is every month. Since this was a budget workshop, she said there would not be public comments tonight. The Mayor said Council knew everyone was interested in these issues – some of what they are talking about tonight has long-term effects on the Town. She asked everyone to please respect the process and be courteous, saying that if they must talk, please take the conversation outside.

Mayor Brochure said she was going to remove Item VI. VI. Consideration of Action Regarding the Par 3 at South Harbour Village. There is a meeting with the Property Owners Association on Monday and it would be appropriate to wait to have the discussion until after that meeting.

Moffatt & Nichol presentation (taken out of order): Johnny Martin gave a presentation on what kind of beach the Town could get for certain costs and the current state of the beach. A copy of the presentation is attached and is hereby made a part of these Minutes. Mr. Martin explained that when he talks about a ten-year level of protection, that does not mean the beach would last for ten years, but rather that the beach would be built to withstand the level of storm that is expected once every ten years. Mr. Martin said they worked with the figure of \$40 million and looked at what the Town could do with that amount. He estimated that would get between 2 million and 3.4 million cubic yards (worst to best case scenarios). The Town could then build up to a larger level of protection if future budgets allow. Mr. Martin showed what the beach profile would look like. Mr. Martin said that the initial project would have to be maintained, with an estimated \$23 million needed on a 6-year cycle. He also recommended doing all the work on finding sand sources and permitting upfront so that no matter what level of beach the Town wants to move forward with, the permits will be in place. He said he just wanted to leave as many options open as possible.

DEC Associates: Doug Carter and Andrew Carter with DEC Associates made a presentation on financing beach nourishment. Rebecca Joyner, attorney with Parker and Poe, was present as well. A copy of the presentation is attached and is hereby made a part of these Minutes. Mr. Carter said the firm had worked with the Town previously on wastewater finances; he congratulated the Town and Council that made the difficult decisions to get the wastewater utility fund back on track. The company has worked with many beach towns on financing nourishment projects. Mr. Carter has experience working for the Local Government Commission and as finance director for the City of Charlotte. He said the Town's beach fund does not have adequate funds to do the short-term projects planned. Mr. Carter explained the various methods the Town could use to raise revenues. The beach funds have approximately \$7.5 million.

Identified budget needs for 2018 are approximately \$10.8 million. Not all of that will necessarily be spent in the coming fiscal year, but under state law, the Town can only enter a contract if there is a funding source. The Finance Director must sign a pre-audit certificate saying those funds are available. Mr. Carter said that the Town needs to do something in the coming fiscal year in order to cover projects that need to be paid for in the coming budget year. Signing contracts without funding them is not possible, and he said that a 10-cent tax would cover the amounts needed. He also said that would still encumber all of the money in the beach fund. Without raising additional revenues, something from the list of projects would have to be eliminated.

Andrew Carter spoke more about the various methods the town could use to raise revenues for beach nourishment, including bonds and assessments. He also spoke about the time it would take to implement the various methods, including the special assessment legislation specific to the Town.

Doug Carter said that beach nourishment will cost a lot, and that it has been a long time since the Town had to spend a lot of money for beach nourishment. In order to get to a long-term approach for maintaining the Town's largest asset and economic generator, the beach, next year has to be dealt with. He said he sees a need to increase the tax rate. He said there is a hope that the State of North Carolina will start to fund projects, but that we need a starting point and we need adequate resources in the budget to get things started. The more we can diversify the resources we need to get this done, the better. Mr. Carter said the best financial plan for anything we can do would be to include as much diversity as possible on the revenue side. The Town needs to do something to make the next year's budget work and then we can work on the long-term financing. He said he knew it was complex, but that he was just trying to help us get to the point where we can make what needs to happen next year happen. Mr. Carter also reviewed the status of the General Fund and Enterprise Fund balances; he encouraged Council to fund beach nourishment out of the beach funds and not turn to the General Fund balance as we could need that money for future storm response.

Councilor Blalock asked what would happen if the Town worked toward \$23 million for the first round of maintenance but then it only cost \$18 million. Mr. Martin said Council at that time could decide to spend the money and put down more sand, or save that money toward future nourishment, etc., but that would be a decision to be made at that time. Mr. Martin also said that they were assuming a loss of 250,000 CY/year. To put it in perspective, during Hurricane Matthew we lost approximately 900,000 CY. Councilor Medlin asked if the 10-cent/year tax could go toward beach maintenance after the first year. Mr. Carter said it could. He also said that a 10-cent a year tax would raise \$20 million in 8 years. Councilor Bell asked if it was not a one-year tax; Mr. Carter said that would be a choice for Council. Mr. Carter said without the 10-cent tax increase this year, he didn't know how the Town would even get to the assessment process. Answering a question from Councilor Medlin, Mr. Carter said it could take 6-9 months to get assessments in place. Councilor Winecoff asked if the Town could do the tax this year and also start the assessment process. Mr. Carter said that the totals being discussed would include money for assistance in getting the assessment rolls prepared and levied.

Councilor Medlin asked for clarification on the need for the \$23 million for maintenance; it was clarified that maintenance would be needed every six years.

Councilor Blalock asked about the money from the 10-cent tax; Mr. Carter said it could be levied as a tax specifically to the beach tax fund. Councilor Medlin asked if the balance in the beach fund discussed reflects a planned additional repayment from the wastewater fund of \$1 million; Mr. Hatten said it did not and that he had a Budget Ordinance Amendment on the agenda later in the meeting to make that transfer.

Dredging Lockwood Folly Inlet: Mayor Brochure read from the memo in the agenda packet. Councilor Bell asked what other towns are asked to participate; Oak Island and Holden Beach are the only towns asked to participate. Councilor Blalock clarified that St. James and Varnamtown do not participate. Mr. Kelly said that we had requested Brunswick County to set up a meeting. Councilor Medlin said that the navigation buoys have been pulled and that he would like to keep that inlet open. He also said that it was time for other towns to participate as well. He said that he would support spending \$25,000 this year, but that then there needs to be discussion about more participation. Mayor Pro Tempore Scott said that he does not favor spending any money on this. He said that the County should pay for it, particularly since the County is not helping the Town with beach nourishment funding. Councilor Blalock said it would seem to make more sense to spend a little extra money and use a dredge that could put sand back on the beaches. Councilor Medlin said that they generally wait so long to dredge, that a side-caster is all that will fit. There was no action taken.

Beach Patrol: Mayor Brochure asked if the Town could use non-sworn officers to help enforce beach ordinances and parking violations. Police Chief Greg Jordan said the Town could use auxiliary officers, additional officers, a private company or other options. The Town does not use reserve officers at this point. Chief Jordan said that considering the training costs, it would be financially worth it to keep them year-round, but not just for the season. Councilor Bell said that using other people for enforcement on the beach would free up officers for other police work. Councilor Blalock said he had spoken with Chief Bellamy and that he uses 15 officers. Council consensus was to direct staff to provide numbers for options.

Council took a brief recess at 7:50 p.m.

Councilor Medlin said that the enforcement of beach rules and parking was an ongoing problem, and he would like to have a reserve force established. He said he understood that probably could not be done for this year, but he wanted to see how much it would cost.

Brunswick County Regional Jetport: Howie Franklin, Jetport Director, gave a presentation about the airport. He gave a presentation about the history of the airport and said that Oak Island's is ranked number 4 in the state, number 1 in general aviation. Of the aircraft coming in, 70 percent of the people on them are coming to Oak Island. Mr. Franklin also spoke about the airport's importance in the community, such as offering a place to help agencies fight forest fires, for air evacuations in medical emergencies, as a training location for military training, as a staging area for U.S. Coast Guard operations and potential use for Oak Island's emergency services. Mr. Franklin said that supporting the airport was an investment in the community. He said there are 95 airplanes registered at the airport; the majority of the owners are not wealthy. Mr. Franklin said that the state legislators are aware of the return of investment in aviation. Answering a question from Councilor Bell, Mr. Franklin said the airport itself is tax-exempt. The businesses there pay taxes and the airplanes are taxed as personal property. The airport does not charge a fee to military agencies or other non-profit agencies, or waive fees if there is a fuel purchase. The

Town “owns” 2/7 of the airport. Mr. Franklin said the airport authority has its own charter. Mr. Franklin said the airport has not asked the Town for any matching funds for \$23 million in improvements/building at the airport. The airport commission owns the airport. Mr. Franklin said it worked like a municipality except it did not have taxing authority. He also said at some point, the airports at Oak Island and Ocean Isle Beach would be combined in a new location and the current properties would be sold. Councilor Medlin said that the job Mr. Franklin was doing at the airport was phenomenal, but that he didn’t see the Town spending tax money to help support it. Councilor Medlin said that the Town did not help support private businesses. Mr. Franklin said the airport was a government. Mr. Franklin said that the Town has a responsibility to support the airport and that if it didn’t want to, the airport could be de-annexed.

Farmers Market: Mr. Kelly said that he and the Mayor had met with a private company that runs farmers markets. Staff was looking for direction in pursuing the idea further. Consensus was to provide a proposal to Council for consideration.

Review of Committee charges: Ms. Stites said that she had one recommendation regarding the Environmental Advisory Committee. The roster for that Committee had been reduced to 5 members at the retreat meeting in January, and staff would recommend 7 instead. Regarding the Beach & Inlet Committee, Councilor Blalock said that the Town had navigated the necessary for beginning the beach nourishment project and that while there were still decisions to be made regarding financing the project, those decisions would have to be made by Council. Councilor Blalock thanked the Committee members for their work. **Councilor Blalock made a motion to dissolve the Beach & Inlet Committee with thanks for the work the Committee has done this far. Mayor Pro Tempore Scott seconded the motion and it passed 4-1 with Mayor Pro Tempore Scott and Councilors Bell, Blalock and Winecoff in favor and Councilor Medlin opposed.**

Budget Ordinance Amendments: **Mayor Pro Tempore Scott made a motion to approve the Budget Ordinance Amendments to approve additional repayment from the Wastewater Fund to Accommodations Tax Fund and to appropriate funds for upgrading the fuel management system as presented. Councilor Blalock seconded and the motion passed unanimously.**

Discussion of proposed FY 2017-18 Budget: Councilor Winecoff said that he’d had a long discussion with a long-term resident who had nothing but compliments about the airport and how far it has come. He said that he thought \$19,000 was a drop in the bucket compared to what it does for the community. Councilor Bell said that most of the people coming into that airport have a choice of where to list their airplanes. When she first started taxing the planes as personal property, she said Mr. Franklin encouraged people to register their airplanes in the Town of Oak Island instead of somewhere else. Councilor Blalock suggested including \$15,000 for the airport in the proposed budget. Councilor Bell agreed and consensus was to include \$15,000.

Council returned to the discussion of dredging. Councilor Medlin said that to him, it made more sense to spend \$35,000 to dredge the inlet than it did to give \$15,000 to the airport. Councilor Blalock said it made sense to do it this year but then discuss it for next year. **Councilor Medlin made a motion to approve the \$35,000 requested for inlet dredging. Councilor Winecoff seconded and the motion passed with Councilors Blalock, Medlin and Winecoff in favor and Mayor Pro Tempore Scott and Councilor Bell opposed.**

Councilor Blalock made a motion to adjourn at 8:28 p.m. Councilor Bell seconded and the motion passed unanimously.

Cin Brochure, Mayor

ATTESTED: _____
Lisa P. Stites, CMC
Assistant Manager/Town Clerk

Clerk's Statement: Minutes are in compliance with the open meetings laws. The purpose of minutes per the open meetings laws is to provide a record of the actions taken by a Council or a Board and evidence that the actions were taken according to proper procedures. All actions of the Council are recorded in the official minutes. Not all portions of Town of Oak Island meetings are recorded verbatim in the official minutes, with general discussion items, reports, presentations, and public comments being paraphrased or summarized in many instances. Public comments in writing should be submitted to the clerk via hard copy, electronic mail, or other means so as to ensure an exact verbatim account. The Town of Oak Island provides full coverage of meetings on Government Channel 8 so that the Citizens and the Public may view and listen to the meetings in their entirety.