



TOWN COUNCIL MINUTES

REGULAR MEETING

August 16, 2016

The Kure Beach Town Council held their regular meeting on Tuesday, August 16, 2016 at 6:30 p.m. The Town Attorney was present and there was a quorum of Council members.

COUNCIL MEMBERS PRESENT

Mayor Emilie Swearingen
Mayor Pro Tem (MPT) Craig Bloszinsky
Commissioner David Heglar
Commissioner Joseph Whitley

COUNCIL MEMBERS ABSENT

Commissioner Jim Dugan

STAFF PRESENT

Fire Chief – Harold Heglar
Police Chief – Mike Bowden
Building Inspector – John Batson
Finance Officer – Arlen Copenhaver
Town Clerk – Nancy Avery
Deputy Town Clerk – Nancy Hewitt

CALL TO ORDER

Mayor Swearingen called the meeting to order at 6:30 p.m., Pastor Dan Keck from Kure Memorial Lutheran gave the opening invocation and led everyone in the Pledge of Allegiance.

AWARDS

1. Recognition of Retired Police Chief Dennis Cooper

Mayor Swearingen presented Ret. Chief Cooper with an appreciation plaque from the town and proceeded to read a letter written on behalf of the town by Officer Joe Miljenovic which extolled Ret. Chief Cooper's accomplishments. She said that the letter was used in an application for a very special award and then introduced Steve Keene, State Director of Regional Field Operations for Governor McCrory's office and State Representative Ted Davis, Jr.

Mr. Keene presented Ret. Chief Cooper with the Order of the Long Leaf Pine Society award and Rep. Davis praised him for his faithful service to the town, the region and the state.

Ret. Chief Cooper thanked everyone and said the best gift he could receive is for everyone to hold the police officers up in prayer. He said he prays that God will hold them tight and give them guidance and wisdom during these tough times. He thanked the town for the opportunity he was given to serve and said he couldn't ask for a better place to live and raise his family than Kure Beach. He thanked the town and the Governor's office for the awards.

Mr. Keene then recited a portion of the society's toast:

"Here's to the land of the long leaf pine; the summer land where the sun doth shine;



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Where the weak grow strong and the strong grow great. Here's to 'Down Home,' the Old North State!"

MEETING RECESS

The mayor invited everyone to the Beach Walk clubhouse to attend a public reception held in Ret. Chief Cooper's honor. The meeting recessed at 7:00 p.m. and resumed at 7:30 p.m.

VOTE TO EXCUSE COMMISSIONER DUGAN

MOTION – Commissioner Heglar moved to excuse Commissioner Dugan from the council meeting.

SECOND – MPT Bloszinsky

VOTE – Unanimous

AWARDS continued

2. Mayor Swearingen said she attended the NC Coastal Federation's annual banquet in Beaufort, NC, last week. She said that Bruce Holstein from Carolina Beach received an award for "advancing advocacy efforts to ensure a healthy coast." She said Kure Beach was awarded a 2016 Pelican Award for "exercising leadership in protecting our coast from offshore oil." She said that Wilmington and Carolina and Wrightsville beaches also received the award.

APPROVAL OF CONSENT AGENDA ITEMS

1. Adopt Resolution R16-13 approving financing terms with First Bank for a garbage truck
2. Approve Budget Amendment 17-02 totaling \$7,980 for H Avenue beach access solar lighting
3. Authorize closure of part of K Avenue (between Dow Road and Settlers Lane) and intermittent traffic control on Settlers Lane and Mackerel Lane from 7 a.m. to 1 p.m. on Sunday, October 16, 2016 for a Marathon/Half Marathon race
4. Authorize closure of Atlantic Avenue to vehicle traffic between K and L Avenue from the early morning hours through 10 p.m. on Friday, October 7, 2016 for the Kure Beach Jazz Funeral
5. Authorize closure of Atlantic Avenue to vehicle traffic between K and L Avenue from the early morning hours through 5 p.m. on Saturday, November 19, 2016 and Saturday, November 26, 2016 for the Kure Beach Holiday Market.
6. Authorize the participation of food truck vendors during event hours on Friday, October 7th, Saturday, November 19th, and Saturday, November 26th
7. Building Inspections Report – July 2016
8. Fire Department Report – July 2016
9. YTD Finance Report Meeting
10. Minutes:
 - July 19, 2016 special
 - July 19, 2016 regular



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- July 19, 2016 closed

Commissioner Heglar thanked the finance officer for finding a low interest rate on the truck loan.

MOTION – Commissioner Heglar moved to approve the Consent Agenda Items, as presented.

SECOND – Commissioner Whitley

VOTE – Unanimous

Said resolution and budget amendment are herein incorporated as part of these minutes.

ADOPTION OF THE AGENDA

Mayor Swearingen asked that the following be added to the meeting agenda:

- Under Department Heads for Public Works, add Lift Station Funding as Item B and Asset Management Program as Item C
- Under Commissioner Items, add Room Occupancy Tax for MPT Bloszinsky to present

MOTION – Commissioner Heglar moved to approve the meeting agenda, as amended by Mayor Swearingen.

SECOND – MPT Bloszinsky

VOTE – Unanimous

DISCUSSION AND CONSIDERATION OF COMMITTEE BUSINESS

1. Planning & Zoning (P&Z) Commission

a. Beach Safety and Conservation Standards ordinance

P&Z Chairman, John Ellen, said the commission reviewed the proposed beach safety and conservation standards ordinance at their August meeting, given to them by council, and he presented the changes they recommend.

Town Attorney Canoutas recommended that, although the proposed new ordinance is in Chapter 12 and isn't a zoning ordinance under Chapter 19, council should schedule a Public Hearing for public input since the proposed ordinance could have future legal implications for the town.

MOTION – Commissioner Heglar moved to hold a Public Hearing at Town Hall on Tuesday, September 20th at 6:00 p.m., or soon thereafter, for the purpose of receiving public input on the proposed new ordinance under Chapter 12 Parks and Recreation, Article 2 Recreation, Division 2 Beach, Subdivision A Beach Safety and Conservation Standards, as follows: Sections 12-47 Policy, 12-48 Safety and Conservation Standards and 12-49 Exceptions.

SECOND – Commissioner Whitley

VOTE – Unanimous



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Chairman Ellen said there will be a Beach Inlet Management Plan (BIMP) meeting on September 8th from 6:00-8:00 p.m. at the NHC Government Center to receive public input. Commissioner Whitley said that he planned to attend the meeting.

DISCUSSION AND CONSIDERATION OF DEPARTMENT HEAD BUSINESS

1. Finance Department

- a. Adopt Capital Project Ordinance and Approve Budget Amendment 17-01 to transfer \$50,000 from the General Fund to the Capital Project Fund for the proposed Town Hall Expansion and New Fire Station

Finance Officer Copenhaver said council directed him to transfer \$28,500 to a Capital Project Fund for architectural fees for the proposed Town Hall expansion and new Fire Station during their July council meeting. He said he rounded up that amount to \$50,000 to cover related expenses so that he doesn't have to come back to council for approval every time a related expense comes up, giving the example of a \$3,000+ topographical survey expense.

MOTION – Commissioner Heglar moved to adopt the Capital Project Ordinance and to approve Budget Amendment 17-01, to transfer \$50,000 from the General Fund to the Capital Project Fund; both for the proposed Town Hall Expansion and New Fire Station.

SECOND – Commissioner Whitley

VOTE – Unanimous

Said budget amendment and ordinance are herein incorporated as part of these minutes.

2. Public Works Department

- a. Cost to Install and Light Decorative and Solar Lights on Atlantic Avenue

Mayor Swearingen said Director Beeker was able to meet with Ms. Pollard from Duke Energy and she sees no problem replacing the lights. She said Director Beeker will give council the information as soon as he gets it. She read an article from the American Medical Association (AMA) regarding health problems that LED lights can potentially cause. She said she'd like to schedule a meeting for Duke Energy and the NC Wildlife Resources Commission to address council and the public on this subject.

MOTION – Mayor Swearingen moved to hold a Special Meeting at Town Hall on Tuesday, September 20th at 5:00 p.m., or soon thereafter, for Duke Energy and the NC Wildlife Resources Commission to provide information to council and the public on LED street lights.

SECOND – Commissioner Heglar

VOTE – Unanimous

Commissioner Heglar said the meeting should be limited to one hour in length.



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b. Lift Station Funding

Mayor Swearingen said she attended a training session with the NC Department of Environmental Quality (NC DEQ) regarding their application process for funding. She said the town wouldn't qualify for their grant but could qualify to have 100 percent of the project cost financed in a 20-year state loan through the Clean Water State Revolving Fund (CWSRF). She gave a cost scenario of getting the state's loan versus a bank loan and noted that the state loan could save them town around \$60,000. She added the following information regarding the state loan:

- The six-page application needs to be completed and submitted by September 30th.
- Per Brian Cox, Engineering Services would need to do an Environmental Assessment in order to complete the state's complicated set of forms, for which they would charge the town an additional \$15,000.
- The town would need to do an Asset Assessment Review to be considered for the loan.
- The town wouldn't know until January 31st if it received the loan.
- The project would need to be completed within two years and any engineering costs incurred before September 30th wouldn't be included in the loan.
- The mayor spoke with a representative from the CWSRF during the session, and he said he would be willing to work with the town to do as many things the state would allow between September 30th and January 31st, and the town may be able to have the permitting process be fast-tracked.
- She and Mr. Cox would like to meet with the CWSRF representative again to review what he told her and see if he thinks the town has a real chance to get the loan.

Mayor Swearingen reviewed the pump station site comparison that was completed by Engineering Services stating that Director Beeker would like to put the lift station next to the one already there.

Commissioner Heglar said the town has \$1.9 million dollars in cash for utility infrastructure, so that we could pay for the entire project without taking out a loan. He said he doesn't want to pay interest to anyone if the town doesn't have to. He said the process of applying for the loan will take up a lot of staff time, and the environmental study will eat up a lot of the purported savings.

Finance Officer Copenhaver said he doesn't recommend the town pay all cash for the project since the town is already paying for the Bypass Force Main project and a couple of other things. He said that, for the past few years, the town has basically been bringing in what it needs for operating expenses versus bringing in reserves, so he will need to weigh everything out before making a recommendation to council.

Commissioner Heglar said the town could pay for some of the cost of the project up front and then get a shorter loan term.



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Finance Officer Copenhaver said that a shorter term would definitely carry a lower interest rate.

Mayor Swearingen said that Mr. Cox hasn't given real figures on what he thinks the extra costs for the project would be.

MPT Bloszinsky said council needs solid numbers and more financing options on which to base a decision. He said he agrees with Director Beeker's opinion to not use the land on H Avenue across from Public Works, because the town could lose the potential value of that land and its tax value if used for the lift station. He said he also agrees with Commissioner Heglar on not borrowing money if the town doesn't have to.

Mayor Swearingen said she agrees with the finance officer's recommendation to not pay cash for the entire project.

Commissioner Heglar said he will probably do whatever the finance officer recommends, but Kure Beach has historically paid for large Public Works projects without taking out huge loans; the town would save enough money ahead of time to pay for the projects in cash. He said, if the town takes out a large, long-term loan to build a utility infrastructure system and it gets wiped away in a storm, the town will continue paying on a loan for a system that is no longer viable.

c. Asset Management Program

Mayor Swearingen said another grant from the NCDEQ is for an Asset Management Program. She told council that she would like them to decide between now and next spring if it would be of any benefit to the town. She said Carolina Beach received a grant to do this and it helped them with their Capital Investment Plan.

DISCUSSION AND CONSIDERATION OF OLD BUSINESS

1. Adopt amended Article V of the Personnel Policy

Commissioner Heglar reviewed the changes he made to the draft amendments from the recommendations he received from council.

Town Clerk Avery said she was concerned that the policy specifically addresses "full-time" positions. She asked if council wanted the policy to pertain to only full-time positions or to part-time and temporary positions, too.

MPT Bloszinsky said council should just have one policy for all of the positions, and council agreed with him.

Town Clerk Avery said she will delete the word "full-time" in Sections A and C of the draft.



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MOTION – Commissioner Heglar moved to adopt the amendments to Article V of the Personnel Policy, deleting the wording “full-time” in Sections A and C of the policy.

SECOND – MPT Bloszinsky

VOTE – Unanimous

NEW BUSINESS

None

COMMISSIONER ITEMS

1. Room Occupancy Tax (ROT) Collection from Short-term Rental Properties

MPT Bloszinsky referred council to a spreadsheet showing Kure Beach properties that are currently being rented on a short-term basis and made the following points:

- The town needs to sustain the “in season” infrastructure and add more space for an aging Town Hall and Fire Department, and there is also a lack of committed financial resources for coastal storm damage resources from federal and state levels.
- While investigating options to make town reserves grow, council found a number of short-term rental properties in Kure Beach that are not paying ROT.
- Property owners who report and pay ROT deserve council support because they bring in tourists, businesses, jobs and entertainment, and they are responsible for a significant piece of the town’s economy.
- The town’s gross ROT revenues for FY15-16 were \$880,290.
- He, Mayor Swearingen and Town Clerk Avery will meet with county officials on Wednesday, August 24th at 10:00 a.m. to discuss how to handle the issue of unreported ROT for short-term rental properties.

Commissioner Heglar said council should work on a letter, which should include the ROT ordinance requirements, to be brought to the next council meeting. He said the letter should be mailed to all suspected, non-paying, short-term rental property owners, recommending that they read the ordinances, and stating that council will be encouraging the county tax office to contact them. He said, at the same time, the town should put something in the Island Gazette about this.

MPT Bloszinsky said it’s logical to think that, if we can get all of the short-term rental property owners to pay the ROT, town revenues could actually double.

The mayor mentioned that some of the HOAs in Kure Beach have their own covenants that don’t allow short-term rentals in their communities.

MPT Bloszinsky said there were some HOAs that declined to provide their list of short-term renters to him. He said he thinks that the HOAs may be willing to provide the information after the meeting with the county tax office.



TOWN COUNCIL
TOWN OF KURE BEACH, NC

RESOLUTION R16-13

**APPROVING FINANCING TERMS WITH FIRST BANK
FOR GARBAGE TRUCK**

WHEREAS, The Town of Kure Beach (“Town”) has previously determined to undertake a project for a garbage truck (the “Project”), and the Finance Officer has now presented a proposal for the financing of such Project;

NOW, THEREFORE, BE IT RESOLVED THAT

1. The Town hereby determines to finance the Project through First Bank, in accordance with the proposal dated August 3, 2016. The amount financed shall not exceed \$182,000.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.7% and the financing term shall not exceed five (5) years from closing.
2. All financing contracts and all related documents for the closing of the financing (the “Financing Documents”) shall be consistent with the foregoing terms. All officers and employees of the Town are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary, or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by Town officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.
4. The Town shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment



TOWN COUNCIL
TOWN OF KURE BEACH, NC

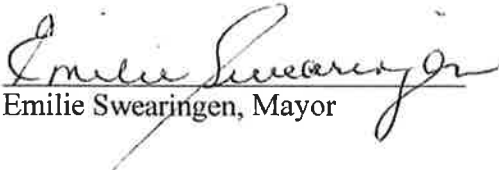
RESOLUTION R16-13

obligations. The Town hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The Town intends that the adoption of this resolution will be a declaration of the Town's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the First Bank financing described above. The Town intends that funds that have been advanced, or that may be advanced from the Town's general fund, or any other Town fund related to the project for project costs, may be reimbursed from the financing proceeds.

6. All prior actions of Town officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Adopted by the Kure Beach Town Council this 16th day of August, 2016.


Emilie Swearingen, Mayor


Attest: Nancy Avery, Town Clerk



BUDGET AMENDMENT
FISCAL YEAR ENDING JUNE 30, 2017
AMENDMENT DATE: 08/16/2016

Budget Amendment No.: 17-01

DESCRIPTION/PURPOSE OF AMENDMENT

At the 8/16/2016 Town Council meeting, Council adopted a Capital Project Ordinance for expansion of Town Hall and construction of a new fire station. The estimated costs of the initial phase of the project pertaining to architectural and related services are to be funded by a transfer from the General Fund to the Capital Project Fund. This amendment appropriates General Fund balance for the amount of the transfer.

ACCOUNTS AFFECTED

<u>Account No.</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
10-310-00-00	Appropriate General Fund Balance		\$50,000
10-580-99-99	Transfer to Capital Project Fund	\$50,000	

NOTE: (a) Budget Officer may transfer between line item expenditures without limitation and without a report being required up to \$10,000 at any one time. (b) The Budget Officer may transfer amounts within departments and of the same fund and reported as part of the financial statements. He/She shall make an official report immediately to Council on such transfers. (c) The Budget Officer may not transfer amounts between funds without prior Council action.

Requested By: Arlen Copenhaver, Finance/Budget Officer Date: 08/16/16

Approved By: Arlen Copenhaver, Finance/Budget Officer Date: 08/16/16

(Copies of actions/directives from Council Meeting to be attached, if required as per NOTE above).

Approved by Council 08/16/16 Emilie Swearingen Emilie Swearingen, Mayor

ATTEST: Nancy Avery Nancy Avery, Town Clerk

BUDGET AMENDMENT

FISCAL YEAR ENDING JUNE 30, 2017

AMENDMENT DATE: 08/16/2016

Budget Amendment No.: 17-02

DESCRIPTION/PURPOSE OF AMENDMENT

In FY 2016, Kure Beach was awarded a grant from the NC Dept. of Environmental Quality (Division of Coastal Management – NC Public Beach & Coastal Waterfront Access Program) for construction of an ADA compliant handicapped dune cross over and beach access with viewing platform at H Avenue. The total project cost, per the grant contract, was \$56,494. The total cost was funded as follows: \$42,370 – grant funds, \$11,924 – Town’s matching cash contribution and \$2,200 – Town’s in-kind costs (non-cash) for project oversight. The construction costs were included in the FY 2016 budget; however, the work relating to solar lighting was not performed until July 2016 (FY 2017). This Budget Amendment increases the Committee budget for the solar lighting costs and the related grant proceeds.

ACCOUNTS AFFECTED

<u>Account No.</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
10-412-74-00	Committees Capital Outlay	\$7,980	
10-335-12-00	NC Dept. of Environmental Quality Grant		\$7,980

NOTE: (a) Budget Officer may transfer between line item expenditures without limitation and without a report being required up to \$10,000 at any one time. (b) The Budget Officer may transfer amounts within departments and of the same fund and reported as part of the financial statements. He/She shall make an official report immediately to Council on such transfers. (c) The Budget Officer may not transfer amounts between funds without prior Council action.

Requested By: Arlen Copenhaver, Finance/Budget Officer Date: 08/16/16

Approved By: Arlen Copenhaver, Finance/Budget Officer Date: 08/16/16

(Copies of actions/directives from Council Meeting to be attached, if required as per NOTE above).

Approved by Council 08/16/16 Emilie Swearingen Emilie Swearingen, Mayor

ATTEST: Nancy Avery Nancy Avery, Town Clerk



CAPITAL PROJECT ORDINANCE

TOWN HALL EXPANSION AND NEW FIRE STATION

Be it ordained by the Town Council of Kure Beach, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. The project authorized is the expansion of Town Hall and construction of a new fire station to be financed by a transfer from the General Fund and installment financing. The initial phase of the project is for architectural and related service fees.

Section 2. The officers of this unit are hereby directed to proceed with the capital project within the terms of the installment financing agreements and the budget contained herein. This budget will be amended subsequent to the completion of the initial phase when an estimate of construction costs can be determined.

Section 3. The following amounts are appropriated for the initial phase of the project:

Architectural Services	\$28,500
Topographical Survey & Other Planning Costs	<u>21,500</u>
Total Initial Project Costs	<u>\$50,000</u>

Section 4. The following revenue sources are anticipated to be available to complete the initial phase of this project:

Transfer from the General Fund	<u>\$50,000</u>
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Section 5. The Finance Officer is hereby directed to maintain within the Capital Project Fund sufficient detailed accounting records to satisfy the requirements of any installment financing agreements and State and Federal regulations.

Section 6. Funds may be advanced from the General Fund for the purpose of making payments as due.

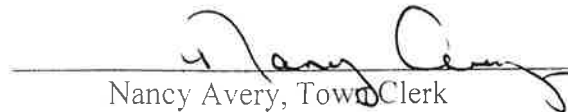
Section 7. The Finance Officer is directed to report, on a quarterly basis, on the financial status of each project element in Section 3 and on the total revenues received.

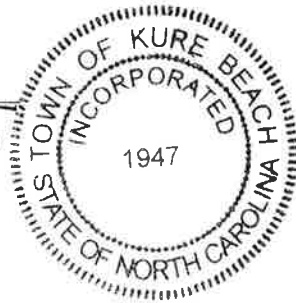
Section 8. The Budget Officer is directed to include a detailed analysis of past and future costs and revenues related to this capital project in every budget submission made to this Board.

Section 9. Copies of this capital project ordinance shall be furnished to the Town Clerk, the Budget Officer and the Finance Officer for direction in carrying out this project.

This ordinance being duly passed and adopted this 16th day of August, 2016.


Emilie Swearingen, Mayor


Nancy Avery, Town Clerk





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Mayor Swearingen said she asked MPT Bloszinsky to write up a report on the steps that were taken to obtain their information. She said other beach communities along the NC coast may like to know our process so they can do something similar.

Commissioner Whitley said that the Planning and Zoning Commission started the conversation about this almost two years ago.

MPT Bloszinsky said he doesn't care how hard the work is in dealing with this issue as long as it gets good results.

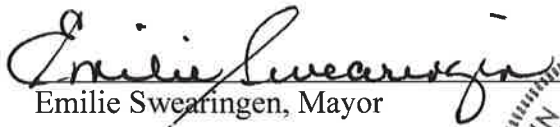
ADJOURNMENT

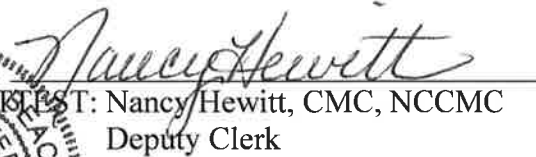
MOTION – Commissioner Heglar moved to adjourn.

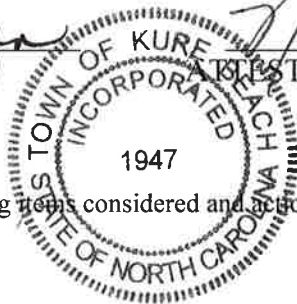
SECOND – Commissioner Whitley

VOTE – Unanimous

The meeting adjourned at 8:50 p.m.


Emilie Swearingen, Mayor


Nancy Hewitt, CMC, NCCMC
Deputy Clerk



NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting.