



Town of Beaufort, NC
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Board of Commissioners
Work Session
4:00 PM Monday, June 26, 2023
Train Depot, 614 Broad Street
Beaufort, NC 28516

Call To Order

Mayor Harker called the meeting to order at 4:00 p.m.

Roll Call

Elizabeth Lewis, Town Clerk, called the roll.

PRESENT:

Mayor Harker
Mayor Pro Tem Hagle
Commissioner Oliver
Commissioner Cooper
Commissioner Terwilliger
Commissioner Hollinshed

Agenda Approval

Mayor Harker asked for a motion to amend the agenda to add discussion/consideration of two letters of interest from the Town of Beaufort to the North Carolina Office of Resiliency and Recovery (NCORR) regarding affordable housing. She noted this would be added as item number one, under Items for Discussion and Consideration on the agenda.

Commissioner Cooper made a motion to amend the agenda as requested.

The motion carried unanimously.

Presentations

1. **Planning Updates- Repetitive Loss and Hazard Mitigation Report**

Kyle Garner, Planning Director, provided an update to the Board regarding the Town's activities within the past year involving Repetitive Loss Properties and Hazard Mitigation; all documents referenced are part of the meeting packet. He explained this information is submitted to the Town's Community Rating System coordinator and is used to indicate the flood rate discount on Flood Insurance policies in the Town of Beaufort's jurisdiction. He also noted it aids in the Town's reimbursement from FEMA in times of natural disaster. He

shared that currently, the Town of Beaufort was a Category 7, resulting in primary residents receiving a 15% discount on their Flood Insurance.

Commissioner Oliver asked what recommendation Mr. Garner had for the community on the subject.

Mr. Garner suggested the community continue to be vigilant in regard to sustainability and recovery after storms in terms of mitigation.

Commissioner Hagle asked how to reduce their rating to Category 6.

Mr. Garner shared the Town would be able to account for more open space that was not considered previously, which helps to reduce the rating. He suggested public awareness was key and noted the next audit would be in 2025.

Commissioner Hollinshed asked if there will be elements such as freeboard and height recommendations in the new Unified Development Ordinance (UDO).

Mr. Garner explained freeboard was part of the Town's Flood Prevention Ordinance, which should be before the Board for consideration soon, noting the Board had the authority to raise the freeboard if so desired.

Commissioner Cooper asked how to minimize the flood areas.

Mr. Garner said there were several ways, sharing how the grant to study flooding at Professional Park Drive would be beneficial. He also noted the impact the Cedar Street Project would have on stormwater and flood mitigation.

Mr. Garner shared about open space and explained how the total number of acreage in Town affects the rating.

Items for Discussion and Consideration

1. Letters of Interest- North Carolina Office of Resiliency and Recovery

Todd Clark, Town Manager, shared two non-binding letters of interest from the Town of Beaufort to the North Carolina Office of Resiliency and Recovery (NCORR) regarding affordable housing. He explained there was financing available for multi-family and single-family rehabilitation and new construction, for those counties in North Carolina who were impacted by Hurricane Matthew and Florence. He provided background on the funding and the Community Development Block Grant (CBDG) Program. He noted if awarded, the Town would be considered a sub-recipient and be able to work with development partners. The letters are provided below as part of the record:

Letter 1:

NCORR – AHDF

Attn: Emily Hagstrom

Via Email: Emily.hagstrom@ncdps.gov

RE: Letter of Interest for funding for 66 Single Family Workforce Homes in Carteret County, NC

Dear Emily,

The Town of Beaufort, NC intends to apply for funding to develop single-family homes in conjunction with East Carolina Community Development, Inc. as our sub-recipient. The Town of Beaufort EIN is 56-6001173. The property location is 2303 Hwy 70, Beaufort, NC 28516 located in Carteret County.

It is the intention of the developer to purchase the land, which consists of 41

acres with 22 acres usable for development, with NCORR funds. The plan is to build single-family workforce homes with three (3) units per acre making the development a total of 66 new single-family workforce homes. We are contemplating the land acquisition to be funded with a low-interest loan by the town to ECCDI. This will serve as a subsidy toward the land development cost of each home, which will contribute to the affordability of these single-family homes for qualifying purchasers. We anticipate requesting funds in the amount of \$2.3 Million from NCORR to apply to the CDBG-DR budget for the Town of Beaufort. The estimated cost for land acquisition is \$1,518,000, and the total estimated development budget is \$3,818,000.00.

Sincerely,

Sharon E. Harker
Mayor
Town of Beaufort

Letter 2:

To: North Carolina Office of Recovery and Resiliency (NCORR)

From: Town of Beaufort UEI/TIN: 56-6001173

Date: June 26, 2023

Subject: Request for \$5 million for Legion Drive Affordable Housing Project

Dear NCORR,

We are writing to express our interest in applying for funding available through the Affordable Housing Development Fund (AHDF) – Round 3 to support the Beaufort Housing Authority's proposed affordable and workforce housing project in Beaufort, North Carolina. The Town is committed to addressing the housing needs of our residents, especially those who have been impacted by natural disasters. In 2022, the Beaufort Housing Authority selected WinnCompanies to partner with on a redevelopment project in Beaufort. As reported by the Housing Authority, the proposed project will replace the Town's current 100 affordable units and create approximately 300 new, affordable/workforce units. As such, the new units will be a mix of one-, two-, and three-bedroom apartments. The new apartments will be rented to households earning between 50% and 120% of the area median income. Additionally, the redevelopment project is expected to improve the living conditions of current residents and address the pent-up demand for rental housing. The new units will provide affordable housing for people who work in Town, but who are currently unable to afford to live here. Phase 1 of the proposed project will consist of new construction of 84 units of mixed-income rental housing on a 10-acre site located at 456 Legion Drive, Beaufort, NC. The project will serve households up to 80% of the area median income (AMI). The project will also include a community center, a playground, a laundry facility, and onsite supportive services. The total development cost is estimated at \$21 million. The development will be financed with loans and 9% Low Income Housing Tax Credits. On behalf of the Beaufort Housing Authority, we are requesting \$5 million from the AHDF to fill the remaining financing gap and make the project feasible. The AHDF funds will be used for site preparation, construction, and soft costs. We believe the project aligns with the goals and

priorities of the AHDF, as it will create new affordable and workforce housing units in an area with high housing needs, serve vulnerable populations, leverage other funding sources, and promote environmental sustainability and resilience. This need for housing was amply demonstrated by the 2021 Housing Needs Assessment for Carteret County prepared by Bowen National Research. We welcome the opportunity to discuss the project with you in more detail and submit a full application for the AHDF. Please let us know if you have any questions or need any additional information.

Thank you for your consideration of our request.

Sincerely,

Sharon E. Harker
Mayor
Town of Beaufort

Mayor Harker asked for discussion and consideration from the Board regarding the non-binding letters of interest.

Commissioner Oliver asked if both potential projects were in the Town of Beaufort limits or ETJ.

Mr. Clark confirmed they were.

Commissioner Hollinshed asked if First Tryon had a chance to look at the potential funding.

Mr. Clark confirmed they had not.

Commissioner Hollinshed asked who held the funds if awarded.

Mr. Clark explained the Town would be the administrator of funds and noted it was not a grant and considered a loan. He noted the letters of interest allowed for a further application to be submitted and if awarded the Town did not have to move forward with the funding.

Commissioner Cooper noted he would like to have more information before deciding. He shared that block funding does not always turn out like anticipated.

Mr. Clark noted the Town would not be funding any portion of the project, rather than administering the financial pieces.

Commissioner Terwilliger asked if there was any kind of legal obligation or liability associated with the program.

Arey Grady, Town Attorney, explained the project would be structured administratively as required by the State and Federal Government and the Town would need to follow those procedures as noted. He also shared the letters of interest were not applications, rather the first piece on the process that would allow an application to be made at a future date.

Commissioner Hagle made a motion to proceed with support of the letters of interest, that would allow the Town to submit a future application and give the Board time to further study the program before making a final decision.

Commissioner Hollinshed proposed an amendment to the motion; that would include the addition of the Town's financial advisor, First Tryon's review of the proposed project and associated funding.

The amended motion carried unanimously.

2. Amendment to Non-Motorized Vehicle Ordinance & Permit #23-01

Ms. Lewis shared at the June 12, 2023, Regular Meeting, the Board approved a non-motorized vehicle permit under the Town's current ordinance. She explained the Board

requested the ordinance be amended to allow more than one vehicle in operation at a time. She noted a copy of the proposed amendment was attached in the meeting packet for review and consideration, as well as Permit #23-01 which will also need to be modified.

Commissioner Hagle made a motion to approve the proposed amendments to the ordinance as proposed in the meeting packet and as referenced in Section 116.06. - Permit hearing; approval, (B) and (C).

The motion carried unanimously.

Commissioner Terwilliger made a motion amending Permit #2023-01 to modify the current condition as follows: "Only the (4) permitted drivers stated above shall operate a vehicle."

The motion carried unanimously.

3. **Amendment to the West Ann Street Easement Agreement**

Mr. Clark shared the Town received a letter of request from Beaufort Resorts, LLC, to consider a modification to the West Ann Street Easement Agreement. He read the proposed amendments into the record as follows:

FIRST AMENDMENT TO EASEMENT AGREEMENT

(Parking Area and Riparian Rights – Ann Street Waterfront Terminus)

THIS FIRST AMENDMENT TO EASEMENT AGREEMENT (this "First Amendment") is made as of this ____ day of July, 2023, by and between the **TOWN OF BEAUFORT**, a municipal corporation under the laws of the State of North Carolina ("Grantor") to **BEAUFORT RESORTS, LLC**, a North Carolina limited liability company ("Grantee").

RECITALS:

- A. The Grantor and Grantee entered into that certain Easement Agreement dated June 9, 2016 and recorded in Deed Book 1545, Page 2 of the Carteret County Registry (the "Original Agreement").
- B. Pursuant to Section 14 of the Original Agreement, the Grantor and Grantee desire by this First Amendment to amend the Original Agreement as hereinafter provided.
- C. The above Recitals are true and correct and are incorporated herein by this reference. Capitalized terms in this First Amendment shall have the same meaning ascribed to such terms in the Original Easement unless otherwise provided herein.

NOW, THEREFORE, in consideration of the mutual promises herein contained, a payment by Grantee to Grantor of a one-time modification fee in the sum of Three Hundred Twenty-two Thousand Two Hundred Eight and 00/00 Dollars (\$322,208.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 1 of the Original Agreement is hereby modified by deleting Section 1 in its entirety and inserting the following in lieu thereof:

"Grant of "Easement Rights". Grantor does hereby grant and convey to Grantee, its successors, assigns, tenants, occupants, agents, contractors and permittees the non-exclusive use and operation of the Easement Area (except for the Retained Rights and as otherwise provided in this Section 1) for an easement over, though, under and across the Easement Area for the purposes of ingress, egress, regress and installation, operation, maintenance, repair, reconfiguration and replacement of the Parking Lot and Dock Area, together with the right to post signage and to keep the Easement Area clear of brush, trees, and any or all other obstructions, structures, and encroachments, of any kind. The Easement Area and associated Easement Rights include without limitation, all riparian rights, including,

without limitation, right to repair, maintain, reconfigure and replace improved areas of the Easement Area along with the posting of appropriate signage relating to the rights of Grantee in the Easement Area. TO HAVE AND TO HOLD the described Easement Rights and all privileges and appurtenances thereto belonging to Grantee necessary for the grant and conveyance hereof. Grantor covenants with Grantee, that Grantor has the right to convey the Easement Rights, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever. *Notwithstanding the foregoing*, the Easement Rights do not include the right of Grantee to erect a building in the Parking Lot portion of the Easement Area. In addition, Grantee's exercise of the Easement Rights shall not substantially impair the use of the street portion of the Easement Area as a way of passage."

2. Section 2 of the Original Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"Reservation of Rights. Grantor retains the rights to install, maintain, repair and/or replace public water and stormwater lines located in the Easement Area (collectively, the "Retained Rights") provided such Retained Rights do not impair Grantee's use and operation of the Easement Rights. In addition, Grantee's exercise of the Easement Rights shall not substantially impair the use of the street portion of the Easement Area as a way of passage"

3. Section 4 of the Original Agreement is hereby deleted in its entirety and the following inserted in lieu thereof: "Intentionally deleted."

4. Section 8 of the Original Agreement is hereby deleted in its entirety and the following inserted in lieu thereof: "Intentionally deleted."

5. Section 9 of the Original Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"In the event of a breach or threatened breach by either party of any of the terms, covenants, restrictions or conditions hereof, beyond any applicable cure period, the other party shall be entitled forthwith to full and adequate relief by injunction and/or all such other available legal and equitable remedies from the consequences of such breach, including payment of any amounts due and/or specific performance. In addition to all other remedies available at law or in equity, upon the failure of Grantee to cure its breach of this Agreement beyond any applicable cure period, Grantor shall have the right to perform such obligation contained in this Agreement on behalf of such Grantee and be reimbursed by such defaulting Grantee upon demand for the reasonable costs thereof."

6. This First Amendment together with Original Agreement shall be construed in accordance with and governed by the laws of the State of North Carolina. The rights and obligations in this First Amendment and the Original Agreement shall run with the Grantor's Tract and the Grantee's Tract, and shall be binding upon Grantor and Grantee, and their respective successors and assigns. This Agreement may not be modified except by written agreement signed by the party against whom such amendment is sought to be enforced.

Mr. Grady shared the owners of the Beaufort Inn and their legal counsel were in attendance should there be any questions for them directly.

Commissioner Oliver said it was very important for people to realize the property is owned by the Town, it is not being sold, it was not proposed to be sold, and there are no changes in the proposed amendment in regard to allowable uses in the original easement.

Mr. Grady confirmed those were all fair statements.

Commissioner Hagle referenced the 2016 current easement agreement, under section two, that addresses grantee's rights. He pointed out that section was not included in the proposed amendment, rather than deleted.

Mr. Grady suggested if there was any other language in the 2016 easement agreement the Board wished to include in the proposed version, they needed to be clear to ensure it is carried forward properly.

Commissioner Hagle recommended carrying that provision forward.

Commissioner Hollinshed agreed that portions of section two of the original easement agreement should be incorporated into the revised version. She spoke on the Inn Use, as well as other permitted uses, questioning the owner's future plans.

Robbie Parker, with Lee Kaess Law PLLC, spoke on behalf of the Beaufort Inn owners. He explained the proposal was to make a modification to remove the current use and to allow for a future use. He suggested the intended use moving forward would be a residential use for the owners. He also noted there was no intent to change how the public has been using the property.

Todd Saieed, a partner in Beaufort Resorts LLC, shared he and his family had been part of the area for years. He provided background on the purchase of Beaufort Inn and explained they were trying to preserve the easement with the Town and consider future usage. He shared the Inn needed renovations, and he and his two partners had an interest in building three residential homes there. He spoke on the offer of \$322,208.00 for a one-time modification fee and how that number was obtained, through an appraisal process.

Commissioner Terwilliger noted the land was owned by the Town of Beaufort and it was an asset to Beaufort with future potential. He suggested until there was a specific design, it should remain the same; if the Inn stays in place, then the easement stays in place, if the Inn is torn down the easement goes away.

Commissioner Hollinshed asked for more clarity on the riparian survey and dockage area.

Mr. Grady referenced a recent survey provided by the Beaufort Inn owners as well as the Carteret County GIS aerial view.

Mr. Parker shared the original riparian rights were established in 1986. He also noted the Beaufort Inn had obtained a valid CAMA Permit for the entire dockage area, on multiple occasions. He shared it was his opinion the docks were owned by the Beaufort Inn.

Commissioner Hagle shared that section two of the current agreement, from 2016, should be added back to the proposed version. He specifically noted the sentence beginning with, "Grantee's rights are subject to the rights of individual members of the public to access the lawn area along the waterfront..."

Commissioner Terwilliger said there was no rush to approve the request and noted once the Inn was gone, there would no longer be an easement in place.

Mr. Parker shared that a decision needed to be made concerning whether the hotel was going to continue, noting the need for updates and financing concerns.

Commissioner Oliver asked if a demolition permit had been obtained for the hotel.

Mr. Parker confirmed they had.

Commissioner Oliver asked if it was possible to add to the agreement a restriction that the use of the grantee's property will be three single-family homes.

Mr. Grady confirmed that could be done as a restriction on residential use.

Commissioner Oliver made a motion to include the item on the agenda for the July 10th Board of Commissioners Regular Meeting, with revisions to the proposed agreement based off the recommendations noted above.

Voting Yea: Commissioner Cooper, Commissioner Oliver, Commissioner Hagle, Commissioner Hollinshed.

Voting Nay: Commissioner Terwilliger

The motion was carried with a 4-1 vote.

4. Affordable Housing District

Mr. Garner provided background on the efforts to create an Affordable Housing District. He explained staff was directed to provide an alternate that would accommodate these efforts under the current ordinance. He shared his proposal which is listed below:

Affordable Housing District Text Amendment/TCA Proposal Comparison Table

	Original AHD Proposal	Planning Board AHD Proposal	TCA Proposal
Building Height	40 Feet Maximum*	35 Feet Maximum	35 Feet Maximum
Open Space Requirement	Not Included	12% Minimum Open Space Required	2,750 square feet of area required per unit – No specific % Minimum Open Space Mentioned
Allowance of Duplexes	Not Included	Allowed as a Permitted Use	Allowed as a Permitted Use
Mixed Uses	Allowed as a Permitted Use	Allowed as a Permitted Use	Allowed as a Special Use
Parking Space Requirements	1.5 Spaces per unit	2.0 Spaces per unit	Multi-family - allows for 2 parking spaces for each individual dwelling up to 3 bedrooms and 1 additional space per unit for each bedroom over 3
Covenants	Not Required	Not Required	Required
Site Plans Required	Yes, for all development	Yes, for all development	Yes, for all development
Elevation Drawings Required	Yes, for all development	Yes, for all development	Only if requesting a Special Use Permit
BOC Approval	Yes, as well as HPC if in Historic District	Yes, as well as HPC if in Historic District	Yes, if structure is over 5,000 sq. ft or requires a Special Use Permit
Density Requirements	16 Dwelling Units Per Acre.	12 Dwelling Units Per Acre	12 Dwelling Units Per Acre 14 Dwelling Units Per Acre (With Special Use Permit)

- Except for properties in the Local Historic District in which the maximum height is 35 feet.

Commissioner Oliver suggested the Townhomes, Condominiums, Apartments (TCA) would accommodate what the Beaufort Housing Authority (BHA) was requesting, with the ability to include Special Uses. He pointed out a variance could be requested for certain areas such as height restrictions and parking.

Mr. Garner noted the applicant would have to request a text amendment on any density changes, a variance would not cover it.

Commissioner Hagle suggested this proposal would modify the zoning to allow any developer to use the category as needed, and it was an overall better approach.

Commissioner Cooper thanked both Mr. Garner and Mr. Clark for developing the TCA Proposal.

Commissioner Terwilliger asked what the next step would be for the BHA, if the Board decided to go in the proposed direction.

Mr. Garner explained if the Board went with staff's TCA Proposal, the next step would be a text amendment that would go back before the Planning Board and then the Board of Commissioners as a Public Hearing item.

Commissioner Hagle made a motion to proceed with the TCA Proposal presented by Mr. Garner, making the next step in the process a text amendment before the Planning Board.

The motion carried unanimously.

5. Capital Improvement Plan/ 10 -year Plan

Mr. Clark explained staff were working with First Tryon to develop a long-term financial plan. He noted the Management Team worked to compose an updated Capital Improvement Plan (CIP) with projects and purchases they believe to be imperative over the upcoming ten-year period. He requested the Board endorse the list, which is incorporated as part of the meeting packet, to provide staff with direction to continue working with First Tryon.

Commissioner Oliver noted he would like to have a source of funding for each line item and the best guess on the net amount associated. He suggested more information was needed to be able to rank the items from an urgency standpoint. He questioned where the Town would be in 20 years and how that was important to consider when developing this plan. He also made note of a Financial Policy review, specifically working to determine the useful economic life of vehicles.

Commissioner Hagle noted the importance of the CIP, suggesting it was a living document that would potentially change and require continued review.

Commissioner Hollinshed shared she liked the format and suggested omitting anything under \$10,000.

Commissioner Cooper shared that overall, the proposed list looked good, and he anticipated the consultant and staff would direct the Board in finalizing the plan.

Commissioner Terwilliger thanked staff for composing the list. He suggested an additional meeting with staff would be helpful in obtaining more information on specific items, as noted by Commissioner Oliver. He also agreed a \$10,000 threshold would be more appropriate.

Mayor Harker deemed a Board consensus to have a future meeting to help answer any questions the Board might have before endorsing the list.

6. FY 2023 Budget Amendment #11

Mr. Clark explained Budget Amendment #11 requests the appropriation of Insurance Proceeds for damaged Fire Equipment, \$22,341.

Commissioner Terwilliger made a motion to approve FY 2023 Budget Amendment #11 as presented.

The motion carried unanimously.

7. FY 2023 Budget Amendment #12

Mr. Clark explained in December 2023, there was considerable issue with the wastewater pump station at Beaufort Club, causing excessive man hours to be used for a period of about two months. Notably, Budget Amendment #12 requests appropriation of Fund Balance for any unforeseen expenditures in the water and sewer division that may occur prior to the end of the current fiscal year (June 30, 2023).

Commissioner Terwilliger made a motion to approve FY 2023 Budget Amendment #12 as presented.

The motion carried unanimously.

8. Resolution- Intent to Reimburse

Mr. Clark explained the approved FY 2024 Budget allocated Loan Proceeds and corresponding Capital Outlay for a Fire Pumper Truck. Currently the build-out on these trucks is between 24-36 months. The Fire Chief has been in contact with the vendor and has determined there are a few stock model trucks available that can be outfitted to suit the needs of Beaufort. The delivery of this type of truck would be between May-June of 2024. The Town will receive bids for the financing, however due to the time constraints and the demand for the stock trucks, the financing will not be in place by July 1st when the

truck contract needs to be executed. Therefore, staff requests the approval Resolution #23-11, which states that the Town can be reimbursed for any expenditures associated with the purchase of the truck, prior to the financing being approved.

Christi Wood, Finance Director, noted the Town was not purchasing, signing or executing a contract prior to July 1, 2023; as the \$732,000 for the Fire Truck was approved as part of the FY 2024 Budget.

Commissioner Hagle made a motion to approve Resolution #23-11, declaring official intent to reimburse expenditures.

The motion carried unanimously.

9. Financial Notes

Ms. Wood provided a financial report for May 2023. She noted the Town has not received any distributions for Ad Valorem Tax from Carteret County in June. She shared that Motor Vehicle Tax (MVT) received in May totaled \$42,645; this distribution was for MVT collected by the county in March and April. She shared that sales and use tax distribution for June was \$229,612; the March 2023 sales represented a 5% increase from the distribution in June 2022.

Commissioner Oliver shared he believed the end of year revenue totals would be much more than estimated. He made note of the ARP Funds which were received in the current fiscal year, and requested a future meeting to discuss how that money is listed in the budget.

Closed Session

1. Pursuant to NCGS 143-318.11 (3) and NCGS 143-318.11 (4)

Commissioner Hagle made a motion to enter closed session pursuant to NCGS 143-318.11 (3) and NCGS 143-318.11 (4).

The motion carried unanimously.

Adjourn

Commissioner Hagle made a motion to adjourn the meeting at 7:50 p.m.

The motion carried unanimously.

Sharon E. Harker, Mayor

Elizabeth Lewis, Town Clerk