



Town of Beaufort, NC
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Board of Commissioners Regular Meeting
Regular Meeting
6:00 PM Monday, July 14, 2025
Train Depot, 614 Broad Street

Call to Order/Pledge of Allegiance

Mayor Harker called the meeting to order at 6:00 PM and asked those in attendance to join in the pledge of allegiance.

Roll Call

Elizabeth Lewis, Town Clerk, called the roll:

PRESENT:

Mayor Harker
Mayor Pro Tem Cooper
Commissioner Gillikin
Commissioner LoPiccolo
Commissioner Oliver
Commissioner Spiegler

ABSENT: None

Agenda Approval

Mayor Harker asked for a motion to amend the agenda to move Items 8 and 9, associated with the Enclave at Beaufort Club, to be heard first under New Business on the agenda.

Commissioner Cooper made a motion to approve the amended agenda.

The motion carried unanimously with a (5-0) vote.

Items of Consent

1. Meeting Minutes: June 9 & 23, 2025
2. SUP Order: Case 25-09 Beaufort Bar Outdoor Operation (410 Live Oak Street)
3. Resolution: Extending Stormwater BAN Maturity Date
4. Resolution: CAMA Grant Application Approval
5. Case #24-01 M&H Storage Site Plan Extension Request
6. Beaufort WWTP Water Effects Ratio (WER) Engineering Services Agreement

Commissioner Gillikin made a motion to approve the Items of Consent.

The motion carried unanimously with a (5-0) vote.

Old Business

1. USDA- Funded Utilities Project (Contract 2)

Greg Meshaw, Special Projects Engineer, presented a detailed update on Contract 2 of the USDA-funded Utilities Improvements Project. He noted that Greg Churchill and Stephen Reese of Rivers and Associates were present, with Mr. Reese recognized as the Town's day-to-day project lead. Mr. Meshaw reported that the project was facing significant challenges due to substantial delays and escalating costs. Only 26% of the total planned 20,770 linear feet of water main had been installed, despite approximately 70% of the contract period having elapsed. Mr. Meshaw explained that the Town was at a critical juncture and needed to determine how to proceed with the remaining work. He presented three options for the Board's consideration:

Mr. Meshaw noted that both contractors had agreed to the reassignment plan for Contract 2. He reported that T.A. Loving was prepared to begin work by the end of July, and Sunland Builders would be responsible for completing a small number of remaining utility tie-ins at intersections before exiting the site. He shared that Sunland would also continue working on Contract 3 (stormwater improvements), though they were also behind schedule on that effort. He confirmed that the USDA loan rate was fixed and not subject to negotiation, but the 40-year term would help keep payments manageable. It was advised that if the desire of the Board, the sooner the Town initiated the loan request process with USDA, the better, given the in-depth steps involved.

Commissioner Oliver asked several questions related to funding and confirmed that to get the completed job they originally contracted, the Town would need to borrow an additional \$5.4 million.

Commissioner Gillikin stressed the importance of making progress on I&I (inflow and infiltration) improvements and sewer allocation planning. She noted that delaying infrastructure upgrades would hinder the Town's ability to plan for future development and would only lead to additional costs down the line. She stated her support for Option 3, commenting that it made sense to finish the work now.

Commissioner Spiegler agreed and expressed support for moving forward to complete the full scope of the project while the infrastructure was already exposed.

Commissioner Cooper asked when they would need to apply for additional funding.

Mr. Meshaw advised that the USDA application process could be lengthy, and staff would begin preparing immediately if authorized by the Board.

Mr. Zapp explained the logistics for securing the additional loan.

Commissioner Cooper made a motion to proceed with Option 3: to transfer the remaining work of Contract 2 to T.A. Loving Company and to actively pursue additional USDA loan funding in the amount of approximately \$5.4 million to complete the project as originally awarded.

The motion carried unanimously with a (5-0) vote.

2. Godette Hotel- Draft Encroachment Agreement

Town Attorney Arey Grady provided an update on the draft encroachment agreement for the Godette Hotel. He reported that a draft agreement had been sent to the property owner on July 2, with a requested response deadline of July 10. However, as of the meeting date, no substantive response had been received.

Mr. Grady shared that he had received an email late that afternoon stating the property owner's attorney was reviewing the draft and that they were working to return it with concise comments.

The Board discussed potential next steps. Mr. Grady suggested he would attempt to identify and engage with the property owner's attorney to establish timelines for meaningful discussion regarding the agreement and the building's status.

Mayor Harker recommended keeping the item on future agendas to maintain pressure and ensure ongoing updates to the Board and the public. It was agreed to move the item to the July 28th Work Session agenda.

3. Ordinance Revision– Chapter 113. Itinerant Merchants

Michelle Eitner, Town Planner, presented proposed amendments to Chapter 113 of the Town's Code of Ordinances concerning itinerant merchants. She explained that the revisions represent phase one of a two-phase initiative to modernize the Town's regulations. This initial phase focuses on updating the existing ordinance to enable clearer regulation and enforcement. Key changes include prohibiting mobile vending from public rights-of-way and Town-owned property, without yet introducing new regulations for mobile vending on private property.

Ms. Eitner also noted that enforcement responsibilities would shift from the Police Department to the Planning and Inspections Department.

During the Board's discussion, concerns were raised about the potential impact on existing vendors who have been operating in the Town for many years.

Commissioner Gillikin recommended incorporating a grace period for established vendors. The Board discussed the importance of striking a balance between enforcing the updated regulations for new vendors and accommodating those with a long-standing presence.

Town Attorney, Arey Grady, provided guidance on how the ordinance language could be drafted to reflect the Board's intent.

Following deliberation, the Board voted to postpone the decision and move the item to the next Board of Commissioners Work Session, scheduled for July 28. This delay will allow staff additional time to prepare revised language that addresses the concerns raised, particularly regarding a potential grace period for existing vendors.

Public Comment

Daphne Littiken, residing on Stanton Road in Beaufort, encouraged the Board to listen to the Beaufort Waterfront and Finance Committee (BWOFC) and make decisions based on their research and expertise.

Heather Walker, residing at 504 Camping Road in Beaufort, addressed Mayor Harker regarding recent events involving members of the Beaufort Housing Authority (BHA) Board of Commissioners. She expressed concerns about a hostile environment and intimidating behavior, particularly mentioning incidents involving Mr. Bruce Prager and Mr. Richard deButts. Ms. Walker urged the Mayor to take immediate and decisive action to ensure the safety and well-being of staff and residents at the BHA.

Susan Schmidt, residing at 1527 Ann Street in Beaufort, spoke positively about the BWOFC Committee. She expressed trust in the wisdom, integrity, and professional expertise of the committee. She shared that it was her hope that the proposals for F3 management and the buried diesel tanks would be approved by the Board of Commissioners.

New Business

1. Case #25-11 Enclave at Beaufort Club- Preliminary Plat

Planning Director Kyle Garner presented the preliminary plat request for the Enclave at Beaufort Club, submitted by Beaufort Investment Holdings, LLC. The request involves the

subdivision of a 25.93-acre tract into 84 lots—79 for single-family residential development and 5 for open space. Mr. Garner explained that the site is located within the existing Beaufort Club development and was originally designated as Parcel B in the Planned Unit Development (PUD) approved in the early 2000s. He clarified that preliminary plat approval would permit the installation of infrastructure (such as water and sewer lines and grading) but does not authorize the sale or transfer of lots. He also noted that the Board of Commissioners had previously approved a sewer allocation of 12,600 gallons per day for the project, contingent upon the developer providing a second point of access connecting Cedar Avenue to Windswept prior to final plat approval.

Mr. Garner stated that the Planning Board reviewed the proposal at its June 16th meeting and recommended approval, with the condition that the secondary access road must receive preliminary and final plat approval before final plat approval is granted for the Enclave. He also confirmed that a driveway permit application for the access connection had been submitted to NCDOT and that the site includes 2.02 acres of open/recreational space, exceeding the required 1.69 acres.

During discussion, the Board raised several questions regarding density, emergency access, and development standards.

Mr. Garner noted that the average lot size exceeded 10,000 square feet and that the proposed density, approximately three units per acre, is consistent with suburban residential standards. He added that the access road design would be reviewed by staff, including engineering and fire officials, to ensure compliance with emergency service requirements.

The applicant, Steve Saieed, along with his engineer, Spence Hutchins, addressed questions from the Board. Mr. Saieed confirmed that the development would proceed in phases and that the Cedar Avenue connection would initially be constructed as a gravel road capable of supporting emergency vehicle access. He agreed to leave the road open for public use and to pave it and install utilities when the adjacent phase is developed. Mr. Saad also confirmed a commitment to plant two 2-inch-caliper trees per lot and install sidewalks on one side of the street, citing cost and stormwater constraints as the reason for not placing sidewalks on both sides.

After further discussion about long-term connectivity, emergency access, and walkability, the Board moved to take action.

Commissioner Gillikin made a motion to approve Case #25-11, the preliminary plat for the Enclave at Beaufort Club, with the Planning Board's recommendations and the following conditions:

The motion carried unanimously with a (5-0) vote.

2. Wastewater Allocation Reservation Request- Enclave at Beaufort Club

Sam Bell, Town Engineer, presented a modified allocation request for the Enclave at Beaufort Club project. He explained that the original allocation approved in November was for 70 single-family residential units (12,600 gallons per day), but the preliminary plat now showed 79 residential units. He shared the modified allocation request was for an additional 9 units, amounting to 1,620 gallons per day. Mr. Bell confirmed that this increase would still keep the town's total capacity at about 75.3%, below the 80% threshold that would trigger state intervention.

Commissioner Oliver made a motion to approve the additional sewer allocation request for the Enclave at Beaufort Club, as presented by staff.

The motion carried unanimously with a (5-0) vote.

3. Carteret County MOU: Disaster Debris Removal and Monitoring

Town Manager, Matt Zapp, presented a proposal for the Town to participate in the County's disaster debris removal and monitoring agreement. He explained that this

arrangement would serve as a secondary option to the Town's existing debris removal contractor, offering expanded resources in the event of a large-scale natural disaster.

Mr. Zapp emphasized that joining Carteret County's agreement would enable quicker clearing of roadways and residential areas, particularly by allowing the County to mobilize out-of-area contractors when necessary. He also noted that the arrangement would simplify billing, with the County issuing a single invoice to the Town and subsequently pursuing FEMA reimbursement.

The Board discussed the potential benefits of the agreement, including enhanced capacity for debris removal operations and possible cost savings for the Town. They offered their appreciation to the County for allowing such participation.

Commissioner Gillikin made a motion to authorize management to enter into an MOU with the County for debris removal processing, disposal, and monitoring.

The motion carried unanimously with a (5-0) vote.

4. F3 Marinas Draft Contract

Mr. Zapp provided an update on the draft contract with F3 Marinas. He reported that negotiations were progressing smoothly and that an initial rough draft had been prepared. Mr. Zapp noted that contract discussions were being led primarily by the Town Attorney, with input from members of the Beaufort Waterfront Operations and Finance Committee (BWOFF). He stated that the goal is to have a finalized contract ready for Board consideration within the next 30 days, potentially by the first meeting in August. Mr. Zapp emphasized the open and collaborative nature of the discussions with F3 Marinas and expressed confidence in securing a favorable outcome for the Town of Beaufort.

No action was required at that time, as it was an informational update.

5. Waterfront Project Design Consulting/Engineer Selection

Mr. Zapp provided an update on two components related to the Waterfront Project design. He explained that the Town has a pre-existing contract with Ardurra to assist with the project and that staff was seeking Board approval to continue this relationship as project needs arise. Mr. Zapp also noted that Ardurra's services would be needed to support the application and engineering work associated with the Hazard Mitigation Grant Program (HMGP), as their expertise would help prepare a successful grant submission.

Commissioner Gillikin provided additional context, explaining that Ardurra had previously helped the town apply for the Building Resilience in Communities (BRIC) grant. She explained that although the BRIC program was discontinued, the Town's application was favorably evaluated, leading to the recommendation to pursue the HMGP opportunity.

Commissioner Cooper made a motion to approve an extension of the Ardurra contract and to authorize the firm to provide assistance with the HMGP application.

The motion carried unanimously. with a (5-0) vote.

6. Oakes Grading Fuel Farm Construction Draft Contract

Town Manager Matt Zapp provided an update on the proposed fuel farm project and presented a draft design-build contract with Oaks Grading for Board consideration. He explained that Oaks Grading had been identified as the preferred vendor for the installation of a new fuel tank system to support the Town's waterfront operations and third-party marina management group, F3 Marinas. Legal counsel had worked closely with Oaks Grading to prepare a comprehensive contract, which was distributed to the Board electronically earlier that afternoon, with printed copies provided at the meeting.

Mr. Zapp noted that the fuel farm project would serve multiple purposes. In addition to providing fuel service to the F3 Marina by 2026, the tank would also support emergency operations during natural disasters, ensuring fuel access for the Town in times of regional supply disruptions. The project would be financed through a proposed \$1.2 million local

borrowing opportunity at a favorable interest rate of 3.9%. While the current estimated cost of the contract was approximately \$860,000, additional expenses could include site mitigation, utility adjustments, and the construction of a new delivery lane along Front Street. This delivery lane would allow fuel trucks to service the tank without interrupting downtown traffic and could also serve as a loading and unloading zone for businesses. The engineer's estimate for the lane was approximately \$125,000. Even when including these supplemental components, Mr. Zapp confirmed the overall project would remain within the approved financing threshold.

Commissioner Gillikin asked if they would be approving a final contract.

Mr. Grady confirmed they would see and approve the final contract.

Commissioner Oliver asked when the bank commitment letter would be provided.

Mr. Zapp shared a commitment letter from First Bank, which would confirm financing availability, was expected within 48 hours and would be required prior to contract execution.

Commissioner Cooper asked about parking spaces and potential green space in the western parking lot.

Mr. Zapp clarified that the current design would reduce the number of angled parking spaces in the western parking lot, near Front Street, from nine to five, converting them to parallel spaces. Staff would explore options to relocate or offset any lost parking nearby. He also confirmed that the sidewalk along Front Street would be shifted slightly southward toward the water to accommodate the delivery lane and that existing utilities and lighting conflicts had already been addressed in the engineering plans. He confirmed there had not been direction from the Board to convert the area to green space at this point.

Commissioner LoPiccolo acknowledged community concerns and shared background on why existing local fuel tanks were not pursued. He noted the amount of time that has been put into the project.

Commissioner LoPiccolo made a motion to approve the general contract format with Oaks Grading as presented to the Board, and to delegate authority to staff to finalize the contract details, continue negotiations, and return the finalized agreement to the Board for final review and approval.

The motion carried unanimously with a (5-0) vote.

7. Resolution: Fuel Farm Lender and Financing Agreement

Christi Wood, Finance Director, presented information on the Resolution for financing the fuel farm project. She explained that the proposed Resolution was a requirement for the Local Government Commission (LGC) application and asked the Board to approve First Bank as the lender, contingent on receiving their letter of commitment. Ms. Wood reported that two bids were received for financing: one from Truist at 4.63% and another from First Bank at 3.9%. Both offers were for 5-year terms, with no prepayment penalty.

The Board discussed the financial aspects, including the potential for early repayment and the estimated revenue from fuel sales.

Mr. Zapp provided additional context, stating that conservative estimates suggested the Town could potentially pay off the loan early.

Commissioner Oliver asked when associated budget amendments would be in place that would affect the current fiscal year.

Mr. Zapp explained staff would begin working with F3 Marinas to establish a detailed budget as soon as the Board authorizes execution of the management contract. Mr. Zapp noted that while the budget could be prepared prior to contract execution if required, it is customary to initiate those discussions immediately after formal engagement. He estimated that, assuming contract authorization at the Board's first meeting in August, a

draft budget could be prepared and presented for review by September or October, with Board input and potential adoption at that time.

Ms. Wood agreed with the proposed timeline and confirmed that she and Mr. Zapp would begin coordinating with F3 immediately following contract authorization.

Commissioner Oliver emphasized the importance of acknowledging that a formal budget amendment would be necessary and should be fully quantified for Board review and approval.

Commissioner LoPiccolo made a motion to approve the Resolution for financing of the fuel farm and select First Bank as the lender, contingent on LGC approval. The motion was seconded by Commissioner Cooper.

The motion carried unanimously with a (5-0) vote.

8. Resolution: Reimbursement for Capital Expenditures Associated with Fuel Farm

Ms. Wood presented a Resolution that would allow the Town to reimburse itself from loan proceeds for any expenses incurred before the loan closes. She explained that this was similar to a process used with USDA loans.

Commissioner Cooper asked if there were any foreseeable expenses ahead of the loan closure.

Ms. Wood and Mr. Zapp clarified that potential expenses could include the cost of the fuel tank, associated design work, and engineering costs. They also noted that previously expended costs for soil sampling and studies would be 100% reimbursable against the loan.

Commissioner Cooper made a motion to approve the Resolution for the Town to reimburse itself for capital expenditures associated with the Waterfront Project Fuel Farm.

The motion carried unanimously with a (5-0) vote.

9. Case #25-10 Subdivision at 1600/1612 Live Oak St Preliminary & Final Plat

Ms. Eitner presented a request for preliminary and final plat review to subdivide property located at 1600/1612 Live Oak Street. The property, zoned B1 General Business, currently hosts McDonald's and a vacant lot, both sharing a stormwater pond. Ms. Eitner explained that the subdivision would create two tracts: 1.45 acres and 2.2 acres. McDonald's was looking to purchase the 1.45-acre property they currently lease. Both properties would continue to share the stormwater pond with a maintenance agreement in place. She shared the Planning Board had unanimously recommended approval. It was also noted that the applicant's representative was present to answer questions.

Commissioner Cooper asked if McDonald's had plans for the 1.45 acre piece.

Ms. Eitner shared that no immediate development was proposed at this time.

The Board had no questions for the applicant or their representative.

Commissioner Cooper made a motion to approve Case #25-10, Subdivision at 1600/1612 Live Oak Street (Preliminary and Final Plat) as presented by staff.

The motion carried unanimously with a (5-0) vote.

10. Wastewater Allocation Request- 1135 Spartina Drive

Mr. Bell presented a wastewater allocation request for 1135 Spartina Drive from Chatham Boat Works Incorporated for a new boat yard in the Jarrett Bay subdivision. Mr. Bell noted the request was for 250 gallons per day, equivalent to 10 employees at 25 gallons per person. He explained that this was an out-of-town service area, with water provided by the private County water service and wastewater treated at the Town's plant. He confirmed that all relevant infrastructure had ample capacity to serve the request.

The Board discussed the location of the property and its relation to other properties served by Town sewer. They also clarified that the property would be subject to double rates and double utility development fees as it was outside Town limits.

Commissioner Cooper made a motion to approve the wastewater allocation request at 1135 Spartina Drive.

The motion carried unanimously with a (5-0) vote.

Manager Report

Mr. Zapp provided a comprehensive update on several ongoing projects and recent activities. He began by thanking the Town Attorney for his efforts in actively advancing the Godette Hotel project. He reported that negotiations with F3 Marinas remained a top priority and were occupying a significant portion of daily operations. Regarding the fuel farm installation, Mr. Zapp noted that staff would be preparing the necessary submission for Local Government Commission (LGC) approval, maintaining communication with the selected lender, and finalizing contract negotiations as needed. He also provided an update on the USDA-funded infrastructure project, reporting that significant progress had been made and emphasizing the Town's continued focus on minimizing disruption to residents, particularly along Broad Street. Mr. Zapp stated that the team would be working on a budget amendment related to the Waterfront Project to ensure it aligns with concurrent activities and funding efforts. Finally, he expressed his appreciation to staff, team members, and the community for a successful and safe Fourth of July celebration.

Mayor/Commissioner Comments

Commissioner LoPiccolo thanked the Town Manager and the staff for their hard work and thorough preparation of information.

Commissioner Gillikin expressed gratitude for the progress made during the meeting and addressed misinformation circulating on social media regarding the Godette Hotel, reassuring the public of the Town's commitment to preserving the structure.

Commissioner Cooper thanked the Town Manager and the staff for their diligent work and reminded residents to prepare emergency kits for the upcoming hurricane season.

Commissioner Oliver had no comments.

Commissioner Spiegler thanked everyone who participated in the meeting and expressed appreciation for the staff's hard work. He also mentioned the successful Fourth of July celebration and the County's participation in the parade.

Mayor Harker thanked everyone, especially the BWOFF Committee, for their tremendous work. She emphasized that Beaufort is not only a great place to visit but also to live, attributing this to the people who make it special.

Adjourn

Commissioner Cooper made a motion to adjourn the meeting at 8:30 PM. The motion carried unanimously with a (5-0) vote.

Sharon E. Harker, Mayor

Elizabeth Lewis, Town Clerk