



Town of Beaufort, NC
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**Board of Commissioners
Work Session Meeting
4:00 PM Monday, July 24, 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 Hollinshed

Commissioner Cooper made a motion to excuse Commissioner Terwilliger from the meeting.

The motion carried unanimously.

Agenda Approval

Mayor Harker asked for a motion to amend the agenda to add an update from Fire Chief, Tony Ray, as the number three item under presentations.

Commissioner Hagle made a motion to approve the amended agenda.

The motion carried unanimously.

Presentations

1. Board of Elections- Municipal Election Information

Caitlin Sabadish, Carteret County Board of Elections Director, provided information on the upcoming November 7, 2024, Municipal Election. She discussed specific topics related to the Town of Beaufort, the election process, voting and eligibility, and a brief overview of

the new Voter ID requirement to be implemented this November. She provided information via handouts, which is also located on the Board of Elections website.

2. Introduction of Beaufort Elementary School Principal, Charity Clemmons

Ms. Clemmons introduced herself to the Board, provided background information on her educational journey, and shared future initiatives for Beaufort Elementary School. She noted the importance of a positive role model for the students and the need for volunteers throughout the school system. She shared a video explaining the Positivity Project, a program she has been involved with in the past. She expressed a desire to implement the Positivity Project in the upcoming school year and requested assistance from the Town to fund the program, which would be an annual cost of \$4,000 for Beaufort Elementary School.

The Board agreed the Positivity Project was a great program and encouraged Ms. Clemmons to reach out to the community for support and fundraising opportunities.

3. Fire Department Budget Update- Chief Tony Ray

Chief Ray shared the County was providing additional funding for the newly acquired Stanton Landing Fire District in the operating budget, rather than the County Reserve Account. Chief Ray noted during the FY 24 budgeting process, it was perceived those funds (\$27,931.04) would be part of their County Reserves Account, but wished to provide clarity on the matter as it currently stands. He offered suggestions on how the additional funds could be utilized at Station 2, and noted a budget amendment would be forthcoming to justify the request.

Items for Discussion and Consideration

1. Case # 23-03 (308 Moore Street) SUP Order

Kyle Garner, Planning Director, presented the Special Use Permit (SUP) Order for Case #23-03 at 308 Moore Street. He noted the SUP had been approved at the June 12, 2023, Regular Meeting and this order was following that evidentiary hearing.

Commissioner Hagle made a motion to approve the order approving the Special Use Permit for Case #23-03, as presented.

The motion carried unanimously.

2. ABC Revenues

Christi Wood, Finance Director, shared the Town of Beaufort was informed that a recommendation had been made to the County Board of Commissioners to reduce ABC profit distributions remitted to local municipalities and Carteret County this fiscal year. The rationale for the recommendation as submitted by the County ABC Board is to increase working capital to gain compliance with standards established by the State of North Carolina. The local ABC Board has stated that working capital falls well below the minimum state threshold as calculated based upon their annual operating budget. The requested change reportedly will also enable the ABC Board to increase inventory to ensure the availability of preferred products when working capital would normally create a cash flow problem during the operating year. The proper working capital, estimated at \$4,377,778, reportedly will require the ABC Board to withhold an additional 9% of the annual distributions made to the County and to local municipalities. The impact to the Town of Beaufort is estimated to be \$24,977 this fiscal year.

Jack Askew, General Manager of the Carteret County ABC Board, explained a request had been presented to the Carteret County Board of Commissioners to increase the capital improvement fund to twenty percent of the remaining gross receipts as per NCGS 18B-805. He suggested the money would be used to fund acquisition of needed capital outlay expenditures and infrastructure upgrades. He offered other reasons for the increase, such as reduction in cost of financing, to increase cash reserves to meet monthly liquor costs in order to meet peak demands, to increase cash to utilize towards inventory savings on SPA's and the purchase of inventory for seasonal business. He referenced documents associated with the request, which are also incorporated as part of the meeting packet. The analytical data used noted prior year sales as well as future projections, and a breakdown of distributions of income for municipalities versus the County.

Commissioner Hollinshed asked why the request was being presented now, after all of the municipalities have just recently adopted their FY 2024 Budget.

Mr. Askew said the process started a couple months ago and it was never put on the County agenda for discussion.

Commissioner Hagle asked for clarification on the loss of revenue being made up by sales.

Mr. Askew noted the revenue growth since 2017 and suggested the projected growth rate of sales would exceed the amount of revenue lost by withholding the additional 9%, as it continues to increase each year.

No formal action was taken by the Board.

3. ARP Budget Amendments (Replacements)

Ms. Wood provided the below regarding background information on the ARP funds.

In April 2022, the Board approved a Grant Project Budget Ordinance with language suggested by the US Treasury. In November 2022, staff made the Board aware of categories eligible for ARP funds and ask the Board to consider the Lost Revenue/Revenue Replacement; keep in mind, these categories are used for reporting and to determine the requirements and restrictions placed on expenditures using these funds. With guidance from UNC SOG and NCLM ARP team it is recommended that Tier 5 units with less than \$10 million in SLFRF funding select the Revenue Replacement Category. By selecting this category requirements and restrictions are lifted from the SLFRF funding and the Town can use funds as the Board directs. In March 2023 at the Board of Commissioners retreat the Board discussed the projects to be funded with the unallocated funds. A decision was made to fund generators for two well sites and three lift stations with any remaining funds being applied to overages of the USDA utility projects. Other projects already approved by the Board include equipment for virtual meetings, site evaluation for future water plant, and replacement of sewer pump station #7. In May 2023, the Board approved Budget Amendments 1,9, and 10 as requested by staff.

She explained after additional discussion with ARP team and Auditor, staff is requesting the approval of the attached replacement budget amendments to account for prior year expenditures, Special Revenue Fund (SRF), and more accurately represent department budgets with Revenue Replacement.

Commissioner Hagle made a motion to approve Budget Amendment #1B Stormwater & Equipment; Budget Amendment #1B Utilities; Budget Amendment #1B Federal American Rescue Plan Act 2021; Budget Amendment #9 B; and Budget Amendment #10B.

The motion carried unanimously.

4. June Financial Notes

Ms. Wood provided an overview of financial notes for June 2023, explaining there would not be a detailed financial report for the month of June due to year-end closing. She noted the Town has received distributions for Ad Valorem tax from Carteret County in July, in the amount of \$23,301; MVT received in June totaled \$23,652; Sales and Use tax distribution for July totaled \$217,699.

No action was taken.

Adjourn

Commissioner Hagle made a motion to adjourn the meeting at 5:30 p.m.

The motion carried unanimously.

Sharon E. Harker, Mayor

Elizabeth Lewis, Town Clerk