



**MINUTES
TOWN OF NAGS HEAD
BOARD OF COMMISSIONERS
REGULAR MEETING
WEDNESDAY, MARCH 5, 2025**

The Nags Head Board of Commissioners met at the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, March 5, 2025 at 9:00 AM for a Regular Meeting.

Board Members Present: Mayor Ben Cahoon; Mayor Pro Tem Michael Siers;
Comr. Bob Sanders; and Comr. Megan Lambert

Board Members Absent: None (One vacancy)

Others Present: Town Manager Andy Garman; Attorney John Leidy; Amy Miller; Kelly Wyatt; David Ryan; Perry Hale; Randy Wells; Chris Montgomery; Nancy Carawan; Joe Costello; Karen Snyder; Roberta Thuman; and Town Clerk Brittany A. Phillips; Susie Walters; Donna Creef; Duke Geraghty; John Costulis; Mary Kelley; Tianna Stathis; Megan Vaughan; Keith Sawyer; Peggy Saporito

CALL TO ORDER

Mayor Cahoon recognized Susie Walters and then called the meeting to order at 9:00 a.m. A moment of silence was followed by the Pledge of Allegiance.

ADOPTION OF AGENDA

MOTION: Comr. Sanders moved to approve the March 5th agenda as presented. The motion was seconded by Mayor Pro Tem Siers, which passed unanimously.

RECOGNITION

PRESENTATION - Arts & Culture Committee

Planning Director Kelly Wyatt presented a slideshow that summarized her report which read in part as follows:

"Planning Staff and members of the Nags Head Committee for Art and Culture will be providing a brief presentation to the Board of Commissioners at their March 5, 2025, meeting. The intent of the presentation is to highlight efforts by the committee during the 2024/2025 season, and to provide information on what the committee would like to achieve during the upcoming 2025/2026 season.

'2024 Season Update

Dowdy Park Farmers Market Season

The 2024 Farmers Market season was another successful one. This year, the vendor application process prioritized returning vendors, recognizing their loyalty and contributions to the market. After confirming returning vendors, approximately ten spaces were available for new participants, which filled quickly. To manage parking and minimize conflicts, the Committee for Art and Culture initially capped vendor participation at 60; however, the market consistently averaged 65 vendors. As always, preference was given to vendors specializing in consumables, such as fresh produce, cheeses, baked goods, and fermented foods. As in previous years, July saw the highest visitor turnout, though attendance remained strong throughout the season.

'Summer Concert Series & Family Fun Nights

The 2024 Summer Concert Series featured ten bands and continued to foster a growing sense of community. Many attendees returned week after week, making an evening of it with snacks and socializing.

'Family Fun Nights also saw another successful season, featuring storytelling, children's activities, and lawn games. The Police and Fire Departments participated in a special Kid's Night, which included crafts and music by Nature Out Loud. While these events were well-received, staff are considering potential changes for next season to enhance the experience.

'Public Art Initiatives

The Art and Culture Committee spearheaded two major public art projects:

- *Bonnett Street Crosswalk Project* – In collaboration with Manteo High School Honors Art students, the committee facilitated the painting of the crosswalk at Bonnett Street and Wrightsville Avenue.
- *Skate Park Murals & Paint Party* – Artist Chris Wheeler painted new murals at the Nags Head Skate

Park, and a Skate Park Paint Party was held on November 23rd, where local youth had the opportunity to "make their mark" on a designated space

- *Art Mast Project* - The committee remains committed to the Art Mast Project, with local artists Kate Lawrence and Jackie Koenig providing two new pieces of artwork for the project.

'Community Fitness & Wellness Programs

- *Yoga on the Lawn & Fitness Fridays* – Attendance continues to grow, with both locals and visitors embracing these wellness offerings as part of their routine.
- *Young Entrepreneur Fall Market* – Organized by Event Coordinator Paige Griffin in collaboration with Nags Head Elementary School, this market was held during the annual Pumpkin Fair on October 18th and provided students with hands-on business experience.
- *Movies in the Park* – This initiative is gaining momentum, including a successful partnership with Outer Banks Health for one of the screenings.

'Holiday & Winter Events

- *Holiday Markets* – Four (4) markets were held (three on Saturday mornings and one Thursday evening), featuring over 70 vendors per event. These markets saw over 350 visitors per market, with increased vendor participation from the previous year.
- *4th Annual Tree Lighting Ceremony (November 30th)* – The event was well-attended, featuring Santa Claus and festive decorations. Various town departments collaborated to ensure its success. Staff are considering expanding this event in the future with additional lighting and decorations. The Art and Culture Committee will also work on enhancing the tree-lighting ceremony for next season.
- *3rd Annual Flashlight Candy Cane Hunt (December 18th)* – Based on feedback from previous years, participants were divided into two age groups, which was well-received. While brief, the event remains a favorite among locals.
- *Winter Markets* – These markets continue to be well attended, with visitors expressing appreciation for access to fresh foods during the off-season.

'Social Media & Community Engagement

Community response on social media remains positive, reflecting strong support and enthusiasm for these events. Overall, the 2024 season was a success, with increased engagement across various programs. The Art and Culture Committee looks forward to building on this momentum in the coming year.

'2025 Season Update

The Committee for Art and Culture has been actively planning the upcoming season of events in 2025. Below is an overview of anticipated programming and initiatives:

'Dowdy Park Farmers Market

Recognizing parking concerns, and trying to limit them, the 2025 Dowdy Park Farmers Market will be held Thursdays from 9:00 AM – 1:00 PM, beginning June 12 through August 21, coinciding with the Nags Head Elementary School summer break. This schedule allows for eleven (11) markets.

Similar to last season, Paige Griffin has informally surveyed previous market vendors, of which there is anticipated to be approximately 57 returning vendors, leaving little to no space for new artisans to be accepted. We've tried to aim for 60 vendors, leaving three openings for which Paige is working directly with producers and consumables for these remaining spots.

'Summer Concert Series

The 2025 Summer Concert Series will take place from June 18 through September 3, with performances each Wednesday evening from 6:30 PM – 8:00 PM. Event Coordinator Paige Griffin is finalizing a diverse lineup of bands, with a total of twelve (12) performances scheduled.

'Fitness and Wellness Programs

- *Yoga on the Lawn*: Tuesdays from 7:30 AM – 8:30 AM, May 20 – September 30
- *Fitness Fridays*: Fridays from 7:30 AM – 8:15 AM, June 13 – August 22
- *Kids Move More*: Fridays from 10:00 AM – 11:00 AM, July 4 – August 1 (new initiative)

'Family Fun Programs

- To increase accessibility and attendance, Family Fun Nights will transition to *Family Fun Programs*, scheduled on Tuesday mornings from 10:00 AM – 11:30 AM, June 24 – August 19. Programming will include Ascension Music, storytelling, Riptide from the Corolla Wild Horse Fund, and interactive variety shows.
- Our *Kids Back to School Event* will be held on Tuesday, August 26, from 3:30 PM – 6:00 PM, featuring kids' activities, music, and interaction and engagement with the Nags Head Police and Fire Departments.
- *Movies at the Park* will continue in the fall when earlier sunsets improve screen visibility.

'New Initiative: Yappy Hour at Dog Park

A new event, *Yappy Hour*, will be hosted at the Satterfield Landing Dog Park on Wednesdays from 10:00 AM – 11:00 AM, June 25 – August 6. There will be a budgetary request for this, but it will be minimal.

'Holiday and Winter/Off-Season Markets

- The committee plans to continue the four (4) *Holiday Markets*, while exploring ways to enhance the evening market, which has historically had lower attendance and vendor success.
- The *5th Annual Tree Lighting Ceremony* will return, with planned enhancements such as additional holiday decorations and new activities.
- The *4th Annual Candy Cane Hunt* will also continue as we receive a lot of positive feedback.
- The committee plans to continue hosting Winter/Off-Season Markets, featuring local producers and consumables, ensuring access to fresh food year-round.

'Public Art Initiatives and Projects

- The *Art Mast Project* will continue, with several local artists already expressing interest in the upcoming season.
- The committee is also looking to implement another pedestrian safety *Crosswalk Project* like the one at the Bonnett Street and Wrightsville Avenue intersection.
- Planning to move forward with the construction of a *Nature Weaving Loom* in Town Park on Barnes Street. A corresponding kids' event will be planned for Spring Break 2025.

'With improvements at Whalebone Park, the committee hopes to expand art and cultural programming to this location as well.

'With growing community engagement in our events, the committee continues to pursue sponsorship opportunities for sustainability. Additionally, funding for a part-time event coordinator position was incredibly helpful last season, and we will be requesting continued funding in the FY 25/26 budget. This position provides much-needed support to Event Coordinator Paige Griffin, particularly during peak seasons and holiday events.

'Members of the Planning Staff, Event Coordinator Paige Griffin, and representatives from the Committee for Art and Culture will be available following this presentation to address any questions and seek input from the Board of Commissioners. Thank you for your continued support of art and culture initiatives in Nags Head."

Director Wyatt thanked all the groups that make Nags Head Events successful.

Mayor Cahoon asked Director Wyatt to discuss the representation of the Todd Krafft Septic Health Initiative at the market. She explained that Planner Conner Twiddy will be there, as in years past, to share information about the initiative. Additionally, Planner Chris Trembly plans to provide information on the Dark Skies, Bright Stars Initiative.

Mayor Cahoon expressed appreciation for the expansion of activities to include other Town parks. Director Wyatt confirmed that once improvements at Whalebone Park are complete, they plan to shift some activities there.

Board members thanked the committee and staff for their work.

PUBLIC COMMENT

Town Attorney John Leidy opened Public Comment at 9:14 a.m.

Tianna Stathis, on behalf of the Dare County League of Women Voters (LWV), a non-partisan organization, presented the 2025 annual Citizen's Guide for Dare County containing contact information for local, state, and national governmental agencies, voting information, emergency numbers, and more.

Susie Walters, Nags Head resident, spoke of her disappointment with the Board's inability to fill the vacant Board seat and expressed her support for the current Nags Head Planning Board Chair to fill the position.

John Costulis, Nags Head resident, spoke of his family's roots in Hyde and Dare County along with his personal work and community experience. He then offered suggestions for the Board to consider such as term limits to allow others an opportunity to serve, working with young people, and being aware of the motives people may have when wanting to serve. He also expressed frustration with the Board's inability to fill the vacant Board seat.

There being no one else present who wished to speak, Attorney Leidy concluded Public Comment at 9:25 a.m.

CONSENT AGENDA

The Consent Agenda consisted of the following items:

- Consideration of Budget Amendment #11 to FY 24/25 Budget

- Consideration of Tax Adjustment Report
- Report of Tax Delinquent List
- Approval of Minutes
- Consideration of Pay Plan Update and Budget Amendment for Ocean Rescue Pay
- Consideration of Resolution Terminating the Town's Easement for a Sewage Treatment Facility at the Soundside Event Site
- Consideration of Capital Project Fund Ordinance Amendment
 - Amendment #7 to Capital Project Fund (General) for Public Services Complex
 - Amendment #5 to Capital Project Fund (Water) for Public Services Complex
- Request for Public Hearing for a Text Amendment Request Submitted by Attorney Crouse Gray, Jr. on behalf of Nags Head 87, LLC to Increase the Number of Fueling Dispensers Allowed at Fueling Stations and to Increase the Allowable Floor Area of any Convenience Store Associated with a Fueling Station within the C-2, General Commercial Zoning District.

MOTION: Mayor Pro Tem Siers moved to approve the Consent Agenda as presented. The motion was seconded by Comr. Sanders, which passed unanimously.

Budget Amendment #11, as approved, is attached to and made a part of these minutes as shown in Addendum "A".

The Tax Adjustment Report, as approved, is attached to and made a part of these minutes as shown in Addendum "B".

The Tax Delinquent List summary, as approved, read in part as follows:

"At the February 5th Board of Commissioners meeting, Board approval was received to advertise tax liens in the newspaper on Wednesday, March 19, 2025 in accordance with NCGS 105-369.

'Attached please find the preliminary tax delinquent listing as of Wednesday, February 26, 2025.

'(Property owners have until Friday, March 14, 2025 to pay and be removed from the tax delinquent listing before the advertisement is posted.)"

The minutes from the February 5, 2025, Regular Session meeting and the February 5, 2025, Budget Workshop were approved by the Board and are on file in the Town Clerk's office and on the Town's website.

The Ocean Rescue Lifeguard Pay Plan and Budget Amendment (From Feb 5th Board meeting) summary, as approved, read in part as follows:

"In order to keep pay competitive with other towns in the area, the Nags Head Board of Commissioners voted to increase the Town's Ocean Rescue starting pay to \$20/hr at their February 5, 2025 meeting. Please find attached the updated Pay Plan and associated budget amendment that reflect this increase."

The Ocean Rescue Lifeguard Pay Plan and Budget Amendment, as approved, is attached to and made a part of these minutes as shown in Addendum "C".

The resolution terminating the sewage treatment facility easement at the Soundside Event Site, as adopted, read in part as follows:

"WHEREAS, North Carolina General Statutes §160A-274 authorizes the Town of Nags Head to convey or release real property to another governmental unit, with or without consideration, upon such terms and conditions as it deems wise; and

'WHEREAS, by Dedication of Easement dated May 19, 1986 and recorded in Book 458, Page 736, Dare County Registry (the "Easement"), Sarah E. Forbes, being the then-owner of the property described below, created and declared an easement to support certain sewage treatment facilities and other uses described therein; and

'WHEREAS, the Easement both burdened and benefitted certain real property described therein and which real property is currently jointly owned by the Town of Nags Head and the Dare County Tourism Board as tenants in common, such real property being part of what is generally known today as the "Event Site" located at 6906-6900-6800 S. Croatan Highway, Nags Head, NC (the "Event Site"); and

'WHEREAS, the Dare County Tourism Board and the Town of Nags Head are parties to a contract under which the Dare County Tourism Board is purchasing all of the Town of Nags Head's undivided interests in the Event Site over a series of years (the "Purchase Transaction"); and

'WHEREAS, the Dare County Tourism Board has requested the Town of Nags Head to release all of the Town's right, title and interest in the Easement in conjunction with the Purchase Transaction; and

'WHEREAS, the Town of Nags Head has determined that (i) the Town has no need or use for the Easement, (ii) the Town has no plans to use the Easement in the future, and (iii) the Easement is surplus and has no monetary value; and

'WHEREAS, the Town of Nags Head Board of Commissioners desires to release all of the Town of Nags Head's right, title and interest in the Easement to and for the benefit of the Dare County Tourism Board; and

'WHEREAS, the Dare County Tourism Board has informed the Town of Nags Head Board of Commissioners that the Dare County Tourism Board has agreed to accept such release.

'NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners for the Town of Nags Head as follows:

1. The Town of Nags Head hereby declares the Easement to be surplus, and agrees to release all of the Town's right, title and interest in the Easement to and for the benefit of the Dare County Tourism Board, for no consideration, pursuant to Section 160A-274 of the North Carolina General Statutes.
2. The Town Manager or his designee and the Town Clerk are hereby authorized to execute a release or deed and all necessary documents on behalf of the Town to cause all of the Town's right, title and interest in the Easement to be fully released to the Dare County Tourism Board."

The Capital Project Fund Ordinance amendments, as adopted, are attached to and made a part of these minutes as shown in Addendum "D".

The summary sheet concerning the Request for Public Hearing, as approved, read in part as follows:

"Consideration of text amendments to the Unified Development Ordinance (UDO) submitted by Attorney Crouse Gray, Jr. on behalf of Nags Head 87, LLC as it relates to "Fueling Stations" within the C-2, General Commercial Zoning District. Fueling stations are currently permitted in the C-2, General Commercial Zoning District and in the C-5, Historical Character Commercial Zoning District via the Special Use Permit process with supplemental regulations set forth in Section 7.20 of the Unified Development Ordinance.

'The applicant is requesting text amendments to modify fueling station regulations in the C-2, General Commercial District only. Specifically, the amendments propose:

- Increasing the maximum number of fuel dispensers from four (4) to eight (8).
- Establishing a definition for "fueling dispenser".
- Increasing the maximum convenience store size associated with a fueling station from 3,500 square feet to 4,800 square feet.
- Establishing a minimum lot size of one (1) acre for the development of a fueling station.

'In 2023, as part of amendments related to the Historic Character Area, the Board of Commissioners adopted revisions to Section 7.20, Supplemental Regulations for Fueling Stations. These revisions applied to fueling stations located within the C-5, Historic Character Commercial Zoning District.

However, during the adoption process, Board members expressed interest in extending these regulations throughout the Town to maintain consistency with Nags Head's character and planning objectives. The 2023 amendments were intentionally adopted to ensure that fueling stations remain small scale, compatible with the town's character, and consistent with the community's vision as outlined in the Comprehensive Land Use Plan. Larger fueling stations with expanded convenience stores and additional dispensers do not align with the Town's established land use policies and development goals.

'The proposed one-acre minimum lot size presents a concern given that all but one of the towns' existing fueling stations are located on lots smaller than one acre. If the proposed one-acre minimum lot size is adopted, these existing fueling stations would become nonconforming.

'Additionally, the Board of Commissioners unanimously adopted the current fueling station regulations on June 7, 2023, reaffirming the Town's commitment to maintaining appropriately scaled commercial development.

'STAFF RECOMMENDATION

Based upon this analysis, planning staff recommends denial of the proposed text amendment as presented.

'PLANNING BOARD RECOMMENDATION

At their February 18, 2025 meeting the Planning Board voted unanimously to recommend denial of the proposed text amendment as presented."

PUBLIC HEARINGS

Public Hearing to Consider Proposed Financing for FY 2025 projects (Ocean Rescue Housing and Purchase of 4222 S. Croatan Hwy Nags Head, NC)

- Resolution Approving Financing Terms-Ocean Rescue Housing Construction and Purchase of 4222 S. Croatan Hwy
- Resolution Authorizing the Filing of an Application for Approval of a Financing Agreement-Ocean Rescue Housing

and Purchase of 4222 S. Croatan Hwy
-Associated budget amendment

Deputy Town Manager/Finance Officer Amy Miller introduced the Public Hearing required by statute for LGC financing approval – the agenda summary sheet read in part as follows:

"At the March 5, 2025 Board of Commissioners meeting a Public Hearing will be held to consider an installment financing contract with a principal amount not to exceed \$3,100,000 to finance the building construction and associated costs of Ocean Rescue Housing located at 425 W. Health Center Dr. and the purchase of vacant land located at 4222 S. Croatan Hwy, Nags Head, NC, also referred to as the FY 2025 Projects.

'The final amounts to be financed are:

4222 S. Croatan Hwy. -\$1,541,604, for 10 years, with annual payments (level principal/declining interest), interest rate not to exceed (NTE) 4.32%

425 W. Health Center Dr. Ocean Rescue Housing -\$1,402,192, for 9 years, with annual payments (level principal/declining interest), interest rate not to exceed (NTE) 5.48%

'Staff is working with bond counsel to see if it is possible to reduce the rate to nontaxable on the Ocean Rescue Housing project. The NTE rate of 5.48% is stated as a taxable rate.

'The financing will be approved at the April 1, 2025, LGC meeting with closing to occur shortly thereafter.

'Specific actions requested are:

Board adoption of the Resolution Authorizing the Filing of an Application for Approval of a Financing Agreement.

Board adoption of the Resolution Approving Financing Terms.

Board adoption of the associated budget amendment."

Ms. Miller noted that both projects have Board - approved Reimbursement Resolutions. She reviewed the financing terms outlined in the summary sheet and informed the Board that PNC Bank won the financing bid for these projects. She further explained that since the purchase of 4222 S. Croatan Hwy. occurred after the budget was adopted, the required budget amendment reflects our down payment on the property, funded by the recent sales of 105 W. Seachase Dr. and the first installment of the Soundside Event Site.

Atty. Leidy opened the Public Hearing to consider the proposed financing for FY 2025 projects (Ocean Rescue Housing and the purchase of 4222 S. Croatan Hwy.) The time was 9:25 a.m.

Notice of the Public Hearing was published in the Coastland Times on Wed, February 19, 2025, and on Wed, February 26, 2025, as required by law.

Atty. Leidy asked for clarification on the Board's required actions, and Ms. Miller elaborated on the resolutions.

Mayor Cahoon further verified the actions needed.

There being no one present who wished to speak, Attorney Leidy closed the Public Hearing at 9:31 a.m.

MOTION: Mayor Pro Tem Siers moved to adopt the Resolution Approving Financing Terms - Ocean Rescue Housing Construction and Purchase of 4222 S. Croatan Hwy, as presented. The motion was seconded by Comr., Lambert, which passed unanimously.

The Resolution Approving Financing Terms as adopted, read in part as follows:

"WHEREAS, the Town of Nags Head, NC ("Borrower") has previously determined to finance, including through reimbursement, the acquisition, via Reimbursement Resolution, of 4222 S. Croatan Hwy., Nags Head, NC, 27959, (the "Land" Project); and

'WHEREAS, the Borrower desires to finance, including through reimbursement, the construction and equipping of workforce housing at 425 W. Health Center Dr., Nags Head, NC, 27959, (the "Housing Project" and, together with the Land Project, the "Projects"); and

'WHEREAS, the Finance Officer has now presented a proposal for the financing of the Projects.

'BE IT THEREFORE RESOLVED, as follows:

1. The Borrower hereby determines to finance the Projects through PNC Bank ("Lender") in accordance with the proposal dated February 18, 2025, or as such proposal may be supplemented or amended by Lender and the Borrower verbally or in writing. The amount financed for the land acquisition, 4222 S. Croatan Hwy., Nags Head, NC, shall not exceed \$1,541,604, the annual interest rate shall not exceed 4.32%, and the financing term shall not exceed ten (10) years from the date of closing. The amount financed for the housing construction, 425 W. Health Center Dr., Nags Head, NC, shall not exceed \$1,402,192, the annual interest rate shall not exceed 5.48%,

and the financing term shall not exceed nine (9) years from the date of closing.

2. To the extent that interest on the obligations of the Borrower under the Financing Contract (as hereinafter defined) will be exempt from federal income tax, the Borrower hereby designates such obligations as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

3. 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 Borrower 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. The "Financing Documents" shall include an Installment Financing Contract (the "Financing Contract") and Deed of Trust and such other documents as Lender may request. Pursuant to the Financing Contract and Deed of Trust, (a) Lender will advance moneys to the Borrower to pay the costs of the Project and the financing costs related thereto, and the Borrower will repay such advance in installments, and (b) the Borrower will grant a lien all or a portion of the sites of the Projects, or portions thereof, together with all fixtures and improvements located thereon, to Lender as security for such advance.

4. 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 the Finance Officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by Borrower 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.

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

6. All prior actions of Borrower 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."

MOTION: Mayor Pro Tem Siers moved to adopt the Resolution Authorizing the Filing of an Application for Approval of a Financing Agreement - Ocean Rescue Housing and Purchase of 4222 S. Croatan Hwy, as presented. The motion was seconded by Comr. Sanders, which passed unanimously.

The Resolution Authorizing the Filing of an Application for Approval of a Financing Agreement, as adopted, read in part as follows:

"WHEREAS, the Town of Nags Head, North Carolina desires to finance, including through reimbursement, the acquisition, via Reimbursement Resolution, of 4222 S. Croatan Hwy, Nags Head, NC, 27959, as identified at the March 5, 2025, Board of Commissioners meeting, and in the fiscal year 2024-2025 amended budget (the "Land Project"). To better serve the homeowners, residents, and visitors of Nags Head, the Town of Nags Head wishes to acquire this property in anticipation of relocating Douglas A. Remaley Fire Station 16, currently located at 5314 S. Croatan Hwy, Nags Head, NC, 27959; and

'WHEREAS, the Town of Nags Head, North Carolina desires to finance, including through reimbursement, the construction and equipping of workforce housing located at 425 W. Health Center Dr, Nags Head, NC, 27959, as identified at the March 5, 2025, Board of Commissioners meeting, and in the fiscal year 2024-2025 amended budget, (the "Housing Project" and, together with the Land Project, the "Projects"). To better serve the homeowners, residents, and visitors of Nags Head, the Town of Nags Head wishes to construct seasonal workforce housing to ensure adequate staffing for our summer Ocean Rescue service; and

'WHEREAS, The Town of Nags Head desires to finance the Projects by the use of an installment financing contract authorized under North Carolina General Statute 160A, Article 3, Section 20; and

'WHEREAS, findings of fact by this governing body must be presented to enable the North Carolina Local Government Commission to make its findings of fact set forth in North Carolina General Statute 159, Article 8, Section 151 prior to approval of the proposed contract.

'NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Nags Head, North Carolina, meeting in regular session on the 5th day of March 2025, make the following findings of fact:

1. The proposed contract is necessary because the Town wishes to acquire this property located at 4222 S.

Croatan Hwy, Nags Head, NC, 27959. This is a long-term strategy to allow flexibility in the future location of the current Fire Station 16. An appraisal of this property was obtained.

2. The proposed contract is necessary because the Town wishes to construct seasonal housing for certain staff members located at 425 W. Health Center Dr, Nags Head, NC, 27959. This is a long-term strategy to ensure continuity in the Ocean Rescue program.
3. The contract, under the circumstances, is preferable to a bond issue for the same purpose because the time and cost involved in a bond issue are not justified for the amount financed and the duration of the installment financing contract.
4. The sums to fall due under the contract are adequate and not excessive for the proposed purpose as in accordance with the amended budget for FY 2024-2025 and the Reimbursement Resolutions approved at the December 18, 2024, and November 6, 2024, Board of Commissioners meetings.
5. The Town of Nags Head's debt management procedures and policies have been carried out in strict compliance with the law, and assurance is provided that debt management will henceforth be so carried out.
6. That the increase in taxes next fiscal year, if any, necessary to meet the sums to fall due under the contract will not be excessive.
7. The Town of Nags Head is not in default in any of its debt service obligations.
8. The attorney for the Town of Nags Head has rendered an opinion that the proposed Project is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of North Carolina.

'NOW, THEREFORE, BE IT FURTHER RESOLVED that the Manager is hereby authorized to act on behalf of the Town of Nags Head in filing an application with the North Carolina Local Government Commission for approval of the Project and the proposed financing contract and other actions not inconsistent with this resolution.'

MOTION: Mayor Pro Tem Siers moved to approve the budget amendment request as seen. The motion was seconded by Comr. Sanders, which passed unanimously.

Budget Amendment #11.2, as approved, is attached to and made a part of these minutes as shown in Addendum "E".

REPORTS AND RECOMMENDATIONS FROM THE PLANNING BOARD AND THE PLANNING AND DEVELOPMENT DIRECTOR

Update from Planning Director

Planning Director Kelly Wyatt summarized her monthly report which read in part as follows:

"This memo provides an overview of selected Planning and Development Department activities, projects, and initiatives. If requested, staff will be prepared to discuss any of this information in detail at the Board of Commissioners meeting on Wednesday, March 5, 2025. Monthly Activity Report Attached for the Board's review is the Planning and Development Monthly Report for January 2025. In addition to permitting, inspections, code enforcement, and Todd D. Krafft Septic Health Initiative activities, staff were involved in the following meetings or activities of note during the month of February:

- Monday, February 3rd - OTT Hydromet Virtual Meeting
- Tuesday, February 4th - Technical Review Committee Meeting
- Wednesday, February 5th - Board of Commissioners Meeting
- Tuesday, February 11th - Inn at Whalebone Pre-Construction Meeting
- Wednesday, February 12th - Committee for Arts and Culture Meeting
- Thursday, February 13th - Board of Adjustment Meeting (no hearings scheduled)
- Tuesday, February 18th - Planning Board Meeting
- Thursday, February 20th - Meeting with NEST re: Dark Skies, Bright Stars Initiative
- Friday, February 21st - Town-wide Staff Meeting
- Dowdy Park Winter Market - Saturday, February 8th from 9 a.m. - noon.

'Planning Board - Pending Applications and Discussions - The Planning Board's most recent meeting was held on Tuesday, February 18th. The following items were heard:

'Consideration of a text amendment submitted by Attorney Crouse Gray, Jr. on behalf of Nags Head 87, LLC to increase the number of fueling dispensers available at fueling stations and to increase the potential size of any convenience store associated with a fueling station within the C-2, General Commercial Zoning District. The

Planning Board voted unanimously to recommend denial of text amendment as proposed.

'Consideration of a text amendment submitted by Scott Shields to allow the use of "Bar/Lounge" as a permitted use within the C-5, Historic Character Commercial Zoning District. The applicant requested this item be tabled to continue to work with staff on the proposed use.

'Continued discussion of Accessory Dwelling Units (ADU's) within the Town. Staff would recommend the Board of Commissioners consider scheduling a joint workshop with the Planning Board to further discuss this potential new use.

'The Planning Board's next meeting is scheduled for Tuesday, March 18, 2025. Currently, the agenda is expected to include continued discussion of Accessory Dwelling Units (ADU's), and initial discussion and examination of the allowable uses within the Commercial Outdoor Recreation Overlay District as identified in Action Item 2.2 of the Strategic Plan."

'Board of Adjustment – Recent and Pending Applications - There were no items for the Board of Adjustment's consideration in February 2025.

'Additional Updates

- DWMP/Septic Health Advisory Committee - In coordination with Coastal Engineering & Surveying, the locations for the four new water quality monitoring loggers have been identified, and we are awaiting the well drilling and survey work prior to installation of the loggers. Also of note, the town is the first recipient of funding from NCDEQ's Decentralized Wastewater Treatment System Pilot Program. We have been awarded \$500,000 in Clean Water State Revolving Loan Funds to help finance repairs and replacements for malfunctioning residential septic systems within the town. Staff will be scheduling a call with the state to discuss options for how the funding is handled and potential parameters for how the funds are used.
- Estuarine Shoreline Management Plan - Geotechnical work will begin on the estuarine marsh stabilization projects along Villa Dunes Drive and W. Soundside Road on Monday, March 3rd, 2025 and survey work continues as part of the data collection and modeling process for the Basis of Design report.
- Sand Relocation and Dune Management Cost Share Program - As of February 28, 2025, staff have received and processed 118 Sand Relocation Authorizations and approximately \$134,000 has been allocated for sand relocation and stabilization efforts under the Dune Management Cost Share Program.
- Outer Banks Regional Hazard Mitigation Plan Update - The final HMP committee meeting and public meeting for Dare County was held on January 28th, 2025. The plan is now available and evaluates our communities' hazard risks and vulnerabilities and establishes goals, objectives, and actions for reducing risk and building local resilience. You can review the plan at <https://obx-hmp.com> to learn more. Staff are requesting adoption of the updated Regional Hazard Mitigation Plan at the Board of Commissioners March 5, 2025, meeting.
- Dowdy Park Events/Farmers Market/Holiday Markets/Art & Culture - The February Winter Market was a great success, drawing a good turnout. Our next market is set for March 8th from 9:00am to noon, followed by the final Winter Market of the season on April 12th, before we transition into summer programming. Event Coordinator Paige Griffin is finalizing the calendar for summer activities, including developing a music line-up for the Summer Concert Series and planning for the 2025 Dowdy Park Farmers Market. Additionally, the Committee for Art and Culture will present an update on the 2024 season and preview plans for the 2025 season at the Board of Commissioners meeting on March 5, 2025.

'Upcoming Meetings and Other Dates

- Tuesday, March 4th - Technical Review Committee Meeting
- Wednesday, March 5th - Board of Commissioners Meeting
- Wednesday, March 12th - Committee for Arts and Culture Meeting (no March meeting)
- Thursday, March 13th - Board of Adjustment Meeting (no hearings scheduled)
- Tuesday, March 18th - Planning Board Meeting
- Wednesday, March 19th - Board of Commissioners mid-month meeting (if scheduled)
- Dowdy Park Winter Market - Saturday, March 8th from 9 a.m. - noon."

Director Wyatt added that a TRC meeting was recently held for Starbucks and that the site plan will likely be on the next Planning Board agenda. The drive-through has been removed, and the building will be a stand-alone structure within the parking lot.

The Board thanked Director Wyatt for her efforts.

Consideration of Resolution to Adopt Outer Banks Regional Hazard Mitigation Plan

Deputy Planning Director Joe Costello introduced this item - the agenda summary sheet read in part as follows:

"Dare and Currituck Counties, along with the towns of Manteo, Nags Head, Kitty Hawk, Kill Devil Hills, Southern Shores, and Duck, joined efforts to update their Hazard Mitigation Plans. This effort has been referred to as the Outer Banks Regional Hazard Mitigation Plan. Updating the hazard mitigation plan is not only good practice, especially given Nags Head's vulnerability to hazards, it is also a requirement for local governments to maintain eligibility for FEMA Disaster Assistance and Mitigation Grants. Along with the resolution, the 2025 update of the Outer Banks Hazard Mitigation Plan is attached. The plan can also be viewed at <https://www.obx-hmp.com>.

'Staff recommend approval of resolution adopting the Updated Outer Banks Regional Hazard Mitigation Plan.'

Mayor Cahoon asked when the initiative began. Deputy Director Costello stated that the kickoff meeting was held in April 2024, with the most recent meeting taking place in January 2025.

MOTION: Comr. Lambert moved to adopt the Hazard Mitigation Plan, as presented. The motion was seconded by Comr. Sanders which passed unanimously.

The resolution, as adopted, read in part as follows:

"WHEREAS, the citizens and property within the Town of Nags Head are subject to the effects of natural hazards that pose threats to lives and cause damage to property, and with the knowledge and experience that certain areas of the region are particularly vulnerable to drought, excessive heat, hurricane and coastal hazards, thunderstorm, tornado, winter weather, flooding, wildfire, hazardous substances, cyber threat, terrorism, and infrastructure failure; and

'WHEREAS, the Town of Nags Head desires to seek ways to mitigate the impact of identified hazard risks; and

'WHEREAS, the Legislature of the State of North Carolina has in Article 5, Section 160D-501 of Chapter 160D of the North Carolina General Statutes, delegated to local governmental units the responsibility to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry; and

'WHEREAS, the Legislature of the State of North Carolina has enacted General Statute Section 166A-19.41 (State emergency assistance funds) which provides that for a state of emergency declared pursuant to G.S. 166A-19.20(a) after the deadline established by the Federal Emergency Management Agency pursuant to the Disaster Mitigation Act of 2002, P.L. 106-390, the eligible entity shall have a hazard mitigation plan approved pursuant to the Stafford Act; and

'WHEREAS, Section 322 of the Federal Disaster Mitigation Act of 2000 states that local governments must develop an All-Hazards Mitigation Plan in order to be eligible to receive future Hazard Mitigation Grant Program Funds and other disaster-related assistance funding and that said Plan must be updated and adopted within a five year cycle; and

'WHEREAS, the Town of Nags Head has performed a comprehensive review and evaluation of each section of the previously approved Hazard Mitigation Plan and has updated the said plan as required under regulations at 44 CFR Part 201 and according to guidance issued by the Federal Emergency Management Agency and the North Carolina Division of Emergency Management; and

'WHEREAS, it is the intent of the Board of Commissioners of the Town of Nags Head to fulfill this obligation in order that the Town of Nags Head will be eligible for federal and state assistance in the event that a state of disaster is declared for a hazard event affecting the County.

'NOW, THEREFORE, be it resolved that the Board of Commissioners of the Town of Nags Head hereby:

1. Adopts the Outer Banks Regional Hazard Mitigation Plan.
2. Vests the Town of Nags Head with the responsibility, authority, and the means to:
 - (a) Inform all concerned parties of this action.
 - (b) Cooperate with Federal, State and local agencies and private firms which undertake to study, survey, map and identify floodplain areas, and cooperate with neighboring communities with respect to management of adjoining floodplain areas in order to prevent exacerbation of existing hazard impacts.
3. Appoints Dare County Emergency Management to assure that the Hazard Mitigation Plan is reviewed annually and every five years as specified in the Plan to assure that the Plan is in compliance with all State and Federal regulations and that any needed revisions or amendments to the Plan are developed and presented to the Dare County Board of Commissioners for consideration.
4. Agrees to take such other official action as may be reasonably necessary to carry out the objectives of the Hazard Mitigation Plan."

NEW BUSINESS

Committee Reports

Comr. Sanders – Director Wyatt provided an update on the Estuarine Shoreline Management Committee. Comr. Sanders reminded the community about the Jockey's Ridge State Park 50th Anniversary Celebration, taking place June 5–8 at the park. The event will feature numerous activities, including a band and a drone show. More information can be found at <https://friendsofjockeysridge.org/50th>

Mayor Cahoon – Jennette's Pier Advisory Committee has not met. He provided an update on the visit with our legislators on February 26th. Comr. Lambert and Mngr. Garman attended with the Mayor and the lobbyists to present the Legislative Goals reviewed at the February 5th meeting. He is hopeful of the support of the legislators.

Comr. Lambert – The Septic Health Advisory Committee has not met, but Director Wyatt has given an update. The Government Access Channel Committee update will come later in this meeting.

Consideration of Appointment to Board/Committee

- Planning Board

MOTION: Comr. Lambert moved to appoint Basil Belsches to a three-year term on the Planning Board and provided details of Basil's engagement with the Town as an explanation for her nomination. The motion was seconded by Comr. Sanders. There was discussion between Mayor Pro Temp Siers and Comr. Sanders acknowledging the number of qualified applicants and Basil's interest after which the motion passed unanimously.

ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN ATTORNEY

Report from the Town Attorney Regarding Content Neutral Sign Ordinance Provisions with Respect to Distinguishing Between Commercial and Non-Commercial Signage

Attorney Leidy asked that his report concerning the current sign ordinance be discussed in closed session.

CLOSED SESSION

MOTION: Mayor Cahoon moved to enter Closed Session to confer with the Town Attorney re: matters protected by the attorney client privilege and to preserve that privilege as allowed by GS 143-318.11(a)(3). The motion was seconded by Mayor Pro Tem Siers, which passed unanimously. The time was 9:44 a.m.

OPEN SESSION

The Board re-entered Open Session at 10:41 a.m. Atty. Leidy reported that no actions were taken during the Closed Session.

ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN MANAGER

Update on Construction of the Public Services Facility

Town Engineer David Ryan provided an update on the new Public Services Facility construction. The paving of S Lark Ave and S Pond Ave is completed. Landscaping is done on the west side and internally, bringing connectivity to the administration side of the project. A fuel canopy has been added. The wash-down building is now energized, and equipment is being installed. Perimeter fencing is finished. In the next month there will be a lot of clean-up and utility connections remaining to finish the project.

The Board praised Engineer Ryan for the project's progress. They are looking forward to seeing how the new facility will save us money in the long run. The ability to wash down our vehicles and equipment and then store them should extend their service life. Additionally, interest from the bond financing has allowed us to purchase specialized items like a plotter that will allow Facilities Maintenance to create their own signs in house.

Update and Discussion of the Town's Next Beach Nourishment Project

Town Engineer David Ryan provided an update on the Town's next Beach Nourishment Project and requested Board feedback on how to proceed. The summary sheet read in part as follows:

"At the March 5, 2025 Board of Commissioners meeting, Town Manager Andy Garman, along with Town Engineer David Ryan, will present an update on the upcoming Beach Nourishment Project.

'Attached are notes from a recent meeting held between the Town and representatives from the National Park Service. Also attached is an exhibit which depicts the design of a potential taper onto the National Seashore property.

'Staff has been discussing the project design with our consulting engineer. We will request feedback from the Board on how the taper will be designed as the south town line and consideration of extending the project onto the National Seashore."

The notes and taper exhibit are attached to and made a part of these minutes as shown in Addendum "F".

The revised taper would result in approximately \$170,000 in costs and provide benefits to the last half-dozen property owners while improving stability on the south end. While we cannot quantify a specific time benefit without extensive modeling, beach nourishment design principles indicate that a longer taper length is preferred.

All property owners in the beach nourishment district pay an MSD, and in the past, some in the taper area have felt short-changed. This adjustment should help ensure they receive the maximum profile to mitigate erosion.

The Park Service's new permit process has been smooth. There will be no encroachment on the NCDOT outfall, but we are seeking authorization from NCDOT to permit this. Construction documents will specify that the contractor is responsible for keeping the outfall clear during construction. Afterward, the Town will be responsible for monitoring it to ensure proper flow.

It was the Board's consensus to proceed with the taper as presented.

BOARD OF COMMISSIONERS AGENDA

Comr. Megan Lambert – Consideration of Government Education Access Channels Committee FY 25/26 Budget
Comr. Lambert presented the proposed budget for FY 25/26 for the GEACC.

MOTION: Comr. Lambert moved to approve the GEACC FY 25/26 Budget as submitted. The motion was seconded by Mayor Pro Tem Siers. Mayor Cahoon expressed his appreciation for the work done by the Government Education Access Channels Committee and thanked Megan for serving then the motion passed unanimously.

The GEACC narrative and FY 25/26 budget, as approved, are attached to and made a part of these minutes as shown in Addendum "G".

MAYOR'S AGENDA

Consideration of Resolution of Support for Updating the 2016 Beach and Inlet Management Plan

Mayor Cahoon presented a resolution in support of legislation updating the 2016 Beach and Inlet Management Plan (BIMP).

MOTION: Mayor Pro Tem Siers moved to adopt the resolution in support of updating the 2016 Beach and Inlet Management Plan. The motion was seconded by Comr. Sanders, which passed unanimously.

The resolution, as adopted, read in part as follows:

'WHEREAS, the first Beach and Inlet Management Plan (BIMP) was funded via House Bill 1840 (Session Law 2000-67) and completed in 2009 which provided necessary information to address North Carolina's natural resources, funding mechanisms and strategies for the comprehensive management of the state's ocean & inlet shorelines; and

'WHEREAS, the BIMP provided needed socioeconomic values of North Carolina's beaches & recommended management strategies; and

'WHEREAS, in 2016, an updated BIMP provided new coastal & socioeconomic data & reflected policy changes implemented since the original Plan including the latest beach nourishment and dredging activities completed over the previous seven (7) years; and

'WHEREAS, in 2016, an updated BIMP projected the necessary needed funding to maintain the state's coastline while offering several possible revenue options; and

'WHEREAS, due to healthy growth in North Carolina's coastal communities, a regularly updated BIMP must be conducted to effectively steer state and local management resources in complex planning in support of 326 miles of ocean shoreline, barrier islands, and 19 active inlet complexes that collectively generate over \$4 billion in annual revenues.

'NOW, THEREFORE BE IT RESOLVED, that the Town of Nags Head Board of Commissioners supports updating the 2016 Beach and Inlet Management Plan to provide members of the NC General Assembly with current and correct data to make accurate decisions to better the coastline and inlets in our community and those throughout coastal North Carolina."

Request for Nominations for Lightkeeper/Nags Header Awards

Mayor Cahoon invited everyone to present their nominations for those living (Lightkeeper Award) and for those deceased (Nags Header Award) who have made significant contributions to the Town. He is putting out the word now and asked those interested to fill out the application on the Town's website and to spread the word to others.

Consideration of Appointment to Nags Head Board of Commissioners

Mayor Cahoon emphasized that the Board is united in its goal of selecting the best candidate to fill the remainder of Commissioner Brinkley's term. He polled Board members to see if there were any new nominations, but none were presented.

In the absence of a new nomination for Board appointment, the mayor suggested stepping back from the formal

process while continuing to consider options. If, at a future meeting, a Board member believes there is support for a candidate, they may submit a nomination, to be followed by a vote.

Atty. Leidy confirmed that this approach is permissible, and it was Board consensus to proceed accordingly.

ADJOURNMENT/RECESS TO FY 25/26 BUDGET WORKSHOP

MOTION: Mayor Pro Tem Siers moved to recess to the FY 25/26 Budget Workshop. The motion was seconded by Comr. Lambert, which passed unanimously. The time was 11:08 a.m.

Brittany A. Phillips, Town Clerk

Date Approved: April 2, 2025

Mayor: _____
Benjamin Cahoon



**MINUTES
TOWN OF NAGS HEAD
BOARD OF COMMISSIONERS
BUDGET WORKSHOP
WEDNESDAY, MARCH 5, 2025**

The Nags Head Board of Commissioners met in the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, March 5, 2025 for a FY 25/26 Budget Workshop that followed the Regular Meeting.

Board members Present: Mayor Ben Cahoon; Mayor Pro Tem Michael Siers; Comr. Bob Sanders; and Comr. Megan Lambert

Board members Absent: None (One vacancy)

Others present: Town Manager Andy Garman; Amy Miller; Roberta Thuman; Jan Mielke; Perry Hale; and Town Clerk Brittany A. Phillips

CALL TO ORDER

Mayor Cahoon called the Budget Workshop to order at 11:08 a.m.

PRE-BUDGET OVERVIEW

Manager Garman introduced the pre-budget workshop. Staff will provide information and facilitate discussion with the Board on the major factors and initiatives that affect budget planning for the upcoming cycle.

Amy presented slides which are attached to and made a part of these minutes as shown in Addendum "A". Major factors and initiatives included:

Revenue Forecast

Staff has been tracking revenues over the course of the current year. The Town is tracking below what was budgeted for occupancy tax. Staff provided an overview of where we stand for the year, strategies to make up the occupancy tax shortfall, and considerations for the next budget year.

Revaluation

Dare County is in the process of completing the property revaluation for the 2025 tax year. The Town has received preliminary figures for the Town's valuation which reflect an increase in property values of 71%. Staff discussed the process of considering a revised tax rate for the coming year to reflect the new values.

Health Insurance

The Town has been notified that the North Carolina League of Municipalities, Municipal Insurance Trust, will no longer offer a health insurance pool. The Town will need to consider options for health care coverage for its employees in the coming year.

Human Resources Director Jan Mielke explained that our broker, Mark III is searching plans for us. The Town is possibly looking at a 20% increase which translates to approximately \$300,000. Manager Garman clarified that our broker is using the current plan as the baseline for shopping. He mentioned that we may consider changing coverage or joining another pool but hope that we don't lose the recently increased premium coverage provided by the Board.

Mayor Cahoon stated that the loss of the NCLM pool is disappointing and frustrating. He would not like our first approach to be cutting or changing the benefit picture. He personally thinks the approach we are currently taking is right and if things are tight, he prefers that we find the money from somewhere else. The Board affirmed.

The Board thanked Jan for her work on this issue.

Manager Garman gave an overview of some of the budgeting strategies. The discussion centered on the

town's financial planning and ongoing capital projects, with a focus on balancing necessary expenditures while maintaining fiscal responsibility. Rising costs due to inflation, tax revaluation, and economic volatility were noted as key financial challenges. Despite this, the town has made significant progress in stabilizing its vehicle and equipment replacement schedule, moving from a system where trash trucks lasted over 15 years to a more sustainable five-to-six-year cycle. This upcoming year will mark the final phase of phasing out older vehicles, ensuring that replacements remain on a consistent four-to-five-year schedule without deferring necessary purchases.

Budget discussions have included various revenue strategies, such as leveraging utility sales tax, refining spending through strategic cuts, and evaluating ongoing project work. Several major infrastructure projects are currently underway, including two significant drainage projects in South Nags Head, the development of Whalebone Park, and the construction of a multiuse path along Beach Road from Jennette's Pier to Curlew Street, which will continue into the fall. Other active projects include the construction of ocean rescue housing, a street and drainage improvement project on Memorial Avenue (from Bittern Street to Eighth Street), and the completion of the Public Services project. Additionally, there has been discussion about a new fitness facility, though some projects may extend into the fall.

An appropriations request for funding to replace the aging AC water lines has also been submitted. If approved, this could significantly alter the town's Capital Improvement Plan (CIP). Given the substantial tax increase previously implemented to fund the Public Services complex, the town is looking to maintain financial stability without further tax hikes while continuing to move forward with essential infrastructure improvements.

The focus is on making strategic financial decisions that balance investment in town infrastructure with minimizing the impact on taxpayers. The board's feedback is welcomed as preparations are continuing for the next budget workshop in April.

Mayor Cahoon agreed that we want to keep projects going but revaluation will be a shock especially when added to insurance hikes which are not revenue neutral. Being conservative with this budget will be best for us and our residents. Taking our projects from 110% to 90% should not be an issue.

Manager Garman let the Board know that a draft CIP will be presented at the April budget workshop.

Beach Nourishment Planning

Deputy Town Manager/Finance Officer Miller provided an update on beach nourishment planning, focusing on financing considerations for the next project, tentatively scheduled for 2026 or 2027. She noted that after consulting with the town's financial advisors, the recommendation is to maintain current tax rates—neither decreasing nor increasing them. This is due to several uncertainties including the project's final timeline and the uncertainty of the amount of funding Dare County will provide towards the debt service supplement. Raising rates prematurely would not be responsible without a clear understanding of the funding needs.

Even if the project begins in fiscal year 2026, it could be structured to delay debt payments to the following fiscal year. Current cash reserves will help reduce the amount that needs to be borrowed. Additionally, the revenue-neutral rate will be calculated within the townwide tax and the Municipal Service Districts (MSDs). Dep. Mngr. Miller mentioned that preliminary calculations have not yet been completed but will be presented to the Board once available.

The estimated project cost is currently around \$38 million, with approximately 2.3 million cubic yards of sand placement and potential bid alternates similar to the previous project. The town is planning to solicit bids in September or October and will structure the bid process to optimize cost savings. Past experience has shown that delaying the project could result in better pricing and could possibly result in more contributions from Dare County.

Discussions with Dare County about its financial contribution are ongoing. The county has historically provided support but has not increased its contribution despite rising costs. Their last committed amount was \$12.5 million, half of the cost of the first nourishment, and that figure has remained unchanged in recent years. Manager Andy Garman suggested that a meeting with the county manager and a commissioners or Chairman Bob Woodard, may be necessary to revisit funding expectations. The town has taken a proactive approach by establishing new MSDs, but it is expected that Dare County will continue supporting previously funded projects to ensure their longevity.

The Board discussed the timeline for adjusting MSD rates, with the earliest potential changes being for the FY27 budget. Based on survey data, concerns about erosion in the southern part of town have eased somewhat, with signs of natural recovery. If conditions remain stable, the town prefers targeting the summer of 2027 for the next project, as this could result in better bid pricing.

Mayor Cahoon expressed optimism that the project's estimated cost is lower than the \$42 million figure he

had been anticipating. He and Manager Garman also noted that past projects have benefited from FEMA funding, including a \$16 million supplement from Hurricane Matthew for the 2019 nourishment and full FEMA funding for the 2022 South Nags Head project. While there are currently no FEMA funding opportunities, future storm declarations could provide financial assistance although no one wants that to occur.

DISCUSSION

The board and staff discussed the town’s financial outlook and budget planning, focusing on balancing current needs with long-term fiscal responsibility. Given economic uncertainties, the approach remains cautious, prioritizing essential projects while monitoring potential legislative funding.

Key discussions included the timing of waterline replacements, with potential funding accelerating the schedule and impacting related projects like stormwater and street improvements. Given fluctuating costs, capital purchases and infrastructure work may be adjusted to ensure responsible spending. Mayor Cahoon emphasized staying in close communication with legislators and lobbyists to navigate funding opportunities.

The board acknowledged the challenges of budgeting in a tumultuous economic climate and agrees with the direction staff is taking in budget preparation.

ADJOURNMENT

The Board adjourned at 11:55 a.m.

Brittany A. Phillips, Town Clerk

Date Approved: **April 2, 2025**

Mayor: _____
Benjamin Cahoon