

## Summary Proposal from Commissioners Sullivan & Kwiatkowski

The Town of Holden Beach is in the process of negotiating for the purchase of a portion of the property adjacent to the pier. Background to why discussions began and what has transpired as well as current status and state of knowledge are summarized below.

For the past few years, the Town has been granted a license by the owners to use the western most twenty (20) feet of the overall property (west of the RV park) as an emergency vehicle access point to the beach strand. The need for this type of access is important for the health and safety of everyone who uses the beach. The pier property has been listed for sale and of course the sale would include the currently licensed property. Not wanting to lose the vital access to the strand, the Board first focused on purchasing the licensed property; the eventual offer was not accepted by the seller. As a result of additional executive session discussions, a majority decision was taken by the Board to also explore purchasing the property containing the pier and building, specifically parcel 246DB001. After a period of negotiation, during which the owner did not accept the Town's offer for the licensed access, the owner offered to sell the Town the parcel on which the pier and building are situated as well as a parcel adjacent to the building and extending fifty (50) feet west (parcel 246DB002). A verbal agreement on an acceptable price and due diligence and escrow amounts has been reached.

The desired outcome is for the pier, café and land they are situated on to be preserved and used much as they currently are after any necessary improvements to meet code. The Board's objective is that the purchase be financed by revenues generated by the property coupled with available grant money, resulting in no property tax implications, but of course there is no guarantee.

Some key considerations and assumptions made during the negotiation process follow.

1. The purchase of parcel numbers 246DB001 and 246DB002 encompasses approximately 350 feet of ocean front property, containing the pier, building and an estimated 70 parking spaces.
2. There is ample space for an emergency access and ADA compliant walkway.
3. The debt service is approximated to be \$250,000 per year, for 15 years.
4. It is assumed that the purchase can be financed by a combination of paid parking revenue and leasing the pier and cafe building. If available grant monies can be obtained, the debt service will be less than the estimated \$250,000/year. However, each potential revenue stream is merely an assumption and in no way assured.
  - a. There is a question, based on North Carolina statute, whether paid parking can be used for debt service payments. The Town will, as necessary, seek an exception to the statute, but an exception is not guaranteed.
  - b. The proposed conditions of a paid parking program on Holden Beach in 2022 are not yet settled, so currently there is not a reliable revenue estimate for the pier property parking space.
  - c. The fair market value for leasing the pier and cafe is unknown.

d. The grants, which can account for from 0% to 30% of the sale price, can only be applied for after the property is purchased, and of course there is no guarantee any grant money will be received.

5. Prior to taking ownership of the property, both the pier and cafe building need to be inspected to determine if they are reasonably safe for public use and are Americans with Disabilities Act compliant. The cost of any repairs, upgrades or alterations is unknown. Whatever the costs, they will need to be funded, and there will need to be adjustments made to the just completed 2021/2022 budget ordinance. Any necessary work will need to be contracted and accomplished in the off season if the intent is to be up and running in Spring 2022.

There is a Special Meeting of the Board of Commissioners scheduled for July 8, 2021 at 7pm. at Town Hall to inform the public of the details. We encourage your attendance and participation; for those who cannot attend, you can send comments and questions in advance to the Town Clerk Heather Finnell ([heather@hbtownhall.gov](mailto:heather@hbtownhall.gov)) for the BOC to consider.