RE-OPENING THE BLACK MOUNTAIN GOLF COURSE



Purpose



REVIEW PRIMARY DAMAGES TO THE GOLF COURSE



SUMMARIZE REPAIRS MADE TO DATE



UNDERSTAND REMAINING NEEDS



REVIEW FINANCIAL AND REGULATORY CONDITIONS

Important Points of Clarification

To clarify



CLOSING THE GOLF COURSE HAS NOT BEEN DISCUSSED OR CONSIDERED.



THE COURSE AND OPERATIONS SUFFERED $2,000,000 IN DAMAGES.



MORE FUNDING HAS BEEN SPENT TO MAINTAIN THE GOLF COURSE AND PRIORITIZE ITS REOPENING THAN *ANY* OTHER RECOVERY EFFORT OTHER THAN CRITICAL INFRASTRUCTURE.

Equipment and Insurance Notification Timelines

Owned Equipment & Leased Equipment



Additional Details

- The equipment is part of the inland marine insurance policy.
- Inland marine claims are paid out after flood claims.
- If flood claims exceeded the max amount of 5 million dollars, inland marine would not be paid.
- Flood claim totals were determined to be 3.4 million in March.
- This is when the Town learned inland marine claims would be covered.

Review of Damages

Highlight of most challenging damages to the golf course.
Summary of regulatory constraints.

New Equipment Costs

Fairway mower

- New mower cost is $101,000



Rough Mower

- $ New mower cost $111,000



New Equipment Costs

Greens mower

- $57,000



Spray Rig

- $71,000



Maintenance Building

- The building was constructed after the Town adopted the NFIP regulations. It was built in the non-encroachment area without a no-rise study, which is *prohibited*.
- The building was assessed for “substantial damage” following the FEMA required methodology and utilizing the FEMA provided calculator. All buildings must be assessed in the same manner. *The building is substantially damaged*.
- FEMA Region 4 staff are monitoring activities of all buildings in the floodway following TS Helene, including regular meetings with staff, require staff site visits and monthly reports.



Repairs Made to Date $138,089.33

- Hole #18: Removed and reinstalled 48" pipe, lined the floor with stone, backfilled and compacted with matting, and added additional stone and riprap.
- Hole #15: Removed and replaced with new 36" pipe, lined the floor, backfilled and compacted with matting, and added stone and riprap.
- Hole #17: Repaired stream bank undermining of the cart path with stone matting and riprap.
- Cart Path Between #17 and #15: Additional undermining repairs were completed at no charge.
- Bridge at #12
- Irrigation panel and motor refurbishment, including installation
- Miscellaneous control system components
- People finder system
- Additional irrigation repairs
- Irrigation intake clean-out
- ProShop repairs

Financing Future Repairs

Review of Mayor Sobol's Proposal

Review of Financial and Regulatory Constraints

Proposed Water Fund Transfer

While NC law allows unneeded funds to be transferred in some cases, this practice comes with significant consequences.

- **NCGS 159G-37 states**:

(a) Application. - An application for a loan or grant from the CWSRF, the Wastewater Reserve, the DWSRF, or the Drinking Water Reserve, or a grant from the Viable Utility Reserve, must be filed with the Division. An application must be submitted on a form prescribed by the Division and must contain the information required by the Division. An applicant must submit to the Division any additional information requested by the Division to enable the Division to make a determination on the application. An application that does not contain information required on the application or requested by the Division is incomplete and is not eligible for consideration. An applicant may submit an application in as many categories as it is eligible for consideration under this Article.

- (b) Certification. - The Division shall require all local governments applying for loans or grants for water or wastewater purposes to certify that no funds received from water or wastewater utility operations have been transferred to the local government's general fund for the purpose of supplementing the resources of the general fund. The prohibition in this section shall not be interpreted to include payments made to the local government to reimburse the general fund for expenses paid from that fund that are reasonably allocable to the regular and ongoing operations of the utility, including, but not limited to, rent and shared facility costs, engineering and design work, plan review, and shared personnel costs. (2005-454, s. 3; 2011-145, s. 13.3(kkk); 2013-360, s. 14.21(i); 2013-413, s. 57(u); 2014-100, s. 14.17; 2014-115, s. 17; 2020-79, s. 1(i).)

Proposed Water Fund Transfer

- **NCGS 159-13(b)(14) states:**
  - **No appropriation may be made from a utility or public service enterprise fund to any other fund than the appropriate debt service fund unless the total of all other appropriations in the fund equal or exceed the amount that will be required during the fiscal year, as shown by the budget ordinance, to meet operating expenses, capital outlay, and debt service on outstanding utility or enterprise bonds or notes. A county may, upon a finding that a fund balance in a utility or public service enterprise fund used for operation of a landfill exceeds the requirements for funding the operation of that fund, including closure and post-closure expenditures, transfer excess funds accruing due to imposition of a surcharge imposed on another local government located within the State for use of the disposal facility, as authorized by G.S. 153A-292(b), to support the other services supported by the county's general fund.**

RE: water fund transfer - Josh Harrold - Outlook - Google Chrome
about:blank
Delete Archive Report Reply Reply all Forward Zoom Read / Unread Categorize Flag / Unflag Print ...

RE: water fund transfer

From: Millonzi, Kara Anne <Millonzi@sog.unc.edu>
Sent: Wednesday, May 7, 2025 5:09 PM
To: Tammy Holland <tammy.heide@tobm.org>
Subject: Re: water fund transfer

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Tammy – Of course. Let me know if this works. I'm happy to add more details if it would be helpful. Best, Kara

North Carolina law allows a local government utility to transfer surplus revenues from its water or sewer fund to another fund, such as the general fund, if those funds are not needed to cover the utility's operating or capital expenses for the current fiscal year. This authority, granted under G.S. 159-13(b)(14), provides some flexibility when a utility consistently generates revenues beyond what is required for its operations and capital needs.

However, such transfers carry significant consequences. Under G.S. 159G-37, if a local government transfers money out of the water or sewer fund, it becomes ineligible to receive state grants or loans for its water or sewer system. This includes funding administered by the Division of Water Infrastructure, which is often a key resource for utilities seeking to maintain or improve infrastructure.

It is important to clarify that legitimate reimbursements for shared services and overhead do not count as transfers. For example, allocating a portion of the manager's or finance officer's time to the water fund—if they perform utility-related work—is a reasonable and appropriate cost allocation. These internal charges reflect the true cost of managing the utility and do not jeopardize eligibility for state funding.

In contrast, using water fund balance to support general fund projects unrelated to utility service—such as repairing a town-owned golf course—would be considered a transfer under G.S. 159-13(b)(14). Even if the funds are not needed for utility purposes in the current year, this type of use would disqualify the local government from receiving future state water or sewer grants or loans.

It could also raise concerns with the Local Government Commission (LGC) if the transfer weakens the financial condition of the utility or signals a lack of reinvestment. In some cases, it could even affect the utility's credit rating, making future borrowing more difficult or expensive.

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Existing and Needed DEQ Funds and TOBM Water Fund

- The Town currently has $3,000,000 loan for DEQ related to Tropical Storm Helene Recovery and a $500,000 loan to complete the lead service line inventory requirements.
- Staff has been approached from DEQ regarding additional funding opportunities to increase the resiliency and deal with existing system needs.
- The water fund *cannot absorb* the costs associated with the existing projects and system needs.
- The water fund has budgeted capital needs and should maintain a reserve for emergency situations, especially as we head into hurricane season.

NCLM INSURANCE REQUIREMENTS



Volunteers for the course

Waivers needed



Using town-maintained roads for cart paths

Liability

Unsafe

NCLM Insurance

- Amy Whisnant, Risk Control Consultant
- Let’s start with the use of the front nine. If it is simply a matter of crossing the road to access portions of the course, then Black Mountain needs to install signage and road markings for cart crossings before allowing the front nine to open. If it requires operating the carts for a distance on the roads, then that is a problem. Taking the carts on the road, without proper signage and markings, plus the carts not being approved for highway use, would be ill-advised. Allowing Black Mountain property (golf carts) to be used in an “unlawful” manner opens Black Mountain up to a potential liability exposure if the cart operator is injured, or injures someone, or damages property, due to operating the carts on the road.

NCLM Insurance

- Continued.....
- The second issue to address is the volunteers working on the golf course. Under normal circumstances, I would advise that the volunteers should not do any duties that put them at high risk for injury, such as mowing, weed-eating, tree trimming, etc. However, these are not ordinary circumstances, and the volunteer response to assist communities with Helene damage has been inspiring. I have attached an Underwriting Bulletin about volunteers. The volunteers need to understand that they are not covered under Workers Compensation. If they are injured, and it results in them being out of work, all medical bills and loss of wages will be out of their own pocket/insurance. Workers Compensation only covers employees. With this in mind, Black Mountain needs to have all volunteers sign a waiver that informs them of the risks involved. I have attached a sample for you to adapt to meet the needs of Black Mountain. Make sure the town attorney reviews before putting the waiver into use. If the volunteer damages Black Mountain equipment or building, and that equipment/building is listed on your schedule, it would be covered under your property schedule.

Available Funding Sources

- FEMA Small Project
  - Expenses to date and remaining estimates for course.
  - Vehicles replaced at previous condition in the vehicles project.
  - Owned equipment in an equipment project.
- FEMA Large Project
  - Potentially for the golf maintenance building.
  - Will not cover leased equipment.
- Insurance
  - Paid off lease equipment
  - Claims on insured items
- Donations and Fundraising
  - Staff is seeking donated equipment and vehicles from other municipalities and private foundations
- Fund balance
- Cash flow loan program
- Possible bank financing if all other options exhausted. Will need approval of LGC.



Golf Course Reopening Strategy

Golf Course staff have previously presented an operational strategy to reopen the golf course based on the existing financial constraints. If Council wishes to see a different strategy, it must be through a budget amendment process and its implications must be legal.

- Working to open the back 9 holes by the beginning of June 2025.
- Working to install a driving range on the front 9 holes to bring in more revenue this budget year.
- Actively looking for used golf mowers/equipment.
- Equipment lease available for some equipment now and others by end of calendar year.
    - Getting lease terms now
    - Move forward with leasing new equipment now
    - This will help us to maintain the front 9
- FEMA will cover cost of temporary structure to house equipment.

What’s next?



Submit a FEMA small project when documentation is complete.



Continue to look for used equipment that fits our needs.



Cash flow loan program 2nd round application has been submitted. Deadline is June 6th.



Volunteers/fundraising



Get new lease for equipment; work with FEMA on temporary structure