

**MINUTES OF THE SPECIAL MEETING  
OF THE TOWN COUNCIL AND PLANNING & ZONING COMMISSION  
TOWN OF CAROLINA BEACH**

**August 28, 2006**

The Town Council of the Town of Carolina Beach met in a special meeting on August 28, 2006 at 7:00 p.m. in the Training Room at the Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. The following members of Town Council were present: Mayor, Bill Clark; Mayor Pro Tem, Alan Gilbert; Councilwoman, Pat Efird; Councilman, Jerry Johnson; and Councilman, Joel Macon. Also present: Town Manager, Tim Owens; Town Attorney, Al Clyburn; Director of Planning and Development, Steve Harrell; Senior Planner, Ed Parvin; and Town Clerk, Lynn Prusa.

The following members of Planning and Zoning Commission (P&Z) were present: Chairman, John Keith; Vice Chairman, Mike Kopitopoulos; Commissioner, Dan Wilcox; Commissioner, Linda Skipper; Commissioner, Sarah Efird; Commissioner, Betsy McQuillen; and Commissioner, Jim Rees.

A motion was made by Councilman Johnson to open the Council meeting. **MOTION CARRIED UNANIMOUSLY.**

Commissioner McQuillen made a motion to open the P&Z meeting. **MOTION CARRIED UNANIMOUSLY.**

Mayor Clark said tonight's workshop is a joint meeting of Council and P&Z, but it is not a public hearing. He said when it comes time for a public hearing it will be advertised and that will be the time when the public can speak.

He explained that the P&Z asked to have this meeting to review the pre-application of the conditional use permit for the Hotel Oceana Plaza hotel-minium project and to possibly look at the hotel-minium ordinance.

Councilman Johnson made a motion that Town Council not hear the proposed hotel-minium ordinance amendment tonight and that it go through the normal process, and that we only listen to the pre-application review at this time. **MOTION CARRIED UNANIMOUSLY.**

Commissioner Wilcox asked about the status of the application. Mr. Owens said the application is pending and we have tabled the matter. Mayor Clark asked Mr. Owens to address the history of the application. Mr. Owens said the purpose of tonight's meeting is to get a better understanding of what the application consists of since it is a large application and there are a lot of items to deal with. There is a pending application. Typically the process is to have a pre-application before you actually submit an application and the applicant, Russ Maynard, has an application in process. Mr. Owens

said we should listen to have a better understanding of what he is presenting and to ask only relevant questions. There is no public involvement at this time, but there will be plenty of public involvement for the text amendment portion and the conditional use permit portion. He explained that originally the application went through the Technical Review Committee (TRC) and it was put on both agendas for the public hearing, and approximately 10 days before the public hearing he was able to examine the town code and found there wasn't a proposed use for hotel-minium. He said that they discussed it with the applicant and voiced concerns that it probably wouldn't be a fair hearing until a text amendment is considered. We discussed timelines and hoped a decision would be made about that tonight. There was a lot of implication that maybe we would talk about the hotel-minimum definition, but the decision about that has been resolved. He recommended that tonight we listen to the application. He then turned it over to the applicant, Mr. Maynard.

Mr. D. A. Lewis interrupted the meeting and said he has a paper that is critical and applicable to this meeting that needs to be read before this goes any further (*identified in the minute book as Exhibit 1 herein*). Mayor Clark asked Mr. Lewis if he would like to share it with the town attorney. Mr. Lewis said he already did and the attorney told him that he could not stop the meeting. Mr. Lewis asked, what is he applying for - a hotel-minium and a restaurant in the CBD or a hotel? He asked, are we here to discuss a hotel-minium? Mr. Owens said we are here to discuss the application. Mr. Lewis apologized for the intrusion.

The members of the boards discussed whether or not the meeting should be held to review the pre-application. Mayor Clark asked the town attorney to give a legal view of reviewing this application. The town attorney said that obviously the term "pre-application" anticipates that it is a meeting that is held prior to the submission of an application; however, he doesn't think there is anything in the ordinance to prohibit both the Commission and Council from hearing the application even though the application has already been filed. He reminded the Council and the Commission that if the application goes forward that you at some point will be voting on the application and this should be used only as an opportunity to simply get information from the applicant and nothing more than that. Mayor Pro Tem Gilbert asked the town attorney if he was comfortable enough to advise them what not to discuss. The town attorney said it is for these two boards to decide whether or not you can go forward tonight. He explained that he doesn't see anything in the Zoning Ordinance that would keep you from hearing the presentation, even though an application has been filed. He reminded the board members that each of you may be voting in a quasi-judicial format and he encouraged everyone from forming and expressing opinions on a project on which you may be voting, if the application goes forward. After general discussion and consideration among the board members the general consensus was to hear the presentation.

Mr. Russ Maynard thanked everyone for the opportunity to speak. He said that staff has asked him to come tonight to have open dialogue about the hotel-minium concept. He said we have hotel-miniums on the island and there are hundreds of them all over the United States.

He went on to say that he understood this would be a discussion amongst both boards and not open to the public. This would be a discussion on the concept of hotel-miniums and what you would like to see in your text amendments and guidelines and then it would go to P&Z for further debate and study, and then on to Council after that. He said after the permit was turned in, accepted and processed, it was discovered by the town that you have an issue. Mr. Maynard said that he agreed to come in order to wrestle with this and hopefully you will get a text amendment that will allow it or not. He feels this is a concept that needs to be in the books.

He said that everyone agreed to be here and he introduced various members of his professional staff. He invited his architect, Jonathon Wolk, to give a little history on the project. He feels that it would be beneficial and not prejudicial for everyone. He would like to make this an educational opportunity. He said they have held numerous open community meetings and they have tried to incorporate their ideas and now they need to try and figure out this hotel-minium concept. He understood this meeting would be to discuss the hotel-minimum concept and secondly to hold a pre-application meeting about the infrastructure, economic impact, traffic, stormwater, etc.

Mr. Jonathon Wolk with Center Point Architecture introduced the various professionals working on this project. He gave Council an overview of the proposed project (*Exhibit 2*). He said this is an opportunity to have another hotel that bookends the Boardwalk area.

Initially they did a study of a 124' hotel project, 120 rooms and it incorporated parking and some commercial on the King's Beachwear property. Mr. Wolk said they brought that in and talked to staff and a variety of council members to get their thoughts since they felt 124' would be a tough pill to swallow. Also it was a little bit bigger project than what they were interested in pursuing as well. Although it fit within the guidelines of the Zoning Ordinances and Land Use Plan, and it fit within the 136' that is at the top of the Marriott. The opinion of this was they liked the idea of a hotel and a project bookending the Boardwalk, but they didn't like the height. So, they decided to hold some community meetings and they were quite productive. They first introduced the project and concept. The second meeting was a workshop to consider different concepts such as: (1) to look at a project on the small site, (2) what if we have a multi-site including the King's Beachwear, and (3) taking the King's Beachwear site and redirecting the road. He said they had difficulty in developing a hotel on this site, because the feedback they received from the name brand hotels was that they would require about 200 rooms on this site and it would require close and upwards of a 180' tall building. In terms of the magnitude of the project and the sensitivity of height we knew that wouldn't work. They were told they could do a combination of condominiums and a hotel with 140 rooms. They had a group look at the project on the small site. They considered the importance of the oceanfront as an amenity to the town and to provide something for the community such as a restaurant and to make it accessible to everybody - not a restaurant that is buried within the hotel and make it accessible to the Boardwalk. They also considered if this would be an extension to the Boardwalk or some improvement to the pedestrian way along Harper Avenue. He said those were the three critical pieces that came through the

proposal. They also considered if there was a way to mix it up a little bit so that it isn't just one giant building. They looked at how the road could be redirected for safety and traffic flow and in conjunction with the traffic plan. They took the project forward based on what they heard from the community meetings and they were basically told that they liked the idea but it was too big.

He then proceeded to go over the current project that has been scaled back to 80 rooms with the predominate edge of the building 104' and up to 114' with the elevator shaft. He said at 80 rooms on a site this size that the hybrid approach no longer worked so they had to go to a full hotel-minimum. Even though in the Zoning Ordinance it says that anything that is owned and operated as a hotel is considered a hotel, the question came up for a hotelminium that even though it is in the definition of uses, it isn't in the use table. At that point they met with staff and they felt that even though it says it in the Zoning Ordinance that they felt it should be brought forth as a text amendment proposal.

This proposal is a hotel-minium and it will be a boutique hotel which means that it will not be confined to the requirements of a name brand hotel. This gave them the opportunity to put in the amenities that they wanted to put in without the restrictions of a name brand hotel. It also gave them the opportunity to do things like extend the town's Boardwalk, clean up and improve the pedestrian areas, put in new landscaping trees and irrigation, and create a nice focal point for the gateway to the pavilion area to be a catalyst for change in the pavilion area. He explained that the lobby area sets the line where the new Boardwalk starts to develop, and this will become the museum to the Ocean Plaza with some artifacts and music. He said we are limited as to what we can do because of being in the V flood zone, and in scaling down the project they had to sacrifice some of the meeting space. The new proposal is slightly scaled back with a large restaurant that can double as meeting space, indoor/outdoor pool, and hotel rooms.

Mr. Wolk reviewed the proposed parking plan. He explained that now they have 89 parking spaces on site, 6 were relocated for the town plus 3 extras. For both spa and restaurant they are within 500' of the town parking lot across the street, and within the Zoning Ordinance you can use those parking spaces if you are the CBD and within 500'. He explained that by taking 437 parking spaces off of the grid we are seeing a net result of almost 400 parking spaces being taken off. Basically it has 35 spaces for the restaurant use.

With all those 400 cars taken off the grid, he asked what does that do economically to the community. He said that during the construction you would see \$60,000,000 in an 18 month period coming to Carolina Beach and New Hanover County. Also \$2.3 million in payroll is being added to the community. He said to also consider what it does for renourishment dollars, hotel tax, etc. This one project is not only a catalyst for change, but you are also talking about real dollars into the community's pocket.

Mayor Pro Tem Gilbert said the way he understands this is what the community wanted is a name brand hotel, and it was after the original concept was done that you found out that it wouldn't qualify as a name brand hotel because it had to be 140 rooms. Mr.

Maynard said that is correct. He said they sat down with some hotel groups and got their input. So then they added 20' and 20 rooms so it would qualify as a name brand hotel. Then they developed this proposal which is 80 rooms at 104'. Mayor Pro Tem Gilbert said, but your initial feel for what you wanted to build was 124'.

Some board members had questions about the meeting space. Mr. Wolk explained that the restaurant is about 4,000 sq. ft. and it can double as a meeting space, but not a formal meeting space such as what you would see at the Marriott. As an example, if you wanted to do a wedding banquet you could have the meeting space for the night. If someone was staying in the hotel they could have availability for room service. This is a difference in a name brand hotel and what you are proposing.

Mr. Maynard said they were trying to see if it was viable to purchase the property. They were told all along that the Marriott was the benchmark. He thinks that Council and staff basically said they would entertain that height if it brought a lot to the community. He said that they knew Council was very sensitive to height and before they spent \$2-3 million dollars on those two other pieces of property they wanted to know if it was viable. He said they entered the community workshops with a blank piece of paper.

Mayor Pro Tem Gilbert asked to see a picture of the proposal for 140'/140 rooms, and he asked if this was the outcome of the community meetings. Mr. Maynard said, exactly. Mayor Pro Tem Gilbert asked, what was the plan for those rooms? Mr. Maynard said it was a going to be a mix. He said by then they had talked to several large hotel players and were told that they would need a minimum of 140-150 rooms. He said out of those community meetings 95% of the people that were there said they wanted a flagship hotel and they thought it was a very important concept in that plan. In that particular plan we had one full floor all glass ocean view conference center, and one full floor glass ocean view restaurant. They and the community thought it brought a tremendous amount to the community and makes it a true destination point to Carolina Beach for business.

Mr. Maynard continued, then they took the 140' plan which everybody worked on and thought it was the best thing for the community and came back to Council and staff, indirectly knowing you can only meet with two council members, and we openly discussed it and were told that under no circumstances would anything taller than the Marriott ever be considered. He said it was presented with the oceanfront conference center and restaurant. He also mentioned that it was also a real concern for those two council members that we would have to reconfigure Carolina Beach Avenue North. He explained that they were pushing King's Beachwear east so that it cut off that part of CBAN, and reroute it behind and beside the Cabana parking lot. Mr. Wolk said it actually improves the intersection. Mr. Maynard said they contacted Wilbur Smith, the town's traffic engineer, and asked them to carefully look at it and they said that it makes a better and safer intersection by rerouting that road. He said they were prepared to pay all of the infrastructure. They were told this was similar to the Marriott issue with Woody Hewett being closed and they thought this was very sensitive. Both council members told him to go back to the drawing board and they would possibly consider a project similar to the Marriott in height, but they were not going to close that road and

probably will not be able to go over the height of the Marriott. That brings us to where we are today. It was mix of half hotel rooms and half condotel rooms. Several of the flagship hotels that they talked to said they could probably live with that. They had verbal commitments that they could do that with no problem, and that was never the issue as long as we could guarantee 60-70 pure hotel rooms. The hotel would own about half of the rooms and the others would be individually owned and all the rooms would be furnished exactly alike. People may individually own the rooms, but the room would all look the same.

Mr. Maynard continued, so based on that they reduced it to the 80 unit concept, all the rooms to be identical, upscale furnished and all rental units.

He said that he thought, and was led to believe, that the first part of this meeting would be the discussion about the concept of hotelminiums and an open dialogue between the two boards on trying to work out the nuts and bolts of what you needed for a text amendment. He was floored when it was tabled, and he doesn't know why you don't want to discuss that concept so it can be settled as a text amendment, and if you don't want it then vote it down and get it off the books and we can try something else. Councilman Macon said the major problem is it isn't a public hearing. Mr. Maynard said that he was led to believe something different. Mayor Pro Tem Gilbert said from the records he looked at there was no motion from Council or P&Z to discuss that text so he feels that it was misunderstood. Mrs. Skipper said if you brought anyone with you to discuss anything then they are willing to listen. Commissioner Kopitopoulos asked, is this the same project that will come before us as a CUP? Mr. Maynard said, yes it is. Commissioner Kopitopoulos expressed concerns about discussing the project. Councilman Macon said you just can't talk about specifics. Mr. Owens said that he believes you can ask specific questions, but you can't show any bias.

Mayor Pro Tem Gilbert said that he has an issue with anybody presenting discussion on a text change or direction on that without giving the public opportunity to speak at the same time. He recommended that during the P&Z meeting that the experts should speak and the public also have a chance to speak at that time, and again the same process at the Council meeting. He believes the motion that Councilman Johnson made is that we not discuss that text change.

Mr. Hilton Tetterton said that the difference in the hotel concept and the hotel-minium is basically you have 80 investors, and in a hotel you have one or a small group of investors. It is run by an association that would control the quality of the furnishings, but it would be run exactly like a hotel. He said the restaurant is 4,000 sq. ft. and if you had a wedding reception you would have break out rooms so that part of it would be partitioned off so the restaurant would always be available to the public. He said it is the exact same concept as the Marriott, but it is owned by 80 different people.

Concerning the parking, Councilman Macon asked for clarification. He said conceptual wise you tore down buildings that didn't have any parking, and based on the size of those

buildings and their use there would have been over 400 spaces required in the CBD, and all of their parking was the town parking. Mr. Maynard said that is correct.

Mayor Pro Tem Gilbert expressed concerns about lift station #1. He said on a northeast breeze no matter the number of people it smells like sewer. The town manager said we are two years out on upgrade of the facility and he too has concerns and it is his intention to consult with the engineer concerning this matter. Mr. Wolk said the town will need a lot of infrastructure improvements as the town grows and that will cost the homeowners and town, unless you have an increase in tax base. Mayor Pro Tem Gilbert said there is an infrastructure referendum that is going through the legislature and the projection is we'll have a referendum in May to vote on a ½ cent sales tax and there should be money that we can apply for through New Hanover County. Mr. Wolk said if he could have a project to come in and improve my town and save the ½ cent sales tax that would be what he would want. He added that with his discussions with Mr. Pagley there would be an impact fee for the 80 rooms that would be a significant boost to the improvement of the lift station.

There being no further business, this concluded the presentation and discussion.

A motion was made by Councilwoman Efird to adjourn the Town Council meeting.  
**MOTION CARRIED UNANIMOUSLY**

A motion was made by Commissioner Keith to adjourn the P&Z meeting. **MOTION CARRIED UNANIMOUSLY.**

Respectfully submitted,

Lynn N. Prusa  
Town Clerk

Approved: \_\_\_\_\_