

**MINUTES OF THE SPECIAL MEETING
OF SEPTEMBER 22, 2009 OF THE TOWN COUNCIL
TOWN OF CAROLINA BEACH**

September 22, 2009

The Town Council of the Town of Carolina Beach met in a special session on September 22, 2009 at 3:00 p.m. in the Council Chambers at the Municipal Administration Building, 1121 N. Lake Park Blvd., Carolina Beach, North Carolina. The following were present: Mayor Joel Macon; MPT Dan Wilcox; Councilman Alan Gilbert; and Councilman Jerry Johnson. Also present were Town Manager Tim Owens and Town Clerk Lynn Prusa.

Mayor Macon called the meeting to order.

Councilwoman Pat Efird was not in attendance due to sickness.

Mayor Macon made a motion to go into closed session to discuss real estate and attorney/client matters in compliance with NCGS 143-318.11 (a) 3 and 5. MOTION CARRIED UNANIMOUSLY.

Mayor Macon made a motion to return to open session.

Mayor Macon made a motion to continue/recess closed session until after the beach renourishment meeting. MOTION CARRIED UNANIMOUSLY.

Council returned to open session to discuss the status of the current and future beach renourishment projects.

UPDATE AND STATUS OF BEACH PROJECT SCHEDULED FOR SPRING OF 2010

Tim Owens, the Town Manager, said the purpose of the meeting is to better understand the aspects of Carolina Beach projects, why and how decisions were made, and how the funding is handled. He feels there is a lot of misunderstanding on what the project is and how parts of the beach get done and it will be a good learning experience for everyone. They will be talking about the funding mechanisms that include all the federal, state and local type funding that could go into a project. They are also here to discuss Carolina Beach's future beach renourishment and the federal funding to better get a handle on it and hopefully out of this will come some direction. He did have the opportunity to sit at the Ports, Inlets and Waterways meeting the other day and one of the things that came out of that is that committee is going to ask the county to move forward to see if they need room occupancy taxes and a feasibility study to get local permits for Carolina Beach, Kure Beach and Wrightsville Beach. He believes that will be happening in the next few months. Their federal funding authorization is getting ready to end and in 2014 that will be the last project they will receive. They need to go down a path, either a dual path of

getting our own permits, which is probably where they are going to go, and also try to seek federal authorization. They are here to talk about all those different items. Mr. Owens asked everybody to introduce themselves and tell who they are with and how they have been involved with beach nourishment. Then they have some questions to get to and an agenda to follow.

Steve Coggins said he is the Town Attorney with Carolina Beach and will be representing the taxpayer's interest in the town and make sure they get the most bang for the buck. He also has personal experience dealing with beach renourishment on multiple levels.

Dave Weaver, Assistant County Manager said he is one of the staff liaisons for the county with regard to the beach nourishment programs in the county for all three beaches.

Avril Pender, Finance Officer for the county, said she handles the funds for the beach renourishment program on the county level.

Alan Gilbert, Town of Carolina Beach Town Council.

Dan Wilcox, Town of Carolina Beach Town Council.

Joel Macon, Mayor of Carolina Beach. Thanked everyone for being here.

Jerry Johnson, Town of Carolina Beach Town Council.

Jim Vartt, representing Kure Beach Town Council.

Glenn McIntosh, Project Manager for beach projects for North Carolina, South Carolina and Virginia and he is with the Corps of Engineers.

Tom Jarrett, said he was formerly with the Corps of Engineers for 34 years and presently with the firm of Coastal Planning and Engineering of North Carolina.

Mr. Owens said there has been a lot of discussion about what our project may or may not look like and they have to be careful about throwing a bunch of numbers around. He asked Mr. McIntosh to give a synopsis of where the project is going for Carolina Beach and Kure Beach and what can be expected.

Mr. McIntosh said this year has been somewhat unique in beach renourishment. It is not on the President's agenda of items to be funded so, when you get money it is from the hard work of Congressman McIntyre and Jones and Senators Hagan and Burr. This year was a lucky year because last summer when we had a tropical storm that came through and our headquarters asked us whether there were any damages to the federal beach fund. While there was not a whole lot of damage, they took advantage of the opportunity to ask for money. They took a fast and hard look at the beaches and came up with an estimate of how much money and quantities would be required to put it back to pre-storm condition - not to do the full renourishment cycle but just to put it back to pre-storm

condition and in October they got the money. Because of that there was some misunderstanding. Some folks thought that was all the money they needed to do a full renourishment cycle. This year Carolina, Kure and Ocean Isle is done on a three year cycle and the way this happened is that all three of them were done at the same time. Ocean Isle, because of the delays in their nourishment, happened to come in line at the same time as Carolina and Kure Beach, which are always done at the same time. Wrightsville Beach is on a four year cycle and about every twelve years it falls at the same time as Carolina and Kure. All four projects are being done together in the federal fiscal year of 2010. Because of the money they got in what they call a supplemental funding bill that Congress passed, they didn't get any regular appropriation bill for 2009 and wasn't scheduled until 2010 and that is the year that was scheduled in for actual construction and therefore that is the year the money is budgeted for. Unfortunately, Wrightsville Beach didn't get anything in 2010 except enough money to do plans and specs. Ocean Isle Beach, in conjunction with the general reevaluation report we are doing for the rest of Brunswick County, is all in a senate and house markup and are going to get \$1.1 million dollars next year for those projects and Carolina and Kure Beach combined are getting \$1.5 million in the budget for 2010. Maybe that is a sign that the administration is changing its position on beach nourishment. It has been a long time since the President has had in his budget money for beach nourishment. They'll know how it is going to hold up three years from now, if it will still be the same way but at least it's a positive sign. Having said all of that, they did get some extra money for Carolina and Kure Beach this year when they went forward to our headquarters and asked if there was any excess money laying around from that supplemental bill. They were able to get a quite sizeable amount of money for Carolina and Kure Beach and they also got some money for Ocean Isle Beach. Between all of that we're in pretty good shape.

Someone from the audience asked what is the definition of Carolina Beach?

Mr. McIntosh said the town limits from Carolina Beach north at the pier down to ...

A lady interrupted and said the paper says they are not getting it and southern Carolina Beach has had a grain of sand since 2001.

The town manager said they are going to talk about why and why not.

She said they make it sound like they're getting sand and are getting more this year. The newspaper says they are getting less than was promised.

Mr. McIntosh said he is going to get to that.

The town manager said the Carolina Beach project is from the north end all the way down to the Kure Beach project at Texas. Part of the Kure Beach project is in Carolina Beach.

She understands the two projects but Carolina Beach has been cut out of it except for a few blocks at the north end.

Mayor Macon said there are probably going to be many questions that will be answered

as these guys talk about what is going on and there will be time for questions at the end.

The town manager said what Mr. McIntosh is going to say is news to him because it is all new money, etc.

Mr. McIntosh said they put all four jobs into one contract and by doing that they are saving over \$2 million dollars in mobilization costs rather than having a separate contract for Wrightsville Beach and Masonboro Island and then a separate contract for Carolina, Kure and Ocean Isle. Another thing, the State of North Carolina, in conjunction with New Hanover County's support, are providing additional funds to dredge Masonboro Inlet and put sand on Wrightsville Beach and Masonboro Island. That is allowing the full benefit of federal and non-federal dollars just for the Wrightsville Beach project. He doesn't particularly want to get into that because it is not a very easy scenario to explain because of the cost sharing involved. Wrightsville Beach will receive its share of sand along with Masonboro Island which is a mitigation of damages caused by the jetties being there and they have to put sand on Masonboro Island because the natural sand bypassing across the inlet is stopped by the jetties.

The Town Manager said they will come back to that. He mentioned at the meeting the other day that it will be hard to tell folks why Wrightsville will get a full nourishment and why we didn't. There is a reason for that and it is basically because there is a navigational project and ours is not.

Mr. McIntosh said that right now the contractor is going out on the street either late this afternoon or first thing in the morning for bids. It will be advertised for 30 days and bid openings are scheduled for the 22nd of October. Then they will go from there in terms of whether to be able to award a project or not. One of the things that is hurting us this year, there are only two contractors available to bid on this job because of the permit project at Bald Head Island and Topsail Beach, they have taken Norfolk Dredging, the one and only pipeline dredge that can do this work. So they are looking at only getting bids from probably . That is one reason that the prices have gone up significantly from years past. You don't have as many contractors bidding on it. There's a lot of work nationwide requiring dredges down the gulf coast. There's a lot of work going on in Texas because of damage from Hurricane Ike last year but as far as what the federal project will look like this year, it will go from Carolina Beach pier at the north end to somewhere approximately a mile to 1 ½ miles south. Kure Beach will start on the south end down towards Riggins, where it normally does, and come, he forgets how far north it will come, and then will jump up close to the town limits of Carolina - Kure Beach. There's about a mile there that requires some sand.

The town manager said the project is very similar to the last project that we did which was in 2006. Audience member asked if that included old Wilmington Beach? The manager said not all of it. It usually starts tapering in around Texas.

Mr. McIntosh said he didn't bring the plans with him.

Audience member said that the southern part of Carolina Beach has not had any sand since 2001 yet all of those beaches have been renourished several times, especially Wrightsville Beach that has been renourished between Sunspree Hotel and the Blockade Runner.

Mr. McIntosh said he doesn't remember the last time they did a full beach renourishment at Carolina Beach. In 2001 when they did the first nourishment project of Kure Beach, they started at the town limit and went all the way down to the Riggins. They did not do the full length of Carolina Beach.

Audience member said at the southern end they went as far as the pier at Ocean Grill, that's where it ended. Mr. McIntosh said that the limit. A member of the audience said she thinks in 2003 they went down probably near the pier.

Councilman Gilbert said one of his questions has been, for a number of years, the area south of Tennessee has some very challenging beach. It has a good dune system but there is not a lot of recreational beach. Why traditionally does the north end, starting at the pier a few blocks up traditionally get the majority of that renourishment compared to the southern end in his opinion?

Mr. McIntosh said that when they do the plans and specs for renourishment projects, they survey the whole length of the project. Councilman Gilbert asked, can you define, when you are doing the survey, is that the entire length of Carolina Beach?

Mr. McIntosh said the north end at the COBA limit, the pier, all the way down to the Riggins they are going to do surveying, cross section surveying - profiling. When they do a beach project, when you have a berm and a dune combination and that is what gives you your storm damage reduction protection. The material that goes in front of that gives you what you call recreational beach and what a lot of people call advanced nourishment. That is the beach that is anticipated to erode away in between renourishment cycles. As long as the 50 foot berm with a 25 foot dune is still intact and based on the rate of erosion in between the upcoming cycle and the next one three years down the road, as long the normal erosion rate does not take it back into that protected berm and dune, we do not put material in front of it.

Councilman Gilbert said if he understands what you just said, because the north end doesn't have the berm and dune that is established and you're saying that south end does, that is why that sand is not being put there because the established berm and dune. Mr. McIntosh said yes.

Mr. McIntosh said also the north end is what is called the transition zone too where it goes from a full project back to existing beach transition from a wide back into nothing - at the pier and rocks. From a full width where you have the berm and dune and advanced maintenance, that is transitioned back into an existing beach, basically nothing. You

don't have the protection there. The reason for that is straight back you get a lot of fast erosion. By having the transition it lessens the impact to the way.

Tom Jarrett said if you go back into history as to what takes place on Carolina Beach, back to 1952 when Carolina Beach Inlet was artificially opened. Prior to that time the beach was continuous all the way from Carolina Beach up to Masonboro Inlet. With the opening of the inlet it cut off the normal supply of sand that progressed predominantly from north to south and there was a tremendous change in the shoreline north of the pier that occurred from 1952 up until the time the first nourishment project when in which was 1964 or 1965. The deficit that artificial inlet was creating was causing a tremendous amount of erosion on the north end of the Carolina Beach project and the Corps made several attempts to fix the problem simply by putting more material out there. But over the years a study was made to locate the cause and effect that hot spot of erosion at the north end and was eventually attributed to the blockage of sand by the Carolina Beach Inlet. The ultimate plan for solution to address that issue was to dredge or trap, sediment trap, in Carolina Beach Inlet, use that to collect sediment moving north to south, pick it up every three years and transfer it artificially down to the north end of Carolina Beach starting just north of the pier and place it in front of the rock abutment. That rock abutment was placed as an emergency measure simply because the beach fill couldn't stand so it was getting a lot of damage behind the beach in that particular area. The bottom line is the material transferred from the inlet has to be placed at that north end erodes away and drifts south, but not all the way south. But it does drift and maintain the integrity of the project all the way down. From 1970 to 1980 there was no nourishment placed on the north end of Carolina Beach. During that period without nourishment, almost 12,000 feet of the 14,000 foot project unraveled. There was only a small vestige of it being left on the southernmost 2,000 feet during that 10 year period. So it became pretty evident that in order to maintain the whole of the Carolina Beach project, that you needed to keep the supply sand in place at the north end. The bottom line is that is why the Corps concentrates on putting material at the north end. Generally speaking, the sand at the beach has maintained itself quite well. Obviously there was no material been placed down there in the last couple of cycles and has fallen into a situation where there needs to be some adjustment made in the disposal plan but, again, he's not involved with that. That is the whole background as to why the north end generally receives material over the south end.

The town manager said they could ask questions now or later. The final discussion is where do they want to go from here? Obviously they are getting to the end of their funding cycle and what do they want to do.

Councilman Gilbert said that in the last 5 years of being involved and watching the renourishment and seeing that the southern end wasn't being - the recreational side of it, certainly the berm is in place at some level. So, what he has come to understand is that the federal funding is basically focused on protection and the north end needs more protection than the south end because of the dune system. To transfer over to the room

occupancy tax that legislation that the Council approved in 2001 or 2002 and now is House Bill 1707, that talks about recreation and protection. That is where his questions have been over the past 5 years or 8 years of watching that renourishment is at what point who is brokering our recreation beach renourishment that would get sand on the beaches south of what is called Tennessee where we have some of those challenges? That has been his question and because of the funding issues there was a tendency to say, let's sit on our hands and wait to see if federal funds will help us but that hasn't materialized. That is why he was poking and prodding to get this thing together, get you guys down here to help us understand it. Maybe that will be a good transition into who is going to be brokering our recreational beach renourishment since the Corps is not really into that business?

Mr. Owens said there are two things, one if we want to put money into a recreational beach project now there is no avenue to do that even if we had a lot of money or the homeowners wanted to pitch in, whatever we wanted to do, there is no avenue for the federal project to accept it. There was a potential for maybe a one time exception and that didn't go very well through the political channels.

Mr. McIntosh said all that would have done would have been to provide more money to provide the storm damage reduction site. There are recreation benefits in that.

Councilman Gilbert said that sand does migrate or move but, like these folks are saying, there has been no sand, basically, placed on that beach down there other than by the literal flow.

The manager said the literal drift is supposed to go down there and fill in. We're 3 years into the cycle and you will see some erosion there.

MPT Wilcox said let me clarify something. The funding for the project is a finite amount of money. There is a project scope that runs from the Carolina Beach north end and tapers off roughly at Texas. Is that scope going to adjusted based on what the bids come back on and how much of that scope they can fulfill within that finite amount of funding or is that going to be a project - he's not clear on that. He is talking about this time.

Mr. McIntosh said, depending on the results of the bid, if the bids come in lower than what they are expecting, then they can work to modify the contract after rewarded to extend and make some changes to it within the money that they have. Unfortunately, what is driving it right now is the bidding climate as the result of Bald Head Island contracts, the Topsail Beach permit project, Oregon Inlet project and the harbor dredging project. Those prices have gone sky high. Mobilization costs, unit price and stuff like that. A lot of this has happened since they have gone through their budget process. The budget for 2010 was done 2 years ago so none of these unit prices were known at that time. From here forward they will use this as a basis for making funding requests for the next nourishment projects.

MPT Wilcox said he understands these prices aren't what they want them to be but his question is, based on the project, if the bids come in low you can extend the project. If they come in high you have to shorten the project. Is that correct?

Mr. McIntosh said there is a certain limit over the independent government estimates we will not be able to award at all but they know that. Hopefully they don't know what the final dollar amount is that they have and that is why they don't like to talk about dollars in public meetings. If it goes over 25% and we don't find a discrepancy in our estimate, something we overlooked or we can't adjust it...

MPT Wilcox said if it goes over even if it is within that tolerance, those funds aren't available so what changes - more funding or less project?

Mr. McIntosh said less project.

MPT Wilcox said so there is a reduction of scope if those bids come in higher than anticipated.

Mr. Coggins said yes and funds can be supplemented from other sources. He thinks it is important for the audience to understand the different pots of money. It can't get thrown into the same pot.

Mr. McIntosh said the only flexibility they have is if Carolina and Kure Beach is one authorized project and because of that we have liberty of switching money so if Carolina Beach came in way high and Kure Beach came in way less, they can make a decision to take the money from Kure Beach in order to award the Carolina Beach part or vice versa.

MPT Wilcox said that as a municipality they can't say here is a pot of money, extend the project. Mr. McIntosh said that is right.

Councilman Gilbert asked if he could reflect on the situation with Wrightsville Beach being a navigational and how that would supplement it or what has been portrayed in the paper or communicated as they got theirs and we can get ours. Can you qualify exactly what happened there and where the additional funding came from?

Mr. Owens said the folks on the panel these folks have been involved with this stuff for a very long time, 30+ years since it first started and the Corps can only work with what they get. So it really starts with funding from the federal government and that is all they can work with.

Mayor Macon said what the town manager is trying to say is don't beat up these guys because they don't have anything to do with it.

Mr. Owens said they are all in this together. He has been at beaches where water is going

under the cottages. We have a decent dune system which has been maintained since 1965 and he knows our recreational beach goes away sometimes have to sit up in the grass in the dunes. The questions are good and we can work harder and try to get more money and do bigger projects but he just wanted to kind of lay that out there because these guys are our friends and not our enemies.

Councilman Gilbert said his question really stems from the feedback he's been getting from the citizenry basically saying Wrightsville got theirs, we didn't get ours. Wrightsville starts with a w, Wilmington starts with a w, they got theirs. He would like to quickly say, this is why and then maybe we can go over and talk more about Tom Jarrett's interaction with Topsail, funding opportunities, talk about how we fund recreation compared to this over here.

Mr. McIntosh said Wrightsville Beach has the benefit of a federal navigation project. It's a government federally authorized shallow draft inlet navigation project. It also has the benefit for the damnation of having the jetties on both sides of that inlet. Because of the jetties, the natural flow of sand off of Wrightsville Beach on the Masonboro Island across the inlet and vice versa. To mitigate the damages caused to the shoreline because of this natural flow of sand across the inlet being blocked, the federal navigation has to pay for those damages. Therefore, in 1970 or 1980 there was a study done determining how much sand was coming off of Wrightsville Beach and how much sand was coming off of Masonboro Island and the jetties stopped that. So that was the amount of sand that was utilized, that percentage was utilized, in divvying up the money on the project. That was used as the basis for the authorizing documents for the Wrightsville Beach project. It was all tied in together. Wrightsville Beach doesn't require nearly as much money as Carolina, Kure and Ocean Isle because of that, because of the jetties, because the navigation project is supplementing for a lot of their project.

Mr. Coggins said they get two things. They get beach restoration protection and the navigation. We don't have navigation.

Councilman Gilbert said he thinks that answered it. Are all the funds for Wrightsville Beach's renourishment portion, is that all federal funds?

Mr. McIntosh said no. Wrightsville Beach, Masonboro Inlet and Masonboro Island are all done at the same time. The material that goes on the beaches, all the material that goes to Masonboro Island is 100% federal operation maintenance fund appropriation. The material that goes on Wrightsville Beach, 54% of the total cost for that material is paid for at 55% of the 54% federal beach nourishment fund, 35% of the 54% is local project funds from Wrightsville Beach, in this case New Hanover County, and then 46% of the cost of material on Wrightsville Beach is paid for by federal operation and maintenance navigational funds. In this particular year, because of the high prices, etc., in order to fully utilize the federal funds for the Wrightsville Beach project, they had to get more money from O and M navigation projects and because it is a navigation project there, there is a mechanism in place to enter into an MOA (memorandum of agreement) for navigation projects with the date for New Hanover County and the state.

Councilman Gilbert said we don't have that mechanism because we're not navigational.

Councilman Johnson asked why are we not navigational?

Mayor Macon said we don't have the jetties. That's a federal project which put the jetties out there to stop the sand flow. Carolina Beach's is not a federal project. Carolina Beach's is a bunch of fishermen went up there and blew a hole through with dynamite.

Councilman Johnson said he understands all that but at the same time the federal corps dredges that inlet. We all know that and we know it's a navigational jetty and it is very critical to the commercial, recreational, etc. and he just doesn't understand why it doesn't qualify as navigational along with intracoastal that is filling in to the south of us.

Mr. McIntosh said there are two different defenses there. Masonboro Inlet is a shallow draft navigation project but it also is the bar source for the federal shore protection project. You dredge it with a pipeline dredge. You want to maintain it. Carolina Beach Inlet is a shallow draft navigation project. Councilman Johnson asked why we never dredge Carolina Beach with other than the side caster.

Mr. Jarrett said it all comes down to the authority that the corps has and what depths are permitted to dredge to. In the case of Carolina Beach Inlet he thinks the authorized project depth through the inlet is 8 feet plus 2. Generally speaking, a dredge of the size needed to work in the ocean requires a much deeper digging depth. For the most part, dredges of the size that would be needed to work in that inlet under maritime rules of safety, that dredge would probably be 14 or 15 feet of water depth in order to dig. But to channel is only authorized to 8 feet so the corps is not permitted through the congressional authority nor the permitting authority that it has to dig any deeper than 8 feet plus 2 feet of allowable. Their hands are tied by the way that project is formulated so it can't open it up to a bigger dredge to allow that sand to be pumped onto the beach.

Mr. Coggins asked if anyone has ever tried to get congressional authorization to have deeper project for Carolina Beach Inlet?

Mr. Jarrett said no. The studies that were done for navigational improvements in Carolina Beach Inlet were really focused on the type of vessel that would use it and that type of vessel only needs about 8 feet.

Mr. Coggins said so if Congress were to pass a law to authorize depth of Carolina Beach if it's deeper, that would go a long way right there.

Mr. Jarrett said the chances of having that occur are pretty slim. The other alternative which they have danced around and sort of alluded to, the problem that the Corps runs into as the Town Manager indicated there are mechanisms on the navigation side that, if given the opportunity, the Corps can accept additional non-federal funds to dredge deeper water channels if it is within the permit that they have. He guesses there has been some

of that done with the Cape Fear River entrance with material being put on Bald Head with Bald Head Island actually paying for it. So there is a mechanism within federal law within federal regulations for navigation projects to allow some non-federal entity to give the federal government money to do more dredging. Not so for beach projects. Our beach projects are, the way the federal law is written you can't use non-federal money to supplement those projects simply because those projects are permitted to do a certain thing, permitted to have a certain size, a certain level of protection. There are environmental impact statements that go along with those kinds of things. There is a state consistency ruling that says the Corps has the authority to build this project and maintain it but that doesn't give the Corps the authority to build something bigger, wider, etc. What you are faced with here and will probably continue to be faced with in the future is a federal funding issue with the beach projects. As is currently stands given the existing federal legislation, there is no opportunity for non-federal folks to give the Corps money to make up any federal funding shortfalls. The plan that the county has to seek its own permits for beach projects would allow the county or the local governments to have a separate agreement so the Corps comes up with a contract and they get weeks out here and they have a contract to dredge 2 million yards and you need 3. If you have your permits issued and in place you could do a side negotiation with that contractor to pump an additional million cubic yards of material on the beach and use your permit authority to allow that to occur. Right now the Corps is bound by the limits of the authority it has within the permit.

Mr. Coggins said the permitting cost is extremely expensive and it would be nice if Congress would allow the kind of cooperative work in navigational projects and would be nice if they could also make it possible for the beach renourishment projects.

Councilman Gilbert asked if the county is actually pursuing those permits at this time?

Dave Weaver said the Ports Waterway and Beach Commission, which is a commission appointed by the county commissioners and has representatives from all the beach towns and some interested citizens, they recently passed a resolution which they will bring forward to the commissioners at some point in time here that would basically ask the commissioners to fund an engineering feasibility study ongoing for the permits - individual beach renourishment permits. He asked what is the rationale for the Corps not being able to transfer its permits, for instance, to the county?

Mr. McIntosh said the Corps does not have a permit per se.

Mr. Jarrett said the Corps has a consistency from the state that doesn't have a CAMA permit so that is why, legally, you can't use non-federal money or contributed funds to fund a personal project that is not supported by federal funds. You can only match the federal dollars. You can't provide additional funds because you are now doing something outside what the Corps is authorized to do through that consistency. That is why you need a separate, individual county permit or local permit to allow you to do something over and above what that consistency allows the federal government to do.

Mayor Macon said when you are talking about consistency and what the Corps' job is it is that protection measure not recreational beach. It's to protect to have the dune there for the protection of the property.

Jim Vatrtr said about a year and a half ago when he was in Washington with Mayor Macon they were lobbying on behalf of the Corps for those funds, they actually sat down with the senators for the state and actually asked them if in fact they could see their way to allow our funds, ROT funds to help supplement this project and projects in the future. So we made a formal request at Washington level to the very topic and did not get very far with it.

Audience member asked how they decide where the sand goes that is taken from this navigational dredging in Masonboro Inlet? How do they decide it should go in front of the Sunspree and Blockade Runner?

The manager said he did ask if they could pump it down at Carolina Beach.

Mr. Jarrett said the construction of the jetties at Masonboro Inlet did two things. First of all the Wrightsville Beach project is the same length as Carolina Beach, it's 14,000 feet, and extends all the way from Masonboro Inlet up to just short of the Sunspree and it's 14,000 feet long. The jetties were completed in 1966 the year after the beach fill project at Wrightsville Beach was constructed. That north jetty stabilized the southern 6,000 feet of Wrightsville Beach and doesn't require any renourishment at all so it extends almost all the way up to the Blockade Runner. The impacts of the jetties and the continual erosion of Wrightsville Beach begins at the Blockade Runner and extends up to the northern limit of the federal project which is right at the Sunspree Resort. It's actually downward of the condominium is where it stops. There is another 2,000 feet of transition fill that's placed in there. The determination of where to put the sand is the same process that is used for Carolina Beach. Profiles are taken and compared to what the design profile is supposed to be. If there is a deficit in the design profile, that particular location gets material and, for the most part, the fill, based on the stability of the southern 6,000 feet, most of the renourishment of Wrightsville Beach goes from the Blockade Runner north to beyond the Sunspree Resort and is done every 5 years.

The audience member said they got sand last year. Mr. McIntosh said they haven't done Wrightsville Beach in 4 years.

Jack Lynch said they live at 1515 S. Lake Park Blvd. and their beach at high tide the water is coming up to their lawn and is coming into or close into the dunes. He appreciates what they say about only having so much money but what they have been talking about, his main question is with \$30 million dollars in this use tax fund. Why can't the county? He pays over \$50,000 in property taxes to New Hanover County and the Town of Carolina Beach and he thinks they have an obligation to protect our property. We would like to sell some of our oceanfront lots, we have 7. He had a good qualified cash buyer the other day that walked out there and said our price was good but

you don't have any beach. It's going to get worse and worse down in our section of beach and he appreciates the profile but he doesn't know if they have looked at any photographs that have been taken recently or not but they need some help down there. Why would anyone come and buy property here? Why would anybody come and visit our beach if they can't have recreation on it? He just doesn't understand why they can't take, Joel, some of that \$30 million dollars and have a separate contract with whoever has that dredge out there.

Mayor Macon said we can and that is what they are talking about working on. That is where they are headed.

Mr. Lynch said they haven't had renourishment since 2001 and he knows the contract with the Corps ends in 2013 so do we have to wait until then.

Mayor Macon said that if the county gets permits that wouldn't affect it. That has nothing to do with the Corps at that point, then it's the county and we have to go for bids and do exactly what the Corps does and bid out what they are asking these companies to do and then maybe they'll give us a price back. What you're talking about is what Dave was alluding to that the Ports and Beach Waterway Authority is going to request of the county commissioners.

The town manager said that permit process takes a while.

Mr. Lynch said why don't we go ahead and do that because we knew this problem was here and the dredge is already out there and the pipe is already out there. If you bring them back Dave just by themselves, you don't have enough money.

Mr. Weaver said there is a concern politically that the local governments who are sponsors of these projects start to raise their hands and say, well the feds don't have enough money this year to do the project the right way, we'll contribute some extra money. There is a fear that if you do that once, they're going to be looking at you every time around. That is one concern why we haven't done it yet. He imagines, but doesn't know, the county commissioners will listen closely to what the Ports and Waterways Beach Commission give as a recommendation.

Mayor Macon said they will talk about the permitting process.

John Tegonola, 1311 S. Lake Park Blvd., Sea Colony, President of the homeowners association, said they haven't been renourished since 2001, same as Mr. Lynch. What is happening now at high tide when the police come to patrol our beach, they have to kick the people off their blankets so they can drive by and that brings up a safety issue because if these little kids are laying in a blanket and the parents aren't there watching them and the truck comes by, the lifeguards are riding 4-wheel drive, you've got the police and the beach patrol all driving trucks, 4-wheel drive. They come in through public access between Sea Colony and Pelican Watch and they go north. People have to get off the beach. There's no beach left at high tide. His point is there is a safety issue here with the

people who we are asking to come and stay and Sea Colony and pay the fees, etc. and taxes. We have 75 condos that are paying taxes, federal, state and local and yet we have no beach out there and people are going elsewhere. A lot of our owners rent out their condos. If people can't come up with the rent, they're going to go somewhere where there is beach. Wrightsville Beach or some other place like that. So we're losing double. We have no beach and we're losing our renters and people who come to recreate at our area.

Audience member asked if part of the federal funds being given to Wrightsville Beach to mitigate the damages caused by the jetties that were actually put there by the feds? She was told yes.

Mr. McIntosh said the operation and maintenance funding.

Mayor Macon said they caused the damage and now they have to pay for it. That's on the navigational side.

Andy Banar, Kure Beach, asked if there are extra federal funds to do the inland waterway? He thought there were some funds that were.

Mr. McIntosh said there are some funds he thinks to do Carolina Beach Inlet crossing this year.

Mr. Banar asked what they do with the sand they dredge out of the inland waterway?

Mr. McIntosh said it goes up on Freeman beach.

Mr. Owens said that's another thing that is a pet peeve of his but that's the way it is. Basically, the way he understands it, the funding percentages are different and that is why you can't necessarily put it on the beach or the cost issue.

Mr. McIntosh said because it's the least cost disposable by putting it on - the beneficial use of that material by putting on Freeman Park.

Mayor Macon said it is another quirky federal government regulation that requires them to get rid of the sand in the cheapest way possible that they dredge out of the inlet.

Mr. Banar said 3 years ago they were going to dredge the Snow's Cut but that never happened because the dredge was too big to get in there.

The Town Manager said there was some spot dredging done.

Mayor Macon said that's another regulation that basically says that when they are doing this dredging they have to get rid of the sand in the cheapest way possible which doesn't necessarily mean that they could take that sand and put it on the beach.

Audience member said she read quite a while ago that we were going to get sand, all of Carolina and Kure Beach, \$11 million dollars in sand renourishment and read that it was said they would have another \$1.5 million dollars for Carolina Beach if they need it. As far as she can tell, Wrightsville is getting sand, Kure Beach is getting sand and the northern end of Carolina Beach is getting sand. The only thing cut out is the southern end of Carolina Beach again.

Mr. Vatrtr said, to set the record straight, all of Kure Beach is not getting sand unfortunately.

Mr. Owens said there is a southern portion of Kure Beach that goes up halfway and then there is a middle portion that is part of the Kure Beach project that extends over to Carolina Beach and then there is Carolina Beach. It's going from Kure Beach just south of Alabama, maybe 2, 3 or 4 streets and extends on to somewhere around Texas. He will show the project.

Audience member said that when they got the renourishment in 2001 they dredged the river and they brought the sand over and dumped it.

Mr. McIntosh said it was a benefit to use the material and it saved a lot of money.

The manager asked to go over the financing part of it and talk about the room occupancy tax.

Audience member said he keeps hearing them say that the dune area is holding up. If it is holding up, where are our fences? The fence is all junk so you can't say that it's holding up when the fence that you put there to help collect that sand for that dune is gone. And so is a lot of the dune. He was there when they came and did their survey and since the survey we have had numerous nor'easters. A lot of hurricanes passed by us right out here and he just doesn't understand if you are talking about a little patch of land that is not going to get renourished again, why should I want my tax dollars to keep going to someone else? And the drifting you're talking about, that's baloney. There's no drifting. If there is come down to my house and show it to me. There's no drifting, the fence is gone, part of our dune is gone.

Mayor Macon said when you say the fence is gone - did the ocean wash up and take the fencing?

Audience member said yes. There has been so much that has happened since the survey. They are sitting there talking about numbers that aren't real. We're not talking about the survey. The real survey is you do it right now.

Mayor Macon said the key is the Corps can only do...

Audience member said he is not mad at the Corps. He's talking to the county and to

Mayor Macon. Since the survey, all that has changed and he thinks the pictures will prove that here in a little bit if you take a look at them. He has lived here all his life and he knows why Wrightsville Beach has always gotten the better of everything because back in the fifties and sixties it was political. He doesn't know if it is still political or not but he does know they have a nicer beach than we do.

Pictures were shown which showed the fence is gone and no place for the patrol or lifeguards.

Councilman Gilbert said that sand fencing was knocked out during a hurricane two years ago.

Mr. and Mrs. Lynch said more fencing was put in at a different angle as part of the beautification. Mrs. Lynch showed a dip in the dunes where the water is getting into the dunes. Where she is coming from is that if we do have storms in the next 2 or 3 years, that water is going to be in their house. The majority of the sea oats and grasses planted out there for 250 lineal feet on that end of the beach her husband planted. It was before the town ever started planting it down there. There are supposed to be some pictures also of what it looked like after the renourishment. Pictures showing where it is broken down were taken from Saturday to Sunday and it is worse today than it was Saturday and Sunday.

Mr. McIntosh asked if this is the only time this has happened.

Mrs. Lynch said no. It happened before but not to this degree. She sent e-mails to the council people, our county representatives, our senators, and our representatives in Raleigh as well as in D.C. Mike McIntyre has called her a week ago. She is on his objective advisory board for children and families and he called her to tell her about the extra \$1.5 million dollars that he had come up with. She does know they are talking about alleviating this problem with not being able to put some money into it because, on her list she can't remember her name right now, McClellan or something, Kim McClellan called her. But this is a major problem and we are paying more insurance to cover our homes, we're paying more taxes and yet our values are still going down and we're talking about big bucks that are involved here. Like the gentleman back here said, it's a danger. When people have to walk on the dunes in the sea oats and in the sea grass in order to get through and then all the people we've had rescued, the rescue buses go down there and they are splashing water too to get to people that have been pulled out of the water.

Mr. Lynch said he finds it real difficult to understand Mr. McIntosh how he can sit there and say that that beach does not need renourishment.

Mr. Coggins said Mr. McIntosh didn't say that. What he said was is that berm so far has held. That's all he said.

Mr. Lynch said let me say to you sir that 6 days after they moved into their house in 1996 a lady named Fran came and their entire dunes were gone and underneath their house was

gone. Those dunes were built back up and he hates to see them just slowly but surely go away. They will go away 100% in the next storm and so will he as quickly as he can sell his property. We're not taking care of this beach.

Councilman Gilbert said, going back to what Ed Weaver was saying, and he has watched for 5 years, Jack and he have talked, there has been an attitude of "sit on your hands" on the political side because the fear from the folks at the state is if we spend the money, federal funds will get away and he thinks 5 years of sitting on our hands is enough. We don't have recreation beach there. It might be north east blowing that day, it might be a lunar tide but, effectively, when you get past Texas and Alabama and the drainage pipe down there where he spends a lot of time, there is no recreation beach. If Mike McIntyre says that for every dollar invested you get a \$320 return, there shouldn't be any reason the county commissioners wouldn't go forward with the permitting process because they have been just as afraid because whatever state, he can't remember the fellow's name, he's not here today, but there is a fellow at the state that says don't spend that state money, don't spend that local money because this money will go away and for 5 years, that has been the dialogue. Who is our representative on the Ports, Inlets and Waterways Commission? MPT Wilcox said he is.

MPT Wilcox said they voted for the resolution to take to the county for these exact reasons.

Councilman Gilbert said what we need is every community to put forward the same resolution to send to the county commissioners and tell them we need to stop sitting on our hands.

Mr. Lynch said we have \$30 million dollars and the money is going to keep coming.

Councilman Gilbert said he would like to hear right now how Topsail went forward and that is why he has asked the town manager to contact Tom Jarrett to understand what they did independently to get their renourishment. In this case, where we could do fundamentally the same thing. If we've got to get our own permits, let's get our own permits or if we can take care of it with the county then he would like to know how Topsail went forward with it and we should be able to do the same thing.

Mr. Jarrett said the opportunity exists with the county to do basically the same thing that Topsail Beach is doing and Carteret County is doing in terms of both banks. Apparently the Ports, Waterways, Beach Commission is getting ready to recommend to the county commission that they at least begin to start down the path toward trying to obtain county permits to allow the non-federal entities in the county to fund beach nourishment so you have to get a set of permits in place to do that. Apparently the first step is going to be a feasibility study but it would seem to him in order to speed this time frame up that you might go back and talk to the Ports, Waterways, Beach folks and say let's forgo the feasibility study. We know what beach nourishment does. It's truly feasible for the county to get permits. It takes time and money but that would be an investment well worth it's while because with permits in hand it doesn't mean that you have to do

something right away it just means that you can but without the permits you can't. He would recommend to the county Ports, Waterways, Beach Commission to modify the recommendation to the County Board of Commissioners and go straight into the permitting process. Having said that, the way you go about doing a permit, the Town of Topsail Beach solicited qualifications from firms and picked a firm to go through the process for them to obtain permits. That requires the formulation of a plan for the town. It also requires a good deal of coordination between state, federal resource agencies to go through a process called a project delivery team. That project delivery team is made up of these federal, state agencies that oversee the environmental impacts of things. So through a long process of plan formulation, coordination with these agencies we eventually get around to coming up with a plan for protecting the town and begin the process of preparing an environmental impact statement to implement that project. It's a rather long and drawn out process and that is why he is recommending to the county they proceed along with the IS it can take anywhere from 2 to 3 years to work yourself through that process. It seems rather ridiculous since the federal government is already doing the very same thing that you want to do but that is just the way it is and you have to go through a separate permitting procedure for a non-federal project compared to a federal project. It would certainly help move that process along. One thing the county would have to do is verify the availability of sand and would have to go through and do a certain amount of geotech work to show that you have enough sand to sustain the projects and that you can go back to it from time to time to borrow the material and renourish the beach. The Kure Beach areas are probably within another year or two, another cycle or two - he's not sure.

Mr. Votrt said longer than that.

Mr. Jarrett said eventually the borrow site for Kure Beach will run out and they will need to look for additional sand where the Corps is probably going to begin a process of trying to get the Carolina Beach project reauthorized and will talk about that later. The authorization runs out in 2013 would be the last renourishment and will actually expire in 2014 so if you don't have a federal authority you go forward with that project on that date then you are kind of stuck high and dry and is another reason to hopefully have a county project in place that you could then jump in and do Carolina Beach under the county authority. But some of the issues you are going to run into with the federal authorization is that there is going to be some issues with the COBRA - coastal barrier resource system. They haven't surfaced so far but the Carolina Beach Inlet borrow area is in the COBRA system but he thinks you can probably get around that by arguing that the material transferred from it to the north end of Carolina Beach offsets the impact of the inlet. If you go into it, a countywide permitting process some of the things that are going on within these federal programs, you could probably, under the county authority, combine some things. The Corps can't combine navigational projects with beach nourishment projects directly. Sometimes they can do some innovative financing that Glenn's capable of doing and combine projects like Masonboro with Wrightsville Beach or Wilmington Harbor with Kure Beach which has been done but those are innovative funding deals that they have to do under separate authorities. With a county permit you can actually go in and start working it perhaps modifying some of the navigation projects to be combined

with the beach projects. In other words, the Carolina Beach Inlet project is only authorized to 8 feet. If you go into a county study, you might be able to look at a deeper, wider channel that would permit a bigger dredge to work in the inlet. That same dredge that is used to in the inlet to pump sand to Carolina Beach could then maybe to dredge a navigation channel so you've got a much deeper, wider channel that navigation benefits would improve. That same permitting process you could probably increase the size of the connector between Carolina Beach Inlet and the Intracoastal Waterway, you could dredge it a deeper, wider sediment trap and so you can now do the inlet crossing, the beach nourishment and the inlet navigation channel all with one dredge and all that sand would be available to either put on Carolina Beach. You probably would end up with a county program, maybe have to pump some of that material to Masonboro but you would have this combined project that you could do under the county authority which you can't now do with the federal different authorities.

MPT Wilcox asked if that could be one permit or do they have to be individual permits?

Mr. Jarrett said the permitting process could consider all that in a programmatic type EIS where you would look at all the things that you might want to do in the next 30-50 years and develop an environmental document that would address each one of those various alternatives that you might want to include in this 30 or 40 year plan. You would end up with a mother document, if you will, that would have all these environmental impacts of the various parts of this plan already in place and then when you go back to implement a certain element of that particular plan, it would probably only take a minor permit modification to implement some piece of that overall plan. It would kind of streamline the process of permitting for future projects but also provide the county with a high degree of flexibility. Included in this whole formulation, again, would be to take as much advantage of the existing federal navigation projects as you can. There is material being dredged from Wilmington Harbor. That material might not be the greatest stuff in the world but it is sand and it seems to hold up pretty well with the first nourishment of Kure Beach so that same kind of material could be available and it greatly reduces the cost of nourishment so you would want to look into those things. These one-way dredging things, you might be able to do something with that. The bottom line is if you go through this whole permitting process from beginning to end, you are probably looking at anywhere from a 2 year period, perhaps projected out to 3 depending on how complicated your plan formulation is. Generally, if you get to futzing around in inlets like he was talking about, that kind of slows the process down because a lot of agencies are concerned with inlet manipulations. The bottom line is you would probably take 2-3 years to get that thing in place and you could spend anywhere upward from \$1.5 million dollars to \$2.5 million dollars just depending on how much geotechnical investigation that needs to be done. The geotechnical stuff would be drilling the offshore bottom to find out if you have enough sand. You have state criteria that you have to adhere to. You have to take a certain number of cores to satisfy those criteria. Bottom line, you're going to have to spend some money and time but at the end of that process you would be in a position to either do a project yourself if there is no federal funding or you would be in a position to supplement a federal project that you can't do now. If you had that permit in place and the Corps needed \$2 million dollars you could do it.

MPT Wilcox said supplement dredging with a contract.

Mr. Jarrett said you couldn't give it to the Corps but you could supplement the dredging contract.

Mr. Coggins said you would want to do it at the same time.

MPT Wilcox asked Dave where is the resolution in the pipeline?

Mr. Weaver said that he knows that Rick Catlin, Chairman of Ports, Waterways and Beach Commission, wants to bring it forward but he doesn't know when.

Mr. Vartz said to MPT Wilcox that they just talked about this two weeks ago at a meeting so he doesn't know that Rick Catlin has had a chance to draft anything for Mr. Weaver at this point in time but he thinks part of what Rick is waiting for, Tim, is for us to come out of this meeting and put, not pressure, but additional support in front of him to try and get this through to the county as quickly as possible.

Councilman Gilbert asked when the resolution was passed, who was at that meeting that represented Carolina Beach?

MPT Wilcox said he was there.

Councilman Gilbert asked Mr. Coggins what meeting he was at 2 weeks ago?

Mr. Coggins said same committee just a different meeting.

Councilman Gilbert said if we could get Kure Beach, Wrightsville Beach, Ocean Isle, etc., if they could all put resolutions supporting respective counties to do this. He thinks he answered his question. Is there any reason that we can't go ahead and put that resolution forward for the county commissioners in support of that resolution from the commission?

Mayor Macon asked if that was a motion?

MPT Wilcox said the town already voted to support the resolution.

Mr. Owens said it wouldn't hurt to go ahead and do another resolution. Maybe we could talk to Tom directly.

Mr. Jarrett said it just depends on politics. If the county commission needs a supporting document to tell them they're moving in the right direction.

Councilman Gilbert said right because he thinks there are some county commissioners that are still seated there that were in favor of the funding alternatives and there are a

couple of new ones there that maybe haven't broached the subject. He would like to hear those guys weigh in. Jonathan and Jason, he doesn't know that they have weighed in. He had a conversation with Jonathan today, they are pretty weighted down with some of the things that they're doing. With respect to Topsail, you said, let's say with the geotechnical surveys for the sand borrowed sources with the permitting process, that could be \$2 million dollars.

Mr. Jarrett said Ken Wilson is with his office. What was the final tally - \$1.6 million dollars? Mr. Wilson said just slightly over \$1.5 million dollars.

Mr. Jarrett said what Topsail Beach ran into was some of the earlier borrows that that they looked at that didn't meet the state/town requirements.

Mr. Wilson said that the \$1.5 million dollars was a little inflated

Councilman Gilbert said right because particle size and things like that. So we're talking roughly \$2 million dollars which, when you look at room occupancy tax, there is probably a reserve there. How did Topsail pay for that and how is Topsail projecting paying the renourishment project and how much is that renourishment project?

Mr. Jarrett said the state had actually contributed toward that EIS. He thinks they were contributing a couple of million dollars toward the whole project including the permitting.

Councilman Gilbert asked how much is permitting? He is talking about permitting and sand source, geological survey.

Mr. Jarrett said the permitting end and the geotech work were all part of the same package. They probably spent about \$1.5 million on Topsail including all the environmental coordination, preparation of EIS, geotech searches, all that stuff.

Councilman Gilbert asked if the state funded all that?

Mr. Jarrett said the state provided the town with he thinks \$2 million dollars for the project and they have used the initial \$1 million dollars, he thinks, to pay for the EIS and the permitting process. The state had committed to help Topsail Beach fund it's projects.

Councilman Gilbert said then it's \$600,000 to \$1 million of that to go towards the geological side of it?

Mr. Wilson said they basically started with a budget of \$10 million dollars. They said we were going to spend \$10 million dollars to get sand on the beach and that included permitting and construction costs. As they have gone through the process, they have upped those numbers because they have seen the estimate increases that Glenn talked about but, he believes the state has already committed at least \$2 million dollars to that greater process and he believes they are hoping to get another million which would make

it \$3 million. But basically the town spent that stake money first so they went through that whole permit process and they haven't spent a nickel yet.

Councilman Gilbert said so the construction side you're talking about actually, physically putting sand on the beach? Mr. Wilson said right.

Councilman Gilbert said let's say there's \$8 million left. How is Topsail funding that \$8 million dollars?

Mr. Jarrett said actually they are taking it from their general fund, they're borrowing money from their water fund. They're doing assessment, not a tax.

Mr. Jarrett said he didn't get into the details but Butch Parrish, Board Protection Chairman, came up with the plan. They're basically dividing the island up into 3 or 4 sections and, depending on where you are, your assessment was based on lot size, he thinks.

Councilman Gilbert asked if he could share some of that?

Ms. Pender said he is saying the same thing, special assessment was based on the lot size frontage of the beach front.

Councilman Gilbert said so that assessment is a one time assessment or it is spread out and then they are financing from a utility fund, borrowing from the utility fund that they will pay back and then from their general fund. So if you say \$8 million dollars and then our potential could be, if they go that route, is that there is a reserve in the beach nourishment fund, if he is looking at this right, \$30 million dollars. So, there is an opportunity, at some point if we can go that direction, there's a reserve in there.

Mr. Jarrett said the state has been pretty good in helping local communities. Preparation of the EIS and the permit process. He knows they have helped north Topsail to some extent, Topsail Beach, of course.

MPT Wilcox asked if the state is still planning on funding their share of this 35% of the 54%. He's heard they might be going back...

Mr. McIntosh said they have reduced their contributions to 50% rather than 75% of the 35%.

Mr. Jarrett said state law allows the state to provide 75% of the non-federal share up to 75% but that depends on budget priorities, availability. He guesses this time, as Glenn said, rather than contribute 75% of the non-federal only 50%. So the difference will be made up

Councilman Gilbert said so, effectively, if we go this route, the fear, since he has been

involved with this, is that federal funds will go away completely. We self fund it, it goes away. So what happens to us? Taxes go up, utilities go up, however you apportion it, stormwater, however you do it. So the potential is, and that has been the fear of the legislators around here that sit on their hands. That's the fear but it may be worth - we've got to come up with some method to fund the recreational beach side of it because, with investing that \$10 million dollars, if the numbers are correct, if we invest \$10 million and the multiplier for every single dollar is \$321, he thinks our economy will be bolstered by that.

Mr. Owens said we are running out of time and he did want to hear from Avril a little bit. Regardless of what we do he thinks the Town of Carolina Beach has to run full force. Hopefully they can bring Wrightsville and Kure Beach. We've got to run full force, we've got to get permits along with seeking federal reauthorization. From what he understands he guesses the funding mechanism that the percentages are different if they get reauthorized...

Mr. McIntosh said more than likely when it gets reauthorized the renourishment will be 50-50 and 65-30.

Mr. Owens said there will be more out of pocket which is not a good thing obviously. Maybe Avril can talk a little bit about the room occupancy tax and where we stand and how it's administered.

Audience member said they have all read all that, they know all about the taxes and how they're supposed to be put. The federal government is supposed to be sponsoring this beach renourishment and the engineers said they do need this renourishment so, when are they going to follow through with this. They are obviously short on money but when, does that mean it just goes away then? They don't have to renourish?

Mr. McIntosh said you're talking about Carolina Beach. She said yes. He said when this project was authorized and it was authorized for 15 years.

Same audience member said they are not doing it but yet they say we need it. They said we were going to have it this year.

The Town Manager said there is going to be a project in the spring but it is not the entire beach.

Same audience member said now they don't have enough money and yet it was approved so, will they do it?

The Town Manager said they had federal funding authorization and the project so there is no guarantee any year to get any money.

MPT Wilcox asked if the south end was in the original scope?

The town manager said the original scope was a lot larger scope and had to be re-scoped because of the bid estimates.

Mr. McIntosh said it never went all the way to the full 14,000+ feet of Carolina Beach nor all of the 3 miles of Kure Beach.

Audience members asked since the inception of Topsail, how long until they start it. The Town Manager said 10 years. He talked to the mayor and one of the council members and they said at least 10 years. Audience member said 10 years and they still don't have the sand. Mr. Owens said it has become political, it's been money, it's been a lot of different things.

Mr. McIntosh said we're talking about federal funding. It was authorized in 1991 and they were ready to sign an agreement contract with the town in 1994, 1995 to do a 50 year project and they walked away from it. They couldn't afford it. After Fran came through in 1996 and whatever, it about washed the island away, they came back to it. When we got it reimplementation and signed an agreement in 2001 to do a reevaluation of the previously authorized project plus extend it. And that it as just now as of this coming Monday, the chief engineer of the Corps of Engineers is going to sign the chief's report that goes to Congress to get it authorized.

Mr. Owens said here is where we're at. It may take 2 or 3 years to get the permits but in 2013 we're supposed to get another beach nourishment cycle and then you're 3 years out from there so you really have, he doesn't want to delay anything, but you've really got from now until 2016.

Audience member asked to get clarification on whether the beach renourishment project is going to extend to 1615 S. Lake Park Blvd., which would be in front of the Atlantic Towers?

Mayor Macon said they wouldn't know until they do the profile.

MPT Wilcox said it is not going that far.

Audience member said it's not going that far. She just wants to mention that she represents the Atlantic Towers HOA, that's 137 condos, and we have 122 of those on a rental program. Last year they collected over \$2 million dollars in rental revenues for our homeowners and a lot of that, as Alan said, goes into your room occupancy tax so that anything that our local town and government could do to extend that project - that was a picture of that you saw with the building in the background and she understands that the federal funds are for protection and not recreation but without the recreation we can't produce those occupancy funds for you all for the taxes. So we need that and we are getting borderline to where we need the protection. As you can see it's going into the dune line near it so we would just appreciate any assistance you can give us on the south end of the beach.

Mayor Macon said that is an excellent point to make to the county commissioners.

Ms. Pinder said the town manager asked if she would talk a little bit about the room occupancy tax. The woman from Atlantic Towers mentioned that the rentals bring that money in. That is not property tax money that comes from heads on beds as they call it. When you get tourist here and they spend a night, that's where that money comes from. It is about \$30 million dollars in that reserve right now. That took us 24 years to get there and when you heard Tom and co-worker mention Topsail is \$10 million dollars, the original scope of that project was \$10 million dollars, that's only 3 beach renourishments you're talking about before the reserves are gone. That's one of the reasons the commissioners have kind of drug their feet because they know once they tap into that money you have 2 renourishment cycles and that reserve is pretty much gone. So they have been trying to take that money and leverage it with what the state and what the federal government is doing to get us a little bit further coverage. She agrees that that has taken a long time. The plan that they heard tonight is that the Ports, Waterways and Beach Commission would come forward and let us start looking at own permitting but she does want to caution them. In the past, again to the lady's point, she took in about \$2 million dollars last year for Atlantic Tower revenues. 3% of that is what really hits this beach renourishment pot of money. It's only 3% and 60% of that 3% so it is not a big pot of money coming in. This economic downturn has really, really put a damage on that reserve. We were going before at \$2 to \$3 million dollars a year and there has not been that kind of growth this year. Hopefully there will be an upturn, the current recession or depression is over, so, hopefully we will see those heads on beds come back and we will see that growth again. Again, your point, not without a beach you won't see that thing come back. So, what do we do? Do we go ahead and she thinks they have a pretty decent plan as far as looking for a permit. We know we can't part ways with the federal government to extend what we are doing now so we will continue to do that to get us to maybe 2013 but in the meantime, don't delay. Keep moving forward with that permitting. She thinks she's heard a pretty decent plan here to make sure we start taking care of the property. Without the property we don't get the revenues, property taxes or room occupancy taxes. She thinks that is pretty prudent to what they are talking about today and she appreciates everybody coming. The money is there at \$30 million dollars and they are expecting it to be about \$1 million more or so when all the audits are in, maybe \$32 million at the end of this year when all the audits are finalized but they are going to use some of that for this upcoming spring. They have already pledged \$4 or \$5 million dollars already out of this pot of money to move forward with what we are doing now. It is there and we're using it and we thought we were using it to leverage what the Corps and state was doing and that was prudent but she is hearing today that that might not be what you need for most of this so they'll take that message back.

Mayor Macon said they will know a little more around the 22nd.

Ms. Pinder said excellent point because all they are talking about today is estimated price. We might be so excited when they do get the bids back in and they're a lot better and you can scope the project to the original size.

Mayor Macon said to answer a point there that Charlie brought up is that sand does drift and he has been on the beach since the early 70's and most of the beach has always benefited from the sand being put on the north end because it does have an effect.

Charlie said we lose it quick. He asked if he could ask Avril a question. If the beach renourishment on Carolina Beach is every 3 years and we have \$30 million dollars. He asked if it is an interest bearing account. Ms. Pinder said, yes sir. So you are looking at \$9 million dollars every 3 years on interest bearing.

Mr. McIntosh said to bear in mind it took 24 years to get to that \$30 million.

Ms. Pinder said no, what she was saying is, if you look at Topsail Beach as an example, Topsail Beach, when they started 10 years ago or in 2001 and get me straight on her years, when they signed that agreement in 2001 their original estimate was a \$10 million dollar project.

Mr. McIntosh said there were two different projects. One is the federal project which is megabucks and a local project where \$10 million dollars is planned as a minimum, holding project where they are going to put some sand on the beach to hold it until it goes to court.

Ms. Pinder said she was assuming that is what they would do because you are going to continue doing your dune protective maintenance, you will continue to do that, and this is just a recreational piece that Topsail is doing, correct?

Mr. McIntosh said it was an erosion protection.

Councilman Gilbert said with what we're not renourishing, say from center pier to Alabama, what would be a ballpark estimate of that amount of sand on a nourishment? A mile of beach, what's the number? If \$10 million may be underestimating it, what would be the number?

Mr. McIntosh said maybe \$7.5 million.

Councilman Gilbert said \$10 million is probably a good estimate.

Ms. Pinder said right and if you did have, and not touching what the federal government had done down here every 3 years. They're going to continue to do that and they will continue to partner with them and leverage that money. But if they were taking Topsail as an example and the ballpark was \$7 million to \$10 million dollars just for that piece that we're talking about that's not going to be touched.

Audience member said but we're adding to that fund.

Ms. Pinder said you're adding to that but we used to be adding at a larger portion. We're actually at \$1 million to \$1.5 million now so you're adding \$1 million but you're taking \$10 million out.

Mr. Owens said if the federal funding was not there and just went away there is no way - Carolina Beach because you've got Kure Beach paying into it and Wrightsville Beach paying into this fund. There's no way it could all go to Carolina Beach. So if the federal funding went away and we don't get federal reauthorization there might be another way to do it whether it's a tax district, assessment or a room occupancy tax or more state funding. There would have to be another way to fund the project.

Councilman Gilbert said he wanted to ask Ms. Pinder a quick question about room occupancy tax. He said they have had a shift in Carolina Beach over the last 8-10 years from smaller hotels into cottages - duplexes, cottages especially since the last building spree there have been a lot of units built. What is her opinion of collection of room occupancy tax? Are we leaving any room occupancy tax on the table that we're not collecting because of for rent by owners and things like that and what is the county doing trying to pursue, trying to make sure that we're collecting all the room occupancy tax that is coming from these rentals, these for rent by owners per se?

Ms. Pinder said they actually had an outside auditor, firm, to come in and look and the lady from Atlantic Towers, she was probably harassed by one of the auditors a year ago.

Ms. Pinder said she had heard that from other people but they actually came in and looked for people that were not reporting, that was one of the mandates, for who are reporting to make sure they are doing it correctly and then the ones who are not reporting at all. They did go after those people and did increase our revenues. From Wrightsville Beach there was a lady on our committee before, can't remember her name right now, she actually turned in names of people that she would drive and see them having trash outside, then would turn in names to us and they would go look and find out are they really doing it undercover without us knowing about and we did actually increase our revenues by people turning in other people.

Councilman Gilbert said if you go and certainly now we're on the down side of that building, if you go to those for rent by owner sites but you don't have anybody on staff that it is part of their job to go to those sites and try to make sure so it was just a one time audit.

Ms. Pinder said no, it's actually continuing. He did the first 3 years. He started in 2003 and came forward. We're now up to current year what they are looking at and we do go on the internet and surf for rent by owners, look in the newspapers, look at stuff in the ads and that is how they find a lot of those people.

Mr. Jarrett said when they prepared the report, one of the requirements was to come up with financial plan and he got with Rick Catlin, chairman, and then Dave Weaver on the

room occupancy funds and looked at the history of that fund, the interest that it draws from year to year and projected growth of that fund we made various sundry assumptions as to whether or not that particular fund would be able sustain the projects given no federal funding, no state funding, and what have you and the bottom line is that, based on those projections, they may have been overestimated because this has kind of been a down year, but based on the history of the growth of that fund and some conservative estimates on interest that would bear, it looked to them as if there no federal funding involved but you had continuing state support at 75% that the county room occupancy fund, combined with that 75% contribution from the state, would be able to sustain the projects indefinitely. Now the state may back off on that 75%, they backed off to 50% this time around but the state law does allow it to 75%. But even if you went with 50% state funding, he thinks those projections would still hold true. The combined effort of both the county room occupancy with the state contribution in the absence of federal funding, it looks like there is sufficient funds in there to sustain these projects for quite a while. In fact they never ran out of money in those projections so it looked pretty promising. They were using some very conservative cost estimates, based on this go around, or potential inflated costs that we see for this nourishment operation. The bottom line it looks like the room occupancy funding combined with the state funding would be enough to keep all these beach projects going but, again, you would need to have local permits in order to do it that way.

Audience member asked planning if when the bid package went out did it contain anything in there as to when they were to start the work?

Mr. McIntosh said they can't start before the 15th of November and they have to be done by April 30th, except for Masonboro which has to be finished by March 31st because there is an environmental window.

Audience member said you are talking about the turtle season. So you're saying they can't start before November 16th and the latest of April 30th?

Mr. McIntosh said yes. Based on the total yardage that has to be pumped, or will be pumped, that should not be a problem. He said he would like to make one comment about beach project funding. Renourishment is not in the administration policy, they don't support beach renourishment. They think it's the local sponsors responsibility to do that. Every year we go to the Atlanta office and work as a group on funding requirements for 2 years down the road. As long as it is not in the administration's policy to support beach renourishment, beach projects are not going to meet the cut line and our budget request for beach nourishment is not going to leave Atlanta. So it behooves all citizens to lobby the administration to get that policy changed otherwise the responsibility or the burden for getting money for beach nourishment is going to fall on the likes of Mike McIntyre and Senators Hagan and Burr to get money added. If we can't budget and it's not in the administration's policy for beach projects and as more beach projects get authorized, it's going to be next to impossible for Congressman McIntyre to get enough money for all of these projects.

Councilman Gilbert said let me understand this and I think I went through this with the federal highways administration with respect to gas tax. I'll use the gas tax and you tell me if this is what you are saying. Federal highway administration, it's in the administration's policy not to support a gas tax increase, so that meant that the federal highway administration it was not in their policy to put forward a request for a gas tax increase. Are you saying is that since the administration won't consider support of beach nourishment then the Corps of Engineer's policy is not to put forward the request for beach nourishment?

Mr. McIntosh said it goes forward but there is a whole litany that fall under this appropriation - flood damage reduction. It's not an administration policy so it's going to be down at level 9 for renourishment. If it was in the administration's policy, then we could probably get it up at 3 or 4.

Councilman Gilbert said so you're saying your priority list, since you know the way they feel about it, you know it probably isn't going to get funded so you some things you know will get there up on the priority.

Mr. Jarrett said the Corps is part of the administration so their budget goes through the President and anything that they submit would end up or not end up in the President's budget. But then you also have a Senate budget and a House budget so you have 3 budgets up in Washington and none of them agree. The key here is to the local congressman if there is a project in one of those funding bills - House, Senate or President, it makes it a little easier for them to go after to try to get that fund added to the final federal budget.

Mr. McIntosh said it depends on how many chips the congressman has. Councilman Gilbert said he has done very well for us. Mr. McIntosh said he has.

Councilman Johnson said he just wants to make sure everybody understands, Tim, and correct me if I am wrong, Glenn, so we won't be hammered with a bunch e-mails and you won't be hammered that the Corps is not going to know until October 22nd, or the day after, where the bids are going to be, whether or not the current renourishment, as far as directing that scope differently from what it is directed at right now. Everybody remember that date, October 22nd.

Mr. Owens thanked everyone for coming out and hoped it was informative and knows there were probably more questions than answers. He has been dealing with this for a while and sometimes it baffles him why things happen they way they happen but it is just the way it is. He thinks what is going to come away from this is that they will do a resolution, probably at council level, or send a resolution to ask the county to move forward with permitting and he would assume that Kure Beach would do the same thing and talk to Wrightsville Beach, just get more support to the Ports, Waterways and Beach Commission. He thanked the panel too, they are dealing with this stuff every day and we are fortunate to have the foresight of the county and elected officials way back when to

do a room occupancy tax back in the 80's. We are light years ahead from where a lot of folks are. It won't go forever, hopefully we can stretch it out. We support beach nourishment and I think we want to see beach nourishment. It's a tough row to hoe sometimes. Thank you guys.

Mayor Macon thanked everyone for coming out and he knows it's a very passionate issue and we appreciate your patience and understanding to let the guys get the information out to you. They will probably be around for a minute for questions and any follow-up that you guys need.

Mayor Macon made a motion to go into closed session. MOTION CARRIED UNANIMOUSLY.

Mayor Macon made a motion to go into open session. MOTION CARRIED UNANIMOUSLY.

No action was taken.

There being no further business, **Mayor Macon made a motion to adjourn. MOTION CARRIED UNANIMOUSLY.**

Respectfully submitted,

Lynn N. Prusa
Town Clerk

Approved: _____