



**TOWN OF HOLDEN BEACH  
BOARD OF COMMISSIONERS  
SPECIAL MEETING  
FRIDAY, MARCH 11, 2016 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Friday, March 11, 2016 at 10:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem H. Ashley Royal; Commissioners Peter Freer, Kim Isenhour, John Fletcher and Ken Kyser; Town Manager David W. Hewett; Town Clerk Heather Finnell; Shoreline Protection and Recreation Manager Christy Ferguson; Fiscal Operations Clerk Mandy Lockner; Building Official Tim Evans; Doug and Andrew Carter from DEC and Associates; and Fran Way and Mark from Applied Technology and Management.

**CENTRAL REACH PROJECT BRIEFING**

Town Manager Hewett introduced Doug & Andrew Carter from DEC and Associates and Fran Way and Mark from Applied Technology and Management.

Shoreline Protection and Recreation Manager Ferguson explained the Central Reach Project is for 240 Ocean Boulevard East to 781 Ocean Boulevard West. This would be a locally sponsored project. The Town has the permits in hand from the Corps, NC Department of Environmental Quality and NC Department of Water Quality. This represents the largest beach fill project to date on Holden Beach. Our sand source comes from an offshore borrow site. It is approximately 1.31 million cubic yards along 4.1 miles of shoreline. It is included in the Town's Beach Management Plan. It is projected to advance the mean high water shoreline 60 – 80 feet. The dredge window is November 30<sup>th</sup> to March 31<sup>st</sup>. We applied for and received an extension on the CAMA permit. Both the CAMA and Corps permits expire on December 31, 2017. It is estimated to be a \$15 million project. Dredge prices are highly variable. Shoreline Protection and Recreation Manager Ferguson stated that no federal money has been available and there is no indication of any future money. The sand borrow source is about two miles west of Oak Island. The first choice would be to use a hopper dredge. Once the permits expire, a permit extension would be required from both CAMA and the Corps. Shoreline Protection and Recreation Manager Ferguson explained why a decision needed to be made now.

Fran Way showed a regional map. He provided background on the beach, projects and erosion. He showed an image of the central reach borrow area. Mr. Way provided information on recent beach nourishment bid results. He reviewed the project engineering schedule. He explained they need to work on the design specifications now. They would like to release the bid packages at the end of April and work towards review and negotiations by summer. They would like to issue a notice of award In August. The project would start in November, with active pumping starting in December.

Mayor Pro Tem Royal stated the estimate here is \$15 million. He asked the price per cubic yard. Mr. Way replied it would be right around \$13 per cubic yard. He explained we could have flexibility with the bid package. You can have a few optional bids to bring costs down if they are too high. Mayor Holden stated generally when you reduce the size of a project, the price per cubic yard would be more.

Doug Carter provided background on his firm. His firm was engaged to find the most cost effective means to get the project done. North Carolina statutes provide limited means to finance projects. It often leads to partnerships between towns and the counties. Mr. (Doug) Carter explained the different financial modes available. He provided information on the preferred method, Special Obligations Bonds. Special Obligation Bonds do not require voter referendum. You must use a Municipal Service District (MSD) in order to use Special Obligation Bonds. Once a MSD is formed you are not required to levy a tax in the district. It requires a pledge of taxes and/ or fees not levied by the municipality. The Town levies its own occupancy tax so that would not be allowed to be pledged under a Special Obligation Bond approach. Currently, the level of revenues that can be pledged are not sufficient to meet the financing requirement. If the Town didn't levy its own occupancy tax, it would. The Town will need to look at a creative way to structure this type of financing if the Board elects to use it.

Andrew Carter went over the project cost and sources of funds. The estimated project is \$15 million. The Town could use about \$3 million from the BPART Fund and borrow \$12 million. He is estimating the debt service payments over a 10 year period at 3.5%. It would take 9.5 pennies to cover the project and make the payments. The pledge funds would include sales tax, franchise tax, building permits, video program, and cable franchise taxes. The total wouldn't get to the amount needed to be pledged. A county interlocal agreement would be needed for about \$1.2 million to make up the collateral package. It would only kick in if the Town is unable to pay the debt. Mr. (Andrew) Carter reviewed the costs and sources of funds for \$10 million and \$20 million projects.

Mr. (Doug) Carter said because the permit expires in December 2017, the decisions to make the financing package work would need to be made between now and June 30<sup>th</sup>. Mr. (Andrew) Carter explained a combination of pay-go and borrowed sources are the best project funding method and the most sound financial plan. County involvement will be necessary to accomplish the collateral package. Town Manager Hewett added the county wouldn't be left holding the bag if the debt service isn't paid. The Local Government Commission would step in. This type of arrangement for beach nourishment has not been done with the county. The closest thing we have to it is the arrangement on the sewer agreement.

Mr. Way clarified it is \$11.50 per cubic yards for \$15 million, not his previous figure of \$13. He explained you always permit for a little more than you want. You can't go over a limit, but it is okay to go under. Commissioner Freer asked if the county would be willing to go forward with another project if something else comes up. Ann Hardy, County Manager stated this is a new concept for the county. She said it sounds promising. They would like to help, as long as the county's interests are protected. Ultimately, the county commissioners would need to make the decision.

Town Manager Hewett explained there are three specific things that need to get done to make the project happen. We need to have the engineer involved with final designs and specs. We need to acquire easements on the properties. We need to execute an interlocal agreement before we can proceed. Simultaneously, we need to develop the budget and consider the development line. This will be blazing a new trail.

Town Manager Hewett stated the proposed resolution expresses the Board's support for the project and directs all the aforementioned elements that have to be accomplished in order to move the project forward. Mayor Holden added if the resolution is passed, this is not the final say. This says the intention is to move forward. Town Manager Hewett explained the formal processes will all come back to the Board for approval.

*Motion by Mayor Pro Tem Royal to remove climate change and approve the resolution as amended; second by Commissioner Fletcher; approved by unanimous vote.*

## **ADJOURNMENT**

*Motion by Mayor Pro Tem Royal to adjourn at 11:04 a.m.; second by Commissioner Freer; approved by unanimous vote.*

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J. Alan Holden, Mayor

ATTEST:

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Heather Finnell, Town Clerk