



**TOWN OF HOLDEN BEACH
BOARD OF COMMISSIONERS
SPECIAL MEETING
THURSDAY, AUGUST 30, 2018 – 10:00 A.M.**

The Board of Commissioners of the Town of Holden Beach, North Carolina met for a Special Meeting on Thursday, August 30, 2018 at 10:00 a.m. in the Town Hall Public Assembly. Present were Mayor J. Alan Holden; Mayor Pro Tem Mike Sullivan; Commissioners Pat Kwiatkowski, Joe Butler, John Fletcher and Peter Freer; Town Manager David W. Hewett; Town Clerk Heather Finnell; Planning Director Tim Evans; Public Works Director Chris Clemmons; Assistant Town Manager Christy Ferguson; and Fiscal Operations Clerk Mandy Lockner.

PUBLIC HEARING: PROVIDE INPUT ON THE ISSUE OF REPEALING RESOLUTION 18-05, RESOLUTION AMENDING THE HOLDEN BEACH FEE SCHEDULE AND REPLACING IT WITH A SET OF WATER AND SEWER FEES THAT DO NOT EXCEED THOSE IN EFFECT ON JUNE 30, 2018

Mayor Holden called the meeting to order and opened the public hearing.

Tim Minton, Director of Government Affairs for the NC Homebuilders Association thanked the Board for looking at the issue again. He read from NCGS 162A-207(a). He said the purpose of the report is to determine what a maximum fee can be. He isn't aware of anywhere in the state where they have charged the maximum fee. He said the idea in working with the League was to set the perimeters for what the fee should be. Mr. Minton said their goal was to make sure all local governments who own water and sewer systems had the legal authority to charge a fee and how the determination should be made.

Tyler Newman with BASE stated he wants to speak in support of item 3, an action to repeal the Board's previous vote on the implementation of the water and sewer fees and to replace that decision with an alternative fee schedule. He referred to an email he sent previously and said that you can set the fees lower than the maximum. Mr. Newman encouraged the Board to set fees similar to what the fees were prior to July 1st and then take the time to go back to some of the issues in the report if that is what the Town needs to do.

Elaine Jordan distributed a handout to the Board. She appreciates the Board setting the time to hopefully repeal where we are now and to refund the fees that have been paid since July 1st. She said the Town adopted the maximum fee. Her understanding is that it was not based on the engineer's recommendation. She questioned if the Town's purchase of sewer allocation from Brunswick County is an eligible cost. Ms. Jordan said that is almost 2/3 of the fee. She talked about a Coates Canons' article that says House Bill 436 does not apply to local governments that purchase water or wastewater

services from other government entities. She said the fact that the engineer used that huge number is erroneous. Ms. Jordan talked about an email from the engineer to Town staff talking about the eligibility of the county fee. She said the 3rd document in her handout is a page from the engineer's report that says the Town has determined ownership of capacity is an eligible cost that can be included in the calculation. She inquired when the Town voted on the issue and who voted on the issue. Ms. Jordan said there are a lot of questions on the fee. She wants the fees to be repealed, put back to where they were and a refund be issued to anyone who has overpaid over the last 60 days.

Mayor Holden said he has been asked to remind everyone that the Board will be following their rules of order and once the hearing is closed there are no more opportunities to speak.

The public hearing was closed by unanimous vote at 10:09 a.m.

DISCUSSION AND POSSIBLE ACTION: REPEAL THE BOARD'S PREVIOUS VOTE ON IMPLEMENTATION OF THE WATER AND SEWER DEVELOPMENT FEES AS REQUIRED BY HOUSE BILL 436 AND TO REPLACE THAT DECISION WITH AN ALTERNATIVE FEE SCHEDULE

Commissioner Butler stated in order to address the concerns the public, primarily contractors and real estate groups, brought to the commissioners' attention pertaining to the development fees put forth and passed at the June meeting to be in place July 1st, he recommends a timeout period and 1) Allow for a sufficient period of time to fully understand all of the options. He is recommending this doesn't extend any greater than 60 days. 2) This will include a better understanding of the McGill Report. 3) Review the information provided to McGill that established what the actual goal was. This does include the \$35 million Ms. Jordan mentioned. 4) In the best interest of all parties involved, he is recommending a timeout. 5) The timeout will include a temporary interim action to repeal and reset the required fees until such time they can be completely reconciled. When he uses the term reconciled he is including the budget and any financial aspects going forward. 6) To accomplish this there will be additional meetings that will include a number of resources to be identified. Examples are the Board, staff, McGill, community and others as needed. Resources will also include comments and suggestions from internal and external sources. 8) The Inspections Department needs to take a lead role in this process. 9) The sewer share fee for the remaining lots that have not paid their fee need to be paid in full when time is due.

Commissioner Freer said he had a conversation with Attorney Fox who is unable to attend this meeting. She recommended that the Board use the mechanism on page 10 of the McGill Report and that is what they will do. He said they will use the math behind that to get to the same prior dollar amount of the fees before July 1st.

Commissioner Fletcher asked if they will need one motion to repeal and one to replace or if one motion could do both. Town Clerk Finnell said it would depend on what the motion is because the fee schedule needs to be updated too. Town Manager Hewett said you can repeal with one motion and that takes the existing fee schedule off the table, but you would have to replace it with something. He said you would have to identify specifically what it will be replaced with.

Commissioner Kwiatkowski said she is uneasy because the Town attorney is not here. To her if the Board proposed to take action as of today without her here to answer any questions the Board has, she would feel the Board was doing something inappropriate. Everyone is available on September 11th, including the Town attorney so if the Board would like to do something they would have full representation. She suggested the Board could have discussion, but shouldn't have action until September 11th when Attorney Fox can be at the meeting. She stated the Board can recess the meeting and reconvene on that day to finish any business pending. Commissioner Fletcher said he had intensive discussions with the attorney and what he is going to propose she said was appropriate and could be effective today. He stated that she had no issues with what he is proposing and she is available by phone.

Commissioner Fletcher stated it is very clear to him that House Bill 436 doesn't suggest that the Town implement a sewer and water fee. It simply requires if we do choose to do that, we cannot make the rates higher than those calculated by the McGill study. He stated while there may be some issues with the study, the study is not the issue for him. He said that implementation of the fees should not damage the Town. He said his primary concern is to protect the financial position of the Town and retain the culture that we have. The Town had a water fee in place as of June 30th. It was \$300 for a three bedroom and \$100 for each additional bedroom. It also had a sewer buy-in that was in place since about 2002. All, but less than 100 of the 3,000 parcels had paid their fee. Commissioner Fletcher said if the Board were to implement a fee those would be exempt from paying the new rates. That fee was about \$13,500. He said without property taxes and BPART funds the Town would have a problem with financing our operations. He stated if those don't grow, we will need to make a major adjustment or raise taxes aggressively. He is not concerned about the building industry, except for its impact on the economy of the Town, the region and the county. He said the numbers the Board put in had a severe impact. We need them to build here.

Commissioner Fletcher proposed that the Board repeal Resolution 18-05 and replace it with the following schedule of fees, all based on a three bedroom home as the McGill report would do and using the same methodology that the McGill report does. Set the water fee at \$300 for a three bedroom home and \$100 for every bedroom beyond. That brings the cost to \$0.75 per gallon if you follow the same McGill schedule. He proposed that the Board make the sewer fee \$8,100 for a three bedroom house, with \$2,700 for each extra bedroom. Commissioner Fletcher said that would make a five bedroom house about \$13,500, very similar to what the Town had before. He said the water would use the 400 gallons used in the calculation and the sewer would use the 360 gallons. He stated the sewer cost comes back to a cost of \$22.50 per gallon for the sewer system and that meets the system used by McGill. Commissioner Fletcher thinks the Board should take at least 90 days to study the matter and to allow issues in place with the implementation of this legislation to work themselves out. He said there are numerous issues that the Town does not have control over. He said concerning the method of calculating the equivalent residential unit, other municipalities calculate it based on meter size, not bedrooms. Others use pipe size. It appears to him that the bedroom is least used across the state today. Commissioner Fletcher said the 4th area the Board needs to understand is the full impact on the building and the potential damage to the Town's financial health based on the rate the Board sets. He said leaving rates pretty much as they were June 30th shouldn't have an adverse impact while the Board studies this and makes further decisions.

Commissioner Kwiatkowski asked if he had this in writing so that the Board could take a brief recess to review the numbers and understand where he is coming from. She is still concerned the attorney isn't here. Mayor Pro Tem Sullivan stated before the Board goes into recess, he appreciates the information brought to the Board by Ms. Jordan. It is actually the first piece of information he has heard that gave him a reason to question if the amount of the developmental fees are accurate. He said what they heard in the last five minutes is a ton of information that needs to be digested. He said one of the things the contractors discussed was that the Board rushed this through and didn't know what they were doing. He doesn't believe the best thing the Board can do is to take a temporary step, using numbers that we don't know if they are accurate or if they actually accomplish the goal of getting a number that will both protect the interests of the Town and also make the contractors' livelihood obtainable. Mayor Pro Tem Sullivan said nobody is trying to make it hard on the builders; he is here to protect the people who live on island. They asked the attorney when she was here if they could do what is being proposed and she said no. He doesn't doubt what Commissioner Fletcher is saying, but he would prefer to have a letter or email from her saying she agrees with it. Mayor Pro Tem Sullivan stated one of the reasons he would be against making the decision today is a position that has taken since he has been on the Board; the Board has regularly scheduled meetings. He said the room is full of people who are interested in this and about four people who live in the Town. Mayor Pro Tem Sullivan thinks the Board should only vote on something as important as this at a regular meeting when everyone has the opportunity to come. He stated the Board just received the report back from McGill with the answers. They had it for a total of 15 hours. That is not enough time to analyze and digest it. He thinks if the Board slowed down and took the time it would benefit everyone. He asked if anyone on the Board did any calculations on the impact of rolling back the fee to what it was on June 30th and what it will be five years down the road on the Town's coffers. Commissioner Fletcher said he doesn't think he would need to do that because the Board can change this and put new rates in so these won't exist. Mayor Pro Tem Sullivan said two months ago this Board voted not to take \$250,000 that they had available from the budget to give a two cent reduction in taxes. The argument was that the Town need the \$250,000 to be put into the sand fund so that in 10 – 12 years when we need another central reach project, the Town would have the money and not have a shortfall. He stated if you roll the fees back and go with the anticipated numbers they were told; you would have a shortfall of \$2.5 million. He asked why the Board would be willing to take that shortfall. He said it is not consistent and not logical. Mayor Pro Tem Sullivan said the Board needs to look at it, analyze it and he is pretty sure they will change it. He said there is a simple way of doing things and the right way; if the Board does this today, it is not the right way. Commissioner Freer stated he believes the Board is doing the simple, right thing today. He doesn't believe they are doing any harm to anyone by doing a reset back to two months ago that was in existence for a long time. He said it is a complex issue and the Board will be doing harm to the Town by slowing or stopping homebuilding. That is all they are trying to accomplish today, go back to prior to July 1st to have enough time to have the Board and everyone involved to look at these complex issues. He said this is the maximum that the Town could charge as fees, it is not the recommendation that they charge these fees. He stated the report is nice. It highlighted some financial issues, like what capacity we pay to the county for our sewer that he would like to look at deeper, but all it is telling him is the maximum we can charge for the fees. It is not telling the Town what we can or should charge or recommending what those fees should be. Commissioner Freer stated it is an unknown that the Board

should spend a lot of time researching the underlying financials. He said taking a timeout today is doing no harm to anyone.

Mayor Holden stated it appears the Board is in a discussion and the Board needs to have a motion if they are going to discuss it. The Board talked about recessing. Commissioner Freer reminded the Board that the attorney is available by phone. Commissioner Kwiatkowski said she wanted to take a recess because you want me to make a decision on formulas and numbers that have been thrown at her and she can't sit down and double check them and see what they mean. She said the Board had two possible actions. She said the Board might go down the path of one of them, the other may be another way to operate. She likes to look at numbers and double check the math to make sure she understands what is being proposed and that what is being proposed is in line with what the intent is. She stated this is a lot that the Board is doing and suggested they could recess until September 11th when everyone is available. Commissioner Kwiatkowski said making decisions at regular meetings is important. The Board made their trash decisions at a regular meeting and that wasn't nearly as important as this.

Motion by Commissioner Fletcher to take a 15 minute recess. Mayor Holden said Commissioners Butler, Fletcher and Freer would like to recess and announced the recess at 10:35 a.m.

Mayor Holden announced at 10:50 a.m. that the document was still being worked on and the Board would reconvene when it was available.

The Board reconvened at 11:13 a.m. Mayor Holden explained the reason for the delay is due to the preparation of the documents needed to continue took this long. Town Manager Hewett passed out the document.

Motion by Commissioner Fletcher that the Board repeal Resolution 18-05 and replace it with the following rate structure for both water and sewer: for the water capacity fee, the fee will be \$300 for a three bedroom house and \$100 for every extra bedroom, for the sewer it will be \$8,100 for a three bedroom and \$2,700 for each additional bedroom; second by Commissioner Freer.

Commissioner Kwiatkowski would like to propose an alternative to temporarily resetting and asked if it would be a more straightforward, cleaner process if we would go through reevaluation of the whole situation. It could be completed within 90 days. She said once those are reset there will be reimbursement of the difference between what has been voted in place and what will replace it in the future retroactive, starting from the July 1st implementation. Commissioner Freer said we already have a month and three quarters in of unknown and are trying not to extend that. He said they are trying to be as close as they possibly can, within the confines of the new law, of going back to June 30th. That is why they are staying with \$100 per bedroom and water. Unfortunately, there is not a like to like with bedrooms for sewer. He said Commissioner Fletcher is proposing a five bedroom, which would be an equivalent of \$13,500. Commissioner Freer stated that waiting puts a lot of pressure on the Board and community. He said what they are proposing today takes that pressure off and resets the clock to June 30th. Commissioner Kwiatkowski said she doesn't view it as relieving pressure because they should all feel under the gun to get this done right. Commissioner Freer said the Board is seeing the complexity

of this. He would like to understand some of the underlying number issues that went into the report. He said there are multiple levels in his mind.

Commissioner Butler said he had recommended that the word interim be put in the motion. He thinks that is a key term. He said he wanted it to be clear to everyone that this is for the interim. The Board needs to put a timeframe on it.

Town Manager Hewett said it has been mentioned to reset the clock. There are fees that were in effect on June 30th that cannot be charged on July 1st. The impact fees can't be reset. Also the \$13,125 sewer share fee cannot be charged anymore. The law reads that the existing schedules needs to be conformed to the new law. He explained that on the first sheet he just prepared it shows a \$100 per bedroom fee for water regardless of how many bedrooms. He wanted to clarify it is \$100 per bedroom for the water fee and \$2,700 sewer fee per bedroom, one bedroom to 100 bedrooms. He said the Board is amending the fee schedule and we need to be able to collect. Commissioner Fletcher agreed he understands it correctly. Town Manager Hewett said the supplement sheets he included show specific permits for a three bedroom house, a four bedroom house and a five bedroom house. They are specific examples of the before June 30th fees charged, the fees that would have been charged on July 1st and the proposed per bedroom fee for water and sewer. He went over the examples to show the impact of implementing it. Mayor Pro Tem Sullivan said he thought the law required that you only charge the actual cost for the tap fee. Town Manager Hewett said we don't actually charge a sewer tap fee because the connection is part of the system, it's the valve pit. That's a systemic cost that is absorbed through our operations. He said that isn't true for water. The water tap fee is for the actual fixture and what it costs for the crew to install the fixture. Commissioner Freer said if you look at current on the three bedroom example you have sewer share fee paid yes and it is \$0 and no is the \$8,100. He would complete the column. He said the sewer share fee in this context is \$0. The Board discussed the example. Town Manager Hewett asked for confirmation that the correction to the spreadsheet is the \$8,100 moves down to the capacity fee for sewer. Commissioner Fletcher said if they didn't pay the fee previously. If you had, you get a credit for it. After further discussion, Commissioner Fletcher said it should be 0 for sewer share fee paid ? yes and the next line should be \$2,700. Commissioner Kwiatkowski inquired if the Board needs a 15 minute recess to make sure the document is correct. Town Manager Hewett stated he wanted to register that whatever the capacity fee per bedroom is that you charge, you need to apply it to everyone. Commissioner Freer said he understands and that's why it is a little strange that the Board is going to \$8,100, but if you do the math a five bedroom comes out to \$13,500.

The Board came to a consensus to take a 10 minute recess at 11:32 a.m.

Mayor Holden reconvened the meeting at 11:42 a.m.

Commissioner Freer said he thinks they worked it out. It is a little confusing. He was saying \$2,700, but it's actually times three because he was looking at three bedrooms, so it is \$8,100. Town Manager Hewett stated on the three bedroom fee spreadsheet the \$8,100 amount in the bedroom fee cell would move down to the capacity fee sewer line, likewise for \$300 because that is the capacity fee for water. He said he understands that. The reciprocal holds true for the four and five bedroom calculations too. He inquired how to treat the credit for previously paid sewer share fees once the calculation is done.

If it has been paid, the credit is on a per bedroom basis for the sewer capacity fee. In this scenario, the \$8,100 is the credit. Commissioner Freer said he would treat it exactly as we are doing it today. Commissioner Fletcher added with the understanding that it is only up to a five bedroom credit. Above a five bedroom credit then you pay \$2,700 per bedroom for the sewer fee. Town Manager Hewett said if the fee hasn't been paid prior to it wouldn't be credited. The credit will extend only up to five bedrooms worth at the \$2,700 per bedroom capacity fees. Commissioner Freer agreed.

Commissioner Fletcher amended his motion by adding to the end of his original motion: the credit for those who have paid already the sewer share fee will be up to a maximum five bedroom house, beyond a five bedroom house, you will be assessed the \$2,700 per bedroom sewer development fee; Commissioner Freer agreed to the amendment.

Mayor Pro Tem Sullivan said he won't state all of the reasons he thinks they should delay the vote, other than the last 45 minutes on one item, which is under discussion and consideration. With all of the items they have been given to think about today and in the past, he thinks it is prudent the Board put off any final decisions. He stated that when the Board has to come back here after they have the chance to analyze it and give it the thought it deserves and they come back with different numbers, then it's going to be just as hard to convince the people the Board did their due diligence and did the right thing. Mayor Pro Tem Sullivan knows the industry would like to see this done, but he doesn't see where they are benefiting the larger community by rushing into a decision without having time to analyze it. He said the work should have been included in the packet so the Board could have saved themselves the exercise of trying to figure this out. He said the Board should never be taking on issues that aren't fully prepared and put in the agenda so the Board can do it intelligently and with the proper consideration.

Mayor Holden said previously the Town had to go back and issue adjustments in regards to properties that were not developable in regards to water fees. He keeps hearing discussion about 100 names that haven't paid their sewer bills. He is confident he is on that list and others in the room are on the list. Mayor Holden said if you could make the properties able to be built on he would be happy to pay the fee. He said when you have strips of land under water of 5' or 10' wide and the commissioners are expecting the money to come in later; that list is not going to yield the money you are expecting to get. He stated before you count on that money coming in and make rules you need to do your homework and eliminate properties from that list that will never be developable. Mayor Holden said you will have a shortfall on your expectations. Commissioner Freer totally agreed. He said you pay that when you are going to build. He agrees it shouldn't be put in the budget because a lot of those will never be built.

The motion passed by a 3 – 2 vote with Commissioners Butler, Fletcher and Freer voting for the motion and Mayor Pro Tem Sullivan and Commissioner Kwiatkowski voting in the negative.

DISCUSSION AND POSSIBLE ACTION – REIMBURSING ANY FEE ASSESSMENTS AFTER JULY 1, 2018 THAT EXCEED THOSE SET BY THE NEW RATE STRUCTURE SET BY THE BOARD

Motion by Commissioner Fletcher that the Board direct the Town to reimburse any fee assessments that were paid after July 1, 2018 that exceed those set by the new rate structure set by the Board today; second by Commissioner Freer.

Commissioner Butler would like the word interim in there.

Commissioner Fletcher amended his motion to include interim fees; second by Commissioner Freer.

Mayor Holden requested the reading of the motion for clarity. Town Clerk Finnell explained her computer froze, so she would need to double check with the tape, but read what she had. *Direct the Town to reimburse any fee assessments that exceeds the interim rate structure set today. (After verification of the recording, the motion included that were paid after July 1, 2018.)*

Commissioner Kwiatkowski asked what happens if when the Board finishes everything the fees go up. Commissioner Fletcher replied it would be effective the day they pass the legislation. Commissioner Kwiatkowski wanted to make it clear that there is no ability for the Town to get back the lost revenue. Commissioner Fletcher clarified this is a refund for July 1st to today.

The vote was approved by unanimous vote.

TOWN MANAGER REPORT ON THE QUARTERLY LONG-TERM MOA AND STATUS OF THE SHALLOW DRAFT NAVIGATION CHANNEL DREDGING MEETING IN NEW BERN ON WEDNESDAY, AUGUST 29, 2018

Town Manager Hewett attended a meeting in New Bern yesterday on the quarterly memorandum of agreement between the state, the Corps and interested stakeholders up and down the coast. What we see in terms of conditions with the most recent survey on the outer bar in the Lockwood Folly Inlet (LFI) is it is getting kind of dangerous. He provided details on the condition on the area. The Corps has canceled the nearshore project. He said everything he is communicating is what they are getting from the Corps. Some of the updates held true with what we heard in the past and some of the information was changing and evolving while they were in the room. The information he is presenting is the most recent he has, but it is subject to change. Previously we reported that the Murden, a hopper dredge, was going to be used to remove about 6,000 cubic yards from the ebb shoal and placed in the nearshore in a hot spot off of Oak Island. That project will not happen this year. The Merritt is now returning from the shipyard. His understanding is that the Murden will be reprioritized to other projects elsewhere. There is a project to use an 18" pipeline dredge for the inlet crossing. That project is not coming to Holden Beach either. We are used to getting the sand from that project every two years. That sand will be placed on Oak Island. The contract to dredge the LFI is part of a larger Corps' contract to take care of five shallow draft inlets. We don't know the order of progression that the dredger will undertake. A major portion of the reason for the sand not coming to Holden Beach is the new interpretation of an existing federal rule regarding local sponsorship of federal projects that requires easements to be

obtained from local property owners in order to put sand on the beach. It has never been an enforced requirement before. For many years Holden Beach has been the recipient out of convenience for the Corps. When we have executed a project down there, we didn't need them. That is not the case going forward. Additionally there are new requirements for dredge spoil areas that we encountered earlier on with our dredging project. Even though we own the dredge spoil islands here, we won't be allowed to place material from the canals into those dredge spoil islands because the Corps needs to retain the capacity. Unless there is some type of change in this new interpretive policy, we will not be able to place material in there for local projects. That is why we had to evolve the Scotch Bonnet site for Town projects. The work associated with that was included in the canal budgets. We had a heads up on that about eight months ago. That's different from the easement requirement issue related to beneficial placement of compatible material. Commissioner Fletcher asked if the material placed off the island in the Shallotte Inlet area is usable on our beach. Town Manager Hewett replied it is not acceptable for beach placement. Commissioner Fletcher asked if there are other sources of sand than our own. Town Manager Hewett responded that the Town has two sources of sand, one is the Turkey Trap sand mine we own and the other is the identified approved borrow site for the Central Reach Project. Commissioner Freer said he wouldn't describe that as ours. Town Manager Hewett said the LFI sand is there except that is not the Town's sand. Commissioner Freer said so the easement issue is trumping the least cost disposal method and we weren't privy to the change prior to yesterday. Town Manager Hewett said prior to yesterday, it was a phone call that he received last Thursday that said the sand is going to Oak Island because you don't have easements.

Commissioner Butler said he and Mayor Pro Tem Sullivan also attended the meeting yesterday. He said Mayor Pro Tem Sullivan did a great job of challenging the Corps on the issue with the easements. He said Holden Beach wasn't communicated with prior to making the decision. The Corps admittedly said they could have handled things differently. Commissioner Butler said Jim Medlin, project manager with the Corps, no longer has responsibility pertaining to the maintenance of shallow draft inlets. Brendan Dooly will be the gentleman the Town will be communicating with. That disturbs him because we will be losing our primary contact. He mentioned the fact that the Town is losing sand on the east end of the island. He also mentioned that in 2005, the east end of the island with sand bags all over it was deplorable. Commissioner Butler said over the years with the replenishment program there is a beach out there that we can be proud of. That really came about from the sand from the LFI going on the beach. He said you make decisions based on facts. It has to be less expensive to put the sand on Holden Beach than on Oak Island. He thinks the Town needs to develop a strategy that will support a plan in dealing with these kinds of issues going forward. Commissioner Butler recommended the Town consult with Clark Wright, the NC Coastal Federation and anyone else that can help. He said yesterday was a wakeup call.

Mayor Pro Tem Sullivan said the Corps admitted they didn't consult with us prior to making the decision. Based on the historical nature of dredging the LFI, that was quite a shock since we traditionally received that sand. They did it because it was based on the most efficient and least expensive cost. They admitted they just looked at a map and decided there were fewer lots on Oak Island. Mayor Pro Tem Sullivan said the Town got an apology and acknowledgement that in the future it wouldn't be done like that again, that the Town will always have a seat at the table and be notified. He agreed with Commissioner Butler, the Town needs to come up with facts. He would like Fran Way from ATM to do

an analysis that shows when you put the sand on the west end of Oak Island, rather than the east end of Holden Beach it goes back into the LFI quicker. Also, the fact that if it was cheaper in the past to drop it here, there is no reason why it wouldn't continue to be cheaper. He hopes we will go back to getting the sand every other year in the future.

Town Manager Hewett said the shallow draft inlet fund which is the state's pot of money that goes into contributions to the Corps that is matched with local money now totals about \$34 million. He wants to make sure to register that a \$15 million appropriation of that \$34 million has been made to give Dare County in order to develop a public/ private partnership with a private contractor to build a dredge to take care of the Oregon Inlet. The money that remains will go to fund the operations for the dredge. He would be very surprised if it makes it down past Wanchese. That pot of money from the state's contributing aspect will receive more pressure to fund these Corps' projects in the future. Mayor Holden stated we have an upcoming meeting with a consulting firm to offer suggestions to the Town in regards to improving our position on grants and sand, politics and helping us get more favorable relationships with the Corps and the powers to be. He said he has been a proponent of this and has failed to get the blessings of the Town. The meeting is on September 18th at 3:00 p.m. in this room. The commissioners will hear options for the Board to consider. Mayor Holden said we need to do something. We have been on a downward spiral for an extended period of time in getting our monies and other benefits despite the hard work of Assistant Town Manager Ferguson and others. We now have a committee in the Town that will help. Mayor Holden said it needs to be all of us working together. He said the rules have changed and we need to adapt. He has been to so many meetings over the last 40 years and has a fairly decent understanding of how things are done with the Corps. He said the Town needs to revamp our program or we will find ourselves left out. He is looking forward to working with the commissioners and staff trying to adapt to get something done. We are losing sand on the east end and the water way is stopping up.

Assistant Town Manager Ferguson said in sidebar conversation yesterday the Corps was pressed again on presenting to the Board on the 50-Year Project.

ADJOURNMENT

Motion by Commissioner Fletcher to adjourn at 12:19 p.m.; second by Commissioner Freer; approved by unanimous vote.

J. Alan Holden, Mayor

ATTEST:

Heather Finnell, Town Clerk