

**MINUTES OF THE SPECIAL MEETING
OF THE EMERALD ISLE BOARD OF COMMISSIONERS
EASTERN PHASE – BEACH NOURISHMENT**

TUESDAY, APRIL 23, 2002 – 9:00 A.M. – TOWN HALL Mayor Schools called the meeting to order at 9:10 A.M. Present for the meeting were Mayor Art Schools and Commissioners Pat McElraft, Dick Eckhardt, Dorothy Marks, Emily Farmer, and Floyd Messer. Staff members present were Frank Rush, Town Manager, and Carolyn Custy, Town Clerk.

Public Comments

Mayor Schools said citizens could make comments now or before any agenda item.

Mr. George McLaughlin asked about pay increases for the fire department. He used to be a reserve fireman, and if his health hadn't taken a bad turn, he probably would still be doing that. Last year they got shortchanged on their salary treatment. Some departments got bigger increases, and they are at a much greater risk when called to do whatever they are supposed to do when a fire alarm comes in. They have to be made whole. They can't have, as he sees it, have a net loss in pay. He substitute teaches in Onslow County, and he mentioned something about pay to the secretary, and she said she had gotten a raise, and when the insurance went up, she came up with less money than she had the year before. He knows the budget times are tough and the governor will probably withhold some money that he probably shouldn't and we have to make up for it with taxes somewhere, but having been in government service for a long time, the underlings have no say. They are stuck with whatever the government they work for gives them. They have to live with it whether they like it or not. He would think that in all fairness to the firemen that at the minimum they need to get the rate of inflation plus 2 to 3 percent, at least. He thinks department heads salary-wise should be treated differently, but when it comes to the underlings, everybody should be treated the same. Experience level should count. If somebody with a lower experience level or somebody in one department who is new and is getting paid more than somebody with 10 to 12 years experience, that doesn't fly. Experience should count for something, and when it comes to salary treatment, it should.

Mr. Rush began the Items For Discussion on Beach Nourishment – Eastern Phase by saying he had given the commissioners a copy of the capital budget for each phase of the project and suggested this be used as a reference as they go through each item. The budget numbers came from estimates in January with some slight modifications made in early April. There is no longer a budget for turtle monitoring because the County Beach Commission will pick up that item. About \$170,000 has been shifted out of the eastern phase construction into the overall contingency and then put the entire contingency into the western phase project.

Mr. Tim Kana said as he understands it, the purpose of the meeting is to discuss the upcoming phase 2 of the project and the critical decisions that have to be made, and to review what they have learned from phase 1, which is wrapping up right now. Dr. Kana indicated Tom White would give an overview of phase 1, what was accomplished and discuss briefly the

construction alternatives that exist.

Dr. Kana said we are talking about a Million dollars worth of work that has to be accomplished in a pretty narrow window, so it's going to take a lot of co-ordination and planning just as they did in phase 1 and hopefully at the end of the day they would be able to take the lessons from phase 1 and apply them to phase 2 and do a more efficient job, get more sand, do it with less environmental impact to the turtles. These are the critical issues. The commissioners' charge to them is to develop the final plan for phase 2. They need to get moving on that ASAP.

Dr. Kana turned it over to Mr. Tom White. Mr. White said there are a few key statistics to let them know what happened and what is possible during the winter timetable. We plan from the start that they'll have a total of 5 months plus some time for localization and tilling of the sand on the beach outside of the actual dredging window. The project volume is 1.7 million cubic yards, and it turns out that is similar to the volume that Emerald Isle is planning.

Mr. White said they would expect in the future that they would know more about the tire situations. They would plan on what to do about it and would expect not to have the tire delays they had with Pine Knoll Shores and Indian Beach. There are three general areas of lessons learned in how to manage the project specific to this island: tires, turtles, and bidding documents (how to organize the bidding process). There are several issues in the bid process that if they are done differently and tighten up what different bidders expect, we would expect to get better prices.

Commissioner Farmer asked about how many lineal feet would be done in the eastern part of Emerald Isle and how does that compare? Mr. White answered 23,000 lineal feet. This equals 1,738,945 cubic yards which is almost identical to what was accomplished in Pine Knoll Shores and Indian Beach.

Mr. White said the progress tended to be pretty much governed by the volume. The length of the beach has more effect on how much pipe volume you can get and which dredges are used.

Mr. Bill Foreman went over the different dredges and their significances. The first one was the Cutterhead Dredge. This is a barge like dredge that the head moves back and forth, cuts left to right into a bank of sediment and moves off and cuts left to right. It takes a big wide swat over the bottom as opposed to a Hopper Dredge, which is like a big vacuum. It sucks the sediment off the bottom as it drags along. This dredge cuts very shallow where with the Cutterhead Dredge you would cut a swat 200 to 300 feet wide.

The Hopper Dredge has advantages in that it makes shallow cuts. The weather tolerance of the Hopper Dredge is they have worked in 5 to 6 foot waves. If the waves are bigger than that, they go out into the ocean and anchor down.

The Cutterhead Dredge tolerates 5 to 6 foot waves, but when the waves get bigger than

that, it has to shut down, disconnect from the pipeline and tows it to the port.

Dr. Kana said, the quality source, what goes on the beach, with the Hopper Dredge, is much better because the dredge process actually eliminates and filters out fines. In the water area you may have 5% fines but what goes on the beach is 1% and is much better. With the Cutterhead Dredge, everything in the borrow area comes to the beach. The dredge sorting is very similar to that of nature. Clay that has been run into in borrow areas A & B is of a very soupy consistency and will break up and filter out. This is good news because it means it will wash with the surf. What you do not absolutely want to get into is a deposit that is thick. A few were found off-shore and can be avoided. For this particular project, almost no clay rollers were seen.

Commissioner Eckhardt followed up on between the two types of dredging – he stated Dr. Kana said is there is an ability to control quality, having a two-stage operation? Dr. Kana said not exactly and the reason for that one advantage of the Cutterhead it takes a whole section and the Cutterhead just takes the sediments. If you have good borings and the Cutterhead takes that section out, basically what you saw in the borings is what will be on the beach.

With the Hopper Dredge, it takes thin layers through this patch, it takes 6 inches out and then runs into a shell bank, you will be getting a shelly section. The more control is to have more variation from hopper and hopper.

There is no such thing as saying all we want is .2mm sand. You don't want all sand grains the same size because it will create a profile that is more freshwater uniform than what the natural profile is.

Mr. White, in answer to a question by Commissioner Marks regarding the depth of the cuts, said on the Hopper Dredge you can only go three to four feet deep. On the Cutter, you usually cut 6 foot deep. He can dig as deep as he wants if the pumping distance is reasonable.

Commissioner Farmer said basically we are talking about is the difference between 3 to 4 feet and 6 feet. Then there is a 100 to 200 foot wide swat Vs. a swat from the Hopper Dredge.

Commissioner McElraft asked how does it affect the turtle taking with the Cutterhead Dredge? It has been mentioned it is a lot safer for the turtles. The Hoppers basically suck turtles in and the Cutterheads make a lot of noise and make a lot of activity on the bottom that keeps the turtles away.

Mr. Rush asked about a project in New Jersey and asked if they were using Hopper or Cutterhead Dredges. Dr. Kana answered that he thinks both were used but mostly Hoppers.

Commissioner Farmer said her understanding is the New Jersey project was valid up to about Norfolk and their habitat is so totally different. Mr. Rush said he was only asking to try to get a better idea of how quickly things recolonize whether it is a Hopper Dredge or Pipeline

Dredge.

Dr. Kana indicated the South Carolina studies revealed quicker recovery with Hopper Dredges. With the Cutterhead Dredges, it is hardly variable, because as it turns out some of the projects were tidal shoals which recreated very rapidly, the hole was filled very rapidly. The borrow areas were filled pretty quickly so the rate of recovery was moderately rapid.

Typically it was 1 to 2 years before full recovery in the South Carolina studies that were reviewed. In Myrtle Beach it was around 1 year before recovery with the Hopper Dredge.

Mayor Schools asked what the main advantages would be to going with a pipeline dredge as opposed to a Cutterhead? Dr. Kana said the main advantage would be turtles. The chance of taking turtles with Cutterheads reduces down to near zero.

Commissioner Messer asked if the permits the town has now are for shallow cuts and if the town decides to go with the Cutterheads, permits will have to be modified. Dr. Kana answered, "Yes". Commissioner Messer asked if any problems are foreseen for modification of the permits for Cutterheads? Mr. White said from experience of the problems already had, he could not answer that.

Mayor Schools asked about the cost of doing one Vs. the other. Mr. White said the Hopper Dredge would do 5 to 6 loads a day, 2,500 cubic yards for a total of 15,000 cubic yards a day and 20,000 on a very good day. That is one Hopper Dredge. A Cutterhead Dredge would probably double or triple that because he could do more in a day and do it quicker. You have to look at the weather. You have less of a weather tolerance with the Cutterhead, especially if you have heavy weather where he has to pick it all up and head to port. The Hopper dredge can stay out. It has been on the edge of balancing the economic equation of the Cutterhead Vs. Hopper and all decided it was too shallow for the Cutterhead to be economical since the dredge depth was limited in Pine Knoll Shores.

Dr. Kana gave some figures to give Commissioners an idea. A Cutterhead was used at a beach, which involved 150,000 yards and pumping 5 working days. The pumping distance was 2 miles. It was basically the same type of material that was put at Pine Knoll Shores and Indian Beach, a mixture of sand and shells and stood up very well. Within 6 days, they were in and out. At another beach, Seabrook, the project involved 650,000 cubic yards, the borrow area was on the landward margin of the off-shore shoals, fairly shallow water, very deep cuts, pumping distance of 1 mile and it was finer than what was put at Edisville, and Indian Beach and it took 22 days. Another site, a borrow area was 2 miles off shore, much more exposed, pumped 750,000 yards in 45 day period. The down time was over a week. This one was not a problem.

Commissioner Farmer asked about the distance from the borrow area to where they are putting it on the beach. It sounds to her that the beach and the borrow area is not a problem. Dr. Kana said the borrow area A for the very east of Emerald Isle is. Commissioner Farmer said,

when you get into the western, the Cutterhead will work for the inlet, but what about deeper cuts? The answer was they can manage, they will have a longer line. Commissioner Farmer said she is obviously hoping that they are going to be doing Bogue Inlet project for the west end but if the permit is changed for a Cutterhead and then for some reason find we cannot do the west end from the Inlet, she guesses we will go back to permitting.

Mr. White said there is more than enough area permitted to do the project especially if they are allowed to dig another 2 feet deeper. There is more than enough material, it is the question if it is the same quality. More borings will be done to obtain the best quality sand obtainable from both borrow areas. The "B" borrow areas were found to be better material and closer to shore. The one closer to shore is very problematic when it comes to tires. "B-2" is overall about 4 feet deeper than "B-1". The best sands are on the inner lanes and when you get into deeper water, you get into more clay.

A gentleman in the audience remarked he has been looking at the ocean bottom since 1960. The tires were dumped into a layer of clay and a layer of shell. The bands broke on them and the tires started migrating toward the beach. The consistence of the bottom is like concrete, to never ending layer of sand, clay and mud. There is nothing that can tell you where to go from here to there and what you are going to find. He said the shrimp boats and tugboats run aground in the waterway and asked why cannot it be opened up? He felt it would probably help the people on the beach.

Mr. White said that with the Hopper operation, in terms of turbidity level, a 5% bloom turns into a 1% by the time it gets to the beach. With Cutterhead operations you could expect turbidity levels, mud and then surfs on the beach. Counts 4, 5 or 6 times higher. That is very temporary. A lot of studies and measurements have been done and it has been concluded that everything is highly variable.

Commissioner Marks commented on shell content at Pine Knoll Shores and Indian Beach. She said on her visit, she could not walk on the beach in bare feet at the Iron Steamer Fishing Pier location and asked what could be done to limit the shell content. She does not feel that children could build sand castles in what was put on the beach there. She said the beach in that area has gotten worse because of the shell content. She did not think tourist would come back with that type of stuff on our beach. Dr. Kana said he could not agree more. That area is the most irregular area of the project and it is unfortunate it is a very public place. He said, from experience, is that if you have 15 to 20% shell material in the deposit, it will show up someplace. He also said that over time 80% of the material, proper sand, which is .3mm and .4mm, will dominate the whole beach. The courser material will end up settling down in topographical row areas.

Dr. Kana said he does not think there is enough shell to just have a pavement of shell across the beach from the berm. You will have some concentrations but some of that just cannot be avoided.

Commissioner Farmer said her problem is the beach on Bogue Banks just does not look like this. She asked how do we prevent this happening here? She does understand that there will be some sections that these shells will come up but she wants these limited as much as possible. For the tourism, this is terrible.

Dr. Kana said that 80% of the material is good, 15% is course shell and 5% is what is going to wash out. These deposits will be exposed from time to time. It looks better after the

tilling. Commissioner Marks remarked that when she saw it, it was after the tilling had taken place she thought.

Commissioner McElraft asked about the shell content with the Cutterhead? Mr. White said you would have the same. One of the drawbacks from beach nourishment is it takes time for the nourishment to adjust itself.

Commissioner Farmer said one of the things that was done in Florida to address the issue, was they have actually written a State regulation, which defines what is compatible. One of the people who helped write that regulation, is a turtle expert at the University of Florida, came to Bogue Banks to look at the Pine Knoll Shores project and he said the stuff would not be allowed on the beach in Florida. Their beaches are courser grain than what is here if she remembers correctly from a kid. The hard shell content was his concern, not the grain size. His concern was that it was mostly shell and not sand. The issue is what can be done at Emerald Isle so we don't get that.

Dr. Kana said to deal with that, they could be sorted out after the deposit.

The shells are laid down by a high energy deposit and sand is laid on top of them.

Commissioner Farmer said when you hit one of these, not to keep putting them down. It took 2 miles at Pine Knoll Shores and Indian Beach... She said if you are using a Hopper and you get one load of it, OK, but move on to another place. Their project looks better the farther west you go. Either an adjustment was made or a different part of the borrow area was hit.

Dr. Kana said 19 borings have been made and that works out to 1 boring for each 19 acres. Commissioner Farmer said when you get into one of those really shelly areas, to stop and move so that there is no continuation of the same material. Dr. Kana said the main reason you cannot have good quality control on deposits, is that at some point in prehistoric time, when the inlet went through there and there was a delta off-shore and the delta was kind of spread out and the shells have spread out in layers, it could have left the courser material that we like on the beach and the very fine material was spread out in a natural delta of small areas of concentration of shells. If you get on top of this type of delta fine, you can see it, but generally this does not go on for acres and acres. They are very isolated.

Commissioner Farmer said nature must control it some because she has never seen areas on Bogue Banks look like that.

Mr. White said they would talk to the people doing the work and see if there is anything that they can do. He said the borings would have an impact on the price because anytime you take away the flexibility, and their objective is to put together a contract is giving the contractor as much flexibility as you can to allow him to operate in a different position but also accomplish what they are trying to do. The flexibility taken away will have some impact on the price.

Commissioner Farmer said a course beach is not desired but on the other hand if the beach is not courser everything will be lost so what's the point. The town doesn't want to spend any more money than it has to.

Commissioner Eckhardt commented that something was done within the time span, Phase 1 that improved the sand from east to west and that is what this board is looking for, whatever that was. If that is being able to have some quality control or change borrow areas, that is what is being desired to get a better quality of sand.

He asked if Dr. Kana is looking for a decision on whether to use a Cutterhead or Hopper dredge or was he going to go ahead with the permitting agencies to modify the permit? Dr. Kana

said a decision is needed on what the board is willing to allow. If the possibility of using the Cutterhead is desired, then they will have to go back to the permitting agencies for modification of the permit.

Commissioner McElraft felt there was no need to give the dredgers an option. They could start with a Cutterhead and then change to a Hopper and take more turtles if an option is available. She said she thinks if we get the permits, we should say "We want the cutterhead used. We want the cheaper method". Dr. Kana asked Commissioner McElraft which she wanted. Did she want the cheaper method or to specify what she wanted? One dredger wanted to bid this project if a little deeper cut could be had. He wanted to dredge one borrow area with a Hopper, dump it in the closed end areas and then use the Cutterhead to bring it all in.

Even before that it has to be determined if it is feasible as far as the permit can be modified, and not only the biological but the refraction can be done. Mr. Rush said that decision needs to be made very shortly because the window is getting smaller and smaller.

Dr. Kana suggested having the dredgers who bid on the project explain how they would do the project. Bids for Hoppers and Cutterheads could be accepted.

Commissioner Farmer was concerned about what could be done about the turtles if the board went with a Hopper? Dr. Kana said turtles came when the temperature went up. Around Christmas there are no turtles to speak of.

The permit modification was discussed further. Dr. Kana clarified that the modification would allow for a deeper cut. He suggested using either. Commissioner Farmer stated it is not clear that the environmental impacts are worse one way or the other.

Commissioner Marks asked if the Hopper dredge includes a turtle trawler and was told that was added later. Mr. Rush said the budget for a turtle trawler has already been established.

Mr. White said they have concluded that there are things that can be done in controlling and tightened up the turtle operation. There is the possibility of a "take". The bottom line is once the temperature gets up, you should expect a possible "take". Based on his trip on the dredge, Mayor Schools felt the turtle trawler was a waste of money. Turtle trawling is like looking for a needle in a haystack.

Gregory Rudolph asked, how long could the Cutterhead go before it needs a booster and how would the Cutterhead affect the boring plan? Dr. Kana said it depends on which dredge comes in because some are more powerful than others. The majority dredges that are certified to work in the ocean would want to have a booster after about 5,000 feet of line pumping for this particular type of material. Dr. Kana said they would try to set up the borrow area so that it is not shorter than 5 miles because then it gets very inefficient.

The borings will cover 6 feet depths, which is a minimal operation. Mr. White interjected that what they want is to be allowed to go to 8 feet to get the most efficiency.

Commissioner Farmer said. "And they are sure this is not going to affect wave action"? It seems that the beach would try to pull by filling in that area.

Mr. White said he would go back and pull out the spread sheets on that. Several different scenarios were run and he is not remembering all of the numbers but he recalls having run a scenario for deeper cuts than a Cutterhead would need and you could not measure a difference in the wave. He is pretty sure there was an immeasurable difference but he will look at it again.

Mr. White said if the Cutterhead is used, you should expect tire pieces on the beach and they have to decide what to do about that. It cuts them up into chunks and throws them out on

the beach. The Cutterheads can probably handle the tires but if they run into a tractor tire they are concerned about damage.

Commissioner McElraft asked if Marine Fisheries has taken any responsibility for any of those tires that are out there? The answer was “no”.

Commissioner Marks asked if there was any specific spot where those tires are? Mr. White said some research has been done on that and the archeologist who did the cultural resource work for the first phase, has gone out to some of the people who makes the equipment, and he believes they have a system they can use. This piece of equipment is sort of like a metal detector but it looks for non-metallic mines. It would be a two-step process. First they would have to get the equipment, and develop a signature of what the tires would like to make it work.

Commissioner Farmer asked if these tires are moving around? They come up during storms but mostly they sit there in the sand.

Dr. Kana said, In doing the contract, the assumption of how many tires are expected to be taken, i.e. 1500, would be included in the contract. That way, it would be up front and there is no opportunity for a claim. He also said that one other thing that will be explored is talking with the military about their equipment and see if they want to do an exercise out there.

Even if a search is done for the tires and you have one in one place and another 5 yards away, then what do you do? They are scattered around. Unless they were all concentrated in one place, it is pretty hard to avoid them.

Commissioner Marks asked about the count on the tires that landed on the beach last time and neither Mr. Rush nor Mrs. Overman remembered if a count was done.

Commissioner Eckhardt said he guesses the bottom line is for Dr. Kana to go ahead and take a look at that.

Commissioner Farmer remarked even though the town is looking for a permit modification to go deeper, it is not saying we are not using a Hopper dredge at this point or are they? Dr. Kana said the issue that will come up where the agencies will say “Wait a minute. You are just asking for deeper cuts. Does that mean that you are going to use the Hoppers?” We are not promising that. Then they will say, “Wait a minute. You want a change in your permit and you are not going to promise you are going to use technology to keep the turtles alive”.

Commissioner McElraft said she thinks that if the town asks for a deeper cut it has to specify that if it uses a deeper cut it will go with the Cutter. If it does not and decides to go with the Hopper, it will go with the old permit. Dr. Kana said the agencies would respond scientifically. He would think the argument is his firm does not see any problem, 4 feet or 6 feet, what difference does it make. He thinks better bid prices can be obtained if it goes to 6 feet, once the issue is settled.

Commissioner Farmer remarked she has no problem having them know that we are trying to decide which is the best way to go, Hopper or Cutterhead, and the board would like the option of choosing whichever. She wants to make sure that by asking for a deeper cut, they could finish off to a Cutterhead and she is not sure she has a problem with that. The whole thing is a trade off.

Commissioner McElraft interjected she thinks the board should let them know right away, that if it is allowed to go to deeper cuts, it would go with a Cutter but if it has to go with a

Hopper, it will go back to the original permit. This way the options are kept open and the permitting agencies are given the opportunity to say “yes”, environmentally this is a better thing to do so we will give you the 6-foot.

Dr. Kana told the board that additional borings are scheduled for this current week and the following week. The further west you go the thinner the sediments are and they do not want to run into hard bottom.

Mr. Rush asked what the absolute last date for permitting modifications? Mr. Kana said the earlier you get it back the better. That way certain dredges will not be committed to other projects. Mr. Rush said we need the permit modifications in hand by July.

Mr. Rush said he had a very encouraging conversation regarding the permitting the other day with the Corps. Mr. Kana said the Corps is one of the more reasonable agencies. The problem is they are stuck with what some of the other agencies are telling them. Basically, the Fish and Wildlife could say “Sorry Corps. You are out of business on the southeastern section and the Corps is shut down”. Dr. Kana said his point is that once some limit like that is reached, the Corps really has no option.

The board agreed that Dr. Kana should go back and apply for the permit modification for deeper cuts.

In reference to the turtles and the warm water, Dr. Kana said the dredging has to be done between December 1st and April 1st. This is the window available right now. He also said they cannot mobilize on the beach but they can put the equipment in the water. You could use whatever equipment to do the last phase. It may very well be, if this were done with no permit modification, they would still come in with Cutterheads.

Mr. Rush said he guesses the plan is to begin mobilization on the beach November 16 and start as soon as possible. Commissioner Farmer said it takes about two weeks to go through mobilization before they can start pumping. You are not that far away from December 1st when they start pumping. She is really uncomfortable having any delays. Dr. Kana, said you would want to be good neighbors and the earlier you start the earlier you finish.

Mr. Rush said the important thing is to get in and out as soon as possible to avoid turtle taking as much as possible.

Tapering of the project was discussed and it was noted that there would be a need to put about 2600 feet of nourishment on Indian Beach and taper down on Emerald Isle. The sand would be brought ashore in Emerald Isle and would work towards the east until it met what was done in Indian Beach.

Mayor Schools remarked we shouldn't finish Indian Beach until we finish Emerald Isle. His question is would you have to start in Indian Beach to get that slope? Mr. White said within that reach, Indian Beach is about 2600 feet short and you would have to tie into their taper to get

the right slope.

Dr. Kana said you cannot just abruptly stop it. If you did, the question would be where do you taper it. The tapering can be done by starting on Emerald Isle but that would mean the eastern end would not get much sand.

Dr. Kana recommended starting with 1600 feet in Indian Beach and finish it up and work your way westward and if there were was time left over you could go back and finish the 2600 feet at Indian Beach.

Dr. Kana said they are required to do the environmental biological monitoring as part of the post monitoring follow-ups and they work with National Marine Fisheries and Fish and Wildlife. They are committed to do 5 samplings on Pine Knoll Shores and Indian Beach. The samplings will take place in June and November of each year. The June sampling just came out about a month ago. That included sampling of organisms in the borrow area and over 100,000 organisms were collected, sorted and counted. The November sampling report has not arrived yet. This coming June will be the first post sampling in Pine Knoll Shores. There will be a sampling in November, which will be paid for by Indian Beach and then another one in June 2003 and paid for by Pine Knoll Shores.

Dr. Kana commented that when negotiating with the agencies, it was said in the event Emerald Isle decided to do a project, they recommended that Emerald Isle absorb the cost of environmental monitoring that goes on after that.

Gregory Rudolph asked in terms of environmental monitoring, if we changed to a Cutterhead dredge and we do phase III, how would that affect everything. Commissioner Farmer said it is also an issue of improvement and the bigger the nourishment program the bigger the issue of regeneration. The answer to this was inaudible.

Mr. Rush said he would try to sit down with some people and review what would be done in the biological monitoring program. His only concern is that he wants to do as much as we can if it is in our budget that we have outlined that includes \$250,000 for environmental monitoring.

Mr. Rush said the County is paying for Atlantic Beach surveys and he would like for them to keep doing this.

Bulldozing of the beach was discussed briefly. It was suggested that the Town pass a Resolution or ordinance prohibiting this action, especially after nourishment.

After a short lunch the meeting resumed at 1:30 P.M.

Mayor Schools noted that one of the Police Officers, Ronald Schirmer, bought a raffle ticket from the library and won the prize, which was a painting. He then donated the painting

back to the Library.

Mr. Rush spoke of the situation at the Pointe and it is in very bad shape in the area where the cul-de-sac used to be. Mr. Rush has received a quote of \$25,000 to place more sandbags.

Mr. Taylor explained that additional sandbags need to be placed in the area mentioned above. The people whose properties are involved do qualify for sandbags. The sand bags the town has placed is now out of conformance because the water has washed behind the bags and they have slipped off each other. Those will have to be removed. It will take about 100 bags for the repair. The price tag for this process is around \$25,000 and the contractor is asking for half of that amount up front before he starts. The sand will be obtained from the channel. CAMA writes all the permits for this action.

The board agreed unanimously for Mr. Rush to proceed with taking the current bags out and replace any bags that need to be.

Mr. Rush said the money to pay for this would have to come from the beach nourishment fund and there is approximately \$270,000 in that account at present. The town really doesn't have a choice!

Fiscal Year 2002-2003 Budget Update – Mr. Rush gave a summary of the Fiscal Year 2002-2003 Budget and where it stands at this time. Additional work is to be done on it and additional cuts will be made. A final draft will be available for the board on May 14th.

Mr. Rush said his projection on this summary is a tax rate of \$0.18, which is ½ cent, increase but there still be a deficit of \$179,000 to balance.

Commissioner Eckhardt asked if Emerald Isle might do what Pine Knoll Shores is doing? They are asking people to contribute towards helping the town with their budget. He is not so sure they are not in worse shape than Emerald Isle. It seems like a good idea. Mr. Rush said he would be interested in suggestions from anyone. There will be workshops and the formal hearing on the budget in June and comments could be taken at either.

For the Revenue side, the bottom line is there is \$184,000 less in total revenues than was budgeted for the current fiscal year. A variety of reasons contributing to that are State reimbursements. The Intangible Tax will not be coming to the town as the Governor has held those funds. Another is a significant decrease in Utility Franchise Tax, which has been adjusted, and we have \$115,625. If the Governor does not withheld those funds this year, there would probably been around \$200,000 for the current year. Next year the town is counting on a full years worth of Utility Franchise Tax Revenues to come from the Governor next year. This is a bit of a gamble because at this point in time no one really knows what the Governor is going to do. This Franchise Tax is the only one the town has a good chance of holding on to next year. There will be a fight if this tax is not received next year and it may not be.

A more conservative approach was taken on reimbursements next year but in this projection we have not counted on the less significant revenue sources at this time. They were supposed to go away next year anyway. Mr. Rush feels that reimbursements are probably gone for good.

The Room Occupancy Tax amounted to \$95,000 this year, but will receive \$0 for next years General Fund. In next year's budget fund however, the town will receive \$540,000 in the beach nourishment project since the Room Occupancy has been earmarked for beach nourishment.

Commissioner Eckhardt asked Mr. Rush to detail the exposure directly related to the State's cut-backs. Mr. Rush answered that in terms of next years budget it is roughly \$100,000. It would be about \$300,000 if the Franchise Tax is not budgeted but the total of Beer and Wine Tax and other reimbursable totals about \$100,000. For the larger cities in North Carolina, it is even larger than that. Everyone has to stand together on the sales tax.

Commissioner Farmer asked if the Sales Tax includes the Sales Tax from the new tax system. Mr. Rush said, "Yes". The Sales Tax in the budget for this year was \$837,000. Next year we have projected \$825,000. Sales tax is way off this year, in fact it was way off last year.

On the Revenues, \$31,000 has been programmed into next years budget from Lease/Purchase proceeds. In the current year actually \$215,000 was budgeted for purchase of vehicles. Next year, there is not much budgeted for vehicles. The \$31,000 budgeted is actually some of the proceeds left over from the current year that will be pumped back into the cost of a new police car next year.

\$319,000 of the Fund Balance was appropriated to balance the 2001-2002 budget In February 2002, the budget was amended and the Fund Balance appropriation was cut to \$235,000. This is a high number and Mr. Rush is not comfortable with it. \$100,000 has been plugged in for next year. This is felt to be a reasonable figure. Really he would like to see \$0.

Mr. Rush said that on the expenditure side, the expenditure increase/decrease overall is 2.1% over the current year and some of that is actually anticipating grant funding for walkways and the planning grant application applied for a couple of weeks ago. \$15,000 has been included for some contracting planning engineering. Another big impact on the expenditure side is EMS. We have provided \$100,000 for ½ year this year and \$177,650 has been factored in for next year. That number is \$20,000 less than they had requested and the rationale for this is they were requesting \$197,000 and \$10,000 of that was contingency. There is probably about \$10,000 outside revenues that will be coming to EMS from other sources. Otherwise, there is not much in additional expenditures.

Salary increases proposed are very moderate, around 2% but the CPI this past 12 months was 1.5%. No lay-offs have been factored in at this time and it is desired to avoid this. One position, not filled, in Public Works has been eliminated. One Police Car will be replaced next

year.

The only department, at this point, that would have salary increases greater than the 2% is the Fire Department. More has been factored into their salaries because the Police Department got more last year and we need to bring the Fire Department into line.

Mr. Rush said he was going to ask the departments to go back and reduce their budgets another 2%. About \$40,000 is additional health insurance premiums for next year and that is with decreases in our coverage. The town has the best coverage right now but is looking to falling back to the second best coverage because of the price of premiums. Other coverage, i.e. Blue Cross / Blue Shield is being looked at as possible coverage for next year.

Modest increases have been factored in for employees, there are approximately 15 employees and one or two Commissioners who have dependants on the health insurance coverage and those premiums are going up on family care somewhere around an extra \$100.00 per month for family care. For those who have spouse coverage only or just children only is anywhere from \$50.00 to \$100.00 per month extra. We have a hand full of employees who are going to get a raise but their health insurance premium is going to take away their whole raise and then some. They will actually bring home less money than they did this current year. For those who are line workers, it is not a positive thing. There is no better solution at this time.

The tax rate suggested, at present, is \$.18 and some homework has to be done to come up with another \$180,000 budget cuts. An increase in solid waste fees is being considered to go from \$120.00 to \$130.00 per year. Some other fee increases have been recommended in Parks and Recreation. Everyone will have a tax increase next year with the beach nourishment increases.

Commissioner Farmer asked if the \$.03 and \$.48 would be added to the base rate of \$.18? Mr. Rush said the General Fund would be listed as \$.18 and beach nourishment would be listed as \$.48, etc. down the line.

Commissioner McElraft asked about the solid waste fee. She asked if the \$10 increase would erase the \$67,000 deficit totally? Mr. Rush replied the amount she is looking at is the amount of increase projected for next years budget compared to the current budget. Two salaries from public works have been shifted into this line item and it is really not that substantial. The rationale used for the \$10 increase comes from salaries for the personnel who perform duties related to solid waste.

Commissioner Eckhardt questioned \$15,000 consulting services fees. Mr. Rush said he has received a proposal from a consulting provider to provide consulting services for the major projects and to attend the Planning Board and Town Board meetings for a maximum of \$1,000 per month. Mr. Rush plugged in an additional \$3,000 to have extra so that he could use that if he had to call on someone for extra assistance.

Breaking everything out on the tax bills was discussed. Ms. Overman, Finance Officer and Assistant Town Manager, replied you could not put but so many items on a tax bill. They are not that big and you could not wrap information around a card. She clarified that we had \$.145 and then added another \$.02 for Storm water, which brought the tax amount up to \$.165, and then another penny was added for beach renourishment. You don't see the \$.02 broken out on the tax bill because it is part of the \$.165.

Mr. Rush said the Primary and Secondary Benefit Districts for beach nourishment should be broken out since it is an established tax this year and is not part of the General Fund.

Mr. Rush commended the Department Heads for bringing their requests in with minimal increases and in some cases decreases. They worked hard to do this and he thanked them.

Commissioner Eckhardt asked if any hiring freezes have been put in place? Mr. Rush said since last November, we have only had one position that was not filled. We have hired one person in public works but that was to fill a position left vacant by that person.

Mr. Rush said in this plan no layoffs have been contemplated. He hopes we do not reach that point.

Commissioner McElraft asked about the contract with Waste Industries. They have requested the CPI increase. Mr. Rush replied they would receive a 1.5% increase if the term of the contract is not extended. The present contract term expires in 2005. They have offered the town a .75% increase with a one-year extension to expire in the year 2006. Commissioner McElraft suggested leaving it as long as we can extend it because she has a feeling that their fees would jump more than the CPI. She wants to keep it intact so that they will not get more than the CPI increase. With new regulations, she has been hearing they may want to increase.

An approximate amount of \$5,000 would be saved by extending the contract and suggest that it be extended for a year.

Commissioner McElraft asked about the phone system and was informed by Ms. Overman that Sprint is suppose to get back with her before April 30th.

Commissioner Eckhardt asked, in reference to Sales Tax, how much of that is based on the increase in Ad Valorum Tax. Mr. Rush answered about \$100,000. That will come in August 15, 2003 but it would be credited to our 2002-2003 budget.

Commissioner Messer asked about how much was spent in Hurricanes Fran and Bertha. Ms. Overman answered the amount was about \$526,000 in a matter of about 4 months. Then you have to wait 6 months to get your money back. We are still waiting on some of the

reimbursements now.

Commissioner McElraft asked about where the money would be on the nourishment bonds? Mr. Rush answered that those tax revenues would be in a separate fund for nothing but those debt service payments and the interest earned on that money would stay in that fund.

Mayor Schools asked if the fund balance should be \$100,000 higher than it was last June 30th?

Mr. Rush answered not really because we will turn around and roll it over for next year. It shows up on the Balance Sheet as being earmarked for next years budget. Right now there is about \$1.4 million in the fund balance and this is what he would expect to be there on June 30th. The fund balance is OK at this time.

Mr. Rush said in looking at the Balance Sheet, there is a line item there that is Fund Balance designated for subsequent years expenditures and it would be \$235,000 but shows \$319,000 right now. That is money that would have been undesignated Fund Balance and the Fund Balance really would have been \$1.6 million but because we used that it is now about \$1.3.

Mr. Rush said this is it in a nutshell. It will be refined in the next couple of weeks. It is the board's budget and they are the ones who will be held accountable to the public. He said the new pumper ladder fire truck will have to be delayed for at least another year. He would like to replace it as scheduled but has decided to delay it another year because it would be difficult to purchase it next year.

Mr. Rush said good news is that all debt service is short term and not further than 2005, except the bonds for beach nourishment. All debts have been refinanced as approved by the board a few weeks ago. He said, "We are in great shape."

Mr. Rush reminded the board that June 11 is Town Hall Day. It is important that they attend, much more so this year. It will be a long day because of the board meeting that night but it is really worth it.

CAPITAL PROJECT BUDGET ORDINANCE - COAST GUARD ROAD STORM WATER PROJECT

Mr. Rush presented a Capital Project Budget Ordinance for Beach Nourishment – Eastern Phase. Copy attached to these Minutes.

Commissioner Farmer made a motion to approve the Capital Project Budget Ordinance for Beach Nourishment – Eastern Phase, The Capital Project Budget Ordinance

Beach Nourishment Project Monitoring – Eastern & Western Phases and The Capital Project Budget Ordinance Beach nourishment – Western Phase. The board voted unanimously, with a vote of 5-0.

CAMA GRANT FOR PLANNING Mr. Rush said the Board had talked previously about applying for a CAMA Planning Grant next year to update the Town’s CAMA Land Use Plan. He met with CAMA planners last week and learned that there are three types of land use plan grants that can be applied for. They are a Workbook Plan, which is a very simple plan, a Core Plan, and an Advanced Core Plan. The Advanced Core Plan is the most thorough in detail. Mr. Rush recommended that the town apply for an Advanced Core Plan and suggested that the Board’s motion include the following language: “That the Board is authorizing a CAMA Grant Application for an Advanced Core Plan”.

The cost of the plan has not been fully determined yet. Mr. Rush has talked with a planning consultant in Wilmington, Mr. Bill Farris, who had a lot of involvement in the revised CAMA land use planning guidelines. He is a very well respected individual and Mr. Rush thinks he will do a great job. Mr. Farris has agreed to help the Town prepare the grant application. The Town’s maximum local match will be approximately \$20,000 and could be spread out over the next two years. Mr. Rush said he does not have the numbers but it should not be more than \$50,000 total and the town’s match should not be more than \$20,000 over a two-year period.

Commissioner Farmer made a motion to authorize the Town Manager to apply for a CAMA Planning Grant to allow the Town to prepare an Advanced Core Land Use Plan.

Commissioner McElraft asked if Mr. Farris was going provide free help on the grant application? Mr. Rush confirmed there would be no fee for the application.

The Board’s vote was unanimous, with a vote of 5-0.

PLANNING BOARD APPOINTMENTS

Some of the Planning Board member’s terms have expired and those have asked to be reappointed.

Commissioner Farmer made a motion to reappoint Anne Erickson, Ed Dowling and Frank Erwin to the Planning Board. The board’s vote was unanimous, with a vote of 5-0.

REVIEW OF BOGUE INLET / WESTERN NOURISHMENT CONSULTING FIRMS

Mr. Rush suggested the Board rank the 5 proposals received. This will just give the Board a place to start for interviews. He suggested not discussing them at this time. Mr. Rush also informed the Board he had contacted the Corps about getting together the initial scoping

meeting on the Bogue Inlet Project and Mickey Sugg is working on this to be held sometime in May. He will get all the agencies together and get the process started.

Commissioner Farmer suggested inviting Hammocks Beach, Onslow County and everybody and getting them involved also.

Commissioner McElraft asked if she “could talk trash”. She said everyone on her street has complied with their 3-sided racks and 4-sided racks. In reference to the 3-sided racks, after the recycles are emptied, they (the collection men) are throwing it on the ground. If someone comes around issuing tickets, that person would get ticketed, yet it wasn’t their fault because the Waste Industries people did not put it back in.

Mr. Rush said Waste industries has been talked to about that and he has been assured they are doing the best they can to get those things back into the racks and the town is going to monitor that closely. They are supposed to be putting it back in the rack. No one will be written a ticket for something Waste Industries has done. Mr. Rush said he would get with Mr. Keith Stroud again about this issue. He also said that one of the things they have been doing is laying the container sideways on the ground. If it is a 30-gallon container, they are putting it back into the rack upside down. This way they know when they have to stop. Mr. Rush has seen a lot of new racks in his neighborhood and it looks like people are making an effort to comply.

Commissioner Marks related to a resident who has a lot of yard waste down on 10th street and one of the employees stayed on the phone approximately 20 minutes trying to explain to that party. She does not see how administration employees cope with things like this. Mr. Rush said he would put the issue of yard waste on his list to take a hard look at. He really does not see why that cannot be done in-house.

Those submitting proposals were Applied Technology and Management, Coastal Science and Engineering, Coastal Planning and Engineering, Woods Hole Group and Ecoscience / Moffat & Nichol. After the ranking of the firms came from the Board a tally was taken, Coastal Science and Engineering and Coastal Planning and Engineering were chosen for interviews. All presented good proposals but it was felt that these two had the best qualifications.

Mayor Schools said a list questions should be compiled to ask at interviews so they will be asked the same ones.

Mr. Rush suggested providing some time, approximately 45 minutes, for the two firms to make presentations to the Board and then ask the questions after that.

Commissioner Farmer said she would like to know if there may be another way to do the project that would possibly relax the environmental impact but she does not know if there is. She would also like to talk about the EA versus the EIS. She indicated that Mr. Rush had said something about the Corps told him that the town would not necessarily be required to do an EIS mainly because if we go through the process of an EA, then the agencies are turning around and

saying you need to do a EIS, we have wasted time. There is enough concern about dredging inlets to think we can get away with an EA is kind of a bluff.

Mr. Rush suggested this be put as a question to each firm about what is involved and see what they have to say about it.

Commissioner Farmer said her understanding is that the EA sets the stage for the EIS so you are not duplicating work but it's the icon that you have when you are getting all of the comments, which you are duplicating, and we don't need that.

The interviews will be set up for Monday, April 29, 2002 beginning at 9:00 A.M.

There being no more discussion, ***Commissioner McElraft made a motion to recess this meeting until 9:00 A.M. on Monday, April 29, 2002. The Board voted unanimously with a vote of 5-0.***

Respectfully submitted,

Carolyn K. Custy
Certified Municipal Clerk