

1 MINUTES OF THE SPECIAL MEETING
2 OF THE EMERALD ISLE BOARD OF COMMISSIONERS
3 TUESDAY, NOVEMBER 23, 2004
4 6:00 PM – EMERALD ISLE TOWN HALL
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7 The special meeting of the Emerald Isle Board of Commissioners was called to
8 order by Mayor Art Schools at 6:10 pm.
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10 Present for the meeting: Mayor Art Schools, Commissioners Nita Hedreen,
11 Robert Isenhour, Floyd Messer, and John Wootten.
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13 Absent for the meeting: Commissioner Pat McElraft.
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15 Others present: Frank Rush Town Manager, Rhonda Ferebee Town Clerk, and
16 Public Works Director Artie Dunn.
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18 Also in attendance: Tom Jarrett, CPE, and Tim Reid, Moffatt & Nichol.
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20 ***Motion was made by Commissioner Messer to excuse Commissioner***
21 ***McElraft. The Board voted unanimously 4-0 in favor. Motion carried.***
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23 **3. ADOPTION OF AGENDA**
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25 ***Motion was made by Commissioner Isenhour to adopt the Agenda. The***
26 ***Board voted unanimously 4-0 in favor. Motion carried.***
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28 **4. PUBLIC COMMENT**
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30 There were no comments from the public.
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32 **5. BOGUE INLET / WESTERN PHASE BEACH NOURISHMENT PROJECT**
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- 34 a) Resolution Accepting Water Resources Development Project Grant
- 35 b) Resolution Controlling the Use of State Funds for the Bogue Inlet
- 36 Channel / Western Phase Beach Nourishment Project
- 37 c) Resolution Authorizing Issuance of Bonds
- 38 d) Budget Amendment – General Fund
- 39 e) Budget Amendment – Beach Nourishment Debt Service / Reserve
- 40 Fund
- 41 f) Capital Project Ordinance Amendment
- 42 g) Resolution Authorizing Contract with Weeks Marine, Inc. for
- 43 Construction of the Bogue Inlet / Western Phase Beach Nourishment
- 44 Project
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Town Manager Frank Rush advised the Board that there were a series of seven different items for their consideration tonight associated with the Bogue Inlet Project. Mr. Rush said they had received word that the Town was awarded a grant for \$3.8 million from the State of North Carolina to complete this project which does give the Town a total of \$9.8 million available for construction. He stated that the bid received from Weeks Marine was just shy of \$9.8 million. Mr. Rush said the letter from Secretary Bill Ross was included for the Board. Mr. Rush felt they owed a debt of gratitude to the Department of Environment and Natural Resources for helping with this project, in particular Secretary Ross, Deputy Secretary Dempsey Benton, Division of Water Resources Director John Morris, his staff person John Sutherland, and finally Representative Jean Preston, and Senator Scott Thomas for their support of the grant request, without which it would be unlikely that the project could have been completed this year. Mr. Rush added that the letter from Secretary Bill Ross commends the Town for its efforts for putting together a very good project which is really a win – win with benefits for inlet front homeowners, oceanfront homeowners, navigation interests, as well as environmental interests.

Mr. Rush described the first two resolutions for the Boards consideration. The first Resolution actually just accepts the grant. The second accepts the grant with the stipulation that was included by the North Carolina Department of Environment and Natural Resources, the biggest conditions are that they will provide up to \$3.8 million, and any cost overruns will be provided by the Town, and that the Town will spend its money before spending the grant money.

Motion was made by Commissioner Messer to accept the Resolution Accepting Water Resources Development Project Grant. The Board voted unanimously 4-0 in favor. Motion carried.

Motion was made by Commissioner Wootten to accept the Resolution Controlling the Use of State Funds for the Bogue Inlet Channel / Western Phase Beach Nourishment Project. The Board voted unanimously 4-0 in favor. Motion carried.

Mr. Rush stated that the third item is a resolution associated with the bond issue. He said they have scheduled for December 7 the sale of \$7.6 million of general obligation bonds that were authorized by the voters in the referendum in March, 2002. Of that \$7.6 million, \$3.1 million would retire the outstanding bond anticipation notes issued in the past to fund both the remaining construction costs for the first phase project, and then some of the pre-construction costs associated with this project. The balance of \$4.5 million will go toward construction of this project, as well as some of the post-project monitoring requirements.

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Motion was made by Commissioner Isenhour to approve Resolution Authorizing Issuance of Bonds. The Board voted unanimously 4-0 in favor. Motion carried.

Mr. Rush said the next item is a Budget Amendment for the current years general fund budget. He said when they made the request to the Local Government Commission to utilize the \$2.13 million from the Beach Nourishment Debt Service Reserve Fund they had identified additional sales tax revenue to replace those funds in the Beach Nourishment Debt Service Reserve Fund and this Budget Amendment before the Board recognizes an additional \$150,000 of local options sales tax revenue in the current years budget that would be transferred to the Beach Nourishment Debt Service Reserve Fund, and over the next 7 years would help to replace the \$2.13 million that they are using from the Beach Nourishment Debt Service Reserve Fund right now. Mr. Rush said the combination of using the surplus projected in that fund, plus replacing that money with these additional local options sales taxes enables the Town to come up with the \$2.13 million to go toward construction. He explained they were able to come up with \$150,000 additional local option sales tax revenue because the budget estimate in the current budget year was extremely conservative for local options sales tax revenues. The budget relies on \$1.6 million of sales tax revenues in the current fiscal year, and he felt comfortable they could expect \$1.75 million this year, citing the fact that as of June 30, 2004, FY 03-04 the Town took in \$1.73 million from sales tax last year. He felt it reasonable for the Town to anticipate this additional \$150,000 both from current year's budget, and then carrying forward as we go through the term of the bond. Mr. Rush recommended the Board appropriate the \$150,000 to the Beach Nourishment Debt Service Reserve Fund this year.

In response to a question posed by Commissioner Wootten, Mr. Rush explained that after the Town made the last budget amendment in October to take care of monitoring expenses, they had a remaining balance of \$3.87 million in bond proceeds allocated towards the project for construction. He said when they take the additional \$2.13 million from the Beach Nourishment Debt Service Reserve Fund that brings a total of \$6 million available for the project. When you add in the \$3.8 million grant from the state this totals \$9.8 million that is required to execute the contract. Mr. Rush said for the next seven years they will expect to put in \$150,000 per year from sales tax into the Beach Nourishment Debt Service Reserve Fund.

Motion was made by Commissioner Wootten to approve Budget Amendment – General Fund. The Board voted unanimously 4-0 in favor. Motion carried.

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Mr. Rush pointed out the next item which is the Budget Amendment for the Beach Nourishment Debt Service Reserve Fund which formally carries out using the \$2.13 million from this fund to go toward the construction of the project.

Motion was made by Commissioner Messer to approve Budget Amendment – Beach Nourishment Debt Service / Reserve Fund. The Board voted unanimously 4-0 in favor. Motion carried.

Mr. Rush said the next item Capital Project Budget Ordinance Amendment formally recognizes the \$3.8 million from the state grant, and the \$2.13 million from the Beach Nourishment Debt Service Reserve Fund.

Mr. Rush referred to a summary sheet provided for the Board describing the details with all projections for their review.

Commissioner Wootten asked if the plan had always been to pay off the principal in December 2013 or had that been extended.

Mr. Rush stated that was always the plan. He said from the beginning the plan was to do 8 year bonds when the referendum was put forth. Mr. Rush said at that point they weren't sure if there would be one bond sale or two bond sales. Mr. Rush said they will stop collecting the taxes two years earlier. Mr. Rush said he had made a request from the Local Government Commission that these bonds they are getting ready to issue be six year bonds because on paper it doesn't make sense to just have the principal remaining on those bonds for the last two years because at the end of fiscal year 10-11 they will have \$2 million which they could write a check for \$1.9 million and be done with it, however the Local Government Commission felt strongly that they want the Town to have one years worth of debt service payments in the bank a year in advance of when the payment is due because of the nature of the project, where the Town is located in a coastal community, subject to hurricanes. They want the Town to have this cushion and they are firm on this.

Motion was made by Commissioner Wootten to approve the Capital Project Budget Ordinance Amendment for Beach Nourishment of the Western Phase. The Board voted unanimously 4-0 in favor. Motion carried.

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Mr. Rush described the last item which is the resolution authorizing the Town Manager to execute a contract with Weeks Marine, Inc. for the total of \$9,792,000, equivalent to the bid submitted by Weeks Marine, Inc. during the bid process earlier this month.

Mr. Rush gave the Board a thorough explanation of what the project would entail. Mr. Rush said Weeks Marine plans to bring two dredges, one being a cutterhead suction dredge, and a dustpan dredge which is called a beach builder. The strategy will involve the smaller 24" cutterhead dredge cutting a pilot channel across the shoals and across the bar in the center of the inlet, basically 75 – 100 feet wide, 13.5 feet deep to create enough depth for the bigger dredge, the beach builder. Mr. Rush said the overall channel is 7,000 feet long and it varies in width from 150 feet, 500 feet, to 200 feet. The 24" dredge will cut the pilot channel to create enough water for the other dredge to get in. Then the other dredge will widen it out to the dimensions specified in the contract. Mr. Rush said the initial material the 24" dredge digs out of the channel will be pumped to the beach builder, and the beach builder will push it down the beach towards the eastern reaches of our beach nourishment project in the area of Craig Drive, Bluewater, Pinta. They will use the beach builder dredge as a booster pump. Once the pilot channel is cut they will bring in the beach builder which will start pumping material out of the channel, and also pump that down the beach. Meanwhile the 24" cutterhead dredge will start working on the dike and putting material there. Mr. Rush said that Weeks Marine expects to be bringing land based equipment here mid to late December and that we are hoping to have the pre-construction meeting the week of December 13th. Mr. Rush said they expect to be here pumping the first grains of sand around January 7th. With the two dredges they have working they expect to complete the job in about 43 days which would put the completion date late February, well in advance of the March 31 deadline. This is the initial prediction keeping in mind there is a lot of uncertainty with these types of projects.

Mr. Rush said as the contract stands now, and the Board is being asked to approve, it guarantees the placement of 710,000 cubic yards of sand on the 4+ miles of beach, and the balance of the material, around 290,000 yards of sand into the dike. The measurement on the beach is 710,000 cubic yards of sand in place. Mr. Rush said when they did the last project the volume of sand was measured in place on the beach, they actually surveyed all the sand and they were paid based on what was surveyed on the beach. For this project they will be paid based on what they take out of the channel. He said initially they were not going to do this but they have agreed to guarantee at least 710,000 yards of sand on the beach, whereas before whatever got to the beach, got to the beach.

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2 Mr. Rush said he wanted to work with the Board over the next week or two to
3 consider different options on whether or not they want the split to be 710,000 on
4 the beach and 290,000 in the dike, or whether they would like 800,000 on the
5 beach and 200,000 in the dike. Mr. Rush said the sand will be surveyed on the
6 beach to document there is at least 710,000 cubic yards on the beach.
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9 ***Motion was made by Commissioner Isenhour to approve the Resolution***
10 ***Authorizing Contract with Weeks Marine, Inc. for Construction of the Bogue***
11 ***Inlet / Western Phase Beach Nourishment Project. The Board voted***
12 ***unanimously 4-0 in favor. Motion carried.***
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14 **6. COAST GUARD ROAD STORM WATER PROJECT – PHASE I**
15 **CONSTRUCTION**
16

- 17 a) **Budget Amendment – General Fund**
- 18 b) **Budget Amendment – Disaster Recovery Fund**
- 19 c) **Capital Project Ordinance Amendment**
- 20 d) **Resolution Authorizing Contract with Thomas Simpson Construction**
21 **Company, Inc. for Phase I Construction of the Coast Guard Road**
22 **Storm Water Project.**
23

24 Mr. Rush said they had worked with the low bidder from the last bid process,
25 Thomas Simpson Construction Company, to reduce the cost of his proposal by
26 roughly \$60,000. Mr. Rush said the contract the Board is asked to approve
27 tonight is for \$471,200 with Thomas Simpson Construction Company, Inc. Mr.
28 Rush said the original bid submission which included an extra pump was
29 \$529,345. Mr. Rush pointed out to the Board a breakdown of the revised
30 proposal after negotiations between Moffatt & Nichol and Thomas Simpson to
31 bring it to \$471,200. Mr. Rush provided a breakdown which showed the total
32 contract price of \$471,200, and detailed the various items that were reduced in
33 order to achieve those savings. Mr. Rush noted the main items that reduced cost
34 from the Simpson proposal were \$19,000 for clearing and grading, and \$13,094
35 for silt fencing. They have removed all of this work from the Simpson contract
36 with the exception of \$2,790 of silt fencing that would be done along the streets
37 that will be impacted by the project. Mr. Rush said through Public Works Director
38 Artie Dunn's hard work they had secured a quote from Sunland Development to
39 do the clearing, grading, silt fencing for just shy of \$14,000, that item alone
40 saving about \$15,000.
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Mr. Rush said another thing that resulted in savings was the fountain to be installed in the new pond on Deer Horn Drive that had been removed from the scope of work at this time, expecting at some point in the future Public Works Department personnel could install, saving about \$3,400. Mr. Rush noted a few smaller changes in the type of equipment being used which would result in savings. Mr. Rush said he felt good about the reductions they had been able to make since they did the re-bid earlier this month.

Mr. Rush noted in reference to the Budget Amendment – General Fund the Board is asked to consider, there is a total of \$340,000 earmarked in this years budget for this work which means they have to come up with another \$160,000. He described the details of this amendment to the Board.

Following discussion by the Board with Mr. Rush and Mr. Tim Reid, Moffatt & Nichol, ***motion was made by Commissioner Wootten to approve Budget Amendment – General Fund as it relates to the stormwater project. The Board voted unanimously 4-0 in favor. Motion carried.***

Mr. Rush said the next item Budget Amendment – Disaster Recovery Fund was a procedural item to transfer that money from the Disaster Recovery Fund into the General Fund.

Motion was made by Commissioner Messer to approve the Budget Amendment – Disaster Recovery Fund. The Board voted unanimously 4-0 in favor. Motion carried.

Mr. Rush said the next item Capital Project Ordinance has the net effect of increasing the budget by \$500,000 to fund the construction, \$340,000 already included in the General Fund Budget plus the new \$160,000.

Motion was made by Commissioner Isenhour to approve the Capital Project Ordinance Amendment for the Coast Guard Road Stormwater Project. The Board voted unanimously 4-0 in favor. Motion carried.

Mr. Reid stated that the completion date was set for March 28th, the work should start sometime in January.

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Following discussion ***motion was made by Commissioner Hedreen to approve the Resolution Authorizing Contract with Thomas Simpson Construction Company, Inc. for Phase I Construction of the Coast Guard Road Storm Water Project. The Board voted unanimously 4-0 in favor. Motion carried.***

Following general discussion by the Board concerning the Coast Guard Road Storm Water Project ***motion was made by Commissioner Hedreen to adjourn the meeting.***

The meeting adjourned at 7:05 pm.

Respectfully submitted,

Rhonda C. Ferebee
Town Clerk