



**MINUTES
NEW HANOVER COUNTY
BEACH TOWNS SPECIAL MEETING
FEBRUARY 12, 2016**

1121 N. Lake Park Blvd., Carolina Beach, NC 28428

Mayor Wilcox called the meeting to order at 8:30 a.m. He welcomed everyone and recognized the elected officials. He asked that everyone around the table introduce themselves.

Attendance: Special Attendees: North Carolina Representative Ted Davis, Deputy District Director (for Congressman David Rouzer) Chance Lambeth, Lobbyist Tom Fetzer (Fetzer Strategic Partners), and Lobbyist Keith Smith (Prime Policy)

Town of Wrightsville Beach: Mayor William J. Blair III, Mayor Pro Tem Darryl Mills, Alderman Elizabeth King, Alderman Hank Miller, Town Attorney John C. Wessell III, Town Manager Tim Owens, and Town Clerk Sylvia J. Holleman.

Town of Carolina Beach: Mayor Dan Wilcox, Mayor Pro Tem LeAnn Pierce, Commissioner Gary Doetsch, Commissioner Tom Bridges, Commissioner Steve Shuttleworth, Town Attorney Noel Fox, Town Manager Michael Cramer, and Town Clerk Kim Ward.

Town of Kure Beach: Mayor Emilie Swearingen, Mayor Pro Tem Craig Bloszinsky, Commissioner David Heglar, Commissioner Jim Dugan, Town Attorney Andrew A. Canoutas, Town Building Inspector John Batson, and Town Clerk Nancy Avery.

New Hanover County: Commission Chair Beth Dawson, Commission Vice Chair Jonathan Barfield, Jr., Commissioner Woody White, Commissioner Skip Watkins, Commissioner Rob Zapple, County Manager Chris Coudriet, Assistant County Manager Tim Burgess, Chief Financial Officer Lisa Wurtzbacher, Chief Communications Officer Ruth Smith, Shore Protection Coordinator Layton Bedsole, and County Clerk Teresa Elmore.

City of Wilmington: Mayor Bill Saffo and Councilman/PBWC Representative Paul Lawler.

INTRODUCTION OF RUTH SMITH, KEITH SMITH AND TOM FETZER

Mr. Cramer introduced Ruth Smith, Keith Smith and Tom Fetzer and asked them to talk a little about themselves and what they were working on.

Ruth Smith, New Hanover County Chief Communications Officer: "I joined New Hanover County in September as Chief Communications Officer, which is a new role for the county."

Ms. Smith continued, “I worked for GE Nuclear before coming to the county. I am a point of contact for the media and the public. My job also entails government relations which is what I have done most of my career based out of the Washington D.C. area. I spent thirty years in Washington working on the state and federal level. I am looking forward to establishing a better cooperation across the board on any activities we are doing to promote our community. These issues relating to the beaches are top priority. We will be going to Washington with the National Association of Counties in another week and this will be our top issue we want to talk about. In addition, we will be in Raleigh and continue to educate there. The county has brought on two terrific gentlemen, Keith Smith and Tom Fetzer and I will let them tell to you more about what they have going on. My job is going to be to help play air traffic controller or campaign manager to make sure all the pieces are collaborating and working together and that we are being as open as we can be about what's going on and giving regular status updates. I will be regularly attending the Ports, Waterway and Beach Commission meetings and giving updates on those.

Mr. Tom Fetzer, Fetzer Strategic Partners: “My office is in Raleigh but my home is in New Hanover County. I served as mayor of Raleigh for three terms. The county has hired and tasked me with the responsibility of trying to put together and coordinate not only a county wide but a statewide effort to replace what we anticipate as a federal retreat from policy regarding area beach renourishment. Over the next year, I will be working with all of you and your colleagues along the coast of North Carolina to convince the State of North Carolina that they need to move into the space that we think the federal government is going to move out of and develop a permanent recurring funding for beach renourishment.”

Mr. Keith Smith, Prime Policy: “I have been in Washington for thirty-five years. My wife and I followed our daughter to UNCW and fell in love with Wilmington. Prime Policy is a thirty-five-year-old firm. There are twenty-six of me in Washington, split evenly with thirteen democrats and thirteen republicans. We are very appreciative of the compliments the county has placed in us and look forward to working together. Most recently, we have completed a letter of writing for a campaign that is officially due today on behalf of two projects, one in Carolina Beach and one in Wrightsville Beach before the Senate Environment and Public Works Committee.”

UPDATE ON KURE BEACH AND CAROLINA BEACH COASTAL STORM DAMAGE REDUCTION PROJECT

Mr. Layton Bedsole: “We are in the middle of a maintenance event for Carolina and Kure Beaches. The Corps of Engineers hired the dredging firm “Marinex” out of Charleston, South Carolina. The dredge Savannah is onsite. It is a 24-inch cutter head, 10,000 horsepower, move a lot of sand kind of device. It has the capability of moving close to 20,000 cubic yards a day. When she arrived in January, she had a really good stretch of weather and moved a lot of material. She got half of the northern template of the Kure Beach project complete to about Sea Lane Way. The weather has not helped us recently. She is hunkered down in Masonboro Inlet and will be back out when the weather subsides. The Carolina Beach Inlet maintenance dredging was to be taking place as we speak. It too has been postponed to next week because of weather and more conducive tides for that dredge type. Carolina Beach will get about 890,000 cubic yards. Kure Beach will get about 655,000 cubic yards. The sand source in Carolina Beach continues to be the engineered borrow location inside the inlet. The Kure Beach borrow site is currently the offshore borrow site off the north pier of Carolina Beach.”

Mr. Bedsole continued, “We are concerned that it is a little behind. The Corps stated that Marinex is in discussions with another dredging firm that perhaps may have another dredge onsite March 15th to work the inlet. That proposed dredge is the Charleston. It, too, is a 10,000 horsepower cutter head dredge with a 24-inch cutter pipe. It also has the capacity to do 20,000 - 25,000 cubic yards per day. If she shows up on March 15th, there's time that Carolina Beach can be completed within the window and before our season starts. We have until April 30th.”

Mayor Wilcox: “If they get toward the end of the project and they realize that they are going to be a week or two out of completion, are there any options available on that April 30th deadline?”

Mr. Bedsole: “Yes, once they get closer to the deadline and they have a known timeline that they are going to miss, at that point they will initiate discussions with US Fish and Wildlife Service to negotiate an extension on the window. They won't start that until they know where they are and how long they will be over the window. We implemented that option in 2013. I have a photograph of Freeman Park after April 30th where there was a dredge pipe running down Freeman Park and on to Carolina Beach and you had to look for the pipe through the people. We are a resilient species. We don't want to be there but we have been there.”

UPDATE ON EFFORT BEING MADE BY STATE REPS ON PERMANT STATE FUNDING FOR CSDR.

Mr. Cramer: “It is evident by the number of people we have in the room today that there is an interest in beach nourishment and storm damage reduction programs. We all have a different take on it based on the different governing bodies. For Carolina Beach, we are the first organization that has gone through their initial 50-year life cycle with the Corps of Engineers and having a federal authorized program. It becomes very important to us to know what we do after this. All of us are in this together. Wrightsville Beach has run up against certain dollar permitting limits for their project. They may only have two additional cycles that the federal government will pay for before they run into this cap limit. Kure Beach has always had the last program on the island or in the area because they were the last ones to join in and pick up the mantel of doing coastal storm damage reduction in their community. Carolina Beach's program and Kure Beach's program kind of intermingled. They overlap the jurisdictions. There are some challenges associated with that. With Layton's help and the county's help with this project, we have been working to get individual permits so something happens if the federal government decides to walk away. That, for us, is the major stake in all of this. We have been reaching out to say, “please help”. I think the county has heard that by them building bridges and getting Tom and Keith on board and having Ruth there to steer the information ship. Ted, you have been instrumental in working with us over the last couple of years in dealing with District U funds and ways to solidify funding for the inlet dredging. I know what everyone here is interested in hearing is, what kind of things have you been hearing from the state legislature on this issue statewide, not just New Hanover County?”

Representative Ted Davis: “Good question. I guess the easiest way to address it is, there is not a whole lot. One of the biggest drawbacks that I have found since being in Raleigh is when you look at the state as a whole, the people in the mountains really don't care about coastal issues just like people on the coast don't put what is going on in the mountains number one on their charts.”

Representative Davis continued, “Two things that I think would help a lot are 1) The Carolina Beach Inlet Association has been going to Raleigh once a year for the past two years to give a breakfast presentation to any legislators that want to go talking about the significance that inlets play in the economy and tourism and to try to educate them on how important it is to get the funding to keep them open. We have to get everyone on board through education. When we were looking at how to fund dredging and beach renourishment, there was talk about raising the fees on boats depending on the length of the boat. All of sudden, I heard all of these people come out of the woodwork about it because they might have lived in the mountains but they owned a boat; so now their pocketbook was going to be affected. Sometimes you have to get people's attention by hitting them in the economic pocket. 2) You are not going to get anything done if you are not willing to compromise. If you go up there and jump up and down saying it's my way, no way or the highway, you are not going to get anything done. There are 120 people in the House with 120 different attitudes and opinions. The more education that you can take to Raleigh to educate those representatives and senators, the more apt we are to bring them on board to get the funding that we need. I am involved right now with Municipal Service Districts. It's been told to me that this is something that might be used to help raise money to take care of inlet dredging and beach renourishment. The only problem that I see with that is you designate that district along the coastal counties and those would be the people that would be taxed and pay for it. Is that fair for this district to pay for it when you have other people coming down and using it? We have to come up with a plan and I will do anything I can to help you.”

Mr. Cramer: “Do you have a suggestion on ways that this group can educate those representatives in Raleigh?”

Representative Davis: “There is a coastal county caucus where periodically all the members from coastal counties get together and talk about issues. I think when the short sessions get ready to go in, it might be a good idea to get up with me and that might be a good opportunity to come. You would be talking with people that are already interested in it but we would have to get the word out and hopefully get other people to come in to further educate.”

Mayor Swearingen: “Another reason the Carolina Beach Inlet Association was so successful was that they did an economic analysis on the inlets and in part of that was where do all these folks come from when they are coming from out of town. They found out that the vast majority come from the Raleigh/Durham area, then Asheville, then Charlotte. They used this to show the legislators in those areas that this inlet makes an impact on their constituents. When Mayor Saffo and I were up there with the League of Municipalities, the gentlemen from Raleigh that was on the panel said he wanted a copy of the study because if this was affecting his constituents, he wanted to know about it. You need some basic data to take with you. You need to show how it affects the tourist industry across the state. Maybe we should visit some of the representatives in the mountains and see how it would impact them.”

Representative Davis: “It's like an investment. If you tell someone that if you take your tax dollars and invest in this, this is what your return is going to be. It helps sell. If you could get a crowd together in the evening and offer free food, you might get them to come.”

Chance Lambeth: “Congressman Rouzer believes very strongly that we should have skin in the game on this. We are going to continue to fight. I don't think David takes for granted that it is a done deal.”

Vice-Chair Barfield: “Commissioner Zapple and myself are headed to DC along with our manager and Ruth. We have meetings with Senator Tillis and Burr as well as Representative Rouzer and Jones. If you have any issues that you want us to bring up with them, it would be a great time to get that information to us. This is something that I have done for the last six or seven years now. It has been quite effective.”

Commissioner Watkins: “We are in a fiscally conservative environment in our state. We have a republican majority. Commissioner Zapple and I were in Raleigh discussing the sales tax distribution and we brought up the topic of coastal storm damage reduction and there was universal support for sand with coastal representatives. I have connections north of here that have followed their own course of funding of extensive and expensive storm reduction. They did it because they felt they needed to do so and also due to a lack of a uniform state plan. North Topsail spent about \$16 million to pump sand on four miles. They bought rocks as big as baseballs. South Topsail has spent about \$13 million over three or four years out of their own pockets. If every municipality is not singing from the same page at the same time, we may not be as successful as if we all sang together. I want to commend Carolina Beach for recently increasing your paid parking. You looked inside your resources and you found a revenue stream. If parking is something you can expand, look at that.”

A citizen in the audience asked how the elected officials are supposed to sing from the same sheet of music if they don't know the words to the song. “Obviously, there have been some discussions going on, so where are the words?” Ms. Ruth Smith replied that the county would take the lead in developing some talking points that everyone could use. Right now it has just been Layton's lingo.

Mayor Wilcox commended the county for trying to bring this into a concentrated effort. “The county will take the lead and we need to support what they are doing. Once we get this together, we will share it with the citizens as well.”

Chance Lambeth: “Layton has been a tremendous asset for us. He has helped everyone in the county get on the same sheet of music. While we all have common ground, each municipality faces their own challenges. The President's budget has not been very popular and it probably will not be very popular with Speaker Ryan, but we are in constant contact with Chairman Schuster and their staff to make them understand this is what our communities need.”

Councilman Shuttleworth: “Layton does a great job as the county sand person. What we are really talking about is the funding and where the money is going to come from. We need to get a state commitment to fund in the absence or in conjunction with federal dollars. We are waiting for the county to help us get some direction on what those requests are. New Hanover County is blessed by having room occupancy tax. It has a stream of revenue for sand. Carolina Beach is waiting to hear from the county on how we can help and how we can support their effort on a state level without duplicating it.”

Commissioner Heglar: “As Skip said, parking is important. Kure Beach does not charge for parking right now. To have a consolidated message, you guys evaluated that it's really important for Kure Beach to consider parking. I think we need to know that from you guys. You need to tell council or our mayor so we understand that. We have evaluated the money and there is not really any money there because of how small we are. We would have to change all of our ordinances. It's a big effort for Kure Beach for no money.”

Commissioner Watkins: “That was just a suggestion that I threw out to Dean a while back. I used that as an example only because, in this environment, I don't think you are going to see any increase in sales taxes. That was just an example.”

Commissioner Heglar: “I agree with what was said that we need the talking points and we need to give our lobbyist the ammunition he needs. If that's a factor, we need to understand that. Right now, Kure Beach has looked at it every two or three years and so far, we said no because there is no monetary advantage. I think the experts need to ponder it as they are crafting their message. We want to help the message but we don't want to just do something if no one cares.”

Mr. Fetzer: “I think the local communities should start thinking about how they are going to come up with some significant money as part of their local match but we don't know what that is going to be yet. Our first job is to get all eight counties to agree to a course of action. If we can build a coalition of coastal legislators in all the municipalities and counties and we go to the legislature, that is a powerful coalition. Over the last several years with federal, state and local funds, there's been about \$60-72 million spent on beach renourishment and dredging on an annual basis. The bulk of which has come from the federal government. If they move out and the state moves in and takes up what the federal government has been spending, that's around \$42 million out of a \$70 million bucket. Now you are looking at what the local match will look like over eight counties. The first thing we have to do is convince the state through our coastal coalition that they need to do this. The update on the BIMP (Beach Inlet Management Plan) which has been contracted by the legislature is due December 1st. There is a lot of information that we won't have at our disposal until December. Maybe what we have to do over the next several months is quietly put together this coalition of local elected officials. We are blessed with very powerful local legislators here. The group that we have in New Hanover County is very well respected. The more skin we can put in this game, the more likely we are to convince 170 legislators to invest in us. There is going to be a leadership role for all of you, we just don't know what the number looks like yet. I don't want you to start worrying about what that number is. As we move into the long session in January, we will know what that number looks like. The key thing right now, we need to set aside our interest in our beaches and look at the 326 miles of coastline and what kind of team we are going to have to put together to get the job done on those 326 miles. Then we need to convince the state to move into this area in a big way and to find the money to invest with us. If we put a very large regional coalition together and convince the legislators that a good portion of the state-wide travel and tourism dollars, which go into the state budget to serve all the state, are derived from our activities here. It's not so much about sand as it is about our economy and our jobs. That's really the message. It's all the income tax, property tax and sales tax. When you put all that together, it becomes a very powerful and compelling argument. We have very compelling people to make that argument. I really think that all things considered, that's one of the easier tasks before us. The really difficult tasks are; getting the number that the state needs to put in, getting them to do it and you folks finding the local money to make up the match and get some skin in the game to make the state feel more comfortable.”

Mayor Swearingen: “One of the things that David is trying to address is keeping the lines of communication open. When a letter goes to Congress, are we getting a copy of it? Do we know what you are saying to Congress or to the people in Raleigh about us or do we have to find out weeks or months later?”

Mayor Swearingen continued, “We just want to keep those lines of communication open all the time. If I could have a request of Keith Smith and Chance Lambeth, please don't let Congress think for a second that they don't ever have to worry about Kure Beach or North Carolina anymore because we are going to take care of ourselves. Kure Beach is looking to you first and then if that doesn't work out, then we will have a Plan B. Please hang in there with us and try to help us.”

Chris Coudriet: “The only person who is at fault here on the communication front is me. We have worked out an internal communication system with Ruth to make sure the right people receive the communication. We cannot communicate with everyone in this room at the same time. Ultimately, the message will get muddled. Clearly, there are individuals that Layton and Ruth will need to work with on a daily basis. There has been a lot of hard work taking place for the last six or eight months on this. One of the reasons that we asked Tom to join us is, we identified that we needed to correct state policy on two fronts. Number one is, have a state policy that has a dedicated funding source for nourishment. It doesn't exist. It is now at the benevolence of the General Assembly every two years. The other thing is, the policy of the state when they do appropriate money is that we are only going to match where there are federal dollars. Our position is that the state shouldn't be worried about the color of money so long as whatever the match requirement is, shows up. Simply having a room occupancy tax is not good enough for the state to say they are going to match in the absence of federal dollars.”

Mayor Wilcox: “Are we connecting with the other counties included in the 326 miles of coast?”

Mr. Fetzer: “I can't speak to what other lobbyists are doing with this. When the county engaged me, it was clear to me that my job didn't stop at the county line. I have been meeting with other counties, DEHNR, Water Quality and have not encountered any resistance from anyone I have met so far. We are not likely to encounter any resistance until we get to how much money we need and where it is going to come from.”

Councilman Bridges: “To me, it seems like the term ‘Storm Damage Reduction’ means you are going to reduce the damage from a storm. After what happened in New Jersey with Sandy where there were no dunes. We could appeal to the federal government who is already struggling with the fact that the flood insurance does not cover the cost; we could say by putting the sand out there, we are going to reduce the damage therefore reduce the cost. We have documentation that shows that has been effective. I think that should be an argument to the federal government to convince them to save money down the line.”

Councilman Doetsch: “I agree with Tom and I believe in showing for every dollar of sand you put on the beach, how much revenue you gain. From the Carolina Beach Inlet Association, that was one of the clearest items that they put out there to get people to buy into it.”

COUNTY ECONOMIC IMPACT STUDY

Chris Coudriet: “Eighteen months ago, in freeing up U District Funds to help with inlet maintenance - I'd like to use that as an example of the great vision that Mr. Davis had going in on the U District and what came back wasn't necessarily what he ordered from the menu. This is really tough work.”

Mr. Coudriet continued, “There are 170 other men and women who have a voice in what the state will and will not do. I want to thank him for his outstanding work on that but also use that as an illustration of how hard this job really is. We are in a lot better shape with inlet maintenance because of his great idea with U District. I will speak on what is known as the Garner Report - Pathway to Prosperity. In 2012, through some statistically valid surveying, the county identified through the input of the residents in this community that the number one priority is economic development – not only more jobs but better jobs. The Board identified that was the first among equals. The outcome to that was the commitment to bring an outside objective reviewer of what our competitive advantages are, what are limitations might be and give us a strategy to grow more jobs in our community. We partnered with Jay Garner, Garner Economics, who worked with the community and what came back was a report that addresses our competitive advantages. It identified four industry clusters. Each of these clusters is compatible with our job force and our environmental constraints. The first is life and marine sciences. When you think about Castle Branch, Live Oak, Verizon Call Center, some of the large company names that have that cluster there. Precision manufacturing - identified as a real industry cluster. Manufacturing is actually coming back to the county in higher form with robotic manufacturing. The fact that we have a tremendous community college means we have a lot of educated and trained people on the technical skills. The fourth piece is the idea of aircraft assembly modification in maintenance. Look at GE, for example, who is making component parts for Boeing. Those are the four clusters that the Garner Report identified. If the county (community) wants to encourage better jobs, these are the places to make public policy investments to encourage continued development of these areas. The Board accepted that and it was in partnership with the City of Wilmington. There are a number of things that have happened since that report was accepted by the county commission. First, the county partnered to run a sewer force main under US 421. A year ago today, the potential to do that did not exist because there was no force main. That work is done. The county has funded a preliminary engineering report that is actually due in the month of February, funded by the Cape Fear Public Utility Authority and I know both Commissioner Zapple and Commissioner White sit on the Authority and are aware of what's happening.”

ADJOURNMENT

Mayor Wilcox thanked everyone for attending and adjourned the meeting at 10:20 a.m.

Respectfully submitted,

Sylvia J. Holleman
Town Clerk