



January 21, 2015

Dear Cherry Grove Canal Property Owners,

A special called North Myrtle Beach City Council Meeting will be held Saturday, February 21 at 10:00 a.m. at City Hall, 1018 Second Avenue South, North Myrtle Beach, SC.

The meeting will include a Public Hearing regarding the proposed Cherry Grove Canals Dredging Project.

At the Public Hearing any interested person may be heard either in person or by attorney on any matter in connection with the proposed Cherry Grove Canals Dredging Project.

To access copies of the Resolution passed January 12, 2015 and the proposed Improvement Plan, please visit www.nmb.us and on the home page under "New & Noteworthy" look for "Cherry Grove Canals Dredging Project." All dredging documents produced to date are located under that category for viewing or downloading. If you prefer to receive copies by email, please send your email address to Pat Dowling at pcdowling@nmb.us.

We have also included in this mailing an updated version of the handout that was provided to those who attended the November 1, 2014 Public Information Meeting.

If you have questions about the Public Hearing or the proposed project in general, please contact Public Information Officer Patrick Dowling at pcdowling@nmb.us or (843) 280-5612.

Sincerely,

Mike Mahaney
City Manager



PROPOSED CHERRY GROVE CANAL DREDGING PROJECT

UPDATED (January 20, 2015) OVERVIEW

Key Pre-Project Accomplishments

- 2004..... City initiated work to determine feasibility of dredging project.
- 2005..... S.C. DHEC issued permit but was too restrictive to be cost effective.
- 2009..... City met with Cherry Grove canals property owners and discussed overall status of project, legal challenges and other challenges.
- 2011..... S.C. General Assembly exempted dredging of the Cherry Grove canals from S.C. DHEC jurisdiction.
- 2012..... S.C. Supreme Court ruled that canal bottoms are owned by the public (State of S.C.), not by a private entity.
- 2013..... U.S. Army Corps of Engineers issued a federal permit for the project. Corps excluded eastern portion of the so-called "Z" canal at the north end of the project for environmental reasons.

City's Investment to Date

To date, The City has invested \$1.25 million in the proposed project, primarily in costs associated with the protracted legal effort to determine ownership of canals, permitting, and preliminary engineering. The City would invest another \$1.6 million, half to initial dredge and half to maintenance dredge.

Current Project Status and Ongoing Activities

- Bathymetric surveys of areas to be dredged completed, and dredge footprint alignments refined based on new bathymetric survey.
- Coordination initiated with U.S. Army Corps of Engineers (Corps) and Horry County to secure Consent Agreement to utilize the Tidewater Confined Disposal Facility (CDF) for dredge spoil disposal.
- Identify dredge pipeline corridor to the disposal facility - survey and easements.
- Engineer a dredge plan and develop cost estimates with an expenditure timeline (generally completed, with refinements ongoing).
 - Current initial dredge estimate: \$6,622,179
 - Current maintenance dredge estimate: \$5,962,983
 - Current total cost estimate: \$12,585,162

**Estimates include inflation*
- This would be a "square-cut" dredge. The "finger canals" would be dredged with a 24 foot wide cut in the center of each such canal, providing water at low tide to a depth of three feet; the wider canal running mostly parallel to the shoreline is intended to be dredged with a 34 foot wide cut providing water at low tide with a depth of three and one-half feet. Sloughing will occur on each side of the canals, expanding the dredge widths to some degree. Materials dredged from the canals will be first processed at the Corps' Horry County Tidewater Confined Disposal Facility and then disposed of permanently at a location to be determined by the contractor hired to handle disposition. The City is also required to perform certain environmental mitigation under the dredge permit.

Projected Dredging Timetable (Assuming City Council Approval)

Initial Dredge

- By June 30, 2015 – Secure financing for initial dredge from lender (distinct City Council approval for this borrowing)
- By June 30, 2015 - Obtain bids for initial dredge from dredge contractors, select contractor, negotiate contract
- By October 31, 2015 - Mobilization of dredge contractor
- November 15, 2015 through March 2016 – complete initial dredge.
- 2016 through 2017 – Manage spoil materials
- 2016 through 2019 – Perform required mitigation and monitoring

Maintenance Dredge

- The need for and timing of a maintenance dredge to be determined depending on the expected silting in of canals; currently estimated to occur during the 2021-2022 winter.
- The maintenance dredge would need to conclude before September 30, 2023, the termination of the current federal permit.
- An additional City borrowing would be arranged to support the maintenance dredge.

Plan of Finance and Formation of a Special Assessment District

- Current finance plan:
 - City to invest \$800,000 in the initial dredge and \$800,000 in the maintenance dredge in addition to amounts already spent
 - City borrowings (to be repaid from special assessment revenues) to fund the remaining costs
- City to establish a special assessment district (the "District") to provide annual revenues to repay the City borrowings; current expectations are as follows:
 - The estimated total cost of the improvements (both dredges) and all costs associated therewith that shall be funded by special assessments, including planning and engineering, environmental mitigation, professional fees, costs of financing, bond interest payments and costs of the administration of the Improvement District, is \$16,016,278.
 - The district shall include 761 parcels of real property along the canals to be dredged.
 - Annual special assessments of up to a maximum of \$2,400 per parcel (including vacant parcels) shall be billed for 10 years.

Next Step

- Public Hearing scheduled for February 21, 2015, 10:00 a.m., North Myrtle Beach City Hall

Property Owner Benefits

The dredges are planned to provide property owners along the canals with navigable water at low tide, and in so doing improve the aesthetics of the Cherry Grove canal neighborhoods. Additionally, ~~some~~ appraisers have estimated that the results of the proposed dredging project should over time increase the value of the land along the canals by 40 percent.

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