

AMENDMENT NUMBER 1  
TO  
PROJECT PARTNERSHIP AGREEMENT  
BETWEEN  
THE DEPARTMENT OF THE ARMY  
AND  
TOWN OF CAROLINA BEACH, NORTH CAROLINA  
FOR PERIODIC NOURISHMENT  
OF THE  
CAROLINA BEACH PORTION OF THE CAROLINA BEACH AND VICINITY  
COASTAL STORM RISK MANAGEMENT PROJECT

THIS AMENDMENT NUMBER 1 is entered into this \_\_\_\_ day of \_\_\_\_\_, 2024, by and between the Department of the Army (hereinafter the “Government”), represented by the District Commander for Wilmington District (hereinafter the “District Commander”) and the Town of Carolina Beach (hereinafter the “Non-Federal Sponsor”), represented by its Mayor.

WITNESSETH, THAT:

WHEREAS, the Carolina Beach portion of the Carolina Beach and Vicinity coastal storm risk management project (hereinafter the “Project”) was authorized by Section 203 of the Flood Control Act of 1962, as amended;

WHEREAS, Section 401(7) of the Water Resources Development Act of 2020, Public Law 116-260, extended periodic nourishment of the Project for a 15-year period;

WHEREAS, on November 24, 2021, the Government and the Non-Federal Sponsor entered into a Project Partnership Agreement (hereinafter the “Agreement”) to extend periodic nourishment of the Project for a 15-year period beginning on the date on which the Government initiates construction of the first cycle of such periodic nourishment;

WHEREAS, on February 10, 2022, the Government initiated construction of the first cycle of such periodic nourishment;

WHEREAS, Section 8308 of the Water Resources Development Act of 2022, Public Law 117-263 (hereinafter “Section 8308”), directs the Secretary of the Army, for specified projects that includes the Project, to fund, at Federal expense, any incremental increase in the cost of the Project that results from a legal requirement to use a borrow source determined by the Secretary to be other than the least-cost option; and

WHEREAS, the Government and the Non-Federal Sponsor desire to amend the Agreement to reflect that the Government, pursuant to Section 8308, shall fund, at full Federal expense, any incremental increase in the cost of periodic nourishment of the Project, incurred after the effective date of Amendment Number 1, that results from a legal requirement to use a borrow source that is not the least-cost option.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree to amend the Agreement as follows:

1. Insert after the third WHEREAS clause the following:

“WHEREAS, Section 8308 of the Water Resources Development Act of 2022, Public Law 117-263 (hereinafter “Section 8308”), directs the Secretary of the Army, for specified projects including the Project, to fund, at full Federal expense, any incremental increase in the cost of the Project resulting from a legal requirement to use a borrow source determined by the Secretary to be other than the least-cost option;”

2. In Article I.B. insert the following after “June 16, 2020” and before “(hereinafter the “Decision Document”):

“, with modifications to the cost-sharing requirements of periodic nourishment of the Project pursuant to Section 8308, as described in the Letter Report, dated August 2024 and approved by the Division Commander for South Atlantic Division on September 5, 2024”.

3. In the last sentence of Article I.D., delete the second “or” and insert the following after “negotiating this Agreement”:

“; or any incremental increase in the cost of periodic nourishment of the Project pursuant to Section 8308 incurred after the effective date of Amendment Number 1.”

4. In Article I.J., insert as the last sentence the following:

“The Maximum Cost Limit also includes any incremental increase in the cost of periodic nourishment of the Project pursuant to Section 8308 incurred after the effective date of Amendment Number 1.”

5. In Article II.A., insert the following sentence after the first sentence:

“Pursuant to Section 8308, the Government shall fund, at full Federal expense, any incremental increase in the cost of periodic nourishment of the Project, incurred after the effective date of Amendment Number 1, that results from a legal requirement to use a borrow source determined by the Government to be other than the least-cost option.”

6. Replace Article IV.A. in its entirety with the following:

“A. As of the effective date of Amendment Number 1 to this Agreement, total construction costs are projected to be \$65,892,000, with the Government’s share of such costs projected to be \$32,946,000 and the Non-Federal Sponsor’s share of such costs projected to be \$32,946,000. Construction costs allocated to coastal storm risk management are projected to be \$65,892,000, with the Government’s share of such costs projected to be \$32,946,000, and the Non-Federal Sponsor’s share of such costs projected to be \$32,946,000, which includes

creditable in-kind contributions projected to be \$0, and the amount of funds required to meet its cost share projected to be \$32,946,000. Construction costs allocated to beach improvements with exclusively private benefits are projected to be \$0. Construction costs allocated to improvements or other work located within the Coastal Barrier Resources System that the Government has determined are ineligible for Federal financial participation are projected to be \$0. Construction costs allocated to the prevention of losses of undeveloped private lands are projected to be \$0. The total incremental increase in the cost of periodic nourishment of the Project pursuant to Section 8308 is projected to be \$11,501,000. Average annual costs for operation, maintenance, repair, replacement, and rehabilitation are projected to be \$136,000. Costs for betterments are projected to be \$0 and costs for additional work are projected to be \$0. These amounts are estimates only that are subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.”

7. All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Number 1, which shall become effective upon the date it is signed by the District Commander.

DEPARTMENT OF THE ARMY

TOWN OF CAROLINA BEACH, NORTH  
CAROLINA

BY: \_\_\_\_\_  
Brad A. Morgan, P.E.  
Colonel, U.S. Army  
District Commander

BY: \_\_\_\_\_  
Lynn Barbee  
Mayor

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_