



## CARTERET COUNTY BEACH COMMISSION MEETING

Minutes  
Pine Knoll Shores Town Hall  
February 5, 2018, 2 pm

### Attendance.

Commission Members A.B. "Trace" Cooper (chair), Ken Jones (vice-chair), Harry Archer, Larry Baldwin, Larry Corsello, Douglas Guthrie, Jimmy Farrington, Joel Fortune, Jim Normile, John Wooten, secretary Greg Rudolph, and the general public. No absences.

- (1) **Call to Order.** - Chairman Cooper welcomed everyone and called the meeting to order.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (December 4, 2017).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the December 4<sup>th</sup> regular session minutes presented in the agenda packet. Vice-chair Jones subsequently made a motion to adopt the minutes as presented, which was seconded by member Baldwin and unanimously approved.
- (3) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Chairman Cooper introduced the topic by noting that we had a strong final quarter of the calendar year before giving the floor to the secretary to discuss. Secretary Rudolph continued that the collection reports for October, November, and December are included in the agenda packet, and the take home message is that the October collection was up by almost +20% compared to 2016, which may be more of a recovery if you will from hurricane *Matthew* that impacted the County last October. Also and perhaps more importantly, the November 2017 collections was up by +35% compared to November 2016 – this marks the third consecutive November with double digit increases compared to the previous year (2016 vs. 2015 = +30%; 2015 vs. 2014 = +18%). Hopefully this is an offshoot of all the increased marketing the Tourism Development Authority has been advancing for the shoulder seasons coupled with increasing Thanksgiving vacationing. The secretary concluded by noting we are halfway through our fiscal year (2017-18), and are up by +5.9% to date; while our beach nourishment reserve is estimated to be \$18.2 million.
- (4) **Future Bogue Banks Nourishment Project (Engineering Services Funding Approval).** – Secretary Rudolph provided a quick summary of the beach nourishment project that is being formulated for winter 2018-19 ([slides 1 – 3](#)). This would represent the first project conducted under the umbrella of new Bogue Banks Master Plan and is envisioned to nourish 9.6 miles of beach utilizing over 1.5 million cubic yards of sand. From a planning and engineering perspective, the municipalities have approved contracts with Moffatt & Nichol to develop the plans and specifications for the project and to complete the permitting coordination process. This will put us in position so if/when the State matching funds are appropriated by the N.C. General Assembly by

July 1<sup>st</sup>; we will ready to release the bid solicitation, award the dredging contracting, and hopefully start the project in November/December 2018. As we have discussed in the past, if the State appropriation is not secured in the upcoming short session of the General Assembly, we will wait until the following year (spring 2019) when the General Assembly returns for their long session. Regardless, all the “pre-bid” engineering work needs to be conducted now to be poised for this summer’s bid solicitation.

The secretary continued the entire engineering fee across all the political jurisdictions is ~\$866,637. However, the “pre-bid work” that is being performed now is being done so without a State cost-share component and therefore is a “75% nourishment reserve – 25% Town split”. The “pre-bid work” totals \$361,339 and therefore the nourishment reserve share is \$271,004 and will be apportioned to Emerald Isle, Indian Beach, and Pine Knoll Shores based on the volume of sand received in each municipality. All work associated with the bid solicitation and construction administration work totals \$505,298 and will be done once the State appropriation is received using a 50% State, 37.5% Nourishment Reserve, and 12.5% Town cost-share formula. The Beach Commission is requested today to release just the “pre-bid” portion of the engineering costs to the respective municipalities (\$271,004 total). Secretary Rudolph concluded by noting that the Hoffman Beach Area of Salter Path will be administered by Indian Beach through an interlocal agreement with the County. The County’s General Government cost-share can be envisioned as the equivalent of the Town’s cost-share and will be borne from a portion of the oceanfront property tax in Hoffman Beach that has been designated for beach nourishment. Vice-chair Jones subsequently made a motion to release \$271,004 from the beach nourishment reserve to be distributed to the municipalities of Bogue Banks in accordance with the formulas presented today and provided in the agenda packet. The motion on the floor was seconded by member Archer and unanimously approved.

Member Wootten asked if the “pre-bid” engineering work would still be useful or relevant if we don’t receive State funding this year and have to postpone the project therefore by a year (or more). The secretary replied “yes” because the permits and conditions for this particular project (or phase of the Master Plan) would remain open, and because we survey the beach annually; we can readily update the plans & specifications. The secretary concluded a small group of Town officials met with Rep. McElraft to discuss the State funding component, and we had a very positive discussion.

- (5) **Shore Protection Office Budget for FY 2018-19.** – Secretary Rudolph introduced the FY 2018-19 budget topic by mentioning the Program Summary included as the last ~30 pages of the agenda packet – it is a good resource document of all the project and policy issues we spend a majority of our time on, and the electronic version includes hyperlinks to all the important reports, news releases, correspondences, etc. that are salient to each issue. For our presentation today, the Program Summary is encapsulated in two slides (4 - 6), and each issue was provided a very subjective “+”, “-”, and “0”. Issues such as the Master Plan, Endangered Species Act, Flood Insurance Rate Maps, Outer Continental Shelf Oil & Gas Leasing, the Corps of Engineers “50-year Plan”, Beach Monitoring, Waterway Projects, and other issues were summarized in a “year in review” format followed by a “what’s next” list for the same or other issues.

With respect to revenues from a calendar year perspective; 2017 was up by +6.6% compared to 2016 (\$7,357,361 v. \$6,901,648). Interestingly, the condo/cottage sector was up by

+6.1% for the year after being slightly down (-0.65%) the year prior. Of course the "Other" sector continues to surge upwards with the new "on-line" collection (e.g., Hotwire, Orbitz, etc.) that were first implemented in 2016. However, we should expect the rate for this collection to stabilize in the future. The occupancy tax also eclipsed \$7 million in total collections for the first time ever in 2017, and the July collection exceeded \$2 million alone for the first time ever as well. The total rental income in 2017 is estimated at \$122,622,677. The secretary continued by showing a series of graphs depicting the occupancy tax over time ([slides 7-13](#) in the presentation) noting among other items that the hotel/motel sector had a prominent increase during the shoulder months and the collection for the month of June is steadily catching up to that of August.

In terms of expenditures from a personnel standpoint ([slides 14 and 15](#)), we are proposing a 0% change in personnel, and the same for operations – the latter is more for contingencies (replacing/fixing equipment, phone, etc.). Contracted Services is always our biggest expense and for FY 2018-19, our Master Plan is just about complete, thus our cost exposure for the year goes down but is somewhat (but not fully) offset by our beach monitoring contract that needs to be renewed and will include an expanded "erosion hot spot" scope of work. Member Wootten asked for a refresher on what the hotspot analysis entails. The secretary responded our annual surveying is comprised of a series of individual profiles/transects spaced roughly 1,000 feet apart and therefore we have to interpolate the changes on the beach between transects. The hotspot analyses at East Emerald Isle and Pine Knoll Shores will use a swath/full coverage approach akin to what the firm Geodynamics performs at the Point/Bogue Inlet. Chairman Cooper mentioned that we will have to nourish more in these areas and therefore is there any potential savings to understanding why the beaches erode more in the hotspots? Secretary Rudolph replied that if we know why the hotspots erode more, we may be able to do something different with beach nourishment so we don't have to address these areas more routinely. For example, maybe we enlarge the nourishment fill density on one side of the hotspot or perhaps on both sides and let the excess sand on either side fill in the hotspot – or something to these effects. Member Fortune also asked if the type of sand we use for beach nourishment makes a difference in performance of the beachfill. The secretary replied absolutely – fine sand tends to erode more readily than coarse sand and we try to find a match to native beach. There are other properties such as grain size sorting and density that also play a role. In conclusion with respect to contracted services, the secretary noted the remaining constituents are consistent with that of our current fiscal year, i.e., no change for legal consultation, miscellaneous engineering, etc.

Our other major expenditure category is "Projects" and includes both the U.S. Army Corps of Engineers Coastal Storm Damage Reduction Project (Preconstruction Engineering & Design phase) and the Bogue Banks Master Plan. For the Master Plan; in theory if we receive State funding the remaining of engineering services (bid and construction admin) will be cost-shared 50% State, 37.5% Nourishment Reserve, and 12.5% Town – the Nourishment Reserve cost therefore for FY 2018-19 is anticipated to be \$189,487. The Corps Project includes a total of \$1,700,000 federal funding and is matched by the non-federal interest using a 65% federal – 35% non-federal cost share. The State of North Carolina can provide 50% of the non-federal share and thus we anticipate the total non-federal portion to be \$700,000 split 50/50 between the Nourishment Reserve and State. We are expecting the Corps to request \$400,000 in FY 2018-19 and provided the State monies are received, the Nourishment Reserve's "cost" is actually \$200,000. Member Farrington asked if the \$200,000 cost-share from the State is definitive or not? The secretary replied we feel confident, as the State provided \$150,000 in December for the Corps

first \$300,000 request. And lastly the County's occupancy tax maintenance fee is set by the State Law and using our revenue forecasts (+3% growth rate), should equate to \$42,607 for FY 2018-19. In summary we are proposing a -4.47% decrease for the total FY 2018-19 expenditure budget compared to FY 2017-18 (\$1,272,817 v. \$1,332,401).

The secretary completed the budget presentation with a graphic of the Beach Nourishment Reserve over time depicting a crest of \$11 million in FY 2011-12 followed by a decline to \$5.7 million attributed to funding assistance provided to the Post-*Irene* Nourishment Project ([slide 16](#)). The Reserve is currently at ~\$18 million and if we assume no nourishment projects are going to occur in the next 5 years and a +3% annual growth rate in the occupancy tax, the reserve should reach \$42 million at the conclusion FY 2023-24 (5 year horizon). The reserve cap stipulated in the Law is \$30 million and could be reached sometime in fiscal year 2021-2022. However, if State funding is secured for the first nourishment project constructed under the Master Plan umbrella and ~\$10.5 million of Nourishment Reserve monies are used; then the reserve balance would be at \$30 million (coincidentally) at the conclusion of FY 2023-2024. Member Archer subsequently made a motion to approve the proposed budget for FY 2018-19 as presented subject to any changes made to personnel in closed session. The motion was seconded by vice-chair Jones and unanimously approved.

- (6) **Public Comment.** – None.
- (7) **Closed Session pursuant to G.S. 143-318.11 for the permitted purpose of discussing personnel.** – Following a closed session (personnel evaluation), the Beach Commission instructed the secretary to increase the proposed FY 2018-19 salary line item to the higher of either; 4% for the Shore Protection Manager or to the level the County (General Government) may provide later during the budgeting formulation process. Motion provided by member Fortune, seconded by member Archer and unanimously approved.
- Also, the Commission approved a \$23,000 Shore Protection Manager Pay Study to be prepared by Warwick Group Consultants in accordance with the scope of work and terms provided to the Chairman. The motion was made by member Normile, seconded by member Corsello and unanimously approved. Chairman Cooper added there are un-utilized funds within the Shore Protection Office's contracted services line item for FY 2017-18 which can cover the cost of the Pay Study cost.
- (8) **March 2018 Meeting Date (March 26, 2018).** – It was agreed upon that the next Beach Commission meeting would be held on March 26<sup>th</sup> at 2:00 pm, Pine Knoll Shores Town Hall.
- (9) **Adjourn.** – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.