



## CARTERET COUNTY BEACH COMMISSION MEETING

Minutes  
Pine Knoll Shores Town Hall  
March 26, 2018, 2 pm

### **Attendance.**

Commission Members A.B. "Trace" Cooper (chair), Ken Jones (vice-chair), Harry Archer, Larry Baldwin, Larry Corsello, Jimmy Farrington, Joel Fortune, John Wooten, secretary Greg Rudolph, and the general public. Members Douglas Guthrie and Jim Normile were absent.

- (1) **Call to Order.** - Chairman Cooper welcomed everyone and called the meeting to order.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (February 5, 2018).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the February 5<sup>th</sup> regular session minutes presented in the agenda packet. Member Archer subsequently made a motion to adopt the minutes as presented, which was seconded by member Corsello and unanimously approved.
- (3) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Chairman Cooper introduced the topic by noting we're going to review the January 2018 collection report, which is traditionally our lowest revenue-producing month on the calendar, but there are good trends to report. Secretary Rudolph followed with a one-page [Powerpoint slide](#) highlighting the fact the January collection was up by over +20% compared to January 2017. And again, although January is a low revenue-producing month overall, it is up by 100% compared to just four years ago (i.e., January 2014). In the past few Beach Commission meetings, we have also discussed some other "off season" months that have experienced big revenue jumps; including April and November, which are up by +73% and 108%, respectively since 2014 – and that's only within a three year timeframe. And as we also discussed, hopefully this is a result of the increased marketing the Tourism Development Authority has been advancing for the shoulder months or "secret season". To this end as well, it is important to point out the new on-line collection revenue source has bolstered the collection. The secretary concluded by noting we are up by +6.2% seven months into the 2017-18 fiscal year, which has yielded \$143,025 of additional dollars attributed to the "Beach Fund". The estimate for the "Beach Fund" Reserve at the end of January 2018 is/was \$17.9 million. Commissioner Wooten closed the topic by asking what types of dollars are the municipalities saving each year for beach nourishment? The secretary replied each municipality kept a very small part of the property tax on the books that was used to pay off the bonds associated with the early 2000s nourishment projects (i.e., sand tax). This collectively equates to roughly \$800,000 to \$1,000,000 per year across the municipalities of Pine Knoll Shores, Indian Beach, County reach of Salter Path, and Emerald Isle.

- (4) **Summary - Royalties, Revenue Sharing, and the 2019-2024 Draft Proposed Outer Continental Shelf (OCS) Oil & Gas Leasing Program.** – Secretary Rudolph outlined the purpose of this presentation is to demystify how money from the oil & gas industry is statutory provided to the federal government, and in some instances; to the States and local governments as well. There is a lot terminology that can be confusing, and importantly; there are some occasions when the revenue-sharing to the States and local governments is dictated by law to be used for “shore protection.” Thus regardless of one’s position on the subject of oil & gas exploration of if exploration/production will ever occur along the eastern seaboard; it is important we educate ourselves to this process in case it does becomes applicable along the Atlantic States because our job is to “put sand on the beach”. To this end, this presentation will; (1) review the rules of engagement with respect to the OCS leasing program and what has transpired since 2015 (Obama Administration) to now (Trump Administration), (2) briefly look at the oil & gas plays closest to the Carolinas, and (3) discuss how money is provided to the federal government from the industry, and how it can be “revenue shared” with States and local governments ([Slides 2 – 30](#)).

As it stands today, there is no revenue-sharing mechanism in place for the United States OCS except for GOMESA (the Gulf of Mexico Energy Security Act) once oil & gas exploration/production is seaward beyond the “8(g) zone” in the OCS (or past 6 nautical miles specifically in North Carolina). GOMESA was passed in 2006 and provides 37.5% of all qualified OCS revenues; including bonus bids, rentals, and production royalties to Alabama, Louisiana, Mississippi, Texas, and forty-two Coastal Political Subdivisions (CPS) - i.e., local governments. The secretary continued by applying a GOMESA model to North Carolina and the twenty CAMA Counties using two different lease examples based on the Carolina OCS plays in the Atlantic. Several bills were introduced in the U.S. Senate Committee on Energy and Natural Resources in 2015 and 2016 that had a GOMESA template for the Atlantic States; and therefore it is reasonable to conclude we could see similar verbiage emanating from Congress in the future.

- (5) **Contract Extension (2018 – 2022) Bogue Banks Beach & Nearshore Mapping Program.** – Chairman Cooper introduced Johnny Martin and Chris Freeman with Moffatt & Nichol (contractor) and Geodynamics (subcontractor), respectively who were in attendance to answer any questions that might surface when discussing the proposed contract extension. Secretary Rudolph continued utilizing Power Point Slides ([31 – 37](#)), and briefly reviewed the history of the beach monitoring program that was initiated in 1999 subsequent to the passage of hurricane *Floyd*. The number of profiles along Bogue Banks has increased through time and the program has also incorporated the islands of Shackleford Banks and Bear Island beginning in the mid part of the last decade. Our contractors have changed during the formative years of the monitoring program, but we have utilized the services of Moffatt & Nichol/Geodynamics since 2008 for a 5-year period followed by a 5-year contract extension, which expired in 2017. Therefore a new 5-year contract extension is proposed today as attached to the Commission’s agenda packet.

Besides routine annual monitoring of all the beach profiles and the optional, on-demand post-hurricane survey scopes of work; the contract extension also includes the cost for a hot-spot analysis in East Emerald Isle and Pine Knoll Shores that incorporates a mobile laser scanner. The laser scanner collects millions of data points in between the 1,000 feet spaced profiles, and therefore provides a higher resolution of insight to this area of the beach. This in turn is aimed to help us; (1) constrain the precise area of the erosion hotspots, (2) attempt to relate what physical processes might be influencing the hot-spots, and perhaps most importantly, (3) design more

effective nourishment templates to increase the longevity of the storm protection attributes of the beachfill. The proposal includes the incorporation of the mobile laser scanner twice a year (bi-annual) and the results would be included in the annual report. The secretary concluded by providing a cost differential of the old and proposed contract extensions segregated by contractor and subcontractor costs, and by task ([last slide](#)). Also it should be kept in mind the post-storm report has become more of a storm assessment report that documents not just sand volumes, but structural damages as well; and has become our major justification vehicle when seeking FEMA reimbursement.

Member Wootten inquired if there was a way to perhaps scale back or eliminate the hot-spot analysis after a couple of years if it was not providing the results we thought it would. The secretary replied there is a clause in the contract extension that allows us to do this but it is a little vague, and we could tighten the language more. Member Corsello stated he was a little surprised on the range of the hot spot analysis – i.e., 14 miles of the ~25-miles of Bogue Banks. The secretary responded that this does indeed “jump off the page”, but the proposal maximizes the mobilization cost and it is not much more costly to run the mobile laser scanner through Indian Beach and Salter Path rather than leaving a 2.5 mile hole in the data. Mr. Freeman (audience) added that we also need some “ambient” areas of the beach to compare the hotspot to.

Member Wootten added that he’s a little concerned the hotspot analysis does not include the bathymetry, which is important but costly of course. Thus is this topography only approach worth it? Chairman Cooper agreed we need to think about this in the larger context of usefulness. Mr. Freeman mentioned the Corps of Engineers will be conducting offshore surveys associated with the Bogue Banks Coastal Storm Damage Reduction Project and this can be incorporated with the laser scanner data. Member Baldwin mentioned that even a slight savings in nourishment design that could be gleaned from the hotspot analysis would be worth the cost of the effort (i.e., good benefit/cost). The chairman and member Wootten added that because the hotspot analysis is very much in the Research & Development category; it would behoove us to have the option to drop the hotspot analysis perhaps after two years of the five year contract. Member Farrington and Corsello agreed, and Mr. Martin responded that we can amend the contract before it is presented to your County Board for final approval to reflect this desire. Accordingly and as suggested by member Corsello and chairman Cooper, member Baldwin made a motion to restructure the 5-year contract extension to include a two-year clause to terminate the hotspot analysis if desired and to include the cost differential annually in the contract document as task 3 (i.e., year 1 costs “x” with the analysis and “y” without the analysis). This motion was seconded by member Fortune and unanimously approved. Secretary Rudolph concluded that he would provide the modified contract extension to the Beach Commission electronically before it is submitted to the County Board.

(6) **Public Comment.** – None.

(7) **April 2018 Meeting Date (April 23, 2018).** – The secretary mentioned the 2-day N.C. Beach, Inlet, & Waterway Association’s Local Government meeting is scheduled for April 23<sup>rd</sup> and 24<sup>th</sup>, which obviously conflicts with the proposed Beach Commission meeting date. Chairman Cooper subsequently recommended that we look at what topics might surface between now and then and determine a meeting date for either late April or in May. The Commission agreed by consensus.

- (8) **Closed Session pursuant to G.S. 143-318.11 for the permitted purpose of discussing personnel.** – No action taken by the Beach Commission.
- (9) **Adjourn.** – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.