



## CARTERET COUNTY BEACH COMMISSION MEETING

Minutes  
Pine Knoll Shores Town Hall  
February 18, 2019, 2 pm

### **Attendance.**

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

- (1) **Call to Order.** - Chairman Cooper called the meeting to order and welcomed back member Woody Warren who is serving on the Beach Commission under the position designated for the County's Tourism Development Authority (TDA). The Chairman also recognized Janet Bradbury from Senator Burr's regional Wilmington office to the meeting and the Commission introduced themselves individually to Mrs. Bradbury.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (December 3, 2018).** – 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. Member Archer subsequently made a motion to adopt the minutes as presented, which was seconded by vice-chair Jones and unanimously approved.
- (3) **2019 Beach Commission Officer Elections.** – Chairman Cooper initiated the discussion by mentioning in the past he has disclosed that it is time to begin thinking about a succession plan for the Chairman position – I (Chairman Cooper) have served in this capacity for several years and am also serving on other boards, councils, etc. Ideally it would be beneficial for someone to become vice-chair for a year to groom themselves for the Chair position the following year (2020 or 2021). Chairman Cooper reiterated that he would like to stay as Chairman for this year 2019, and maybe 2020 and help with the transition. Therefore if it is acceptable to the Commission, let's table the officer elections for a month and the interim I (Chairman Cooper) will canvas a few individuals for the vice-chair (i.e., chairman in training) position. The Beach Commission agreed unanimously subsequent to a motion by member Fortune and a second vice-chair Jones.
- (4) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Chairman Cooper introduced the topic by noting that we are having a bizarre offseason in the wake of hurricane *Florence* that the secretary will explain in more detail. Secretary Rudolph continued that we will dive deeper into the occupancy tax when we discuss the budget, but the collection reports for October, November, and December are included in the agenda packet, and the take home message is that despite *Florence*; the collection was up by over 3% for the 2018 calendar year, and the timeframe after *Florence* (October, November, and December) was up by +7% compared to the same months in 2017. Although October was down significantly (-28%), September was actually up by +10.5%. Thus there are reporting quirks; decreased inventory but higher occupancy of the rooms that are

available; vacation insurance; and long-term vs. short term rental issues that paint a very complicated picture. The bottom line however is that most of the occupancy tax revenue is generated in the summer, and if inventory is down; then there simply won't be accommodation space for tourists that there has been in the past – therefore the collection will go downward. Member Warren commented that there is some good news to report on that front. It looks like most of the condominiums will be fully operational by June and many of the cottages are back on-line as well. So it might not be as dire as we may have thought a couple of months ago. The secretary concluded our beach nourishment reserve is estimated to be at ~\$21 million.

- (5) **Shore Protection Office Budget for FY 2019-20.** – Secretary Rudolph introduced the FY 2019-20 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 ([1 & 2](#)), and each issue was provided a very subjective “+”, “-”, or “0”. Issues such as the Master Plan, hurricane *Florence* of course, the 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; 2018 was up by +3.6% compared to 2017 (\$7,621,795 v. \$7,357,361) as introduced during our occupancy agenda topic (Agenda Topic #4). The condo/cottage sector accounts for ~63% of the revenue collected, while the hotel/motel sector constitutes ~29%, and “other” is 8%. The total rental income in 2018 is estimated at \$127,029,921, and again there is a complicated picture that has developed in the wake of *Florence*. We are up by just over 1% half-way through our current fiscal year (FY 2018-19) and we are proposing that the fiscal year will still conclude at +3% growth, but the following fiscal year (FY 2019-20) we are foreshadowing a +1% increase rather than our customary +3% growth rate. The secretary subsequently asked if the Beach Commission agreed with this budget number moving forward. Member Wooten and Chairman Cooper replied that all of our revenue goes into a reserve fund anyhow, so if we miss; it doesn't mean we have to adjust staff or not purchase vehicles, etc. The Commission therefore agreed to take the conservative approach as proposed. The secretary thanked the Commission for the guidance and continued by showing a series of graphs depicting the occupancy tax over time ([slides 3 - 9](#) in the presentation) noting among other items that 2018 was a “weird” reporting year – a record breaking April, followed by an abnormally low May only to be followed by the highest June collection ever reported. Couple this with the reporting issues we mentioned previously with respect to *Florence*, and again it is difficult to decipher what the trends truly were for any individual month. Member Baldwin mentioned the article in today's News & Observer regarding the school calendar issue, and that would obviously impact the occupancy tax revenue (negatively) by moving the school start dates earlier into the month of August. Secretary Rudolph responded by noting that of the 88 bills introduced in the N.C. House as of today – 17 are related to the school calendar issue. The Senate refused to consider any of the school calendar bills the last long session of the N.C. General Assembly (2017), and it is likely bills of this nature will have the same fate this year.

In terms of expenditures from a personnel standpoint ([slides 10 - 12](#)), we are proposing a 0% change in personnel, and an ever so slight increase (\$540) for operations (\$21,940 total) – the latter is more for contingencies (replacing/fixing equipment, phone, etc.). Contracted Services is

always our biggest expense and for FY 2019-20, our Master Plan is just about complete and we are reducing our budget for on-call legal services, which equates to an overall \$100,000 reduction in contracted services (\$385,470 compared to \$485,470). These changes are straightforward. The secretary continued however that forecasting our high-dollar nourishment projects is tricky. Phase I of the Post Florence Renourishment Project is planned for Spring 2019 and will result in a direct expenditure of ~\$12 million from the nourishment reserve fund, leaving an estimated balance of ~\$10 million as we start FY 2019-20. With no concrete timelines or level of reimbursement actually known for FEMA reimbursement, it is difficult to plug in another \$12 million project (or more) without showing a negative balance; which is never a good idea. Therefore considering the Shore Protection Office expenditure budget rarely exceeds \$1 million annually and the uncertainty with respect to FEMA and the impacts to the nourishment reserve, we are NOT going to include any “project” funding in the FY 2019-20 budget although we are going full-steam planning-wise for “Phase II” of the Post Florence Renourishment Project that will ideally encompass central and western Emerald Isle, Pine Knoll Shores, and West Atlantic Beach. Thus and finally if we just look at our non-project budgets for FY 2018-19 to that of the proposed FY 2019-20 budget; we are recommending a -15% decrease (\$586,512 proposed for FY 2019-20 compared to \$685,593 budgeted in FY 2018-19).

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 12](#)). The Reserve was at roughly \$18 million as we started FY 2018-19 as depicted on the graph and is currently at ~\$21 million. However, it should be close to ~\$10 million at the conclusion of FY 2018-19 once the Phase I Post-Florence Renourishment Project is constructed and paid for. The 5-year forecast as shown on the graph is just an exercise of letting the occupancy tax/reserve grow unimpeded without any large scale projects. Reality of course could very well be different but again without a firm grasp of FEMA reimbursement levels; any other “with projects” forecast would be even more speculative. The reserve cap stipulated in the Occupancy Tax Law is \$30 million and would be reached sometime in fiscal year 2024-2025 – again using the assumptions just mentioned.

- (6) **Public Comment/Other Business.** – The secretary updated the Beach Commission concerning Phase 1 of the Post-Florence Nourishment Project using the [project website](#), which is scheduled to start in the first week of March.
- (7) **Closed Session pursuant to G.S. 143-318.11 for the permitted purpose of discussing personnel.** – The motion to go into closed session in the beginning of the session was made by vice-Chair Jones, seconded by member Guthrie, and unanimously approved. Following the closed session (personnel evaluation), the Beach Commission instructed the secretary to recommend the maximum merit raise the County might afford to staff depending upon the wishes of the County Board. The motion for this merit compensation and to approve the budget was provided by member Fortune, seconded by member Archer and unanimously approved.
- (8) **March 2019 Meeting Date (March 25, 2019).** – It was agreed upon that the next Beach Commission meeting would be held on March 25<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.