

Shore Protection Manager

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CARTERET COUNTY BEACH COMMISSION MEETING

Minutes
Pine Knoll Shores Town Hall
February 6, 2017, 2 pm

Attendance.

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

- (1) **Call to Order.** - Chairman Cooper called the meeting to order, and welcomed Kathleen Riely, executive director of the N.C. Beach, Inlet, & Waterway Association (NCBIWA). The Chairman continued that we have a long meeting planned for this month, and accordingly, asked Ms. Riely to speak to the group immediately following our officer election portion of the agenda.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (December 5, 2016).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the December 5th 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 Corsello and unanimously approved.
- (3) **2017 Beach Commission Officer Elections.** – Chairman Cooper initiated the discussion by mentioning members Baldwin, Jones, and Wooten were nominated by the Beach Commission for re-appointment by the Carteret County Board of Commissioners for another 3-year term, which was granted in January 2017. Our officer elections (chair and vice-chair) follow suite this month – I (Cooper) and Ken (Jones) currently serve as chair and vice-chair, respectively and are willing to serve again for another year if the full Commission wishes to proceed in that direction and at the same time would also entertain any other nominations for chair or vice-chair. With no other names provided, member Baldwin made a motion to nominate and approve Cooper and Jones for the chair and vice-chair positions for 2017. The motion on the floor was seconded by member Farrington and unanimously approved.

Pursuant to the agenda change mentioned earlier in the meeting, Ms. Riely addressed the Beach Commission and also introduced one of NCBIWA's Board members in attendance and Emerald Isle resident, Charles Vincent. Ms. Riely continued she has concluded serving as executive director for another non-profit and is now the full time executive director of NCBIWA (before she was running both organizations). NCBIWA's main advocacy thrust this year is going to be advocating the N.C. General Assembly to create a recurring, State funding source for beach nourishment. NCBIWA will be hosting a breakfast in Raleigh on March 9th to this effect and will be developing a series of talking points for this meeting. In addition to the March 9th legislative

breakfast, the annual NCBIWA Local Governments conference is scheduled for April 3rd and 4th at Jennette's Pier, Nags Head. In conclusion Ms. Riley asked for any ideas with respect to agenda topics for this conference and stressed this is a member organization, and the legislative direction the organization takes is ultimately a representation of the member's input.

Member Guthrie and Greg Lewis (audience, Morehead City) mentioned the property owners along the beach also have property west of Interstate 95; and they need to be solicited for support for the State funding source mentioned earlier and/or other coastal issues. Chairman Cooper agreed and as an example, ~2,600 persons (voters) in Wake County have property along Bogue Banks – they are constituents of Wake County elected officials and can contact, educate, advocate for coastal issues. Secretary Rudolph wanted to add that he invited Ms. Riely to speak because; (1) she has done a commendable job taking over the organization that was in crisis, (2) the secretary helped coordinate both of NCBIWA's Annual conferences last year, and (3) the NCBIWA Board needs additional Carteret County representation.

- (4) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Chairman Cooper introduced the topic by noting that we have a couple months of data – good news on this front, but of course these low revenue winter months don't add much to the overall collection; but again there are some positive trends. Secretary Rudolph continued the November and December occupancy tax collections were included in the Beach Commission's agenda packet, which concludes calendar year 2016 and will be discussed in greater detail during the budget presentation later today. This is also is our halfway point for the fiscal year (2016-17) in terms of reporting, and the occupancy tax is up by +5.3% thus far. Interesting although November and December aren't large collection months, both months had higher collections than the same months in the previous year. The month of November is particularly noteworthy – the collection was up by +30% this year (2016 v. 2015), and was up +18% the year prior (2015 v. 2014). The secretary postulated this might be an indicator of increased Thanksgiving visitation. Chairman Cooper added the Tourism Development Authority has been working diligently to increase visitation during the shoulder seasons, and hopefully this is an indication of some positive results to this effect.
- (5) **Shore Protection Office Budget for FY 2017-18.** – The Chairman and secretary summarized the County's budget timeline and proceeded to summarize the details of the proposed FY 2017-18 budget following the sequence provided in a PowerPoint presentation - <http://www.carteretcountync.gov/DocumentCenter/View/3802>. Although not technically budget related, the agenda packet includes a 24-page Program Summary highlighting the various projects, policy initiatives, and administrative duties the Shore Protection Office/Beach Commission has worked upon in 2016 and what is expected in 2017. Some of the topics discussed included; the Bogue Banks Master Plan, Endangered Species Issues, Flood Insurance Rate Maps (FIRMs), Oil & Gas Exploration; Beach Monitoring; Morehead City Harbor issues, various N.C. Division of Coastal Management policies, and the Congressional authorization of the U.S. Civil Works effort – the Bogue Banks Coastal Storm Damage Reduction Project. Chairman Cooper mentioned a lot of these topics are truly non-beach nourishment related; but it is good we provide these types of services to the County and communities.

With respect to revenues from a calendar year perspective; 2016 was up by +5.7% compared to 2015 (\$6,901,648 v. \$6,530,780). Interestingly, the hotel/motel sector was up by +15.9%, "Other" was up by +31.2%, yet the Condo/Cottage sector was slightly down by -0.6%.

The latter of which (condo/cottage) represents the bulk (63%) of the overall collection, while the "Other" sector received a shot in the arm via the new collection that started this year of "on-line" rentals (e.g., Orbitz, Hotwire, etc.). In fact, there was a \$122,108 total increase in the "other" sector (up from \$391,733 in 2015) --- \$83,435 of which was attributed to "on-line". The total rental income in 2016 is estimated at \$115,027,467. The secretary continued by showing a series of graphs depicting the occupancy tax over time (slides 4-9 in the presentation).

In terms of expenditures from a personnel standpoint, we are proposing a --27% decrease because we are assuming that there will be no Governmental Affairs Officer to fund in 2017-18. There is a similar decrease for Operations for the same reasons (i.e., no Governmental Affairs Officer related needs). Contracted Services is always our biggest expense – about 75% of our expenditure budget and contains seven components. We are proposing a --24% decrease compared to our current fiscal year (\$563,795 v. \$741,295), which is mostly attributable to the fact our Master Plan Engineering and Environmental Impact Statement Preparation is coming to a close and a reduction in our legal retainer. 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 \$39,359 for FY 2017-18.

During the presentation, the beach monitoring contracted services line item was discussed and was followed by some questions by members Wooten and Farrington regarding the geomorphology of Bogue Inlet, and by member Fortune concerning unusual scarping at Indian Beach, which was echoed by member Guthrie. Regarding the scarping at Indian Beach, the secretary postulated that maybe the sand brought up the dry beach slope by hurricane *Matthew* has provided a higher elevation berm and therefore the appearance of higher escarpments during high water events this winter. Members Farrington and Wooten mentioned they have observed similar phenomena in Emerald Isle this winter.

The secretary concluded the expenditure summary by again noting we also have to account for the County's Administrative fee pertaining to the occupancy tax. The formula for the administrative fee is provided in the State Law and is split 50/50 with the Tourism Development Authority commensurate to the 50/50 split of the revenues also stipulated in the law (S.L. 2013-223). In total summary we are proposing a -23.6% decrease for the FY 2017-18 expenditure budget compared to FY 2016-17 (\$753,587 v. \$985,833), which again is predicated on less contracted services anticipated for next fiscal year and the absence of a Governmental Affairs Officer expense.

A graphic of the Beach Nourishment Reserve over time depicts 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. The Reserve is currently at \$15 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 \$35.6 million at the conclusion FY 2022-23 (5 year horizon). The reserve cap articulated in the Law is \$30 million and could be reached sometime in fiscal year 2021-2022. Member Corsello mentioned that based on our monitoring data, just about all the Towns are 5 – 6 years away from a nourishment event. With no further questions or comments from the Beach Commission, Vice Chairman Jones made a motion to accept the Shore Protection Office Budget for the fiscal year 2017-2018 subsequent to the recommendations

provided in closed session (see (7) below). The motion on the floor was seconded by member Guthrie and unanimously approved.

Chairman Cooper continued that the secretary included a memo in the agenda packet concerning the future of the Governmental Affairs Officer (GAO) and Administrative Assistance in general, which was predicated by a conversation the Beach Commission had at the December meeting. The concept of a GAO was developed several years ago when Washington, DC lobbying the Beach Commission used to fund became less effective as a whole and the County was looking towards advocacy efforts concerning the N.C. General Assembly. The decision was made to move forward then with a GAO that would be housed in the Shore Protection Office to also provide administrative assistance to the secretary/Shore Protection Manager. Unfortunately the person we did hire became ill and the position never really got off the ground; however we did learn some things and the Chairman turned the floor over to the secretary to summarize the points contained in the agenda packet memo.

Secretary Rudolph highlighted that just to learn all the nuances and details concerning broad topics such as social services, law enforcement, health issues, education, etc. is almost a full time job in itself and the GAO really needs to be interfacing continually with all the County Department Heads at the County Seat in Beaufort to be effective. In this sense, the Shore Protection Office would be just one of the many Departments the GAO services. If this is the case, then do we rather need a person to provide administrative assistance while also becoming a policy analyst for all the coastal issues that are tangentially related to beach nourishment? If we feel comfortable in that approach, then it would be logical for the Beach Commission to fund an administrative assistant/policy analyst while the County (General Government) fully supports the GAO. The secretary continued that this line of thought is pretty straight forward. However, if the new administrative assistant/policy analyst also takes command of waterway issues; then it could make sense to pursue a beach and waterway office framework. But conversely, the waterways are not a jurisdictional responsibility of the Beach Commission, so then that person may need to change from a 100% Beach Commission/occupancy tax supported position to one that is 50/50 Beach Commission/County General government.

Member Corsello and Vice Chairman Jones agreed the GAO should be a separate entity, which was also supported by member Farrington; although the Shore Protection Manager would be a great person to cultivate the GAO at least in the beginning. Chairman Cooper added that we also need to think about the Shore Protection Manager's time with respect to training, and oversight of a new person (GAO or standalone Administrative Assistant) – this takes even more time away from his core duties related to beach nourishment. The general verbal consensus was the Shore Protection Office could use administrative assistance (either full or part time), and we (Beach Commission) should go ahead and form a subcommittee to discuss these issues with the County Manager, County Finance Director, and a few County Board of Commissioners. This sentiment was subsequently supported members Baldwin, Normile, Fortune, in addition to the other members who previously provided input. The secretary replied he would schedule a meeting to this effect in the near future.

(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 salary line item to \$110,000 for the Shore Protection Manager in the FY 2017-18 budget.
- (9) March 2017 Meeting Date (March 27, 2017). – It was agreed upon that the next Beach Commission meeting would be held on March 27th at 2:00 pm, Pine Knoll Shores Town Hall.
- (10) Adjourn. – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.