



CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Pine Knoll Shores Town Hall & Remotely (COVID-19 Precaution)

March 23, 2020, 2 pm

Attendance.

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

- (1) **Call to Order.** – Chairman Cooper called the meeting to order and thanked everyone for attending either in-person with proper social distancing measures employed or via conference call/Web-Ex.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (February 11, 2020).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the February 11th regular session minutes presented in the agenda packet. With no comments forthcoming, member Fortune 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.** – Secretary Rudolph introduced the topic with a slide show aid ([Slide 1](#)) and noted the Commission’s agenda includes the January 2020 collection report, which was down by over -10% compared to the January 2019 collection. A -10% drop in one of the lower revenue months is not that catastrophic as the Fiscal Year collection through seven months is down by -3.6% (FY 2019-20 vs FY 2018-19). The secretary continued that the collection trend is extremely difficult to decipher – it was complicated by hurricane *Florence* because an influx of contractors and displaced families were occupying much of what was remaining of the short-term rental inventory in the wake of the hurricane year ago. These same contractors and families simply weren’t in need of rooms in 2020 and hence a drop in occupancy now. And of course there is no way to predict the impacts of COVID-19, but it will certainly be negative with all the cancellation of parades, races, and other public events; coupled with stay-at-home directives for many Counties and mandatory restaurant closures, etc. With respect to the nourishment reserve balance; at the conclusion of January 2020, we estimate the balance was roughly \$17.3 million. However earlier this month (March), we have received \$10.8 million from Emerald Isle as a reimbursement for the Phase I Post-*Florence* Renourishment Project and \$15.3 million from the N.C. Department of Environmental Quality.
- (4) **Post-*Florence* Renourishment Project (Phase III Scoping Discussion).** – Chairman Cooper mentioned that basically Phase I was last year’s project (2019) and the Phase II Project is this year’s project (2020). The secretary and Johnny Martin with Moffatt & Nichol will be discussing the parameters for Phase III, scheduled for next year (2020-21). Secretary Rudolph provided an overview of the impacts of *Florence*, the goals of the project, and the dredging methodology ([Slides](#)

[2 – 12](#)) before discussing the preliminary plan for Phase III ([Slides 13 – 17](#)). Generally speaking, there are three components of Phase III if the maximum extent of the project is pursued (all in Emerald Isle); (a) a small section west of Phase II from the Land's End Club House to past Channel Drive, (b) the main portion of the project in Central Emerald Isle between Phases I and II, and (c) East Emerald Isle in the Phase I zone again. The secretary continued discussing the need for going back into East Emerald Isle; for one (1) It is a known erosional hotspot, and two (2) Our fill density in this area was actually below the volume of sand loss documented for hurricane *Florence* (+38.2 cy/ft added in 2019 vs. -43.8 cy/ft lost in 2018) – this was one of the collateral design issues we had back in late 2018 trying to get the most critical areas of Bogue Banks nourished with the cash we had in-hand at the time. This was months and months before FEMA fixed-cost funding to Pine Knoll Shores, Indian Beach, and Emerald Isle was approved; and was also months before the General Assembly even passed legislation enabling us to apply for State funding.

With this background in mind, the Secretary provided a summary style fact sheet depicting the geography of the Phase III Project, volumes, and a cost estimate – the latter was \$45 million and a summary budget slide for the nourishment reserve was presented next to reconcile if there would be enough in the reserve to pay for the entire project. This was the same slide presented to the Beach Commission during our budget deliberations last month and in essence we should have roughly \$29 million – not enough to completely cash advance all of Phase III. However, Emerald Isle still has ~\$30 million of Hurricane *Florence* FEMA fixed-cost funding that is available. Thus the total funding available is really \$59 million, but again cash flow could become a problem, especially in the wake of COVID-19 (i.e., the FEMA funding could be re-programmed for COVID-19 purposes). Cash flow could also be an issue even if this worse-case scenario never materializes – for Phases I and II we have waited until the projects were completely finished before requesting a single reimbursement – this approach won't work with ~\$29 million in reserve and a \$45 million project. However, if we take an "invoice-by-invoice" reimbursement approach with FEMA to gain monthly-esque reimbursements to keep the County reserve positive, then we can maintain our role as a cash-advance vehicle for Phase III. We could also ask for a partial cash advance from FEMA (i.e., ask for a \$15 million in advance out of the \$30 million available). And lastly and alternatively, we could reduce the scope of the project to fit our nourishment reserve budget or even blending our nourishment reserve and Emerald Isles'.

Mr. Martin added our bid procurement strategy could include a base plus option approach, where obviously the base would be represent the cash we had in hand, and the option would be for the balance – this might provide enough time to speak with FEMA and reconcile reimbursements timing or the idea of an advance. The secretary and Beach Commission discussed possible zones that could be used in a base project, or standalone \$30 million project, and ways to possibly shorten the fill in East Emerald Isle. Chairman Cooper and Commissioner Corsello both favored a base plus option approach, but ultimately the contract is between Emerald Isle and the dredging company so the financial risk is more of a Town matrix decision. Member Baldwin and Fortune also favored a base plus option or whatever we could afford at the present moment just in case the FEMA funding evaporates in the wake of COVID-19. Vice-chair Normile suggested that Emerald Isle, the secretary, and Moffatt & Nichol get together and discuss the issue and possible options; and come back to the Beach Commission next month. Sam Morrison (phone – Moffatt & Nichol) mentioned that we have submitted the event notification to the resource agencies and we would

like to get the bids solicited early as possible to secure a favorable price – and this timeline would still work to this end.

- (5) **Public Comment.** – None.
- (6) **Other Business.** – Secretary Rudolph disclosed that the small waterway projects at Salters Creek and the Straits are almost complete and the bid opening for the Atlantic Harbor is later today. Member Baldwin asked on a separate note if the heavy equipment/dune planting issue has been resolved for this upcoming late Spring/Summer. The secretary replied that the U.S. Fish & Wildlife Service (USFWS) never prepared Incidental Take Prevention measures for dune planting activities, and our Phase I Project past year brought this into focus – Statewide. We have since received guidelines from the USFWS that will enable us to use heavy equipment with sensible precaution measures.
- (7) **April 2020 Meeting Date (April 27, 2020).** – It was agreed upon that the next Beach Commission meeting would be held on April 27th at 2:00 pm, Pine Knoll Shores Town Hall.
- (8) **Adjourn.** – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.