

Shore Protection Manager

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CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Pine Knoll Shores Town Hall

January 22, 2007, 2 pm

Acronyms:

CBOC – Carteret County Board of Commissioners

EI – Emerald Isle

PKS – Pine Knoll Shores

WRDA – Water Resources Development Act

Attendance.

Commission Chair Buck Fugate, Vice-Chair William Donnelly, Commission Members Pete Allen, Eddie Dawkins, Jack Goldstein, Joan Lamson, Ted Lindblad, Jim Willis, secretary Greg Rudolph, and the general public. Members Stewart Pickett and Jim Stephenson were absent.

- (1) **Call to Order.** – Chairman Fugate called the meeting to order and asked the Commission to add a brief closed session to the agenda to discuss personnel. The closed session was approved by consensus.
- (2) **Approval of Minutes (Regular Beach Commission Meeting – November 27, 2006).** – Chairman Fugate asked the Commission if there were any corrections, additions, or comments regarding the minutes presented in the agenda packet. With no comments forthcoming from the Commission, Member Lindblad motioned the minutes be approved as presented. The motion was seconded by member Lamson and unanimously approved.
- (3) **2007 Beach Commission Officer Elections (chair and vice-chair).** – Chairman Fugate opened the floor for nominations of the Beach Commission chair and vice-chair positions for 2007. Member Lamson made a motion to re-elect Buck Fugate as chair and Bill Donnelly as vice-chair for 2007. The motion was seconded by member Goldstein and with no other nominations offered; the motion on the floor was unanimously approved. Secretary Rudolph briefly mentioned that Tom Hoover has been nominated by EI to fill a vacancy currently on the Beach Commission. The CBOC meets tonight to consider this nomination.
- (4) **Occupancy Tax and “Beach Fund” Update.** – Secretary Rudolph directed the Commission to the agenda packet and the November 2006 occupancy tax receipt that when compared to November 2005 collection, is down by approximately 8.5%. The year-to-date figure is now close to +2% mark compared to the same point in time a year ago. The secretary added it is becoming more apparent with each passing month that the occupancy tax collection has stabilized since the banner year of FY 2005-06 (a +17% increase for this particular year). Although the last few months have included negative occupancy tax collection numbers, overall there appears to be little cause for alarm.

Chairman Fugate postulated that the occupancy tax may be feeling the repercussions of all the hotel rooms that have been removed in the wake of demolition/redevelopment of the large hotel/motel establishments on Bogue Banks. Secretary Rudolph added the hotel/motel sector of the occupancy tax collection is consistently experiencing the biggest drop when compared to the condo/cottage sector. Member Goldstein also mentioned that traditionally, the winter months usually experience high revenue from the hotel/motel sector, albeit the overall occupancy total for the winter months are always low compared to the summer months.

Member Allen asked if any projections have been formulated to determine the impact of losing the amusement establishments on Bogue Banks to redevelopment. Chairman Fugate replied a lot of people have discussed the matter but no formal studies have been conducted to measure the impact. Secretary Rudolph continued by mentioning the unseasonably warm weather we have been experiencing may translate into higher occupancy rates and therefore higher revenue figures. The secretary concluded by mentioning the "Beach Fund" reserve is at approximately \$3.3 million as of the end of the calendar year.

- (5) **Shore Protection Office Budget for FY 2007 – 08.** – Secretary Rudolph initiated the budget presentation by making two broad observations; (1) as far as expenditures are concerned for FY 2007-08, the cost associated with the Kilpatrick Stockton contract has an inordinately large signature on the expenditure side of the ledger and should be a one-time expense, and (2) interestingly, our vision and expected expenditures for beach projects for the next several years is possibly more cloudy than ever for a host of reasons. These "macro" observations aside, the revenues for the Shore Protection Office is borne out of the County's portion of the occupancy tax designated for beach nourishment and we have traditionally utilized a 3% annual revenue growth rate. This year, the occupancy tax is currently growing by a 2% margin. However, it is still prudent to use a 3% growth rate because the revenues presented to the Beach Commission during each year's budget deliberation are unintentionally underestimated. The reason for the underestimations lie in the fact that when the budget is developed each year, the final occupancy tax tally for the previous fiscal year is used to forecast the final collection for the current fiscal year – previous year multiplied by 1.03. This forecasted number for the current fiscal year is then multiplied again by a factor of 3% to develop the anticipated revenues for the following year's budget. This cumulative estimating often results in low revenue forecasts as depicted in the agenda packet that compares predicted tax revenue versus actual. Also, FY 2007-08 will be the second year after the municipal allocations have sunset.

Expenditures are subdivided into personnel, operations, and contracted services. Obviously, the personnel line item covers salaries, benefits, FICA, etc. Operations essentially cover incidentals such as supplies, telephone, etc. Less than a couple extra thousand dollars were added to the budget this year to assist in the printing of the new "State of the Beach" report and a long awaited beach access/parking pamphlet. Actually the bulk of expenditures for the operations line item is attributed to the Bogue Banks Shore Projection Project, and it is quite possible these funds will never be used if the current Federal funding climate continues in FY 2007-08.

The majority of expenditures for the Shore Protection Office lie in contracted services. For FY 2007-08, there are seven items; turtle monitoring, lobbying (Marlowe & Co.), beach monitoring, legal fees (the biggest expenditure), internet mapping, graphic design assistance for the State of the Beach Report and the access pamphlet, and expert engineering services/expertness testimony

(if needed). And as the final topic, a reserve forecast is also included in the budget packet. This is the second consecutive year where the construction of the Shore Protection Project is not included in the budget projection, and no other beach nourishment construction efforts are included in the budget. The secretary continued that the Shore Protection Office is not really sure what form a nourishment project may take or the funding requirements, and therefore believed it would be more beneficial for the Beach Commission to see what the maximum reserve amount could be at the conclusion of the FY 2012-13 fiscal year. Also, the one-time FY 2007-08 legal fee of \$550,000 was cut in half for future fiscal years as a rough estimate.

Member Willis mentioned he believed the Beach Commission should survey Bogue Inlet every year and the cost for this should be incorporated in the budget. Secretary Rudolph replied that a survey might cost between \$20,000 to \$30,000 per year and maybe could be conducted every other year rather than annually. Member Willis asked if this cost was for both Bogue and Beaufort Inlets. The secretary replied this cost estimate is for one inlet survey, not both, and maybe the beach Commission's monitoring subcommittee can discuss this and provide a recommendation to the full Commission in the not-to-distant future. Member Lindblad asked the Commission if it was worthwhile to support a public relations campaign both philosophically and monetarily, which could ultimately be used to make the public aware of the Beach Commission's and Shore Protection Office's efforts. Member Goldstein agreed in principle, but thought an economic impact study might be more appropriate, including a list of accomplishments. This study should also be prepared by a third party. Chairman Fugate asked for any more questions, and the secretary replied that a \$350,000 budget amendment is pending and will take this sum out of the reserve. It was not presented in the budget so the Commission could see the actual budget in FY 2006-07 compared to the proposed FY 2007-08 budget. This change will be incorporated into the budget and forwarded to the Beach Commission at a later date. With no other comments forthcoming, member Lamson recommended approval of the proposed budget, compared to the zero or plus 3% budget, as modified after the closed session to discuss the Shore Protection Manager's salary recommendation for FY 2007-08. The motion was seconded by vice-chair Donnelly and unanimously approved (7-0). Note: Following a closed session, the Beach Commission included a 10% increase for the Shore Protection Manager's salary.

(6) **Public Comment.** – None.

(7) **Other Business.** – Chairman Fugate mentioned the American Shore & Beach Preservation Association's annual Washington, D.C. Summit is scheduled for March 21st – 23rd and there are budgeted funds for three individuals to attend. Member Lamson asked if there will be an opportunity to discuss WRDA with legislators at the Summit. The secretary replied "yes" and agreed to provide member Lamson a list of the committee members who are debating WRDA in the House and Senate. Member Willis noted some grammatical changes to the Beach Commission roster that were well received by the secretary and Commission as a whole.

The chairman disclosed that Kilpatrick Stockton has recommended a dredged material plan be formulated for the Morehead City Harbor. This would be a practical document aimed to describe the exact manner in which sand dredged from the harbor should be placed on Bogue Banks if a favorable negotiated settlement or court order is reached. Olsen Associates, Inc. will be retained for the effort.

- (8) Closed Session pursuant to G.S. 143-318.11 for the permitted purpose of discussing personnel. – Please see the results of this closed session as described in the last sentence in topic number 5 above.
- (9) February 2007 Meeting Date (February 26, 2007 – proposed). – It was agreed upon that the next Beach Commission meeting scheduled for February 2007 would be held on the 26th of the month at 2:00 pm, PKS Town Hall.
- (10) Adjourn. – Chairman Fugate asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.