

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 393.2663
Fax: (252) 393.6639
rudi@carteretcountygov.org



CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Pine Knoll Shores Town Hall

July 28, 2008, 2 pm

Attendance.

Commission Chair Buck Fugate, Vice-Chair William Donnelly, Commission Members Pete Allen, Jack Goldstein, Tom Hoover, Joan Lamson, Ted Lindblad, Art Schools, Jim Stephenson, Jim Willis, secretary Greg Rudolph, and the general public. Member Eddie Dawkins was absent.

- (1) **Call to Order.** – Chairman Fugate called the meeting to order and acknowledged Mayor Cooper and elected councilpersons from Atlantic Beach in addition to councilman Clark Edwards from Pine Knoll Shores who were all in the audience.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (June 23, 2008).** – Chairman Fugate asked the Commission if there were any corrections, additions, or comments regarding the June 23rd regular session minutes presented in the agenda packet. With no comments forthcoming from the Commission, member Goldstein motioned the minutes be approved as presented. The motion was seconded by member Donnelly and unanimously approved.
- (3) **Occupancy Tax and “Beach Fund” Update.** – Secretary Rudolph summarized the June occupancy tax collection report attached to the Commission’s agenda packet constitutes the final monthly collection for the FY 2007-08 fiscal year. For the fiscal year, the occupancy tax was up by approximately 3.75% compared to the previous year (FY 2006-07). While most of the months in the past fiscal year oscillated up and down, the last two months in the fiscal year (May and June) came in at a plus 8% level, which helped stabilize the overall number for the year. All in all, with the National economic trend heading downward, the 3.75% increase reported for the County’s occupancy tax should be seen in a positive light - granted the increase was not as high in the years prior, which were at annual levels of plus 6% to 8%. The secretary continued that when reviewing the collections by sectors (hotels vs. condos), it is important to note that both sectors reported an increase, which is contrary to some thoughts that the hotel sector would be in decline because there are simply less hotel rooms than in years past because of the last wave of re-development. The secretary concluded the briefing by mentioning the “Beach Fund” reserve is currently estimated to be at ~\$5.7 million – there was a net increase of ~\$1.6 million in FY 2007-08 once expenditures were taken in to account. Member Schools added the County estimates that there will be an additional \$20,000 added to the June collection as well.
- (4) **Presentation – Interim Operations Plan for the Morehead City Harbor Navigation Project.** – Chairman Fugate introduced Christopher Frabotta, Navigation Project Manager with the U.S. Army Corps of Engineers (Corps) who subsequently summarized the new [Interim Operations Dredging Plan for the Morehead City Harbor Navigation Project](#). Mr. Frabotta opened the floor for questions

after reviewing the general dredging reaches for the Harbor, current dredging & disposal protocols, the new interim dredging & disposal plan, and discussing the Dredged Material Management Plan.

Member Hoover asked where will the dredged inner harbor material go in year 3 (the year a hopper dredge would have the option to dredge emergency shoals in the inner harbor)? Mr. Frabotta replied the ODMDS (Offshore Dredged Material Disposal Site) is a huge area and the non-beach compatible material will only be placed in the very southwest corner of the ODMDS - far away from the beach quality sand that has been dumped previously in the ODMDS. Also, Brandt Island has 3 million cubic yards of capacity, which equates to a 12 year life span under the Interim Operation Plan. However, only half of the island is used, and the disposal area on Brandt Island can be expanded southward providing 30 years of capacity. The Dredged Material Management Plan is for twenty years, so the solution offered is the best the Corps has at this time.

Member Lindblad asked if the Corps has ever tried to determine why the material shoaling the inner harbor material has steadily gotten muddier over time. Mr. Frabotta responded by first noting the accuracy of geotechnical data collection has improved over the past several decades so it would be difficult to use these earlier data in any meaningful manner. However, the data obtained in the 1990s to the present does indicate a fining trend. Maybe this is because of increased development and runoff or other factors, but some of the fine material shoaling the inner harbor is from the toe of Brandt Island and the Corps will evaluate if the north end of the island can be shored up. Member Lindblad also asked when the Corps intends to finish the Dredged Material Management Plan (DMMP). Mr. Frabotta mentioned the DMMP started this year and the Corps is funded through this year and next fiscal year. The document should be completed by the end of 2010. Member Lindblad also asked about (clarifying) overdredging. Mr. Frabotta explained that under the Interim Operations Plan, the inner and outer harbor dredging depths will be taken to their maximum allowable depths – not to the depths that are needed for current ship traffic. The intent is to provide advance maintenance (dredge deeper which provides accommodation space for more shoaling and therefore reducing dredging frequencies).

Member Willis asked if more sand was going to be delivered to Bogue Banks under the Interim Operation Plan or the current dredging plan. Mr. Frabotta responded that if the volume of Brandt Island pump-outs are averaged by year, then 360,000 cubic yards have been placed along the beaches of Bogue Banks. The Interim Operation Plan places 1.1 million cubic yards of sand along the beach every three years, so the volume is virtually the same if averaged annually. Of course, the material placed on the beach under the Interim Operations Plan will be better quality compared to that of Brandt Island. Thus the quantity will be the same but the quality will be better. Member Willis subsequently commented that the Corps is dredging the Harbor under older authorities/reports in the 1970s and 1990s and therefore any new plans will need to go through Congress, and therefore Atlantic Beach will still get sand from Brandt Island. Member Donnelly disagreed with the grandfathering idea of Brandt Island.

Chairman Fugate noted that Ft. Macon has been receiving sand from the inner harbor just about every other year, and will be receiving sand every 3rd year under the Interim Operations Plan. Is there way Ft. Macon could receive sand in between the three year cycle if needed under the Interim Operation Plan? Mr. Frabotta said he would investigate this, but Bulkhead Channel (part of the Beaufort Harbor Project) and the year 2 dredging could possibly be placed on Ft. Macon. Also, because the material is better quality beach sand, hopefully Ft. Macon will only need

to be nourished once every three years. Member Lindblad asked exactly how far the material would go down the beach in year 1. Mr. Frabotta noted that the 1.1 million cubic yards of sand would be placed using a design berm of 100 feet or something to this effect and pumped westward until the material ran out (channel was clean). The DMMP will evaluate exactly where the sand should go after additional analysis. Member Lindblad responded by asking if there was a pre-conceived notion to exactly how far west the material would go. Mr. Frabotta answered there will be a point on the beach where nourishment will not be warranted due to navigation impacts. However, if sand needs to be placed further west, the Corps is going to include a local option to place sand further west than the Corps base plan as outlined in the DMMP. Chairman Fugate thanked Mr. Frabotta for that gesture (the local option) and also recognized John Sutherland with the N.C. Division of Water Resources and County Board Chairman Doug Harris who also was in attendance.

- (5) **Appointments to the Beach Commission's Occupancy Tax Committee.** – Chairman Fugate introduced the topic by noting that any nourishment will cost significant amounts of dollars and the occupancy tax in Carteret County was created with the premise that the Federal gov't would fund 65% of beach nourishment. This basic tenant is not realistic in today's economic and political climate and the secretary has a presentation for the Commission discussing the current status of the tax. Secretary Rudolph continued by reviewing that a portion of the occupancy tax first began to be designated for beach nourishment the State Assembly in 2001 (SL 2001-281) and was subsequently modified in 2005 and 2007 to extend the acceptance of the convention plan center to 2008 and 2010, respectively. The 2007 bill (SL 2007-112) also cleaned up the legislation by deleting strikethroughs, circular references, and items in the original bill that have since expired. As the Commission has informally discussed in the past, there a few items that have surfaced that have caused concern. One item is the \$15 million ceiling stipulated for the "Beach Fund". Anything over \$15 million would be remitted to the County's Tourism Development Authority (TDA). In 2007, the mobilization for the Section 933 and *Ophelia* Replenishment Projects were \$3 million each and the cubic yard price was \$10. Thus a million cubic yard project would cost \$13 million and cover essentially only 2 to 4 miles of the 24 - 25 miles of Bogue Banks shoreline and decimate the Beach fund in the process.

The second issue pertains to the change in the occupancy tax distribution that takes effect on July 1, 2010. If the County levies an additional 1% tax for the convention center, then the total tax will be 6% , with 3% to the TDA, 2% to the Beach Fund, and 1% for the convention center. If the additional tax for the convention center is not levied, then the tax is 5% with 3% apportioned to the TDA, and 2% to the Beach Fund. Thus, regardless of which scenario takes place, the Beach Fund will receive 2% beginning in 2010 compared to 2.5%. With the escalating costs of dredging and the lack of Federal funding, it may be prudent to retain the 2.5% rate for the Beach Fund. To put this into perspective, the Beach Commission was provided four scenarios; (1) the original estimates from 2001, (2) the "do-nothing budget, that assumes no beach nourishment will take place to at least 2020 – 21, (3) local beach nourishment with the July 2010 2% rate, and (4) local beach nourishment with keeping the 2.5% rate.

The original 2001 budget assumes 65% Federal gov't funding and even with this favorable scenario, the Beach Fund hypothetically went into the red in FY 2007-08. Chairman Fugate added the 2.5% occupancy tax collection rate for nourishment was a compromise to start with because the negotiations began with a 6% total tax with a 3% Beach Fund – 3% TDA split. So again, the

current 2.5% rate for the Beach Fund was a concession to start with. The secretary then presented the do-nothing scenario and the nourishment ceiling of \$15 would be reached by FY 2012-13 with \$37 million available in FY 2020-21. The secretary continued that this scenario is not realistic either because we know there will be some nourishment occurring along Bogue Banks between now and 2021. Thus, it is important to develop more realistic long-term scenarios for the Beach Fund. Accordingly, determining the timing of nourishment events and dollars amounts will have huge impacts concerning the projections. Secretary Rudolph followed by reviewing a series of erosion rate and beach volume assessments that were used to develop scenarios 3 and 4. He also mentioned the Beach Commission committee appointed to review the occupancy tax is also requested to refine these assumptions. From a monetary standpoint, scenario 3 uses the current 2.5% collection rate with the mandated change to 2.0% in 2010. Scenario 4 hypothetically keeps the collection rate at 2.5% throughout the entire timeframe. The main points for Scenario 3 is that the Beach Fund goes into a deficit in FY 2015-16, and barely recovers until 2021. With scenario 4, the extra 0.5% over the long-term and accrued interest dictates a deficit also in FY 2015-16 but recovery in FY 2018-19.

Member Lamson added the assumptions used in the calculations for nourishment remained static, and need to be adjusted for inflation. Chairman Fugate added the Commission may need to reconcile whether the nourishment thresholds need to be based on each Town's FEMA maintenance plan or by more traditional means. Secretary Rudolph replied that the occupancy tax committee can review these matters, the \$15 million ceiling stipulation in the occupancy tax law, and the conversion of the beach nourishment collection rate that takes place in 2010 (2.5% to 2.0%). The committee should report its findings to the full Beach Commission before the long session of the General Assembly start next Spring. Chairman Fugate concluded by appointing members Lamson, Schools, and Stephenson to the occupancy tax committee. The chairman also recognized Dr. Michael Orbach in the audience from Duke University and former chair of the old Beach Preservation Task Force. The chairman also mentioned the local governments need to keep these nourishment numbers in mind and possibly develop their own reserves for nourishment to augment the occupancy tax input.

- (6) **Public Comment.** – None.
- (7) **Other Business.** – None.
- (8) **August 2008 Meeting Date (August 25, 2008 – proposed).** – It was agreed upon that the next Beach Commission meeting scheduled for August 2008 would be held on the 25th of the month at 2:00 pm.
- (9) **Adjourn.** – Chairman Fugate asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.