



CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Pine Knoll Shores Town Hall

January 26, 2009, 2 pm

Attendance.

Commission Chair Buck Fugate, Vice-Chair William Donnelly, Commission Members Pete Allen, A.B. "Trace" Cooper, Jack Goldstein, Tom Hoover, Art Schools, Jim Willis, secretary Greg Rudolph, and the general public. Members Joan Lamson, Ted Lindblad, and Jim Stephenson were absent.

- (1) Call to Order. – Chairman Fugate called the meeting to order.
- (2) Approval of Minutes - Regular Beach Commission Meeting (December 1, 2008). – Chairman Fugate asked the Commission if there were any corrections, additions, or comments regarding the December 1st 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 Schools and unanimously approved.

Approval of Minutes – Beach Commission Closed Session Meetings (June 23, September 29, and December 16, 2008). – Chairman Fugate asked if the Commission would be amiable to approving the three closed session minutes in one motion. With no objections from the Commission, member Cooper motioned the minutes from the June 23, September 29, and December 16, 2008 closed sessions be approved for release as presented. The motion was seconded by member Donnelly and unanimously approved.

- (3) 2009 Beach Commission Officer Elections (chair & vice-chair). – As outgoing chairman, member Fugate opened the floor for nominations for the office of chairperson for the calendar year of 2009. Member Schools nominated member Fugate for another term as chairman, which member Fugate subsequently accepted. The nomination was seconded by member Donnelly, and the nominations were closed on a motion by member Goldstein that was seconded by member Cooper. The motion on the floor to elect member Fugate as chairman was called for a vote and unanimously approved. Chairman Fugate subsequently open the floor for nomination of the vice-chair, noting that Mr. Donnelly has been serving in that capacity over the past several years. A motion by member Goldstein to nominate member Donnelly as vice-chair was seconded by member Cooper. Nominations were closed upon a motion from member Hoover and a second by member Schools, and the vote on the floor was taken unanimously electing member Donnelly as vice-chair.
- (4) Shore Protection Office Budget for FY 2009–10. – Secretary Rudolph proceeded to introduce the proposed FY 2009-10 to the Beach Commission by noting that the budget is due to the County by February 20th and ideally, if the budget is not passed today, then it would be beneficial to have

the budget completed by February 13th. From a revenue perspective, occupancy tax revenue was down in calendar year 2008 by roughly 2.5%, which is significant because 2008 is only the second year since 1993 that tax has ever been down. In 1996, hurricane *Bertha* impacted County tourism in July followed by *Fran* in September, and is postulated as a reason for the drop reported in the tax in 1996. In 2008, there was no significant hurricane activity to speak of, and the apparent downturn appears to be directly related to the economy. The chart that Secretary Rudolph presented to the Beach Commission also included a very positive rise in occupancy taxes for 2005, and this marked increase appears to be related to Statewide mandates for the school calendar. Otherwise, the collection rate is usually up by 5% annually (an average over a 16-year timeframe).

Secretary Rudolph continued by noting that because the occupancy tax is feeling the impacts of the economy, the FY 2008-09 budget has been amended to reflect a 6% drop in tax with a 1% increase, or a stabilization, in FY 2009-10. Our usual rate applied to tax revenue is +3%. The Secretary Rudolph at this point asked the Commission if they were comfortable with these revenue estimates. Member Schools mentioned that at a recent eastern regional meeting, the economists hinted that the economy may stabilize this year, but tourism may lag behind because the northeast has been especially hard hit by the economic crisis, and N.C. usually lags behind unemployment trends as well. Member Cooper mentioned it might be wise to take a conservative position and go with a -1% tax revenue figure for FY 2009-10 than +1%. The Beach Commission agreed by consensus and the secretary noted that he would make the appropriate change.

Member Allen asked what the interest rate was on the beach nourishment reserve. The secretary responded that the interest is applied to the account on a quarterly basis using a very complex formula, and based on a review of the budgets the past several years; the rate has been close to 4%. Member Schools and Allen replied that the interest rates are probably much lower (near the 1% level). Member Schools replied that it might be a good idea to use a low interest rate as we move forward. The secretary asked the Commission if 2% would be a good number to use – the Commission agreed and this change will be reflected in the budget.

In terms of expenditures, there were no increases made for personnel and most of the operating costs, such as supplies, small equipment, telephone, travel, etc. There is a proposed decrease in contracted services for FY 2009-10 compared to this current fiscal year (2008-09). One of the major contracted service costs for the current fiscal year pertains to legal fees associated with the Beach Commissions legal action against the U.S. Army Corps of Engineers (Corps). With the settlement recently struck between the parties, there will be very little in terms of legal expenses for FY 2009-10. Otherwise, the FY 2009-10 contracted service budget is ~\$510,000 and includes \$160,000 for beach surveying (\$65,000 of which is a post-storm contingency), roughly \$63,000 for Marlowe & Co., \$50,000 for legal fees (nominal retainer figure), \$25,000 for Olsen Associates if engineering services are needed, then very low dollar amounts for maintaining our protectthebeachmaps.com website and brochure design. The big “new” expenditure is associated with the preparation of an engineering report/environmental document associated with a locally devised programmatic nourishment plan. The budget for this expenditure is \$200,000 for FY 2009-10.

Another interesting aspect of the expenditure budget is our Feasibility Study with the Corps – the maximum the Corps would need is \$300,000, which is cost-shared 50-50 with the State. However and as experienced in the past, the Corps may never receive any funding, and therefore

the \$300,000 budgeted for the Feasibility Study may never be spent. The entire expenditure budget for the Shore Protection Office is -971,000. According to the revenues and expenditures outlined, the deficit/surplus for FY 2009-10 should be +\$1.7 million, with an ending fund balance of ~\$9 million.

The long-term, forecasted budget that (up to FY 2015) includes locally funded nourishment (both planning and construction), with the first project taking place in FY 2012-13 and a second project in FY 2013-14. The cost estimates incorporate local (10%) and State (40%) funding as well. The reserve balance should be near \$12 million by the time the first nourishment project is constructed in FY 2012-13 and down to \$2 million by the time the two projects are completed in (start of FY 2014-15). Chairman Fugate mentioned that the 40% State contribution for nourishment is a cursory figure.

Vice-chairman Donnelly subsequently made a motion to adopt the FY2009-10 budget for the County Board of Commissioner's consideration with the recommended changes. The motion was seconded by member Hoover and unanimously approved.

(5) **Public Comment.** – None.

(6) **Other Business.** – Chairman Fugate disclosed the Corps will be holding a meeting concerning the Dredge Material Management Plan (DMMP) on Thursday (January 29th) that he and the secretary will be attending. The DMMP for Morehead City Harbor is the main issue contained in the legal settlement between the County and Corps. On a separate note, the chairman mentioned that he and the secretary also attended a meeting with the State and Federal resource agencies to begin discussing a programmatic nourishment plan – the same one that was discussed during the budget presentation today. The basic framework was well received by the agencies, and the agencies did specify that it would be very beneficial if there was just one sponsor (i.e., the County). The agencies would like to see the interlocal agreements, or resolutions, etc. in place before the NEPA (National Environmental Policy Act) coordination process began. The chairman continued that we could and should include all the Bogue Banks communities as an insurance policy so that all the communities have the opportunity to get sand if needed. Member Cooper agreed. The chairman also mentioned that the resource agencies would also like to have the NEPA documentation address all possible beach activities – even Atlantic Intracoastal Waterway dredging with beach disposal.

Chairman Fugate continued that one other item that has been considered internally, although nothing in-depth yet, is the formation (or conversion) of the Beach Commission into a standalone Beach Authority, akin to a water/sewer authority or tourism authority. Issues such as contracting and accounting could possibly be a much easier process, and keeps any liability within the authority, rather than spread within County government. Member Schools replied that the Beach Authority concept makes a lot of sense, and we should continue this dialogue with the County Commissioners if there is a will to move forward. The chairman replied that he and the secretary would continue doing some exploratory work and come back to the Beach Commission with some thoughts and direction.

- (7) February 2009 Meeting Date (February 23, 2009 – proposed). – It was agreed upon that the next Beach Commission meeting would be held on February 23, 2009 at 2:00 pm, Pine Knoll Shores Town Hall.
- (8) Adjourn. – Chairman Fugate asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.