



NEW HANOVER COUNTY, NC
BEACH TOWNS MEETING MINUTES

SPECIAL MEETING

July 24, 2015

ATTENDEES FROM THE TOWN OF KURE BEACH (KB)

Mayor Dean Lambeth	Town Clerk Nancy Avery
Commissioner Emilie Swearingen	Deputy T.C. Nancy Hewitt
Commissioner David Heglar	Town Attorney A. A. Canoutas

ATTENDEES FROM THE TOWN OF CAROLINA BEACH (CB)

Mayor Dan Wilcox	Commissioner Gary Doetsch
Mayor Pro Tem LeAnn Pierce	Town Manager Michael Cramer
Commissioner Steve Shuttleworth	Town Attorney Noel Fox
Commissioner Sarah Friede	

ATTENDEES FROM THE TOWN OF WRIGHTSVILLE BEACH (WB)

Mayor Bill Blair	Alderman Hank Miller
Mayor Pro Tem Darryl Mills	Town Clerk Sylvia Holleman
Alderman Elizabeth King	Town Attorney John Wessell
Alderman Lisa Weeks	

ATTENDEES FROM NEW HANOVER COUNTY (NHC)

Vice Chairman Beth Dawson	County Engineer Jim Iannucci
Commissioner Skip Watkins	Shore Protection Layton Bedsole
County Manager Chris Coudriet	County Clerk Teresa Elmore
Assistant County Manager Tim Burgess	County Attorney Kemp Burpeau

OTHER ATTENDEES

NC Senator Michael Lee
NC Representative Rick Catlin
Chance Lambeth, Deputy Assistant Director for U.S. Congressman David Rouzer
Chris May, Executive Director, Council of Governments
Shane Johnson, Governmental Affairs Director, Regional Assoc. of Realtors (WRAR)
Dr. James Leutze, Chairman, NC Beach, Inlet and Waterway Association (NCBIWA)

Kure Beach Town Council hosted a special meeting at the Kure Beach Community Center on Friday, July 24, 2015, for the purpose of discussing items of common interest to the three New Hanover County (NHC) beach towns. Public notice of the meeting was posted on June 17, 2015.

Chris May from the Council of Governments conducted the opening prayer.



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CALL TO ORDER

KB Mayor Lambeth called the meeting to order at 8:30 a.m. and introduced guests from the county, the state and other organizations. He introduced Dr. James Leutze, Chancellor Emeritus for UNC-Wilmington and Chairman of the NCBIWA. Dr. Leutze said the association is being reorganized to be more efficient and is currently searching for a new Executive Director.

TOPICS OF DISCUSSION

1) Beach Nourishment Funding and Room Occupancy Tax

KB Town Clerk Avery reported on the first meeting of a subcommittee formed by Shore Protection Coordinator, Layton Bedsole, to discuss beach nourishment funding options for NHC beach towns. She said that there was a healthy discussion regarding the impact of the 17.5 percent contribution for beach nourishment from beach towns, and different scenarios were discussed on how the towns could come up with funding. She said the subcommittee will meet again in August.

CB Town Manager Cramer said that the first meeting was introductory, including a general discussion about various funding sources. He said that those present all agreed that sand on the beach is a universal issue. He said the meetings may eventually become more contentious as details emerge, but he appreciates the idea of getting everyone together to discuss it.

NHC Shore Protection Coordinator Bedsole explained the 2011 "Interlocal Agreement For Contingency Plan Beach Nourishment" between NHC and its beach towns that requires the towns to be liable for up to 17.5 percent of beach nourishment costs, with the Room Occupancy Tax (ROT) taking up the remaining 82.5 percent if federal and state dollars disappear. He said there was consternation from the beach towns about the 17.5 percent being solely on their shoulders, and those towns asked that the percentage be revisited. He said that he hopes the subcommittee will be able to come up with working, long-term and short-term solutions for renourishment funding, and then those alternatives will be presented to the NHC commissioners.

Representative Catlin said that the 2011 agreement was intended to be a temporary, emergency agreement that would end after four years, and the beach towns are under no obligation to continue with it.

KB Mayor Lambeth said that the beach towns need to make it abundantly clear to the chairman of the county council that the county doesn't contribute any money to beach nourishment. He said the beach towns need to go back to the legislature and revisit how the ROT is divided.



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NHC Commissioner Watkins passed out a flyer that outlines how the ROT is divided. He said that sand is just as much of an infrastructure as roads, utilities or anything else. He said he supports using the county's general fund for beach nourishment if there is ever a disaster.

Representative Catlin said he has filed a bill that makes an economic impact study of the Jones Act and said that the act is making it so people can't ship fuel from port to port. He said that there are only 194 ships and 49 tankers in America that meet the Jones Act, so our fuel terminals at the ports are shutting down. He also explained that there are only four companies that can dredge within the United States, making it difficult to obtain a competitive rate, and he hopes his bill is approved in order to put some competitiveness into the dredging situation. He urged everyone to call their senators to support the bill.

CB Commissioner Shuttleworth said that, as much as the beach towns have been urging the county to help fund beach nourishment, the beach towns would also like to get a commitment from the state. He said that there is currently no state-enabling legislation that says, if there are no federal dollars, the state will take care of it.

Representative Catlin said that, when there's federal money for beach nourishment, there is always state money to match it, but as soon as the federal money goes away, the state money seems to disappear.

Senator Lee said he had a meeting with representatives from NHC where shallow draft inlet dredging was addressed. He said they are working on a maintenance schedule for dredging all of the NC inlets and, now that the mechanism is in place, they are looking at doing the same thing for beach nourishment. He said they will be prioritizing the needs of the beach towns and working through the list to make sure everyone is dealt with fairly.

A member of the Wrightsville Beach Chamber of Commerce stated that NHC was the only county that had a substantial amount of money saved for beach nourishment, whereas the other counties have virtually nothing saved. She said they are concerned that, in an agreement among the 20 coastal counties in NC, NHC's efforts for self-protection won't be acknowledged correctly.

CB Commissioner Friede said that the NC beaches are state property, but the towns that have grown up around them have assumed the cost of maintaining them, policing them, keeping them clean and protecting the lives of the residents and the vast amount of tourists each year. She said that the state should share in the cost to maintain the beaches.



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Senator Lee repeated that the state is looking at providing beach nourishment maintenance for up and down the coast. He said that they've been looking at charging user fees on boats as one of the funding mechanisms, which has upset recreational boaters and fishermen.

KB Commissioner Heglar used "the ant and the grasshopper" scenario in comparing the NHC beach towns to "ants," consistently storing away funds for beach nourishment over the last 25 years. He said that the other NC beach towns could have done the same thing but, instead, they chose to use their funds for whatever they wanted. He said that, when the state looks at the funds each beach town has, Senator Lee will need our help justifying why we should get just as much funding as every other town along the coast, even though we have some funds set aside.

Comments were made that all of the counties should be concerned about the state's beaches and should pull together to fund beach nourishment, especially because people from all over the state, and beyond, own homes in our beach towns and because the state's tourism dollars depend heavily on healthy beaches.

NHC Manager Coudriet said there is \$300,000 in county dollars for inlet dredging this year, but the objective is to not tap into the new allocation of the second three percent of ROT, in order to preserve it for long-term maintenance.

KB Mayor Lambeth said it's very disheartening when he goes to Raleigh and D.C. and the first question he is asked is, "What is the county doing?" He said we need to get some action from the county.

2) Sales Tax Impacts

Representative Catlin said that Governor McCrory is probably going to veto Senate Bill 369 which, if it passes, would impact the sales tax income for counties and municipalities throughout NC, distributing it to poor, rural counties and municipalities.

Senator Lee said that, even if the governor vetoes the bill, it has already been rolled into the state's budget. He encouraged everyone to reach out to the rural counties and their senators to help in this fight.

KB Commissioner Swearingen said she heard that the rural counties have found out they aren't going to get the huge windfall they thought they were going to get and she also heard that some of the data isn't correct.



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Senator Lee explained the consequences of the bill and stated that the data that was used was based mostly on projections, which cannot be relied upon. He said he doesn't disagree with the concept that NC's rural counties are struggling dramatically, but the sales tax strategy outlined in the bill is not the way to go.

CB Commissioner Friede asked if the sales tax rebates to non-profits had been eliminated from the bill.

Senator Lee explained that the numbers in the data have an assumption of sales tax being charged on services like veterinarian services, and it also depends on phasing out the sales tax exemption for non-profit hospitals. He proceeded to explain the calculations for the base expansion of sales tax and its impacts.

NHC Commissioner Watkins asked if the rural counties are going to be given a guideline on how they are to spend the money, if they receive it.

Senator Lee said that there is no policy on how the money should be handled in this bill and that it is simply a distribution of the funds, but there should be a policy on where the funds should be spent; he used education and infrastructure as an example. He said he doesn't agree with the state telling their counties and municipalities how to spend their money but, since this is on a state-wide level, the mechanism should be in place to direct how the money should be spent in order to achieve the best results. He said that some of the rural counties have been asked what they would do with 60 percent more money, and they don't seem to know.

KB Commissioner Heglar asked Senator Lee what argument should affected counties and municipalities make to the rural counties and legislators to possibly make them not want to receive a huge windfall of money.

Senator Lee said that the argument should be that it's not just about the money, but there needs to be a solid plan and policy in place that is fair for all counties throughout NC.

Additional discussion ensued on the proposed senate bill and its consequences, and the following points were made:

- Thousands of sales tax dollars will be lost to affected towns and millions to the affected counties.
- The tourism industry may suffer if we don't have the money to pay for our own infrastructures and services.



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- The bill's data assumes a 3.5 percent growth to sales tax in NHC when it is actually about 15 percent. We can't afford to lose 15 percent of our sales tax, year after year.
- We are being penalized in our sales tax revenues because of the actions of other jurisdictions.
- People ask where the county tax dollars go because 97 percent of the services provided aren't readily visible, but they are used for things like the court system.
- There used to be a magistrate for the south side of the county, but now we don't have one, even though we've been asking for one; we pay our county tax.

As no one indicated their desire to speak further, Mayor Lambeth thanked some of the staff members with the Town of Kure Beach for putting the breakfast meeting together.

There being no further business to discuss, the meeting was adjourned at 9:20 a.m.



 Dean Lambeth, Mayor





 Nancy Hewitt, Deputy Town Clerk