

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

FRIDAY, JANUARY 17, 2014

8:00 a.m.

ATTENDEES FROM THE TOWN OF KURE BEACH (KB)

Mayor Dean Lambeth	Commissioner Steve Pagley
Mayor Pro Tem Craig Bloszinsky	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 Clerk Lynn Prusa
Commissioner Sarah Friede	Deputy T.C. Kim Ward

ATTENDEES FROM THE TOWN OF WRIGHTSVILLE BEACH (WB)

Mayor Bill Blair	Town Manager Tim Owens
Mayor Pro Tem Darryl Mills	Town Clerk Sylvia Holleman
Alderman Elizabeth King	Town Attorney John Wessell
Alderman Lisa Weeks	

ATTENDEES FROM THE LOCAL STATE LEGISLATURE

Senator Thom Goolsby
Representative Ted Davis, Jr.
Representative Susi Hamilton
Representative Rick Catlin

Kure Beach Town Council hosted a special meeting with government officials from the Towns of Carolina Beach and Wrightsville Beach, along with local State legislators, to discuss items of common interest. Public Notice of the meeting was posted on December 17, 2013.

CALL TO ORDER

KB Mayor Lambeth, called the meeting to order at 8:20 a.m., and WB Town Attorney Wessell delivered the invocation.

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

DISCUSSION ITEMS

1. Room Occupancy Tax (ROT) – Use of second 3%

KB Mayor Lambeth stated that KB and CB have discussed this item and would like to have a bill from the State legislature to allow towns to use the second 3% of ROT, usually reserved for marketing by the TDA; this would be for towns with a population of less than 10,000 people.

KB Commissioner Heglar added that KB would like to use their portion for beach nourishment and that KB hotel and restaurant owners are in favor of it.

CB Commissioner Shuttleworth said that CB would like the flexibility to use it for marketing, events promotions and general activities, as well as for beach nourishment. He said that each town should be allowed to use that portion of the ROT for whatever is needed, since each town has different needs.

WB Mayor Blair stated that WB Council would also like the flexibility to use the funds as they feel necessary, since their needs change from year to year. He said they don't want to be pinned down to using it just for beach nourishment.

CB Mayor Wilcox explained that, when the current legislation for ROT was put in place, it served a good purpose because, at that time, there was Federal funding for beach nourishment and inlet dredging. He said that the dynamics have changed for all of the beach towns and they need more control over those funds.

CB Commissioner Friede pointed out that losing Federal funding for beach nourishment is a double "hit" because the State says it is not obligated to provide funding for beaches if there is no Federal funding. She said that, if the beaches don't have sand on them, the beach towns won't have tourists and will become just another suburb of Wilmington.

KB Mayor Pro Tem Bloszinsky added that it is hard to close the budget when the beach towns have to use their own funds for beach nourishment and inlet dredging.

CB Commissioner Friede said that she would like to see the cost to fund inlet dredging and beach nourishment shared with other cities and towns because the beach towns cannot, alone, come up with enough money to fund both.

KB Commissioner Swearingen said that, in addition to the five shallow draft inlets needing dredging, an additional inlet is being considered which could use up all of the funds by itself. She said she'd like to keep the funding for the five shallow draft inlets separate.

Rep. Davis added that Oregon Inlet is also being considered for funding, which could use up all the money on its own, if it's added to the list. He said that one thing he has learned in Raleigh is that the coastal area of North Carolina (NC) is the minority and the

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

Piedmont and mountain areas aren't concerned with the beaches. He said that, unless people own properties in both areas, they don't care about the coast. He commended the CB Inlet Association (CBIA) for doing an excellent job presenting their issues to the legislators in Raleigh. He said this is why it's so important for Raleigh to hear directly from the towns.

CB Commissioner Shuttleworth said that the CBIA is conducting an Economic Impact Study on the existing data to update their presentation, and they have also been working with UNCW with a year-long analysis. He said there was discussion about including the beach sand impact in the study to show what revenue is generated by the beach towns for the County and State, versus the cost of dredging and nourishment.

WB Town Manager Owens said that the State will only match Federal funds for beach nourishment, but it needs to kick in and match the local funds for nourishment.

KB Commissioner Swearingen said she understood that it was possible to use beach nourishment funds for inlet dredging, if the sand from dredging is put on the beach, to which Rep. Catlin responded that she was correct if they are both done at the same time.

CB Mayor Wilcox commented that it wasn't allowed in the past because there were two different Federal programs paying for each.

KB Commissioner Swearingen said that the Port, Waterway and Beach Commission (PW&BC) has been looking at the possibility of doing beach nourishment every four years instead of every three years, which would help reduce cost. She wasn't sure if this was a good idea.

KB Commissioner Heglar asked the State legislators what they wanted from the beach towns to move forward on having the flexibility to use the second half of the ROT funds.

Rep. Davis asked for a written resolution, made between the beach towns, outlining their wishes.

Rep. Hamilton said that the resolution needs to be presented in Raleigh on May 16, 2014, two days after the short session begins. She suggested that the towns present their resolution to the local legislators six weeks before that date to which Rep. Davis added they should prepare their resolution as soon as possible to allow time for review and revisions.

CB Commissioner Shuttleworth suggested that, as a starting point, the towns ask their own PW&BC liaisons to get together and come up with some of the language to give to their Town Managers to work with. He said he will talk with the PW&BC and the County so they won't be blind-sided with what's going on.

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

Rep. Hamilton recommended the beach towns get together with the City of Wilmington, as well, to let them know what their plan is.

TDA representative, Kim Huffman, said that half of the second 3% of ROT is for marketing that has to be approved by the beach towns and the other half is for tourism-related activities. She stated that the beach towns could list beach nourishment as their tourism-related activity.

CB Commissioner Shuttleworth said that the towns want to have flexibility to use the half used for marketing and still want to continue to be able to use the other half for tourism-related expenses.

2. Biggert-Waters Flood Insurance Reform Act of 2012 (BWA) and NC Homeowners Insurance (HOI) Rate Increases

KB Committee chairperson, Andy Barnard, showed participants the article in today's Wilmington Star-News that said the BWA wasn't going to be sent to the State House for consideration of repealing or modifying it.

Rep. Hamilton said she talked with Senator Burr's office three days ago, and they told her that the current flood insurance program is \$25 million in the red, and Senator Burr wanted to consider several proposals on the BWA, including delaying the current law for up to four years.

WB Town Manager Owens said that the delay wouldn't include commercial structures or second homes; only primary homes. He commented that a lawsuit was filed against the BWA by the State of Louisiana. He said that no one is going to buy a property in the flood zones because they'll see what the insurance rates are.

KB Commissioner Heglar asked the legislators if there was anything else the towns could do regarding the BWA.

Rep. Hamilton said that State's Insurance Commissioner has pushed back hard on HOI increases, and she'd like to see the State join in on the lawsuit against the BWA. She stated that the BWA will destroy values in our region and stifle the real estate market.

CB Commissioner Friede said it was her understanding that the HOI rate structure isn't based on actual risk and no actual statistics were used to determine the rate. She said that the rates aren't in line with the fact that the beach towns have protected dunes and suffer fewer losses during wind events than other parts of the State

Rep. Hamilton said that the wind and hail claims west of I-95 are exponentially higher than the claims east of I-95. She said that the best way for towns to support the State legislature to get Federal help to change the HOI fees is to go see them in Raleigh.

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

Rep. Catlin said that the NC Water Resource Congress is meeting in Washington (DC) on March 10-12, 2014, and he has invited the Coastal Caucus members to attend.

KB Mayor Pro Tem Bloszinsky said he knows that Raleigh and Durham are looking at a 25% HOI increase this time, and he hopes that this meeting isn't just going to be used by them to negotiate a lower percentage for their area.

Rep. Catlin said that the feedback he has received is that the rest of the State shares our concerns about the HOI increase.

KB Commissioner Swearingen said there is a public hearing coming up in Raleigh for the HOI and hopes as many people as possible will attend.

WB Commissioner Weeks said they should get together and make a concerted, organized effort, joining forces with Dare County and other coastal towns north and south, to lobby at the State and Federal levels for a decrease in the HOI rate. She said that they need to figure out a way to have one voice in Raleigh and DC.

CB Commissioner Friede said that the cost of the insurance rate hikes won't just be borne by coastal residents, but it will be borne by the people in Charlotte, Raleigh, and all over the state, who can no longer afford the beach homes they bought that they may have intended to make their primary residences one day.

CB Mayor Wilcox said that people will walk away from their homes, not because they can't afford their mortgage payments, but because they can't afford their insurance payments.

Rep. Hamilton pointed out that the banks will eventually have to engage in this discussion because they won't be able to sell mortgages.

Rep. Davis said that, with enough support, the legislature might be able to phase out the rate bureau and put a free market system into place to give the consumer a choice. He talked about forming an advocacy group to work with the Secretary of Insurance. He suggested that legislature could write an amendment to get rid of the Insurance Commissioner, or to move that position from being elected to being appointed. He said that there is a Court of Appeals case that says the Secretary of Insurance has the power to set rates as given to him or her by the legislature. He said that, as he reads that, the legislature could have the ability to control what the Secretary of Insurance can do.

Sen. Goolsby said that he has been working to put in a citizens commission to be heard by the Insurance Commissioner but has come to the conclusion that, to get someone who really cares about insurance on the coast, you need to get an Insurance Commissioner who lives on the coast. He said that the people in Raleigh, the Piedmont and the mountains will "screw us" every chance they get and they will not listen to us. He said

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

the only thing we can do is get an Insurance Commissioner from the east who understands our issues and will see to it that the rates are fair. He said when he compares the coast's claims with inland claims, and then he compares the coast's insurance rates with inland insurance rates, he realizes that the coast is getting "screwed."

Rep. Hamilton concurred with Senator Goolsby and said that the only reason the Insurance Commissioner is upset at the rate bureau over the recent HOI increase is because it effects the Piedmont and the western part of the State. She said that, whenever they have approached him about coastal concerns, he won't talk to them.

Questions were raised as to what local legislators would recommend the towns do regarding BWA and if there was one organization that the towns could rally behind; one powerful entity that could have a bigger presence in Raleigh and DC.

CB Commissioner Shuttleworth said that he and WB Commissioner Weeks can get together with Rep. Davis and get the list of the Coastal Caucus members so they can talk with their municipalities and counties.

Rep. Catlin said that the coastal towns spend their own money on storm protection funds and, because of that, they have the lowest insurance claims even though it hits them directly. He said that the coastal towns have no recognition for this and there should be some sort of amendment to recognize it.

CB Commissioner Friede said that people don't realize how protective those dunes are to our coastal structures, which is why funding for beach nourishment is so important; that needs to be pointed out.

WB Commissioner Weeks asked for volunteers from each beach town to create a "coastal coalition" for general advocacy for local, coastal issues. The following people volunteered: KB Mayor Pro Tem Bloszinsky, KB Commissioner Swearingen, CB Mayor Wilcox, CB Commissioner Sarah Friede, and WB Mayor Blair.

Rep. Catlin stated that it would be good to get a list of people who own second homes on the coast and live inland, and send a letter to them asking for their support.

CB Commissioner Friede said it would be good to also find out what elected officials in NC have local beach properties and try to get their support.

Rep. Davis suggested writing a separate resolution against the proposed 35% HOI increase, including supporting documentation. He said that he would forward the resolution to other members of the State House to bring the issue to the forefront.

WB Town Manager Owens said their town council already has a resolution on the HOI increase and offered to share it with everyone. He said that the public comment portion

NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

regarding the HOI has a deadline of January 31, 2014, and he can provide each town with an email address and a mailing list for the public to send their comments to the Department of Insurance.

3. Inlet Dredging

CB Mayor Wilcox said that he learned during a meeting in New Bern that the State has come up with a funding source to share half of the cost for dredging the CB inlet and asked Commissioner Shuttleworth to go into further detail.

CB Commissioner Shuttleworth said that the PW&BC asked each municipality to support dredging the CB inlet, which will cost \$600,000: \$300,000 from the State and \$300,000 locally. The Commission asked the County to come up with 100% of the local cost, even though the County has only funded 75% in the past. The Commission decided to decrease KB's contribution amount and increase Wilmington's. He said that the County's Shore Protection Coordinator, Layton Bedsole, said when the Corps of Engineers publishes the actual cost, they want to know that the towns have their funds already committed to the dredging or CB Inlet isn't going to get on the list to receive any funding from the State. He said there was a discussion about using the boat tax for funding inlet dredging, but the Commission thought it was unfair to put all of the burden on boat owners.

KB Commissioner Heglar said he appreciated the PW&BC lowering the cost of KB's contribution for inlet dredging. He suggested that the mayors of the beach towns reach out to Wilmington Town Council to say this is a big issue and they need their support, to which Rep. Davis added that the County should also reach out to them.

CLOSING

Rep. Davis thanked everyone for their attendance, adding that meeting together is a good way for everyone to share their mutual concerns and give and receive input from each other.

KB Commissioner Heglar asked Rep. Davis to let them know if hotel lobbyists fight against the request to use the entire second 3% of ROT. He said that the local hotel owners agree with them and hotel lobbyists should not be fighting against them.

Rep. Davis said he can notify the beach towns when the sessions in Raleigh are going to take place, so a representative from the coastal coalition can speak.

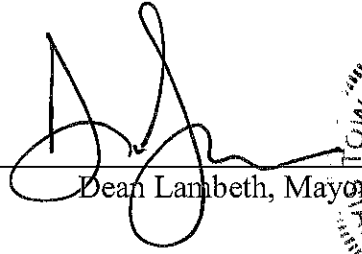
CB Mayor Pro Tem Pierce said there is a small group of hotel owners and vacation rental representatives in KB and CB who have gotten together already and talked about this issue and they can push back against the lobbyists, if needed.

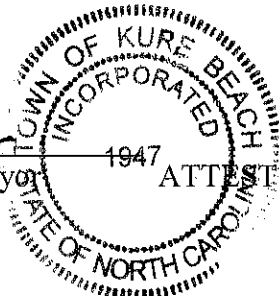
WB Commissioner Weeks suggested it would be helpful to get a resolution from the Chambers of Commerce, as well, on being able to use the ROT funds.


NEW HANOVER COUNTY
BEACH TOWN BREAKFAST & MEETING
Kure Beach Community Center

The next meeting of the New Hanover County beach towns will be hosted by Carolina Beach.

There being no further business to discuss, the meeting was adjourned at 9:40 a.m.


Dean Lambeth, Mayor

 TOWN OF KURE BEACH
INCORPORATED 1947
STATE OF NORTH CAROLINA


ATTEST: Nancy Hewitt, Deputy Town Clerk

NOTE: These are action minutes reflecting items considered and actions taken by Council. These minutes are not a transcript of the meeting. Persons wishing to hear the recording of this meeting may request to do so by contacting the Town Clerk.