

TOWN OF PINE KNOLL SHORES
BOARD OF COMMISSIONERS
REGULAR MONTHLY MEETING
September 8, 2021— 6:00 p.m.

Call to Order and Pledge of Allegiance

Mayor John Brodman called the September 8, 2021 regular monthly Meeting of the Pine Knoll Shores Board of Commissioners to order at 6 PM in the Town Hall Board Room, and led the Pledge of Allegiance. Also present for the meeting were Commissioners, Clark Edwards, Bill Knecht, Larry Corsello, Alicia Durham and Ted Goetzinger; Town Attorney Melissa Berryman (online), Town Manager Brian Kramer; Assistant Town Manager/ Finance Officer Julie Anderson; Public Services Director Sonny Cunningham (online); Town Planner Kevin Reed (online); Fire Chief Jason Baker (online); Police Chief Ryan Thompson (online); and Town Clerk Charles Rocci.

*Members marked present (online) participated online via GoToWebinar

Approval of the Agenda

Commissioner Edwards made a motion to move Red Knot Rufa and Volunteer Appointments into New Business. The motion did not receive a second. Commissioner Durham made a motion to approve the agenda as written with a second from Commissioner Corsello. The Motion passed unanimously.

Disclosures and Conflicts of Interest

There were no disclosures or conflicts of interest.

Announcements

Mayor Brodman gave announcements.

Presentation

Mayor Brodman read the Twentieth Anniversary of 9/11 proclamation.

***Public Comment**

Ernest Bures: First I wish to thank our town commissioners for taking the issue of short term residential unit rentals seriously. Living full time in a residential community of 46 single family homes, this summer has been a challenge. I estimate that half of the single family home owners engage in short term weekly rentals. They rent from Memorial Day through Labor Day and there are those who are absentee owners. Weekly rentals range anywhere from \$800 to \$1700 dollars per week depending on how close the unit is to the beach and swimming pool. Each year large family groups descend on our small community renting anywhere from 8 to 12 houses in addition to others unit renters. These same groups come back year after year. They will tell you it is because of inexpensive rentals and the amenities that go along with renting houses. The town loses out as these home owners pay no occupancy fees and are not being taxed appropriately. The town provides many public services and should be compensated appropriately.

I read your recent e-mail indicating 74 units listed on Airbnb alone. I would like to shed further light on rentals. Unit owners will lease their houses through local companies such as Blue Water Reality, as an example. Then there are those who lease their units online themselves not wishing to pay a fee to a rental company. Without a rental permit process the Town of Pine Knoll Shores has no accurate count of how many rental units actually do exist.

There is little regard for trash disposal and recycling and I will be making a recommendation to my association Board that we discontinue renting recycle trash cans in the future. Holes dug on the beach are left unattended overnight along with tent units. Even though the town has a local ordinance renters disregard the rules. I have concerns as such activities continue they may have an affect our turtle population that visits our beach to nest.

May I suggest, to help the town with a more accurate accounting of rental units, each association Board be required by Memorial Day of each year provide to the town an accurate count of rental units within their association, their addresses and their rental permit numbers, issued by the town. A comparison would be conducted with the list of rental permits issued by the town, by a volunteer such as myself. The failure to provide an accurate count by Memorial Day "may" result in a fine charged to the association. Home owners who do not engage in rentals would not favor contributing to a fine should their association Board fail to comply or provide accurate information.

Keep up the good work. I am proud to call Pine Knoll Shores my home.

BJ Peter: My short answer is not only a strong “not in favor,” but also great surprise for the short turnaround for comments on something so significant. Here are some of the reasons why I am not in favor of this proposal:

- When there is a grant there are usually trailing obligations attached (such as the requirements for beach accesses in exchange for sand). You have not explained if there are any or whether such additional obligations could somehow be attached later. Has someone read ALL OF THE GRANT TERMS AND RELATED REGULATIONS? If you don’t explain that now, you are asking for a “blind vote.”
- You do not disclose the possible increase of taxes for residents.
- You do not disclose possible increase of association dues. I am sure members of the country club and other “entities” might have similar concerns.
- This item concerns me for our town as a whole. Perhaps research and thought has been given to it, but I guess I have missed a specific plan of action --- With rising sea level concerns, should our town be putting money aside for possible impact to infrastructure such as our water system and distribution? Does the town need to spend money for engineering study in order to develop a specific strategy instead of improving the bulkheads owned by entities and individuals?

- This item should be obvious --- if we help land owners on the sound with bulkhead costs, why in the world would owners on the canal not ask for a similar project thus putting additional costs on their neighbors.
- I remember years ago Marjorie Green then had a home on Oakleaf (just past Sycamore going toward Brock Basin) and did shoreline protective work (I am sure at her own expense). You might ask the current owners to let you take a look at what was done and whether it has lasted, which brings me to the next concern.
- How long does this work last and how often will homeowners request assistance?
- I think neighbors are helping to increase the property values of these 45 owners while decreasing the marketability of my home on the “other side of the street.” I really don’t want to assume any part of their maintenance responsibility.
- Last, but not least, I realize that the amount of our budget reserve account is a public item governed by NC law; however, I defer to the staff and the Board to determine if it would really cover a bad storm with significant damage to the town. If I recall correctly, FEMA requires the town to pay first, then it reimburses the town. From a cash-flow perspective, is PKS really covered for such a situation? As you are thinking of spending money for sidewalks and individuals’ maintenance responsibilities and the country club’s costs, I think that there should be pause to think of that question.

I thank you in advance for consideration of these concerns.

Consent Agenda

The consent agenda consisted of: 9/11 Remembrance Proclamation, Red Knot Rufa Resolution, August 11, 2021 Meeting Minutes, Volunteer Appointments for Mary MacDonald and Steve Sheppard to the CAC, Yard Waste Truck Financing. Commissioner Goetzinger made a motion to approve the consent agenda with a second from Commissioner Knecht. The Consent Agenda passed with a 4-1 vote with Commissioner Edwards voting against.

Public Comment

Warren Nash: First, when we bought our house in PKS, we looked at many houses --including canal and sound front homes. Part of our decision not to buy on the sound was the cost of maintenance, including the cost of bulkheading and possible storm damage. Responsible homeowners do that – we look at the cost of maintenance. It is not the responsibility of those of us who do not live on the Sound to pay for maintaining the property of those who do – it is theirs. Likewise, we would not expect or ask our neighbors to pay to reroof our house or replace our driveway. Will Mr. Cox and the other waterfront owners share 12.5% of their property with the rest of us (since we’d be paying for it)? We doubt it. Additionally, this will establish the precedent that those of us without waterfront properties will be responsible for waterfront property maintenance. So who’s next? Canal property owners? They also have bulkheads and waterfront maintenance as well.

The email refers to “other entities”. What other entities? Will we be paying for the shoreline maintenance of the Country Club? The Trinity Center? Who else will be coming to the taxpayer

trough? It is obvious this proposal will raise our taxes – by how much is unclear by the limited information provided in Mr. Cox's email. The email states that "town resources fund \$1500 for every 100 feet" – that's tax money. It seems un-American to expect that 87.5% of someone else's shoreline maintenance be paid for by your neighbors, either through town or federal taxes. Increased taxes in turn affect the resale and marketability of our property. We doubt that anyone is signing up to pay more taxes especially in this questionable economy and recession.

Next, the government has no money. It sounds like such a good deal to have the federal government pay for a grant – but it is actually the taxpayer who will pay. And no grant has ever been given without strings attached. What are the trailing obligations of the grant? What will the government hold over our heads? Perhaps we'll be required to erect low income housing. Maybe there will be another eminent domain fiasco that occurred on a previous PKS grant that sounded like such a good deal. The fact is that we don't know and cannot know with the limited information provided to us. Sounds kinda shady, doesn't it?

Other issues not addressed in the email that must be considered:

- What exactly is planned? What's included in the good deal for sound front homeowners?

- How long will these so called improvements last? Will the waterfront homeowners come back to their neighbors after every storm?

Bottom line: This proposal should not be even considered. It doesn't pass the smell test on any level. It seems like a good deal for those fortunate enough to live on the Sound but it's a raw deal for the rest of us.

Treva Tyson: I would like to address the proposed survey regarding short term rental housing the county commissioners have actively been promoting Carteret County as a vacation destination. The tremendous increase in occupancy tax fees going to the county is a testament to their success. The plans for the new interstate undoubtedly will also increase traffic coming to Carteret County. Currently there is not enough vacation housing for all the tourists who want to come here. We are a victim of our own success at promoting Carteret County. I suggest that we deal with the reality of increased tourist traffic by using some of the occupancy tax to solve some of the problems caused by traffic congestion and the products of this happy dilemma. One of the biggest issues for everyone has been increased amount of garbage. Currently the county commissioners spend 50% of the occupancy tax on Beach tree nourishment and 50% on promotion of tourism. It would be very useful if we could have a tax diverted for the consequences of having more tourists here. I live on Dogwood Court and I'm here 75% of the time as a second homeowner. My neighbors across the street rent in the summer and live in their house the rest of the time. My next-door neighbors beside me rent all year, and diagonally across the street they rent all year. These are all short term rentals through a rental company or through Airbnb. I am fully aware of all the consequences of having renting neighbors. I found the survey to be extremely biased. There's no opportunity or reflection that having newcomers visit adds to the vitality here. Obviously the tax dollars they bring and the jobs that they support are important. You can't promote the county as a tourist destination and then not give people a place

to stay overnight. Previously when PKA propose limits on renting as part of the covenant changes, there was a very strong reaction against the proposed HOA changes. I think you would be hard-pressed to find a coastal community that has successfully implemented any limitations on short term rentals. I have been a property owner in Carteret County for almost 30 years. I grew up in North Carolina. Coming to the beach and renting a beach house has always been something that is a family oriented activity. When your own property at the beach you know that somebody might be renting down the road if you've been around for a while. I strongly suggest that you consider a survey that is more balanced and professionally prepared. Asking if you have been disrupted by rental property use is hardly a fair question. I would like the survey to include questions on how to address the increase tourist interest and the consequences of that. How to manage the garbage the traffic etc. is what needs to be addressed. The tourists are going to come

Suzanne Wheatcraft: Frankly, I think this is a great idea because we continue to direct more and more stormwater from our streets into the sound/canal which is not great for the ecosystem, and the living shoreline provides a home for things like oysters who can filter and clean up to 50 gallons a day! Plus the birds love walking on them at low tide and eating all the little crunchy things... And we see all kinds of shrimp and crabs in the water....I gotta believe they will make the fishing better, too.

Oh.... And they seem to be creating more land behind themselves... This will be nice if/when there's a storm. Mainly, their intended job is to absorb wave energy, which helps prevent shore erosion and even protects existing sea walls.

Plus, they'd be welcome to come see how the shoreline goes under a dock and provides an opening for canoe, kayak, etc...

Thanks for coming up with this exciting idea!

Town Manager Report & Staff Reports

Town Manager. Town Manager Brian Kramer briefed:

***Solid Waste RFP**

The town received two bids for the solid waste RFP. Those bids came from GFL and Waste Removal. We are meeting with both of the bidders this week, and the public services committee will meet to discuss next week. Following those meetings, town staff will make a recommendation to the board of Commissioners at the October meeting. The commissioners will also vote on an ordinance change related to the exclusive rights of service for solid waste collection.

***FEMA Excess Funds**

Last week, town staff addressed more funding related questions for FEMA. These questions focused on environmental preservation related almost exclusively to cement pads. Questions also related to the purchase of the ladder truck, radios, PSB roof and town hall roof.

***COVID Procedures**

We have mandatory testing in place for all staff. Starting tonight, we will have testing for all boards and commissions that meet at town hall. Testing is administered by town paramedics. The test itself takes less than one minute, and less than ten minutes to see results. We have put incentives in place for vaccination in the form of vacation days.

**Quick Updates*

- The engineer has begun work on the Highway 58 Sidewalk feasibility report
- The town is working on an as built survey for the Phase 2 Stormwater Project
- The town has installed remote monitoring the wells at Myrtle and Yaupon

Finance and Admin Report. Assistant Town Manager Anderson briefed:

**Tax Bills*

Tax bills were mailed out on August 20. Interest begins to accrue if not paid by 1/6/2022

**Lightning Strikes and Insurance*

Following the lightning strike that damaged some town hall equipment, Julie figured out what could be put under insurance and what should not have been. Not all items were replaced with insurance because past experience could affect our insurance deductibles in the future.

**Draft Audited Financial Statements*

The auditor has begun reviewing our audited financial statements.

Fire Department Report. Fire Chief Baker briefed:

Riptides are active and worse when we face offshore hurricanes. Be prepared for hurricanes that can make their way inshore. Know where your re-entry pass is and have an evacuation plan in place. The fire department is still doing home safety inspections. Call the station to have a walkthrough scheduled. Residents should also check the battery for their smoke detectors and is recommended to have a fire extinguisher in the kitchen.

Police Department Report. Police Chief Thompson briefed:

Summer beach patrols for 2021 (May-August) were 363 miles, up from 219 in 2020. The police department is continuing the residential security check program this year. Call the police department for more information. The police department will also be hosting a beach cleanup on September 18 at the Iron Steamer at 8:00am.

Public Services Department and Water Report. PSD Director Sonny Cunningham briefed:

Well #1 was out of service last week. This issue was caused by the slow motor starter and the rotation of the three phase power supply. The well is now fully functional. The triannual lead and copper samplers were taken last week by residents in town. The results will be available for residents soon. The town is selling old fire hydrants that were replaced this past winter as scrap metal. Julie will receive funds for the sale of scrap metal. Sonny is awaiting a quote from SW Parks Construction to help install new 6" discharge and 6" suction at the Myrtle Court lift station.

Planning and Inspections. Town Planner Kevin Reed briefed:

**Single Family Landscape Permits*

Staff issued one SFLP for the month of August. The CAC will conduct site visits at 116 Evergreen Lane and 121 Roosevelt Drive tomorrow at a special meeting. Staff is reviewing SFLP applications for 520 Pelican Drive East, 117 Roosevelt Drive, 119 Roosevelt Drive, and 126 Evergreen Lane.

***Census 2020**

Preliminary census counts indicates 1,388 persons residing in Pine Knoll Shores which is an increase from 2010 (1,338) of 3.7%. Carteret County increased 1.8% from 2010 to 2020.

***Unified Development Ordinance (UDO)**

Request for Proposals (RFP) was sent out on September 3, 2021 to the NC Planners Listserv and to approximately six planning firms. Responses to the RFP are due no later than Noon, Friday September 24. The goal is for UDO Review Team to have a selected consultant (with Town Attorney) contract to Board of Commissioners for the November Meeting.

***Downspout Management**

Current town regulations for stormwater management address the retention of stormwater containment on-site when any new impervious surface is added (additions, and new construction). Existing development is not subject to stormwater regulation which leaves a large percentage of the town's existing impervious surface with no stormwater controls. There are no regulations or code requirements that address existing impervious surfaces and "downspout control." Staff is exploring educational opportunities for "downspout management" and incentives for retrofitting existing impervious surfaces to manage/retain stormwater on-site.

***Building Inspector (August 2021)**

Town staff issued 14 building permits with a total value of \$5,666,637. Staff issued 32 mechanical, 6 electrical, and 1 plumbing permit. Total value of all permits issued was \$5,878,000. Staff issued 29 tree removal permits for a total of 82 trees. Jim Taylor performed 95 inspections.

Town Clerk Report, Town Clerk Charles Rocci briefed:

Sale of surplus goods approved in the August meeting sold last week. The 2008 dump trailer sold for \$3,600 and the 2008 Chevrolet Silverado sold for \$7,256.25. Acorn Court draft easements were sent to residents, and we are hosting a preconstruction meeting with the residents next week. Charlie proposed upgrading digital solutions for the board room including new TV's and a SurgeX circuit breaker. Staff will meet with the admin committee this month to propose a full plan to the commissioners at the October meeting.

Public Hearing

a. Amendments to Chapters 74 and 66

Commissioner Corsello made a motion to go into public hearing with a second from Commissioner Goetzinger. The motion passed unanimously. Kevin Reed presented the changes to the chapters and how they would make the town compliant for NCGS 160D. The changes were reviewed and approved by Town Attorney, Neil Whitford. There were no public comments. Commissioner Edwards made a motion to leave public hearing with a second from Commissioner Knecht.

New Business

a. Amendments to Chapters 74 and 66

Commissioner Durham made a motion to approve the recommended changes to Chapters 74 and 66 with a second from Commissioner Knecht. The motion passed unanimously.


b. Building Resilient Infrastructures and Community (BRIC) Grant

Town Manager Brian Kramer presented. The North Carolina Department of Public Safety administers this FEMA grant. The town is concerned with shoreline erosion on the northern shore of the town. We would like to partner with the North Carolina Coastal Federation to install living shorelines along the northern coast of town to help mitigate this issue. Brian Kramer clarified that the town is not voting to approve this project, he has requested the board approve a letter of interest to send to the North Carolina Department of Public Safety. Town staff will then host an interest session explaining the project, answering questions, and gauging community interest. A motion to approve the letter of intent was made by Commissioner Durham and seconded by Commissioner Edwards. The motion passed unanimously.

c. Short Term Rentals

Kevin Reed presented his findings on Short Term Rental legislation to the board of commissioners. His slides are included in these minutes. Following a few corrections to draft survey questions, Commissioner Edwards made a motion to approve the release of the short term rental survey with a second from Commissioner Durham. The motion passed unanimously.


 <h3>Pine Knoll Shores</h3> <p>Presentation Board of Commissioners Short-Term Rentals September 8, 2021</p>	 <h3>Short Term Rentals</h3> <p>Short Term Rentals (STRs) are subject to limits on residential inspections, permitting and registration.</p> <p>S.L. 2019-73 (S.B. 483) Properties subject to the Vacation Rental Act are subject to the limitations on periodic inspection and rental-permitting requirements in G.S. 160D-1115 & 160D-1207.</p>	 <h3>Short Term Rentals</h3> <p>Vacation Rental Act, G.S. 42A</p> <p><i>vacation rental</i>: "the rental of residential property for vacation, leisure, or recreation purposes for fewer than 90 days by a person who has a place of permanent residence to which he or she intends to return."</p> <p><i>residential property</i>: "an apartment, condominium, single-family home, townhouse, cottage, or other property that is devoted to residential use or occupancy by one or more persons for a definite or indefinite period."</p>
 <h3>Short Term Rentals</h3> <p><u>Residential Rental Property Inspections, Permits and Registration:</u></p> <ul style="list-style-type: none">• Arose from inspection and registration for rental properties• Focused on housing code regulation and enforcement <p><u>Periodic Inspections (160D-1207) limited authority:</u></p> <ul style="list-style-type: none">• When reasonable cause to do so, may make periodic inspections "for unsafe, unsanitary, or otherwise hazardous and unlawful conditions"• In accordance with the fire-prevention code• In accordance with specific requirements for periodic inspections in designated blighted areas	 <h3>Short Term Rentals</h3> <p><u>Permitting and Fees (160D-1207):</u></p> <ul style="list-style-type: none">• May not require registration of rental property with the local government or obtain a permit or permission to lease or rent residential property• May not require enrollment in a governmental program in order to obtain a certificate of occupancy• May not levy a tax or fee that is not also levied against other commercial or residential properties• May not make a violation of a rental-registration ordinance punishable as a criminal offense• May not require an owner or manager of rental residential property to submit to an inspection before receiving a utility service from the local government	 <h3>Short Term Rentals</h3> <p>While there are clearly limits but... ...zoning remains a regulatory tool for STRs</p> <p><u>Zoning can be used as a regulatory tool by:</u></p> <ul style="list-style-type: none">• Defining STRs as a type of land use <p><i>Whole-House Short-Term Rental</i> means the rental or lease of an attached or detached residential dwelling unit, including the rental of an accessory dwelling unit, for compensation for fewer than thirty (30) consecutive days.</p> <ul style="list-style-type: none">• Limiting STRs to certain zoning districts
 <h3>Short Term Rentals</h3> <ul style="list-style-type: none">• STRs can have specific development standards – parking, signage, employees, etc.• May require STRs to obtain a zoning permit but may not require an annual permit or renewal requirement.• Zoning controls for STRs may not regulate ownership or require the owner to reside on site.• If regulated through zoning, existing STRs can be grandfathered and may be given a time period to comply with development regulations.	 <h3>Short Term Rentals</h3> <p><u>Short Term Rentals are subject to occupancy tax including:</u></p> <ul style="list-style-type: none">• In addition to the rental fee, fees for cc charges, damage, extra person, linen, maid/cleaning, pet, reservation, smoking fees and some other rental charges (cribs, beds, etc.) <p><u>Liability for occupancy taxes falls with:</u></p> <ul style="list-style-type: none">• Retailer (hotel operator), owner of STR• Facilitator (Airbnb)• Rental Agents (realty company)	 <h3>Short Term Rentals</h3> <ul style="list-style-type: none">• In 2018 Airbnb's gross revenue in NC was \$200 million.• Occupancy taxes are remitted but are done so in a lump sum manner with no detail on properties and rental dates. This lack of detail makes it impossible to determine if appropriate taxes are paid.• 2015 agreement between Airbnb and DOR has remained confidential.• Requests by tax collectors for more detail are ignored or told that DOR agreement does not require detail.



Short Term Rentals

Some Questions to Consider on the Regulation of STRs

- Is there a problem or problems with STRs in PKS?
- If so, identify specific the problem or problems?
- If there are problems, can they be addressed with specific land use regulations?
- If so, what regulations need to be in place to address the land use concerns?



Town of Pine Knoll Shores

XI. Mayor and Commissioner Reports

XII. Closed Session pursuant to N.C.G.S. 143-318.11 for property acquisition, personnel, and approving closed session minutes

XI. Adjournment

Public Comment

There were no public comments.

Mayor and Commissioner Reports

Commissioner Edwards asked about the current status of the East Carolina Council. There was no update. No other reports.

Closed Session pursuant to N.C.G.S. 143-318.11 for property acquisition, personnel, and approving closed session minutes.

A motion to move into closed session was made by Commissioner Knecht with a second from Commissioner Durham. The motion passed unanimously.

Adjournment

The Board adjourned on a motion by Commissioner Durham with a second by Commissioner Knecht which passed unanimously. The meeting adjourned at 9:30pm.

Charles W. Rocci, Town Clerk