

# *Town of North Topsail Beach*

Joann M. McDermon, Mayor  
Mike Benson, Mayor Pro Tem

Aldermen:  
Richard Grant  
Tom Leonard  
Susan Meyer  
Richard Peters



David J. Gilbride  
Town Manager

Laura Oxley, JD, MPA  
Town Clerk

## *Nature's Tranquil Beauty*

### **Board of Aldermen Special Meeting Minutes Monday, November 23, 2020 1:00 P.M.**

**Present: Mayor McDermon; Mayor Pro Tem Benson; Aldermen Grant, Leonard Meyer; Town Manager Gilbride; Finance Officer Elliott; Town Clerk Oxley**

**By Teleconference: Financial Consultants Doug and Andrew Carter; Town Attorney Edes**

**Absent: Alderman Peters**

#### **I. Call to Order**

Mayor McDermon called the meeting to order at 1:02 PM.

#### **II. Approval of Agenda**

Alderman Grant made a motion to approve the Agenda. Mayor Pro Tem Benson seconded. The Motion passed unanimously, 4-0.

#### **III. Presentation of Financial Metrics & Discussion**

Mr. Doug Carter, President and Managing Director of DEC Associates, began by providing an overview. Mr. Andrew Carter of DEC presented the updated financial data.

Mr. Doug Carter reminded the Board that there will be an overlap period in which the USDA loan will not be retired, and the debt service on the USACE project will also be due. He believes this could occur for four fiscal years.

The Board discussed whether property taxes can be reduced after the USDA loan is retired. The Aldermen cited concerns with the fluctuating cost of the Federal Project, other capital needs and the costs to property owners.



Alderman Grant asked the Town Attorney about the bill that would allow the Town to collect an additional 1% occupancy tax. Mr. Edes reported that the bill did not pass into law. The only way the Town can increase its occupancy tax collection is by local act.

When asked about the Local Government Commission (or "LGC") presentation, Mr. Doug Carter explained that his firm can represent multiple options, but without permission from the Legislature, DEC will also have to present the "no new revenue" option, meaning a scenario in which the Town can only fund the project through an increase in property tax. Mr. Doug Carter also added that the LGC will not tell the Town how to proceed, but it will listen to the presented options and make an assessment.

The Board had questions about Municipal Service Districts (or "MSD"). Mr. Edes explained that the PPA would need to be signed before July first in order to establish and enforce higher taxes in the district in the next fiscal year.

Mr. Doug Carter reminded the Board that the presented metrics are grounded in project cost projections. If the cost changes, the analysis would also change.

Mayor McDermon asked the Board to provide feedback to DEC as to what additional scenarios should be presented.

Mr. Doug Carter reminded the Board that the Town has approximately \$1 million in USDA debt obligations each year. Until FY 2026, the beach fund is exclusively for USDA loan repayment.

#### **IV. Adjournment**

Alderman Leonard made a motion to adjourn. Alderman Grant seconded. The Motion passed unanimously, 4-0.

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Joann McDermon  
Mayor

ATTEST:

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Laura Oxley, JD, MPA  
Town Clerk

Approved: 12/03/2020



**North Topsail Beach**  
**November 17, 2020**  
**USACE Beach Project - Financial Metrics**

Version 4



**Key Assumptions:**

Town's Project Cost	\$	16,500,000		
Estimated D/S	\$	3,000,000	/yr for 7 years	
Renourishment Cost	\$	10,900,000	+ every 5-7yrs	
Parking Revenue (est)	\$	550,000		
1% OT Revenue (est)	\$	350,000		
	\$	1,000,000,000	Town-wide	1¢ = \$100,000
	\$	412,000,000	All Phase 5 MSD	1¢ = \$41,200
	\$	232,000,000	Phase 5 MSD - Oceanside	1¢ = \$23,200
	\$	180,000,000	Phase 5 MSD - Soundside	1¢ = \$18,000

**Revenue Matrix**

				Phase 5 MSD	Phase 5 MSD	Phase 5 MSD	Phase 5 MSD			
	Parking	New Occ. Tax	Oceanside PT	Oceanside ¢ needed	Soundside PT	Soundside ¢ needed	Townwide PT	Townwide ¢ needed	Total Revenue	
Scenario 1 - All Sources										
1a - Parking; Phase 5 MSD (50/50); 1% OT	\$	550,000	\$ 350,000	\$ 1,050,000	45	\$ 1,050,000	58	\$ -	0	\$ 3,000,000
1b - Parking; Phase 5 MSD (50/50); 2% OT	\$	550,000	\$ 700,000	\$ 875,000	38	\$ 875,000	49	\$ -	0	\$ 3,000,000
1c - Parking; Phase 5 MSD (50/50); 3% OT	\$	550,000	\$ 1,050,000	\$ 700,000	30	\$ 700,000	39	\$ -	0	\$ 3,000,000
1d - Parking; Phase 5 MSD (50/50); 1% OT; Split Townwide (50/50)	\$	550,000	\$ 350,000	\$ 525,000	23	\$ 525,000	29	\$ 1,050,000	11	\$ 3,000,000
1e - Parking; Phase 5 MSD (50/50); 2% OT; Split Townwide (50/50)	\$	550,000	\$ 700,000	\$ 437,500	19	\$ 437,500	24	\$ 875,000	9	\$ 3,000,000
1f - Parking; Phase 5 MSD (50/50); 3% OT; Split Townwide (50/50)	\$	550,000	\$ 1,050,000	\$ 350,000	15	\$ 350,000	19	\$ 700,000	7	\$ 3,000,000
1g - Parking; Phase 5 MSD (50/50); 1% OT; Split Townwide (60/40)	\$	550,000	\$ 350,000	\$ 420,000	18	\$ 420,000	23	\$ 1,260,000	13	\$ 3,000,000
1h - Parking; Phase 5 MSD (50/50); 2% OT; Split Townwide (60/40)	\$	550,000	\$ 700,000	\$ 350,000	15	\$ 350,000	19	\$ 1,050,000	11	\$ 3,000,000
1i - Parking; Phase 5 MSD (50/50); 3% OT; Split Townwide (60/40)	\$	550,000	\$ 1,050,000	\$ 280,000	12	\$ 280,000	16	\$ 840,000	8	\$ 3,000,000
1j - Parking; Phase 5 MSD (70/30); 1% OT	\$	550,000	\$ 350,000	\$ 1,470,000	63	\$ 630,000	35	\$ -	0	\$ 3,000,000
1k - Parking; Phase 5 MSD (70/30); 2% OT	\$	550,000	\$ 700,000	\$ 1,225,000	53	\$ 525,000	29	\$ -	0	\$ 3,000,000
1l - Parking; Phase 5 MSD (70/30); 3% OT	\$	550,000	\$ 1,050,000	\$ 980,000	42	\$ 420,000	23	\$ -	0	\$ 3,000,000
1m - Parking; Phase 5 MSD (70/30); 1% OT; Split Townwide (50/50)	\$	550,000	\$ 350,000	\$ 735,000	32	\$ 315,000	18	\$ 1,050,000	11	\$ 3,000,000
1n - Parking; Phase 5 MSD (70/30); 2% OT; Split Townwide (50/50)	\$	550,000	\$ 700,000	\$ 612,500	26	\$ 262,500	15	\$ 875,000	9	\$ 3,000,000
1o - Parking; Phase 5 MSD (70/30); 3% OT; Split Townwide (50/50)	\$	550,000	\$ 1,050,000	\$ 490,000	21	\$ 210,000	12	\$ 700,000	7	\$ 3,000,000
1p - Parking; Phase 5 MSD (70/30); 1% OT; Split Townwide (60/40)	\$	550,000	\$ 350,000	\$ 588,000	25	\$ 252,000	14	\$ 1,260,000	13	\$ 3,000,000
1q - Parking; Phase 5 MSD (70/30); 2% OT; Split Townwide (60/40)	\$	550,000	\$ 700,000	\$ 490,000	21	\$ 210,000	12	\$ 1,050,000	11	\$ 3,000,000
1r - Parking; Phase 5 MSD (70/30); 3% OT; Split Townwide (60/40)	\$	550,000	\$ 1,050,000	\$ 392,000	17	\$ 168,000	9	\$ 840,000	8	\$ 3,000,000
1s - Parking; Phase 5 MSD (60/40); 1% OT	\$	550,000	\$ 350,000	\$ 1,260,000	54	\$ 840,000	47	\$ -	0	\$ 3,000,000
1t - Parking; Phase 5 MSD (60/40); 2% OT	\$	550,000	\$ 700,000	\$ 1,050,000	45	\$ 700,000	39	\$ -	0	\$ 3,000,000
1u - Parking; Phase 5 MSD (60/40); 3% OT	\$	550,000	\$ 1,050,000	\$ 840,000	36	\$ 560,000	31	\$ -	0	\$ 3,000,000
1v - Parking; Phase 5 MSD (60/40); 1% OT; Split Townwide (50/50)	\$	550,000	\$ 350,000	\$ 630,000	27	\$ 420,000	23	\$ 1,050,000	11	\$ 3,000,000
1w - Parking; Phase 5 MSD (60/40); 2% OT; Split Townwide (50/50)	\$	550,000	\$ 700,000	\$ 525,000	23	\$ 350,000	19	\$ 875,000	9	\$ 3,000,000
1x - Parking; Phase 5 MSD (60/40); 3% OT; Split Townwide (50/50)	\$	550,000	\$ 1,050,000	\$ 420,000	18	\$ 280,000	16	\$ 700,000	7	\$ 3,000,000
1y - Parking; Phase 5 MSD (60/40); 1% OT; Split Townwide (60/40)	\$	550,000	\$ 350,000	\$ 504,000	22	\$ 336,000	19	\$ 1,260,000	13	\$ 3,000,000
1z - Parking; Phase 5 MSD (60/40); 2% OT; Split Townwide (60/40)	\$	550,000	\$ 700,000	\$ 420,000	18	\$ 280,000	16	\$ 1,050,000	11	\$ 3,000,000
1aa - Parking; Phase 5 MSD (60/40); 3% OT; Split Townwide (60/40)	\$	550,000	\$ 1,050,000	\$ 336,000	14	\$ 224,000	12	\$ 840,000	8	\$ 3,000,000
Scenario 2 - Parking & Property Tax										
2a - Parking; Phase 5 MSD (50/50)	\$	550,000	\$ -	\$ 1,225,000	53	\$ 1,225,000	68	\$ -	0	\$ 3,000,000



2b - Parking; Phase 5 MSD (50/50); Split Townwide (50/50)	\$	550,000	\$	-	\$	612,500	26	\$	612,500	34	\$	1,225,000	12	\$	3,000,000
2c - Parking; Phase 5 MSD (50/50); Split Townwide (60/40)	\$	550,000	\$	-	\$	490,000	21	\$	490,000	27	\$	1,470,000	15	\$	3,000,000
2d - Parking; Phase 5 MSD (70/30)	\$	550,000	\$	-	\$	1,715,000	74	\$	735,000	41	\$	-	0	\$	3,000,000
2e - Parking; Phase 5 MSD (70/30); Split Townwide (50/50)	\$	550,000	\$	-	\$	857,500	37	\$	367,500	20	\$	1,225,000	12	\$	3,000,000
2f - Parking; Phase 5 MSD (70/30); Split Townwide (60/40)	\$	550,000	\$	-	\$	686,000	30	\$	294,000	16	\$	1,470,000	15	\$	3,000,000
2g - Parking; Phase 5 MSD (60/40)	\$	550,000	\$	-	\$	1,470,000	63	\$	980,000	54	\$	0	0	\$	3,000,000
2h - Parking; Phase 5 MSD (60/40); Split Townwide (50/50)	\$	550,000	\$	-	\$	735,000	32	\$	490,000	27	\$	1,225,000	12	\$	3,000,000
2i - Parking; Phase 5 MSD (60/40); Split Townwide (60/40)	\$	550,000	\$	-	\$	588,000	25	\$	392,000	22	\$	1,470,000	15	\$	3,000,000

#### Scenario 3 - Property Tax Only

3a - Phase 5 MSD (50/50)	\$	-	\$	-	\$	1,500,000	65	\$	1,500,000	83	\$	-	0	\$	3,000,000
3b - Phase 5 MSD (50/50); Split Townwide (50/50)	\$	-	\$	-	\$	750,000	32	\$	750,000	42	\$	1,500,000	15	\$	3,000,000
3c - Phase 5 MSD (50/50); Split Townwide (60/40)	\$	-	\$	-	\$	600,000	26	\$	600,000	33	\$	1,800,000	18	\$	3,000,000
3d - Phase 5 MSD (70/30)	\$	-	\$	-	\$	2,100,000	91	\$	900,000	50	\$	-	0	\$	3,000,000
3e - Phase 5 MSD (70/30); Split Townwide (50/50)	\$	-	\$	-	\$	1,050,000	45	\$	450,000	25	\$	1,500,000	15	\$	3,000,000
3f - Phase 5 MSD (70/30); Split Townwide (60/40)	\$	-	\$	-	\$	840,000	36	\$	360,000	20	\$	1,800,000	18	\$	3,000,000
3g - Phase 5 MSD (60/40)	\$	-	\$	-	\$	1,800,000	78	\$	1,200,000	67	\$	0	0	\$	3,000,000
3h - Phase 5 MSD (60/40); Split Townwide (50/50)	\$	-	\$	-	\$	900,000	39	\$	600,000	33	\$	1,500,000	15	\$	3,000,000
3i - Phase 5 MSD (60/40); Split Townwide (60/40)	\$	-	\$	-	\$	720,000	31	\$	480,000	27	\$	1,800,000	18	\$	3,000,000



Estimated Tax Rates - All Sources









