

Shore Protection Manager

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**CARTERET COUNTY BEACH COMMISSION MEETING  
MAY 18, 2020; 2:00 pm  
EMERALD ISLE TOWN BOARD ROOM**

**Remote Access Information (Zoom Meeting):**

**Video & Integrated Computer Phone:**

<https://carteretcountync.zoom.us/j/84091199815?pwd=UGxKWfdVMTRHMVpHR3FIRkN4LzBmQT09>

**Meeting ID = 840 9119 9815; Password = 623488**

**Phone Only Access: = 1.929.205.6099 (same Meeting ID & Password as above)**

## AGENDA

<b>(1)</b>	<b>Call to Order.</b>	<i>Chairman Cooper</i>
<b>(2)</b>	<b>Approval of Minutes.</b> (Regular Beach Commission Meeting – March 23, 2020)	<i>Chairman Cooper</i>
<b>(3)</b>	<b>Room Occupancy Tax (ROT) and “Beach Fund” Update.</b>	<i>Greg “rudi” Rudolph</i>
<b>(4)</b>	<b>Post-Florence Renourishment Project (Phase III Scoping Discussion).</b>	<i>Greg “rudi” Rudolph</i>
<b>(5)</b>	<b>Briefing – Real Estate Easement &amp; Authorization for Entry Procurement Process.</b>	<i>Lee Wrenn, Lee Wrenn &amp; Assoc., Inc.</i>
<b>(6)</b>	<b>Public Comment.</b>	
<b>(7)</b>	<b>Other Business.</b>	
<b>(8)</b>	<b>June 2020 or Next Meeting Date.</b> (TBD)	
<b>(9)</b>	<b>Adjourn.</b>	<i>Chairman Cooper</i>

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## CARTERET COUNTY BEACH COMMISSION

### Agenda Topic Cover Sheet

#### Approval of Minutes

Regular Beach Commission Meeting – March 23, 2020

Meeting Date: **5/18/2020**

Topic No. **2**

Suggested Action: A motion should be entertained to approve the March 23, 2020 meeting minutes with any recommended changes from the Beach Commission.

Attached for the Beach Commission's review, comments, and subsequent approval are the minutes for the Commission's March 23, 2020 regular meeting.

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## CARTERET COUNTY BEACH COMMISSION MEETING

### Minutes

Pine Knoll Shores Town Hall & Remotely (COVID-19 Precaution)

March 23, 2020, 2 pm

#### **Attendance.**

Commission Members A.B. “Trace” Cooper (chair), Jim Normile (vice-chair), Larry Baldwin, Larry Corsello, Joel Fortune, Tom Rule, Woody Warren, secretary Greg Rudolph, and the general public. Members Harry Archer, Jimmy Farrington, Douglas Guthrie, and Ken Jones were absent.

- (1) **Call to Order.** – Chairman Cooper called the meeting to order and thanked everyone for attending either in-person with proper social distancing measures employed or via conference call/Web-Ex.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (February 11, 2020).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the February 11<sup>th</sup> regular session minutes presented in the agenda packet. With no comments forthcoming, member Fortune subsequently made a motion to adopt the minutes as presented, which was seconded by member Baldwin and unanimously approved.
- (3) **Room Occupancy Tax (ROT) and “Beach Fund” Update.** – Secretary Rudolph introduced the topic with a slide show aid ([Slide 1](#)) and noted the Commission’s agenda includes the January 2020 collection report, which was down by over -10% compared to the January 2019 collection. A -10% drop in one of the lower revenue months is not that catastrophic as the Fiscal Year collection through seven months is down by -3.6% (FY 2019-20 vs FY 2018-19). The secretary continued that the collection trend is extremely difficult to decipher – it was complicated by hurricane *Florence* because an influx of contractors and displaced families were occupying much of what was remaining of the short-term rental inventory in the wake of the hurricane year ago. These same contractors and families simply weren’t in need of rooms in 2020 and hence a drop in occupancy now. And of course there is no way to predict the impacts of COVID-19, but it will certainly be negative with all the cancellation of parades, races, and other public events; coupled with stay-at-home directives for many Counties and mandatory restaurant closures, etc. With respect to the nourishment reserve balance; at the conclusion of January 2020, we estimate the balance was roughly \$17.3 million. However earlier this month (March), we have received \$10.8 million from Emerald Isle as a reimbursement for the Phase I Post-*Florence* Renourishment Project and \$15.3 million from the N.C. Department of Environmental Quality.
- (4) **Post-*Florence* Renourishment Project (Phase III Scoping Discussion).** – Chairman Cooper mentioned that basically Phase I was last year’s project (2019) and the Phase II Project is this year’s project (2020). The secretary and Johnny Martin with Moffatt & Nichol will be discussing the parameters for Phase III, scheduled for next year (2020-21). Secretary Rudolph provided an overview of the impacts of *Florence*, the goals of the project, and the dredging methodology ([Slides](#))

[2 – 12](#)) before discussing the preliminary plan for Phase III ([Slides 13 – 17](#)). Generally speaking, there are three components of Phase III if the maximum extent of the project is pursued (all in Emerald Isle); (a) a small section west of Phase II from the Land's End Club House to past Channel Drive, (b) the main portion of the project in Central Emerald Isle between Phases I and II, and (c) East Emerald Isle in the Phase I zone again. The secretary continued discussing the need for going back into East Emerald Isle; for one (1) It is a known erosional hotspot, and two (2) Our fill density in this area was actually below the volume of sand loss documented for hurricane *Florence* (+38.2 cy/ft added in 2019 vs. -43.8 cy/ft lost in 2018) – this was one of the collateral design issues we had back in late 2018 trying to get the most critical areas of Bogue Banks nourished with the cash we had in-hand at the time. This was months and months before FEMA fixed-cost funding to Pine Knoll Shores, Indian Beach, and Emerald Isle was approved; and was also months before the General Assembly even passed legislation enabling us to apply for State funding.

With this background in mind, the Secretary provided a summary style fact sheet depicting the geography of the Phase III Project, volumes, and a cost estimate – the latter was \$45 million and a summary budget slide for the nourishment reserve was presented next to reconcile if there would be enough in the reserve to pay for the entire project. This was the same slide presented to the Beach Commission during our budget deliberations last month and in essence we should have roughly \$29 million – not enough to completely cash advance all of Phase III. However, Emerald Isle still has ~\$30 million of Hurricane *Florence* FEMA fixed-cost funding that is available. Thus the total funding available is really \$59 million, but again cash flow could become a problem, especially in the wake of COVID-19 (i.e., the FEMA funding could be re-programmed for COVID-19 purposes). Cash flow could also be an issue even if this worse-case scenario never materializes – for Phases I and II we have waited until the projects were completely finished before requesting a single reimbursement – this approach won't work with ~\$29 million in reserve and a \$45 million project. However, if we take an "invoice-by-invoice" reimbursement approach with FEMA to gain monthly-esque reimbursements to keep the County reserve positive, then we can maintain our role as a cash-advance vehicle for Phase III. We could also ask for a partial cash advance from FEMA (i.e., ask for a \$15 million in advance out of the \$30 million available). And lastly and alternatively, we could reduce the scope of the project to fit our nourishment reserve budget or even blending our nourishment reserve and Emerald Isles'.

Mr. Martin added our bid procurement strategy could include a base plus option approach, where obviously the base would be represent the cash we had in hand, and the option would be for the balance – this might provide enough time to speak with FEMA and reconcile reimbursements timing or the idea of an advance. The secretary and Beach Commission discussed possible zones that could be used in a base project, or standalone \$30 million project, and ways to possibly shorten the fill in East Emerald Isle. Chairman Cooper and Commissioner Corsello both favored a base plus option approach, but ultimately the contract is between Emerald Isle and the dredging company so the financial risk is more of a Town matrix decision. Member Baldwin and Fortune also favored a base plus option or whatever we could afford at the present moment just in case the FEMA funding evaporates in the wake of COVID-19. Vice-chair Normile suggested that Emerald Isle, the secretary, and Moffatt & Nichol get together and discuss the issue and possible options; and come back to the Beach Commission next month. Sam Morrison (phone – Moffatt & Nichol) mentioned that we have submitted the event notification to the resource agencies and we would

like to get the bids solicited early as possible to secure a favorable price – and this timeline would still work to this end.

- (5) **Public Comment.** – None.
- (6) **Other Business.** – Secretary Rudolph disclosed that the small waterway projects at Salters Creek and the Straits are almost complete and the bid opening for the Atlantic Harbor is later today. Member Baldwin asked on a separate note if the heavy equipment/dune planting issue has been resolved for this upcoming late Spring/Summer. The secretary replied that the U.S. Fish & Wildlife Service (USFWS) never prepared Incidental Take Prevention measures for dune planting activities, and our Phase I Project past year brought this into focus – Statewide. We have since received guidelines from the USFWS that will enable us to use heavy equipment with sensible precaution measures.
- (7) **April 2020 Meeting Date (April 27, 2020).** – It was agreed upon that the next Beach Commission meeting would be held on April 27<sup>th</sup> at 2:00 pm, Pine Knoll Shores Town Hall.
- (8) **Adjourn.** – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.

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## CARTERET COUNTY BEACH COMMISSION

### Agenda Topic Cover Sheet

# Room Occupancy Tax (ROT) and “Beach Fund” Update.

Meeting Date: **5/18/2020**

Topic No. **3**

Suggested Action: None.

Copies of Carteret County’s February and March monthly Room Occupancy Tax (ROT) collection reports are attached to this month’s “Beach Fund” update, and these data are utilized to revise four summary tables presented at the end of this coversheet including; **Table 1** - a running summary of ROT collections comparing monthly revenues from FY 2019-20 to FY 2018-19, **Table 2** - a summary of ROT revenue from a Calendar Year perspective (CY 2020 - CY 2013), **Table 3** - a more detailed FY 2019-20 to FY 2018-19 revenue comparison of the collection by sectors (hotel/motel, condo/cottage, and “other”), and **Table 4** - a year-to-date estimate of the Beach Nourishment Reserve Fund.

The February 2020 occupancy tax collection was up by +3.8% compared to the February 2019 collection, but the March 2020 collection was down by a massive -50.7% compared to the March 2019 value and is undoubtedly the result of State and federally mandated COVID-19 precautionary measures (e.g., stay at home orders, no short term rentals, spatial distancing, closing of non-essential businesses, etc.). The COVID-19 impacts are also on the heels of the much less severe hurricane *Florence* downturn as well, whereby despite the limited inventory in the wake of *Florence*, the occupancy numbers were up in winter 2018-19 because an influx of contractors and displaced families were occupying much of what was remaining of the short-term rental inventory. These same contractors and families simply weren’t in need of rooms in winter 2019-20 and hence a drop in occupancy. These stresses to visitation have ultimately dropped our fiscal year to date collection rate (FY 2019-20 compared to FY 2018-19) to -5.5% through March 2020 (\$2,557,280 vs. \$2,704,719 for the Beach Fund). And although the 2020 calendar year is still very young, the collections are down by -23.8% for the first three months (January through March). Of course the month of April will likely be considered as the peak of COVID-19 precautionary measure implementation, and we will likely experience a similar -50% drop for the month but hopefully with partial re-opening allowed in May; we could begin to see some semblance of a rebound barring a second wave of COVID-19 does not hit.

And lastly as illustrated in Table 4 below, our estimated value for the "Beach Fund" at the conclusion of March 2020 is approximately \$39.2 million and was generated by taking our opening balance on July 1, 2019, our revenue through March 2020, and our expenditures to date through March 2020 into account. A copy of the expenditure report for the month of March is also attached to this cover sheet for the Commission's review and is constrained to more of the Shore Protection Office's administrative functions. We have also incorporated the financial transactions (invoicing and reimbursement payments) associated with all aspects of Phase I and II of the Post-*Florence* Renourishment Project into our reserve estimate – again current through March 2020.

**Cumulative Analysis and Monthly Comparison  
Room Occupancy Tax (ROT) and the "Beach Fund"  
FY 2019-2020 v. 2018-19  
Carteret County**

Month	Gross Receipts TDA & Beach		Beach Fund (Monthly)*		Beach Fund (YTD)*		Occ. Tax Total Monthly Difference	Occ. Tax Total YTD Difference
	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20		
Jul	\$1,951,256	\$1,713,896	\$975,628	\$856,948	\$975,628	\$856,948	-12.16%	-12.16%
Aug	\$1,339,735	\$1,565,053	\$669,867	\$782,526	\$1,645,495	\$1,639,475	16.82%	-0.37%
Sep	\$720,343	\$609,740	\$360,172	\$304,870	\$2,005,667	\$1,944,345	-15.35%	-3.06%
Oct	\$304,571	\$412,272	\$152,286	\$206,136	\$2,157,953	\$2,150,481	35.36%	-0.35%
Nov	\$380,894	\$240,881	\$190,447	\$120,440	\$2,348,400	\$2,270,921	-36.76%	-3.30%
Dec	\$150,872	\$144,499	\$75,436	\$72,249	\$2,423,836	\$2,343,171	-4.22%	-3.33%
Jan	\$166,761	\$149,611	\$83,380	\$74,806	\$2,507,216	\$2,417,976	-10.28%	-3.56%
Feb	\$153,978	\$159,825	\$76,989	\$79,913	\$2,584,205	\$2,497,889	3.80%	-3.34%
Mar	\$241,029	\$118,782	\$120,514	\$59,391	\$2,704,719	\$2,557,280	-50.72%	-5.45%
Apr	\$367,884		\$183,942		\$2,888,661			
May	\$558,112		\$279,056		\$3,167,717			
Jun	\$1,353,693		\$676,846		\$3,844,564			
Totals=	\$7,689,127	\$5,114,560	\$3,844,564	\$2,557,280	\$3,844,564	\$2,557,280	Avg. = -8.17%	-5.45%

Note: 6% overall collection rate (\* = 50 TDA/50 Beach Fund split).

**TABLE 1** – Monthly and cumulative summary of the Carteret County room occupancy tax collection reflecting the current and previous fiscal year in terms of the gross revenue and the portion of revenue legislatively mandated for beach nourishment (i.e., the "Beach Fund").

**Cumulative Analysis and Monthly Comparison  
Room Occupancy Tax (ROT) and the "Beach Fund"  
Calendar Year 2020 - 2013  
Carteret County (6% collection rate)**

Month	2020	2019	2018	2017	2016	2015	2014	2013	
	6%	6%	6%	6%	6%	6%	6%	6%	5%
Jan.	\$149,611	\$166,761	\$108,736	\$90,369	\$72,738	\$65,107	\$54,359	\$48,955	\$40,796
Feb.	\$159,825	\$153,978	\$147,363	\$102,895	\$80,744	\$66,976	\$60,118	\$52,897	\$44,081
Mar.	\$118,782	\$241,029	\$194,638	\$198,697	\$197,020	\$142,289	\$121,346	\$128,088	\$106,740
Apr.		\$367,884	\$426,106	\$378,586	\$267,064	\$238,039	\$218,570	\$187,767	\$156,472
May		\$558,112	\$314,986	\$574,112	\$495,403	\$519,427	\$530,041	\$373,921	\$311,601
June		\$1,353,693	\$1,582,294	\$1,211,103	\$1,254,762	\$1,194,984	\$1,119,788	\$1,126,150	\$938,458
July		\$1,713,896	\$1,951,256	\$2,022,661	\$1,945,706	\$1,799,562	\$1,714,309	\$1,440,439	\$1,200,365
Aug.		\$1,565,053	\$1,339,735	\$1,345,057	\$1,310,899	\$1,310,391	\$1,327,500	\$1,270,274	\$1,058,562
Sept.		\$609,740	\$720,343	\$651,908	\$632,513	\$598,281	\$514,648	\$471,580	\$392,983
Oct.		\$412,272	\$304,571	\$424,176	\$354,178	\$357,967	\$348,348	\$296,997	\$247,497
Nov.		\$240,881	\$380,894	\$260,361	\$192,591	\$148,172	\$125,217	\$145,665	\$121,388
Dec.		\$144,499	\$150,872	\$97,436	\$98,029	\$89,584	\$92,698	\$72,597	\$60,498
Totals =	\$428,219	\$7,527,797	\$7,621,795	\$7,357,361	\$6,901,648	\$6,530,780	\$6,226,944	\$5,615,329	\$4,679,441
YTD =	-23.77%								
(+/-) previous year		-1.23%	3.59%	6.60%	5.68%	4.88%	10.89%	6.55%	

**TABLE 2** – Monthly and cumulative summary of the Carteret County Room Occupancy Tax collection reflecting the current and previous seven calendar years in terms of the gross revenue only.

**HOTELS/MOTELS**

Month	2018-19		2019-20		FY 2019-20 v. 2018-19	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$365,114	\$365,114	\$311,918	\$311,918	-\$53,196	-14.57%
Aug	\$217,643	\$582,757	\$252,144	\$564,062	\$34,502	-3.21%
Sep	\$236,742	\$819,499	\$167,716	\$731,778	-\$69,026	-10.70%
Oct	\$147,923	\$967,422	\$168,045	\$899,824	\$20,123	-6.99%
Nov	\$129,778	\$1,097,200	\$90,380	\$990,203	-\$39,398	-9.75%
Dec	\$92,243	\$1,189,443	\$62,371	\$1,052,574	-\$29,872	-11.51%
Jan	\$86,242	\$1,275,685	\$61,738	\$1,114,312	-\$24,504	-12.65%
Feb	\$83,762	\$1,359,447	\$77,605	\$1,191,917	-\$6,157	-12.32%
Mar	\$121,653	\$1,481,100	\$56,610	\$1,248,528	-\$65,043	-15.70%
Apr	\$156,419	\$1,637,519				
May	\$202,368	\$1,839,887				
Jun	\$271,570	\$2,111,457				
Totals=	\$2,111,457	\$2,111,457	\$1,248,528	\$1,248,528	-\$232,572	-15.70%

**CONDOS/COTTAGES**

Month	2018-19		2019-20		FY 2019-20 v. 2018-19	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$1,462,838	\$1,462,838	\$1,291,633	\$1,291,633	-\$171,206	-11.70%
Aug	\$1,046,472	\$2,509,310	\$1,245,633	\$2,537,266	\$199,161	1.11%
Sep	\$446,022	\$2,955,332	\$399,296	\$2,936,562	-\$46,726	-0.64%
Oct	\$118,172	\$3,073,504	\$209,600	\$3,146,162	\$91,428	2.36%
Nov	\$225,997	\$3,299,501	\$109,563	\$3,255,725	-\$116,434	-1.33%
Dec	\$38,797	\$3,338,298	\$48,031	\$3,303,756	\$9,235	-1.03%
Jan	\$42,818	\$3,381,116	\$32,126	\$3,335,882	-\$10,693	-1.34%
Feb	\$25,854	\$3,406,970	\$21,635	\$3,357,517	-\$4,220	-1.45%
Mar	\$66,460	\$3,473,431	\$37,818	\$3,395,335	-\$28,642	-2.25%
Apr	\$154,609	\$3,628,039	\$24,354	\$3,419,689	-\$130,255	-5.74%
May	\$283,506	\$3,911,545				
Jun	\$1,044,576	\$4,956,121				
Totals=	\$4,956,121	\$4,956,121	\$3,419,689	\$3,419,689	-\$208,351	-5.74%

**OTHER, LESS THAN 5, & ON-LINE TOTAL**

Month	2018-19		2019-20		FY 2019-20 v. 2018-19	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$123,303	\$123,303	\$110,346	\$110,346	-\$12,958	-10.51%
Aug	\$75,620	\$198,923	\$67,276	\$177,621	-\$8,345	-10.71%
Sep	\$37,579	\$236,503	\$42,728	\$220,350	\$5,149	-6.83%
Oct	\$38,477	\$274,980	\$34,627	\$254,976	-\$3,850	-7.27%
Nov	\$25,120	\$300,099	\$40,938	\$295,914	\$15,818	-1.39%
Dec	\$19,832	\$319,931	\$34,096	\$330,011	\$14,265	3.15%
Jan	\$37,701	\$357,632	\$55,747	\$385,758	\$18,046	7.86%
Feb	\$44,361	\$401,993	\$60,586	\$446,344	\$16,225	11.03%
Mar	\$52,915	\$454,908				
Apr	\$56,856	\$511,764				
May	\$72,238	\$584,002				
Jun	\$37,547	\$621,549				
Totals=	\$621,549	\$621,549	\$446,344	\$446,344	\$44,351	11.03%

**TABLE 3** – Monthly and cumulative summary of the Carteret County occupancy tax collection segregated by each of the three collection sectors (hotel/motel, condo/cottage, and “other”) for the current and previous fiscal years in terms of the gross revenue only. Note: On-line collection was first implemented in January 2016.

**Estimated Year-to-Date "Beach Fund" Reserve Balance  
FY 2019-20**

<b>Opening Fund Balance (7/1/19)</b>	<b>\$10,679,909</b>
 <b>Revenues</b>	
Occupancy Tax (to date)	\$2,557,280
Reimbursement from Municipalities (Indian Beach & Emerald Isle)	\$16,800,788
Coastal Storm Damage Mitigation Fund (S.L. 2018-134 & 138)	\$15,516,110
Interest on Reserve	NA
<b>Total Revenues</b>	<b>\$34,874,178</b>
 <b>Expenditures</b>	
Shore Protection Office (3/31/2020)	\$407,698
Post Florence Renourishment Project - Phase I & II	\$5,958,172
County Occupancy Tax Administration Fee*	\$30,573
<b>Total Expenditures</b>	<b>\$6,396,444</b>
 (Deficit)/Surplus for Year	 <b>\$28,477,734</b>
 <b>Fund Balance</b>	 <b>\$39,157,643</b>

\*Up to 3% of first \$500,000 of gross proceeds and 1% of remaining gross receipts collected each year.

**TABLE 4** – Estimated value of the “Beach Fund” utilizing the opening fund balance at the beginning of the current fiscal year, coupled with the revenues and expenditures to date.

## OCCUPANCY TAX COLLECTION

Reporting period:

Feb-20

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 21,634.88	\$ -	23	157
HOTEL / MOTEL	\$ 77,586.64	\$ 18.20	24	11
OTHER	\$ 2,590.85	\$ 8.64	17	114
ONLINE	\$ 57,986.06	\$ -	6	1
<b>TOTAL ALL TYPES</b>	\$ 159,798.43	\$ 26.84	<b>70</b>	<b>283</b>
<b>Total Collected</b>	\$ <b>159,825.27</b>			

### February-20

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$6,290.94	\$14,747.47	\$421.94	\$0.00	\$21,460.35
Beaufort	\$146.02	\$11,651.12	\$1,593.77	\$0.00	\$13,390.91
Cape Carteret	\$0.00	\$3,153.93	\$0.00	\$0.00	\$3,153.93
Emerald Isle	\$14,847.19	\$7,799.01	\$327.89	\$0.00	\$22,974.09
PKS / Salter Path/ Indian Beach	\$174.00	\$18,121.37	\$24.82	\$0.00	\$18,320.19
Morehead City	\$0.00	\$20,453.95	\$0.00	\$0.00	\$20,453.95
On Line	\$0.00	\$0.00	\$0.00	\$57,986.06	\$57,986.06
Unincorporated	\$176.73	\$1,677.99	\$231.07	\$0.00	\$2,085.79
<b>Totals</b>	\$21,634.88	\$77,604.84	\$2,599.49	\$57,986.06	\$159,825.27

**Notes:**

- (a) The collection value represents the location of the reporting office only, and may not be 100% correlative to the actual lodging location.
- (b) The locations listed as "Unincorporated" are collectors not located in a municipality.

# OCCUPANCY TAX COLLECTION

Reporting period: **Mar-20**

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 37,728.71	\$ 89.31	28	152
HOTEL / MOTEL	\$ 56,610.37	\$ -	25	10
OTHER	\$ 2,400.47	\$ 31.12	15	117
ONLINE	\$ 21,922.23	\$ -	6	1
<b>TOTAL ALL TYPES</b>	\$ 118,661.78	\$ 120.43	<b>74</b>	<b>280</b>
<b>Total Collected</b>	\$ <b>118,782.21</b>			

## March-20

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$5,788.12	\$5,420.79	\$108.91	\$0.00	\$11,317.82
Beaufort	\$130.98	\$7,222.90	\$1,432.51	\$0.00	\$8,786.39
Cape Carteret	\$0.00	\$3,782.17	\$0.00	\$0.00	\$3,782.17
Emerald Isle	\$31,190.09	\$3,330.66	\$436.53	\$0.00	\$34,957.28
PKS / Salter Path/ Indian Beach	\$436.93	\$14,622.13	\$97.03	\$0.00	\$15,156.09
Morehead City	\$0.00	\$19,914.89	\$0.00	\$0.00	\$19,914.89
On Line	\$0.00	\$0.00	\$0.00	\$21,922.23	\$21,922.23
Unincorporated	\$271.90	\$2,316.83	\$356.61	\$0.00	\$2,945.34
<b>Totals</b>	\$37,818.02	\$56,610.37	\$2,431.59	\$21,922.23	\$118,782.21

**Notes:**

- (a) The collection value represents the location of the reporting office only, and may not be 100% correlative to the actual lodging location.
- (b) The locations listed as "Unincorporated" are collectors not located in a municipality.

		ANNUAL	ACT MTD POSTED	ACT YTD POSTED	REMAINING		
		AMENDED BUDGET	ENCUMBERED	AND IN PROCESS	AND IN PROCESS	BALANCE	PCT
110	GENERAL FUND						
40	ECONOMIC & PHYSICAL DEVELOP						
4901	BEACH NOURISHMENT						
12100	SALARIES	108,840.00	0.00	8,372.16	80,871.99	27,968.01	74 -----
12600	PART TIME WAGES	0.00	0.00	0.00	0.00	0.00	0
18100	FICA EXPENSE	8,330.00	0.00	618.36	5,993.31	2,336.69	71 -----
18200	RETIREMENT CONTRIBUTION	9,850.00	0.00	756.00	7,302.69	2,547.31	74 -----
18300	HOSPITALIZATION INSURANCE	9,515.00	0.00	622.09	5,636.41	3,878.59	59 -----
18500	UNEMPLOYMENT	0.00	0.00	0.00	0.00	0.00	0
18600	WORKMENS COMP	2,000.00	0.00	0.00	1,911.00	89.00	95 -----
18700	401 K PLAN	5,445.00	0.00	418.60	4,043.55	1,401.45	74 -----
20000	SUPPLIES	2,000.00	0.00	0.00	0.00	2,000.00	0
28000	SMALL EQUIPMENT	2,000.00	0.00	0.00	0.00	2,000.00	0
31400	TRAVEL IN-COUNTY	2,400.00	0.00	576.73	1,731.73	668.27	72 -----
32100	TELEPHONE & DATA SERVICES	3,660.00	0.00	1,009.00	2,318.93	1,341.07	63 -----
32500	POSTAGE	1,000.00	0.00	30.80	192.65	807.35	19 -
39500	TRAVEL	5,880.00	0.00	0.00	1,111.91	4,768.09	18 -
44000	CONTRACTED SERVICES	385,470.00	0.00	240.00	291,267.19	94,202.81	75 -----
44100	FEASIBILITY AGREEMENT	0.00	0.00	0.00	0.00	0.00	0
44200	SECTION 933 REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0
49100	DUES AND SUBSCRIPTIONS	5,000.00	0.00	0.00	5,317.00	317.00	106 -----
69900	GRANT CONTRIBUTIONS EDC	0.00	0.00	0.00	0.00	0.00	0
TOTAL:	BEACH NOURISHMENT	551,390.00	0.00	12,643.74	407,698.36	143,691.64	73 -----
TOTAL:	ECONOMIC & PHYSICAL DEVELOP	551,390.00	0.00	12,643.74	407,698.36	143,691.64	73 -----
TOTAL:	GENERAL FUND	551,390.00	0.00	12,643.74	407,698.36	143,691.64	73 -----

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## CARTERET COUNTY BEACH COMMISSION

### Agenda Topic Cover Sheet

# Post-Florence Renourishment Project (Phase III Scoping Discussion).

Meeting Date: **5/18/2020**

Topic No. **4**

**Suggested Action:**

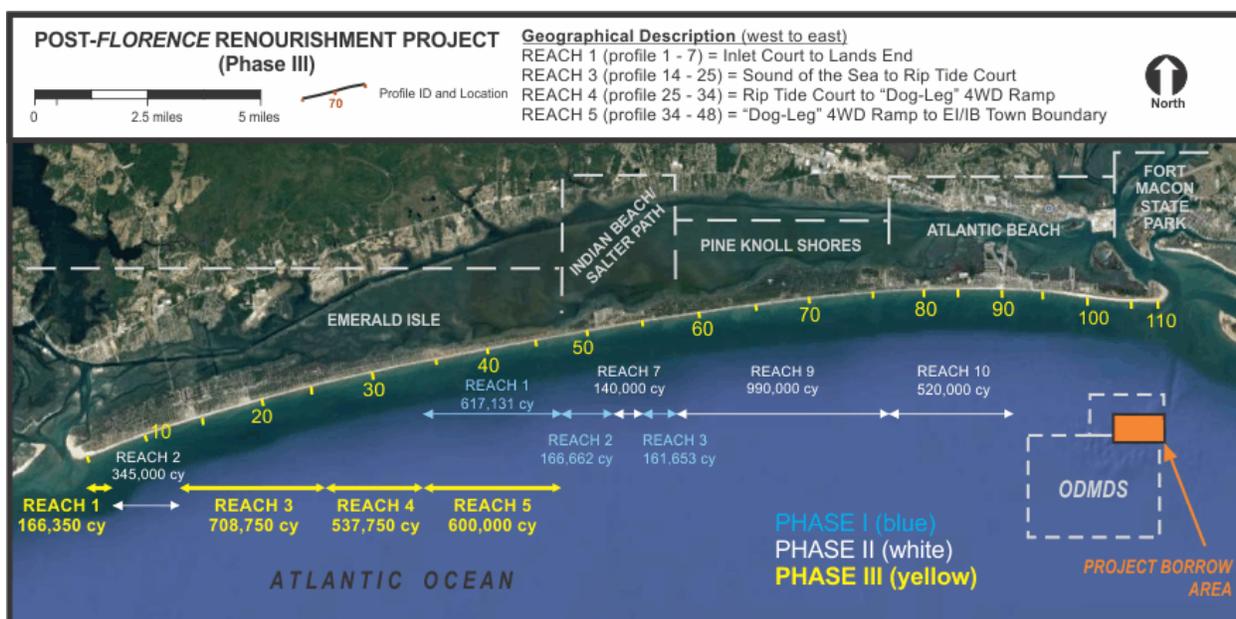
The Commission is requested approve the use of the nourishment reserve (estimated to be ~\$28 million for FY 2020-21) to assist the Town of Emerald Isle in the implementation of Phase III of the Post-Florence Renourishment Project. Once FEMA reimbursement to Emerald Isle is applied back to the nourishment reserve, the reserve balance should be approximately \$9 million.

For our second consecutive meeting, the Beach Commission is requested to put some time aside to constrain the third and final phase of our Post-Florence Renourishment Project. Macroscopically speaking, the Post-Florence Renourishment Project is aimed to restore the dune system and add berm width to roughly 21 miles of Bogue Banks shoreline from the Circle in Atlantic Beach to the Point in Emerald Isle in three discrete phases. East Emerald Isle, Indian Beach, and most of Salter Path was nourished as part of the Phase I effort last year (2019) and West Atlantic Beach, all of Pine Knoll Shores, a small segment of Salter Path, and West Emerald Isle was just completed this year (2020) as part of Phase II. Accordingly and as you might expect, we are planning to nourish the remaining portion of Emerald Isle (Central) in winter 2020-21 as our final phase – Phase III.

As we have discussed, it is imperative we scope the Phase III Project as soon as possible to develop plans/specifications and other bid procurement materials so we can secure a dredging contractor at a favorable cost. To this end, we had a discussion regarding the construction and financial plan for Phase III at our March regular meeting, and the Town of Emerald Isle considered these very same aspects formally at their regular meeting on May 12<sup>th</sup>. Besides Central Emerald Isle, there are other areas of Emerald Isle that we could address for various reasons – namely the far west end of Emerald Isle that has been “untouched” by nourishment and East Emerald Isle again. The Commission may remember that re-addressing East Emerald Isle is predicated for two major reasons; (1) Our fill density in this area was actually below the volume of sand loss documented for hurricane Florence (+38.2 cy/ft added in 2019 vs. -43.8 cy/ft lost in 2018) – this was one of the collateral design issues we had back in late 2018 trying to get the most critical areas of Bogue Banks nourished with the cash we had in-hand at the time. This was months and months before FEMA fixed-cost funding to Pine Knoll Shores, Indian Beach, and Emerald Isle

was approved; and was also months before the General Assembly even passed legislation enabling us to apply for State funding. (2) As we have identified before, the numbered streets (particularly 10<sup>th</sup> through 20<sup>th</sup> streets) are a known erosion "hot spot" and thus require more frequent infusions of sand.

Thus a "full" Phase III Project therefore would entail; **(A)** The large gap in Central Emerald Isle the Phase I and II Projects did not include totaling 1,246,500 cubic yards (cy), **(B)** A small area towards the Point (between Inlet Court and Lands End) that we did not address in Phase II incorporating 166,350 cy, and **(C)** the East Emerald Isle hot spot zone entailing 600,000 cy. Collectively, this equates to a *maximum* of 2,012,850 cy over a linear distance of 49,455 feet (9.4 miles) – see Fig. 1 below.



**Figure 1** – Plan map depicting the geographic ranges and volumes associated with the Post-Florence Renourishment Project for Phase I (2019), Phase II (2020), and Phase III (2020-21 as proposed).

With respect to funding and as detailed at our meeting in March, we should have/generate roughly \$29 million for FY 2020-21 between our balance starting the fiscal year, reimbursements from Pine Knoll Shores and Emerald Isle for the Phase II Project, and the collection amount we can expect from the occupancy tax. Considering COVID-19 has/is going to negatively impact our collection rate, I would expect our estimated reserve value will drop by ~\$1 million and therefore will be closer to \$28 million for FY 2020-21.

The full Phase III Project is estimated to cost \$45 million including all construction and engineering services (maximum estimate). While this apparently leaves a deficit, Emerald Isle has a balance of \$29 million of FEMA fixed-cost funding that has not been utilized; hence the total amount theoretically available for Phase III is \$57 million (\$28 million of nourishment reserve + \$29 million of available FEMA fixed-cost funding). Remember part of the nourishment reserve balance includes substantial State funding via S.L. 2018-134 AND S.L. 2018-138/S.L. 2019-241 – these funds must be matched 1:1 by the nourishment reserve.

Obviously this is a cash flow issue more than anything else. However, ultimately the contract with the dredging company will be between the apparent low bidder and the Town

of Emerald Isle, and therefore the Town bears most of the risk. In order to make timely payments to the contractor, it is likely the Town will have to; (a) submit monthly reimbursement requests during the Project and work with FEMA to ensure the reimbursements are received on a near "net 30 day" basis, or (b) once the contract is executed with the dredging company, request an advance from FEMA for ~\$15 - \$20 million. This would provide enough funds in hand to complement the nourishment reserve to cover the cost of the Phase III Project and Emerald Isle can request the balance of any FEMA reimbursement above the cash advance once the Project and final accounting is complete. As mentioned at the onset of this discussion, there is risk in pursuing the full project and pursuing either of the FEMA cash flow bridge options described herein. The risk can be envisioned by examining three possible scenarios as summarized below.

#### Best Case

(\$45 million project with full and timely FEMA reimbursement or an advance drawdown)

- We have \$28 million in the reserve and there is \$29 million of FEMA fixed cost funding (\$57 million "available").
- The project cost is \$45 million – assume of that \$45 million, \$26 million is FEMA sand and the remainder is non-FEMA sand (\$19 million). **EI would have ~\$3 million of remaining fixed cost funding** = \$29 million FEMA fixed-cost funding - \$26 million of nourishment attributable to *Florence* for the Phase III project.
- County has \$28 million to pay for the non-FEMA sand (again assume \$19 million).
- \$28 million reserve - \$19 million of non-FEMA sand = **\$9 million remaining in the reserve.**

Note: County started with \$18 million in reserve before *Florence* plus assume \$3 million/year of revenue from the occupancy tax times 3 years (\$9 million). Roughly \$27 million if no nourishment projects were pursued.

#### Worse Case

(not confident with FEMA reimbursement/drawdown options and go with a \$34 million project)

- We have \$28 million in the reserve. Emerald has \$6 million in their reserve. \$34 million total.
- We use every cent in Phase III, and FEMA doesn't reimburse us.
- Both the County and Town nourishment reserves are down to zero. It would take time for the reserves to build back up but the whole island has been nourished.

#### Absolute Worse Case

(confident with FEMA reimbursement/drawdown and go with a \$45 million project but FEMA doesn't reimburse us or provides us an advance drawdown)

- We have \$28 million in the reserve. Emerald has \$6 million in their reserve. \$34 million total.
- We use every cent in Phase III, and FEMA doesn't reimburse us.
- Both the County and Town nourishment reserves are down to zero, and Emerald Isle because they have the contract with the dredging company, would still owe the dredging contractor \$11 million (\$45 million - \$34 million in hand).

While the “absolute worst case” sounds daunting, we could bid the project with Central Emerald Isle as the base (cash reserves we have in hand), and include Far West Emerald Isle, and East Emerald Isle as options that can be executed at a later date once some confidence is gained that the FEMA reimbursement methodology will not cause any of the cash flow issues articulated above. However, that approach is discouraged because the contractor is going to want to know the amount of work on their schedule well ahead of time and not be waiting until the last minute. The bid prices will ultimately reflect this by likely possessing an inordinately high mobilization cost to ensure the job is profitable regardless if the options are exercised. Also we have benefited from a “composite” cubic yard unit cost for our Phase I and II Projects, whereby one unit cost is generated by the contractor incorporating all the different sail distances to each of the different reaches. If we proceed with a base plus option approach, then each reach will have its own unit cost (again likely at a premium) and therefore we lose the economies of scale of a composite cost.

To these ends, it is recommended that we pursue a full Phase III Project with a composite unit cost, but rather than a net 30-day payment; we would stipulate a net 60-day invoice/payment schedule. This would afford FEMA additional time to provide Emerald Isle reimbursements, which would greatly assist with the cash flow for the Project. Also, we would retain a contractual provision specified in Phases I and II that allows for a reduction of the project volume by 20% without any penalty. With these two safeguards in place, I believe this would give us the surety (and peace of mind) required for the Phase III Project. The Town of Emerald Isle has elected this very approach, and it recommended the Beach Commission authorizes the use of the nourishment reserve to this effect understanding the Town will reimburse the nourishment reserve for all FEMA eligible expenditures associated with the Project where applicable.

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## CARTERET COUNTY BEACH COMMISSION

### Agenda Topic Cover Sheet

# Briefing – Real Estate Easement & Authorization for Entry Procurement Process.

Meeting Date: **5/18/2020**

Topic No. **5**

Suggested Action: Discussion.

The Beach Commission is familiar with the Bogue Banks Coastal Storm Damage Reduction (CSDR) Project, often termed as the U.S. Army Corps of Engineers' (Corps) "50-Year Project" because the nourishment effort includes initial construction and subsequent periodic maintenance for 50 years with 50% to 65% federal cost share dollars. We initiated a Feasibility Agreement with the Corps in 2001, which after several stops and starts successfully resulted in an integrated Environmental Impact Statement and Feasibility Report. Subsequent to agency review, this effort culminated in the final Chief's Report in 2014 which addresses the engineering aspects of the project, and the Record of Decision (2016) which is the final environmental sign off. The Feasibility Phase was complete at this juncture and the effort was awaiting Congressional approval to authorize the project. Congressional authorization, once passed and signed into law by the President, makes the Bogue Banks CSDR Project eligible to receive construction and maintenance funding from the federal treasury. To this end, the "Water Infrastructure Improvements for the Nation Act" (WIIN) of 2016 was signed into law by the President in December 2016 and included the Bogue Banks CSDR Project.

The next phase of the Project is Preconstruction, Engineering & Design (PED) whereby the Corps develops the plans and specifications for the construction of the Project, refines the borrow sources of sand, ensures real estate easements are in-place, etc. We received full federal funding cost share dollars for this effort, and executed a PED Agreement with the Corps in 2017. The Corps was working on the finishing elements of the PED earlier this year when our Congressional delegation helped secure \$44.5 million to construct the Project (\$44.5 million = 65% Corps or \$28,925,000 and 35% non-federal or \$15,575,000 furnished akin to a no interest loan). Of course the entire formulation of the CSDR Project has been running parallel with our "Master Plan" and consequent implementation as the phased Post-Florence Renourishment Project.

Our next step however if we move forward with the Bogue Banks CSDR Project is to execute a Project Partnership Agreement (PPA), which requires the Project sponsor to provide all the lands, easements, rights-of-way, relocations, parking and accesses, etc. that are necessary for the construction and maintenance of the project. All of these terms of local cooperation are serious endeavors that we need to carefully consider – especially securing easements and rights of entry. While we have easements in place for our nourishment projects, they are much more descriptive to landforms (e.g., the vegetation line) than they are bound by survey coordinates as the Corps easements require. The Corps has informed us that we will need 1,203 easements before construction of the Bogue Banks CSDR Project can begin. Each parcel will generally require; (1) a survey, (2) the development of the legal description of the tract of land, (3) a title search, (4) an appraisal – likely waived in this instance, (5) negotiations if necessary, (6) condemnation if ever required, and (7) all conveyance and closing documentation. It would be premature to provide a cost estimate for securing all of the easements/rights-of-entries, but if the average easement costs \$1,000 to secure, then the cost would be \$1,203,000. If \$2,000 per easement, then \$2,406,000 and so on so on. Granted much of these costs can be applied to our non-federal share of the Project.

With this easement procurement process (and potential cost) in mind, it would be almost impossible for each municipality to secure easements on their own – it would take an inordinate amount of time, money, and other resources. Plus there would likely be inconsistencies if one municipality uses one group of surveyors, attorneys, etc. while another municipality retains an entirely different team of professionals. Accordingly there has been consensus that if we do wish to move forward with the CSDR Project, then the Beach Commission/Shore Protection Office would take the lead and solicit a real estate team to secure all 1,203 easements/right-of-entries. There has also been some thought that even if we don't participate in the CSDR Project, then there still might be some merit in securing a more "mete and bound" type of easement for Bogue Banks for our future projects.

This easement procurement process is obviously very complicated and detailed, and would be a major endeavor to assume – we need to be educated as possible about this process in order to make prudent decisions. To this end, *Lee Wrenn* has graciously granted our request to provide an "Easement Acquisition 101" type of presentation to the Beach Commission. Mr. Wrenn's company ([Lee Wrenn & Associates, Inc.](#)) has successfully secured over a thousand beach easements for Corps' projects in the past on behalf of local governments including Dare County, Myrtle Beach, Kure Beach, etc., and even more easements/right-of-entry agreements with respect to pipeline, water, sewer, and annexation types of projects. This is a very "niche" type of service and it's rare to find a person of Mr. Wrenn's expertise in this regard - I hope the Beach Commission will find his presentation valuable.