

Shore Protection Manager

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**CARTERET COUNTY BEACH COMMISSION MEETING
MARCH 23, 2020; 2:00 pm
PINE KNOLL SHORES TOWN HALL**

AGENDA

(1)	Call to Order.	<i>Chairman Cooper</i>
(2)	Approval of Minutes. (Regular Beach Commission Meeting – February 11, 2020)	<i>Chairman Cooper</i>
(3)	Room Occupancy Tax (ROT) and “Beach Fund” Update.	<i>Greg “rudi” Rudolph</i>
(4)	Post-Florence Renourishment Project (Phase III Scoping Discussion).	<i>Greg “rudi” Rudolph and Moffatt & Nichol</i>
(5)	Public Comment.	
(6)	Other Business.	
(7)	April 2020 Meeting Date. (April 27, 2020 – proposed)	
(8)	Adjourn.	<i>Chairman Cooper</i>

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Approval of Minutes

Regular Beach Commission Meeting – February 11, 2020

Meeting Date: **3/23/20**

Topic No. **2**

Suggested Action: A motion should be entertained to approve the February 11, 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 February 11, 2020 regular meeting.



CARTERET COUNTY BEACH COMMISSION MEETING

Minutes
Pine Knoll Shores Town Hall
February 11, 2020, 2 pm

Attendance.

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

- (1) **Call to Order.** – Vice-chair Normile called the meeting to order and noted Chairman Cooper had other obligations today but he has discussed the agenda with him and will share the Chairman's thoughts when relevant.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (December 2, 2019).** – Vice-chair Normile asked the Commission if there were any corrections, additions, or comments regarding the December 2nd regular session minutes presented in the agenda packet. With no comments forthcoming, member Jones subsequently made a motion to adopt the minutes as presented, which was seconded by member Farrington and unanimously approved.
- (3) **2020 Beach Commission Officer Elections.** – Vice-chair Normile reiterated the annual election process is via a nomination procedure and voted upon by simple majority. Moreover, he spoke to Chairman Cooper who agreed to serve another term in this capacity if the Commission so desires him to do so. No other nominations were made by the Commission and member Farrington proceeded to nominate Mr. Cooper for another year's term as chairman. The motion was seconded by member Corsello and unanimously approved. The Vice-chair election is next and akin to Chairman Cooper, Vice-chair Normile also disclosed that he would be willing to serve another term. Member Jones quickly made a motion to re-elect Vice-chair Normile that was seconded by member Baldwin and unanimously approved.
- (4) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Secretary Rudolph introduced the topic by noting we will dive deeper into the occupancy tax when we discuss the budget, especially from a calendar year perspective. Thus we will take a more fiscal year-to-date approach now, and to this effect the collection reports for October, November, and December are included in the agenda packet. This has been a very odd year compliments of *Florence* – last year during the winter shoulder months there was decreased inventory because of storm damage, but higher occupancy of the rooms that were available by displaced families and the need for a construction work force. This year, we are somewhat back to normal and therefore we experienced a decrease in occupancy tax revenue. Through the first six months of the 2019-20 fiscal year, we are ~3.5% down compared to FY 2018-19. However all the lodging facilities that were still under repair last summer have been fixed, and therefore our capacity should be larger during the upcoming peak

summer months. The secretary concluded that our nourishment reserve was ~\$17.2 million at the conclusion of December.

- (5) **Shore Protection Office Budget for FY 2020-21.** – The Vice-chair mentioned that ultimately, the Beach Commission needs to provide their concurrence to secretary Rudolph regarding the budget before it is submitted to the County's Finance Department, and eventually approved by the County Board. With this introduction in mind, the secretary introduced the FY 2020-21 budget topic by mentioning the Program Summary is included as the last 30+ pages of the agenda packet – it is a good resource document of all the project and policy issues we spend a majority of our time on, and the electronic version includes hyperlinks to all the important reports, news releases, correspondences, etc. that are salient to each issue. For our presentation today, the Program Summary is encapsulated in the first two slides ([1 & 2](#)), and each issue was provided a very subjective “+”, “-”, or “0” grade. Issues such as the Master Plan/Post-*Florence* Renourishment Project, the Endangered Species Act, Flood Insurance Rate Maps, Outer Continental Shelf Oil & Gas Leasing, the Corps of Engineers “50-year Plan”, Beach Monitoring, Waterway Projects, and other issues were summarized in a “year in review” format followed by a “what’s next” list for the same or other issues. In respect to the waterway projects, member Farrington asked how the State’s Shallowdraft Fund is endowed and is the amount they are generating adequate. The secretary responded the fund receives a set increase associated with boater registration fees and 1% of the marine gas tax. This generates over \$20 million annually and the reserve level is approximately \$40 million – this is a significant amount that needs to be leveraged, which the County is doing a good job of doing.

With respect to revenues from a calendar year perspective; 2019 was down by -1.2% compared to 2018 (\$7,527,797 v. \$7,621,795) and is almost certainly attributable to the inventory damage caused by hurricane *Florence*. The condo/cottage sector accounts for ~63% of the revenue collected, while the hotel/motel sector constitutes ~29%, and “other” is 8%. Interestingly, the main loss was in the hotel/motel sector ([Slide 3](#)), and although speculative; it’s not unreasonable to postulate that if the DoubleTree was not completely out of business all year; then the occupancy tax revenue would have been very close to 0% gain/loss or even into positive territory. The total rental income in 2019 is estimated at \$125,463,282 and we are foreshadowing a +1% increase rather than our customary +3% growth rate for our current fiscal year (2019-20) and return to +3% growth for FY 2020-21. The secretary continued by showing a series of graphs depicting the occupancy tax over time ([Slides 4 – 9](#)).

In terms of expenditures from a personnel standpoint ([slides 10 - 12](#)), we are proposing a 0% change in personnel and 0% for operations as well (postage, travel, replacing/fixing equipment, phone, etc.). Contracted Services is always our biggest expense (65% of the \$605,289 budget) and includes five components. There is a +2.6% increase or +\$10,000 in Contracted Services proposed for FY 2020-21 stemming mostly from the static line exception updates that are required by the N.C. Division of Coastal Management, which are due in 2020.

The secretary continued by reviewing the entire budget from reserve, to revenues (including municipal reimbursements for Phase I and II of the Post-*Florence* Renourishment Projects), to expenditures – the latter of which includes the total outlay for Phase II in our current year (FY 2019-20), but not for the Phase III effort planned in FY 2020-21 ([slide 11](#)). By letting the FY 2020-21 budget runs its course without a nourishment project, we can see how large of a reserve we could theoretically have at the conclusion of the fiscal year. In essence, this would be equivalent of what type of project we could afford, which equates to \$29 million.

Vice-chair Normile mentioned that Chairman Cooper is agreement with the budget and reminded the Commission that they will go into closed session to discuss personnel performance; and concluded by opening the floor for any questions. Member Rule asked if there were any details in the budget pertaining to an administrative assistant/policy analyst/waterways manger type of position that was mentioned at the last Beach Commission meeting. The secretary responded that he spoke to the County and since the Board has recently elected to potentially move forward with a 0.25% sales tax initiative in which half of the revenue would be dedicated to waterway dredging; we should wait until this referendum is passed (or not). In other words, the new revenue from the sales tax would be an ideal and related funding mechanism to hire new personnel for waterway dredging. Member Corsello further inquired to how much do we think a new hire would cost? The secretary estimated the total impacts to be ~\$90,000 including all benefits, etc. Member Baldwin continued that it might be a good idea to log the time spent on waterways projects to help support this initiative. Following these questions, member Jones made a recommendation to approve the budget as presented for the County's consideration, which was seconded by member Fortune and unanimously approved.

- (6) **Public Comment.** – John Brodman (audience, Pine Knoll Shores) asked if the Beach Commission has been approached or would be interested in becoming involved with the management/administration of a rip current warning system for the island. The Vice-chair replied that we (the Beach Commission) usually sticks “to putting sand on the beach” and let the municipalities do what is best for them in situations like rip currents - even though this (rip currents) is an important issue. Member Corsello added there is a proposal for the Towns to purchase electronic signs that would be placed across the entire island, and this could also help result in a more uniform approach.
- (7) **Other Business.** – Using the [project website](#), the secretary updated the Beach Commission concerning Phase II of the Post-*Florence* Nourishment Project which started last Thursday. Also, the secretary and the Commission discussed the \$44.5 million that was appropriated to the U.S. Army Corps of Engineers for the Bogue Banks Coastal Storm Damage Reduction Project. Although no formal action was taken, the discussion centered around procuring mete & bounds specific easements for the entire 25-mile long Bogue Banks oceanfront, parking/access requirements, and issues concerning the uncertain nature of future federal appropriations when maintenance events are needed. To this latter effect, we would not want to forego the engineered beach/FEMA monitoring and maintenance plan we have in effect if the uncertainty with the Corps program is too great. Member Baldwin noted this can be considered akin to other mega-infrastructure projects like sewer and water systems, highways, etc. The projects get constructed but the maintenance is deferred until these resources are almost beyond repair.
- (8) **March 2020 Meeting Date (March 23, 2020).** – It was agreed upon that the next Beach Commission meeting would be held on March 23rd at 2:00 pm, Pine Knoll Shores Town Hall. The secretary quickly added that the focal point will be Phase III of the Post-*Florence* Renourishment Project, which is scheduled for next winter (2020-21).
- (9) **Closed Session pursuant to G.S. 143-318.11 for the permitted purpose of discussing personnel.** – No formal action was taken by the Commission.
- (10) **Adjourn.** – Vice-chair Normile 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: **3/23/20**

Topic No. **3**

Suggested Action: None.

A copy of Carteret County's monthly Room Occupancy Tax (ROT) collection report for January is attached to this month's "Beach Fund" update signifying we're past the half-way mark in the fiscal year and starting a new calendar year as well. These data provided in the monthly occupancy tax report are utilized to update 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 Fund.

The January 2020 occupancy tax collection was down by over -10% compared to the January 2019 collection, but this is not really a surprise considering an influx of contractors and displaced families were occupying much of what was remaining of the short-term rental inventory in the wake of *Florence* a year ago. These same contractors and families simply weren't in need of rooms in 2020 and hence a drop in occupancy. We could see a similar trend for February, and likely a trend of a different kind altogether with COVID-19, which will cause a significant drop I would assume to the March occupancy numbers as all of our parades, races, and other public events have been cancelled or postponed for the month. Impacts of this kind could also cross-over into the month of April. Forecasting aside; the occupancy tax collection is down by -3.6% through January (\$2,417,976 in FY 2019-20 vs \$2,507,216 in FY 2018-19), or by -\$89,240 in total at this point in time. These winter and shoulder months don't contribute nearly as much as the summer months do and hopefully COVID-19 will be behind us and this summer will be very robust with more inventory available than last year (e.g., the DoubleTree re-opening, and other accommodations that were not open last summer because of *Florence*).

And lastly as illustrated in Table 4 below, our estimated value for the "Beach Fund" at the conclusion of January 2020 is approximately \$17.3 million and was generated by taking our opening balance on July 1, 2019, our revenue through January 2020, and our expenditures to date through January 2020 into account. A copy of the expenditure report

for the month of January 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 – again current through January 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		\$76,989		\$2,584,205			
Mar	\$241,029		\$120,514		\$2,704,719			
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	\$4,835,952	\$3,844,564	\$2,417,976	\$3,844,564	\$2,417,976	Avg. = -3.80%	-3.56%

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.		\$153,978	\$147,363	\$102,895	\$80,744	\$66,976	\$60,118	\$52,897	\$44,081
Mar.		\$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 =	\$149,611	\$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 =	-10.28%								

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				
Mar	\$121,653	\$1,481,100				
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	\$1,114,312	\$1,114,312	-\$161,372	-12.65%

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				
Mar	\$66,460	\$3,473,431				
Apr	\$154,609	\$3,628,039				
May	\$283,506	\$3,911,545				
Jun	\$1,044,576	\$4,956,121				
Totals=	\$4,956,121	\$4,956,121	\$3,335,882	\$3,335,882	-\$45,234	-1.34%

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				
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	\$385,758	\$385,758	\$28,126	7.86%

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**

Opening Fund Balance (7/1/19)	\$10,679,909
 Revenues	
Occupancy Tax (to date)	\$2,417,976
Reimbursement from Municipalities (Indian Beach & Emerald Isle)	\$5,993,861
Coastal Storm Damage Mitigation Fund (S.L. 2018-134 & 138)	\$0
Interest on Reserve	NA
Total Revenues	\$8,411,837
 Expenditures	
Shore Protection Office (1/31/2020)	\$318,189
Post Florence Renourishment Project - Phase I & II	\$1,401,760
County Occupancy Tax Administration Fee*	\$29,180
Total Expenditures	\$1,749,129
 (Deficit)/Surplus for Year	 \$6,662,708
 Fund Balance	 \$17,342,617

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: **Jan-20**

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 32,120.05	\$ 5.68	20	160
HOTEL / MOTEL	\$ 61,734.79	\$ 3.23	22	13
OTHER	\$ 2,494.58	\$ 25.70	15	115
ONLINE	\$ 53,227.08	\$ -	6	1
TOTAL ALL TYPES	\$ 149,576.50	\$ 34.61	63	289
Total Collected	\$ 149,611.11			

January-20

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$6,734.11	\$6,153.50	\$500.22	\$0.00	\$13,387.83
Beaufort	\$1,410.89	\$11,266.38	\$1,430.11	\$0.00	\$14,107.38
Cape Carteret	\$0.00	\$3,081.95	\$0.00	\$0.00	\$3,081.95
Emerald Isle	\$23,653.60	\$0.00	\$73.55	\$0.00	\$23,727.15
PKS / Salter Path/ Indian Beach	\$201.00	\$16,970.27	\$0.00	\$0.00	\$17,171.27
Morehead City	\$0.00	\$22,538.53	\$0.00	\$0.00	\$22,538.53
On Line	\$0.00	\$0.00	\$0.00	\$53,227.08	\$53,227.08
Unincorporated	\$126.13	\$1,727.39	\$516.40	\$0.00	\$2,369.92
Totals	\$32,125.73	\$61,738.02	\$2,520.28	\$53,227.08	\$149,611.11

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.

*** USER MAY NOT HAVE ACCESS ***		ANNUAL	ACT MTD	POSTED	ACT YTD	POSTED	REMAINING	
*** TO ALL ACCOUNTS IN RANGE ***		AMENDED BUDGET	ENCUMBERED	AND IN PROCESS	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	55,755.51	53,084.49	51	-----
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	4,138.23	4,191.77	49	----
18200	RETIREMENT CONTRIBUTION	9,850.00	0.00	756.00	5,034.69	4,815.31	51	-----
18300	HOSPITALIZATION INSURANCE	9,515.00	0.00	622.09	3,770.14	5,744.86	39	---
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	2,787.75	2,657.25	51	-----
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	418.18	816.06	1,583.94	34	---
32100	TELEPHONE & DATA SERVICES	3,660.00	0.00	179.65	950.86	2,709.14	25	--
32500	POSTAGE	1,000.00	0.00	14.30	63.80	936.20	6	
39500	TRAVEL	5,880.00	0.00	0.00	611.91	5,268.09	10	-
44000	CONTRACTED SERVICES	385,470.00	0.00	99,652.00	237,032.19	148,437.81	61	-----
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	850.00	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	111,901.34	318,189.14	233,200.86	57	-----
TOTAL:	ECONOMIC & PHYSICAL DEVELOP	551,390.00	0.00	111,901.34	318,189.14	233,200.86	57	-----
TOTAL:	GENERAL FUND	551,390.00	0.00	111,901.34	318,189.14	233,200.86	57	-----

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

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

Meeting Date: **3/23/2020**

Topic No. **4**

Suggested Action: Discussion.

The Beach Commission is requested to put some time aside at our regular March meeting to formulate the third and final phase of our Post-Florence Renourishment Project with the assistance of our engineers at Moffatt & Nichol, who also will be in attendance. Our goal is to constrain the Phase III project scope in enough detail so Moffatt & Nichol can generate the plans & specifications and issue a bid solicitation package as soon as possible in an effort to secure the lowest price for dredging services. Providing the dredging contractors more time between bid solicitation and the construction window has proven to be a successful approach in the first two phases of the Post-Florence Renourishment Project, and we want to leverage these experiences for Phase III. For the Phase I effort, we released the bid package in November of 2018, which resulted in a composite cost of ~\$20.80 per cubic yard (cy) for a ~976,000 cy, 5.2-mile long project constructed in 2019. Comparatively speaking, we released the Phase II bids in August 2019 and secured a price of ~\$14.50/cy for a ~2,000,000 cy, 9.5-mile long project. While other factors such as industry demand nationwide, familiarity with the area, and project scope all played a role in a 30% reduction of price; it is apparent that procuring bids earlier in the year was the predominant factor. To this end, we hope to release the bid solicitation package for Phase III even earlier this year, and our discussion at the March meeting of the Beach Commission is a big part to that end.

Scope

In general, Phase III has three components; **(A)** The large gap in Emerald Isle the Phase I and II projects did not tackle totaling 1,246,500 cy, **(B)** A small area towards the Point (between Inlet Court and Lands End) that we did not address in Phase II that incorporates 166,350 cy, and **(C)** We are also requesting approval to go back into the numbered streets of Emerald Isle (the Phase I area) and provide additional sand to this

reach as well (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.

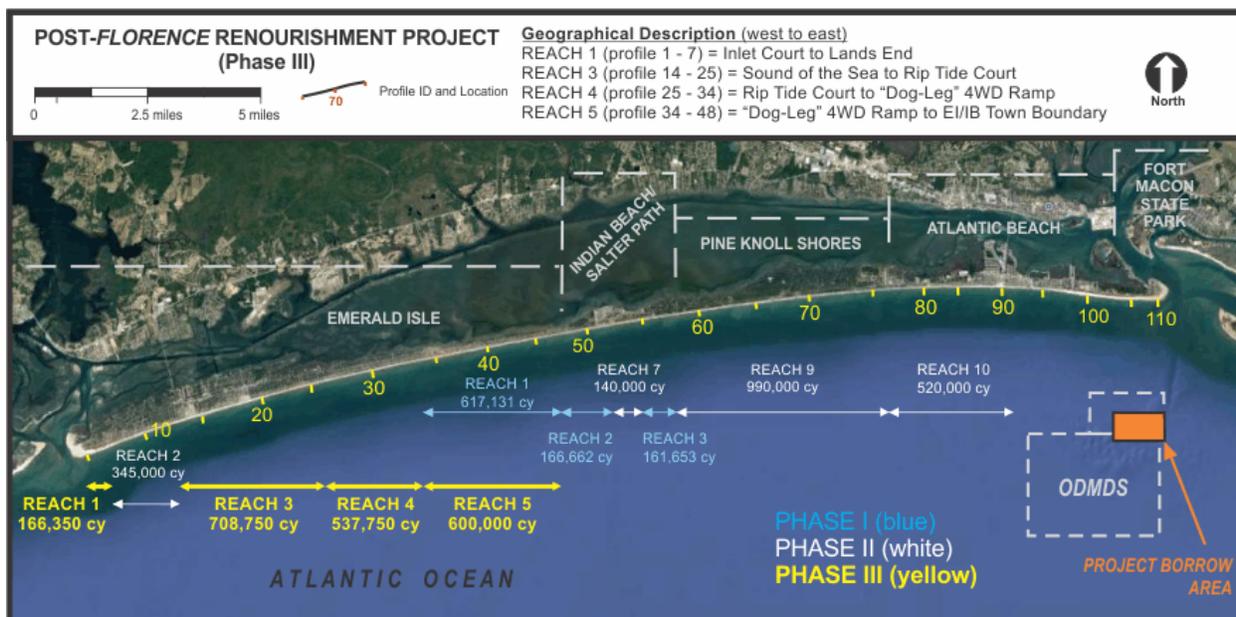


Figure 1 – Plan map depicting the geographic ranges and volumes associated with the Post-Florence Renourishment Project for Phase I (2019), Phase II (2020), and Phase III (2020-21 as proposed).

We are requesting a second nourishment in the numbered streets ("Reach 5" in Fig. 1) for two predominant 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. Remember, 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 10th through 20th streets) are a known erosion "hot spot" and thus require more frequent infusions of sand (see Fig. 2 - next page).

We also evaluated re-nourishing the Phase I area of Indian Beach because of similar reasons, but decided against it because; (1) Indian Beach has never been considered as a hot spot. (2) The discrepancy between the *Florence* sand loss vs. the Phase I volume is not quite as wide compared to the situation described for the numbered streets in Emerald Isle. The average fill density for the Indian Beach/Salter Path reach for Phase I was +32.2 cy/ft compared to an average *Florence* loss of -37.1 cy/ft (includes State reach of Salter Path). And (3) We are sensitive to the resource agencies' concerns regarding cumulative impacts to the beach ecosystem when repetitive nourishment projects are constructed along the same areas of the beach time and time again, and don't want to push the boundaries say so to speak when we don't absolutely have to. There are other negotiation points in this and other projects that are worth that type of time and investment.

With all of this mind, Reach 5 (the numbered streets) is likely the most malleable part of the proposed Phase III effort. Because we have nourished this area recently (2019), there are opportunities to reduce the fill if the Town/Beach Commission desires either from

a geographic standpoint (e.g., nourish the entire reach or just between 10th and 20th streets), or from a density perspective (e.g., 30 cy/ft rather than 37 cy/ft). Reach 1 (the Bogue Inlet Reach) can also be considered as somewhat flexible – besides being the farthest reach from the borrow areas, it's the smallest reach in terms of both volume and distance for Phase III, and accordingly will contribute the most into a composite unit cost that will be generated for the entire Project.



Figure 2 – Photo from 12th Street, Emerald Isle verifying the nature of the erosion hot spot in this area. This is the **only** location in the entire 5.2 mile Phase I reach where the newly constructed dune has been eroded.

Funding

As detailed during last month's meeting when the FY 2020-21 budget was constrained and approved, we should begin the fiscal year (July 1, 2020) with a reserve balance of \$15.1 million and forecast revenues for the year to be close to \$14.7 million (~\$4 million occupancy tax + ~\$10.7 million as Phase II reimbursement from Pine Knoll Shores and Emerald Isle). Our reserve + revenue value then is roughly ~\$29.8 million for FY 2020-21 (\$15.1 million reserve + \$14.7 million revenue). Our operating expenses (i.e., non-Phase III outlay) is anticipated to be -\$600,000, and therefore in theory we could afford a \$29.2 million project that would have to include engineering as well. If we use the maximum cubic yard volume proposed for Phase III (2,012,850 cy) and assume a unit cost of \$20/cy incorporating all tasks (mob/demob, cy, trawling, engineering, etc.), then our cost for Phase III could be as high as \$40 million.

Regardless of whether we envision a "pay as you go" \$29 million or a maximum \$40 million project, we will still have cash flow issues because even under the lower cost scenario, incoming revenues may not synchronize with outgoing expenditures. Also and more importantly perhaps is that even though the \$40 million maximum project exceeds what we believe we can afford *per se*, in actuality it does not because we are "cash-advancing" each Phase of the Project and the municipalities are reimbursing the County through the fixed-cost funds they have been awarded by FEMA (\$65 million total across Pine Knoll Shores, Indian Beach, and Emerald Isle). Also, in terms of the gross dollars available

for the entire Post-*Florence* Project effort, the State is providing a maximum of \$20.3 million total (S.L. 2018-134 AND S.L. 2018-138/S.L. 2019-241). This equates to \$85.3 million of non-County/municipal funding. Our occupancy tax nourishment reserve value was over \$18 million at the conclusion of FY 2017-18 and if using a conservative value of \$3 million of annual revenue over the course of the 3 years to construct all three phases of the project, we would realize an additional \$9 million. Thus we can consider the total reserve contribution to be as high as \$27 million (\$18 million in reserve plus \$9 million in annual revenue for three years). And finally, if we consider all available funding from FEMA, State, and local sources; then our total available is \$112.3 million.

In terms of actual nourishment expenses, our total Phase I Project cost was \$21.2 million and our anticipated Phase II total cost is \$31.9 million or \$53.1 million collectively. This leaves ample room to accommodate a \$40 million maximum expense Phase III Project – just cash flow will be an issue, but a reconcilable issue at that. So far for Phases I and II we are allowing the individual projects come to a complete closure before requesting FEMA reimbursement. Again the County has been cash-advancing everything up to that point, and once the Phase is complete, the municipality seeks the entire Phase reimbursement (draw down) from FEMA - the municipalities in turn reimburse the County. For Phase III because of the cash flow issue discussed above, the County can still provide cash advances to pay contractors, but the municipalities may have to take an “invoice-by-invoice” reimbursement approach with FEMA to gain monthly-*esque* reimbursements to keep the County reserve positive and to maintain our role as a cash-advance vehicle – especially towards the latter end of Phase III. I look forward to discussing this funding model and the entire Phase III Project plan with the Beach Commission at our March meeting.