

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 222.5826
grudolph@carteretcountync.gov



**CARTERET COUNTY BEACH COMMISSION MEETING
FEBRUARY 6, 2017; 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 – December 5, 2016)	<i>Chairman Cooper</i>
(3)	2017 Beach Commission Officer Elections. (chair & vice-chair)	<i>Chairman Cooper</i>
(4)	Room Occupancy Tax (ROT) and “Beach Fund” Update.	<i>Greg “rudi” Rudolph</i>
(5)	Shore Protection Office Budget for FY 2017–18. (a) <u>Supplemental Memo</u> - Future of Governmental Affairs Officer & Administrative Assistance.	<i>Greg “rudi” Rudolph</i>
(6)	Public Comment.	
(7)	Other Business.	
(8)	March 2017 Meeting Date. (March 27, 2017 – proposed)	<i>Chairperson</i>
(9)	Adjourn.	<i>Chairperson</i>

d:\beachcommission\agendas\2017\february\feb2017agenda

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 222.5826
grudolph@carteretcountync.gov



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Approval of Minutes

Regular Beach Commission Meeting – December 5, 2016

Meeting Date: **2/6/17**

Topic No. **2**

Suggested Action: A motion should be entertained to approve the December 5, 2016 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 December 5, 2016 regular meeting.

d:\beachcommission\agendas\2017\feb\topicsummary2



CARTERET COUNTY BEACH COMMISSION MEETING

Minutes
Pine Knoll Shores Town Hall
December 5, 2016, 2 pm

Attendance.

Commission Members Trace Cooper (chair), Harry Archer, Larry Corsello, Ken Jones (vice chair), Jim Normile, John Wooten, and Secretary Greg Rudolph were present. Commission Members Larry Baldwin, Jimmy Farrington, Joel Fortune, and Douglas Guthrie were absent.

- (1) **Call to Order.** – Chairman Cooper called the meeting to order.
- (2) **Approval of Minutes - Regular Beach Commission Meetings (August 22, and October 24, 2016)** – The Chairman asked the Commission if there were any corrections, additions, or comments concerning either the August 22nd or October 24th regular session minutes presented in the agenda packet. Member Archer made a singular motion to adopt both of the meeting minutes as prepared, which was seconded by member Normile and unanimously approved.
- (3) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – The chairman mentioned we have our September 2016 collections to discuss and subsequently turned the floor over to the Secretary, who provided several summary points using a PowerPoint [presentation](#). First of all, the September collection was up by +5.7% compared to the same month last year. But most notably, we experienced a reversal of a trend of sorts in September – for the past year or more, the condo/cottage sector has been relatively static while we realized big gains in the hotel/motel and "other" sectors. For September 2016 however the condo/cottage sector was up significantly (+11%), while the hotel/motel sector was static (-0.2%) and the "other" sector experienced a decline (-11%). Of course this is just for a single month and there could also be month-to-month reporting quirks as well that can skew the data. However, the condo/cottage sector accounts for ~65% of the overall revenue and any trend upward in this sector can be construed as a good one.

More macroscopically, the occupancy tax as a whole is up by +5.4% for the first 9 months of the calendar year and up by +4.9% for the first three months of the fiscal year. Our beach nourishment reserve balance is estimated to be at \$14.8 million. Secretary Rudolph concluded by noting we should keep Hurricane *Matthew* in mind when next October's (2017) occupancy tax figures are reviewed (i.e., a "decline" could be attributed to *Matthew*). Commissioner Wooten subsequently asked what the summer months' increase meant in dollars – not just percentages. The chairman and secretary replied the percentage equates to slightly over \$200,000 in terms of real dollars for June, July, and August alone.

- (4) **Nomination Committee Appointments and Upcoming Beach Commission Vacancies.** – Chairman Cooper reiterated several items contained in the agenda packet particularly noting that in the past we utilized the entire Beach Commission as the nominating committee; and recommended the same standard operating procedure for this year. The terms for Jones, Wootten, and Baldwin are expiring and where/when appropriate the municipalities have recommended reappointments (Wootten and Jones). Member Baldwin as the County At-Large designee has expressed his interest in serving another term as well. Chairman Cooper also mentioned that we have to fulfill a vacancy for the Tourism Development Authority (TDA) slot and we will try to solicit a nomination from the TDA who will be an active Beach Commission participant.

With this background in mind, the Chairman requested a motion to nominate Ken Jones, John Wootten, and Larry Baldwin for another 3-year term on the Beach Commission. Member Archer subsequently made a motion recommending the nominations of Jones, Wootten, and Baldwin for reappointment of 3-year terms. This recommendation should be made to the County Board of Commissioners in as much as these individuals have served admirably during their present and past terms on the Beach Commission. The motion on the floor was seconded by member Corsello and unanimously approved. Chairman Cooper added the Beach Commission does not have term limitations and generally he is a supporter of term limits in principle; however with respect to the Beach Commission, having an expansive institutional knowledgebase is advantageous for the group because there is so much technical and policy information that needs to be understood.

- (5) **Public Comment.** – None.
- (6) **Other Business.** – Secretary Rudolph proceeded to review the Wainwright Slough Maintenance Dredging project ([slides 2 – 8](#)) by noting the Shore Protection Office has been involved with this project despite the fact the disposal methodology does not involve a beach nourishment component. The secretary continued by emphasizing the importance of the channel to the fishing industry (i.e., only water access from Down East to/from Pamlico Sound) before discussing the Project's history, shoaling conditions, permitting, funding, and schedule.

After the presentation the chairman mentioned the need to re-evaluate whether or not the Shore Protection Office needs administrative assistance to help with the more non-beach nourishment centric issues we have assumed. Of course this is in addition to the more clerical functions for the Shore Protection Office itself. Heading into the budget season, the Beach Commission and Shore Protection Office need to really think about this so the Shore Protection Manager can focus on the bigger picture items while participating on various advisory boards, panels, etc. that are advantageous to the County. We also need to be thinking about how this could (or could not) dovetail with a County Governmental Affairs officer and their duties.

Chairman Cooper also provided an update concerning the West Atlantic Beach Delta Nourishment Project the Commission discussed at our last meeting (October) relative to dredging maintenance at the Morehead City Harbor. The Beach Commission pre-approved 75% of the cost of the project and the Town of Atlantic Beach approved and provided a letter of intent to the Corps of Engineers. The understanding the Town had was the Corps would send the Delta Project out to bid and if favorable bid came in, then the Town could move forward. If no favorable bid was received, then we could try again next year. The Town received a Memorandum of Agreement this

past Friday to sign from the Corps of Engineers (Corps) requesting the document be executed in the next several days and the total \$4.8 million be sent to the Corps. We have been working with the Corps and the process is getting better, but Atlantic Beach will likely decline participating this year. The chairman continued Atlantic Beach and the Shore Protection Office will work on the Memorandum of Agreement to modify the terms much earlier in the process next time, especially because any changes to the Agreement need to be approved by Washington Corps of Engineers headquarters. It is important we set a precedent in general with "Delta Projects" and we will keep moving forward.

- (7) January/February 2017 Meeting Date (February 6, 2017 – proposed). – The Commission agreed to combine the January and February 2017 regular meetings as necessitated to consider and approve the budget (FY 2017-18) in accordance with the County's timetable; and therefore scheduled the next meeting for February 6th, 2 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.

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 222.5826
grudolph@carteretcountync.gov



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

2017 Beach Commission Officer Elections (chair and vice-chair)

Meeting Date: **2/6/17**

Topic No. **3**

Suggested Action: In accordance with the Beach Commission's by-laws, the Commission should proceed to nominate and elect a chair and vice-chair for this year (2017) by simple majority at our February regular meeting.

Pursuant to Article IV, Sec. 2 of the Carteret County Beach Commission bylaws, nominations and elections of the chair and vice-chair of the Commission shall take place at the regular Beach Commission meeting in January of each year. January is also designated as the "begin and end" date for the terms of Beach Commission members, and recently members Jones, Wootten, and Baldwin were all re-appointed to the Beach Commission by the County Board of Commissioners on January 23, 2017. Obviously our January meeting was postponed until February and hence our officer elections will need to take place during our February 6th meeting. We are also continuing to work with the County's Tourism Development Authority to fill the vacancy on the Beach Commission designated for this organization. The full roster of the Beach Commission as it stands now, all copies of the meeting agendas and minutes, and the Commission's by-laws are available at <http://www.carteretcountync.gov/298/Beach-Commission>. The roster is also provided on the following page.

For the elections this month, any Commission member is permitted to make a nomination and officers are elected for a one-year term via simple majority by those members present at our February regular meeting (verbal or written ballot). Also there are no limits for consecutive terms, thus members Cooper and Jones are eligible to serve once again in the chair and vice-chair capacity, respectively if they and the Beach Commission so desires.

And lastly, I have genuinely enjoyed working with the Beach Commission over the course of the past year – you would be hard pressed to find a more technically savvy, fiduciary responsible, and thoughtful board/commission/council in local government. As detailed in the budget material (see agenda topic 5 – program summary), we had a busy and productive 2016 highlighted by; (a) serving as an informational clearinghouse and "honest-broker" for the preliminary Flood Insurance Rate Maps (FIRMs) released in June,

(b) playing a similar role for the 2017 – 2022 Outer Continental Shelf Oil & Gas Leasing Program and associated seismic Geophysical and Geological (G&G) permitting, (c) responding to various Morehead City Harbor issues (channel relocation proposal, final Dredged Material Management Plan, and Western Atlantic Beach Delta Project), and (d) securing a Congressional Authorization for the Bogue Banks Coastal Storm Damage Reduction Project as signed into law in December 2017 via the “WIIN” Act.

I also look forward to working collectively with the Beach Commission as we develop and implement solutions for the challenges before us in 2017, including; (1) the release of the Draft Environmental Impact Statement for our Bogue Banks Master Nourishment Plan, (2) federal critical habitat designations for the Red Knot Rufa, and (3) the appeal process associated with the FIRMs. I foresee these issues along with the Morehead City Harbor funding situation and dredging concerns as some of our biggest endeavors.

CARTERET COUNTY BEACH COMMISSION			
NAME	RESIDING/ REPRESENTING	TERM LENGTH	TERM EXPIRES
Harry Archer	Atlantic Beach	3 years	1/2019
A.B. "Trace" Cooper, III	Atlantic Beach	3 years	1/2018
Ken Jones	Pine Knoll Shores	3 years	1/2020
Larry Corsello	Pine Knoll Shores	3 years	1/2018
Jim Normile	Emerald Isle	3 years	1/2019
John Wootten	Emerald Isle	3 years	1/2020
Joel Fortune, Jr.	Indian Beach	3 years	1/2018
Douglas Guthrie	Bogue Banks	3 years	1/2019
Larry Baldwin	County At-Large	3 years	1/2020
Jimmy Farrington	Board of Commissioners	3 years	1/2018
Vacant	TDA	3 years	1/2019

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 393.6639
grudolph@carteretcountync.gov



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Room Occupancy Tax (ROT) and "Beach Fund" Update.

Meeting Date: **2/6/17**

Topic No. **4**

Suggested Action: None.

Copies of Carteret County's monthly Room Occupancy Tax (ROT) collection reports for November and December 2016 are attached to this month's "Beach Fund" update. These data 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 2016-17 to FY 2015-16, **Table 2** - a summary of ROT revenue from a Calendar Year perspective (CY 2016 - CY 2010), **Table 3** - a more detailed FY 2016-17 to FY 2015-16 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. Also the receipt of the November and December collections signify the conclusion of the calendar year, which is discussed at length in the next agenda topic (Topic No. 5) where our revenue portion of the proposed FY 2017-18 budget is detailed.

The November and December collections were up 30.0% and 9.4%, respectively compared to the same months in 2015. While the November collection may have some "cross pollination" from October 2016, which was slightly down compared to October 2015; this is the second consecutive November of significant increase. In 2015, the November collection was up by +18.3% compared to November 2014 and this trend could perhaps be signaling a distinct uptick of Thanksgiving vacationing. If the November and December 2016 collections are combined, then we experienced a growth of +22.2% compared to November/December 2015, yielding roughly and additional \$52,865 (or \$26,432 to the Beach Fund). The occupancy tax as a whole is up by +5.3% halfway through the 2016-17 fiscal year. We're also entering our lowest revenue months of the year so losses or gains have relatively little impact to our year end tally. And lastly as illustrated in Table 4 below, our estimated value for the beach nourishment reserve ("Beach Fund") is approximately \$15.0 million by taking our opening balance, our expenditures to date, and revenue all current through December 2016 into account. A copy of the expenditure report for the month of December is also attached to this cover sheet for the Commission's review.

**Cumulative Analysis and Monthly Comparison
Room Occupancy Tax (ROT) and the "Beach Fund"
FY 2016-17 v. 2015-16
Carteret County**

Month	Gross Receipts TDA & Beach		Beach Fund (Monthly)*		Beach Fund (YTD)*		Occ. Tax Total Monthly Difference	Occ. Tax Total YTD Difference
	FY 15-16	FY 16-17	FY 15-16	FY 16-17	FY 15-16	FY 16-17		
Jul	\$1,799,562	\$1,945,706	\$899,781	\$972,853	\$899,781	\$972,853	8.12%	8.12%
Aug	\$1,310,391	\$1,310,899	\$655,195	\$655,450	\$1,554,977	\$1,628,303	0.04%	4.72%
Sep	\$598,281	\$632,513	\$299,141	\$316,256	\$1,854,117	\$1,944,559	5.72%	4.88%
Oct	\$357,967	\$354,178	\$178,983	\$177,089	\$2,033,100	\$2,121,648	-1.06%	4.36%
Nov	\$148,172	\$192,591	\$74,086	\$96,296	\$2,107,187	\$2,217,944	29.98%	5.26%
Dec	\$89,584	\$98,029	\$44,792	\$49,015	\$2,151,978	\$2,266,958	9.43%	5.34%
Jan	\$72,738		\$36,369		\$2,188,347			
Feb	\$80,744		\$40,372		\$2,228,720			
Mar	\$197,020		\$98,510		\$2,327,229			
Apr	\$267,064		\$133,532		\$2,460,761			
May	\$495,403		\$247,702		\$2,708,463			
Jun	\$1,254,762		\$627,381		\$3,335,844			
Totals=	\$6,671,688	\$4,533,917	\$3,335,844	\$2,266,958	\$3,335,844	\$2,266,958	Avg. = 8.70%	5.34%

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 2016 - 2010
Carteret County (6% collection rate)**

Month	2016		2015		2014		2013		2012		2011		2010	
	6%	6%	6%	6%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%
Jan.	\$72,738	\$65,107	\$54,359	\$48,955	\$40,796	\$50,517	\$42,097	\$59,384	\$49,487	\$48,019	\$40,016			
Feb.	\$80,744	\$66,976	\$60,118	\$52,897	\$44,081	\$62,634	\$52,195	\$62,172	\$51,810	\$69,151	\$57,626			
Mar.	\$197,020	\$142,289	\$121,346	\$128,088	\$106,740	\$114,521	\$95,434	\$100,167	\$83,473	\$93,847	\$78,206			
Apr.	\$267,064	\$238,039	\$218,570	\$187,767	\$156,472	\$226,302	\$188,585	\$236,581	\$197,151	\$172,997	\$144,164			
May	\$495,403	\$519,427	\$530,041	\$373,921	\$311,601	\$368,024	\$306,687	\$365,178	\$304,315	\$382,801	\$319,001			
June	\$1,254,762	\$1,194,984	\$1,119,788	\$1,126,150	\$938,458	\$1,041,735	\$868,113	\$869,704	\$724,754	\$881,192	\$734,326			
July	\$1,945,706	\$1,799,562	\$1,714,309	\$1,440,439	\$1,200,365	\$1,436,356	\$1,196,963	\$1,686,393	\$1,405,328	\$1,612,189	\$1,343,491			
Aug.	\$1,310,899	\$1,310,391	\$1,327,500	\$1,270,274	\$1,058,562	\$1,140,977	\$950,814	\$1,041,423	\$867,852	\$1,133,303	\$944,419			
Sept.	\$632,513	\$598,281	\$514,648	\$471,580	\$392,983	\$437,265	\$364,387	\$502,903	\$419,086	\$413,316	\$344,430			
Oct.	\$354,178	\$357,967	\$348,348	\$296,997	\$247,497	\$219,665	\$183,054	\$251,660	\$209,716	\$295,276	\$246,063			
Nov.	\$192,591	\$148,172	\$125,217	\$145,665	\$121,388	\$120,973	\$100,811	\$112,579	\$93,816	\$121,269	\$101,058			
Dec.	\$98,029	\$89,584	\$92,698	\$72,597	\$60,498	\$51,216	\$42,680	\$56,592	\$47,160	\$44,989	\$37,491			
Totals =	\$6,901,648	\$6,530,780	\$6,226,944	\$5,615,329	\$4,679,441	\$5,270,185	\$4,391,821	\$5,344,735	\$4,453,946	\$5,268,349	\$4,390,291			
YTD =	5.68%													
(+/-) previous year		4.88%	10.89%	6.55%		-1.39%		1.45%		2.04%				

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

HOTELS/MOTELS

Month	2015-16		2016-17		FY 2016-17 v. 2015-16	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$303,368	\$303,368	\$386,888	\$386,888	\$83,520	27.53%
Aug	\$238,151	\$541,519	\$276,354	\$663,242	\$38,203	22.48%
Sep	\$175,842	\$717,361	\$175,505	\$838,747	-\$337	16.92%
Oct	\$140,861	\$858,222	\$159,004	\$997,750	\$18,142	16.26%
Nov	\$77,759	\$935,981	\$103,515	\$1,101,265	\$25,756	17.66%
Dec	\$53,696	\$989,677	\$60,232	\$1,161,497	\$6,537	17.36%
Jan	\$48,036	\$1,037,713				
Feb	\$58,083	\$1,095,796				
Mar	\$120,077	\$1,215,873				
Apr	\$151,969	\$1,367,842				
May	\$201,472	\$1,569,314				
Jun	\$274,709	\$1,844,023				
Totals=	\$1,844,023	\$1,844,023	\$1,161,497	\$1,161,497	\$171,821	17.36%

CONDOS/COTTAGES

Month	2015-16		2016-17		FY 2016-17 v. 2015-16	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$1,393,664	\$1,393,664	\$1,433,393	\$1,433,393	\$39,729	2.85%
Aug	\$1,005,522	\$2,399,186	\$942,894	\$2,376,286	-\$62,629	-0.95%
Sep	\$371,473	\$2,770,659	\$411,402	\$2,787,688	\$39,929	0.61%
Oct	\$188,949	\$2,959,608	\$174,718	\$2,962,407	-\$14,230	0.09%
Nov	\$59,516	\$3,019,124	\$69,622	\$3,032,029	\$10,106	0.43%
Dec	\$29,620	\$3,048,743	\$28,674	\$3,060,703	-\$945	0.39%
Jan	\$17,091	\$3,065,834				
Feb	\$13,315	\$3,079,149				
Mar	\$57,018	\$3,136,167				
Apr	\$91,052	\$3,227,218				
May	\$241,742	\$3,468,960				
Jun	\$891,044	\$4,360,004				
Totals=	\$3,579,740	\$3,579,740	\$3,060,703	\$3,060,703	\$11,959	0.39%

OTHER, LESS THAN 5, & ON-LINE TOTAL

Month	2015-16		2016-17		FY 2016-17 v. 2015-16	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$102,530	\$102,530	\$125,426	\$125,426	\$22,895	22.33%
Aug	\$66,717	\$169,248	\$91,652	\$217,078	\$24,935	28.26%
Sep	\$50,966	\$220,214	\$45,606	\$262,684	-\$5,361	19.29%
Oct	\$28,157	\$248,371	\$20,456	\$283,139	-\$7,701	14.00%
Nov	\$10,898	\$259,268	\$19,454	\$302,593	\$8,557	16.71%
Dec	\$6,269	\$265,537	\$9,123	\$311,716	\$2,855	17.39%
Jan	\$7,611	\$273,148				
Feb	\$9,346	\$282,494				
Mar	\$19,925	\$302,419				
Apr	\$24,044	\$326,463				
May	\$52,189	\$378,652				
Jun	\$89,009	\$467,661				
Totals=	\$467,661	\$467,661	\$311,716	\$311,716	\$46,180	17.39%

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 2016-17**

Opening Fund Balance (7/1/16)	\$13,083,633
 Revenues	
Occupancy Tax (to date)	\$2,266,958
Interest on Reserve	NA
Total Revenues	\$2,266,958
 Expenditures	
Shore Protection Office (12/31/16)	\$322,649
County Occupancy Tax Administration Fee*	\$27,670
Total Expenditures	\$350,319
 (Deficit)/Surplus for Year	\$1,916,640
 Fund Balance	\$15,000,273

*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: November 2016****HOTEL/MOTEL**

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
November	\$ 103,515.16	\$ -	34	2
TOTAL	\$ 103,515.16	\$ -	34	2

CONDOS/COTTAGE

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
November	\$ 69,614.69	\$ 7.40	25	16
TOTAL	\$ 69,614.69	\$ 7.40	25	16

OTHER

Total Entitites	Total No Tax	PENALTIES & INTEREST	Total Entitites	Total No Tax
November	\$ 15,140.30	\$ 113.96	60	135
TOTAL	\$ 15,140.30	\$ 113.96	60	135

On Line

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
November	\$ 4,199.88	\$ -	6	1
TOTAL	\$ 4,199.88	\$ -	6	1

TOTAL ALL TYPES

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
November	\$ 192,470.03	\$ 121.36	125	154
TOTAL	\$ 192,470.03	\$ 121.36	125	154
Total Collected	\$ 192,591.39			

OCCUPANCY TAX COLLECTION**Reporting period: December 2016****HOTEL/MOTEL**

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
December	\$ 60,232.04	\$ -	26	10
TOTAL	\$ 60,232.04	\$ -	26	10

CONDOS/COTTAGE

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
December	\$ 28,605.48	\$ 68.76	24	18
TOTAL	\$ 28,605.48	\$ 68.76	24	18

OTHER

Total Entitites	Total No Tax	PENALTIES & INTEREST	Total Entitites	Total No Tax
December	\$ 5,113.25	\$ 318.66	43	152
TOTAL	\$ 5,113.25	\$ 318.66	43	152

On Line

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
December	\$ 3,691.12	\$ -	6	1
TOTAL	\$ 3,691.12	\$ -	6	1

TOTAL ALL TYPES

MONTH	TAX RECEIVED	PENALTIES & INTEREST	Total Entitites	Total No Tax
December	\$ 97,641.89	\$ 387.42	99	181
TOTAL	\$ 97,641.89	\$ 387.42	99	181
Total Collected	\$ 98,029.31			

*** USER MAY NOT HAVE ACCESS ***
 *** TO ALL ACCOUNTS IN RANGE ***

	ANNUAL AMENDED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
110 GENERAL FUND						
40 ECONOMIC & PHYSICAL DEVELOP						
4901 BEACH NOURISHMENT						
12100 SALARIES	133,680.00	0.00	11,690.37	63,408.23	70,271.77	47 ----
18100 FICA EXPENSE	10,610.00	0.00	884.21	4,795.34	5,814.66	45 ----
18200 RETIREMENT CONTRIBUTION	10,210.00	0.00	860.40	4,666.81	5,543.19	45 ----
18300 HOSPITALIZATION INSURANCE	10,620.00	0.00	592.45	4,679.43	5,940.57	44 ----
18600 WORKERS COMP/UNEMPLOYMENT	5,000.00	0.00	0.00	2,000.00	3,000.00	40 ----
18700 401 K PLAN	6,940.00	0.00	584.52	3,170.44	3,769.56	45 ----
20000 SUPPLIES	2,000.00	0.00	0.00	408.00	1,592.00	20 --
28000 SMALL EQUIPMENT	3,000.00	0.00	0.00	0.00	3,000.00	0
32100 TELEPHONE & DATA SERVICES	3,120.00	0.00	163.83	1,056.69	2,063.31	33 ---
32500 POSTAGE	1,000.00	0.00	66.70	145.63	854.37	14 -
39500 TRAVEL	15,000.00	0.00	305.10	1,313.23	13,686.77	8
44000 CONTRACTED SERVICES	741,295.00	0.00	104,267.38	232,910.40	508,384.60	31 ---
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	4,095.00	905.00	81 -----
69900 GRANT CONTRIBUTIONS EDC	0.00	0.00	0.00	0.00	0.00	0
TOTAL: BEACH NOURISHMENT	947,475.00	0.00	119,414.96	322,649.20	624,825.80	34 ---
TOTAL: ECONOMIC & PHYSICAL DEVELOP	947,475.00	0.00	119,414.96	322,649.20	624,825.80	34 ---
TOTAL: GENERAL FUND	947,475.00	0.00	119,414.96	322,649.20	624,825.80	34 ---

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 222.5826
grudolph@carteretcountync.gov



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Shore Protection Office Budget for FY 2017 – 18.

Meeting Date: **2/6/17**

Topic No. **5**

Suggested Action:

The Beach Commission should review the attached FY 2017-18 Shore Protection Office budget, provide any recommendations; and approve the budget at the Commission's February meeting, or before February 13, 2017 for the County Board's subsequent consideration/approval.

A Fiscal Year (FY) 2017-18 budget packet is attached to this agenda topic cover sheet for the Beach Commission's review, comments, and ultimate approval. The budget packet includes;

(1) A draft cover letter to the County.

(2) Revenue Summary.

- (a)** An occupancy tax collection summary of the past 24 calendar years (CY 1993 - 2016) of revenue (1 table and three graphs).
- (b)** A summary differentiating the revenue by collection sector (hotel/motel and condo/cottage) for CY 2006 - 2016. 1 table and four graphs.
- (a)** A summary depicting occupancy tax revenue as a function of municipal location for CY 2005-16 (table and graph).

(3) The proposed FY 2017-18 budget.

- (a)** A spreadsheet presenting the proposed FY 2017-18 budget for the Shore Protection Office comparing each line item to those in our current fiscal year (FY 2016-17).

- (b) An accompanying sheet including two pie diagrams summarizing the percent allocation of proposed expenditures detailed in the recommended FY 2017-18 and our current FY 2016-17 budget.
- (c) A detailed expenditure justification narrative for each line item in the proposed FY 2017-18 budget.

(4) Long range actual and forecasted budget (FY 2001-23).

- (b) Spreadsheet including all revenue, expenditures, and reserves for past, present, and future fiscal years.
- (c) A graph depicting the cumulative reserve balance through time (FY 2001-2023).

(5) Program Summary detailing 2016 accomplishments and 2017 objectives.

In regards to the lattermost attachment, although most of the materials included in this packet are budget related; the accomplishment/objective summary provides a reference highlighting where our main emphasis points are with respect to projects and policy initiatives, and furthermore summarizes what major goals were achieved in the past calendar year (2016) and what our main objectives are going forward (2017 and beyond). The electronic version of the Program Summary includes hyperlinks to many of the important documents, summaries, public notices, etc. germane to each project or policy initiative.

REVENUE SUMMARY

- (1) Occupancy tax collection overview** – The occupancy tax is often considered as a proxy/barometer of tourism visitation, and possibly as a reflection of the overall economy. As discussed many times in the past, the timing of the end point (June 30th) and beginning (July 1st) of the local/State fiscal year divides the most productive time period of occupancy tax collections in half – the summer months, which in turn prevents us from ascertaining a true sense of any collection trend. The timing of the fiscal year also creates reporting discrepancies that can parlay into one fiscal year or the next as the July 4th weekend can be reported as either a “June” or “July” collection depending upon reporting deadlines.

Accordingly even though our expenditure budgeting is placed in terms of the fiscal year, it is more advantageous to review and analyze our revenue on a calendar year basis. To this effect, an occupancy tax collection summary encapsulating the past 24 calendar years of revenue (1993 through 2016) is attached for the Beach Commission’s review. The historical occupancy tax data has been corrected to reflect the 6% overall collection rate instituted by the County Board Commissioners on January 1, 2014 pursuant to the passage of S.L. 2013-223. One half (50%) of the 6% collection is legislatively mandated for the purpose of beach nourishment. Previously, the occupancy tax collection rate was 5% as administered under the auspices of S.L. 2007-112, and effective July 1, 2010 (FY 2010-11), the portion of the occupancy tax dedicated to beach nourishment changed from 50% to 40% of the overall 5% collection rate until S.L. 2013-223 was passed and implemented. A summary of the occupancy tax changes since S.L. 2001-381 where a portion thereof first became legislatively mandated for beach nourishment is provided below.

Summary of Occupancy Tax Collection Rate Changes		
Legislation	Collection Rate (TDA - Beach)	Effective Date
S.L. 2013-223	6% (3% - 3%) or (50/50)	January 1, 2014
S.L. 2007-112	5% (3% - 2%) or (60/40)	July 1, 2010
S.L. 2007-112	5% (2.5% - 2.5%) or (50/50)	July 1, 2007
S.L. 2001-381	5% (2.5% - 2.5%) or (50/50)	January 1, 2002

Again the attached historical summary provides the raw overall (not nourishment specific) value reflecting the collection rate at that given time, and a converted value normalized to 6% so the data can be compared utilizing a common baseline. The attached also includes a series of figures/charts graphically presenting; (1) the total annual occupancy tax collection (raw and corrected for the 6% rate), (2) the percentage increase or decrease of revenue compared to the previous calendar year, and (3) the monthly collections plotted by calendar year for the entire 1993 – 2016 timeframe.

- (2) **Occupancy tax collection trends and forecasted revenue for FY 2017-18** - In reviewing the data, the Beach Commission may note the only years the occupancy tax experienced a decrease from the previous year were 2012 (-1.39%), 2009 (-7.27%), 2008 (-2.28%), and 1996 (-3.42%). For the 1996 dataset, Hurricane *Bertha* impacted the area early in the summer tourist season (July 12th landfall) followed by Hurricane *Fran* that made landfall on September 5th, which had a negative correlative effect on the occupancy tax collection. On the other hand the 2008 and 2009 hurricane seasons for Bogue Banks were benign, and therefore it is very reasonable to conclude the 2008 and 2009 decrease in occupancy tax collections was directly attributable to the National economic recession. The 2012 decrease is attributable to the closing of the Sheraton in Atlantic Beach that occurred in the wake of hurricane *Irene* the year prior. The occupancy tax was down in 2012 by -1.39%, which was on the heels of slightly positive growth following the 2008 and 2009 recession years (the 2010 and 2011 collections were +2.04% and +1.45%, respectively). By comparing the 2012 and the 2011 collection when the Sheraton was closed and open, respectively; we deduced the Sheraton accounted for roughly 3% of the total collection and further postulated the 2012 collection of -1.39% would have been in positive territory if the Sheraton remained in business after hurricane *Irene* in 2011.

In 2016, the occupancy tax was up by **+5.68%** compared to 2015 (2015 = +4.88% compared to 2014) and likely for the following reasons;

- (1) Continuing upward trend in the overall economy.
- (2) More awareness and hence more collections from the “less than 5” demographic initiated in April 2013 and as mandated by State Statute (NCGS 153A-155). Albeit the rate of increase compared to years prior is somewhat less (yet still a marked increase from 2015).
- (3) Collections from the new “On Line” sector, initiated in January 2016 reflecting the State’s successful implementation of what is often referred to as the *Amazon*

Law, which effectively require certain larger Internet retailers with no physical presence in North Carolina to collect and pay North Carolina's sales tax, and therefore occupancy tax as well (e.g. Hotwire, Orbitz, Hotels.com, etc.) \$83,435 was collected for all 12 months in 2016 – essentially all new revenue.

- (4) A resurgence of the hotel/motel sector. As evidenced in the attached occupancy tax analyses, 2013 was the first year since 2007 the hotel/motel sector experienced positive growth (+12.07%), ending a 6-year continuous decline. The 2014, 2015, and 2016 hotel/motel revenue was up by +16.85%, +3.52%, and +15.95%, respectively.
- (5) The condo/cottage sector was down slightly (-0.65%) in 2016, yet represents 63% of the overall occupancy tax collection (\$4,371,963 of \$6,901,648 total).

Overall, August continues to represent the second largest collection month of the year but has remained somewhat static over the past three years (2014 – 16), while the month of June is drawing closer to equaling the collection value of August. The month of July remains the highest collection month and could very well exceed \$2 million for the first time ever in 2017. Also when comparing the 24-year dataset, the annual average rate of occupancy tax increase or decrease is 4.51%, and the total 2016 collection was +168.64%% percent higher compared to the corrected 1993 collection.

The proposed FY 2017-18 budget includes a 3% increase compared to our forecasted FY 2016-17 revenue. Our forecasted revenue for the current fiscal year (FY 2016-17 is \$ 3,335,844 and therefore the proposed revenue value for FY 2017-18 is **\$3,435,919**. Both fiscal years include an overall collection rate of 6% with 50% of the collection attributed to beach nourishment as stipulated in S.L. 2013-223.

EXPENDITURE SUMMARY

The budget packet includes an explanation/justification section detailing each expenditure line item. This premise is a requirement of all County departments as zero-based budgeting is expected, i.e., start at \$0 and work upwards.

In terms of the FY 2017-18 budget, expenditures are divided into three main categories based upon guidelines predicated by the County (Personnel, Contracted Services, and Operations). As detailed below, Contracted Services comprise most of the proposed budget expenditures. In the past our Bogue Banks Master Plan (lump sum agreement) has accounted for the bulk of the Contracted Services line item, but with the permitting phase nearing its conclusion; there is a significant decrease envisioned for FY 2017-18, which drops the Contracted Services line item proportionally (-23.94% or -\$177,500). When coupled with the assumption the Governmental Affairs Officer position will likely remain vacant for the foreseeable future; ***our overall expenditure budget for FY 2017-18 as proposed is less than our current fiscal year (FY 2016-17) by -\$232,247 or -26.56%***. The Commission may remember the Shore Protection Office absorbs 50% of the salary/benefits for the Governmental Affairs Officer and 100% of the support for this position (i.e., supplies, postage, travel, small equipment, etc.).

- (1) **Personnel** – The FY 2017-18 recommended budget for salary does not include any adjustments for cost-of-living or direct recommendations from the Beach Commission. The remaining personnel items including medical insurance, FICA, etc. are

recommended by the County using specific formulas germane to each line item. The proposed base salary figure therefore is \$100,821.

- (2) **Operations** – These expenditures include projected costs associated with supplies, small equipment, telephone, postage, travel, dues & subscriptions, etc. The total proposed budget for “operations” is \$21,420 in FY 2017-18 – a decrease of -26.51% (-\$7,720) compared to FY 2016-17 representing the anticipated Governmental Affairs Officer vacancy for the fiscal year.
- (3) **Contracted Services** – This is often our largest expenditure line item (\$563,795 or 75% of the entire \$753,587 expenditure budget), and includes the following seven components (A – G). As mentioned above, there is a -24% decrease (-\$177,500) in Contracted Services proposed for FY 2017-18 stemming from a large reduction in our Master Plan costs as the planning/permitting phase inches towards conclusion in consort with a reduction of anticipated legal services.

(A) Legal Counsel (\$75,000). The 2008 legal settlement reached between the County and the U.S. Corps of Engineers concerning dredged material management issues at the Morehead City Harbor included the preparation of a Dredged Material Management Plan (DMMP) by October 2011. However, the National Park Service (NPS) interjected in 2010 by requesting the “right of first refusal” to 40% of the sand that has traditionally gone to Bogue Banks to begin to be placed on the NPS property of Shackleford Banks. The NPS also became a cooperating agency with the Corps and the Draft DMMP was released in the last quarter of 2013. The draft DMMP included beach nourishment on Shackleford Banks and did not include a mechanism to allow the local governments to participate financially or administratively in “delta” projects whereby dredged sand planned to be disposed offshore in year 2 and 3 of the recurring 3-year cycle could be utilized for beach nourishment. However we successfully lobbied the NPS to ask the Corps of Engineers to eliminate the beach nourishment option (June 2014); which also took intense legal consultation, including seed funding for the “KeepShackWild.com” effort.

Since 2006, roughly \$1,008,264 of attorney fees have been accumulated as of the end of calendar 2016, but this total also includes the seed money for “KeepShackWild.com” and related issues as described above (~\$81,000) and legal counsel concerning both the proposed loggerhead critical habitat designation and red-knot rufa shorebird listing that was cost-shared with New Hanover County, Oak Island, Caswell Beach, and Holden Beach (~\$31,000 to date). When “KeepShackWild” (~\$81,000), endangered species (~\$31,000), and other issues such as oil/gas exploration, etc. (~\$6,000) are considered, roughly \$118,000 of the \$1,008,264 mentioned above are related to more tangential issues than that solely attributed to the Morehead City Harbor.

We budgeted \$150,000 for FY 2015-16 anticipating some legal services would be required for the Bureau of Ocean Energy Management’s release of the 2017-2022 Draft Oil & Gas Leasing Program, but the legal interface was not as intense as expected – actual was ~\$29,000. This current fiscal year (FY 2016-17) we budgeted \$125,000 and to date for the first half of the fiscal year, we have ~\$36,000 of expenditures. In calendar year 2016 (overlapping FY 2015-16 and 2016-17), we utilized legal counsel extensively to formulate our response and work with the State in regards to the final Morehead City Harbor DMMP and in spring 2016 we prepared a detailed response to the Corps of Engineers scoping request concerning realigning the Morehead City Harbor Channel in an effort to ease shoaling. Legal counsel was also used for Memorandum of

Agreement issues between Atlantic Beach and the Corps for potential sand placement along Bogue Banks. Considering the 2016 calendar year was an “intense” one with respect to legal counseling, and we spent over \$50,000; the retainage estimate proposed for FY 2017-18 is \$75,000 - \$50,000 less than the \$125,000 budgeted for FY 2016-17.

(B) Miscellaneous Engineering Services (\$20,000). Moffatt & Nichol is considered as our project engineer for all issues/correspondences concerning dredging at the Morehead City Harbor (e.g., DMMP, channel realignment response, etc.), or other issues that pertain to dredging/beach nourishment within the County (e.g., waterway permitting, FIRM mapping, etc.). \$20,000 is estimated as a retainer/contingency cost for FY 2017-18 (same as previous years). This retainer amount is contractually included within our executed Master Nourishment Plan contract with Moffatt & Nichol.

(C) Beach Surveying (\$200,675). The sum for the monitoring program is \$104,325 for annual activities AND \$81,350 for a post-storm survey (contingency); and this collectively equates to \$185,675 as presented in the FY 2017-18 proposed budget. FY 2017-18 represents the last of a 5-year, no inflation contract extension – we will pursue a similar 5-year extension sometime in FY 2017-18 for FY 18-23.

Also included under the “beach surveying” constituent of contracted services is a semi-annual survey of Bogue Inlet utilizing the firm of Geodynamics. The surveys include full topo- and swath bathymetric coverage of “the Point” in Emerald Isle and the adjacent channel and shoal complex related to Bogue Inlet. A small Powerpoint/pdf type report is subsequently generated/updated for each event. The survey and report are prepared and delivered at a deeply discounted rate because of the flexibility afforded by the self-determined survey window, and Geodynamics’ community discount applied to the effort. Surveys are conducted near June and November each year for \$7,500/event or \$15,000 for the year. A major feature of the Bogue Banks Master Plan is a Bogue Inlet “safe box” whereby a channel realignment event will be triggered once the channel itself migrates beyond the safe box and therefore closer to the Point. These semi-annual surveys are used to monitor how close the channel is to the safe box, and the footprint of the safe box was developed via a channel morphology and hydraulic assessment conducted as part of the Master Plan. There have been a total of nine Bogue Inlet surveys conducted from Spring 2012 through Fall 2016. We/I have been funding these surveys utilizing the unexpended balance in our contracted services line item, and are now proposing to represent this expenditure in a more direct, open manner.

(D) Master Nourishment Plan. (\$250,000). The Bogue Banks Master Nourishment Plan will result in a 50-year nourishment/shore protection plan for the entire island of Bogue Banks and includes the preparation of a Programmatic Environmental Impact Statement (PEIS). The latter (PEIS) will function as the “one-stop” permitting vehicle for the duration of the project and an agreement with Moffatt & Nichol was signed in January 2010 for a not-to-exceed cost of ~\$1.7 million for this effort. The contract has undergone two amendments since - (1) to help facilitate the physical sand search component for both the Master Plan and an interim Emerald Isle Hot-Spot Project that ultimately became the Post-Irene Renourishment Project, and (2) unanticipated additional modeling work to create a Bogue Inlet “safe box”, and to also develop a standalone Biological Assessment for the Master Plan that would result in a project specific endangered species take limit rather than depending on the regional Biological Opinion. The total contract amount inclusive of the amendments is \$2,787,124. As of the conclusion of the 2016 calendar year, ~\$2,506,739 has been invoiced to date and

therefore leaves a balance of \$280,385. Forecasting the chronology/timing of environmental permitting is difficult as resource agency and/or public concern can take additional time to address; and this element makes budgeting a moving target as well. Considering \$280,385 is remaining in the contract, \$250,000 is considered as a safe cushion for FY 2017-18 to complete the Engineering Report and the PEIS. Specifically the draft PEIS should be released for public comment and agency review in March/April 2017, and consequently, a final PEIS should be completed later in the year incorporating the comments received from the Draft PEIS. Also concurrently, the formulation of the permit conditions as recommended by the federal and State clearinghouse resource agencies should also take place in 2017.

(E) Mapping Website (\$7,500). \$7,500 of the contracted services budget is for our internet mapping maintenance fee with *Geodynamics, LLC* for web-hosting, updating, and trouble-shooting the website www.protectthebeachmaps.com. The site is updated with new data layers each year as part of the annual stipend including items such as new shorelines from our monitoring program, updated parcel information, new aerial photography, etc. In December 2012 the site was upgraded from the ArcGIS to ArcServer platform. Accordingly, 2016 was our fourth full year utilizing the new platform mentioned above and the website experienced 1,310 visits with 1,091 unique visitors in the calendar year – an increase compared to 1,153 visits/1,025 unique visitors in 2015 and represents a significant uptick from 2014 (711 visits/635 unique visitors).

(F) Office Cleaning (\$3,120). Outer Banks Cleaning is our office cleaning service and was selected for “economies of scale” purposes. Our “still new” office is located within a single building housing the Town of Emerald Isle’s Police Department, Board of Commissioner’s meeting room, and additional Town storage space. Outer Banks Cleaning is used by the Police Department and Town General Government and therefore was selected as a cleaning service for the Shore Protection Office (\$60/week).

(G) Office Façade Replacement. (\$7,500). In 2015 the Shore Protection Office relocated from the Crystal Coast Western Visitor Center to Emerald Isle’s former Planning Department space, located within the west side of Emerald Isle’s Police Station and Commissioner’s Room complex. The western façade of the current building, which is the entrance to the Shore Protection Office is sheathed with painted cedar siding - the bottom of which is rotting severely (cause: water splash from roof run off). The remainder of the building is red brick. Although the building is owned by Emerald Isle, in the spirit of goodwill and considering the Shore Protection Office is “rent free”, a rough estimate of \$7,500 is requested to replace the façade. The work will be conducted via the Town or through the County’s Planning & inspections Department (Public Buildings). The Shore Protection Office has already met with both entities to discuss this project.

(4) County Occupancy Tax Administration Fee - Per S.L. 2013-223 and previous versions approved by the General Assembly, Carteret County can implement an administration fee for the occupancy tax including up to 3% of the first \$500,000 of gross revenue and 1% of the remaining gross receipts collected each year. Beginning on January 1, 2014 the occupancy tax collection rate was increased to 6% via S.L. 2013-223 with 50% (or 3% of the total 6% collection) attributed to the nourishment reserve – in other words, the nourishment reserve absorbs one half of the administration fee. Our estimate was generated by applying this formula to our forecasted FY 2017-18 revenue described previously in this memorandum (\$6,871,838 total or \$3,435,919 for the nourishment reserve). **(\$39,359)**

FORECASTED LONG-RANGE BUDGET & RESERVE SUMMARY (FY 2001-23)

The long-range budget forecast (next five fiscal years – FY 18-23) includes no beach nourishment *construction* funding (either as an offshoot from the Master Nourishment Plan or the Corps of Engineers' 50-year Coastal Storm Damage Reduction Project). As the Commission is aware, nourishment projects can cost well over \$10 million and forecasting the anticipated chronology of these events proves to be difficult and can overwhelm our budget forecasts, especially if a certain nourishment event is needed more immediately than previously believed or is delayed by a year or two (or more).

The long-term budget also includes our amended FY 2016-17 budget, the proposed FY 2017-18 budget, and unless otherwise noted, assumes; (a) the occupancy tax revenue will increase at an annual rate of 3%, (b) the collection rate will remain at 6% with a "50/50" split between the County's TDA/nourishment-reserve as codified in S.L. 2013-223, and (c) expenditures for the Shore Protection Office will experience a 3% annual increase from a base rate of \$801,576 (average of past seven years) to account for items such as contracted services, subscriptions, office supplies, etc. Utilizing these assumptions, we anticipate the nourishment reserve should be near **\$35 million** at the conclusion of the 2022-23 fiscal year (5-year projection). Our reserve cap is now \$30 million per S.L. 2013-223 and would be hypothetically exceeded in FY 2021-22. Of course the Commission should always remain cautious when using our forecasted reserve numbers for the sole reason that deviations in anticipated revenues or expenditures are compounded throughout time and can cause the reserve number several years from now to deviate significantly from our estimates (notwithstanding the nature of economic uncertainty as well).

In closing, the attached budget should be considered as a recommendation to the Beach Commission and can be modified to reflect the Commission's priorities and desires. The budget is formally due to the County by February 17th at the close of the business day and obviously if the Commission can't approve the budget at our February 6th regular meeting, then we will need to meet again before the 13th. Much of the material contained in the budget packet will be typed into a network system the County operates (ACS Financial System) and as always, the Shore Protection Office is looking forward to discussing the budget with the Beach Commission. This is always a good exercise to map where we have been and ensure the direction we are heading remains on a course the Commission is comfortable with.

(1) Draft cover letter to the County.

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 222.5826
grudolph@carteretcountync.gov



February 17, 2017

Tommy Burns, County Manager
Dee Meshaw, Finance Director
Carteret County
Courthouse Square
Beaufort, North Carolina 28516

Re: Shore Protection Office Budget for Fiscal Year (FY) 2017-18

Dear Mr. Burns and Mrs. Meshaw,

Please find attached the Shore Protection Office's proposed budget for FY 2017-18 including additional documents and visual aids generated for the County Beach Commission's "pre-approval" which were developed in an effort to comprehensively illustrate expenditures and revenues of the portion of the occupancy tax designated for beach nourishment. The attached memorandum to the Beach Commission is perhaps most useful in terms of describing the conceptual framework utilized to develop the budget. The budget was unanimously approved with a few minor adjustments by the Beach Commission members in attendance at their regularly-scheduled monthly meeting on February 6th for your recommendation to the County Board of Commissioners. These adjustments are included in the attached (*sans* the original Beach Commission cover sheet).

The Shore Protection Office is funded 100% by the portion of the County's occupancy tax designated for beach nourishment, which was first instituted in 2001 via S.L. 2001-381, modified as S.L. 2007-112 for reasons mostly attributed to a proposed convention center, and now administered in accordance with S.L. 2013-223. The County Board of Commissioners instituted S.L. 2013-223 on January 1, 2014 that effectively increased the occupancy tax collection rate from 5% to 6%, with the additional 1% designated for the sole purpose of beach nourishment resulting in a 50/50 split of the collection between the County's TDA and the nourishment reserve. Presently each 1% of the collection yields almost \$1,150,000 annually; or just about over \$6,900,000 total.

Previously, the occupancy tax collection rate was 5% as administered under the auspices of S.L. 2007-112, and effective July 1, 2010 (FY 2010-11), the portion of the occupancy tax dedicated to beach nourishment changed from 50% to 40% of the overall 5% collection rate until S.L. 2013-223 was passed and implemented. A summary of the occupancy tax changes since S.L. 2001-381 where a portion thereof first became legislatively mandated for beach nourishment is provided below.

Summary of Occupancy Tax Collection Rate Changes		
Legislation	Collection Rate (TDA - Beach)	Effective Date
S.L. 2013-223	6% (3% - 3%) or (50/50)	January 1, 2014
S.L. 2007-112	5% (3% - 2%) or (60/40)	July 1, 2010
S.L. 2007-112	5% (2.5% - 2.5%) or (50/50)	July 1, 2007
S.L. 2001-381	5% (2.5% - 2.5%) or (50/50)	January 1, 2002

Revenues

To gain a better understanding of occupancy tax collection trends over time, a historical summary of occupancy tax revenues encompassing the past 24 calendar years (1993 through 2016) was presented to the Beach Commission during this year's budget adoption process and is included in the budget packet. Previous collections were corrected to reflect the current 6% rate to provide a common baseline for analysis. Accordingly, the only years the occupancy tax experienced a decrease from the previous year were 2012 (-1.39%), 2009 (-7.27%), 2008 (-2.28%), and 1996 (-3.42%). For the 1996 dataset, Hurricane *Bertha* impacted the area early in the summer tourist season (July 12th landfall) followed by Hurricane *Fran* that made landfall on September 5th, which had a negative correlative effect on the occupancy tax collection. The 2008 and 2009 hurricane seasons for Bogue Banks were benign, and therefore it is very reasonable to conclude the 2008 and 2009 decrease in occupancy tax collections was directly attributable to the National economic recession. The 2012 decrease (-1.39%) is attributable to the closing of the Sheraton, which we estimated to have constituted 3% of the overall collection alone; and therefore it is conceivable the 2012 collection would have been in positive territory if the Sheraton remained in business after hurricane *Irene* in 2011.

In 2016, the occupancy tax was up by **+5.68%** compared to 2015 (2015 = +4.88% compared to 2014) and likely for the following reasons; (1) Continuing upward trend in the overall economy. (2) More awareness and hence more collections from the "less than 5" demographic initiated in April 2013 and as mandated by State Statute (NCGS 153A-155). Albeit the rate of increase compared to years prior is somewhat less (yet still a marked increase from 2015). (3) Collections from the new "On Line" sector, initiated in January 2016 reflecting the State's successful implementation of what is often referred to as the Amazon Law, which effectively require certain larger Internet retailers with no physical presence in North Carolina to collect and pay North Carolina's sales tax, and therefore occupancy tax as well (e.g. Hotwire, Orbitz, Hotels.com, etc.) \$83,435 was collected for all 12 months in 2016 – essentially all new revenue. (4) A resurgence of the hotel/motel sector. As evidenced in the attached occupancy tax analyses, 2013 was the first year since 2007 the hotel/motel sector experienced positive growth (+12.07%), ending a 6-year continuous decline. The 2014, 2015, and 2016 hotel/motel revenue was up by +16.85%, +3.52%, and +15.95%, respectively. (5) The condo/cottage sector was down slightly (-0.65%) in 2016, yet represents 63% of the overall occupancy tax collection (\$4,371,963 of \$6,901,648 total).

Expenditures

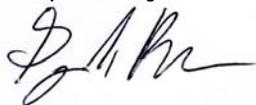
Contracted Services (7 constituents) comprise most of the proposed budget expenditures, and in the past our Bogue Banks Master Plan (lump sum agreement) has accounted for the bulk of the Contracted Services line item. However with the permitting phase of the Master Plan nearing its conclusion; there is a significant decrease envisioned for FY 2017-18, which drops the Contracted Services line item proportionally (-23.94% or - \$177,500). When coupled with the assumption the Governmental Affairs Officer position will likely remain vacant for the foreseeable future and proposing less retainage for legal counsel; ***our overall expenditure budget for FY 2017-18 as proposed is less than our current fiscal year (FY 2016-17) by -\$232,247 or -26.56%.*** The Shore Protection Office was absorbing 50% of the salary/benefits for the Governmental Affairs Officer and 100% of the support for this position (i.e., supplies, postage, travel, small equipment, etc.).

Beach Nourishment Reserve

And lastly and on a much broader scale, the attached packet also includes a 5-year forecasted budget incorporating the collection rate changes stipulated in S.L. 2013-223, a 3% annual revenue growth rate into our projections, and no major nourishment projects to be constructed within this 5-year window. Utilizing these assumptions, we anticipate the nourishment reserve should be near \$35 million at the conclusion of the 2022-23 fiscal year (5-year projection). Our reserve cap is now \$30 million per S.L. 2013-223 and would be hypothetically exceeded in FY 2021-22.

The budget information included in the attached will be keyed into the County's ACS Financial System where applicable and I look forward to discussing the FY 2017-18 Shore Protection Office budget with the Finance Department if needed and of course, please do not hesitate to contact me if you have any questions that immediately come to mind.

Respectfully,



Greg "rudi" Rudolph
Shore Protection Manager

(2) Revenue Summary.

- (a)** An occupancy tax collection summary of the past 24 calendar years (CY 1993 - 2016) of revenue (**1 table and three graphs**).
- (b)** A summary differentiating the revenue by collection sector (hotel/motel and condo/cottage) for CY 2006 - 2016. **1 table and four graphs**.
- (c)** A summary depicting occupancy tax revenue as a function of municipal location for CY 2005-16 (**table and graph**).

**CARTERET COUNTY
Occupancy Tax Revenues
1993 - 2016**

% (+/-) 4.51%
Annual avg. over 23 years

% (+/-) 168.64%
2016 compared to 1993 only

	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		
	6%	6%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%	5%	6%
Jan.	\$72,738	\$65,107	\$54,359	\$40,796	\$48,955	\$42,097	\$50,517	\$49,487	\$59,384	\$40,016	\$48,019	\$49,220	\$59,064	\$67,424	\$80,909	\$77,862	\$93,434	\$75,051	\$90,061	\$55,266	\$66,319	\$35,643	\$42,772	\$35,643	\$42,772	\$35,643	\$42,772
Feb.	\$80,744	\$66,976	\$60,118	\$44,081	\$52,897	\$52,195	\$62,634	\$51,810	\$62,172	\$57,626	\$69,151	\$46,848	\$56,218	\$67,406	\$80,887	\$79,240	\$95,087	\$66,079	\$79,295	\$49,663	\$59,595	\$55,405	\$66,486	\$55,405	\$66,486	\$55,405	\$66,486
Mar.	\$197,020	\$142,289	\$121,346	\$106,740	\$128,088	\$95,434	\$114,521	\$83,473	\$100,167	\$78,206	\$93,847	\$71,530	\$85,836	\$118,650	\$142,380	\$104,548	\$125,458	\$116,113	\$139,336	\$83,777	\$100,532	\$70,611	\$84,733	\$70,611	\$84,733	\$70,611	\$84,733
Apr.	\$267,064	\$238,039	\$218,570	\$156,472	\$187,767	\$188,585	\$226,302	\$197,151	\$236,581	\$144,164	\$172,997	\$190,697	\$228,837	\$160,055	\$192,066	\$232,503	\$279,004	\$205,425	\$246,510	\$147,566	\$177,079	\$158,758	\$190,510	\$158,758	\$190,510	\$158,758	\$190,510
May	\$495,403	\$519,427	\$530,041	\$311,601	\$373,921	\$306,687	\$368,024	\$304,315	\$365,178	\$319,001	\$382,801	\$334,806	\$401,767	\$328,625	\$394,350	\$302,984	\$363,581	\$288,001	\$345,602	\$280,079	\$336,095	\$279,286	\$335,144	\$279,286	\$335,144	\$279,286	\$335,144
June	\$1,254,762	\$1,194,984	\$1,119,788	\$938,458	\$1,126,150	\$868,113	\$1,041,984	\$724,754	\$869,704	\$734,326	\$881,192	\$759,466	\$911,360	\$942,499	\$1,130,998	\$870,801	\$1,044,961	\$800,439	\$960,526	\$714,075	\$856,890	\$628,041	\$753,649	\$628,041	\$753,649	\$628,041	\$753,649
July	\$1,945,706	\$1,799,562	\$1,714,309	\$1,200,365	\$1,440,439	\$1,196,963	\$1,436,356	\$1,405,328	\$1,686,393	\$1,343,491	\$1,612,189	\$1,184,624	\$1,421,548	\$1,187,108	\$1,424,529	\$1,291,446	\$1,549,736	\$1,306,013	\$1,567,216	\$1,266,721	\$1,520,065	\$1,140,099	\$1,368,119	\$1,140,099	\$1,368,119	\$1,140,099	\$1,368,119
Aug.	\$1,310,899	\$1,310,391	\$1,327,500	\$1,058,562	\$1,270,274	\$950,814	\$1,140,977	\$867,852	\$1,041,423	\$944,419	\$1,133,303	\$936,552	\$1,123,862	\$1,044,906	\$1,253,887	\$953,315	\$1,143,978	\$865,921	\$1,039,105	\$881,161	\$1,057,393	\$696,574	\$835,889	\$696,574	\$835,889	\$696,574	\$835,889
Sept.	\$632,513	\$598,281	\$514,648	\$392,983	\$471,580	\$364,387	\$437,265	\$419,086	\$502,903	\$344,430	\$413,316	\$355,957	\$427,148	\$321,355	\$385,626	\$378,791	\$454,549	\$342,258	\$410,710	\$288,621	\$346,346	\$269,793	\$323,751	\$269,793	\$323,751	\$269,793	\$323,751
Oct.	\$354,178	\$357,967	\$348,348	\$247,497	\$296,997	\$183,054	\$219,665	\$209,716	\$251,660	\$246,063	\$295,276	\$223,963	\$268,756	\$241,507	\$289,809	\$284,061	\$340,874	\$226,994	\$272,393	\$236,929	\$284,315	\$217,408	\$260,889	\$217,408	\$260,889	\$217,408	\$260,889
Nov.	\$192,591	\$148,172	\$125,217	\$121,388	\$145,665	\$100,811	\$120,973	\$93,816	\$112,579	\$101,058	\$121,269	\$96,906	\$116,288	\$107,397	\$128,876	\$124,194	\$149,032	\$122,378	\$146,854	\$133,928	\$160,713	\$91,618	\$109,941	\$91,618	\$109,941	\$91,618	\$109,941
Dec.	\$98,029	\$89,584	\$92,698	\$60,498	\$72,597	\$42,680	\$51,216	\$47,160	\$56,592	\$37,491	\$44,989	\$51,806	\$62,168	\$52,558	\$63,069	\$47,850	\$57,421	\$59,305	\$71,166	\$52,862	\$63,434	\$32,924	\$39,509	\$32,924	\$39,509	\$32,924	\$39,509
Total	\$6,901,648	\$6,530,780	\$6,226,944	\$4,679,441	\$5,615,329	\$4,391,821	\$5,270,185	\$4,453,946	\$5,344,735	\$4,390,291	\$5,268,349	\$4,302,375	\$5,162,851	\$4,639,488	\$5,567,386	\$4,747,595	\$5,697,114	\$4,473,977	\$5,368,773	\$4,190,647	\$5,028,777	\$3,676,159	\$4,411,391	\$3,676,159	\$4,411,391	\$3,676,159	\$4,411,391

% (+/-) 5.68% 4.88% 10.89% 6.55% -1.39% 1.45% 2.04% -7.27% -2.28% 6.12% 6.76% 14.00% 5.78%
previous year

	2003		2002		2001		2000		1999		1998		1997		1996		1995		1994		1993			
	5%	6%	5%	6%	3%	6%	3%	6%	3%	6%	3%	6%	3%	6%	3%	6%	3%	6%	3%	6%	3%	6%		
Jan.	\$47,052	\$56,462	\$29,583	\$35,500	\$19,406	\$38,812	\$20,719	\$41,438	\$19,789	\$39,578	\$20,615	\$41,231	\$25,567	\$51,134	\$17,131	\$34,263	\$21,241	\$42,482	\$22,521	\$45,041	\$17,703	\$35,406	\$17,703	\$35,406
Feb.	\$45,956	\$55,147	\$44,501	\$53,401	\$26,586	\$53,171	\$29,805	\$59,610	\$31,269	\$62,538	\$23,427	\$46,853	\$23,585	\$47,170	\$21,830	\$43,661	\$23,688	\$47,375	\$25,140	\$50,280	\$18,887	\$37,774	\$18,887	\$37,774
Mar.	\$76,157	\$91,388	\$94,833	\$113,800	\$43,389	\$86,778	\$41,618	\$83,235	\$40,565	\$81,131	\$40,217	\$80,435	\$46,285	\$92,570	\$32,920	\$65,839	\$37,237	\$74,474	\$33,350	\$66,700	\$27,773	\$55,546	\$27,773	\$55,546
Apr.	\$166,506	\$199,808	\$151,237	\$181,484	\$93,244	\$186,489	\$88,068	\$176,135	\$91,280	\$182,561	\$79,921	\$159,842	\$73,695	\$147,391	\$75,441	\$150,882	\$40,324	\$80,647	\$75,101	\$150,201	\$67,140	\$134,281	\$67,140	\$134,281
May	\$267,000	\$320,400	\$258,209	\$309,851	\$124,364	\$248,728	\$139,356	\$278,712	\$139,012	\$278,025	\$132,602	\$265,203	\$119,686	\$239,372	\$122,813	\$245,626	\$162,380	\$324,759	\$115,457	\$230,915	\$111,006	\$222,011	\$111,006	\$222,011
June	\$568,346	\$682,015	\$654,333	\$785,200	\$365,196	\$730,392	\$321,567	\$643,134	\$297,591	\$595,182	\$282,419	\$564,838	\$275,238	\$550,476	\$253,311	\$506,622	\$235,767	\$471,535	\$213,565	\$427,129	\$196,623	\$393,245	\$196,623	\$393,245
July	\$938,334	\$1,126,000	\$868,462	\$1,042,154	\$532,108	\$1,064,215	\$540,981	\$1,081,962	\$522,176	\$1,044,352	\$440,751	\$881,501	\$427,231	\$854,462	\$303,438	\$606,876	\$366,597	\$733,194	\$361,568	\$723,136	\$321,603	\$643,206	\$321,603	\$643,206
Aug.	\$740,863	\$889,036	\$698,835	\$838,602	\$363,908	\$727,817	\$337,157	\$674,314	\$348,848	\$697,697	\$338,440	\$676,881	\$275,003	\$550,006	\$318,005	\$636,009	\$263,681	\$527,362	\$275,446	\$550,892	\$248,782	\$497,565	\$248,782	\$497,565
Sept.	\$282,377	\$338,853	\$238,742	\$286,491	\$171,275	\$342,550	\$132,387	\$264,774	\$105,804	\$211,608	\$138,287	\$276,575	\$120,716	\$241,431	\$96,187	\$192,374	\$144,102	\$288,204	\$128,466	\$256,931	\$135,777	\$271,554	\$135,777	\$271,554
Oct.	\$197,935	\$237,522	\$160,427	\$192,512	\$96,441	\$192,882	\$109,627	\$219,255	\$88,936	\$177,871	\$117,915	\$235,830	\$105,719	\$211,437	\$82,729	\$165,457	\$83,173	\$166,346	\$87,307	\$174,615	\$86,984	\$173,968	\$86,984	\$173,968
Nov.	\$95,790	\$114,948	\$105,153	\$126,183	\$41,457	\$82,915	\$52,856	\$105,712	\$53,492	\$106,984	\$46,342	\$92,683	\$42,387	\$84,775	\$39,882	\$79,763	\$35,368	\$70,736	\$37,027	\$74,055	\$37,700	\$75,400	\$37,700	\$75,400
Dec.	\$48,883	\$58,660	\$37,333	\$44,799	\$27,480	\$54,959	\$20,008	\$40,017	\$25,482	\$50,964	\$21,607	\$43,214	\$18,397	\$36,794	\$19,448	\$38,896	\$18,627	\$37,253	\$21,583	\$43,165	\$14,599	\$29,199	\$14,599	\$29,199
Total	\$3,475,199	\$4,170,239	\$3,341,648	\$4,009,978	\$1,904,854	\$3,809,708	\$1,834,149	\$3,668,297	\$1,764,245	\$3,528,491	\$1,682,544	\$3,365,088	\$1,593,510	\$3,187,020	\$1,383,135	\$2,766,270	\$1,432,183	\$2,864,366	\$1,396,530	\$2,793,060	\$1,284,577	\$2,569,153	\$1,284,577	\$2,569,153

% (+/-) 4.00% 5.26% 3.85% 3.96% 4.86% 5.59% 15.21% -3.42% 2.55% 8.72%
previous year

Fig. 1
Occupancy Tax Collections (1993-2016)
(3% overall collection rate from 1993 - 2001, 5% from 2002 - 2013, and 6% from 2014 forward)

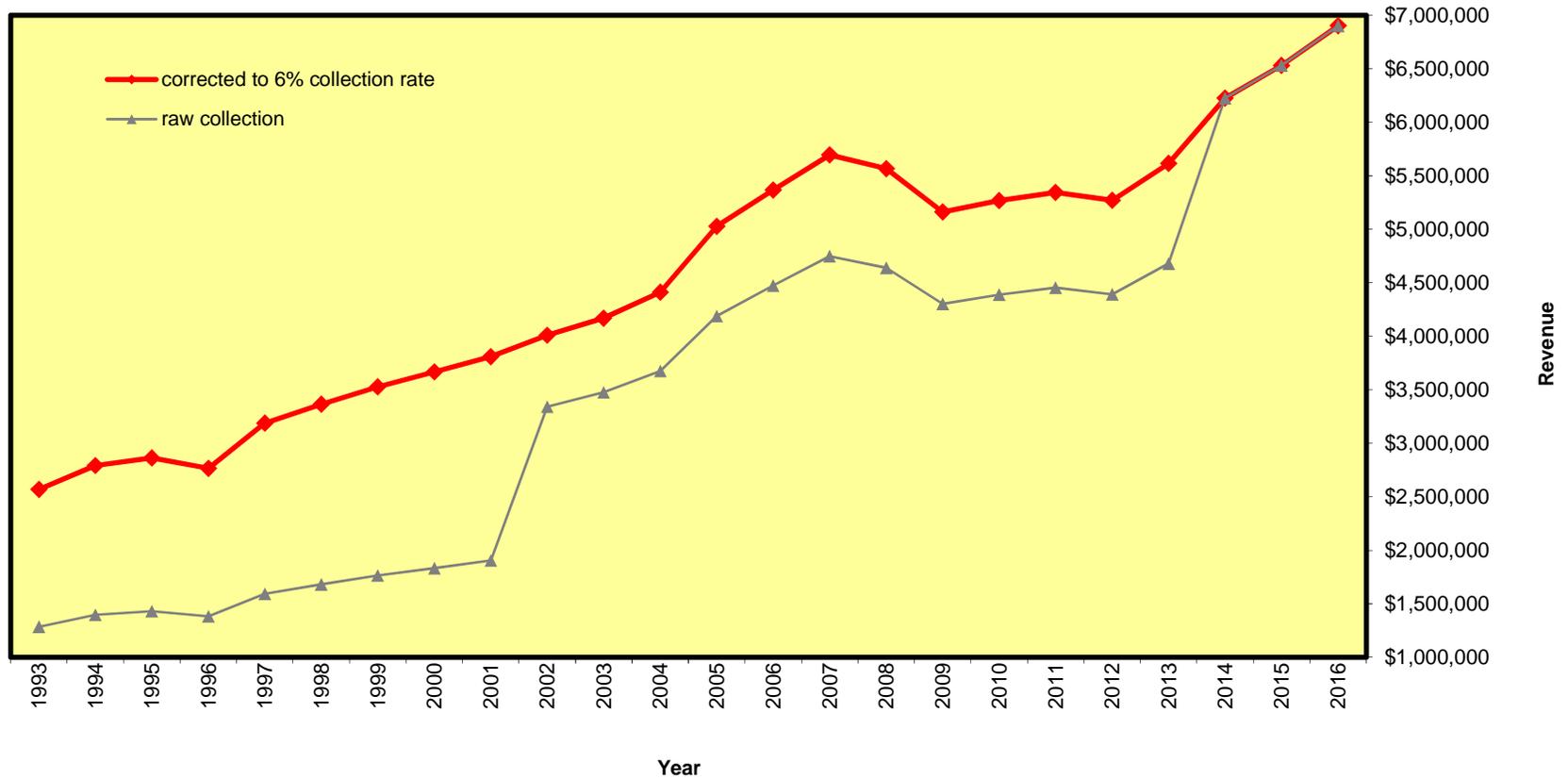


Fig. 2
Percent +/- Compared to Previous Year
Occupancy Tax Collections (1993 - 2016)
(collections corrected to represent the current 6% rate)

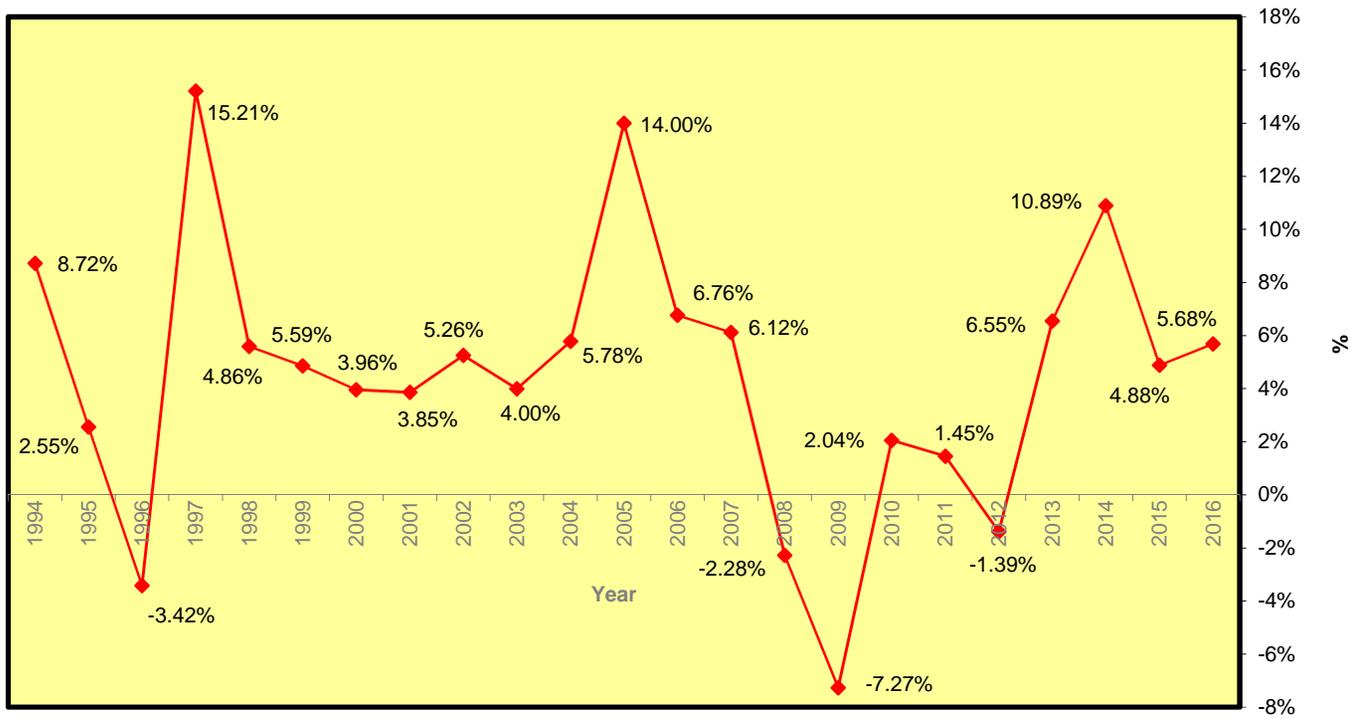


Fig. 3
Monthly Occupancy Tax Collections (1993-2016)
 (collections corrected to represent the current 6% rate)

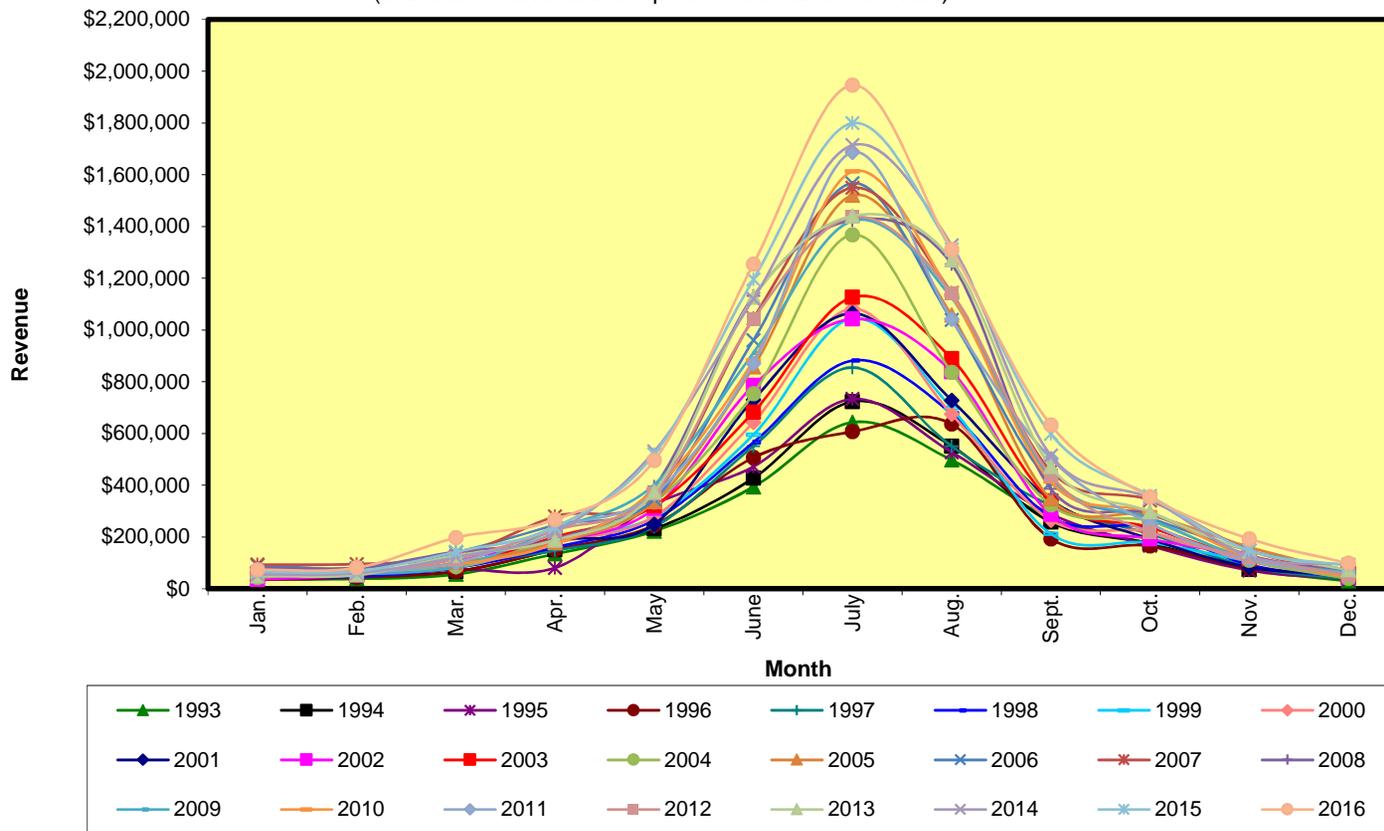


Fig. 1
Occupancy Tax Collections (2006-2016)
 (hotel/motel and condo/cottage sectors)

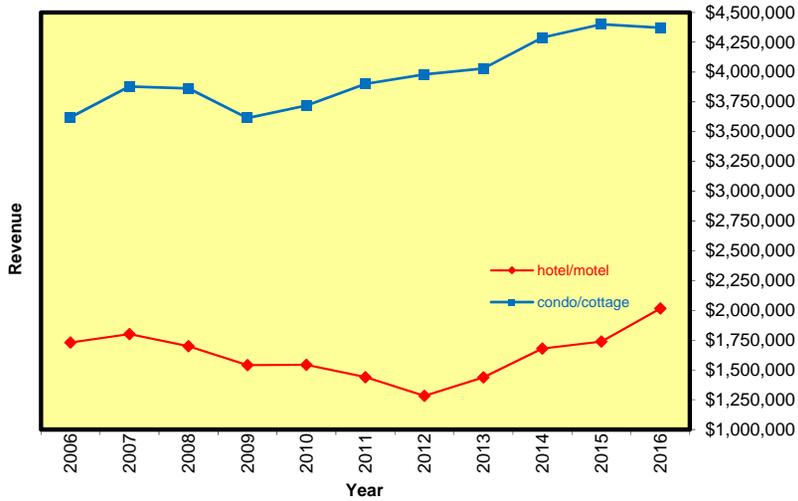


Fig. 2
Percent +/- Compared to Previous Year
Occupancy Tax Collections (2006-2016)
 (hotel/motel and condo/cottage sectors)

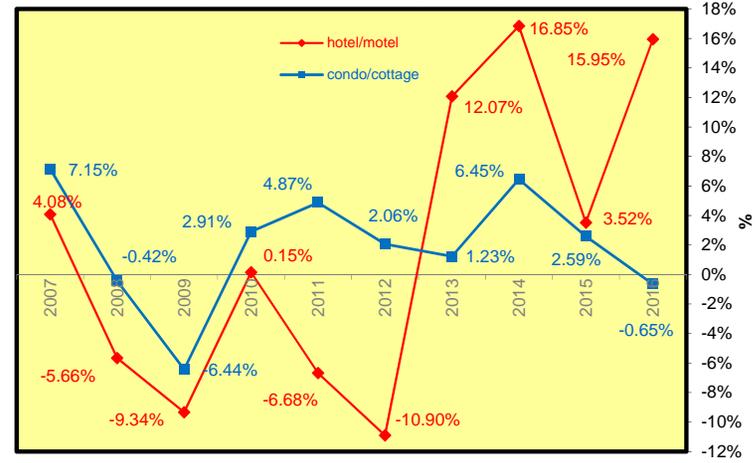


Fig. 3
Monthly Occupancy Tax Collections (2006-2016)
 (hotel/motel sector)

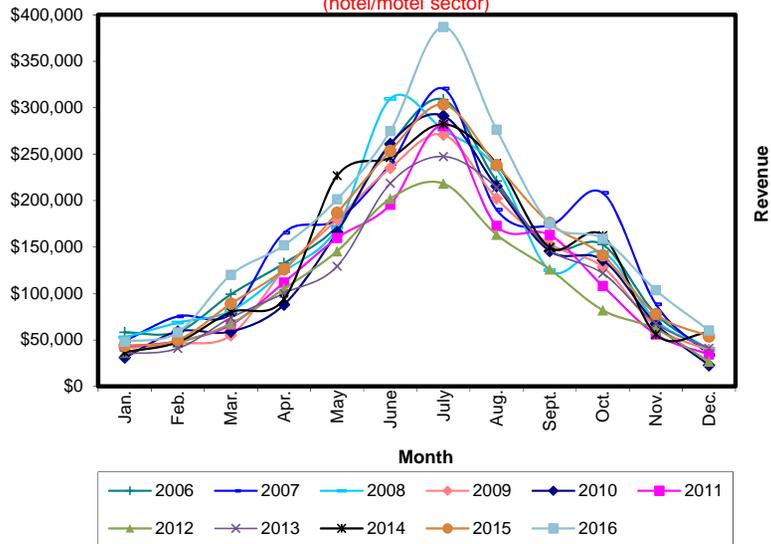
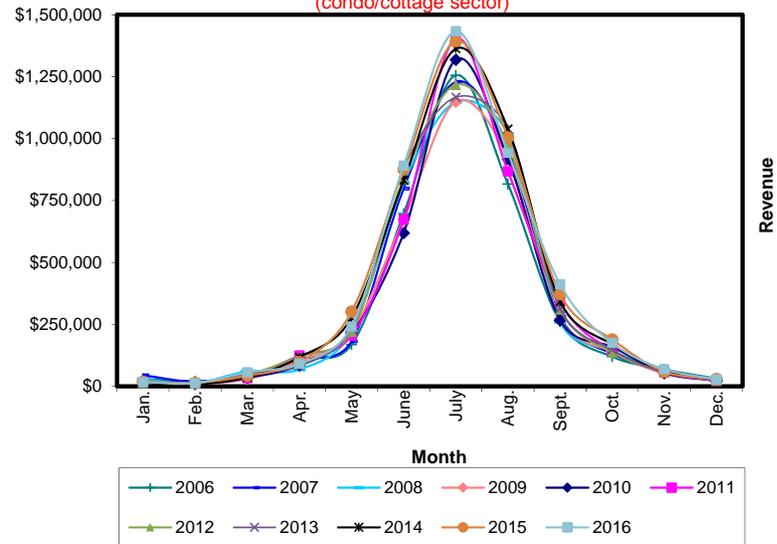
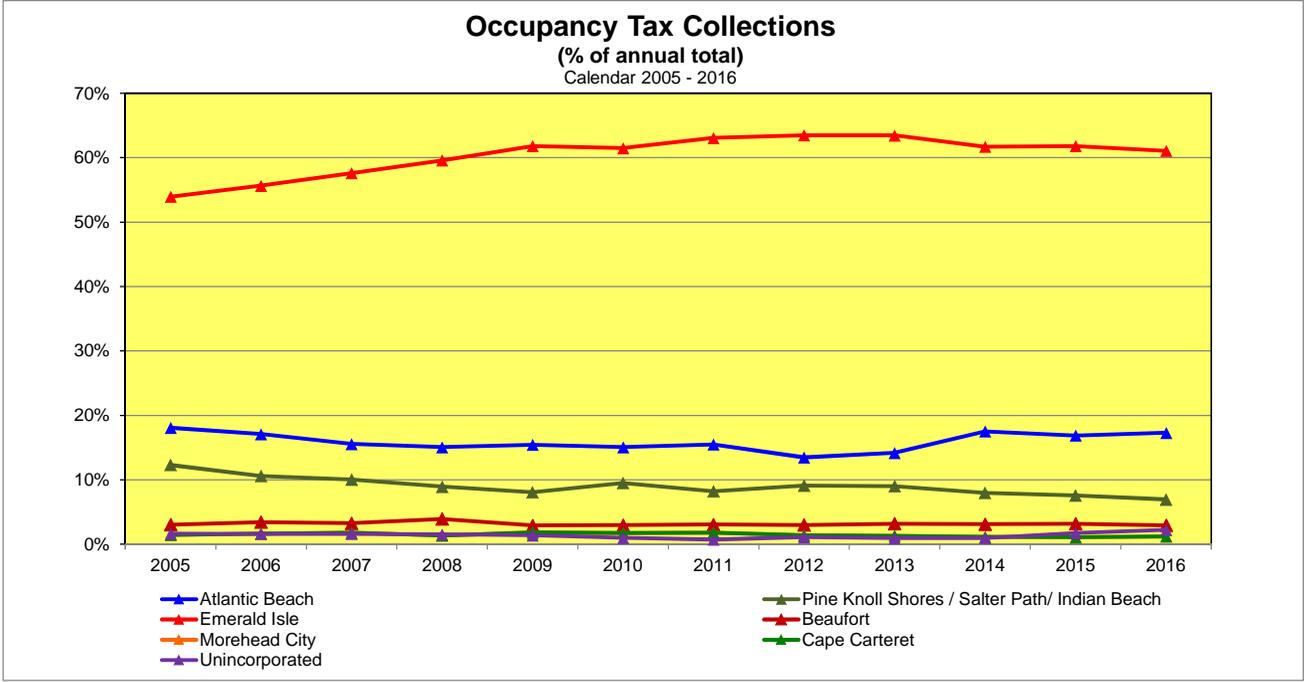


Fig. 4
Monthly Occupancy Tax Collections (2006-2016)
 (condo/cottage sector)



Property	2005 Collections (5% rate)		2006 Collections (5% rate)		2007 Collections (5% rate)		2008 Collections (5% rate)		2009 Collections (5% rate)		2010 Collections (5% rate)		2011 Collections (5% rate)		2012 Collections (5% rate)		2013 Collections (5% rate)		2014 Collections (6% rate)	
Atlantic Beach	\$742,592	18%	\$765,111	17%	\$736,098	16%	\$701,096	15%	\$654,191	15%	\$654,234	15%	\$683,552	16%	\$599,127	13%	\$656,184	14%	\$1,092,535	18%
Pine Knoll Shores / Salter Path/ Indian Beach	\$505,238	12%	\$473,142	11%	\$474,476	10%	\$415,640	9%	\$341,345	8%	\$412,223	10%	\$362,465	8%	\$405,481	9%	\$417,192	9%	\$498,611	8%
Emerald Isle	\$2,214,669	54%	\$2,488,408	56%	\$2,722,625	58%	\$2,770,525	60%	\$2,617,239	62%	\$2,667,355	61%	\$2,780,992	63%	\$2,818,859	63%	\$2,935,918	63%	\$3,848,965	62%
Beaufort	\$125,065	3%	\$153,645	3%	\$154,978	3%	\$182,835	4%	\$123,936	3%	\$129,233	3%	\$135,866	3%	\$132,642	3%	\$147,938	3%	\$195,394	3%
Morehead City	\$390,174	10%	\$444,345	10%	\$477,424	10%	\$445,552	10%	\$360,834	9%	\$355,876	8%	\$334,175	8%	\$374,617	8%	\$365,776	8%	\$468,985	8%
Cape Carteret	\$59,839	1%	\$74,318	2%	\$84,929	2%	\$63,566	1%	\$76,968	2%	\$74,948	2%	\$79,369	2%	\$61,056	1%	\$60,536	1%	\$71,902	1%
Unincorporated	\$68,233	2%	\$71,976	2%	\$76,214	2%	\$71,395	2%	\$59,412	1%	\$43,734	1%	\$32,962	1%	\$48,706	1%	\$43,124	1%	\$60,281	1%
TOTAL	\$4,105,809	100%	\$4,470,944	100%	\$4,726,744	100%	\$4,650,608	100%	\$4,233,925	100%	\$4,337,603	100%	\$4,409,380	100%	\$4,440,487	100%	\$4,626,668	100%	\$6,236,674	100%

Property	2015 Collections (6% rate)		2016 Collections (6% rate)		TOTAL	
Atlantic Beach	\$1,094,467	17%	\$1,180,492	17%	\$9,559,679	16%
Pine Knoll Shores / Salter Path/ Indian Beach	\$490,115	8%	\$474,467	7%	\$5,270,395	9%
Emerald Isle	\$4,005,798	62%	\$4,164,240	61%	\$36,035,593	61%
Beaufort	\$207,260	3%	\$200,497	3%	\$1,889,289	3%
Morehead City	\$498,097	8%	\$562,155	8%	\$5,078,009	9%
Cape Carteret	\$71,608	1%	\$83,036	1%	\$862,074	1%
Unincorporated	\$112,198	2%	\$152,886	2%	\$841,119	1%
TOTAL	\$6,479,542	100%	\$6,817,772	100%	\$59,536,157	100%



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.

(c) In 2016, on-line collections began to be recorded but are not attributable to any municipality and therefore are not reflected in the graph.

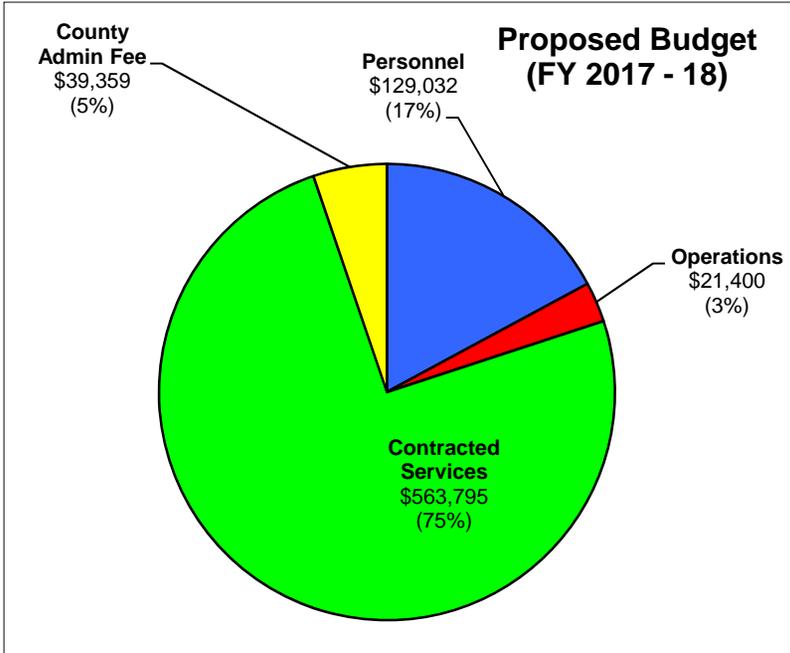
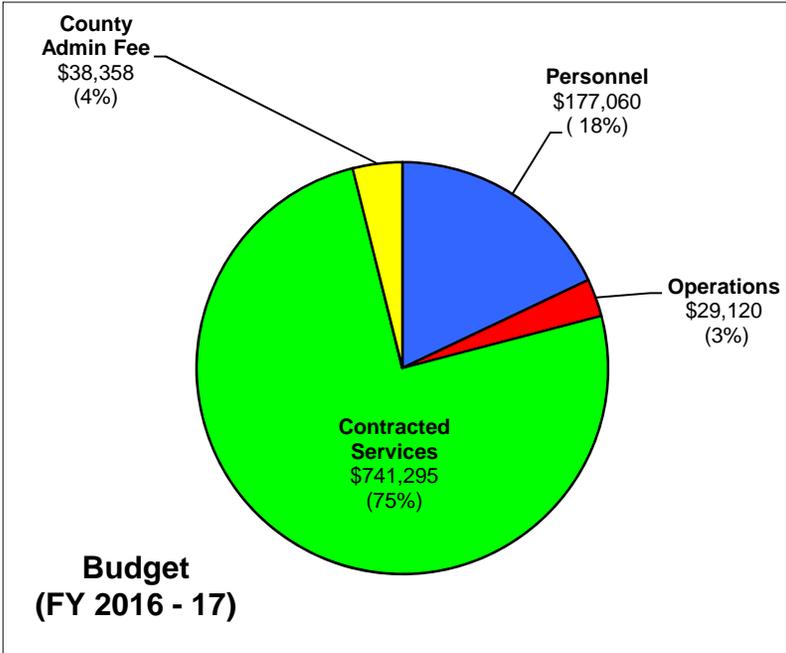
(3) Proposed FY 2017-18 budget.

- (a)** A *spreadsheet* presenting the proposed FY 2017-18 budget for the Shore Protection Office comparing the various line items in the proposed budget to those in our current fiscal year (FY 2016-17).
- (b)** An accompanying sheet including two *pie diagrams* summarizing the percent allocation of the proposed expenditures detailed in the recommended FY 2017-18 and our current FY 2016-17 budget.
- (c)** Detailed expenditure justification *narrative* for the proposed FY 2017-18 budget.

**SHORE PROTECTION OFFICE
PROPOSED BUDGET (FY 17-18)**

Line Item			FY 17-18 compared to FY 16-17		Explanations for FY 17-18 budget		
	FY 16-17 amended	FY 17-18 proposed	Difference (%)	Difference (\$)			
OPENING FUND BALANCE							
	\$13,083,633	\$15,708,024					
REVENUES							
1	Occupancy Tax (projected)	\$3,335,844	\$3,435,919	3.00%	\$100,075	FY 17-18 includes a +3% growth rate. Pursuant to S.L. 2013-223, the overall collection rate is 6% with 50% of the collection attributed to the nourishment reserve.	
2	Interest on Reserve & FY Revenues/Expenditures (x 0.02)	\$273,427	\$327,572	19.80%	\$54,145		
3	NCDWR Reimbursement for SDI-5	\$953	\$0	-100.00%	(\$953)	State Reimbursement for Shallow Draft Inlet Permitting Effort.	
4	Total Revenues	\$3,610,225	\$3,763,491	4.25%	\$153,267		
EXPENDITURES							
	Account	Description					
5	110.40.4901.12100	Salaries	\$133,680	\$100,821	-24.58%	(\$32,859)	Represents base annual salary of \$100,821 for one employee in FY 2016-17 with no increase or bonus. Difference between FY 17-18 compared to FY 16-17 attributable to no representation of a bonus provided in FY 2016-17 and the Governmental Affairs Officer (GAO) position vacancy. Shore Protection Officer furnished 50% of the GAO.
6	110.40.4901.18100	FICA	\$10,610	\$7,713	-27.31%	(\$2,897)	
7	110.40.4901.18200	Retirement Contribution	\$10,210	\$7,672	-24.85%	(\$2,538)	
8	110.40.4901.18300	Medical Insurance	\$10,620	\$7,785	-26.69%	(\$2,835)	
9	110.40.4901.18600	Workman's Comp	\$5,000	\$0	0.00%	(\$5,000)	
10	110.40.4901.18700	401K	\$6,940	\$5,041	-27.36%	(\$1,899)	
11	110.40.4901.20000	Supplies	\$2,000	\$2,000	0.00%	\$0	Baseline value for copier paper, printer ink, etc.
12	110.40.4901.28000	Small Equipment	\$3,000	\$2,000	-33.33%	(\$1,000)	Contingency value for any unforeseen replacements (i.e., printer, copier, laptop, etc.). Decrease attributed to Governmental Affairs Officer vacancy.
13	110.40.4901.32100	Telephone	\$3,120	\$3,120	0.00%	\$0	Baseline value for internet, modem, cell phone, etc.
14	110.40.4901.32500	Postage	\$1,000	\$1,000	0.00%	\$0	Baseline value for mailings, PO Box, etc.
15	110.40.4901.39500	Travel	\$15,000	\$8,280	-44.80%	(\$6,720)	Decrease attributed to Governmental Affairs Officer vacancy and review of historical travel expenditures.
16	110.40.4901.44000	Contracted Services	\$741,295	\$563,795	-23.94%	(\$177,500)	\$200,675 Beach Monitoring (\$104,325 year + \$81,350 storm if needed, Bogue Inlet \$15,000); \$75,000 Legal Fees (Kilpatrick Townsend); \$20,000 Moffatt & Nichol; \$7,500 Internet Mapping Website; \$250,000 for Master Nourishment Plan; \$3,120 for Office Cleaning; \$7,500 for Office Facade Replacement.
17	110.40.4901.49100	Dues and Subscriptions	\$5,000	\$5,000	0.00%	\$0	\$2,500 NCBIIWA; \$250 JCR; \$1,250 ASBPA, \$1,000 E&E Publishing.
18	290.40.4230.69901	County Occupancy Tax Administration Fee (50%)	\$38,358	\$39,359	2.61%	\$1,001	The County's Administration fee for the occupancy tax is up to 3% of first \$500,000 of gross proceeds and 1% of remaining gross receipts collected each year. The Beach Fund reserve realizes 50% of this expense, i.e., 50% of the total 6% occupancy tax.
19		Total Expenditures	\$985,833	\$753,587	-23.56%	(\$232,247)	
20		(Deficit)/Surplus for Year	\$2,624,391	\$3,009,905	14.69%	\$385,514	
21	ENDING FUND BALANCE		\$15,708,024	\$18,717,929	19.16%	\$3,009,905	
EXPENDITURE SUMMARY							
			FY 16-17	FY 17-18	FY 17-18 compared to FY 16-17		
					Difference (%)	Difference (\$)	
Personnel	(line items 5, 6, 7, 8, 9 & 10)	\$177,060	\$129,032	-27.13%	(\$48,028)		
Operations	(line items 11, 12, 13, 14, 15 & 17)	\$29,120	\$21,400	-26.51%	(\$7,720)		
Contracted Services	(line item 16)	\$741,295	\$563,795	-23.94%	(\$177,500)		
County Admin Fee	(line item 18)	\$38,358	\$39,359	2.61%	\$1,001		
Total Expenditures	(line items 5 - 18, or line item 19)	\$985,833	\$753,587	-23.56%	(\$232,247)		

SHORE PROTECTION OFFICE
Expenditure Summary
FY 2016-17 (amended) and FY 2017-18 (proposed)



SHORE PROTECTION OFFICE (SPO) EXPENDITURE LINE ITEM JUSTIFICATION
FOR PERSONNEL, OPERATIONS, & CONTRACTED SERVICES

PERSONNEL (\$129,032)

4901.12100 – Salary (\$100,821)

4901.18100 – FICA (\$7,713)

4901.18200 – Retirement (\$7,672)

4901.18300 – Medical Insurance (\$7,785)

4901.18700 – 401K (\$5,041)

The salary, taxes, and benefits figures are for one employee (Shore Protection Manager) using FICA and benefit rates directed by the County's Finance Department. The proposed salary figure is the same as the current fiscal year (FY 2016-17).

OPERATIONS (\$21,400)

4901.20000 - Supplies (\$2,000)

Includes supplies necessary for daily operations - proposed budget amounts are based upon historical uses where applicable and includes the following. No anticipated increase.

- 1) Nine color cartridges @ \$100/each for printer & copier machine (3 replacements for the year) – HP Laser Jet 500 color includes magenta, cyan, and yellow. *(\$900)*
 - 2) Four black cartridges for printer & copier machine @ \$100 each. *(\$400)*
 - 3) Miscellaneous – repairs, copy paper, envelopes, staples, etc. *(\$700)*
- Total = *\$2,000*

4901.28000 - Small Equipment (\$2,000)

Includes annual "contingency" costs associated with servicing small equipment (copier, digital camera, etc.), unforeseen repairs, and the purchase of other office-related items (file cabinets, shelving, etc.).

- 1) Miscellaneous – servicing equipment, repairs, miscellaneous (file cabinets, shelving, etc.). *(\$2,000)*
- Total = *\$2,000*

4901.32100 – Telephone (\$3,120)

This total includes costs for the SPO phone and fax lines, cell phone, and the cost for digital cable (internet access/static IP). As a satellite office, the main methodology of contact with the general public, County administration, municipal officials, and governmental agencies is the internet and associated "remote" technologies (i.e., server, modem, etc.). Costs presented below are based upon historical uses and charges.

- 1) Time Warner Cable - internet @ \$150 per month. *(\$1,800)*
 - 2) Verizon - Cell Phone @ \$110 per month. *(\$1,320)*
- Total = *\$3,120*

4901.32500 – Postage (\$1,000)

The proposed line item amount is based upon historical expenditures and is utilized to secure a P.O. Box, mail correspondences, packages, monitoring reports, Beach Commission agenda packets, and other mass mailings. Costs presented below are based upon historical uses and charges.

Total = *\$1,000*

4901.39500 – Travel (\$8,280)

A \$5,720 increase to the travel line item was proposed and approved for the FY 2016-17 budget to accommodate the new Governmental Affairs Officer (GAO) position that was envisioned to require extensive travel to Raleigh to monitor and educate the N.C General Assembly during the conclusion of the 2016 “short” session and the front half of the 2017 “long” session. The GAO’s local travel expense would likely include mandatory attendance requirements as well at meetings such as that of the County Board, local municipalities, Economic Development Council, Chamber of Commerce, civic groups, etc. However, our GAO had to prematurely retire on permanent disability effective October 31, 2016 and this position will likely remain vacant as the Beach Commission and County leadership reassess the position as a whole. Accordingly the decrease presented in the FY 2017-18 budget for travel is a reflection of this series of events, and the amount proposed for FY 2017-18 is also \$1,000 less than the amount prior to assuming the GAO based on an analysis of past proposed vs. expended travel budgets.

From a historical perspective, three years ago (FY 2014-15), there was a roughly \$1,000 reduction in this budget line item compared to FY 2013-14 that followed a \$4,840 reduction in FY 2012-13 (compared to FY 2011-12), which both correlated to fewer trips required to Washington, D.C. – specifically the cost associated with attending the Annual American Shore & Beach Preservation Association Summit in FY 2012-13. Also, the congressional earmark process has undergone many changes in the past few years and the current “ban” on earmarks has muted our need to pursue these types of funding mechanisms, and hence fewer trips to Washington, D.C. for the Shore Protection Manager and a member or two from the Beach Commission. However there is still a necessity to travel to Washington to discuss our beach and waterway project funding, and becoming perhaps more important as evidenced by trips taken the past few fiscal years; regulatory and endangered species issues are coming more into forefront. These issues enable local projects to move forward and have tangentially-related impacts as well (e.g., public access, fisheries, energy exploration, sea-level rise, etc.). Although nothing is specifically planned for FY 2017-18, there is a contingency cost presented if the need arises.

Otherwise, the projected local travel expenses included in this line item pertain to traveling to the U.S. Army Corps of Engineers District Office in Wilmington, Coastal Resource Commission (CRC) meetings, CRC Science Panel Meetings, the General Assembly in Raleigh, stakeholder meetings, and miscellaneous trips to other beaches. These trips serve as important tools for establishing and lobbying for legislative agendas, federal and State funding for our beach restoration projects, and provides insight into potential problems and solutions that other beach communities have experienced in their shore protection efforts. The proposed conferences included in the FY 2017-18 budget provide opportunities to achieve the objectives explained above – advocacy and the transfer of practical experience to the Carteret County SPO. The annual conferences listed in this line item have been regularly attended by the SPO/Beach Commission for well over a decade (FY 02 – 17). Conference costs usually include expenses for the Shore Protection Manager and one or two members of the Beach Commission. Another cost represented below is a lunch for the Marine Science Education Partnership (MSEP). The membership of MSEP includes the

SPO and there is a rotating monthly meeting where each member serves as host and provides lunch for the group.

- 1) One "contingency" trip to Washington D.C. @ \$1,300 per trip for two persons including meals, lodging, and traveling. Trip cost based on actual cost incurred in FY 13-14. **(\$1,300)**
 - 2) Annual American Shore & Beach Preservation Association's 2017 Fall Technical Conference in Ft. Lauderdale, Fla. (Oct. 24th – 27th) for one person including registration cost, meals, lodging, and travel (assume airfare/parking cost of \$1,000, lodging 4 nights is \$1,000, conference registration \$400, and meals - \$260). **(\$2,660)**
 - 3) Miscellaneous Travel SPO – includes overnight travel associated with Coastal Resources Commission meetings, and other State government meetings (e.g., N.C. Beach, Inlet, & Waterways meetings/conferences, Oil & Gas Leasing presentations, visiting the General Assembly, Sea-level rise forums, Flood insurance Rate Map meetings, etc.). **(\$1,700)**
 - 4) Local travel @ \$200 per month for SPO – reimbursement is \$0.535/mile for 2017 (average 374 miles/month). **(\$2,400)**
 - 5) Marine Science Education Partnership lunch estimated at \$10 per 22 persons – max. **(\$220)**
- Total = **\$8,280**

4901.49100 – Dues and Subscriptions (\$5,000)

Dues to the N.C. Beach, Inlet, & Waterway Association (NCBIWA), and the American Shore and Beach Preservation Association (ASBPA) provide a strong lobbying vehicle to push for beach restoration strategies that are beneficial to Carteret County, and both organizations provide literature the SPO can disseminate to the public and the Beach Commission. Also, although NCBIWA's chief mission is related to shore protection; this organization provides information/support for other coastal issues that benefit County government and the public as well including matters related to insurance issues, the National Flood Insurance Program, water quality/stormwater rules, the implementation of the Coastal Area Management Act (CAMA), etc. The SPO is a member of the aforementioned organizations for FY 16-17 and in previous years, and the Shore Protection Manager was formally on the Board of Directors for the ASBPA. The Journal of Coastal Research is a publication that serves as both a technical and policy resource that reports issues related to the County's beach restoration efforts. And lastly the subscription to Environment & Energy Publishing was started in FY 2015-16 and allows access to a suite of publications pertaining to federal matters including; "EnergyWire", "ClimateWire", "E&E daily", "Greenwire", and "E&E News PM". Most of the publications are released daily and helps the SPO/County monitor the latest develops from the President's Administration & federal agencies, Congress as a whole and all their committees, and National lawsuits that could impact federal policy. The SPO negotiated a deeply discounted rate = \$1,000 compared to \$18,000.

- 1) NCBIWA. **(\$2,500)**
 - 2) ASBPA. **(\$1,250)**
 - 3) Journal of Coastal Research. **(\$250)**
 - 4) Environment & Energy Publishing Suite. **(\$1,000)**
- Total = **\$5,000**

CONTRACTED SERVICES (\$563,795)

4901.44000 – Contracted Services (\$563,795)

There are seven (7) components of contracted services justifying the proposed line item expense for FY 2017-18 and include the following. There is a \$177,500 decrease of anticipated expense for this line item compared to FY 2016-17.

(1) Beach Surveying (\$200,675). The Beach Surveying Program has or currently; (1) served as a source of in-kind credit granted by the U.S. Army Corps of Engineers regarding the Bogue Banks Coastal Damage Storm Reduction Project Feasibility Study, (2) helps local communities and the County understand the fate of beach restoration projects, (3) continues to be utilized for the development of our island-wide Master Plan, and (4) has/will aid local communities document the volume of sand lost in the event of a federally-declared disaster, thereby providing evidence necessary for FEMA reimbursement (e.g., FY 2011-12 hurricane *Irene*). FY 2012-13 signified the final year of a 5-year contract (FY 2008-13) that included annual increases. The Shore Protection Office successfully secured a new 5-year extension in FY 2013-14 encompassing FY 2013-18, but at a static annual cost. The sum for the monitoring program is \$104,325 for annual activities AND \$81,350 for a post-storm survey (contingency); and this collectively equates to \$185,675 as presented in the FY 2017-18 proposed budget. The most previous instance a post-storm survey was activated was 2016 for hurricane *Matthew*, although no FEMA reimbursement claim was warranted based on the results of the survey and the lack of applicable FEMA category designations declared for the hurricane.

Also included under the “beach surveying” constituent of contracted services, is a semi-annual survey of Bogue Inlet utilizing the firm of Geodynamics. The surveys include full topo- and swath bathymetric coverage of “the Point” in Emerald Isle and the adjacent channel and shoal complex related to Bogue Inlet. A small Powerpoint/pdf type report subsequently is generated/updated for each event. The survey and report are prepared and delivered at a deeply discounted rate because of the flexibility afforded by the self-determined survey window coupled with Geodynamics’ community discount applied to the effort. Surveys are conducted near June and November each year for \$7,500/event or \$15,000 for the year. A major feature of the Bogue Banks Master Plan is a Bogue Inlet “safe box” whereby a channel realignment event will be triggered once the channel itself migrates beyond the safe box and therefore closer to the Point. These semi-annual surveys are used to monitor how close the channel is to the safe box, and the footprint of the safe box was developed via a channel morphology and hydraulic assessment conducted as part of the Master Plan. There have been a total of nine Bogue Inlet surveys conducted from Spring 2012 through Fall 2016.

(2) Legal Counsel (\$75,000). In FY 2006-07, the County, through the auspices of the Beach Commission entered into a not-to-exceed contract with the law firm of Kilpatrick Stockton totaling \$900,000 (now Kilpatrick Townsend). Kilpatrick Townsend was retained to advance the findings of a Sand Transport Study prepared for the County by the engineering firm of Olsen Associates that addressed sand management issues at the Morehead City Harbor Federal Navigation Project (study was completed in 2006). The Kilpatrick Townsend contract generally encompasses; (a) a negotiation process with the U.S. Army Corps of Engineers, National Park Service, N.C. Port Authority, N.C. Department of Environment Quality, and others, (b) a legal trial if required, and (c) an appeal if required. In December 2008, the Corps of Engineers and the County reached a settlement stipulating the development of new Dredged Material Management Plan (DMMP) by October 2011. The National Park Service (NPS) interjected in 2010 by requesting the “right of first refusal” to 40% of the sand that has traditionally gone to Bogue Banks to begin to be placed on

the NPS property of Shackleford Banks. The NPS also became a cooperating agency with the Corps and the Draft of the DMMP was released in the last quarter of 2013. The draft DMMP included beach nourishment on Shackleford Banks and did not include a mechanism to allow the local governments to participate financially or administratively in "delta" projects whereby dredged sand planned to be disposed offshore in year 2 and 3 of the recurring 3-year cycle could be utilized for beach nourishment. However we successfully lobbied the NPS to ask the Corps of Engineers to eliminate the beach nourishment option (June 2014); which also took intense legal consultation, including seed funding for the "KeepShackWild.com" effort.

Roughly \$1,008,264 of attorney fees have been accumulated as of the end of calendar 2016, but this total also includes the seed money for "KeepShackWild.com" and related issues as described above (~\$81,000) and legal counsel concerning both the proposed loggerhead critical habitat designation and red-knot rufa shorebird listing that was cost-shared with New Hanover County, Oak Island, Caswell Beach, and Holden Beach (~\$31,000 to date). When "KeepShackWild" (~\$81,000), endangered species (~\$31,000), and other issues such as oil/gas exploration, etc. (~\$6,000) are considered, roughly \$118,000 of the \$1,008,264 mentioned above are related to more tangential issues than that solely attributed to the Morehead City Harbor.

We budgeted \$150,000 for FY 2015-16 anticipating some legal services would be required for the Bureau of Ocean Energy Management's release of the 2017-2022 Draft Oil & Gas Leasing Program, but the legal interface was not as intense as expected – actual was ~\$29,000/yr. This current fiscal year (FY 2016-17 we budgeted \$125,000 and to date for the first half of the fiscal year, we have ~\$36,000 of expenditures. In calendar year 2016 (overlapping FY 2015-16 and 2016-17), we utilized legal counsel extensively to formulate our response and work with the State in regards to the final Morehead City Harbor DMMP and in spring 2016 we prepared a detailed response to the Corps of Engineers scoping request concerning realigning the Morehead City Harbor Channel in an effort to ease shoaling. Legal counsel was also used for Memorandum of Agreement issues between Atlantic Beach and the Corps for potential sand placement along Bogue Banks. Considering the 2016 calendar year was an "intense" one with respect to legal counseling, and we spent over \$50,000; the retainage estimate proposed for FY 2017-18 is \$75,000 - \$50,000 less than the \$125,000 budgeted for FY 2016-17.

(3) Miscellaneous Engineering Services (\$20,000). Moffatt & Nichol is considered as our project engineer for all issues/correspondences concerning dredging at the Morehead City Harbor (e.g., DMMP, channel realignment response, etc.), or other issues that pertain to dredging/beach nourishment within the County (e.g., waterway permitting, FIRM mapping, etc.). \$20,000 is estimated as a retainer/contingency cost for FY 2017-18 (same as previous years). This retainer amount is contractually included within our executed Master Nourishment Plan contract with Moffatt & Nichol (see "5" below).

(4) Mapping Website – www.protectthebeachmaps.com (\$7,500). The Mapping Website at www.protectthebeachmaps.com is aimed to provide an easy to use, public website to view and manipulate various coastal data including shoreline positions through time, sea turtle nests, aerial photography, bathymetry, sediment samples, etc. The site was successfully launched in calendar 2008 and was migrated from the ArcGIS to ArcServer platform in December 2012, in addition to providing new video tutorials that has greatly enhanced the site. Our original contract to develop and format the site was awarded to Geodynamics, LLC and includes an annual retaining fee to maintain, troubleshoot, and update the site on an as-needed basis (including the upgrade mentioned above). This annual maintenance cost has been and continues to be \$7,500, and is also included in the contracted services line item. The site is

updated with new data layers each year as part of the annual stipend including items such as new shorelines from our monitoring program, updated parcel information, new aerial photography, etc. 2016 was our fourth full year utilizing the new platform mentioned above and the website experienced 1,310 visits with 1,091 unique visitors in the calendar year – an increase compared to 1,153 visits/1,025 unique visitors in 2015 and represents a significant uptick from 2014 (711 visits/635 unique visitors).

(5) Master Nourishment Plan. (\$250,000). The Master Beach Nourishment Plan includes a contract with Moffatt & Nichol to develop a comprehensive, multi-decadal nourishment plan for Bogue Banks utilizing objective “triggers” for nourishment. The accompanying NEPA document (an Environmental Impact Statement) is also being developed and will be used as a resource document for all permitting throughout the 50-year life of the Master Plan. The costs for developing this “programmatically” Environmental Impact Statement and associated permitting is also included in the contract (subcontractor is Dial Cordy). The Master Plan is the keystone County nourishment effort in the wake of an unlikely implemented and federally-funded Corps of Engineers Coastal Storm Damage Reduction Feasibility Study. The agreement with Moffatt & Nichol was signed in January 2010 for a not-to-exceed cost of ~\$1.7 million that has undergone two contract amendments to: (1) help facilitate the physical sand search component for both the Master Plan and an interim Emerald Isle Hot-Spot Project that ultimately became the Post-*Irene* Renourishment Project, and (2) one related to additional modeling work to create a Bogue Inlet “safe box” that was unanticipated, and to develop a standalone biological assessment for the project that would result in a project specific endangered species take limit rather than depending on the regional biological opinion. This standalone biological assessment is part of the NEPA documentation and permitting process. The total contract amount inclusive of the amendments is \$2,787,124. As of the conclusion of the 2016 calendar year, ~\$2,506,739 has been invoiced to date and therefore leaves a balance of \$280,385. Forecasting the chronology/timing of environmental permitting is difficult as resource agency and/or public concern can take additional time to address; and this element makes budgeting a moving target as well. Considering \$280,385 is remaining in the contract, \$250,000 is considered as a safe cushion for FY 2017-18 to complete the Engineering Report and the Programmatic Environmental Impact Statement (PEIS). Specifically the draft PEIS should be released for public comment and agency review in March/April 2017, and consequently, a final PEIS should be completed later in the year incorporating the comments received from the Draft PEIS. Also concurrently, the formulation of the permit conditions as recommended by the federal and State clearinghouse resource agencies should also take place in 2017.

(6) Office Cleaning (\$3,120). Outer Banks Cleaning is the SPO’s cleaning service and was selected for “economies of scale” purposes. In 2015, the SPO’s physical location was moved from NCDOT Right-of-Way property on Hwy 58 at the base of the Cameron Langston Bridge (Emerald Isle Bridge) to the Town of Emerald Isle’s former Planning Office. The SPO was confined to a single room and now is comprised of four rooms, in addition to a bathroom and kitchenette – it is located within a single building housing the Town’s Police Department, Board of Commissioner’s meeting room, and additional storage space besides the SPO. Outer Banks Cleaning is used by the Police Department and Town General Government Town and therefore was selected as a cleaning service for the SPO (\$60/week x 52 weeks = \$3,120).

(7) Office Façade Replacement. (\$7,500). In 2015 the Shore Protection Office relocated from the Crystal Coast Western Visitor Center to Emerald Isle’s former Planning Department space, located within the west side of Emerald Isle’s Police Station and Commissioner’s Room complex. The western façade of the current building, which is the entrance to the Shore Protection Office is sheathed with painted cedar siding - the bottom of which is rotting severely (cause: water splash from roof run off). The remainder of the building is red brick. Although the building is owned by Emerald Isle, in the spirit of goodwill and

considering the Shore Protection Office is “rent free”, a rough estimate of \$7,500 is requested to replace the façade. The work will be conducted via the Town or through the County’s Planning & Inspections Department (Public Buildings). The Shore Protection Office has already met with both entities to discuss this project.

- 1) Beach Surveying (\$104,325 annual monitoring; \$81,350 post-storm survey contingency; and Bogue Inlet Scope of Work \$15,000). **(\$200,675)**
 - 2) Legal Fees, Kilpatrick Stockton. **(\$75,000)**
 - 3) Moffatt & Nichol for engineering consulting (max. estimate). **(\$20,000)**
 - 4) Mapping Website. **(\$7,500)**
 - 5) Master Nourishment Plan. **(\$250,000)**
 - 6) Office Cleaning. **(\$3,120)**
 - 7) Shore Protection Office Façade Replacement. **(\$7,500)**
- Total = **\$563,795**

OTHER EXPENDITURES (\$39,359)

Although the following expenditures have not been considered as direct expenditures from the Shore Protection Office account, they are presented here to adequately reflect the overall budget of occupancy taxes designated for the purposes of beach nourishment.

County Occupancy Tax Administration Fee (\$39,359)

Per S.L. 2013-223 and previous versions approved by the General Assembly, Carteret County can implement an administration fee for the occupancy tax including up to 3% of the first \$500,000 of gross proceeds and 1% of remaining gross receipts collected each year. Beginning in FY 2010-11, the Beach Fund reserve realized 40% of this expense because 2.0% of the total 5% occupancy tax (40%) was distributed to the reserve in the first six months of FY 2013-14. Previously (< FY 2010-11), 2.5% of the total 5% occupancy tax (or 50%) was distributed to the reserve. Beginning on January 1, 2014 the occupancy tax collection rate was increased to 6% via S.L. 2013-223 with 50% (or 3% of the total 6% collection) attributed to the nourishment reserve. The administration fee presented above for FY 2017-18 appropriately represents all of the aforementioned changes.

Municipal Allocations (\$0)

***Historical Note (FY 2001-06)** In accordance to S.L. 2001-381 (later replaced by S.L. 2007-112), Carteret County distributed designated funds to the municipalities of the County from occupancy tax proceeds collected between January 1, 2002, and June 30, 2006 (**\$4,392,020** total). FY 2006-07 was the first year municipal allocations were not in effect.

***Historical Note (FY 2011-12)** In FY 2011-12 the County received an **\$810,671** reimbursement for a Section 933 Project that was completed several years earlier. This reimbursement was subsequently distributed to the State’s Division of Water Resources and the Town of Pine Knoll Shores per an Interlocal Agreement.

***Historical Note (FY 2012-13)** The Post *Irene* Renourishment Project was designed to deliver 913,165 cubic yards (cy) of sand along 6.6 miles of oceanfront beach within the Towns of Emerald Isle (EI) and Pine

Knoll Shores (PKS) that experienced acute beach erosion resulting from Hurricane *Irene*, which made landfall in August 2011. The volume of sand includes a FEMA reimbursable component for 269,628 cy plus a "delta" component that is locally funded (75% County and 25% Towns) that will deliver 643,537 additional cubic yards. Subsequent to securing all the requisite State and federal permits/leases, a negotiated contract was approved in December 2012 for a total cost of \$14,612,321 (\$6,922,054 FEMA + \$7,960,267 delta). The project was constructed in February and March 2013 (FY 2012-13) and the County share of the delta component using the 75% cost share mentioned above was **\$6,203,263**. \$259,194 (non-utilized funds) was reimbursed back to the County in FY 2013-14.

(4) Long range actual and forecasted budget (FY 2001-23).

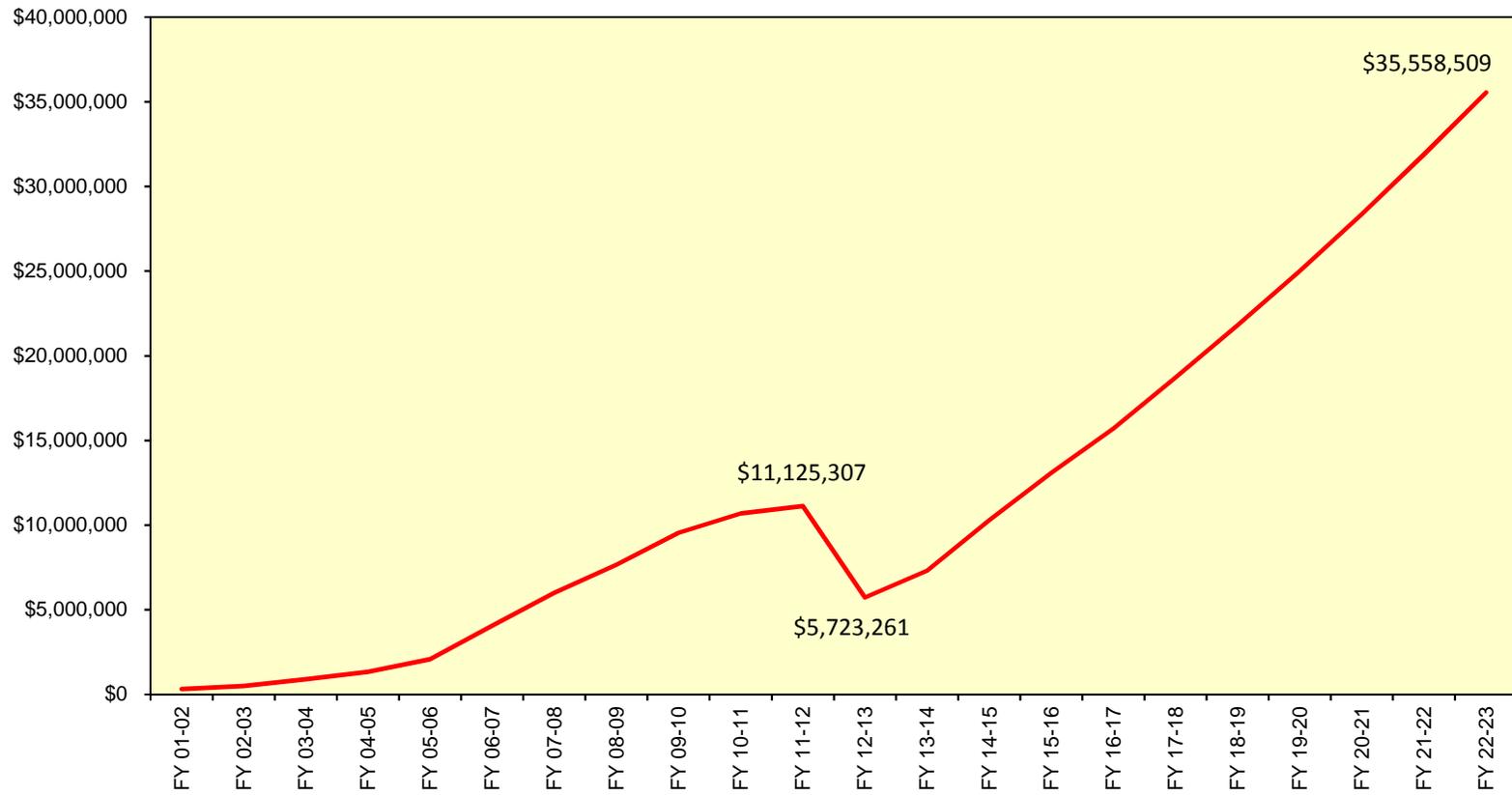
- (d)** *Spreadsheet* including all revenue, expenditures, and reserves per fiscal year.
- (e)** A *graph* depicting the cumulative reserve balance through time (FY 2001-23).

SHORE PROTECTION OFFICE
ACTUAL (FY 01 - 16), AMENDED (FY 16-17), PROPOSED (FY 17-18), & FORECASTED (FY 18-23) BUDGETS

	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	
	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	actual	amended	forecasted	forecasted	forecasted	forecasted	forecasted	forecasted	
OPENING FUND BALANCE	\$0	\$319,080	\$503,684	\$890,063	\$1,340,869	\$2,069,044	\$4,062,860	\$5,996,954	\$7,662,898	\$9,550,285	\$10,694,288	\$11,125,307	\$5,723,261	\$7,312,865	\$10,283,851	\$13,083,633	\$15,708,024	\$18,717,929	\$21,802,803	\$25,014,729	\$28,374,321	\$31,887,034	
REVENUES																							
State Water Resources Fund for Feasibility Study/SDI-5 in 2017	\$314,500	\$159,500	\$0	\$85,000	\$141,725	\$55,500	\$103,250	\$0	\$218,250	\$0	\$25,000	\$0	\$0	\$0	\$0	\$953	\$0						
USACE federal reimbursements (Section 933, etc)										\$810,671													
<i>Irene</i> reimbursement (EI - \$141,585 & PKS - \$117,608.75)														\$259,194									
Occupancy Tax (forecast assumes annual 3% increase)	\$856,091	\$1,641,828	\$1,777,409	\$1,908,613	\$2,217,115	\$2,548,954	\$2,555,364	\$2,395,439	\$2,290,240	\$2,046,600	\$2,034,086	\$1,618,655	\$2,251,811	\$3,202,341	\$3,479,392	\$3,335,844	\$3,435,919	\$3,538,997	\$3,645,167	\$3,754,522	\$3,867,157	\$3,983,172	
Interest on Reserve + (FY Revenues-Expenditures/4) x 0.02																\$273,427	\$327,572	\$387,844	\$449,866	\$514,520	\$582,139	\$652,834	
BBBPA	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,101	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
DCM Grant	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenues	\$1,182,591	\$1,821,328	\$1,777,409	\$1,993,613	\$2,358,840	\$2,604,454	\$2,658,614	\$2,395,439	\$2,508,490	\$2,046,600	\$2,869,757	\$1,618,655	\$2,333,912	\$3,461,535	\$3,479,392	\$3,610,225	\$3,763,491	\$3,926,840	\$4,095,033	\$4,269,042	\$4,449,297	\$4,636,006	
EXPENDITURES																							
Line Item Description																							
110.40.4901.12100 Salaries	\$24,231	\$42,050	\$45,262	\$54,478	\$59,816	\$66,130	\$73,029	\$80,337	\$84,350	\$81,570	\$81,600	\$86,250	\$90,570	\$102,340	\$112,951	\$133,680	\$100,821						
110.40.4901.18100 FICA	\$1,854	\$3,217	\$3,387	\$3,994	\$4,396	\$4,831	\$5,573	\$6,132	\$6,432	\$6,148	\$6,150	\$6,498	\$6,828	\$7,718	\$8,526	\$10,610	\$7,713						
110.40.4901.18200 Retirement Contribution	\$1,192	\$2,061	\$2,222	\$2,675	\$2,937	\$3,247	\$3,586	\$3,945	\$4,188	\$5,284	\$5,688	\$5,824	\$6,403	\$7,211	\$7,692	\$10,210	\$7,672						
110.40.4901.18300 Medical Insurance	\$1,982	\$3,725	\$4,404	\$5,094	\$5,218	\$6,067	\$6,213	\$6,914	\$6,972	\$6,979	\$6,775	\$6,558	\$6,850	\$7,399	\$7,947	\$10,620	\$7,785						
110.40.4901.18600 Workmans Comp	\$0	\$224	\$526	\$573	\$748	\$1,600	\$1,500	\$1,353	\$841	\$888	\$890	\$1,214	\$1,889	\$1,500	\$5,000	\$0							
110.40.4901.18700 401K	\$1,212	\$2,103	\$2,263	\$2,724	\$2,991	\$3,306	\$3,652	\$4,017	\$4,218	\$4,079	\$4,080	\$4,312	\$4,528	\$5,117	\$5,648	\$6,940	\$5,041						
110.40.4901.20000 Supplies	\$1,075	\$652	\$193	\$645	\$547	\$1,681	\$265	\$646	\$668	\$1,300	\$835	\$898	\$818	\$607	\$1,216	\$2,000	\$2,000						
110.40.4901.28000 Small Equipment	\$3,157	\$4,312	\$2,640	\$0	\$0	\$3,333	\$0	\$995	\$2,900	\$0	\$0	\$650	\$0	\$16,629	\$252	\$3,000	\$2,000						
110.40.4901.32100 Telephone	\$1,508	\$2,619	\$1,425	\$2,576	\$2,463	\$2,409	\$2,454	\$3,317	\$8,972	\$2,835	\$2,747	\$1,960	\$5,693	\$3,363	\$3,364	\$3,120	\$3,120						
110.40.4901.32500 Postage	\$179	\$307	\$676	\$355	\$381	\$383	\$414	\$306	\$435	\$296	\$335	\$316	\$370	\$325	\$360	\$1,000	\$1,000						
110.40.4901.39500 Travel	\$3,171	\$4,831	\$4,870	\$13,460	\$13,181	\$12,205	\$12,307	\$6,445	\$10,137	\$5,940	\$3,912	\$3,039	\$5,800	\$3,628	\$2,340	\$15,000	\$8,280						
110.40.4901.44000 Contracted Services	\$41,281	\$132,384	\$70,531	\$314,977	\$288,204	\$354,411	\$380,919	\$384,652	\$224,843	\$759,448	\$1,388,543	\$346,523	\$586,025	\$294,505	\$486,016	\$741,295	\$563,795						
110.40.4901.49100 Dues and Subscriptions	\$1,000	\$1,640	\$2,575	\$920	\$2,410	\$3,085	\$3,255	\$3,420	\$3,505	\$3,365	\$3,129	\$3,533	\$3,363	\$3,079	\$3,895	\$5,000	\$5,000						
290.40.4230.69901 County Administration Fee				included in occupancy tax figure above	\$25,335	\$28,925	\$27,949	\$27,650	\$27,014	\$26,141	\$24,466	\$23,384	\$20,187	\$25,846	\$36,748	\$37,903	\$38,358	\$39,359	\$40,390	\$41,452	\$42,545	\$43,672	\$44,832
NA SPOffice forecasted at 5% annual increase																		==>	\$801,576	\$841,655	\$866,905	\$892,912	\$919,699
NA Municipal Allocations (Bogue Banks)		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000																		
NA Municipal Allocations (Mainland)	\$80,174	\$106,901	\$53,449																				
NA TDA	\$151,496																						
110.40.4901.44100 Feasibility Agreement or PED	\$550,000	\$329,700	\$196,606	\$115,000	\$218,450	\$120,000	\$203,704	\$200,000	\$236,500	\$0	\$100,000	\$330,000											
110.40.4901.44200 USACE federal reimbursements to local municipalities										\$810,671													
NA Cost Share for <i>Irene</i> Replenishment Project												\$6,203,263											
Total Expenditures	\$863,511	\$1,636,724	\$1,391,030	\$1,542,807	\$1,630,665	\$610,637	\$724,520	\$729,494	\$621,103	\$902,598	\$2,438,738	\$7,020,700	\$744,308	\$490,549	\$679,610	\$985,833	\$753,587	\$841,966	\$883,107	\$909,450	\$936,584	\$964,531	
(Deficit)/Surplus for Year	\$319,080	\$184,604	\$386,379	\$450,806	\$728,175	\$1,993,817	\$1,934,093	\$1,665,944	\$1,887,387	\$1,144,003	\$431,019	(\$5,402,046)	\$1,589,604	\$2,970,986	\$2,799,782	\$2,624,391	\$3,009,905	\$3,084,874	\$3,211,926	\$3,359,592	\$3,512,713	\$3,671,475	
ENDING FUND BALANCE	\$319,080	\$503,684	\$890,063	\$1,340,869	\$2,069,044	\$4,062,860	\$5,996,954	\$7,662,898	\$9,550,285	\$10,694,288	\$11,125,307	\$5,723,261	\$7,312,865	\$10,283,851	\$13,083,633	\$15,708,024	\$18,717,929	\$21,802,803	\$25,014,729	\$28,374,321	\$31,887,034	\$35,558,509	

Actual Ending balance reported by Finance Dept

**Actual (FY 01 - 16), Amended (FY 16-17), Proposed (FY 17-18),
& Forecasted (FY 18-23) Budgets**



(5) Program summary detailing 2016 Accomplishments and 2017 Objectives for the Shore Protection Office.

Department Name: SHORE PROTECTION OFFICE**Function of Government****Purpose of the Shore Protection Office (SPO)**

- (a) Provide staff support and guidance to the Carteret County Beach Commission.
- (b) Serve as main point-of-contact for all beach restoration/shore protection activities in Carteret County, directly interfacing with the local municipalities and County Board of Commissioners.
- (c) Serve as principle liaison with the U.S. Army Corps of Engineers, federal Bureau of Ocean Energy Management, N.C. Division of Coastal Management, N.C. Division of Water Resources, and other resource/permitting agencies regarding beach restoration/shore protection projects the County and local municipalities are undertaking.
- (d) Where appropriate, represent the County on State, federal, and Non-Government Organization advisory boards and panels concerning matters pertaining to beach restoration, technology, and policy.
- (e) Help oversee/coordinate County policy and legislative affairs, lobbying efforts, and communications with federal and State elected and appointed officials regarding all elements of coastal policy, including interactions with the County Board of Commissioners.
- (f) Oversee monitoring efforts associated with permit compliance; and to ascertain the overall condition of the County's beaches for nourishment and inlet maintenance project planning while fulfilling FEMA's monitoring/maintenance requirements for engineered beaches.
- (g) Serve as an information clearinghouse for science and policy matters related to beach restoration/shore protection in Carteret County and abroad.

(I) PROJECT MANAGEMENT / COORDINATION**(1) Master Nourishment Plan**

Summary (2016 & prior) - In 2008-09 the Bogue Banks communities and County Beach Commission agreed to begin pursuing a local, multi-decadal nourishment plan for the entire 25-mil long island intended to supersede the "one by one" project philosophy necessitated by the hurricane impacts of the mid to late 1990s. Besides constraining suitable sediment borrow sources, the Master Nourishment Plan is aimed to identify minimum level of protection thresholds/nourishment triggers in addition to satisfying National and State Environmental Protection Act (NEPA and SEPA) coordination requirements. The NEPA/SEPA coordination effort is envisioned to utilize a "Programmatic EIS" (Environmental Impact Statement) that should streamline environmental permitting throughout the 50-year life of the project. Ideally the Master Nourishment Plan will provide the vehicle to; (1) protect public resources/infrastructure and coastal development, (2) maintain each community's eligibility for FEMA reimbursement of sand lost during a federally-declared disaster, and (3) consolidate the individual municipalities' 25-year nourishment plans the State requires for static vegetation line exceptions.

A thorough selection process was successfully completed in 2009, including the development of a Request for Qualifications package and solicitation, review of 8 qualification packages, the interview of three firms, and negotiations with the most qualified/favorable contractor, which was Moffatt & Nichol. The contract was executed in January 2010 at a total cost of \$1,745,000 and has since undergone two contract amendments related to: (1) the facilitation of the physical sand search component for both the Master Plan and an interim Emerald Isle Hot-Spot Project that ultimately became the Post-*Irene* Renourishment Project, and (2) additional modeling work to create a Bogue Inlet “safe box” that was unanticipated, and to develop a standalone biological assessment for the project that would result in a project specific endangered species take limit rather than depending on the regional biological opinion. This standalone biological assessment is part of the NEPA documentation and permitting process. The total contract amount inclusive of the amendments is \$2,787,124. As of the conclusion of the 2016 calendar year, ~\$2,506,385 has been invoiced to date and therefore leaves a balance of \$280,385.

During the waning stages of 2013 the draft Engineering Report and supporting appendices were completed, representing the culmination of all geophysical mapping, cultural resource evaluations, offshore coring activities, GENESIS/SBEACH modeling, and Crystal Ball analysis that were consequently utilized to develop minimum level of protections, borrow source areas, a Bogue Inlet “safe box”, and a financial plan that will serve as the fundamental planning tool for the collective efforts of the County and the Bogue Banks municipalities. The U.S. Corps of Engineers (regulatory) held a Project Review Team (PRT) Meeting on October 29, 2013 for the Master Plan that included all the federal and State resource agencies, which served as a springboard to begin assembling and coordinating the Programmatic Environmental Impact Statement (PEIS) for the Master Plan.

To this effect, the Engineering Report was submitted to the firm of Dial & Cordy to the U.S. Corps of Engineers (Corps) in September 2014. The Corps utilizes a 3rd party contractor to prepare EISs for regulatory projects such as the Master Plan – that 3rd party contractor is retained however by the applicant (County in this instance) and prepares the EIS for the Corps to subsequently use, modify, and submit as their own to fulfill NEPA/SEPA requirements. The highlight and a main emphasis of the Master Plan EIS is the identification of the “preferred alternative” and the documentation of potential environmental impacts to all the resources agencies and public at large.

Also, the Shore Protection Office served as a liaison to gain formal approval of the Master Plan by the Towns of Atlantic Beach, Pine Knoll Shores, Indian Beach, and Emerald Isle as stipulated in an Interlocal Agreement (ILA) dated March 15, 2010. In general the ILA details the deliverables that should be included in the Master Plan and the responsibilities of the parties involved (e.g., easements, construction logistics, indemnity, etc.). One of the provisions contained in the ILA was formal endorsement of the Master Plan by each Bogue Banks municipality, and this was completed via individual Town Board resolution approvals in July and August 2014. Moffatt & Nichol accompanied the Shore Protection Office at each Town meeting to provide [a review of the Master Plan](#) to ensure there was a common level of understanding before the resolutions were adopted.

Another component of the Master Plan effort is to secure a sand and gravel leasing agreement from the Bureau of Ocean Energy Management. One of the target borrow sources for the Master Plan is the Offshore Dredged Material Disposal Site (ODMDS) associated with the construction and continuing maintenance of the Morehead City Harbor Federal Navigation Project. Because the bulk of the ODMDS is located within federal waters (3 – 200 miles offshore), a lease is required. Similar to other components of the Master Plan; the leasing process is being coordinated synchronously with the EIS and ideally will be

secured within the same timeframe as the issuance of the N.C. Division of Water Quality 401 certification, the N.C. Division of Coastal Management Major Permit, the U.S. Fish & Wildlife Service and National Marine Fisheries Service's Biological Opinion, and the Corps Permit and Record of Decision.

2017 Objectives – Although there was minimal tangible activity in 2015 and 2016, according to the latest [schedule](#) the Corps should release the Draft PEIS for public comment and agency review in February 2017 – a year overdue. Representatives from both U.S. Corps of Engineers' Regulatory Permit Program and their 3rd Party Contractor (Dial & Cordy) spoke to the Beach Commission on August 22, 2016 in an effort to explain the permit process as a whole and to provide an update specifically for the Master Plan. Also beginning in the middle stages of 2016, we began holding monthly phone conferences with the U.S. Army Corps of Engineers, Dial & Cordy, and the Bureau of Ocean Energy Management to ensure the Master Plan EIS is moving forward. Assuming the Draft EIS is indeed released in the Spring of 2017, a Final PEIS should be completed later in the year incorporating the comments received from the Draft PEIS – formulation of the permit conditions as recommended by the federal and State clearinghouse resource agencies should also take place in 2017. The SPO will keep the Bogue Banks communities apprised of these developments, ensure the timeline is met, and work with our engineering consultants if we have to negotiate some of the proposed permit conditions or perhaps elements of the PEIS itself.

(2) Dredged Material Management Plan (DMMP) & Channel Re-Alignment

DMMP Summary (2016 & prior) - The DMMP is part of a legal settlement reached with the U.S. Army Corps of Engineers (Corps) in December 2008 concerning dredged material handling conflicts at the Morehead City Harbor Navigation Project. This phase of legal action previously included a national search in 2006 to retain Kilpatrick Stockton, LLC (now Kilpatrick Townsend) at a "not-to-exceed" contract \$900,000. As part of the settlement, the DMMP was stipulated to be completed by October 2011 and would codify how dredged material handling practices at the Harbor will be coordinated to avoid previous dumping practices that misplaced sand offshore rather than along the County's beaches. The new DMMP must also be consistent with the State's coastal zone management plan. However a request by the National Park Service (NPS) to consider offsetting shoreline impacts via nourishment from the Harbor surfaced for the first time ever in December 2010, and the consequent bureaucratic process of incorporating that request into the DMMP shifted the completion date past the October 2011 deadline. There was very little communication with the Corps or NPS in 2013, but in 2012 there were high level conversations with the Corps/NPS to resolve this issue – namely related to a formal request to include a terminal groin option in the DMMP, which was subsequently denied; and continuing conversations related to how sand will be apportioned to the "Shackleford Side" and the "Bogue Banks Side" of Beaufort Inlet when nourishment is involved with the federal navigation project. Moreover in the off years when nourishment is not a component of harbor dredging, the local governments engaged the Corps to ensure the County/municipalities can pay for the delta/additional cost of placing sand on the beach, and to have the regulatory mechanisms in place as well to do so under the nexus of the DMMP.

A draft DMMP was released on October 23, 2013 and the County subsequently requested an extension and a public hearing that were both granted - February 3, 2014 for written comments and January 15, 2014 was the public hearing. The Beach Commission/Shore Protection Office also provided seed money to start the Carteret Coalition to Protect Our Shores and the "[Keep Shack Wild](#)" effort to serve as an education and awareness tool (i.e., what is a DMMP? Where does the sand go now? When does the

public comment period end?, etc.); and to also garner support from a broad range of perspectives outside local government on elements of the DMMP that should be changed. From the Shore Protection Office's perspective the DMMP was deficient for the following reasons; **(a)** It proposed to nourish Shackleford Banks for the first time ever, **(b)** The proposed Shackleford Banks nourishment zone (middle of the island) didn't mitigate the area the navigation project has clearly impacted (western tip), **(c)** By nourishing Shackleford Banks and not ensuring what specific quantities are delivered to Shackleford Banks or Bogue Banks, the DMMP clearly provided less nourishment than was historically placed along Bogue Banks as mitigation for the navigation project, **(d)** The DMMP provided no mechanism to ensure most of the sand was to be placed west of Ft. Macon and well into Atlantic Beach – sand placed along Ft. Macon migrates rapidly into Beaufort Inlet, providing almost no benefit for Atlantic Beach and other communities west. And lastly, **(e)** After insisting time and again, the Corps/NPS did not provide any mechanism to allow non-federal sponsors on occasion to pay for the additional cost of placing sand on the beaches of Bogue Banks rather than dumping the sand offshore as outlined in ever year "2" and "3" of the DMMP.

The Shore Protection Office helped prepared resolutions concerning the DMMP and had numerous meetings with NPS officials, Town officials, and Corps of Engineers in the process. These efforts successfully culminated in a letter dated [June 11, 2014](#) whereby the NPS requested the Corps to eliminate the Shackleford Banks nourishment alternative in the DMMP altogether. The Corps subsequently reformulated the DMMP, which was released as a [Final Integrated DMMP and Environmental Impact Statement](#) (EIS) on June 7, 2016.

While not perfect, the Final DMMP was a major improvement over the draft - it eliminated the Shackleford Banks disposal option and clearly includes the area encompassing Ft. Macon, Atlantic Beach, and now Pine Knoll Shores as approved beach disposal areas in any year of the DMMP. This in itself should be considered as a major accomplishment. Conversely, the DMMP does not provide any safeguards ensuring minimum quantities of sand that should be placed on Bogue Banks to offset impacts, nor how much sand should be placed west of the nodal point (i.e., west of Ft. Macon) in order to prevent excessive shoaling into the Morehead City Channel and to be of a benefit to the oceanfront of Bogue Banks. Moreover, navigational servitude and budgetary justifications can be used to preclude Year 1 nourishment altogether. This latter point in our view is not consistent with North Carolina's enforceable Coastal Management Program, and to this effect the Shore Protection Office (County) and legal counsel (Kilpatrick Townsend) formally submitted comments to these effects and worked with the N.C. Division of Coastal Management as they developed the State's consistency position. Ultimately the State issued a [conditional consistency determination](#), which echoes some of the similar concerns expressed by the County.

2017 DMMP Objectives – In late October 2016, the [Corps responded to the State's conditional concurrence](#) and hence are awaiting and will actively participate in negotiations between the Corps and State in 2017. Because no "Record of Decision" has been issued by the Corps of Engineers for the integrated DMMP/Environmental Impact Statement, the Morehead City Harbor will continued to be maintained under the guidance provided under the Interim Operation Plan (see "3" below) until the DMMP is finalized.

Channel Re-Alignment Proposal – Considered somewhat tangential to the DMMP, in February 2016 the Corps disclosed they were preparing an Environment Assessment (EA) to evaluate a potential [western re-alignment of the Morehead City Harbor Channel](#) (Cutoff and part of Range A) to ease dredging demand of excessive shoaling emanating from the east side of the channel – i.e., intense shoaling into the channel

from Shackleford Banks. The Shore Protection Office worked closely with Legal Counsel (Kilpatrick Townsend) and Engineers (Moffatt & Nichol) to prepare a [detailed response](#) highlighting the need for a more thorough appraisal of the shoreline impacts the re-alignment could have to Bogue Banks, questioning whether or not the re-alignment would be a long-term solution based on recent shoaling rates, requesting the evaluation of a terminal groin or jetty as part of the overall evaluation process, and also requesting an EIS be prepared rather than an EA based on severity of the proposal. To date no scoping meetings have been planned for the EA – we will monitor the progress of the Channel Re-Alignment proposal in 2017.

(3) Interim Operation Plan (IOP)

Summary (2016 & prior) - Although not technically part of the settlement associated with the DMMP (see immediately above), one of the offshoots of the legal action includes the [IOP](#), which was developed by the Corps during the intervening timeframe between the legal settlement (2008) and when the DMMP is ultimately implemented (likely 2017-18). Beginning in federal Fiscal Year 2011 (October 1, 2010 – September 30, 2011) the Corps began implementing a rotating 3-year cycle under the guise of the IOP, which again was developed in order to adequately maintain the Morehead City Harbor Federal Navigation Project until the longer term DMMP is implemented.

Year 1 (2010-11, 2013-14, etc.) of the IOP includes dredging maintenance of the Harbor near Beaufort Inlet with concurrent nourishment to the beaches of Ft. Macon and east Atlantic Beach (i.e., the sand is dredged from the inlet and placed directly along the beach). In 2010-11 we coordinated the local effort, ensuring beach quality sand was distributed as far west along Bogue Banks as possible by maintaining close liaisons and interface with the Corps, Atlantic Beach, and contractor (Marinex Construction). This was the first time ever sand was directly pumped to the beaches from the Ocean Bar reach of the Harbor, and the SPO also created a [project website](#) including weekly updates, which was very well received by stakeholders and the general public. Roughly 700,000 of the total 1,340,000 cubic yards were placed along Atlantic Beach with the remainder placed on Ft. Macon.

In theory a recurring “Year 1” of the IOP took place in 2013-14 as detailed in the SPOs construction [progress/summary website](#) for this effort. Because of funding issues and the Corps of Engineers decision-making process, 1,107,585 cy sand was placed along 9,500 feet (1.8 miles) of beach extending to ~1,500 feet west of the Henderson Boulevard Access from April 14 – May 22, 2014. The Corps contractor was Weeks Marine, and this project equated to 7,260 feet (1.37 miles) shorter and 239,115 cy less sand than the 2010-11 effort. The SPO worked with the Corps and Weeks Marine on logistical issues, ensuring the project was completed by the Memorial Day weekend while continuing to stress the importance of placing as much sand west of Ft. Macon as possible. Inordinate amounts of sand placed in Ft. Macon migrates back into and shoals the navigation channel and does little for storm protection purposes along the main oceanfront corridor of Bogue Banks. The SPO also provided weekly progress updates and pictures on the 2014 website (see link above).

Year 1 is the only phase of the IOP that places sand dredged from the Harbor along the beaches of Bogue Banks. Year 2 (2011-12, 2014-15, etc.) includes “touch-up” dredging of the Outer Harbor with nearshore disposal (~250,000 cubic yards), and Year 3 (2012-13, 2015-16, etc.) includes a more robust maintenance event for the Outer Harbor, with an estimated 750,000 cubic yards of sand to be disposed in the nearshore disposal area. Areas of the Harbor containing non-beach compatible shoal material will be

dredged in Years 2 and 3, and will be disposed in either the upland disposal facility of Brandt Island, or dumped in the southwest corner of the Offshore Dredged Material Disposal Site (ODMDS), located roughly 3 miles offshore.

In reality however shoaling from the east is a recurring and now chronic problem in the Cutoff range of the Harbor as Shackleford Banks has essentially migrated into the Harbor's navigation footprint, and therefore the original volumes of maintenance sand estimated for Years 2 and 3 (and even year 1) to avoid draft restrictions is being exceeded annually. Also, the Corps originally envisioned using hopper dredging in Years 2 and 3 to facilitate nearshore disposal, but "dredging the bank" in the Cutoff (i.e., the toe of Shackleford) has proved too dangerous and/or inefficient for hopper dredging. In fact a pipeline dredge in tandem with scows have been the delivery method of choice for dredging contractors for the past several years for Years 2 and 3, with the exception of federal FY 2016 (2015-16), whereby a bucket and barge was utilized by the Dutra Group (albeit also with limited success). The Corps traditionally has received ~\$5 million annually for the past decade for the Harbor unless supplemental monies have been appropriated by means of hurricane spending bills or Corps' internal Workplan reprogramming ([see FY 2001 – 17 chart](#)). This is falling well short to dredge the roughly 1,000,000 cubic yard annual need at the Outer Harbor.

In terms of beach nourishment, there was also internal dialogue between the Corps, the Shore Protection Office, and Atlantic Beach in 2015 regarding the possibility of the local governments (County and Atlantic Beach) furnishing additional dollars to place the Year 3 sand (winter 2015-16) west of the Corps "least cost" beach placement area of Ft. Macon and east Atlantic Beach; i.e., place the sand west of the Circle in Atlantic Beach. However the short timeframe and logistics involved prevented this concept from moving forward. Regardless the dredging bids received for FY 2016 were above the Government (federal) estimate to award, and consequently a separate bid/award process was undertaken ultimately resulting in a bucket and barge operation with offshore disposal as mentioned above and consistent with "Year 3" planning.

Winter 2016-17 (federal FY 2017) is a beach nourishment year (recurring Year 1 of 3) pursuant to the IOP, and the Corps again approached the County and Atlantic Beach with respect to coordinating a "Delta Project" that would place sand westward of the Circle. In 2015 the amount of sand dredged by the Corps was envisioned to be placed someplace different than the least cost area if the non-federal entities provided additional funding. Alternatively for 2016, the additional non-federal monies would be utilized to dredge *additional* sand and placed where the non-federal entities desired. The Corps would dredge their "Base Plan", which they envisioned would provide 500,000 cubic yards of material (excavated) to be placed along the beaches extending from Henderson Boulevard westward to the Oceanna Pier. The SPO worked closely with Moffatt & Nichol to determine the quantity of sand, price, and precise nourishment location to develop a Delta Project or "Option", which resulted in a potential nourishment zone extending 8,800 feet from the Circle westward to Dunescape Villas. The estimated cubic yardage for the Option was 340,000 cubic yards (surveyed in place) at a total maximum cost of \$4.8 million to be split 75% Beach Nourishment Reserve – 25% Atlantic Beach (see [slides 5 – 15](#) for graphics).

The SPO and Atlantic Beach worked with the Corps to develop a Memorandum of Agreement (MOA) for the "Base plus Option" project. The winning bid would be predicated on the lowest Base Bid and the Option would be awarded if the cost presented was under \$4.8 million range. Ultimately however, the timing and constraints of MOA were not practical for the non-federal partners and only the Base Plan was awarded (\$7,435,825 - Great Lakes Dredge & Dock). Akin to 2011 and 2014, the SPO will develop a website providing background information and weekly updates ([placeholder](#)).

2017 Objectives – The SPO will serve in a liaison role if needed between the Corps and their contractor (Great Lakes) and Atlantic Beach with respect to staging areas, access points, etc. for the 2017 nourishment effort. The SPO will also provide weekly website progress updates until the project is completed. Also as part of longer-term planning, the SPO will begin working with the Town of Atlantic Beach, legal counsel, and engineers to review MOA language well ahead of the next potential Delta possibility to ensure a more seamless process with the Corps. Although the next nourishment year per the IOP (or by that time the DMMP) will be 2020; nourishment options could manifest themselves in 2018 or 2019 as evidenced before when the Corps approached the County and Atlantic Beach in 2015 (Year 3).

(4) Bogue Banks Beach & Nearshore Mapping Program (BBNMP)

Summary (2016 & prior) - The BBNMP represents the most comprehensive beach monitoring network in the State, including 162 shore perpendicular profiles along Bogue Banks, Shackleford Banks, and Bear Island. Subsequent to a 3-year contract with Coastal Science & Engineering, LLC (CSE), a new solicitation was issued in 2008 and a 5-year contract (2008 – 12) was successfully awarded to Moffatt & Nichol (subcontractor is Geodynamics, LLC). A 5-year contract extension (2013 – 17) was executed with the same contractors in 2013, and the execution of the 2016 survey and preparation of the final report is also considered as an accomplishment over the past year. The [2016 report](#) and other archived reports are available at the SPO's monitoring webpage at <http://www.carteretcountync.gov/329/Monitoring>. The findings of this report continue to help the County document the overall condition of beaches and assist communities with FEMA reimbursement claims pertaining to storm damage. The storm damage component was particularly relevant in 2011 and 2005 with the passage of hurricanes *Irene* and *Ophelia*, respectively. The BBNMP contract includes an “as needed” rapid response post-storm survey scope of work that was executed days after these two events and these reports became the foundation of a successful ~\$7.3 million FEMA reimbursement request to replace the volume of sand lost to *Irene* in [2013](#) and a ~\$13.8 million *Ophelia* reimbursement which was successfully accomplished in [2007](#).

The “as needed” post-storm survey also came into play in 2016 with the passage of Hurricane *Matthew*, approximately 40 miles south of Bogue Banks on October 8th. *Matthew* was the first Category 5 hurricane in the Atlantic basin since *Felix* (2007) and paralleled the southeastern U.S. seaboard with landfall predicted almost anywhere from Cape Canaveral, Fla. to Cape Lookout, N.C. after crossing land the first time in Haiti and Cuba. The actual U.S. landfall was at Cape Romain National Wildlife Refuge, S.C. as a Category 1 hurricane. The SPO authorized the post-storm survey ahead of *Matthew's* passage – the survey data was obtained on October 10 – 16, 2016 and was utilized to prepare a [Hurricane Matthew Post-Storm Impact Evaluation Report](#), which includes the SPO's field assessment as well as an Appendix.

Bogue Banks actually gained a little of sand across the 128,393 linear feet of the island resulting from *Matthew* as measured from the dune top down underwater to the depth of -12 feet (NAVD 88). Therefore a FEMA reimbursement claim was not warranted, nor to date has Carteret County been declared a Federal Disaster for the relevant Category (G - Parks, recreational, and other facilities). Categories A and B were declared ahead of *Matthew*, or “debris removal” and “emergency protective measures”, respectively. To this end, the SPO is presently seeking reimbursement for the survey itself (\$81,350) under the Category B designation.

2017 Objectives – Continue to coordinate the BBNMP that presently or has formerly helped us reach the following objectives; (1) Establish a monitoring network to determine volume deficiencies during formulation of the Bogue Banks Restoration Project (early 2000s) and future nourishment efforts, (2) Help assess the volume of sand lost/gained during Hurricanes *Floyd* (1999), *Isabel* (2003), *Ophelia* (2005), *Irene* (2011), and *Matthew* (2016); and where applicable, obtain FEMA reimbursement to replace the sand lost during many of these disasters, (3) Serve as spatial control during beach construction events, (4) Assess the fate of various beachfills constructed along Bogue Banks since 2001, (5) Provide a method to determine the overall condition (health) and changing geomorphology of Bogue Banks and adjacent islands, and (6) Serve as the primary database foundation in formulating the Bogue Banks Master Plan. The SPO will also continue to ensure the results of these efforts are summarized in a manner that the public and stakeholders will find as user friendly (e.g. - <http://www.carteretcountync.gov/ArchiveCenter/ViewFile/Item/898>).

2017 will constitute the final year of a 5-year contract extension with Moffatt & Nichol and their subcontractor Geodynamics, which includes an emergency post-hurricane survey if deemed necessary. To this end, the SPO will coordinate a new 5-year extension (2018 – 2022) with the same contractor and Beach Commission to be ultimately presented and approved by the County Board of Commissioners.

(5) Mapping Website

Summary (2016 & prior) - www.protectthebeachmaps.com was launched in Spring 2008, and is an interactive, GIS (Geographic Information System) web-based mapping program where visitors can view, isolate, zoom, and pan aerial photographs, shoreline positions, turtle nest data, and other spatial datasets of their choosing. This enables the public access to various monitoring and permitting efforts the County undertakes without reviewing large .pdf files or hard copies. Over the past few years, the industry standard operating GIS platform commonly used for this application migrated from “ArcIMS” to “ArcServer”. Our ArcIMS website was obsolete and in order to stay relevant and speak the same GIS language everyone else is; we migrated the site to the ArcServer platform in 2012. Our contractor (Geodynamics, LLC) worked very diligently to keep the costs within the financial allocation designated for annual site maintenance we have traditionally incorporated in our budget. Working with ROK Technologies, they collectively migrated and fully updated www.protectthebeachmaps.com in December 2012, and also created user-friendly video tutorials as well. Therefore 2016 was our fourth full year utilizing this new platform - the website experienced 1,310 visits with 1,091 unique visitors in the calendar year – an increase compared to 1,153 visits/1,025 unique visitors in 2015 and represents a significant uptick from 2014 (711 visits/635 unique visitors). The site is updated with new data layers each year, such as new shorelines from our monitoring program, updated parcel information, new aerial photography, etc.

2017 Objectives – Continue to coordinate updates and provide new information for this public web-based GIS program, working closely with our contractor (Geodynamics, LLC). Emphasis for 2017 will focus on providing and uploading new shoreline data, turtle nesting data, and other layers; while also eliminating redundant or irrelevant layers as well to be user-friendly as possible.

(6) Coastal Storm Damage Reduction Project Feasibility Study

Summary (2016 & prior) - This is often referred to as the “Federal 50-year Project” because the nourishment effort includes initial construction and subsequent periodic maintenance for 50 years with 50%

to 65% of federal cost share dollars. Ideally this project would encompass all of Bogue Banks and is coordinated, designed, and administered by the U.S. Army Corps of Engineers (Corps) using the term "Coastal Storm Damage Reduction Project", or CSDR. A Feasibility Agreement was signed in 2001 and the study was stipulated to cost ~\$3.3 million total and be completed in four years. The Study was nine years overdue and roughly \$1.7 million over budget as we entered calendar 2012. There was very little in terms of federal appropriations that came the project's way for a few years and the project was languishing. However, the President's budget released in February 2012 included significant federal funding and a request was made to the County for matching funds - \$430,000, which is ideally split 50/50 with the State's Division of Water Resources. Simultaneously, the Master Plan is being pursued that is a similar effort but is locally designed, implemented, and funded (no federal dollars). The SPO facilitated several meetings with the Corps of Engineers, local municipalities, and Beach Commission to evaluate the monetary request and hence our overall participation in the Feasibility Study. Ultimately the Beach Commission and municipalities decided that despite the shortcomings, securing the regulatory permits associated with the Feasibility Study will be advantageous for any type of County-wide beach nourishment project, and if the Shore Protection Project is ever constructed; it may be eligible for emergency repairs as deemed by the U.S. Congress. The Beach Commission/County also went on record disclosing that this would be the final monetary installment for the Study, which has since been honored by the Corps of Engineers. Unfortunately the State's General Assembly did not appropriate the compulsory cost share for the Feasibility Study in their 2012-13 short session nor 2013-14 long session after the County provided the full non-federal cost-share.

On August 2, 2013 the Corps issued the draft integrated Environmental Impact Statement (EIS) and Feasibility Report for public comment, which was a major project milestone. The SPO provided the County's response and also helped coordinate/formulate the responses prepared by the Bogue Banks municipalities, which for the most part were related to the parking/access requirements specified in the Feasibility Report. Comments to these effects triggered a meeting with the Corps and Bogue Banks municipalities on October 9, 2013, and the Corps agreed to investigate the impacts to the final cost-benefit ratio if the parking/access requirements were changed or not adhered to.

2014 was a milestone year for the Shore Protection Project highlighted chronologically by;

- (a) Civil Works Review Board (CWRB) briefing – the CWRB is an assembly of Corps staff from the District level up through the Headquarters and serves as a "corporate" checkpoint signaling the final decision report and NEPA document are ready for State and Agency Review as required by the Flood Control Act of 1944. There were 58 persons (36 live/22 via phone) who attended this meeting that took place in Washington, D.C. on June 27, 2014 (see [placemat](#)). The SPO attended and prepared/provided a sponsor presentation to the CWRB while working closely with the Wilmington District to ensure the review process would conclude positively.
- (b) Chief's Report - The culmination of the CWRB briefing process, if favorable is the issuance of the Chief's Report, which signifies the final official review period for the Integrated Feasibility Report and EIS (NEPA document). To this effect, the Bogue Banks Coastal Storm Damage Reduction [Chief's Report](#) was submitted to the U.S. Congress on August 7, 2014 subsequent to addressing concerns/issues raised at the CWRB briefing.
- (c) Agency Review/Signed Chief's Report – Once resource agency reviews are completed and addressed (both federal and State), the Feasibility Report/EIS is considered finalized and the Chief's Report is modified and signed a last time to reflect any changes that occurred during the

review process. The [final, signed Chief's Report](#) was executed on December 23, 2014.

2016 was also a milestone year for the CSDR Project and unexpectedly so. The Chief's Report signifies the conclusion of the Feasibility Phase and qualifies the Bogue Banks CSDR to become authorized by the U.S. Congress. The authorization, once passed by Congress and signed into law by the President, makes the Bogue Banks CSDR Project eligible to receive construction and maintenance funding from the federal treasury if provided in annual Energy & Water Appropriations Bills. This latter part has proven to be elusive as of late – Dare County received authorization in 2000 and the project has yet to be constructed and these communities have financed their own projects since. Topsail Island was authorized in 2014 and again are pursuing their own initiatives. However having an authorized project would make us eligible for federal, emergency funding if a mega-disaster, akin to a SuperStorm *Sandy* ever hit and although unlikely now, perhaps through regular order Congressional appropriations in the future. To these ends, it is important the Bogue Banks CSDR is authorized in a Water Resources Development Act, or WRDA.

Ideally WRDAs are passed every two years but there is no Congressional mandate to do so as evidenced by its passage history – 1974, 1976, 1986, 1988, 1990, 1992, 1996, 1999, 2000, 2007, and 2014, which was actually termed the Water Resources Reform and Development Act (WRRDA) of 2014. With 2016 being a Presidential election year, it was surprising there was interest in pursuing a WRDA. The SPO worked closely with Congressman Jones' office and the House Transportation & Infrastructure Committee to ensure the Bogue Banks CSDR was included in all drafts of the proposed 2016 WRDA bill. Ultimately the House and Senate passed a conference WRDA bill entitled the "Water Infrastructure Improvements for the Nation Act," or "WIIN" which was signed into law by the President on [December 16, 2016](#). The authorization of the Bogue Banks CSDR was keystone accomplishment in 2016 and for the SPO/Beach Commission as a whole since their inception in 2001.

2017 Objectives – The next phase of the CSDR Project is Preconstruction, Engineering & Design (PED) whereby the Corps develops the plans and specifications for the construction of the project, ensures real estate easements are in-place, etc. The sponsor (Carteret County) and the Corps will need to execute a PED Agreement to move forward with this next phase of the project. Besides working with the Corps to develop the PED Agreement in 2017, the SPO will also work with federal and State legislators to secure the estimated \$700,000 to complete the PED (\$350,000 federal, \$175,000 State, and \$175,000 local). There were no federal appropriations for the PED in either the FY 2016 or 2017 President's budget, nor any final reconciliation package produced by Congress.

(7) Bogue Inlet AIWW Crossing

Summary (2016 & prior) - The area where the Bogue Inlet Channel meets the Atlantic Intracoastal Waterway (AIWW) near the Cedar Point mainland is known as the inlet crossing and represent a navigation thoroughfare maintained by the U.S. Corps of Engineers. There are a total of eight such inlet crossings across the State including from north to south; Bogue, Bear to Brown, New River, Topsail Creek, Shinn Creek, Carolina Beach, Lockwoods Folly, and Shallotte inlet crossings. Because a pipeline dredge is used, the disposal area for each crossing involves an upland or beach target site, and are usually maintained under a single or series of dredging contracts. In 2014, the Bogue Inlet AIWW Crossing was dredged with concurrent beach nourishment/disposal located at the western tip of Emerald Isle ("the Point"). The contract was awarded to Southwind Construction and also included Lockwoods Folly and Shallotte Inlet Crossings. An estimated total of 50,000 cubic yards of shoal material/sand were placed at the Point in late

January/early February 2014, representing the 13th time since 1984 the inlet crossing has been maintained with a beach nourishment component. The SPO worked with the Town of Emerald Isle, the Corps of Engineers, and the contractor during the project and developed/updated a project website at <http://www.carteretcountync.gov/655/Bogue-Inlet-AIWW-Crossing>.

2017 Objectives – None as the Bogue Inlet Crossing is dredged between every 2 and 4 years, yet no event is planned for winter 2017-18. The SPO will support federal funding for the AIWW in the interim to ensure backlog does not occur, as backlog up and down the AIWW corridor in North Carolina pushes the next Bogue Inlet Crossing maintenance event deeper into the future.

(8) Wainwright Slough

Summary (2016 & prior) - Wainwright Slough is located between Cedar Island and Core Banks and represents the only viable navigational thoroughfare for the Down East fishing industry connecting Core Sound to Pamlico Sound. The project was initially authorized by the River and Harbor Act of August 30, 1935, yet there is no documentation with respect to where the dredged material was disposed. Fifteen maintenance dredging events were conducted along various reaches of the channel by the U.S. Army Corps of Engineers (Corps) through 1968, and on an as-needed basis since. In 1976 disposal issues were formally addressed in a Final Environmental Impact Statement prepared by the Corps codifying disposal along Wainwright Island, which was subsequently modified by a 1995 Environmental Assessment. No maintenance dredging was conducted from 1997 until the mid-2000s when extensive shoaling of the channel and erosion of Wainwright Island occurred in the wake of hurricanes *Isabel* (2003) and *Ophelia* (2005). Supplemental appropriations to the Corps provided the ability to conduct a large maintenance event (~145,000 cubic yards) including rehabilitation of Wainwright Island. The last dredging event occurred in 2013 via another supplemental federal appropriation (hurricane *Sandy*), signifying that all federal dredging at Wainwright Slough over the course of the past 20 years has been conducted via supplemental appropriations. Current conditions (2016) in reaches of the authorized channel footprint were -1 to -2 feet mean lower low water (MLLW) constituting a navigational hazard and almost complete blockage for commercial fishermen that utilize the channel.

The SPO assisted the County at first by generating an emergency sidecast dredging request, which was denied by the Corps. Consequently, the SPO developed a Request for Qualifications package and helped retain Moffatt & Nichol (subcontractors Arendell Engineering and Geodynamics) to conduct a Submerged Aquatic Vegetation Survey and Essential Fish Habitat Assessment utilized in a Major Permit Application submitted to the N.C. Division of Coastal Management (NCDQM) in December 2016 (Note: NCDQM serves as regulatory clearinghouse). Concurrently the SPO prepared a Grant Application to the State's Shallow Draft Navigation Channel Dredging & Aquatic Weed Fund enabling the County to be reimbursed for all costs associated with the project using a "two for State – one by County" formula as directed by law. In October 2016 a \$569,500 grant reimbursement was awarded to this effect (\$850,000 top-end, total estimated cost for planning/permitting and construction). Project Summary ([slides 2 – 8](#)).

2017 Objectives – Secure CAMA Major Permit for Wainwright Slough in early stages of 2017, solicit and secure dredging contractor, and conduct/coordinate maintenance event. The SPO will help administer reimbursements associated with the State Grant and keep County officials and constituents informed.

(II) MAJOR POLICY INITIATIVES

(1) Endangered Species Act Issues - Loggerhead Sea Turtle (*Caretta caretta*) Critical Habitat Designation, Red Knot Rufa (*Calidris canutus rufa*) Listing as a Threatened Species, Atlantic Sturgeon (*Acipenser oxyrinchus oxyrinchus*) Critical Habitat Designation, and Green Turtle (*Chelonia mydas*) Listing as a Threatened Species.

Summary (2016 & prior) - The *Loggerhead Sea Turtle* was initially listed as a threatened (not endangered) species in 1978, and after series of legal actions spurred by the Center of Biological Diversity, Turtle Island Restoration Network, and Oceana; both the U.S. Fish & Wildlife Service (USFWS) and the National Marine Fisheries Service (NMFS) first conducted a population analysis and subsequently produced their initial critical habitat designation for the loggerhead. The Services (USFWS and NMFS) divided the global loggerhead population into 9 Distinct Population Segments (DPS); and each DPS was subsequently classified as threatened or endangered - the Northwest Atlantic DPS that inhabits the eastern seaboard of the U.S. remained as threatened and hence the loggerhead sea turtle has been classified as threatened since 1978 (~35 years) without any critical habitat designation. However in 2013, the USFWS and NMFS disclosed their proposed Critical Habitat areas for the terrestrial and marine environments, respectively on March 25, 2013 and July 18, 2013. These proposed areas included all of the Bogue Banks beaches in addition to distinct nearshore and offshore areas located immediately adjacent to the County's shoreline. The critical habitat designations listed a series of threats that will require special management considerations and any federal action must take critical habitat into account. However, the special management considerations were never detailed and the term "federal action" is very broad and could include issues related to; water resource project permitting, federal grant funding for public access, FEMA funding, lighting ordinances, federal building codes, National Flood Insurance Program, off road vehicle use, pedestrian access, and fishing requirements pertaining to gear, vessel speeds, and geographic use of waters.

The Shore Protection Office took a lead role in educating the public, businesses community, and fellow local governments concerning the Endangered Species Act listing and critical habitat designation process in general, potential impacts of the designation, and past examples. Worked closely with legal counsel to formulate responses to both designations (terrestrial and marine) and requested public hearings to be held in Morehead City for both designations that were well attended. Helped draft resolutions and talking points for all County municipalities to consider and made numerous presentations to these effects. Importantly in 2014 (May 9th), the Shore Protection Manager, legal counsel, and a member of the Beach Commission visited high-ranking officials at USFWS and NMFS headquarters in Arlington, Va., and Silver Springs, Md., respectively to articulate and discuss the County's concerns regarding the loggerhead sea turtle critical habitat designation and the upcoming Red Knot Rufa shorebird designation as well (see immediately below). The Carteret County delegation was also accompanied by Congressman Walter Jones' (NC-3rd District) legislative director. The final critical habitat designation for both the marine and terrestrial environments was published on July 10th and went into effect on August 9, 2014 with no changes to the draft rules that impacted the County's designated area and very, very few changes to the entire designation as a whole.

On September 29, 2013, the USFWS also proposed to list the *Red Knot Rufa* shorebird as a threatened species. Through the auspices of a court-ordered deadline, public comment was due 60 days later and importantly, the USFWS clearly stated they will issue a coinciding critical habitat designation for

the Red Knot in early 2014. Akin to the loggerhead issue described above, the Shore Protection Office led an education effort and formulated the County's response to the proposed listing and concordantly offered suggestions concerning the upcoming critical habitat designation. The Red Knot's U.S. coastal range overlaps with those of loggerhead sea turtles and piping plovers and the USFWS noted a major factor in the recent decline of the Red Knot was reduced food supplies in Delaware Bay due to commercial harvest of horseshoe crabs. Accordingly, a major part of the County's response focused on the fact that Carteret County (or North Carolina) does not possess *major spring stopover areas* and contended the County should not be included in the upcoming critical habitat designation. If the County's shorelines are designated as critical habitat for the Red Knot, then we requested the exact overlays already in place for the piping plover as meeting the Red Knot's critical habitat needs as the piping plover overlays have yet to cause major permitting or land use issues. The USFWS encountered delays in issuing the final listing for the Red Knot, but did so on December 11, 2014, and disclosed plans to designate critical habitat in 2015. However the critical habitat designation was not issued in 2015 or 2016.

The *Atlantic Sturgeon* spawn close to the river and spend most of their lives in estuaries and the marine environment (including inlets). The species was listed as endangered in 2012 by the NMFS over the objections of just about every coastal State along the Atlantic Seaboard. The States' objection was rooted in the fact that the species population is clearly not in decline – low compared to its peak over a hundred years ago, but again not in recent decline. The proposed critical habitat designation for the Sturgeon was supposed to be released in 2014 and could have huge and far-reaching impacts to the fishing and dredging industries (among others). Ultimately the proposed Sturgeon critical habitat designation was released on [June 2, 2016](#), and was constrained to the upper reaches of the rivers in North Carolina north and south of Carteret County (no critical habitat proposed for Carteret County). Nonetheless, the SPO attended a public hearing on June 23, 2016 at the Crystal Coast Civic Center and expressed concerns concerning regulatory scrutiny for dredging and perhaps fishing at our inlets nonetheless ([article](#)). The SPO will continue to serve in an educational function by preparing civic leaders and the public with information concerning the fish itself and the administration of Endangered Species Act as a whole as the proposed Sturgeon critical habitat becomes final rule, perhaps in 2017.

The *Green Turtle* was listed as a threatened species in 1978 with the exception of the Florida and Mexican Pacific coast breeding populations, which were listed as endangered at that time. As part of the Services' 5-year review process and because of a petition, the Services recently re-examined the status of the Green Turtle and issued a new rule to this effect on [April 5, 2016](#) dividing the Green Sea Turtle into 11 Distinct Population Segments (DPSs) worldwide and providing a new listing status (threatened or endangered) for each DPS. Per the new rule, three of the eleven DPSs are listed as endangered (Mediterranean, Central West Pacific, and Central South Pacific) with the remaining eight of eleven DPSs listed as threatened (North Atlantic, South Atlantic, Southwest Indian, North Indian, East Indian-West Pacific, Southwest Pacific, Central North Pacific, and East Pacific). Carteret County is located within the North Atlantic DPS and therefore the Green Sea Turtle remains as a threatened species for our management purposes. Equally important the new rule stated, "We (Services) are currently evaluating the areas that contain physical and biological features that are essential to the DPSs and may require special management considerations or protection, but critical habitat is not determinable at this time. Therefore, we will propose critical habitat in a future rulemaking." Subsequent to the issuance of this rule the SPO described the occurrence of nesting Green Turtles on our beaches and providing insight on what shape the Green Sea Turtle critical habitat could take on land and in the marine environment.

2017 Objectives – The critical habitat designation for the Red Knot Rufa were due in 2015 but have yet

been released, and therefore we are expecting formal disclosure of the designation in 2017. Critical habitat for the Green Sea turtle is also forthcoming, but no tentative date has been established by the Services for its publication in the Code of Federal Regulations. Nonetheless, the SPO will formulate appropriate responses once required and serve as a lead information source for local governments, civic groups, and others by detailing the extent of the designation, the merit of the designation, and potential impacts to the dredging/nourishment, fishing, economic development, and environmental communities (among others). The SPO will also monitor other species listings and critical habitat designations as they are published in the Federal Register. To date there are roughly 2,591 endangered or threatened plant and animal species in the U.S. and abroad (in terms of total DPSs), 41 species are actively proposed to be listed, 39 species are currently deemed candidates for future listing, and 146 active petitions by groups or individuals are being considered for additional species listings or critical habitat designations.

(2) 2017 – 2022 Outer Continental Shelf Oil and Gas Leasing Program

Summary (2016 & prior) - The Bureau of Ocean Energy Management (BOEM) is the federal agency responsible for administering the Nation's Oil & Gas Energy Program and is guided by Section 18 of the Outer Continental Shelf (OCS) Lands Act requiring the Secretary of the Interior to prepare and maintain a schedule of proposed OCS oil & gas lease sales determined to "best meet national energy needs for the 5-year period following its approval or re-approval." Pursuant to these stipulations a [*Draft OCS Oil & Gas Leasing Program for 2017-2022*](#) was released in January 2015 and in effect will eventually supersede the current lease plan ([2012-17](#)). The Draft OCS Leasing program included 14 potential lease sales in 8 OCS planning areas - ten sales in the three Gulf of Mexico (GOM) planning areas; one sale each in the Chukchi Sea, Beaufort Sea, and Cook Inlet Planning Areas, offshore Alaska; and one sale in a portion of the combined Mid and South Atlantic Planning Areas. The Mid and South Atlantic Planning Area sale as presented in the draft was represented as a large footprint off the Va., N.C., S.C., and Ga. coast including a 50-mile buffer from the shoreline extending 200+ miles offshore. BOEM however sells leases in 9 square mile blocks and on an individual basis, hence the final "lease sale" will actually be a series of individual lease blocks. The total amount of lease blocks to be sold is unknown until the final plan is released - i.e., 1 block, perhaps 4 blocks, perhaps 20 blocks. BOEM cannot expand footprints they provided in the draft – in other words they have to adhere to the 50-mile buffer unless Congress intervenes.

The *Final* OCS Oil and Gas Leasing Program includes individual lease blocks and scheduled dates for sale. If Mid/South Atlantic lease blocks were to be included in the Final Plan, then this would be the first time since the late 1970s and 80s a lease sale would take place off the North Carolina coast. Although there is no hard deadline for when the Draft Plan becomes Final, it was assumed the Obama Administration would want to finalize the leasing program before they departed Washington, D.C. in January 2017.

Another important component of the Leasing Program is the seismic surveying, which is required to understand the geology of the subsurface. BOEM ideally uses this information to constrain the total number and fair market value of the lease blocks they plan to offer, while simultaneously the industry utilizes the data to ascertain the economic viability of purchasing the lease blocks. To facilitate the seismic surveying, BOEM prepared a Programmatic Environmental Impact Statement (EIS) and secured a final Record of Decision in 2014. In practice, the EIS is an "umbrella" environmental document the geophysical companies can use to secure individual permits to conduct the seismic work. Four permit

applications were submitted in 2015 and each received State consistency. However in July 2015 the National Marine Fisheries Service surprisingly issued a formal request for additional information from the public (i.e., academia, scientists, etc.) regarding the seismic surveying work to prepare an Incidental Harassment Authorization relative to the permits the several companies have already applied for. Ultimately six different companies applied for a seismic permit.

And lastly, BOEM collects all bonuses, rent, and royalty revenues associated with oil & gas exploration and production in the OCS. Unless directed by law, the federal government retains 100% of the proceeds, which is the second largest revenue source for the federal government besides income taxes. There are two notable exceptions;

(1) Within State waters and three miles seaward of State waters, BOEM must share 27% of the revenue – usually provided to the State. For N.C. this would equate to 6 miles offshore (0 - 3 miles is State waters plus the 3 additional miles). This is termed the “8(g) zone” and is not where the resource is nor in the draft plan for the Atlantic OCS.

(2) Beyond this reach (i.e., beyond 6 miles), there is no revenue sharing program except for GOMESA (the Gulf of Mexico Energy Security Act of 2006) whereby the four Gulf of Mexico producing states (Alabama, Mississippi, Louisiana and Texas) receive a 37.5% share of OCS revenues. The royalty portion is significant because it is based off production and GOMESA provides the revenue sharing directly to States and select local governments.

Accordingly North Carolina nor local governments will not receive any revenue-sharing from leasing or offshore production in federal waters unless Congress specifically authorizes revenue-sharing with the State.

The SPO's role for the County in 2015 and 2016 was to; (1) Demystify BOEM's leasing process, (2) Explain the geology of our OCS and therefore why North Carolina is the biggest potential winner or loser regarding oil & gas exploration/production in the Atlantic OCS, and (3) To describe the revenue sharing process. Specifically, the SPO prepared the County's public comment with respect to the Draft Leasing program and worked towards securing a revenue-sharing program if leasing and production does take place in the Mid/South Atlantic OCS, culminating in a presentation to the N.C. Energy Policy Council which adopted a series of [recommendations](#) consistent with this theme. The SPO spent considerable time on this issue in 2015, providing a total of 13 presentations on the subject, traveling out-of-County to speak to elected officials, civic groups, forums, and appointed bodies in places such as Carolina Beach, New Bern, Manteo, and Raleigh while maintaining a neutral position on the economic and environmental issues associated with oil & gas exploration/development and the Draft Plan as a whole.

As expected, decisions concerning both the final 2017-2022 Oil & Gas Leasing Program and seismic surveying were made by the Obama Administration before their departure in January 2017 (see [summary](#) from May 2016). (1) On March 15, 2016 via a joint press release by the Department of Interior and their subsidiary agency, BOEM; the Atlantic was removed entirely from the 2017-2022 Leasing program. (2) On January 6, 2017 BOEM formally denied all six applications to conduct seismic surveys.

2017 Objectives – While the denial of seismic survey permits and removal of the Atlantic from the 2017-2022 Leasing Program effectively closes oil & gas exploration in the immediate near term, the new

Trump Administration could quickly modify the 2017-2022 Leasing Program and insert the Atlantic back in, albeit unlikely. More plausible and not considering the industry's appetite for exploration under current market conditions, the Trump Administration could include the Atlantic in the next Leasing Program (2022-2027), which will be released as a Draft in 2020. New seismic survey permits could also be submitted and approved within the realm of the new Administration. To these ends, the SPO will monitor the Oil & Gas Leasing Program and although the County's has little control over these decisions, we will continue to ensure revenue-sharing to the States and local governments is at the forefront of the dialogue if indeed the Atlantic is included in the 2017-2022 or 2022-2027 leasing programs.

(3) State Sea-Level Rise Policy

Summary (2016 & prior) - The N.C. Division of Coastal Management (NCDCM) developed sea-level rise policy language in 2010, which if approved by the Coastal Resources Commission in 2011 would have added a new section to the State's Administrative Code governing coastal management within the 20 CAMA (Coastal Area Management Act) counties, and was perceived to be used as a springboard for future regulations. The draft policy adopted the prediction of a 1 meter sea-level rise (to 2100) as the official state benchmark and North Carolina was the first state along the East Coast to propose a future sea-level rise rate. It would have also been the first State to develop a policy based upon this future rate. The proposed policy further stated; (1) The 1 meter rise benchmark would be mandated to be used in all future Land Use Plans, (2) Private development would need to be designed and constructed to avoid sea-level rise impacts (1 meter) for the structure's design life, and (3) Public infrastructure would also need to be designed and constructed to avoid sea-level rise impacts (1 meter) for the structure's design life. The implications of this policy in terms of its geographic scope and potentially detrimental economic impact were enormous for the County, and the SPO spearheaded the County's efforts in galvanizing support from other local governments, which ultimately resulted into a negotiated change to the policy that eliminated the 1 meter rise benchmark altogether.

While the County was not directly involved, [S.L. 2012-202](#) was passed in 2012 and disclosed the General Assembly does not intend to develop sea-level rise regulations. However, if any State agency does move forward with policies and/or regulations; then it can only be the N.C. Division of Coastal Management. The law further codifies the State's approach to sea-level rise by stipulating the methodologies involved to how sea level is to be measured, recorded, and presented in an updated Science Panel report that was due in 2015. The Science Panel Report is to accompany a subsequent Coastal Resources Commission Report that shall study the economic and environmental costs/benefits to the North Carolina coastal region of developing, or not developing, sea level regulations and policies (due December 31, 2015). The law also outlines the manner in which public comment is to be received and both the Science Panel and Coastal Resources Commission Reports were due together on March 1, 2016 per S.L. 2012-202.

In 2014, the Coastal Resources Commission further directed the Science Panel to use a rolling, 30 year timeframe for any sea-level rise forecasts rather than the 2100 that was previously used. The SPO/Manager was also appointed to the Science Panel in 2014 and was one of the three main authors of the Science Panel Report. The [final draft](#) of the Sea-Level Rise Assessment Report, including recommended changes from an external review, was released on March 31, 2015. The report summarizes the sea-level trend across the State, describes why relative sea-level rates are different based on vertical land movement and other factors, and lastly provides three plausible scenarios of sea-level rise for the next

20 years (2015-2045). The report does not advocate one sea-level rise scenario over another and the range inclusive all three scenarios is 1.9 to 10.6 inches for 2015 – 2045.

The SPO subsequently worked with local governments, civic organizations, and the public to summarize the document in comprehensible, meaningful terms with respect to the scientific components of sea-level movement and the 30-year projection(s) the Science Panel was requested to provide (see [summary](#)). As mentioned above, S.L. 2012-202 also mandated the CRC to study the economic and environmental costs and benefits of developing/not developing sea-level regulations and policies; however at their April 2015 meeting, the CRC disclosed they had no plans to develop sea level-based regulations, and therefore can't study the costs and benefits of something it's not going to do ([article](#)). Rather, decisions regarding sea-level regulations, zoning ordinances, or polices should be more of a local government decision. The public comment period concluded on December 31, 2015 and the final Sea-Level Rise Assessment Report was delivered to the General Assembly by the March 1, 2016. The SPO monitored this last phase of the reporting process, and remained available for any education outreach that is requested by the citizenry.

2017 Objectives – The SPO will remain available as an education resource and will continue to monitor the sea-level rise issue as a whole both from scientific and policy standpoints. Importantly, the Intergovernmental Panel on Climate Change's next and Sixth Assessment Report (AR6) is due for release in 2022, and work products to support AR6 will be released before then. Note: AR5 (2014), AR4 (2007), AR3 (2001), AR2 (1995), and AR1 (1990).

(4) Flood Insurance Rate Map Update

Summary (2016 & prior) - FEMA's Flood Insurance Rate Maps (FIRMs) are the agency's official record delineating the base 1% annual chance floodplain (aka – the Special Flood Hazard Area), Base Flood Elevations (BFEs), and various flood zones applicable to a given community. The "1% annual chance" is sometimes used synonymously with the term "100-year flood", and again is based on chance occurrence. Hence 1 in 100 years is the 1% annual chance (= 1/100), while the 1 in 500 year event (= 1/500) is the 0.2% annual chance, and so on. More practically speaking however, FIRMs dictate if a property is within the 100-year floodplain and to which zone within that floodplain a property may be subject to (e.g., AE zone, VE zone, etc.); or whether a property/structure is located between the 100 year and 500 year floodplains (i.e., "shaded X" zone); or above the 500 year floodplain altogether (i.e., "unshaded X" zone). This information ultimately determines flood insurance rates and requirements, and where floodplain development regulations may apply.

The effective maps for Carteret County local governments were adopted in the early 2000s and will be ultimately superseded by the new FIRMs once they become effective in 2018 (or thereabouts). Although FIRMs are often prepared by FEMA, the State of North Carolina has assumed this responsibility in a working partnership with FEMA. Specifically the State's Department of Public Safety – Emergency Management Section (NCEM) is performing this update using a consistent [methodology](#) across the coastal region. The preliminary FIRMs for the County were released on June 30, 2016 and overall the County is experiencing a decrease in the VE zone along most of the Bogue Banks oceanfront – either a decrease to an AE Zone or even out of the floodplain altogether (X Zone) – 3,700 effective VE structures; 1,159 preliminary. This is a result of an improved consideration of the Primary Frontal Dune along the island – i.e., the frontal dune stops/buffers the 1% annual chance storm. Conversely there is

an expansion of the AE Zone along the County's estuarine river and creek areas, mostly represented as a trend shifting properties/structures out of the floodplain (X Zone) to inside the floodplain (AE Zone) – 14,050 effective AE structures; 16,287 preliminary. This outcome is mostly attributable to how the State constrained the 1/100 year event and resulting flood elevations. The N.C. Emergency Management's Floodplain Mapping Program utilized a statistical probability approach by incorporating 24 Hurricanes, 22 Extratropical Storms (e.g., nor'easters), and 675 "Synthetic" Storms. Synthetic storms are storm simulations with different tracks, intensities, forward speeds, etc. The output of these storms were also coupled with a more robust modeling grid, improved topography, and new models themselves that were not available in the 1990s when the last FIRM update was being formulated. The end result however lowered flood elevations in the northern half of the State, yet increased flood elevations south of Cape Lookout. A statutory 90-day appeal period is anticipated to begin in summer of 2017.

The SPO served as a liaison and subject resource for a series of contracts executed between Moffatt & Nichol and County General Government, Pine Knoll Shores, Morehead City, and Beaufort as they identify regions where discrepancies lie and generate appeals. The SPO concurrently developed [summaries](#) for the public and worked closely and in a reciprocal fashion with the County's Planning & Inspections Department providing technical expertise, counseling, etc. The SPO educated individuals on Flood Mapping processes and importantly provided tutorials for <http://fris.nc.gov/fris/> by proactively visiting real estate and insurance companies, or inviting such groups to the SPO. The <http://fris.nc.gov/fris/> website was created in lieu of hard copy maps. On a broader level, the Shore Protection Manager ([presentation](#)) worked in tandem with Spencer Rogers, NC SeaGrant ([presentation](#)) to educate the Coastal Resources Commission and formulate ideas to address actual vs. mapped risk, and how to ensure the State's Coastal Area Management Act (or other vehicle) can be used to accomplish this purpose.

2017 Objectives – Continue appeal related activities and education efforts initiated in 2016 both County and State-wide. There will be even more focused effort on the appeal process once the statutory 90-day public review comment is initiated via the Federal Register.

(5) Coastal Barrier Resources System Pilot Study

Summary (2016 & prior) - The Coastal Barrier Resources System was first authorized by Congress in 1982 in the Coastal Barrier Resources Act (CBRA) and aims to; (1) minimize loss of human life by discouraging development in high risk areas, (2) reduce wasteful expenditure of Federal resources, and (3) protect the natural resources associated with coastal barriers. This is accomplished by prohibiting participation in the National Flood Insurance Program (NFIP), and withholding Federal expenditures within discrete geographic areas identified by the U.S. Fish & Wildlife Service (USFWS), who also administers the CBRA program. The USFWS released a digital mapping [pilot project report in 2009](#) that included a recommendation to create a new CBRA system unit within the waters of western Carteret County, potentially limiting water-based infrastructure projects, sand sources for beach nourishment, and navigation improvements. The SPO educated the public, other local governments, and State agencies; and coordinated responses to this proposal, including serving as a host of an informational forum at the Morehead City Train Depot in May 2009 in conjunction with the N.C. Beach Inlet & Waterway Association. The USFWS final pilot study report was supposed to be completed in 2010 with Congressional approval, but has yet to materialize. The SPO initiated a dialogue with the USFWS in 2010 and to a lesser extent in 2011, highlighted by a 2010 meeting with the Chief of the Division of Habitat and Resource Conservation in

Washington, DC to articulate the County's concerns.

2017 Objectives – The SPO will continue to work with the congressional delegation and local communities in 2017 as we monitor and seek changes to this proposal until the matter is resolved (i.e., if and when Congress considers the Pilot Study).

(6) Proposed Boundary Expansion for the Monitor National Marine Sanctuary

Summary (2016 & prior) - The Monitor National Marine Sanctuary (MNMS) was designated as the nation's first national marine sanctuary in 1975 and protects the wreck of the Civil War ironclad *USS MONITOR*, located approximately 16 miles southeast of Cape Hatteras. Presently the Sanctuary consists of a water column one mile in diameter surrounding the shipwreck extending from the seafloor to the sea surface. The National Oceanic and Atmospheric Administration (NOAA) is the trustee for the Sanctuary network which aims to conserve, protect, and enhance biodiversity, ecological integrity, and cultural legacy of each sanctuary while fostering public awareness of marine resources and maritime heritage through scientific research, monitoring, exploration, education and outreach.

The National Marine Sanctuaries Act requires NOAA to periodically review the management plan for each of the Nations' 13 Marine Sanctuaries. For the MNMS, this statutory review was codified in a 2013 Management Plan/Environmental Assessment (see [link](#)). This document in turn served as a springboard for MNMS expansion proposals. On January 8, 2016, NOAA released a "[Notice of Intent To Review Monitor National Marine Sanctuary Boundary](#)", which included four distinct models of expansion. These models are described in detail at <http://monitor.noaa.gov/management/expansion.html>, and all aim to capture more offshore wrecks than the stand alone *USS MONITOR*. The Shore Protection Office interpreted this as a thematic shift as well – one from the "Monitor" National Marine Sanctuary to more of a "Graveyard of the Atlantic" National Marine Sanctuary. NOAA proposed four different models for consideration, including Model "D" creating three separate designated areas located near *Cape Lookout*, Cape Hatteras, and Nags Head. The purpose of this approach was to *"...highlight several "stories" of maritime heritage along the entire Outer Banks, allowing the benefits of sanctuary designation to be enjoyed in multiple communities along the coast. Many historically important wrecks and culturally significant archaeological artifacts from many timeframes and representing several ocean uses are included. It also provides the ability to protect and manage any future potential discoveries within the larger designated areas, and to promote exploration within the boundaries to discover new maritime heritage resources."*

Each sanctuary in the network has its own unique set of regulations, however there are some regulatory prohibitions that are considered "typical" and also characterize those in place today for the MNMS including; (1) Discharging material or other matter into the sanctuary, (2) Disturbance of, construction on or alteration of the seabed, (3) Disturbance of cultural resources, and (4) Exploring for, developing or producing oil, gas or minerals (with a grandfather clause for preexisting operations). However some sanctuaries prohibit other activities such as; (1) the disturbance of marine mammals, seabirds and sea turtles, (2) operation of aircraft in certain zones, (3) use of personal watercraft, (4) mineral mining, and (5) anchoring of vessels.

These prohibitions could negatively impact the commercial and recreational fishing industries, recreational boating, the SCUBA industry, dredging, sand and gravel extraction, and future mariculture

opportunities. Because of these potential impacts, the County Board and Chamber of Commerce prepared resolutions against the proposal. The SPO was heavily involved with this endeavor, preparing summary materials ([slides 2 - 8](#)), assisting with the resolutions, and interfacing with Congressman Jones; whom went on record opposing the expansion ([media release](#) – includes Carteret County resolution).

2017 Objectives – Although no final decisions/rules have been disclosed informally, via the Federal Register, or by Executive Order to date; the SPO will continue to monitor the MNMS expansion and serve as an information clearinghouse to this effect.

(III) APPROPRIATIONS/FUNDING

(1) Federal

Summary (2016 & prior) - FY 2017 (federal) encompasses the October 1, 2016 to September 30, 2017 timeframe, and accordingly, time and effort for most of the 2016 calendar year was placed on securing appropriations for FY 2017, while also seeking any supplemental appropriation opportunities in FY 2016 (October 1, 2015 to September 30, 2016). For well over a decade, the U.S. Congress has encountered difficulty in passing appropriation bills in a timely manner, which has led to continuing resolutions and omnibus packages passed well after the fiscal year starts.

The appropriation process has been confounded to a degree with the “no earmark policy” initiated in 2011, which by *de facto* has placed more emphasis on the President’s/Administration’s budget. In the past, Congress would use the earmark process in their various committees to add/subtract U.S. Corps of Engineers funding to/from the Administration’s budget. With this process now eliminated, the President’s budget has more resiliency and the chances of securing a “Congressional Add” have become slimmer and slimmer. Also, past Administrations have created a very difficult appropriation environment for Carteret County waterway and beach projects constructed and maintained by the Corps of Engineers by providing less and less funding to the Corps of Engineers.

The confluence of diminishing Administration budgets and the Congressional no earmark policy was evidenced this year (2016) – \$8,796,000 was appropriated to the Morehead City Harbor Project in the FY 2016 via the Consolidated Appropriations Act signed into law on December 18, 2015 (P.L. 114-113). This was the only Carteret County project in the entire bill for the Civil Works Program and the Corps of Engineers planned to award a bid to dredge 950,000 cubic yards (cy) from Range A and B for a government estimate of \$5,928,770 (pipeline dredge with beach disposal) – all three bids that were received came in over \$11.7 million. This was well above the government estimate and therefore was not awarded (must be <25% above the government estimate to award). The SPO worked with the Corps of Engineers, Port Authority, and other stakeholders to find supplemental funding and with assistance of Congressman Jones’ office, secured an additional \$5.0 million in February 2016 ([press release](#)). The Corps issued a new solicitation for the removal/disposal of 665,000 cy that was ultimately awarded to Dutra Group utilizing a bucket and barge operation with offshore disposal.

More recently the President’s budget for federal FY 2017 (winter 2016-2017) included \$5,950,000 for Morehead City, and when coupled with N.C Port Authority funding; a \$6,419,000 government estimate was generated to dredge/beach dispose 500,000 cy (excavated). Two bids were received and an awardable bid of \$7,435,825 was provided by Great Lakes Dredge & Dock (see Interim Operations Plan above – page 5).

2017 Objectives – Continue to lobby for federal funding of the Morehead City Harbor Navigation Project and monitor any supplemental appropriation bills that may develop where small, federally-authorized channels in the County could also receive funding (e.g. – Hurricane *Irene* supplemental appropriations to the Corps of Engineers in 2011-12).

(2) State Memorandum of Agreement (MOA) with U.S. Army Corps of Engineers and the Shallow Draft Navigation Channel Dredging & Aquatic Weed Fund.

Summary (2016 & prior) – This instrument (MOA) allows the Corps to accept State/local money to utilize the government sidecast dredge (the *Merritt*) to maintain shallow draft inlets located south of Cape Lookout - Bogue, New River, New Topsail, Carolina Beach, Lockwoods Folly, and Shallotte; in addition to Oregon Inlet located well north of this cluster of inlets. The timing and implementation of the MOA was coupled with two components contained in the State appropriation bill of 2013 ([S.L. 2013-360](#)) that endowed a new "*Shallow Draft Navigation Channel and Lake Dredging Fund*" (Shallowdraft Fund). The monies are generated via; (a) an increase in boat registration fees and (b) boat fuel taxes (utilizes one-sixth of one percent of the money allocated from the excise tax on motor fuel to the N.C. Wildlife Resources Commission's Boating Account). The N.C. Division of Water Resources (NCDWR) manages the account and these two revenue streams (gas tax and registration fee) generated ~\$7 million annually. The MOA allows for a maximum annual expenditure of \$4 million for the shallowdraft inlets – however, all of the State money will be cost-shared on a 50-50 ratio with local governments according to the 2013 law. Hence that \$4 million annual cap each year is a \$2 million State - \$2 million local expenditures if each community requires dredging at the shallowdraft inlets and each community participates. In essence, this would almost fund an entire year's worth of work for the sidecast dredge (i.e., the *Merritt* could work just about every day somewhere in N.C.). The original MOA was extended in July 2016 for 10 years (2026 sunset) and raised the cap to \$12 million annually in order to accommodate the dredging needs at Oregon Inlet.

Importantly, the MOA has been the vehicle to fund maintenance dredging at Bogue Inlet. The Corps currently holds ~\$6,294 of local and State government funds entering 2017 coupled with an additional \$262,500 of local and State funds NCDWR currently is holding for Bogue Inlet. This totals \$268,794 which equates to ~17 dredging days at a \$15,000/10 hour day rate – likely one dredging event. The SPO helped Emerald Isle coordinate the \$262,500 local/State funding initiative mentioned immediately above in 2016 including Carteret County (13%), Onslow County (13%), Emerald Isle (4%), Cedar Point (1%), Swansboro (1%), and Cape Carteret (1%) whose contributions were matched by the NCDWR (67%) using a cost share formula described below reflecting ShallowDraft Fund changes mandated by the General Assembly in 2015. Previously in 2014, the SPO helped Emerald Isle coordinate a \$280,000 local/State funding initiative including Carteret County (20%), Onslow County (20%), Emerald Isle (5%), Cedar Point (2%), Swansboro (2%), and Cape Carteret (2%) whose contributions were matched by the NCDWR (50%). These funds were utilized in 2016 during an April 14 to 24 dredging event, leaving ~\$6,294 as a balance as referenced above.

In 2015, a series of important changes were instituted for the Shallow Draft Navigation Channel and Lake Dredging Fund via [S.L. 2015-241](#), Section 14.6(a)(b), and Section 29.4(a). First, the cost share (formerly was 50/50 State/local government) will now be based on economic tiers. Tier I = 3 State dollar for 1 local dollar (i.e., 75 State/25 local). Tier II and III = 2 State dollar for 1 local dollar (i.e., 66 State/33 local). Carteret County is a Tier III, therefore our cost share will be improved from 50/50 to 66/33. Second, the

one-sixth of one percent of the money allocated from the excise tax on motor fuel to the N.C. Wildlife Resources Commission's Boating Account that goes into the fund will be increased to a whole percent. Before the entire fund generated ~\$7 million per year via BOTH the boat registration fees AND gas tax. The 2015 legislative placed this number closer to \$19.1 million/year (\$4.58 million registration + \$14.52 million gas). In 2016, the N.C. General Assembly changed the name of the Shallow Draft Navigation Channel Dredging and *Lake Maintenance* Fund to the "***Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund***" via [S.L. 2016-94](#).

As mentioned above, there is \$19.1 million anticipated in annual revenue for NCDWR, and the balance of the \$12 million that is not used annually of the MOA is accrued in a reserve fund. The \$12 million is split between the local governments and the State using the Economic Tier system so estimating the State expenditures and their input to the reserve value year is difficult to constrain. Nonetheless, the reserve that is allowed to accrue year after year go into the Water Resources Grant Program and is the State cost-share source for other shallow draft waterways in Carteret County – Wainwright Slough, Morgan Creek, Taylors Creek, Atlantic Beach Channels, Atlantic Harbor channel, etc., which has been utilized already by some of the local governments. Again, these matching funds would require a 33% match and would be issued under the State's competitive grant program administered by the N.C. Division of Water Resources. The estimated Shallowdraft Fund balance at the conclusion of 2016 is \$16.5 million ([NCDWR Presentation](#)).

The County placed a 0.25% sales tax referendum on the November 2014 and 2016 ballots aimed to provide a local cost share source for waterway projects. This would have raised the overall sales tax rate from 6.75% to 7.0% and generate ~\$2.5 million annually to leverage with the Shallowdraft Fund. The SPO provided information to the County General Government and other interested parties in 2014 and 2016 to support the public education effort. However the referendum failed on both occasions.

2017 Objectives – Participate in quarterly MOA meetings hosted by NCDWR that provides status summaries of the Shallowdraft Fund, and updates from the Corps of Engineers. If needed, assist local communities with the planning of waterway dredging projects and grant requests to NCDWR. These projects could include Wainwright Slough, Bulkhead Channel, Taylor's Creek, Morgan Creek, Atlantic Beach Channels, etc. Also provide technical support to the County General Government if a waterway sales tax referendum is pursued again while serving as a resource for the County's Waterways management Committee established in 2016.

(3) State Shallow Draft Inlet (SDI) Report and Permits

Summary (2016 & prior) – A SDI Reconnaissance Study was released in the fall of 2013, which was prepared on behalf of the N.C. Division of Water Resources (NCDWR) to identify the time and cost of obtaining general and individual dredge permits for five shallow draft inlets along the southern half of the North Carolina coast (Bogue, New Topsail, Carolina Beach, Lockwood Folly Inlet, and Shallotte River). The SDI report was predicated by two major concerns; **(1)** The aforementioned inlets have been predominantly maintained by two federal sidecast dredges (the *Fry* and the *Merritt*). However the *Fry* was decommissioned in 2010, which reduced sidecast dredging capacity by 50% and the *Merritt* is over 50-years old and therefore is reaching the end of its service life. The Corps also has two small hopper dredges in its fleet (the *Currituck* and *Murden*) but these vessels require a 10 feet draft when fully loaded

and that depth exceeds most of the authorized navigation depths. Thus, if the only sidecast dredge in the fleet (the *Merritt*) is decommissioned, then there will not be a government dredge that can operate at full capacity within the State's shallow draft inlets. (2) Federal funding for shallow draft inlet maintenance has all but evaporated, and most of the federal funding that has been provided have been by means of supplemental disaster appropriation bills. For the most part, dredging of the subject inlets have been performed solely through State and local funding. Considering the funding situation and possible decommission of the *Merritt*, NCDWR and local governments determined it would be prudent to develop both the scope of work and cost to obtain permits to maintain the navigability of the state's shallow draft inlets. The SDI report is the manifestation of this need, and is was prepared by O'Brien & Gere under a contract with NCDWR.

The SPO participated in the data collection and performed reviews of draft materials for the SDI report and permit applications. The final, comprehensive draft report/permit application was completed and placed on a FTP site for review in December 2014, and it was later resolved that a Biological Assessment (BA) would have to be prepared for Section 7 Consultation (endangered species). The BA was submitted by O'Brien & Gere to the U.S. Fish & Wildlife Service (USFWS) in the fall of the 2015 and the USFWS acknowledged it's receipt and worked towards their Biological Opinion to include terms and conditions associated with the Incidental Take Statement - seabeach amaranth, the sea turtles (*sans* the Hawksbill), piping plover, and the Red Knot Rufa are the species of concern. The Biological Opinion was completed in March 2016 and the CAMA Major Permit and Federal terms and conditions were issued in May 2016. In 2015, the National Marine Fisheries Service (NMFS) recommended the USACE Wilmington District rely on the South Atlantic Regional Biological Opinion from 1997 to meet consultation requirements for the project for sea turtles in a regulatory sense – hence, no additional consultation with NMFS is needed (i.e., no marine Biological Opinion. The permit process will enable Emerald Isle (sponsor) to maintain the Bogue Inlet "ocean bar" and "connector channel" using the same Corps of Engineers' authorized conditions and methodologies in place now, or allow a permit modification to be submitted using this new permit to modify the types of plant (dredge) used, disposal areas, and/or dredging dimensions of the channel.

The cost of the SDI Report/permit application was \$85,000, which was split between the five local government units associated with each of the five inlets, and matched by NCDWR. This equated to a cost of \$8,500 for Bogue Inlet, which was furnished by the SPO/reserve fund in 2014 because the disposal material can be placed on the beach (likely along the "Point" area in Emerald Isle).

2017 Objectives – The SPO will work with Emerald Isle, NCDWR, NC Division of Coastal Management and other regulatory or cost-share partners if dredging work is required along the Bogue Inlet Channel reach using this new permitting vehicle.

(IV) OTHER

(1) Internet/E-mail

Summary (2016 & prior) - In the latter stages of 2014, the SPO migrated the www.protectthebeach.com website to the *CivicPlus* platform utilized by the County, thereby fully integrating the SPO website into the relatively new County "cartercountync.gov" domain. By doing so, the site was fully converted from a "remote computer file transfer" system that utilized the County's server to one that is completely web-based. This effort included the reformatting of over 25 individual webpages, the creation of numerous photo galleries, and the establishment of the site hierarchy within the new domain –

www.protectthebeach.com is now re-directed to <http://www.carteretcountync.gov/295/Shore-Protection>.

The SPO also created and maintains the “Beach News” public clipping service, providing up-to-date news from across the State and abroad concerning issues related to coastal processes, beach preservation, waterway navigation, public access, flood insurance, sea-level rise, endangered species, and more (<http://www.carteretcountync.gov/301/Beach-News>). Akin to the 2014 website migration effort, “Beach News” was modified and is now disseminated using a “newsflash module” that is available through the *CivicPlus* platform. Previously, Beach News was distributed via email and the newsflash module offers much greater control over subscriptions and other editing features. There were approximately 754 subscribers in 2016, which is up from 695 in 2015 and 740 in 2014. Note: The *CivicPlus* newsflash module feature automatically maintains email addresses and removes subscribers if the system receives consistent “bounce backs”. Considering Beach News has been in existence for twelve years, the amount of “dead” email addresses in the register during the first year of the transition to *CivicPlus* was likely very high – the reduction in subscribers noted above from 2014 to 2015 is likely a reflection of the automated removal system.

2017 Objectives – Continue the “Beach News” clipping service as it enters its 13th year of existence. Continue to update the “ProtecttheBeach.com website with items such as new beach monitoring reports, electronic editions of Beach Commission agendas and minutes, create new project websites, etc.

(2) Meetings/Conferences

Summary (2016) – Attended seven State meeting/conferences regarding water resources while providing a total of eighteen presentations in the 2016 calendar year to local civic organizations, groups, State agency sponsored forums, and State advocacy groups. The SPO also served as lead program coordinator for both of the N.C. Beach, Inlet, & Waterway Association’s annual 2-day events – the N.C. Coastal Local Governments Meeting (April 20th and 21st, Pine Knoll Shores) and the Fall Conference (Nov. 15th and 16th, Wrightsville Beach).

2017 Objectives – Provide presentations to local civic organizations and groups as needed.

(3) Boards/Appointments (2016 – previous)

Continue to serve on; **(1)** The Coastal Resources Commission’s Science Panel, **(2)** the N.C. Coastal Resources Advisory Council (appointed chairman in 2016), and **(3)** the Board of Advisors for the N.C. Coastal Resources Law, Planning, and Policy Center.

Formerly served on the N.C. Water Resources Congress executive committee prior to its dissipation in 2015. Voluntarily concluded serving on the Board of Directors for the American Shore & Beach Preservation Association and the Outreach Advisory Board for N.C. SeaGrant in 2010. Also concluded service on the State’s Beach, Inlet Management Plan (BIMP) Advisory Committee, the State’s Ocean Policy Report Advisory Committee, and the U.S. Environmental Protection Agency’s Coastal Elevations & Sea Level Advisory Committee in 2009 (all temporary appointments).

Shore Protection Manager

Greg L. Rudolph
Tel: (252) 222.5835
Fax: (252) 222.5826
grudolph@carteretcountync.gov



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Shore Protection Office Budget for FY 2017 – 18. (Supplemental Memo)

- Future of Governmental Affairs Officer & Administrative Assistance -

Meeting Date: 2/6/17

Topic No. 5a

Suggested Action: Discussion and if warranted, appoint committee to work with County Manager and Commissioners.

Subsequent to the first round of the Governmental Affairs Officer experiment, the Beach Commission requested the Shore Protection Office's thoughts for this position moving forward as we formulate the budget for FY 2017-18. More specifically, the Beach Commission wanted an elucidation of how the Governmental Affairs Officer position should relate to and can be most beneficial to the Shore Protection Office and Beach Commission.

Background

The concept of a Governmental Affairs Officer originated a few/several years ago and manifested itself based on two circumstances both the Beach Commission and County Government were facing at that time.

- (1) On the federal side, the "no-earmark" Congressional rule essentially eliminated the need for a Washington, D.C. based lobbyist as the President's budget was becoming more difficult to change through the annual "regular order" Congressional appropriation process. While it was agreed our former lobbyist (Howard Marlowe) performed very admirably for us in the past; circumstances of the day rendered his services obsolete. This cascade of events also meant any influence on the appropriation process that could be made would have to be coordinated 100% in house and there would be no policy assistance as well related to advocacy efforts or monitoring issues pertaining to other federal matters such as endangered species, Water Development Appropriation Acts, oil gas revenue-sharing, the National Flood Insurance Program, etc.
- (2) At a State level, the County Commissioners at the time believed they were getting blind-sided more frequently by the N.C. General Assembly or State Agencies on a host of issues ranging from sales tax re-distribution, storm water, economic

development, etc. To this effect, they wanted to be more proactive than reactive and thought it would be advantageous to contract a State lobbyist.

After discussion between both groups (County and Beach Commission), the concept of a Governmental Affairs Officer was conceived whereby a new County employee would be designated to address the issues summarized immediately above and serve as staff to the Shore Protection Office. Moreover, the Governmental Affairs Officer would be housed full-time at the newly renovated Shore Protection Office complex in Emerald Isle. Because of these duplicative roles (in a corresponding sense), this new position would be funded 50% General Government and 50% Nourishment Reserve. The scope of the Governmental Affairs Officer was unique to local government and resulted in an exhaustive personnel search in 2015 with over 200 applicants. Unfortunately the person we did retain unexpectedly fell ill to cancer and had to retire on permanent disability within a year of employment. The Governmental Affairs Officer position therefore never did get off the ground say so to speak, which leaves us in a reset position today.

Moving Forward

After reflection, I believe the Governmental Affairs Officer should be a 100% County position and if assistance is still warranted for the Shore Protection Office, then a separate full-time Administrative Assistant/Coastal Policy Analyst should be retained for this purpose. Although our time experimenting with a Governmental Affairs Officer was brief, I envisioned this person evolving to interfacing directly with all the County Department Heads on a continual basis and collecting information to be prepared to monitor, educate, and advocate the N.C General Assembly when they are in session and perhaps interface with the State Agencies as well. Social Services issues, Education issues, and Emergency Management issues for instance are complex and require a lot of attention – proposed legislation is introduced every day when the General Assembly convenes and has to be closely monitored as it is navigated through the House and Senate. This leaves little time to keep the ear to the ground on coastal issues we are responsible for, or to tend to more administrative related Shore Protection Office duties as well. If anything, the Shore Protection Office should be just one of the departments the Governmental Affairs Officer corresponds with. The County Board and County Manager should have a more supervisory role in this case; which is more appropriate in this scenario for a Governmental Affairs Officer.

In terms of a Shore Protection Office Administrative Assistant and/or Coastal Policy Analyst, below (next page) and attached is a list of duties this person could be responsible for. Ultimately however and not trying to “grow government” in the process; I can envision the Shore Protection Office almost morphing into a Beach and Waterway Office capacity as reflected in some of the tasks provided below. As the Beach Commission is aware, occupancy collections cannot be utilized for waterway dredging unless the disposal method involves oceanfront beach nourishment. Therefore although intimately related to beach nourishment with respect to dredging methodologies, environmental permitting/regulations, and other issues; all “non-nourishment” waterways within the County must be maintained utilizing County, Town, or Home Owner Association financing that can be leveraged with matching grants via the State’s Shallow Draft Navigation Channel Dredging & Aquatic Weed Fund. Because of this cross-pollination of interests, the Shore Protection has served in a support role for several of the County’s municipalities and County General Governmental itself; most notably Wainwright Slough.

The solicitation and retainage of contractors, application and administration of grants, environmental permitting, construction administration oversight, and working with the U.S. Corps of Engineers when necessitated can take a large amount of time and effort –

and just for one waterway project. There could be economies of scale if one person/office was essentially responsible for these activities and overall coordination across the County. This person could also serve as lead staff for the County's Waterway Management Committee created last year (2016). If this progression does take place, then I could foresee a pathway where an employee is originally retained to serve as an administration assistant to the Shore Protection Office and becomes a subject matter/policy expert on the coastal issues that come across our desk (e.g., endangered species, the *Monitor* Sanctuary, sea-level rise, oceanfront setbacks, etc.) while introduced to the waterway dredging realm. As a comfort level is attained, this person could subsequently serve as staff to the Waterways Management Committee and begin to take the reins of waterway projects altogether. Accordingly, I would also recommend this individual be funded 100% by the Nourishment Reserve at first, then 50% Nourishment Reserve – 50% County General Government as the "Nourishment to Waterway" transition as described takes shape. This person would obviously be housed at the Shore Protection Office and should be retained at a more baseline salary at first with increases planned commensurate to the responsibility the individual can assume over time.

Lastly, I want to stress this is just a set of ideas and should be considered as a "first cut". If the Beach Commission wishes to change the direction slightly or even wholesale; or decides to pause for a while, then it is perfectly acceptable to do so. If the Commission does want to move forward, then we should be thinking about establishing a committee to meet with the County Manager and a few County Board members to start brainstorming and detailing this new position. I did not include anything related to this position in the FY 2017-18 budget as it would drastically skew the personnel side of the ledger. If this becomes a mid-fiscal year hire, then we can amend the budget at that time akin to the pathway taken for the first Governmental Affairs Officer. In closing, I look forward to discussing this topic at our meeting and appreciate the compassion the Beach Commission has voiced concerning the Governmental Affairs Officer position and the open-minded thinking about this role in general.

Tasks (in no particular order)

- Meeting minutes (Beach Commission and Waterways Management Committee).
- Website updates for www.protectthebeach.com and "[Beach News](#)".
- Develop and implement organizational system for filing, scheduling, accounts payable, etc.
- Help prepare Agendas for Beach Commission and Waterways Management Committee.
- Prepare resolutions for County Board consideration and approval. Cover memo when required.
- Attend and prepare briefings of meetings (e.g., N.C Ports Committee, Corps stakeholder meetings, public hearings related to CAMA policy, Floodmaps, endangered species, etc.).
- Coastal Policy Analyst duties for Federal Issues (see attached from Governmental Affairs Officer position formulation - 2015).

- Assist with storm response activities (field observations, memos, participate in County EOS, coordinating surveys, reimbursements, etc.).
- Become a CAMA expert and parlay that knowledge into succinct summaries and provide recommendations.
- Monitor the N.C. General Assembly legislation and activities as they pertain to coastal issues (e.g., terminal groin bill, regulatory reform, shallow draft fund, buffers, impervious surface, etc.).
- Develop, disseminate, and coordinate Request for Qualifications or Qualifications for waterway dredging studies and permitting/engineering services.
- Prepare, submit, and administer applications and awards related to the State's Shallow Draft Navigation Channel Dredging & Aquatic Weed Fund.
- Assist County with educational outreach with respect to Waterway Dredging, work with Waterways Management Committee to identify issues and work on long-term planning for all dredging and disposal activities.

COASTAL POLICY ANALYST

Overview – This position would be responsible for monitoring federal and State legislation, in addition to various resource/regulatory agency policy initiatives, mandates, and proposed rules related to coastal issues pertaining to Carteret County. This individual must be able to synthesize and present any developments in these arenas to the Board of Commissioners in succinct terms highlighting possible implications and/or direct impacts to the County. The Coastal Policy Analyst will also be encouraged to formulate recommendations and/or suggested actions the County Board or County staff should take (both short term and long term). Must be able to attend various meetings of the General Assembly and their subcommittees, Environmental Management Commission, Coastal Resources Commission, Marine Fisheries Commission, and occasional liaisons with the U.S. Congress and federal agencies.

List of federal and State Subjects/Issues Monitored by the Coastal Policy Analyst

Outer Continental Shelf (OCS) Energy Development

(a) Oil & Gas – BOEM lease sales, offshore surveying, royalty policies, environmental impacts, infrastructure demands, etc.

(b) Wind – same issues, plus “connection to grid” conflicts with fishing and recreational use of the seafloor, beaches, and other coastal environments/property.

Floodplain Management

(a) NFIP (National Flood Insurance Program) – changes to federal laws governing the NFIP such as BW-12 and GW-14, Presidential executive order regarding a new federal flood risk standard, etc.

(b) FIRM - Technical and policy changes associated with new Flood Insurance Rate Maps (FIRMs) and/or possible revisions to existing FIRMs.

Environmental Protection Agency and N.C. Division of Water Quality Issues

Stormwater policy and rules; related run-off, impervious surface, natural buffer rules; Waters of the United States proposal; other.

Endangered Species Act (U.S. Fish & Wildlife Services and National Marine Fisheries Service)

Proposed listings (threatened and endangered) and critical habitat legislations; legislative proposals concerning the same and economic evaluations of the Act; scientific and technical data analysis and interpretations, etc.

Coastal Barrier Resources Act (CBRA)

Continue to monitor the CBRA Pilot Study; any proposed changes to existing units and Otherwise Protected Areas (OPAs); legislative bills; U.S. Fish & Wildlife Service policies, etc.

Off-Road Vehicle (ORV) and other National Park Service Use Policies

Includes policy changes emanating from the National Park Service/DOI regarding ORV use, personal water craft use, and other access uses. Implications to the County.

Sea-Level Rise (SLR)

Monitor all proposed legislative bills on both federal and State levels concerning SLR and their impacts on construction, floodplain management, and insurance. Monitor developments and proceedings of the State's Science Panel (i.e., 5-yr SLR updates) and the United States Global Change Research Program.

Fisheries Issues – wow, do we need to go here?