

Shore Protection Manager

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**CARTERET COUNTY BEACH COMMISSION MEETING
JUNE 22, 2020; 2:00 pm
EMERALD ISLE TOWN BOARD ROOM**

Remote Access Information (Zoom Meeting):

Video & Integrated Computer Phone:

<https://carteretcountync.zoom.us/j/83542609252?pwd=OWJLS0tsengrZS91MkczRnVHbVp2dz09>

Meeting ID = 835 4260 9252; Password = 593343

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

AGENDA

(1)	Call to Order.	<i>Chairman Cooper</i>
(2)	Approval of Minutes. (Regular Beach Commission Meeting – May 18, 2020)	<i>Chairman Cooper</i>
(3)	Room Occupancy Tax (ROT) and “Beach Fund” Update.	<i>Greg “rudi” Rudolph</i>
(4)	Bogue Banks Coastal Storm Damage Reduction Project (Discussion and Path Forward).	<i>Greg “rudi” Rudolph</i>
(5)	Public Comment.	
(6)	Other Business.	
(7)	July 2020 or Next Meeting Date. (TBD)	
(8)	Adjourn.	<i>Chairman Cooper</i>

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Approval of Minutes

Regular Beach Commission Meeting – May 18, 2020

Meeting Date: **6/22/2020**

Topic No. **2**

Suggested Action: A motion should be entertained to approve the May 18, 2020 meeting minutes with any recommended changes from the Beach Commission.

Attached for the Beach Commission's review, comments, and subsequent approval are the minutes for the Commission's May 18, 2020 regular meeting.

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CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Emerald Isle Board Room (<10 persons with spatial distancing - COVID-19 Precaution)

Remotely via Carteret County Zoom Account (<https://carteretcountync.zoom.us/>)

May 18, 2020, 2 pm

Attendance.

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

- (1) **Call to Order.** – Vice-chair Normile called the meeting to order mentioning that Chairman Cooper was on his way to the meeting and should be joining us shortly. The Vice-chair proceeded to an important matter on everyone's mind, which was the unexpected passing of Ken Jones last Wednesday – a fellow Beach Commission member since 2010 and the Mayor of Pine Knoll Shores. A moment of silence was held in his honor and the Vice-chair closed with a prayer.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (March 23, 2020).** – Vice-chair Normile asked the Commission if there were any corrections, additions, or comments regarding the March 23rd regular session minutes presented in the agenda packet. With no comments forthcoming, member Corsello subsequently made a motion to adopt the minutes as presented, which was seconded by member Farrington and unanimously approved.
- (3) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Secretary Rudolph introduced the topic with a slide show aid ([Slide 1](#)) and noted the Commission's agenda includes the February and March 2020 collection reports, which were up and down by +3.8% and -50.7%, respectively compared to the same months last year. Obviously the March collection is strongly correlative to the implementation of COVID-19 precautions (e.g., no short term rentals, cancellation of events, stay-at-home orders, etc.). Moreover, we have to remember there are also some hurricane *Florence* impacts that are part of the equation, whereby despite the limited inventory in the wake of *Florence*, the occupancy numbers were up in winter 2018-19 because an influx of contractors and displaced families were occupying much of what was remaining of the short-term rental inventory. These same contractors and families simply weren't in need of rooms in winter 2019-20 and hence a likely drop in occupancy that would occurred without COVID-19. Regardless, these stresses to visitation have dropped our fiscal year to date collection rate (FY 2019-20 compared to FY 2018-19) to -5.5% through March 2020 (\$2,557,280 vs. \$2,704,719 for the Beach Fund). The secretary continued that April 2020 will most certainly be in deep negative territory, but if the volume of visitors in May provides any indication; we could see a more "normal" occupancy tax collection trend begin to take hold. Chairman Cooper added that April could be -80% and May could still be in negative territory but again there is pent up demand and our inventory is back to pre-*Florence*

levels and that could help accommodate demand. Member Warren agreed and noted that reservations are looking very strong for the later part of May and beyond. Secretary Rudolph concluded the topic by noting our nourishment reserve at the end of March 2020 was approximately \$39.2 million, but that does not reflect a lot of the expenditures associated with our Post-*Florence* Phase II Renourishment Project.

- (4) **Post-Florence Renourishment Project (Phase III Scoping Discussion)**. – The secretary mentioned this is the 2nd consecutive meeting the Commission has discussed Phase III and the Town of Emerald Isle also received a briefing last Tuesday (May 12th) and have come to a decision on a path forward. Secretary Rudolph proceeded to provide a very similar overview as the last meeting summarizing the impacts of *Florence*, the goals of the project, and the dredging methodology ([Slides 2 – 13](#)) before discussing a recommended plan for Phase III ([Slides 14 – 21](#)). Again and generally speaking, there are three components of Phase III if the maximum extent of the project is pursued (all in Emerald Isle); (a) a small section west of Phase II from the Land's End Club House to past Channel Drive, (b) the main portion of the project in Central Emerald Isle between Phases I and II, and (c) East Emerald Isle in the Phase I zone again. The secretary reiterated the need for going back into East Emerald Isle was predicated on; (1) It is a known erosional hotspot, and (2) Our fill density in this area was actually below the volume of sand loss documented for hurricane *Florence* (+38.2 cy/ft added in 2019 vs. -43.8 cy/ft lost in 2018) – this was one of the collateral design issues we had back in late 2018 trying to get the most critical areas of Bogue Banks nourished with the cash we had in-hand at the time. This was months and months before FEMA fixed-cost funding to Pine Knoll Shores, Indian Beach, and Emerald Isle was approved; and was also months before the General Assembly even passed legislation enabling us to apply for State funding.

A full Phase III Project with all the aforementioned reaches is estimated to cost \$45 million including all mobilization, unit, dune planting, and engineering costs; and should be considered as an absolute maximum. Our estimated nourishment reserve for FY 2020-21 is estimated to be ~\$28 million (inclusive of any COVID-19 impacts), which in theory leaves a potential \$17 million shortfall. However, Emerald Isle has ~\$29 million of FEMA fixed-cost funds remaining, which collectively represents ~\$57 million “available”. Hence this is more of a cash flow issue and the Commission has previously discussed the need for timely monthly reimbursements from FEMA, or possibly a partial advance. The secretary subsequently reviewed three possible outcomes of moving forward with a full project or what we could afford with the nourishment reserve and Emerald Isle's nourishment reserve as well ([slide 20](#)).

After speaking to our engineering team at Moffatt & Nichol and a lot of internal discussion, it is recommended we pursue a full project ([slide 21](#)) – if we advanced a “base plus option” bid but are not intending to award the options until later in the year; then that does nothing for scheduling from the dredging industry perspective and they will increase their bid to ensure they are profitable on the Base. Also, we have benefited from a single composite unit cost across reaches for our Phase I and II Projects, and we would lose this economy of scale if we isolated all the reaches in the base plus option approach. However, to offset some of the uncertainties associated with FEMA reimbursement, it is recommended to include a net 60-day pay stipulation rather than net 30-day, and we would retain a contractual provision specified in Phases I and II that allows for a reduction of the project volume by 20% without any penalty. Thus if FEMA reimbursement during Phase III is not as seamless as we would like, we could stop the project while were in East

Emerald Isle, which would be the only area we are nourishing twice anyhow. With these two safeguards (and others) in place, this would give us the surety (and peace of mind) required for the Phase III Project. Plus the risk is ultimately Emerald Isle's to bear as they are entity who enters into a contract with the dredging company. To these ends, the Town of Emerald Isle is in agreement with this approach and if the Beach Commission agrees as well, then we should codify this in a motion.

Member Corsello asked if we could include a buffer type of number for the nourishment reserve to protect the reserve from going to \$0 if FEMA reimbursement to Emerald Isle runs into problems. It would not be prudent to run the reserve all the way down to zero – perhaps leave a safety net of \$3 or \$5 million. Chairman Cooper and other Beach Commission members agreed, and the secretary consequently asked if \$3 million would be a good number because that would represent 10% of the maximum the nourishment reserve can have by occupancy tax law (\$30 million). Vice-chair Normile reiterated the Town of Emerald Isle's support for the approach and with no other comments, member Corsello made a motion to approve the use of the nourishment reserve (estimated to be ~\$28 million for FY 2020-21) to assist the Town of Emerald Isle in the implementation of Phase III of the Post-*Florence* Renourishment Project, with the stipulation of a safety freeze if the nourishment reserve reaches \$3 million. The motion was seconded by vice-chair Normile and unanimously approved.

- (5) **Briefing – Real Estate Easement & Authorization for Entry Procurement Process.** – Secretary Rudolph explained a key component of participating in the U.S. Army Corps of Engineers' Bogue Banks Coastal Storm Damage Reduction Project (a.k.a. – the Corps 50-year project) is the acquisition of easements and rights-of-entry. In January of this year, Congress unexpectedly provided \$44.5 million to construct the Project - 65% of the \$44.5 million is provided by the Corps and the remaining 35% is non-federal funding furnished akin to a no interest loan. This infusion of funding has accelerated the Corps construction schedule and therefore the easement procurement process as well because all the easements/rights-of-entry have to be secured and recorded before construction can take place. Although we have easements in place for our locally-sponsored nourishment projects; they are much more descriptive to landforms (e.g., the vegetation line) than they are bound by survey coordinates and legal descriptions as the Corps easements require. In theory, we need to secure 1,203 easements by spring of 2021 and even if we don't elect to participate in the Corps' Project, there has been some thought that obtaining a more "metes and bounds" type of easement across all of Bogue Banks would be beneficial for our local nourishment projects moving forward. Regardless, obtaining easements of this nature is a serious endeavor and to this end, we have invited Lee Wrenn to provide an "Easement Acquisition 101" type of presentation to the Beach Commission. Mr. Wrenn's company ([Lee Wrenn & Associates, Inc.](#)) has successfully secured over a thousand beach easements for Corps' projects in the past on behalf of local governments including Dare County, Myrtle Beach, Kure Beach, etc., and even more easements/right-of-entry agreements with respect to pipeline, water, sewer, and annexation types of projects.

Mr. Wrenn proceeded with a PowerPoint [Presentation](#), and noted that a 3rd party easement team would need to be formed including a series of negotiators, surveyors, appraisers, and attorneys all working in tight alignment. Additionally there would have to be a detailed education plan and public relations effort launched before property owners are approached with executing agreements. Each parcel will generally require; (1) a survey, (2) the development of the legal

description of the tract of land, (3) a title search, (4) an appraisal – likely waived in this instance, (5) negotiations if necessary, (6) condemnation if ever required, and (7) all conveyance and closing documentation. Mr. Wrenn stressed that the February 21, 2021 deadline would be almost impossible to achieve for many reasons including that lack of work force to handle this type of volume. For instance, it would roughly require 100 title searches to be completed every week under this schedule. Additionally the Corps' legal team also has to be deeply committed to the project by providing timely review and responses to each and every easement.

Vice-chairman Normile thanked Mr. Wrenn for his preparation and time regarding the presentation and the secretary added that this was a lot for the Beach Commission to digest in one sitting, and we will likely need to collect our thoughts before making any decisions with respect to pursuing the easements but thanks to Mr. Wrenn; we are equipped with the correct information. Estimating a cost would also be premature at this point, but if the average easement/right-of-entry would require \$1,000 to secure, then the cost would be \$1,203,000. If \$2,000 per easement, then \$2,406,000 and so on so on. Fortunately, much of these costs can be applied to our non-federal share of the Project.

- (6) **Public Comment.** – None.
- (7) **Other Business.** – Secretary Rudolph briefly summarized the progress at the Atlantic Harbor Dredging/Living Shoreline and Stabilization Project ([Slides 22 – 24](#)). Dredging was completed last Thursday (May 14th) and stone is currently being delivered to the project site, signifying the beginning of the construction of the living shoreline component.
- (8) **June 2020 Meeting Date (TBD).** – It was agreed upon that the next Beach Commission meeting is in a “to be determined” status based upon State phasing of COVID-19 precautions and any decision-making topics that would require the Commission’s attention.
- (9) **Adjourn.** – Vice-chair Normile (chairman Cooper had to leave the meeting early for Town of Atlantic Beach duties) asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

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

Meeting Date: **6/22/2020**

Topic No. **3**

Suggested Action: None.

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

The April 2020 occupancy tax collection was down by -89% compared to the April 2019 collection, representing a -\$327,505 total decrease for the month (-\$163,753 to the nourishment reserve; 50% of total). Undoubtedly this is a direct result of State and federally mandated COVID-19 precautionary measures (e.g., stay at home orders, no short term rentals, spatial distancing, closing of non-essential businesses, etc.); and furthermore dwarfs any other negative or positive variables impacting the collection such as inventory issues we have discussed many times as the result of hurricane *Florence*. As expected the COVID-19 impact to visitation/occupancy has dropped our fiscal year-to-date collection rate to -10.8%, corresponding to a -\$311,192 decrease to the nourishment reserve through April 2020 (\$2,888,661 in FY 2018-19 vs. \$2,577,469 in FY 2019-20). And although the 2020 calendar year is still relatively young, the collections are down by -49.6% for the first four months (January through April). While this is discouraging news, we have experienced robust visitation in May and thus far in June from just an anecdotal standpoint, and hopefully this will translate to strong occupancy tax collections as well.

And lastly as illustrated in Table 4 below, our estimated value for the "Beach Fund" at the conclusion of April 2020 is approximately \$18.8 million and was generated by taking our opening balance on July 1, 2019, our revenue through April 2020, and our expenditures to date through April 2020 into account. A copy of the expenditure report for the month of April is also attached to this cover sheet for the Commission's review and is constrained to more of the Shore Protection Office's administrative functions. We have also incorporated

the financial transactions (invoicing and reimbursement payments) associated with all aspects of Phase I and II of the Post-*Florence* Renourishment Project into our reserve estimate – again current through April 2020, which includes an overwhelming bulk of the Phase II Project expenditures.

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

Month	Gross Receipts TDA & Beach		Beach Fund (Monthly)*		Beach Fund (YTD)*		Occ. Tax Total Monthly Difference	Occ. Tax Total YTD Difference
	FY 18-19	FY 19-20	FY 18-19	FY 19-20	FY 18-19	FY 19-20		
Jul	\$1,951,256	\$1,713,896	\$975,628	\$856,948	\$975,628	\$856,948	-12.16%	-12.16%
Aug	\$1,339,735	\$1,565,053	\$669,867	\$782,526	\$1,645,495	\$1,639,475	16.82%	-0.37%
Sep	\$720,343	\$609,740	\$360,172	\$304,870	\$2,005,667	\$1,944,345	-15.35%	-3.06%
Oct	\$304,571	\$412,272	\$152,286	\$206,136	\$2,157,953	\$2,150,481	35.36%	-0.35%
Nov	\$380,894	\$240,881	\$190,447	\$120,440	\$2,348,400	\$2,270,921	-36.76%	-3.30%
Dec	\$150,872	\$144,499	\$75,436	\$72,249	\$2,423,836	\$2,343,171	-4.22%	-3.33%
Jan	\$166,761	\$149,611	\$83,380	\$74,806	\$2,507,216	\$2,417,976	-10.28%	-3.56%
Feb	\$153,978	\$159,825	\$76,989	\$79,913	\$2,584,205	\$2,497,889	3.80%	-3.34%
Mar	\$241,029	\$118,782	\$120,514	\$59,391	\$2,704,719	\$2,557,280	-50.72%	-5.45%
Apr	\$367,884	\$40,378	\$183,942	\$20,189	\$2,888,661	\$2,577,469	-89.02%	-10.77%
May	\$558,112		\$279,056		\$3,167,717			
Jun	\$1,353,693		\$676,846		\$3,844,564			
Totals=	\$7,689,127	\$5,154,938	\$3,844,564	\$2,577,469	\$3,844,564	\$2,577,469	Avg. = -16.26%	-10.77%

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

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

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

Month	2020	2019	2018	2017	2016	2015	2014	2013	
	6%	6%	6%	6%	6%	6%	6%	6%	5%
Jan.	\$149,611	\$166,761	\$108,736	\$90,369	\$72,738	\$65,107	\$54,359	\$48,955	\$40,796
Feb.	\$159,825	\$153,978	\$147,363	\$102,895	\$80,744	\$66,976	\$60,118	\$52,897	\$44,081
Mar.	\$118,782	\$241,029	\$194,638	\$198,697	\$197,020	\$142,289	\$121,346	\$128,088	\$106,740
Apr.	\$40,378	\$367,884	\$426,106	\$378,586	\$267,064	\$238,039	\$218,570	\$187,767	\$156,472
May		\$558,112	\$314,986	\$574,112	\$495,403	\$519,427	\$530,041	\$373,921	\$311,601
June		\$1,353,693	\$1,582,294	\$1,211,103	\$1,254,762	\$1,194,984	\$1,119,788	\$1,126,150	\$938,458
July		\$1,713,896	\$1,951,256	\$2,022,661	\$1,945,706	\$1,799,562	\$1,714,309	\$1,440,439	\$1,200,365
Aug.		\$1,565,053	\$1,339,735	\$1,345,057	\$1,310,899	\$1,310,391	\$1,327,500	\$1,270,274	\$1,058,562
Sept.		\$609,740	\$720,343	\$651,908	\$632,513	\$598,281	\$514,648	\$471,580	\$392,983
Oct.		\$412,272	\$304,571	\$424,176	\$354,178	\$357,967	\$348,348	\$296,997	\$247,497
Nov.		\$240,881	\$380,894	\$260,361	\$192,591	\$148,172	\$125,217	\$145,665	\$121,388
Dec.		\$144,499	\$150,872	\$97,436	\$98,029	\$89,584	\$92,698	\$72,597	\$60,498
Totals =	\$468,597	\$7,527,797	\$7,621,795	\$7,357,361	\$6,901,648	\$6,530,780	\$6,226,944	\$5,615,329	\$4,679,441
YTD =	-49.59%								
(+/-) previous year		-1.23%	3.59%	6.60%	5.68%	4.88%	10.89%	6.55%	

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

HOTELS/MOTELS

Month	2018-19		2019-20		FY 2019-20 v. 2018-19	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$365,114	\$365,114	\$311,918	\$311,918	-\$53,196	-14.57%
Aug	\$217,643	\$582,757	\$252,144	\$564,062	\$34,502	-3.21%
Sep	\$236,742	\$819,499	\$167,716	\$731,778	-\$69,026	-10.70%
Oct	\$147,923	\$967,422	\$168,045	\$899,824	\$20,123	-6.99%
Nov	\$129,778	\$1,097,200	\$90,380	\$990,203	-\$39,398	-9.75%
Dec	\$92,243	\$1,189,443	\$62,371	\$1,052,574	-\$29,872	-11.51%
Jan	\$86,242	\$1,275,685	\$61,738	\$1,114,312	-\$24,504	-12.65%
Feb	\$83,762	\$1,359,447	\$77,605	\$1,191,917	-\$6,157	-12.32%
Mar	\$121,653	\$1,481,100	\$56,610	\$1,248,528	-\$65,043	-15.70%
Apr	\$156,419	\$1,637,519	\$23,288	\$1,271,816	-\$133,130	-22.33%
May	\$202,368	\$1,839,887				
Jun	\$271,570	\$2,111,457				
Totals=	\$2,111,457	\$2,111,457	\$1,271,816	\$1,271,816	-\$365,703	-22.33%

CONDOS/COTTAGES

Month	2018-19		2019-20		FY 2019-20 v. 2018-19	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$1,462,838	\$1,462,838	\$1,291,633	\$1,291,633	-\$171,206	-11.70%
Aug	\$1,046,472	\$2,509,310	\$1,245,633	\$2,537,266	\$199,161	1.11%
Sep	\$446,022	\$2,955,332	\$399,296	\$2,936,562	-\$46,726	-0.64%
Oct	\$118,172	\$3,073,504	\$209,600	\$3,146,162	\$91,428	2.36%
Nov	\$225,997	\$3,299,501	\$109,563	\$3,255,725	-\$116,434	-1.33%
Dec	\$38,797	\$3,338,298	\$48,031	\$3,303,756	\$9,235	-1.03%
Jan	\$42,818	\$3,381,116	\$32,126	\$3,335,882	-\$10,693	-1.34%
Feb	\$25,854	\$3,406,970	\$21,635	\$3,357,517	-\$4,220	-1.45%
Mar	\$66,460	\$3,473,431	\$37,818	\$3,395,335	-\$28,642	-2.25%
Apr	\$154,609	\$3,628,039	\$8,580	\$3,403,915	-\$146,028	-6.18%
May	\$283,506	\$3,911,545				
Jun	\$1,044,576	\$4,956,121				
Totals=	\$4,956,121	\$4,956,121	\$3,403,915	\$3,403,915	-\$146,028	-6.18%

OTHER, LESS THAN 5, & ON-LINE TOTAL

Month	2018-19		2019-20		FY 2019-20 v. 2018-19	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$123,303	\$123,303	\$110,346	\$110,346	-\$12,958	-10.51%
Aug	\$75,620	\$198,923	\$67,276	\$177,621	-\$8,345	-10.71%
Sep	\$37,579	\$236,503	\$42,728	\$220,350	\$5,149	-6.83%
Oct	\$38,477	\$274,980	\$34,627	\$254,976	-\$3,850	-7.27%
Nov	\$25,120	\$300,099	\$40,938	\$295,914	\$15,818	-1.39%
Dec	\$19,832	\$319,931	\$34,096	\$330,011	\$14,265	3.15%
Jan	\$37,701	\$357,632	\$55,747	\$385,758	\$18,046	7.86%
Feb	\$44,361	\$401,993	\$60,586	\$446,344	\$16,225	11.03%
Mar	\$52,915	\$454,908	\$24,354	\$470,698	-\$28,562	3.47%
Apr	\$56,856	\$511,764	\$8,510	\$479,207	-\$48,346	-6.36%
May	\$72,238	\$584,002				
Jun	\$37,547	\$621,549				
Totals=	\$621,549	\$621,549	\$479,207	\$479,207	-\$32,557	-6.36%

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

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

Opening Fund Balance (7/1/19)	\$10,679,909
 Revenues	
Occupancy Tax (to date)	\$2,577,469
Reimbursement from Municipalities (Indian Beach & Emerald Isle)	\$16,800,788
Coastal Storm Damage Mitigation Fund (S.L. 2018-134 & 138)	\$15,516,110
Interest on Reserve	NA
Total Revenues	\$34,894,367
 Expenditures	
Shore Protection Office (4/30/2020)	\$419,405
Post Florence Renourishment Project - Phase I & II	\$26,365,599
County Occupancy Tax Administration Fee*	\$30,775
Total Expenditures	\$26,815,778
 (Deficit)/Surplus for Year	 \$8,078,588
 Fund Balance	 \$18,758,497

*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: Apr-20

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 8,508.06	\$ 72.11	17	164
HOTEL / MOTEL	\$ 22,980.61	\$ 307.79	20	15
OTHER	\$ 902.69	\$ 83.55	8	126
ONLINE	\$ 7,523.44	\$ -	4	3
TOTAL ALL TYPES	\$ 39,914.80	\$ 463.45	49	308
Total Collected	\$ 40,378.25			

April-20

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$487.75	\$942.34	\$223.91	\$0.00	\$1,654.00
Beaufort	\$743.05	\$2,969.73	\$21.42	\$0.00	\$3,734.20
Cape Carteret	\$0.00	\$3,021.22	\$0.00	\$0.00	\$3,021.22
Emerald Isle	\$6,684.74	\$0.00	\$690.62	\$0.00	\$7,375.36
PKS / Salter Path/ Indian Beach	\$101.11	\$246.18	\$0.00	\$0.00	\$347.29
Morehead City	\$0.00	\$13,887.92	\$0.00	\$0.00	\$13,887.92
On Line	\$0.00	\$0.00	\$0.00	\$7,523.44	\$7,523.44
Unincorporated	\$563.52	\$2,221.01	\$50.29	\$0.00	\$2,834.82
Totals	\$8,580.17	\$23,288.40	\$986.24	\$7,523.44	\$40,378.25

Notes:

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

*** USER MAY NOT HAVE ACCESS ***		ANNUAL	ACT MTD POSTED	ACT YTD POSTED	REMAINING		
*** TO ALL ACCOUNTS IN RANGE ***		AMENDED BUDGET	ENCUMBERED	AND IN PROCESS	AND IN PROCESS	BALANCE	PCT
110	GENERAL FUND						
40	ECONOMIC & PHYSICAL DEVELOP						
4901	BEACH NOURISHMENT						
12100	SALARIES	108,840.00	0.00	8,372.16	89,244.15	19,595.85	81 -----
12600	PART TIME WAGES	0.00	0.00	0.00	0.00	0.00	0
18100	FICA EXPENSE	8,330.00	0.00	618.36	6,611.67	1,718.33	79 -----
18200	RETIREMENT CONTRIBUTION	9,850.00	0.00	756.00	8,058.69	1,791.31	81 -----
18300	HOSPITALIZATION INSURANCE	9,515.00	0.00	622.09	6,258.50	3,256.50	65 -----
18500	UNEMPLOYMENT	0.00	0.00	0.00	0.00	0.00	0
18600	WORKMENS COMP	2,000.00	0.00	0.00	1,911.00	89.00	95 -----
18700	401 K PLAN	5,445.00	0.00	418.60	4,462.15	982.85	81 -----
20000	SUPPLIES	2,000.00	0.00	0.00	0.00	2,000.00	0
28000	SMALL EQUIPMENT	2,000.00	0.00	0.00	0.00	2,000.00	0
31400	TRAVEL IN-COUNTY	2,400.00	0.00	303.03	2,034.76	365.24	84 -----
32100	TELEPHONE & DATA SERVICES	3,660.00	0.00	179.42	2,498.35	1,161.65	68 -----
32500	POSTAGE	1,000.00	0.00	17.60	210.25	789.75	21 --
39500	TRAVEL	5,880.00	0.00	0.00	1,111.91	4,768.09	18 -
44000	CONTRACTED SERVICES	385,470.00	0.00	362.50	291,629.69	93,840.31	75 -----
44100	FEASIBILITY AGREEMENT	0.00	0.00	0.00	0.00	0.00	0
44200	SECTION 933 REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0
49100	DUES AND SUBSCRIPTIONS	5,000.00	0.00	56.48	5,373.48	373.48	107 -----
69900	GRANT CONTRIBUTIONS EDC	0.00	0.00	0.00	0.00	0.00	0
TOTAL:	BEACH NOURISHMENT	551,390.00	0.00	11,706.24	419,404.60	131,985.40	76 -----
TOTAL:	ECONOMIC & PHYSICAL DEVELOP	551,390.00	0.00	11,706.24	419,404.60	131,985.40	76 -----
TOTAL:	GENERAL FUND	551,390.00	0.00	11,706.24	419,404.60	131,985.40	76 -----

Shore Protection Manager

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Bogue Banks Coastal Storm Damage Reduction Project (Discussion and Path Forward).

Meeting Date: **6/22/2020**

Topic No. **4**

Suggested Action: Discussion.

The Beach Commission is requested to continue our discussion regarding the U.S. Army Corps of Engineers' (Corps) Bogue Banks Coastal Storm Damage Reduction (CSDR) Project subsequent to our last meeting in May ([agenda](#)) when we received a [detailed briefing](#) from Lee Wrenn & Associates concerning the procurement process for Real Estate Easements & Right-of-Entry Authorizations. Securing Easements is just one of the rules of engagement included in the Project Partnership Agreement (PPA), which once executed by the Corps and County, will require the project sponsor to provide non-federal funds, and all lands, easements, rights-of-way, relocations, parking and accesses, etc. that are necessary for the construction and maintenance of the CSDR Project. All of these terms of local cooperation are serious endeavors that we and the Bogue Banks municipalities need to carefully consider before any decision is made to execute the PPA. Plus, there are more macroscopic type issues pertaining to items such as; future FEMA eligibility, State cost-sharing, long-term impacts to the Nourishment Reserve, the reliability of future Corps funding for project maintenance, and Bogue Inlet management concerns. To these ends, the attached "Pro & Con" summary sheet (next page) is attached to briefly encapsulate these issues and to serve as a springboard for discussion. This one-page list is devoid of all the policy nuisances and implications associated with each issue for ease of comprehension, but are further elucidated below in no particular order.

Favorable Cost Share – Initial Construction includes a 65% federal – 35% non-federal cost schedule. Moreover, the State (N.C. Division of Water Resources) has traditionally provided 50% of the non-federal share resulting in a 65% federal, 17.5% State, and 17.5% local cost-share formula. Thus the \$44.5 million of initial construction funding provided to the CSDR would be \$28,925,000 federal, \$7,787,500 State, and \$7,787,500 local. We have already been in contact with the State and have developed a three-year State allocation appropriation schedule (i.e., roughly \$2,595,833.33 over the next three years to total \$7,787,500). Of course the N.C. General Assembly would have to approve of this plan

USACE BOGUE BANKS COASTAL STORM DAMAGE REDUCTION (CSDR) PROJECT <i>Pro and Con Matrix</i>				
PROS (for) List		25 Value (0-10)	41 Value (0-10)	CONS (against) List
Very Favorable Cost-Share *65% Federal, 35% non-Federal with 50% State match . i.e., 65% Federal, 17.5% State, 17.5% Local.	9		10	Loss of Engineering Controls *When, Where, & How much nourishment becomes a Corps decision.
Future Maintenance Nourishment (Funding) *Once the CSDR project is constructed, Bogue Banks is eligible to receive federal appropriations to maintain the project.	8		6	Future Funding Uncertainty *No assurances of continued federal funding, usually "event" driven more than programmatic maintenance type of funding.
Synching Navigation & Shore Protection *The Corps will have to leverage opportunities to use more of the actively dredged material at Morehead City Harbor for nourishment while also improving the utilization of the offshore disposal sites.	8		8	Loss of FEMA Eligibility * Can't have the Corps and FEMA paying for sand at the same time.
			7	Easement Procurement *Securing 1,203 easements will be a major endeavor.
			8	Parking & Access *Must secure access every 0.5 mile with a minimum of 10 parking spaces within a 0.25 mile radius of each access point; AND meet peak demand. Major endeavor.
			2	Bogue Inlet Channel Realignment *Not part of the CDSR, but permitted in the Master Plan. No federal cost share.

moving forward. Maintenance or “Renourishment” is 50% federal and 50% non-federal or once State funding is applied – 50% federal, 25% State, and 25% local.

Total Cost and Implications to the Nourishment Reserve – Per the authorized Project (see [placemat](#)), the total project cost over 50 years is \$266,777,000. For construction, that’s \$24,263,000 federal and \$13,064,000 non-federal (\$6,532,000 State and \$6,532,000 local), and Renourishment is \$114,725,000 federal and \$114,725,000 non-federal (or \$57,362,500 State and \$57,362,500 local). Obviously we received slightly more construction funding than initially planned, but if we use the original cost estimates and ASSUME State funding is solvent, ASSUME the Corps receives routine funding, and ASSUME parking and access requirements are met, then the annual amortized cost for the nourishment reserve over the course of 50 years is \$1,277,890/year. If State funding never materializes, then that value jumps to \$2,555,780/year. Considering the occupancy yields roughly \$3.5 million to the nourishment reserve per year (present day value) and all of our other administrative costs are relatively low; this is a sustainable project financially speaking – with or without State funding.

The Federal Appropriation Process and Uncertainty – Quite frankly, the federal appropriation process is quite sloppy and unreliable. The President’s budget (regardless of the individual or party) routinely short-changes the Corps and both chambers of Congress take their time passing the 10 to 12 appropriation bills that constitute the annual budget. They (Congress) may plus up the Corps budget, but if they do; it is well after the fiscal year begins (October 1st) and those “adds” may or may not include beach nourishment which creates a very convoluted and unpredictable funding stream. Most of the time, federal renourishment funding is greatly enhanced in a hurricane supplemental bill – again, the timing of which is almost impossible to predict. Case in point – our initial construction funding was provided in a hurricane supplemental bill.

FEMA Eligibility – We would lose eligibility for the federal government to reimburse the communities for replacing the sand lost during a federally-declared disaster. FEMA requires local communities to build an engineered beach at their expense, and then develop and adhere to a monitoring and maintenance program to qualify for reimbursement. If we proceed with CSDR Project, then the local communities have allowed the Corps to build/supersede the local engineered beach and that alone would negate any future FEMA reimbursement. I.e., one federal agency (FEMA) can’t pay for another federal agency (the Corps) to rebuild their project after a hurricane. Since *Irene* (2004), FEMA has provided/awarded \$87,862,725 to the Bogue Banks communities; and granted the FEMA reimbursement process is rife with its own uncertainties, and is surely storm driven by definition.

Loss of Control – This is a big sticking point for the Shore Protection Office to be honest. We have to remember the CSDR Project is owned and operated by the Corps. We would have very little influence with respect to design, the bidding process, construction administration, sequencing and timing, and cost control. For instance and as evidenced currently, we may not truly require nourishment from a beach health perspective, but if the Corps receives funding, then we are going to receive and pay for sand. We may have data supporting that one area of Bogue Banks needs sand the most, but the Corps can place the sand elsewhere. If we need/want to make changes to the project mid stream (e.g., increase or decrease berm widths or if the dredge lethally takes multiple turtles), then we really have little say in the matter.

Parking and Access Requirements – In order to fully leverage the federal cost share percentages mentioned above (65% for Construction and 50% for Renourishment), then the

entire 22.7 mile project reach must have an access every 0.5-mile with a minimum of 10 parking spaces anywhere within a 0.25-mile radius per access point. In other words, the 10 spaces can be in one location or dispersed individually along the streets right-of ways – again as long as the 10 spaces in total are within the 0.25-mile radius servicing that access point. Also, the total parking spaces for each municipality must meet an overall, Town specific peak demand. We will present a graphic at our meeting detailing the in-place vs. required numbers but generally speaking, we have 109 access points and require 122 (13 additional, mostly in west Atlantic Beach and west Emerald Isle) and in terms of peak demand; we have 1,861 parking spaces and require 2,068 (207 additional additional). As it stands today, this would change our Construction formula from 65% federal – 35% non-federal to 56% federal – 44% non-federal, and Renourishment from 50% federal – 50% non-federal to 43% federal and 57% non-federal, equating to a non-federal increase of \$127,789,000 to \$147,691,398 over the 50-year Project life. Acquiring property, easements, construction and maintenance of the parking areas, and consideration of neighborhood property owners are also major cost and political endeavors that must be factored in to the decision-making process.

Easements Procurement – As discussed last month, we will need (+/-) 1,203 oceanfront property easements before construction of the Bogue Banks CSDR Project can begin. Each parcel will require; (1) a survey, (2) the development of the legal description of the tract of land, (3) a title search, (4) an appraisal – likely waived in this instance, (5) negotiations if necessary, (6) condemnation if ever required, and (7) all conveyance and closing documentation. As explained in great detail by Lee Wrenn & Associates, Inc.; this will be a major undertaking. And while it might be premature to provide a cost estimate for securing all of the easements/rights-of-entries, but if the average easement costs \$1,000 to secure, then the cost would be ~\$1,203,000. If \$2,000 per easement, then \$2,406,000 and so on.

Bogue Inlet – Any future re-alignments of the Bogue Inlet channel akin to the 2005 Project can be conducted via the authorizations provided in our Master Plan permitting. The CSDR Project on the other hand, does not include any management aspects for Bogue Inlet and therefore any project concerning the inlet is not eligible for any Corps of Engineers funding.

Other – One question that has come to forefront is, “How does the scale (geography and cost) of the Bogue Banks CSDR Project compare to other CSDR Projects across the Country. And secondly, “have similar projects to Bogue Banks been consistently funded throughout their construction and renourishment lifecycle?” Unfortunately this has become a difficult series of questions to answer. In 2003, the Corps’ Institute for Water Resources published “*The Corps of Engineers and Shore Protection; History, Projects, Cost*” ([IWR Report 03-NSMS-1](#)), and this document contains the type of information and summaries one could use. However after performing some in-house research, asking the Corps of Engineers, and our friends at the Warwick Group (Howard Marlowe and Dan Ginolfi); it appears this document has not been updated nor has a new document to this effect been prepared.

With respect to other CSDR Projects in North Carolina; there are a total of [ten](#). Of which, four have been authorized by Congress but have not been constructed to date (Dare County Beaches/Bodie Island, Bogue Banks, Surf City and N. Topsail Beach, and West Onslow Beach (Topsail Beach)), one is in the feasibility phase (Hatteras & Ocracoke Islands), and one is undergoing a General Reevaluation Report (Oak Island/Caswell Beach and Holden Beach). This leaves four projects that have been constructed and maintained – Wrightsville Beach (constructed in 1965, with periodic nourishment extended in 1986 to 2036 and is currently in the midst of a [Valuation Study](#) (cost study) to support renourishment to 2036), Carolina Beach (constructed in 1964, extended in 2014 to 2017,

extended in 2016 to 2020, and now is in the midst of an [Evaluation Study](#) to include a 15-year extension to 2036), Carolina/Kure Beach (constructed in 1998), and Ocean Isle (constructed in 2001).

I hope the Beach Commission is looking forward to discussing the CSDR Project and ultimately we will want the input of the individual Bogue Banks municipalities before any type of final decision is made. To this end, it is recommended we generate as many possible questions and answers ahead of time before we provide presentations, solicit input, and receive guidance from Atlantic Beach, Pine Knoll Shores, Indian Beach, and Emerald Isle. Hopefully we can visit those Town Councils/Boards beginning in July.