

SPECIAL CITY COUNCIL MEETING

4:00 p.m., Tuesday, January 16, 2018

A Special Meeting of City Council was called to order at 4:00 p.m., Tuesday, January 16, 2018 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Bell, Buckhannon, Kinghorn, Moye, Rice, Smith and Ward, Mayor Carroll, Administrator Tucker, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business.

1. Mayor Carroll called the meeting to order and acknowledged that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.

2. Purpose

Beach Restoration – Discussion of sand losses as a result of Hurricane Irma, consideration of funding the 25% local share (approximately \$500,000) of a possible project to replace the approximately 281,000 cubic yards of sand lost in the storm event and consideration of a change order in the amount of \$1,800,000 to the Great Lakes Dredge and Dock, LLC contract to increase the dredge volume to replace the Irma losses.

Mayor Carroll stated that this meeting was about beach restoration and the project that is currently in progress; he added that sand was pumping as the meeting unfolds. He noted that the beach experienced a loss of two hundred eighty-one thousand cubic yards (281,000 cu. yds.) of sand from Hurricane Irma that would be addressed in this meeting as well as financing the additional volume.

Administrator Tucker stated that this loss of sand in the project area between 53rd Avenue and Dewees Inlet was the result of Hurricane Irma. Although the loss was identified in the fall, the decision was to delay any action by Council until the new Council was sworn in. The Administrator said that Steven Traynum of Coastal Science and Engineering would provide a brief overview and summary of where the City was and where it is today.

By way of Introduction, Mr. Traynum gave Council some information about Coastal Science and Engineering (CSE) and about himself and noted that CSE has assisted the City in managing the beach since late in 2007. He stated that CSE has managed many projects in North and South Carolina; he indicated that he was the Assistant Project Manager for the 2008 Restoration Project. CSE has been monitoring the IOP beach once and sometimes twice year since the 2008 project and after storm events. As a result of the monitoring, CSE has a detailed picture of how the sand has been moving around for the past ten (10) years. He told Council that the eastern end of the island was one of the most dynamic areas in the state. Mr. Traynum explained that the sand migrates around the delta, breaks off and attaches to the beach in shoals; these shoals cause very dramatic and fast erosion around them. Although CSE engineers understand the process very well, they cannot predict where the shoals will attach and in what direction the sand was going to go because it is all due to the weather that occurs.

Significant erosion began in 2004 on the eastern end of the island, and, by 2007, action was needed. CSE was then hired by Wild Dunes to do a feasibility study to determine what was the problem and alternatives for restoration of the beach, and they developed a restoration plan. In 2008, the City took over responsibility for overseeing the first offshore dredging project to restore sand to the beach; this project pumped about nine hundred thousand cubic yards (900,000 cu. yds.) of sand onto the beach between 53rd Avenue and the 17th hole of the Links Course. In 2010, CSE recommended that the City pursue a permit to take sand from the shoal and spread it over the beach, and, in 2010, the City did its first shoal management project to address erosion in the Ocean Club area. Since the shoal was attaching to the beach very slowly, the City had another shoal management project in 2014; after this project, a lot of sand was not available to be transferred. As erosion hot spots developed, certain regimes and property owners in Wild Dunes put in sand bags and a wave dissipation system; as long as those structures were in place, the City could not use its permit. In 2015, the work began on another permit application; it was submitted in 2016; and the permit was issued in 2017, allowing the City to issue an RFB for another offshore dredging project. The bids came back very favorable to the City; the project cost estimates were based on ten dollars (\$10) per cubic yard of sand; the bids came in at six dollars (\$6) per cubic yard. The reasons for the low bid include the project design and allowing the dredger to construct an efficient project so the borrow area was laid out in an efficient manner. The estimated project budget was based on ten dollars (\$10) per cubic yard, a mobilization cost of two and a half or three million dollars (\$2,500,000 - 3,000,000), plus the engineering and monitoring costs and a contingency bringing the total project cost to approximately fifteen million dollars (\$15,000,000). The permit application was based on the 2015 condition of the beach before Hurricane Joaquin, Hurricane Matthew or Hurricane Irma. Because FEMA calculates sand loss including the entire delta, they concluded the beach had not lost sand from Hurricane Joaquin. This measurement ended up being an advantage to the City with Hurricane Matthew; the delta showed significant sand loss so the amount of sand lost to Matthew was determined to be two hundred sixty thousand cubic yards (260,000 cu. yds.). FEMA agreed to reimburse the City for seventy-five percent (75%) of the cost to replace that sand, as well as a prorated share of the mobilization costs. After the project was designed and bid, the City experienced Hurricane Irma, and it took an additional two hundred eighty-one thousand cubic yards (281,000 cu. yds.). FEMA is reviewing the documentation provided and it is expected that FEMA will again agree although it has not given final approval, to cost sharing for the Irma losses. If this quantity of sand was added to the project at the cost of six dollars (\$6) per cubic yard, the City would recuperate all of the sand losses as a result of weather events.

In order for FEMA to participate, the City must have a permit in hand, and CSE has submitted the permit modification application to DHEC and the Corps of Engineers for the additional sand. The regulating agencies have assured CSE that the application will be approved and the permit issued rather quickly.

Mr. Traynum explained that the dredger needs to know as soon as possible so that he can put the sand on the beach before he finishes a section so that they will not finish the project and break down the equipment.

As to the need for the additional sand, an offshore project is preferred because it adds sand to the system, and, with the dredger in place and the favorable bid, CSE recommends that the City add as much sand as it can afford.

He congratulated the City for putting the Beach Preservation Fee in place to serve as a long-term funding source for beach restoration.

Administrator Tucker added that the larger volume of sand will contribute to the longevity of the project, and, since sand drifts to the west, it may benefit other areas of the beach where no funds have been identified for another project.

The Administrator stated that, although the state agreed to pick up the twenty-five percent (25%) local share for sand losses in Matthew, at this time, they have not agreed to pay the local share for the Irma losses. Staff has stopped pushing FEMA for a final decision on Irma until it was confident that the City and the stakeholders were willing to make up the local share, which is approximately five hundred thousand dollars (\$500,000). The Wild Dunes resort has agreed to provide an additional one hundred fifty thousand dollars (\$150,000) toward the local share. The Administrator noted that the City has made it a point to pay its share of restoration projects from tourism funds.

The Administrator commented that members of Council received a schedule from Treasurer Suggs showing that, if it is the will of City Council to move forward with funding the additional volume, the City has the money to fund the additional volume of sand. This could be accomplished by using a portion of the contingency for the project, which is already built into the budget, and using available funds from the Beach Preservation Fee Fund. She did caution Council that the project was in its early stages, and that, if there were to be a problem as the project progresses, Council might have to rethink the sources of funds for the project. She did remind Council that the Beach Preservation Fee Fund replenishes itself from the accommodations tax visitors pay who stay on the island. In addition, an affirmative vote today would not guarantee a quick FEMA response to be able to integrate Irma sand losses into this project.

Mr. Traynum stated that spreading the Irma losses on the beach would add about fifty feet (50 ft.) of beach in the project area; he also noted that the eastern end of the island averages a loss of twenty to thirty thousand cubic yards (20,000 – 30,000 cu. yds.) of sand annually.

When the project budget was built, it contained the possibility of a loan and the debt service of that loan; the City had to borrow for the 2008 project, and it was paid off in the six (6) year term. Today the City is in a better position because it is no longer working from projected costs but with actual costs, and, although no one can predict what will happen in the next three (3) months, staff is committed to completing the project without borrowing money.

The Administrator repeated that the City has not been told that the State would pick up the local share as it did with Hurricane Matthew, but staff does continue to ask since the Isle of Palms is one of several beaches impacted by Hurricane Irma.

When Mayor Carroll asked whether the contingency funds were used in the 2008 project, Mr. Traynum stated that he did not remember using contingency funds from the construction side of the project.

Administrator Tucker recalled that money remained available from that project and that some of it was used for the two (2) shoal management projects. For this project, the budget contains approximately two hundred thousand dollars (\$200,000) held over from previous projects.

Councilmember Bell commented that, with the additional Wild Dunes contribution to the project, the City would now be taking three hundred fifty thousand dollars (\$350,000) from the project contingency fund.

Councilmember Kinghorn asked whether the city knew if any State funds remain available for beach restoration.

The Administrator replied that she thinks funds have been depleted. She noted that Parks, Recreation and Tourism (PRT) has requested additional funding for the coming year, but the request has yet to go through the State's budget cycle; she said that the Executive budget includes eleven million dollars (\$11,000,000) being requested by PRT for recapitalization of their funding.

Councilmember Smith asked what the projected life of the project was without the addition of the Irma sand.

Mr. Traynum responded that the life was expected to be approximately ten (10) years with the manipulation of hot spots. He told the Committee that the permit request was for one point four million cubic yards (1,400,000 cu. yds.) of sand. He stated that additional sand added to the beach extends the life of a project; this project, with the change order, will put about twice as much sand on the beach as the 2008 project. With proper

management and manipulation, this project is projected to have a life of possibly fifteen (15) years. The sand in excess of the losses would be placed in areas with recent erosion.

Responding to Councilmember Moyer's question, Mr. Traynum stated that the sand loss of five hundred thousand cubic yards (500,000 cu. yds.) of sand was concentrated in the area north of 53rd Avenue.

When Councilmember Rice asked whether the City would have to continue to have shoal management projects, Mr. Traynum replied that shoal management projects were the cheapest short-term fixes to buy time to reach an accretional cycle.

Councilmember Ward voiced concern over the seventy-five thousand dollars (\$75,000) budgeted from the Beach Preservation Fee Fund for beach monitoring.

Administrator Tucker said that the FY18 projected year-end balance in that fund was projected to be one million one hundred twenty-six thousand dollars (\$1,126,000) with doing the beach monitoring. She added that annually the revenues to the Beach Preservation Fee Fund are approximately one million dollars (\$1,000,000); she also noted that money was included in this project budget for beach monitoring.

Treasurer Suggs explained that, when she calculated the money potentially available for the City share of replacing the Irma sand losses without issuing debt, she deducted the budgeted expenditures, excluding the debt service, from the available balance at December 31, 2017; therefore, the monitoring and legal fees associated with future beach activities have already been subtracted to reach the available funding.

Councilmember Rice asked for clarification between the Beach Maintenance Fund and the Beach Restoration Fund.

The Treasurer stated that the Beach Maintenance Fund was the fund established for the 2008 project and that it will be depleted with this project. The Beach Restoration Fund is where the money is being held for this project.

Since this is such a large project, the City appealed to both State PRT and FEMA to front the grants and to true up late, they agreed, and today the City received the first money from FEMA for the Matthew losses.

MOTION: Mayor Carroll moved to fund the 25% local share, approximately \$500,000 less the Wild Dunes contribution of \$150,000 for 281,000 cubic yards of sand; Councilmember Rice seconded.

Councilmember Ward again asked if the City would be borrowing money, and the Administrator would not guarantee not to borrow money, but indicated that everything possible would be done to avoid it.

VOTE: The motion PASSED UNANIMOUSLY.

Administrator Tucker stated that Council also needed to approve the change order of one million eight hundred thousand dollars (\$1,800,000) to Great Lakes Dredge and Dock, LLC to dredge the additional volume, and she asked that Council do that at this time. She assured Council that it would only be executed after the City received the final approval from FEMA.

MOTION: Mayor Carroll moved to approve the change order from Great Lakes Dredge and Dock in the amount of \$1,800,000 for dredging an additional 281,000 cubic yards of sand; Councilmember Ward seconded and the motion PASSED UNANIMOUSLY.

3. Adjournment

Mayor Carroll adjourned the meeting at 5:50 p.m.

Respectfully submitted:

Marie Copeland
City Clerk