

Posted here for your review is the latest financial matrix being used by the Board of Aldermen in making decisions regarding the financing of the U.S. Army Corps of Engineers Storm Damage Mitigation Project with Surf City and North Topsail Beach.

The top section, Key Assumptions, outlines the challenge faced by the Board – \$16.5 million for the initial phase of the project (which will require we raise \$3 million per year), and maintain this revenue stream to perform required beach renourishment over a 50-year period.

The Board is making every effort to secure alternate revenue sources, and estimates are provided for what might be generated by paid parking fees and an increase in the occupancy tax for vacation rentals.

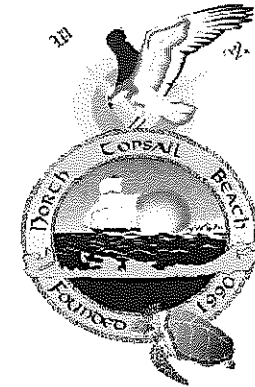
The lower section, Revenue Matrix, shows the additional tax needed to generate the \$3 million each year. The Board assumes that there will be two Municipal Service Districts in the project area, one for the ocean side of Island Drive, and one for the sound side.

Each scenario shows the revenues generated with All Sources, Parking and Tax, and Tax only, and is further split by how the burden will be split between the ocean and sound side (65% Ocean, 35% Sound for example).

No Decision Has Yet Been Made on how to move forward, and the Board continues to work with our financial advisor to explore all possible alternatives.

North Topsail Beach
December 8, 2020
USACE Beach Project - Financial Metrics

Version 6



Key Assumptions:

Town's Project Cost	\$	16,500,000		
Estimated D/S	\$	3,000,000	/yr for 7 years	
Renourishment Cost	\$	10,900,000	+ every 5-7yrs	
Parking Revenue (est)	\$	550,000		
1% OT Revenue (est)	\$	350,000		
	\$	1,000,000,000	Town-wide	1¢ = \$100,000
Valuations	\$	412,000,000	All Phase 5 MSD	1¢ = \$41,200
	\$	232,000,000	Phase 5 MSD - Oceanside	1¢ = \$23,200
	\$	180,000,000	Phase 5 MSD - Soundside	1¢ = \$18,000

Revenue Matrix

			Phase 5 MSD -	Phase 5 MSD -	Phase 5 MSD -	Phase 5 MSD -	Total Revenue
		New	Oceanside	Oceanside	Soundside	Soundside	
		Occ. Tax	PT	¢ needed	PT	¢ needed	
Scenario 1 - All Sources	Parking						
1a - Parking; Phase 5 MSD (65/35); 1% OT	\$ 550,000	\$ 350,000	\$ 1,365,000	59	\$ 735,000	41	\$ 3,000,000
1j - Parking; Phase 5 MSD (70/30); 1% OT	\$ 550,000	\$ 350,000	\$ 1,470,000	63	\$ 630,000	35	\$ 3,000,000
1s - Parking; Phase 5 MSD (60/40); 1% OT	\$ 550,000	\$ 350,000	\$ 1,260,000	54	\$ 840,000	47	\$ 3,000,000
			Phase 5 MSD -	Phase 5 MSD -	Phase 5 MSD -	Phase 5 MSD -	Total Revenue
		New	Oceanside	Oceanside	Soundside	Soundside	
		Occ. Tax	PT	¢ needed	PT	¢ needed	
Scenario 2 - Parking & Property Tax	Parking						
2a - Parking; Phase 5 MSD (65/35)	\$ 550,000	\$ -	\$ 1,592,500	69	\$ 857,500	48	\$ 3,000,000
2f - Parking; Phase 5 MSD (70/30)	\$ 550,000	\$ -	\$ 1,715,000	74	\$ 735,000	41	\$ 3,000,000
2k - Parking; Phase 5 MSD (60/40)	\$ 550,000	\$ -	\$ 1,470,000	63	\$ 980,000	54	\$ 3,000,000
			Phase 5 MSD -	Phase 5 MSD -	Phase 5 MSD -	Phase 5 MSD -	Total Revenue
		New	Oceanside	Oceanside	Soundside	Soundside	
		Occ. Tax	PT	¢ needed	PT	¢ needed	
Scenario 3 - Property Tax Only	Parking						
3a - Phase 5 MSD (65/35)	\$ -	\$ -	\$ 1,950,000	84	\$ 1,050,000	58	\$ 3,000,000
3f - Phase 5 MSD (70/30)	\$ -	\$ -	\$ 2,100,000	91	\$ 900,000	50	\$ 3,000,000
3k - Phase 5 MSD (60/40)	\$ -	\$ -	\$ 1,800,000	78	\$ 1,200,000	67	\$ 3,000,000