Town of Beaufort, NC
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Beaufort Waterfront Operations & Finance Committee
1:00 PM Thursday, October 17, 2024
Train Depot, 614 Broad Street

Call To Order

Chair Sarah Spiegler called the meeting to order at 1 p.m. and conducted a roll call.

Roll Call

Members Present: Chair Commissioner Sarah Spiegler, Vice-Chair Commissioner Paula Gillikin, Steve Bishop, Mike Bradley, Vic Fasolino, Dexter Matthews, Ted Morris, Becky Newton Bowler, Barry Slade, Craig Souza, Miriam Sutton and Weymouth Tillett

Members Absent: None

Staff Present: Interim Town Manager Charlie Burgess and Public Information Officer/Parks & Events Coordinator/Deputy Clerk Rachel Johnson

Commissioner Bucky Oliver was in attendance in the audience and did not participate in the meeting.

Agenda Approval

Agenda was approved as presented by consensus.

Minutes Approval

Minutes: Sept. 6, 2024 Meeting – Approved by consensus.

1. Beaufort Waterfront Operations & Finance Committee Meeting #2 Minutes 9.26.24

Chair Updates

Chair Sarah Spiegler shared that at the Oct. 14, 2024 Board of Commissioners' meeting a detailed update was provided to the BOC to include presentations by Dexter Matthews and Vic Fasolino.

Items for Discussion and Consideration

1. Finance Update

   Appropriations

Dexter Matthews shared that Mayor Harker and Commissioner Oliver and himself met with a small group of legislators on Oct. 4 and made a pitch for appropriations in the amount of $15 million.

One of the questions raised by Senator Norman Sanderson was if the public is pleased with the committee and the direction the project is moving in.

Matthews reported that overall they received positive comments and feedback. Following the meeting, a tour of the docks was conducted.

Grants

Vice Chair Paula Gillikin and Becky Bowler have been reviewing and prioritizing potential grant opportunities while working in conjunction with the Town's contract grant writer Margaret Shields. Gillikin reported that they have narrowed it down to less than 20 grants. She said that while they see a bit of a hill ahead, they see possibilities. The list of grants is available in the BWOFC shared Google Drive.

The BRIC grant deadline to submit a letter of intent (LOI) was extended to Oct. 30. Shields is working to submit a LOI on behalf of the Town. Several other grants were briefly discussed to include the Beach/Waterfront Access Grant, Department of Commerce Main Street Program and the Boating Infrastructure Grant.

The funding amounts, submission deadlines, award dates, match requirements and more are all being considered as they must align with the project timeline.

Becky Bowler stated she thought the next steps would be for finance and operations to work together. She also discussed the option of issuing revenue bonds and said she has been in conversation with Frisco, Co as they are a town of 4,000 that issued $6 million in revenue bonds.

(Revenue bonds are a class of municipal bonds issued to fund public projects which then repay investors from the income created by that project.)

Bowler discussed how Fayetteville, NC has been one of the most successful cities in the country in winning grants. Bowler, Matthews and Interim Town Manager Charlie Burgess had a phone meeting with Fayetteville leaders and learned they utilize a triangulated approach consisting of Town staff/Commissioners, a citizen advisory committee and retaining a grant services consulting firm. Bowler also spoke with the Towns pf Bethel and Rayford and found that they don't just have a grant writer, but they work with professional grant services firms because those firms are sourcing grants. The consultants match grants with Town projects. The grant services consultants are qualitatively and quantitatively applying a score to every grant, so that time and money is only being spent on grants that there's a good probability of winning. The consultants are managing the process, from start to finish, including writing the grant application.

Discussion revolved around continuing to reach out to other municipalities to continuing learning from them and to include Frisco, Vero Beach and Fayetteville as well as looking into hiring a grant writer experienced in marina grants and/or a grant services consulting firm.

A question was raised as to how the eventual management scheme of the docks will play into funding.

Donations/501c3

Craig Souza has been investigating starting a 501(3).

Meeting #3 Document #1 Souza Presentation

Souza shared the idea of creating the "Beaufort Community Foundation," a 501(c)3 organization supporting our parks, docks and waterways.

Souza said if the committee is in agreement to pursue starting a non-profit that the next steps would be to submit all required applications to the IRS and Secretary of State, establish the Foundation's initial Board of Directors and develop the Foundation's general purpose and mission statement.

He said the Foundation will raise funds to supplement the various needs of Beaufort's public spaces. That it would be separate but consistent with the Town's priorities and operations and will not impose any additional duties on to town staff. Fundraising activities will focus on individuals, businesses and other not for profit organizations, charities or available sources of grant funding. An example of a fundraising project is Walk the Plank where donations may be made for individual planks.

Souza asked the committee if they would agree to endorse moving forward with a community 501(c)3. The committee agreed by unanimous consensus.

2. Construction Update

Vic Fasolino said he presented the slides from the last BWOFC meeting to the BOC and that not much has changed. "I'm always trying to update my numbers and make sure that they're accurate, and I don't have any dramatic changes, " he said.

Meeting #3 Document #2 Fasolino Presentation

3. Operations Update

Barry Slade provided the Operations update.

Meeting #3 Document #3 BWOF Plan Recommendations for BOC DRAFT

Meeting #3 Document #4 BWOF Recommendations BOC Slides DRAFT

Meeting #3 Document #5 Common Marina Terms

Barry Slade presented a draft of proposed BOWFC Plan recommendations to present to the Board of Commissioners - Refer to Documents #3 & #4. "We are looking at this as a 3-5 year time frame from from when we get started, it would have a phased approach so we can build on elements of the program as we achieve success," Slade said.

BACKGROUND
The Beaufort Waterfront Operations and Finance Committee (BWOF) was established to review the
recommendations from the Beaufort Harbor and Waterways Advisory Committee (HWAC), update the vision and goals to ensure they reflect the desired character of the Town and docks while meeting
financial expectations, and to develop a plan for the town’s waterfront.

PURPOSE
Develop and implement a strategic approach towards revitalizing the docks and upland infrastructure
that allows for improvements to be made as funds become available and establish the docks as an
Enterprise Fund1 or a singularly dedicated account for the Town to serve all citizens for many years into the future. Include recommendations that serve the public’s best interest based on smart, analytical data-driven decisions that provide the Town and community with long-term control
over their vision and management of the Beaufort waterfront.

MISSION

Beaufort optimizes positive community and economic impact, with the Beaufort waterfront remaining the fabric of the downtown landscape by bringing together the docks, landside businesses, visitors, the local community, and boaters both local and transient. Beaufort strives to remain a premier coastal destination and transient marina location for all types of vessels up to 200 feet. It will accomplish this by providing a unique mix of coastal charm and state-of-the- art

booking and customer interaction, along with other marina amenities boaters have come to expect, including in-slip fueling, pump out facilities, and proximity to marine maintenance, repair and haul-out services. Beaufort also boasts a broad range of restaurants, shops, and excursions as part of, or within a short walking distance from, the beautiful downtown Beaufort waterfront, which is easily accessible to the Intercoastal Waterway (ICW) and Beaufort Inlet.

SUMMARY

The recommended Beaufort Waterfront Plan ("Waterfront Plan") takes a strategic approach towards revitalizing the docks and upland infrastructure, with a 3 - 5 year timeframe for Phases 1 – 2. This Waterfront Plan will be phased to allow improvements to be made as Capital Expenditure (CAPEX) funds become available. Once secured, CAPEX funds can be deployed to projects based on priority needs, including installing a fuel farm.

Considering that the resulting dock improvements will serve the Town of Beaufort for many years to come, it will best serve the public's interest to take this longer-term, phased approach, allowing for Town staff, the Board of Commissioners (BOC), the BWOF and citizens to engage in an adaptive planning process that produces the most informed and relevant product. Once sufficient CAPEX funds are received, these funds will eliminate the need for the Town to engage in a longer-term partnership with a third party. Once all available CAPEX funds are received and deployed, even if 100% of the financial needs are not met, this recommended Waterfront Plan will allow the Town to have access to dock and marina operations metrics for 3-5 years, resulting in better long-term decision making. Furthermore, it will reduce the Town's CAPEX needs, which will eliminate the need for a partner to inject significant CAPEX funding into the Beaufort waterfront and thus the need for a much longer-term lease agreement. In short, the more funds the Town secures in Phases 1 - 2, the more long-term control it will have over all aspects of the waterfront including revenue and management.

Therefore, this recommended Waterfront Plan is iterative and adaptive, which gives the Town and community control over their vision and management of the waterfront, allows for continuity regardless of changes in Town leadership, and requires the BOC to adopt a strategic vision for the improvements. This proposed Waterfront Plan includes recommendations that allow for smart, analytical, data driven decisions by taking into account the currently available resources for CAPEX funds and the opportunity to collect market data based on the operations of the Beaufort waterfront. Further, it includes the citizens' strong desire to have community input and control of the future of the Beaufort waterfront which will in turn shape the future of the Town.

A strategic plan that includes a long-term vision with continued Town and citizen involvement is vital and will help to avoid project management frustrations that are frequently associated with such a highly complex process. For example, permitting marina projects and other regulatory requirements can take months, and sometimes years to complete. An oversight group should be established and allowed to refine and implement the Waterfront Plan, while regularly reporting progress and seeking approval from the BOC and Town. The current BWOF committee should work in this capacity through completion of Phases 1 and 2 to ensure continuity with marina management and revitalization of the docks and upland infrastructure. After which, a standing oversight committee with 4-5 members should be established.

RECOMMENDATIONS

Phase 1: Implement immediately: Establish the docks as an Enterprise Fund or Singularly Dedicated Account

Result: Town takes control of docks and fueling operations to secure and maximize revenue sources by January 1, 2026.

- Immediately identify, quantify and pursue all viable CAPEX subsidy options
  - i.e. appropriations, grants, 501(c)(3), and other funding Secure CAPEX funding sufficient to install new fuel tank
  - Install new fuel tank(s) to secure all revenue sources. Obtaining control of fuel dispensing is a high priority because the profit is a significant portion of annual proceeds.
  - Install new fuel tank(s) under west parking lot or other appropriate location, and connect

to existing fueling infrastructure by January 1, 2026

- ○ Identify and expend CAPEX funds for fuel tank(s) construction
- ○ Ensure proper levels of insurance for fuel storage and dispensing are in place

- Engage an engineering firm
  - ○ Retain Moffatt & Nichol or other engineering firm to guide the revitalization process (longer-term permits are likely involved)
  - ○ Town may choose to release a new RFP to hire an engineering firm, with the requirement that the firm is also skilled and has a proven track record in grant writing

- Establish an oversight committee for a 3-year term to report to the BOC
  - ○ The current BWOF will work in this capacity through completion of Phases 1 and 2 to ensure continuity with marina management and revitalization of the docks and upland infrastructure

- Employ marina management firm, effective January 1, 2026
  - ○ Management firm promotes Town docks and manages leases/transient slip activity
  - ○ Lease will be short-term (3-5 years) requiring full transparency to all operational metrics such as marina slip rates, occupancy and profit and loss (P&L). Fees are negotiable and can be matched to the Beaufort's size and P&L potential. A 2.5-5% fee will provide most marina management companies with a suitable contract arrangement.
  - ○ Use marina management firm data analytics to boost occupancy and significantly improve our net operating income (NOI)

- Employ dock staff
  - ○ Dock staff are hired by a marina management firm (high preference for current employees) starting January 1, 2026
  - ○ RFP for marina management company will incorporate best practices for transition plan with current management staff

Phase 2: January 1, 2026 – Deploy CAPEX funds while operating docks as Enterprise Fund or Singularly Dedicated Account

❖ Result: By the end of 2026, Town receives one-year of dock operation revenues (estimate ~$1–1.5 million), and also collects one-year of dock operations data

- Assumes Phase 1 is in place
- With a management company, begin to understand actual revenues, expenditures and occupancy. The BWOF and an appointed Town representative collect data for one year to measure revenues and expenditures
- Using marina software analytics, identify opportunities to boost occupancy and NOI while identifying best practices of marina and dock operations

- Finalize any upland or marina design modifications needed
- Using local contractors where possible, make infrastructure improvements matched to available funding
- Use Town Dock Revenue (estimate ~$1- 1.5 million annually) to reinvest in marina/upland improvements and/or create dock reserve funds

- ○ By the end of 2026, the Town will have a good feel for the CAPEX potential. There still may be ongoing potential with grants and certainly with private money from the 501(c)(3).
- If funding needs are met, finalize timeline and implement upland and marina revitalization

Options for Consideration following Phases 1-2:

- Assumes Phases 1 – 2 are in place
- If revenue from operations of the docks, grants, appropriations, private donations, and other funding sources are found to be insufficient to complete the entire project (with the goal of 3-5 years), the BOC could consider other options moving forward including but not limited to revenue bonds2 or a lease for operation of the docks that would include an investment by the lessee to fund remaining project costs

- In the event of exercise of a lease option, it is recommended to revise and distribute an RFP to incorporate remaining upland and marina needs

  - Agreement should allow Beaufort to maintain control of docks as much as practicable
  - Revise term and scope of operations to align with CAPEX needs and suitable return on investments (ROI) for partner
  - Distribute RFP to potential partners, prioritizing those who have experience and success in managing smaller, municipal marinas in boutique markets

- Vet all RFP's and select partner
  - Distribute RFP widely, to include submissions from partners that align with markets and marinas best suited for Beaufort
- Work with partner to complete revitalization process

At the conclusion of the presentation, there were a few questions and discussion around the following topics:

What is the cost of a management company to operate the docks for a year?

The value of having accurate data about dock usage etc. Data that is currently unavailable to the Town. Using the data to plan the future.

Keeping the current committee in place through phase 1 & 2 and adding an oversight committee to function for the Town similar to the Town's Planning Board and other advisory boards.

Making the transition on Jan. 1, 2026 seamless so that captains don't even realize there has been a change in management.

Making a decision by June 2025 and requiring a 90 day (minimum of 60 day) transition time in advance of Jan. 1, 2026 for the new company to work with the existing company.

Focus on first objective of obtaining money for the fuel farm.

Agreement that the plan incorporates what committee members have heard from the public.

How do we quantify the value of having citizen input? We heard from the citizens that they wanted more oversight from the Town and not a 50 year lease. There is a great deal of value placed on that.

Creation of RFPs should be viewed as a matter of urgency. They don't have to be created from scratch. An Engineering Firm should shoulder the majority of that work.

Need to add a fuel contingency plan to the document. Ex. Fuel Tanker

The Committee reached an unanimous consensus to move the recommendations forward to the Board of Commissioners with 3 changes.

The changes included (in blue):

Next Steps/Wrap-up

Chair Spiegler recapped action items from the meeting.

Finance and Operations need to overlap on the timeframe.

Craig Souza is pursuing starting a 501(c)3.

Staff member Johnson asked if the committee could develop a timeline for anticipated RFPs in order to allow staff time to be prepared to write anticipated RFPs.

Adjourn

The meeting adjourned at 3:01 p.m.

The next meeting of the BWOFC is scheduled for 1 p.m. Wednesday, Oct. 30 at the Beaufort Train Depot.

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Chair

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Board Secretary