



TOWN OF EAST HAMPTON

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PRESS RELEASE
JUNE 2, 2014

Report Supports Substantially Larger Montauk Beach Stabilization Project

A new economic analysis of a proposed beach stabilization project for downtown Montauk has calculated the project's total benefits (in dollars) to be more than double the amount presented by URS on behalf of the United States Army Corps of Engineers. This finding lends support for Montauk to receive significantly more relief than what the Army Corps has already committed to the hamlet.

First Coastal Consulting Corporation prepared the report at the request of the Town of East Hampton. The detailed analysis tallied \$238,834,884 worth of total benefits to be derived from the Army Corps project, whereas the analysis prepared by URS for the Army Corps found only \$103,833,900 worth of benefits.

The Army Corps' latest proposal calls for only half of the Montauk project to be built this fall. A more extensive beach fill and feeder beach is proposed to be built under the greater Fire Island to Montauk Point Reformulation Study two years later.

"Without the construction of a feeder beach, the emergency project as currently proposed places Montauk in a vulnerable position," said Town Supervisor Larry Cantwell.

Since the economic analysis is key to the Army Corps' justification for this project, Supervisor Cantwell is urging the Army Corps to build a much more substantial project in Montauk as soon as possible.



Memorandum

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Date: May 28, 2014
 To: Larry Cantwell, Supervisor
 Kim Shaw, Natural Resources
 From: Aram V. Terchunian
 Subject: Downtown Montauk Benefit Analysis

The propose of this memorandum is to document the results and methods of First Coastal Consulting Corp’s Downtown Montauk Economic Benefit Analysis in support of the USACE proposed Downtown Montauk Beach Stabilization Project along the Atlantic Ocean shoreline of Downtown Montauk within the Town of East Hampton. The described methodology is consistent with the procedures outlined in the “National Economic Development Procedures Manual- Coastal Storm Damage and Erosion”, IWR Report 91-R-6, September 1991.

Our economic analysis of the Downtown Montauk area has shown that there is in excess of \$238,834,884 of total benefits to be derived by the implementation of the proposed USACE Downtown Montauk Beach Stabilization Project. This total benefits figure is a combination of costs avoided of \$2,814,872, which is dune and building repairs for the Downtown Montauk area between 2010-2013, and damages avoided of \$236,020,012 which are the calculation of building/accessory structures and public /private infrastructure which will be protected by the proposed project. A summary of the benefits is presented in Table 1. This does not include the potential loss of income or loss of land which are also eligible under the procedures in the NED Procedures Manual (See Page 96 and page 125).

Table 1: Summary of FCC Downtown Montauk Benefit Analysis

BENIFIT	TOTAL \$	ANNUALIZED \$
COST AVOIDED	\$2,814,872	\$703,718
DAMAGES AVOIDED	\$236,020,012	
Buildings	\$205,064,070	
Parking Lots (Private)	\$270,820	
Infrastructures (Private)	\$29,234,224	
Roads (Public)	\$756,248	
Infrastructures (Public)	\$694,650*	
Loss of Income	In the process of calculating	
Loss of Land	In the process of calculating	
TOTAL BENIFITS	\$238,834,884	
*awaiting additional information		

FCC/URS Economic Analysis Comparison

FCC benefit analysis includes several additional benefits and differences between the Corps consultant URS's analysis. FCC included the cost avoided benefits of \$2,814,872 for the Downtown Montauk area, a figure which was not identified in the URS analysis. FCC also included an inventory of accessory buildings and public/private infrastructures which URS did not include in their analysis. This resulted in FCC inventorying a total of \$236,020,012 in damages avoided while URS identified \$103,833,900.

A detailed look into the square footages of structures in the Downtown Montauk region identified that there were additional eligible damage avoided benefits. FCC's analysis of the 43 structures analyzed in Downtown Montauk resulted in 411,154 sq.ft of finished space. URS identified 338,300 sq.ft within these 43 structures.

FCC determined through interviews with local contractors and developers that the per foot construction cost are substantially more than the cost estimated by the Corps consultant URS using RS Means. FCC's numerous interviews with local contractors and hotel property owners experienced in construction in the Montauk area resulted in structure replacement values figures ranging from \$425-\$475 per square foot including furnishings.

URS used RS Means (a cost estimating software) to estimate construction costs in 2005 in Riverhead, NY and applied this value to the Downtown Montauk Project. They then applied a 1.26 conversion to update the values to 2013. FCC believes this method does not recognize several factors that make existing construction costs in Montauk significantly higher than in Riverhead, NY. For example Riverhead is a central transportation hub severed by a 4 lane limited access interstate highway (I-495) with access to rail freight for material deliveries, and is populated with an abundant labor pool.

Conversely, Montauk (which is approximately 50 miles from Riverhead) is served by Montauk Highway, which is a two lane road alternatively characterized as urban connector and urban rural. This limitation significantly increases material costs. Moreover, the lack of available labor requires long commutes for qualified labor, as well.

URS stated in reference to square footage costs in Riverhead

"RS Means Square Foot Costs 2014 page 168 gives cost per square foot of floor area for a 2-3 story motel of between \$160.40 (wood siding/ wood frame) and \$178.50 (stucco on concrete block with precast concrete frame)".

URS then applied 50% to those figures to account for furnishings resulting in around \$240.60 (wood siding/ wood frame) and \$267.75 (stucco on concrete block with precast concrete frame), as well as some additional values in specific cases (i.e. foundation type).

An additional issue identified is that URS is using “depreciated structure replacement value” in their analysis. FCC has used “structure replacement value” in our analysis, which means that the cost per square foot reflects the cost to replace the structure in compliance with FEMA, State and Local Codes. For example, existing structures may be slab on grade foundations, but prevailing code requires piling foundations. URS’s “depreciated structure replacement value” means that the structures would be replaced “like/ kind” or as they were originally built. This does not take into account the fact that the majority of these building are currently not up to FEMA, State and Local Codes, a factor that will substantially increase the replacement cost of the structures.

Overall FCC’s analysis has more than doubled URS’s benefits by including, 1) cost avoided benefits, 2) additional damage avoided benefits of accessory structures and public/private infrastructures as well as market based square footages/ unit costs of structures, roads and infrastructure resulting in total project benefits of \$238,834,884. The URS analysis identified \$103,833,900 benefits within the Downtown Montauk region (see Table 2).

Table 2: Summary of FCC/URS Downtown Montauk Benefit Analysis

BENIFIT	FCC TOTAL \$	URS TOTAL \$
COST AVOIDED	\$2,814,872	\$0
DAMAGES AVOIDED	\$236,020,012	\$103,833,900
Buildings	\$205,064,070	\$103,833,900
Parking Lots (Private)	\$270,820	\$0
Infrastructures (Private)	\$29,234,224	\$0
Roads (Public)	\$756,248	\$0
Infrastructures (Public)	\$694,650*	\$0
Loss of Income	In the process of calculating	\$0
Loss of Land	In the process of calculating	\$0
TOTAL BENIFITS	\$238,834,884	\$103,833,900
*awaiting additional information		

Cost Avoided

The total and annualized cost avoided were calculated based on the cost of dune restorations and maintenance such as beach grass planting and sand fencing, and storm related damage repairs other than to the dune. These figures that are presented above were gathered from the Downtown Montauk oceanfront properties owners or managers by a economic survey mailed/emailed out on May 1, 2014, and by individual interviews with owners/managers. Several of the single-family residential properties did not respond to our request for information. One of which we estimated a dune repair based on an observed dune restoration and prevailing local market costs.

Damages Avoided

The total damages avoided were calculated based on an inventory of the building/accessory structures and public /private infrastructure that are found within the Downtown Montauk area. The square footages and measurements used to make these calculations were gathered through a combination of responses to our economic survey mailed/ emailed on May 1, 2014, by individual follow up interviews with owners/managers, field measurements/observations, and aerial photography analysis.

Costing for square footage and unit cost of specific infrastructure was based on local construction cost (calculated after numerous interviews with local contractors), including compliance with FEMA, State & Local Codes, estimates from local contractors and municipalities, and percentages of construction costs.

**Downtown Montauk
Dune Restoration Project
Benefit Analysis**

	TOTAL \$	ANNULIZED \$
Cost Avoided (2010-2013)	\$2,814,872	\$703,718

Damages Avoided	\$236,020,012	
Buildings		
Principal	\$194,585,000	
Accessory	\$10,479,070	
SUB-TOTAL	\$205,064,070	
Parking Lots (Private)		
Paved	\$123,725	
Unpaved	\$147,095	
SUB-TOTAL	\$270,820	
Infrastructures (Private)		
Water	-	
Electric	-	
Cable	-	
Telephone	-	
Sanitary	-	
Stormwater	-	
SUB-TOTAL	\$29,234,224	
Roads (Public)		
Paved Roads	\$542,448	
Parking Lots	\$92,200	
Stormwater	\$121,600	
SUB-TOTAL	\$756,248	
Infrastructures (Public)		
Water	\$694,650	
Electric	\$0	
Cable	\$0	
Telephone	\$0	
SUB-TOTAL	\$694,650	

TOTAL BENEFITS	\$238,834,884
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First Coastal Inventory - Accessory Structures Square Footages

Some properties square footages are combined based on common ownership

Property Name	Address	URS ID #	Accessory Description	FCC Inventory Accessory Sq.ft	\$/Sq.ft	Total Value
Kirk Bathroom	Town Kirk Beach Lot	80_7540.00		0	\$95	\$0
Double K Waag	131 S Emerson	80_7556.00		0	\$95	\$0
Sloppy Tuna	148 S Emerson	80_59.00	deck/patio	2,365	\$95	\$224,675
Sand Motel	71 S Emerson	80_12.00 + 80_13.00	deck	2,640	\$95	\$250,800
No Name/Camilla	79 S Emerson	80_7543.00	deck	480	\$95	\$45,600
Ocean End	80 S Emerson	80_31.00	deck	3,118	\$95	\$296,210
Ocean Surf	84 S Emerson	80_32.00	deck/pool	5,400	\$95	\$513,000
Jarmain Hotel	89 S Emerson	80_36.00	deck	814	\$95	\$77,830
Ocean Inn Resort	95 S Emerson	80_37.00	deck	1,778	\$95	\$168,910
Village Duines	63 S Eisenhower	80_7542.00	deck	875	\$95	\$83,125
Born Free Suites	119-115 S Emerson	80_43.00 + 80_53.00	deck	2,100	\$95	\$199,500
Ocean Blue Motel	108 S Emerson	80_44.00 - 80_47.00 + 80_7548.00	covered decks/deck	18,750	\$95	\$1,781,250
Sole East Beach	107 S Emerson	80_54.00	deck	1,700	\$95	\$161,500
Royal Atlantic	126 S Emerson	80_61.00	deck	1,680	\$95	\$159,600
Royal Atlantic North	131 S Emerson	80_7561.00	covered decks/deck/patio/pool	22,060	\$95	\$2,095,700
Royal Atlantic East	160 S Emerson	80_7566.00 + 80_7567.00	covered decks/deck/patio/pool	9,500	\$95	\$902,500
Surf Club	20 Surfside Ave	81_7587.00 - 81_7591.00 + 80_7571 + 80_7572.00	covered decks/deck/patio/pool	26,790	\$95	\$2,545,050
Atlantic Terrace	21 Oceanview Tr	81_1.00 - 81_4.0	deck/pool	5,300	\$95	\$503,500
Condo (NOT ON MAP)	90 S Emerson	80_7545.00	shed/deck/patio	793	\$95	\$75,835
Condo	90 S Emerson	80_7546.00	shed/deck/patio	793	\$95	\$75,835
Condo	94 S Emerson	80_7547.00	shed/deck/patio	793	\$95	\$75,835
House	81 S Emerson	80_29.00	deck	204	\$95	\$19,380
HOUSE (NOT ON MAP)	81 S Emerson	80_30.00	deck	77	\$95	\$7,315
House Jarmain	85 S Emerson	80_33.00	deck	40	\$95	\$3,800
Heineken House	88 S Emerson	80_35.00	patio	405	\$95	\$38,475
Sloppy House	3 S Edison	80_60.00	shed/deck	981	\$95	\$93,195
Sunscape	167 S Emerson	80_7570.00	deck	800	\$95	\$76,000
S Edison Dr/ E Emerson Bathroom		Not shown on Map or in URS Econ Analysis	shed	70	\$95	\$6,650
TOTAL				110,306		\$10,479,070



First Coastal Inventory- Parking Lots (Private)

Some properties square footages are combined based on common ownership

Property Name	Address	URS ID #	Lot Type	FCC Inventory Parking Sq.ft	\$/Sq.ft	Total Value
Kirk Bathroom	Town Kirk Beach Lot	80_7540.00	see roads(public)			
Double K Manag	131 S Emerson	80_7556.00	unpaved	1,750	\$1	\$1,750
Sloppy Tuna	148 S Emerson	80_59.00	unpaved	1,500	\$1	\$1,500
Sand Motel	71 S Emerson	80_12.00 + 80_13.00	unpaved	9,075	\$1	\$9,075
No Name(Sands)	79 S Emerson	80_7543.00	paved	2,700	\$3.50	\$9,450
Ocean End	80 S Emerson	80_31.00	unpaved	1,200	\$1	\$1,200
Ocean Surf	84 S Emerson	80_32.00	unpaved	5,800	\$1	\$5,800
Jarmain Hotel	89 S Emerson	80_36.00	unpaved	2,275	\$1	\$2,275
Ocean Inn Resort	95 S Emerson	80_37.00	unpaved	4,000	\$1	\$4,000
Village Duines	61 S Emerson	80_7542.00	unpaved	5,500	\$1	\$5,500
Born Free Suites	119-115 S Emerson	80_43.00 + 80_53.00	unpaved	11,750	\$1	\$11,750
Ocean Blue Motel	108 S Emerson	80_44.00 - 80_47.00 + 80_7548.00	unpaved	22,350	\$1	\$22,350
Sole East Beach	107 S Emerson	80_54.00	unpaved	6,000	\$1	\$6,000
Royal Atlantic	126 S Emerson	80_61.00	unpaved	21,500	\$1	\$21,500
Royal Atlantic North	131 S Emerson	80_7561.00	unpaved	11,400	\$1	\$11,400
Royal Atlantic East	150 S Emerson	80_7556.00 + 80_7567.00	unpaved	7,700	\$1	\$7,700
Surf Club	20 Surfside Ave	81_7587.00 - 81_7591.00 + 80_7571 + 80_7572.00	unpaved	25,190	\$1	\$25,190
Atlantic Terrace	21 Oceanview Tr	81_1.00 - 81_4.0	paved	20,600	\$3.50	\$72,100
Condo (NOT ON MAP)	90 S Emerson	80_7545.00	paved	375	\$3.50	\$1,313
Condo	92 S Emerson	80_7546.00	paved	375	\$3.50	\$1,313
Condo	94 S Emerson	80_7547.00	paved	375	\$3.50	\$1,313
House	80_29.00		unpaved	1,815	\$1	\$1,815
HOUSE (NOT ON MAP)	81 S Emerson	80_30.00	Included above			
House Jarmain	85 S Emerson	80_33.00	unpaved	2,640	\$1	\$2,640
Heimkehr House	88 S Emerson	80_35.00	unpaved	375	\$1	\$375
Sloppy House	3 S Edison	80_60.00	unpaved	725	\$1	\$725
Sunscape	167 S Emerson	80_7570.00	unpaved	4,550	\$1	\$4,550
IGA Side Lot	S Elder		paved	10,925	\$3.50	\$38,238
TOTALS						
Paved				35,350	\$3.50	\$123,725
Unpaved				147,095	\$1	\$147,095
TOTAL				182,445		\$270,820



First Coastal Inventory- Infrastructure (Private)

Some properties square footages are combined based on common ownership

Property Name	Address	UNIS ID #	FCC Building Sq.ft	FCC Building Usage	Water/Electric/Cable/Telephone/Stormwater/Sanitary - \$/Sq.ft	Total Value
Kiva Bathroom	Town 614 Booth L&E	80, 7940.00	616	Commercial	571	\$43,990
Double K Manag	531 S Emerson	80, 7956.00	3,175	Commercial	571	\$240,460
Sleepy Tuna	348 S Emerson	80, 7990.00	4,718	Commercial	571	\$356,015
Sand Motel	71 S Emerson	80, 17,000 + 80, 13,000	34,722	Hotel	571	\$1,048,280
No Name(Sand)	79 S Emerson	80, 7949.00	6,540	Hotel	571	\$485,970
Ocean End	80, 31.00	80, 32.00	6,305	Hotel	571	444,166
Ocean Surf	84 S Emerson	80, 31.00	31,132	Hotel	571	\$729,354
Innmain Hotel	88 S Emerson	80, 38.00	3,219	Hotel	571	\$556,735
Ocean Inn Retreat	95 S Emerson	80, 37.00	7,084	Hotel	571	\$1,068,790
Village Suites	103 S Emerson	80, 7940.00	15,000	Hotel	571	\$1,307,200
Som Free Suites	119-115 S Emerson	80, 43.00 + 80, 33.00	38,768	Hotel	571	\$2,702,519
Ocean Blue Motel	108 S Emerson	80, 44.00 + 80, 47.00 + 80, 7948.00	37,910	Hotel	571	\$889,820
Shik East Booth	107 S Emerson	80, 54.00	12,208	Hotel	571	\$4,902,000
Royal Athletic	126 S Emerson	80, 61.00	68,800	Hotel	571	\$3,873,438
Royal Athletic North	135 S Emerson	80, 7860.00	48,750	Hotel	571	\$1,034,550
Royal Athletic East	140 S Emerson	80, 7966.00 + 80, 7967.00	14,520	Hotel	571	\$5,858,140
Surf Club	20 Surfside Ave	81, 7987.00 + 81, 7991.00 + 80, 7971.00 + 80, 7972.00	75,276	Hotel	571	\$3,113,625
Atlantic Terrace	21 Oceanview Tr	81, 1.00 + 81, 4.0	43,700	Hotel	571	\$111,569
Cove	80 S Emerson	80, 7945.00	1,750	Single-Family Residential	564	\$111,565
Condo	80 S Emerson	80, 7946.00	1,750	Single-Family Residential	564	\$111,565
House	84 S Emerson	80, 7947.00	1,750	Single-Family Residential	564	\$111,565
HOUSE (NOT ON MAP)	81 S Emerson	80, 29.00	1,164	Single-Family Residential	564	\$86,555
House Jermain	81 S Emerson	80, 30.00	1,166	Single-Family Residential	564	\$88,318
Interlock House	85 S Emerson	80, 31.00	775	Single-Family Residential	564	\$49,408
Sleepy House	88 S Emerson	80, 31.00	1,458	Single-Family Residential	564	\$80,568
Sunscope	187 S Emerson	80, 60.00	759	Single-Family Residential	564	\$48,386
Sunscope	187 S Emerson	80, 7310.00	8,000	Multi-Family Residential	568	\$540,000
S Edison Dr/ E Emerson Bathrooms		Not shown on Map or in UNIS Eem Attach	460	Commercial	571	\$28,500
TOTAL			411,883			\$29,234,224



First Coastal Inventory- Roads (Public)

Property Name	Address	URS ID #	Lot Type	FCC Inventory Sq.ft	\$/Sq.ft	Total Value
Kirk Bathroom Lot	Town Kirk Beach Lot	80_7540.00	paved	24,000	\$3.50	\$84,000
S Edgemere/ S Emerson Lot	S Edgemere/ S Emerson Lot		unpaved	8,200	\$1	\$8,200
TOTAL LOTS						\$92,200
Roads			paved	135,612	\$4	\$542,448
TOTAL						\$634,648

Stormwater	Amount	\$/Unit	Total Value
Public Drywells	38	\$3,200	\$121,600

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 May 27, 2014



First Coastal Inventory- Infrastructure (Public)

Description	Amounts	Unit Cost	Total Cost
Domestic Water			
6" water mains (approx linear feet)	3651	\$150	\$547,650
8" water mains (approx linear feet)	720	\$150	\$108,000
12" water mains (approx linear feet)	160	\$150	\$24,000
fire hydrants	6	\$2,500	\$15,000
TOTAL			\$694,650
Electrical/Cable/Telephone			
Powerlines (approx linear feet)	3780	\$0	\$0
Telephone Line (approx linear feet)	3780	\$0	\$0
Telephone poles	35	\$0	\$0
transformers	28	\$0	\$0
cable line (approx linear feet)	3780	\$0	\$0
TOTAL			\$0

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First Coastal Input Sheet

Input	Unit Cost	Source
Principal Structures		Based on local construction cost, including compliance with FEMA, State & Local Codes
Commercial	\$475	
Hotel	\$475	
Single-Family Residential	\$425	
Multi-Family Residential	\$450	
Accessory Structures		Based on local construction cost, including compliance with FEMA, State & Local Codes
Parking lots (Private)		Estimate from Terry Contracting
Parking lot paved	\$3.50	
Parking lot unpaved	\$1	
Infrastructure (Private)		Calculated at additional 15% of construction cost
Water, Electric, Cable, Telephone, Stormwater, Sanitary		
Commercial	\$71	
Hotel	\$71	
Single-Family Residential	\$64	
Multi-Family Residential	\$68	
Roads (Public)		Estimate from Terry Contracting
Parking lots paved	\$3.50	
Parking lot unpaved	\$1	
Paved Roads	\$4	
Stormwater Drywells	\$3,200	
Infrastructure (Public)		
6" water mains	\$150	Supplied by SCWA
8" water mains	\$150	Supplied by SCWA
12" water mains	\$150	Supplied by SCWA
Fire hydrants	\$2,500	Supplied by SCWA
Powerlines		Awaiting information
Telephone lines		Awaiting information
Telephone poles		Awaiting information
Transformers		Awaiting information
Cable lines		Awaiting information



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