

APPENDIX-C: Economics



**US Army Corps
of Engineers®**

Charleston Peninsula, South Carolina: A Coastal Flood Risk Management Study

Appendix C: Economics

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INTRODUCTION

This economic appendix documents the analysis of flood risk reduction for the national economic development (NED) and regional economic development (RED) undertaken for the Charleston Peninsula, Coastal Flood Risk Management Study. Section I documents the flood risk reduction analysis, and Section II discusses the RED impact for the project alternative.

C.1. SECTION I: FLOOD RISK REDUCTION

The Federal objective of water and related land resources project planning is to contribute to NED. Contributions to NED, expressed in monetary units, are the direct net benefits that accrue in the planning area and the rest of the Nation. Benefits from plans for reducing flood hazards accrue primarily through the reduction in actual or potential damages to affected land uses are NED. Inundation reduction benefits are the increases in net income generated by the affected land uses.

C.1.1. STUDY AUTHORITY

The authority to study all of coastal South Carolina, including the Charleston Peninsula, was provided in the Rivers and Harbors Act of 1962, P.L. 87- 874, Section 110, and Senate Committee Resolution. Section 110 reads:

The Secretary of the Army is hereby authorized and directed to cause surveys to be made at the following named localities and subject to all applicable provisions of section 110 of the River and Harbor Act of 1950:

Falmouth Harbor, Maine.

Channel between Point Shirley and Deer Island, Massachusetts.

Little Egg Inlet, New Jersey.

Brigantine Inlet, New Jersey.

Corsons Inlet, New Jersey.

Kings Bay Deep water Channel, Georgia.

Auglaize River at Wapakoneta, Ohio.

Surveys of the coastal areas of the United States and its possessions, including the shores of the Great Lakes, in the interest of beach erosion control, hurricane protection and related purposes: Provided, That surveys of particular areas shall be authorized by appropriate resolutions of either the Committee on Public Works of the United States Senate or the Committee on Public Works of the House of Representatives.

On 22 April 1988, a Senate Committee Resolution authorized the Secretary of the Army to study the entire coast of South Carolina pursuant to Section 110:

“Resolved by the Committee on Environment and Public Works of the United States Senate, that the Secretary of the Army in accordance with the provisions of Section 110 of the River and Harbor Act of 1962, is hereby authorized to study, in cooperation with the State of South Carolina, its political subdivisions and agencies and instrumentalities thereof, the entire Coast of South Carolina in the interests of beach erosion control, hurricane protection and related purposes. Included in this study will be the development of a comprehensive body of knowledge, information, and data on coastal area changes and processes for such entire coast.”

The Bipartisan Budget Act of 2018 (Public Law 115-123), Division B, Subdivision 1, Title IV, appropriates funding for the study at full Federal expense. As identified under this “Supplemental Appropriation” bill, the study is subject to additional reporting requirements and is expected to be completed within three years and for \$3 million dollars:

FLOOD CONTROL AND COASTAL EMERGENCIES For an additional amount for ‘Flood Control and Coastal Emergencies’, as authorized by section 5 of the Act of August 18, 1941 (33 U.S.C. 701n), for necessary expenses to prepare for flood, hurricane and other natural disasters and support emergency operations, repairs, and other activities in response to such disasters, as authorized by law, \$810,000,000, to remain available until expended: Provided, That funding utilized for authorized shore protection projects shall restore such projects to the full project profile at full Federal expense: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That the Assistant Secretary of the Army for Civil Works shall provide a monthly report to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds, beginning not later than 60 days after the enactment of this subdivision.

C.1.2. PURPOSE

The purpose of the Charleston Peninsula Coastal Flood Risk Management Study is to investigate and recommend potential structural and nonstructural solution sets to reduce damages from coastal storms. The Charleston Peninsula in South Carolina is highly vulnerable to coastal storms which will be further exacerbated by a combination of sea level rise and climate change over the study period. Without a plan to reduce damages from coastal storm surge inundation, the peninsula’s vulnerability to coastal storms is expected to increase over time.

The primary focus of this study is storm surge inundation. While the Charleston Peninsula also experiences flooding from high tides and rainfall, USACE has not been authorized to study those issues. USACE policy dictates that in urban and urbanizing

areas, provision of a basic drainage system to collect and convey local runoff is a non-Federal responsibility [ER 1105-2-100, Section 3-3, b, (6)]. However, mitigation for any adverse impacts to stormwater runoff will be included in the recommended plan if necessary.

This document explains what is known about the study area, existing condition flood damages, expected future condition flood damages in the absence of flood risk management measures, and development and evaluation of alternative plans to address flooding related to coastal storm events on the Charleston Peninsula. It then documents the procedures used to analyze various measures designed to reduce the risk of flood damages, incorporating National Economic Development (NED) guidelines, and culminates in identification of a Tentatively Selected Plan.

C.1.3. STUDY AREA

The Charleston Peninsula is approximately 8 square miles, located between the Ashley and Cooper Rivers (see Figure below). The two rivers join off the southern end of the peninsula to form the Charleston Harbor before discharging into the Atlantic Ocean. The Charleston Harbor is a natural tidal estuary sheltered by barrier islands. The Charleston Peninsula is the historic core and urban center of the City of Charleston and is home to approximately 40,000 people.

The first European settlers arrived in Charleston around 1670. Since that time, the peninsula city has undergone dramatic shoreline changes, predominantly by landfilling of the intertidal zone. Early maps show that over one-third of the present-day peninsula has been “reclaimed.” Much of the landfilling occurred on the southern and western side of the peninsula. Figure 2 below depicts the Charleston shoreline in 1849 after construction of a bulkhead seawall and promenade, known as the High (East) Battery.

Charleston played an important role in Colonial, Revolutionary, antebellum, and Civil War America. The southern portion of the peninsula is home to a great concentration of 18th and 19th century buildings which have been designated a National Historic Landmark District. Presently, Charleston is a popular tourist destination. The peninsula has a considerable number of hotels, restaurants, and shops in addition to residential neighborhoods. The peninsula is also home to the downtown medical district, multiple colleges, ports, and a US Coast Guard Station.



Figure 1: Study Area



Figure 2: Charleston, South Carolina shoreline in 1849
(Source: Wikimedia Commerce)

As mentioned in the purpose section, there is a need for this study because the Charleston Peninsula has been subjected to intense coastal storm events throughout its history. Since 1981, 41 tropical cyclones have made landfall in the NWS Charleston “County Warning Area.” Twenty five of these storms were hurricanes, 9 were tropical storms, and 7 were tropical depressions. There has been a general upward trend in the number of weaker tropical cyclones making landfall and a general downward trend in the number of major (Category 3 – 5) landfalling hurricanes.

In Charleston, the timing of a coastal storm event in relation to tidal fluctuations is key to the severity of potential damages. A major coastal storm making landfall at or near Charleston at high tide would be catastrophic for the community. But even coastal storms that pass by the Charleston Peninsula can have severe storm surge impacts on the community. Therefore, the Federal Government has an interest in reducing those damages, as doing so not only contributes to National Economic Development (NED), but may also improve the living conditions of the community and preserving historic and cultural resources. For the purposes of the economic appendix, the ‘Study Area’ is defined as the Charleston Peninsula boundary area and inclusive of those assets (e.g. structures) located only in the Charleston Peninsula (reference Figure 1).

C.1.3.1. Socioeconomic Data

The impacts of flooding affect local industries, including tourism, commercial shipping/logistics, technology, and education, as well as residents of the peninsula. Business operations are reduced when anticipating a coastal storm, especially if evacuation orders are issued, but if the storm significantly damages property and infrastructure, operations would be impacted for a longer duration of time. Residents may have flood insurance to cover some damages, but they are still financially impacted by storm events.

Charleston is a top tourist destination in the U.S., with the peninsula driving a significant portion of the attraction. According to the Charleston Regional Development Alliance (CRDA), 7 million people visit the area each year, contribute \$8 billion to the local economy, and support a regional workforce of more than 47,000 employees. Tourism is the largest sector of the Charleston County economy, comprising nearly 25% of all sales, according to the College of Charleston Office of Tourism. Charleston lost an estimated \$65 million in visitor spending during Hurricane Florence (September 2018), although it was downgraded to a tropical storm by the time it arrived and the city dodged the storm’s most damaging effects.

Healthcare is a major industry in the region, including the medical district located on the peninsula. According to the CRDA, the healthcare industry supports a regional workforce more than 30,000 people, including more than 2,000 physicians. The healthcare industry in Charleston has the 14th fastest growth rate among mid-sized U.S. metropolitan areas.

Commercial shipping is important to the Charleston economy. The Port of Charleston was the 8th-busiest seaport in the United States in 2017, with nearly 2.2 million cargo containers moving through its terminals. The Port of Charleston is owned and operated by the South Carolina States Ports Authority and has six terminals. Two of the terminals, Columbus Street and Union Pier, are located on the peninsula and are subject to future flood risk.

Charleston is also becoming a popular location for information technology jobs and corporations, and this sector has had the highest rate of growth between 2011 and 2012, due in large part to the local initiatives to attract and promote the tech economy. In 2015, Charleston's tech economy was growing 26% faster than the national average – and just as quickly as Silicon Valley.

South Carolina Population and Demographics: The U.S. Census Bureau estimates South Carolina to have a total population of 5,024,369 as of July 1, 2017 from extrapolating the 2010 Census, which reports the State population at 4,625,364 allowing U.S. Census Bureau to infer growth in the State's population of 8.6% with 51.5% identifying as female and 48.5% identifying as male. A strong majority of the State's population (98.1%) identify as one race alone, with 63.8% being White, 27.3% being Black or African American, 5.7% being Hispanic or Latino (of any race), 1.7% being Asian, 0.5% being American Indian and Alaska Native, and 0.1% being Native Hawaiian and Other Pacific Islander. Within South Carolina there are 1,871,307 households and an average household size of 2.54.

Charleston County Population and Demographics: The U.S. Census Bureau estimates Charleston County to have a total population of 401,438 as of July 1, 2017 from extrapolating the 2010 Census, which reports the County population at 350,209 allowing U.S. Census Bureau to infer an increase in the County's population of 14.6% with 51.5% identifying as female and 48.5% identifying as male. The median age within Charleston County was 37.2 as of 2010. A strong majority of the County's population (98.4%) identify as one race alone, with 68.9% being White, 27.3% being Black or African American, 5.1% being Hispanic or Latino (of any race), 1.7% being Asian, and 0.4% being American Indian and Alaska Native.

Charleston City Population and Demographics: The U.S. Census Bureau estimates the City of Charleston to have a total population of 134,875 as of July 1, 2017 from extrapolating the 2010 Census, which reports the City's population at 120,083 allowing U.S. Census Bureau to infer an increase in the City's population of 12.4% with 52.1% identifying as female and 47.9% identifying as male. The median age within the City of Charleston was 32.5 as of 2010. A strong majority of the City's population (98.4%) identify as one race alone, with 74.4% being White, 21.9% being Black or African American, 2.9% being Hispanic or Latino (of any race), 1.6% being Asian, and 0.1% being American Indian and Alaska Native.

Charleston County Industry: The U.S. Census Bureau's 2012 Economic Census reports the largest industries by number of employees to be "Health care and social assistance," "Administrative and support and waste management and remediation services," "Accommodation and food services" followed by "Retail trade" and "Professional, scientific, and technical services".

Charleston County Employment and Occupations: In October 2018 the Bureau of Labor Statistics reported Charleston County's unemployment rate at 2.8%, 0.5% lower than the unemployment rate for the state of South Carolina. According to the U.S. Census Bureau's QuickFacts for Charleston County, South Carolina, the percent of the population age 16 years and above in the civilian labor force from 2013-2017 is estimated to be 65%. According the U.S. Census Bureau's 2013-2017 American Community Survey 5-Year Estimates, the most common occupations within Charleston County, South Carolina are "Management, business, science, and arts occupations" (42%), "Sales and office occupations" (23%), "Service occupations" (19%), "Production, transportation, and material moving occupations" (9%), and "Natural resources, construction, and maintenance occupations" (7%).

Charleston County Income and Poverty Status: Median household income in Charleston County is \$61,367 with 14.6% of all people earning an income below the poverty level compared to the South Carolina median household income of \$48,781 and a poverty rate of 16.6%.

C.1.3.2. Study Area Characteristics

Charleston is part of a rapidly growing metropolitan area known as the Tri-County area (Berkeley County, Charleston County, and Dorchester County). About 26 people move to the Tri-County area each day, making it one of the country's fastest growing regions. The Tri-County area has a population of about 787,000. Charleston is the second largest city in South Carolina, with a population of about 130,000. A total of 40,000 reside on the peninsula.

The majority of residents on the Peninsula already live in the FEMA 1% (i.e. 100 year) flood zone and nearly everyone else is in the 0.2% annual chance exceedance (i.e. 500 year) flood zone. There are several housing development projects on the peninsula to accommodate the influx of new residents. Despite the city's flood risk, it is assumed people will continue to move to Charleston which increases the amount of people vulnerable to flooding.

The Charleston peninsula contains the heart of the city's historic areas, and its diverse architecture reflects the historical and cultural development of the city from its beginnings in the late-1600s to the present. Today, the peninsula contains numerous buildings dating from the late eighteenth century to – the mid nineteenth centuries that

document the city's growth into a major seaport, trade center, and one of the wealthiest cities in the American colonies.

The National Register of Historic Places (NRHP) is the official list of our nation's historically significant buildings, districts, sites, structures and objects worthy of preservation, and it contains 76 NRHP-listed resources, including historic districts, individual listings, and cemeteries for Charleston's peninsula. These resources are recognized at the national, state and local levels for their historical significance. Charleston Old and Historic District, the largest historic district on the peninsula (approximately 1.4 square miles), is designated as a National Historic Landmark (NHL) and includes over 1400 buildings and structures. Through local historic preservation efforts, this NHL district was established in 1960 to address the historic significance of the city from 1700 to 1899. Several boundary increases have occurred since the original designation to expand the geographic limits of the district, and the last boundary increase in 1984 extended the period of significance to 1941 to include the city's twentieth century development. The district is comprised mainly of residences, but also contains commercial and governmental buildings, and places of worship.

C.1.4. *METHODOLOGY*

In order to develop plans to address water resource problems within a study area, three conditions must be fully analyzed: the "existing" condition, the "future without project" condition, and the "future with project" condition.

In this analysis, the existing condition represents current conditions that is without sea level change. The future without project condition is the condition that would likely exist in the future without the implementation of a Federal project and incorporates sea level change. This condition is evaluated for a 50 year period for coastal storm management projects, and the results are expressed in terms of average annual damages. For this study, the future without project condition is for the years 2026-2075. The future with project condition is the condition that would likely exist in the future with the implementation of a Federal project, using the same 50 year period as in the future without project condition.

The difference in expected annual flood damages to the Charleston Peninsula assets between the future without and with project conditions represents the flood risk management benefits to the project. Economic and other significant outputs may accrue to the project as well, including recreation benefits, ecosystem restoration benefits, regional economic benefits, and other social effects. Other social effects, which often defy quantification in monetary terms, range from improvement in the quality of life within the study area to community impacts. This analysis attempts to recognize and, where possible, quantify the reduction of damages from coastal storm surge inundation due to the Federal project in the study area (i.e. NED benefits).

C.1.4.1. Assumptions

This section of the analysis presents the assumptions used in computing average annual equivalent flood damages for the study area:

- Floodplain residents will react to a floodplain management plan in a rational manner.
- Real property will continue to be repaired to pre-flood conditions subsequent to each flood event given a rebuilding period with a maximum rebuild of 5 times, and not removed from the asset inventory (i.e. cumulative damage threshold not used).
- Residential structures are raised after receiving significant damages within the period of analysis.
- The residential depth-percent damage relationships for structure and content contained in Economic Guidance Memorandum (EGM) 01-03 and 04-01 are assumed to be representative of residential structures in the floodplain.
- Non-residential depth-percent damage relationships for structure and content are from expert elicitation found in the revised 2013 draft report completed by the USACE Institute of Water Resources. Non-residential flood depth-damage functions derived from expert elicitation are assumed to be representative of non-residential structures in the floodplain.
- The present valued damages, first costs, and benefits will be annualized using the FY 2020 Federal discount rate of 2.75% assuming a period of analysis of 50 years.
- All values are equivalent to 2019 dollars.
- All project alternatives are evaluated for a 50 year period of analysis.
- The project construction is scheduled to begin in 2026.
- Unless otherwise stated, elevations are in feet (ft) North American Vertical Datum of 1988 (NAVD88).
- Sea level change follows the USACE Intermediate Curve and used a sea level change rate of 0.01033 feet per year.
- Depreciation is calculated for structures (i.e. replacement values) during the life cycle analysis.

C.1.4.2. Risk and Uncertainty

Risk and uncertainty are inherent in water resources planning and design. These factors arise due to errors in measurement and from the innate variability of complex physical, social, and economic situations. The measured or estimated values of key planning and design variables are rarely known with certainty and can take on a range of possible values. Risk analysis in flood risk management projects is a technical task of balancing risk of design exceedance with reducing the risk from flooding; trading off uncertainty of flood levels with design accommodations; and providing for reasonably predictable

project performance. Risk-based analysis is therefore a methodology that enables issues of risk and uncertainty to be included in project formulation.

The U.S. Army Corps of Engineers (USACE or Corps) has a mission to manage flood risks:

“The USACE Flood Risk Management Program (FRMP) works across the agency to focus the policies, programs and expertise of USACE toward reducing overall flood risk. This includes the appropriate use and resiliency of structures such as levees and floodwalls, as well as promoting alternatives when other approaches (e.g., land acquisition, flood proofing, etc.) reduce the risk of loss of life, reduce long-term economic damages to the public and private sector, and improve the natural environment.”

As a part of that mission, the Institute for Water Resources (IWR) in cooperation with other Corps groups has developed the Generation II Coastal Risk Model (G2CRM) to support planning-level studies of hurricane protection systems (HPS).

C.1.4.2.1. Modeling Description

G2CRM is distinguished from other models currently used for that purpose by virtue of its focus on probabilistic life cycle approaches. This allows for examination of important long-term issues including the impact of climate change and avoidance of repetitive damages. G2CRM is a desktop computer model that implements an object-oriented probabilistic life cycle analysis (PLCA) model using event-driven Monte Carlo simulation (MCS). This allows for incorporation of time-dependent and stochastic event-dependent behaviors such as sea level change, tide, and structure raising and removal. The model is based upon driving forces (storms) that affect a coastal region (study area). The study area is comprised of individual sub-areas (model areas) of different types that may interact hydraulically and may be defended by coastal defense elements that serve to shield the areas and the assets they contain from storm damage. Within the specific terminology of G2CRM, the important modeled components are:

- *Driving forces* - storm hydrographs (surge and waves) at locations, as generated externally from high fidelity storm surge and nearshore wave models.
- *Modeled areas* - areas of various types (coastal upland, unprotected area) that comprise the overall study area. The water level in the modeled area is used to determine consequences to the assets contained within the area.
- *Protective system elements* - the infrastructure that defines the coastal boundary be it a coastal defense system that protects the modeled areas from flooding (levees, pumps, closure structures, etc.), or a locally developed coastal boundary comprised of bulkheads and/or seawalls.
- *Assets* – spatially located entities that can be affected by storms. Damage to structure and contents is determined using damage functions. For structures,

population data at individual structures allows for characterization of loss of life for storm events.

The model deals with the engineering and economic interactions of these elements as storms occur during the life cycle, areas are inundated, protective systems fail, and assets are damaged and lives are lost. A simplified representation of hydraulics and water flow is used. Modeled areas currently include unprotected areas and coastal uplands defended by a seawall or bulkhead. Protective system elements are limited to bulkheads/seawalls.

C.1.4.2.2. Modeling Variables

According the USACE Engineering Regulation (ER) 1105-2-101, 7. Variables in Risk Assessment. (b.):

A variety of variables and their associated uncertainties may be incorporated into the risk assessment of a flood risk management study. For example, economic variables in an urban situation may include, but are not necessarily limited to depth-damage curves, structure values, content values, structure first-floor elevations, structure types, flood warning times, and flood evacuation effectiveness. Uncertainties in economic variables include building valuations, inexact knowledge of structure type or of actual contents, method of determining first-floor elevations, or timing of initiation of flood warnings. Other key variables and associated uncertainties include the hydrologic and hydraulic conditions of the system. Uncertainties related to changing climate should be addressed using the current USACE policy and technical guidance.

As previously stated, G2CRM is a desktop computer model that implements an object-oriented probabilistic life cycle analysis (PLCA) model using event-driven Monte Carlo simulation (MCS). Monte Carlo Simulation (MCS) is a method for representing uncertainty by making repeated runs (iterations) of a deterministic simulation, varying the values of the uncertain input variables according to probability distributions. A triangular distribution is a three-parameter statistical distribution (minimum value, most likely value, maximum value) used throughout G2CRM to characterize uncertainty for inputs in the model. The following sections attempt to characterize the uncertainties for both the economic and engineering inputs that went into the G2CRM for the study area.

C.1.4.2.2.1. Economic Inputs

Uncertainty was quantified for errors in the underlying components of structure values for residential and nonresidential structures, content to structure value ratios for residential and nonresidential structures, depth-percent damage relationship for both residential and nonresidential structures, and first floor elevations for all structures.

G2CRM used the uncertainty surrounding these variables to estimate the uncertainty surrounding the storm-damage relationships developed for each in the study area.

C.1.4.2.2.1.1. Structure Inventory

A structure inventory of nonresidential and residential structures was obtained from Charleston County and integrated with data from the National Structure Inventory (NSI 2) and modified by Corps personnel to produce the Spatial Asset Data input for G2CRM. The number of Assets (i.e. structure inventory) were based on county tax assessor databases reflecting development in the year 2018 including 11,885 assets and also accounting for 210 newly permitted construction assets as of 2019. Thus, the complete asset inventory includes 12,095 assets. These assets will be further discussed in the Assets section of this Appendix. Moreover, to derive the structure values, the 2019 RS Means Square Foot Costs Data catalog was used to assign a depreciated replacement cost to the residential and nonresidential structures/assets in the study area. These residential and nonresidential structures/assets were further categorized in 39 occupancy types for analysis purpose. The following Figure displays these occupancy types and descriptions. RES1 was further categorized by number of stories (i.e. 1,2,3), if split level (i.e. SL), and with or without basements (i.e. WB or NB): RES1-1SNB, RES1-2NB, RES1-3NB, RES1-1SWB, RES1-2WB, RES1-3WB, RES1-SLNB, RES1-SLWB.

RES1	Single Family Dwelling	COM7	Medical Office/Clinic
RES2	Mobile Home	COM8	Entertainment & Recreation
RES3A	Multi Family Dwelling - Duplex	COM9	Theaters
RES3B	Multi Family Dwelling – 3-4 Units	COM10	Parking
RES3C	Multi Family Dwelling – 5-9 Units	IND1	Heavy
RES3D	Multi Family Dwelling – 10-19 Units	IND2	Light
RES3E	Multi Family Dwelling – 20-49 Units	IND3	Food/Drugs/Chemicals
RES3F	Multi Family Dwelling – 50+ Units	IND4	Metals/Minerals Processing
RES4	Temporary Lodging	IND5	High Technology
RES5	Institutional Dormitory	IND6	Construction
RES6	Nursing Home	AGR1	Agriculture
COM1	Retail Trade	REL1	Church/Membership Organizations
COM2	Wholesale Trade	GOV1	General Services
COM3	Personal and Repair Services	GOV2	Emergency Response
COM4	Business/Professional/Technical Services	EDU1	Schools/Libraries
COM5	Depository Institutions	EDU2	Colleges/Universities
COM6	Hospital		

Figure 3: Occupancy Types

Nonresidential replacement costs per square foot were provided in the RS Means catalog for six exterior wall types with respect to each RS Means building/asset category (2-4 Story Office, Bank, Convenience Store, etc.). An average replacement cost per square foot was calculated using the six exterior wall types specific to the corresponding RS Means building/asset category with respect to the mean square footage calculated for all assets within its category. The RS Means depreciation schedule for non-residential structures provides depreciation percentages for three structure frames: wood frame exterior, masonry on wood frame, and masonry on steel frame.

Based on a windshield survey to observe the effective age of structures/assets, the majority of the non-residential structures in the area reflected the masonry on wood exterior wall construction with an approximate effective age of 15 years. The masonry on wood depreciation percentage of 20% was applied as the most likely condition to all of the non-residential structures. Furthermore, to account for uncertainty, a triangular distribution was used for deriving the maximum and minimum depreciated replacement costs using a depreciation percentage of 3% and 35%, respectively, reflecting effective ages of 5 and 25 years for wood frame and masonry on steel frame exteriors, respectively. Additionally, a commercial location cost factor of 85% of the national square foot costs for the City of Charleston was then applied to the depreciated cost per square foot to derive the average depreciated replacement cost per square foot with respect to each building/asset category. Finally, the square footage for each individual structure, obtained from the tax assessor when available, and when not available, from the NSI 2, was multiplied by the average depreciated replacement cost per square foot for each structure's building/asset category.

Residential replacement costs per square foot were provided for four exterior walls types (wood frame, brick veneer, stucco, or masonry) with respect to each building/asset category (RES1-1SNB, RES1-2NB, RES1-3NB, etc.) and its construction class (average, custom or luxury). An average replacement cost per square foot was calculated using the four exterior wall types specific to the corresponding RS Means building/asset category with respect to the mean square footage calculated for all assets with its category. That is, the mean square footage was calculated for each residential asset category regardless of construction class. Then, an average replacement cost per square foot was calculated using the four exterior wall types with respect to each asset category and construction class.

Again, a windshield survey was conducted to delineate differences in the structures' construction class, effective age, and to verify the first floor elevations of the assets. The RS Means depreciation schedule for residential structures provides depreciation percentages for structures in good, average, or poor condition and with respect to the structures' effective age. Based on a windshield survey to observe the effective age of

the structures/assets, the majority of the residential structures in the area had an approximate effective age of 15 years. The average condition depreciation percentage of 15% was applied as the most likely condition to all of the residential structures regardless of construction class. Furthermore, to account of uncertainty, a triangular distribution was used for deriving the maximum and minimum depreciated replacement costs using a depreciation percentage of 7% and 30%, respectively, reflecting effective ages of 10 and 15 years for structures in good and poor condition, respectively. Additionally, a residential location cost factor of 95% of the national square foot costs for the City of Charleston was then applied to the depreciated cost per square foot to derive the average depreciated replacement cost per square foot with respect to each building/asset category and its construction class. Finally, the square footage for each individual structure, obtained from the tax assessor when available, and when not available, from the NSI 2, was multiplied by the average depreciated replacement cost per square foot for each structure's building/asset category and construction class.

In a small number of instances, some structures' square footage values were not available from neither the tax assessor nor NSI 2 data. Using best professional judgment, these structures depreciated replacement cost was derived by multiplying the structure category's mean square footage by the category's calculated depreciated replacement cost per square foot. This method was applied to both residential and nonresidential structures.

C.1.4.2.2.1.2. Content-to-Structure Value Ratios

Site-specific Content-to-Structure Value Ratios (CSV) information was not available for the study area. The nonresidential CSV were taken from Appendix E Table E-1 of the Nonresidential Flood Depth-Damage Functions Derived from Expert Elicitation Draft Report, revised 2013. Moreover, these functions contained a triangular distribution (i.e. minimum, maximum, most likely) to account for the uncertainty surrounding the ratio for each nonresidential occupancy type. The residential CSV used a combination of both the aforementioned Expert Elicitation Draft Report and EGM 01-03 and 04-01. Moreover, both EGMs contained guidance to account for uncertainty associated with content/structure value ratio, which implies that the uncertainty in the content-to-structure value ratio should be inherent in the content depth-damage relationship as contained in both respective EGMs.

C.1.4.2.2.1.3. Depth-Damage Relationship

Site-specific depth-damage functions (DDF) were not available for the study area for both nonresidential and residential structures. The nonresidential DDFs were taken from the Draft Report, Nonresidential Flood Depth-Damage Functions Derived from Expert Elicitation. These values can be found in Appendix D, Tables D-22 through D-42 for structures and Tables D-42 through D-63 for content, of the report. Moreover, these functions contained a triangular distribution (i.e. minimum, maximum, most likely) to

account for the uncertainty surrounding the damage percentage associated with each depth of flooding. The residential DDFs used a combination of both the aforementioned Expert Elicitation Draft Report and EGM 01-03 and 04-01. Moreover, both EGM contained a normal distribution function with an associated standard deviation of damage to account for uncertainty surrounding the damage percentage associated with each depth of flooding. This distribution was then converted into a triangular distribution for input into the model.

C.1.4.2.2.1.4. First Floor Elevation

The Digital Elevation Model (DEM) for South Carolina that used topographical data obtained from the Light Detection and Ranging (LiDAR) survey conducted in 2017 for the study area was used to determine ground elevations at the centroid of each parcel where the structure is most likely located using ArcGIS (i.e. ArcMap developed by Esri). The heights above ground were estimated from windshield survey of the structures in the study conducted in 2019. This windshield survey involved using map grids with all the structures located in the study area overlaid on each map grid (88 produced by geographic information system) and noting the observed finished first floor height of each structure or group of structures (e.g. by street blocks). The sum of the ground elevation and the finished floor height above ground elevation is the first-floor elevation and used as the most likely value for each structure (reference Figure below).

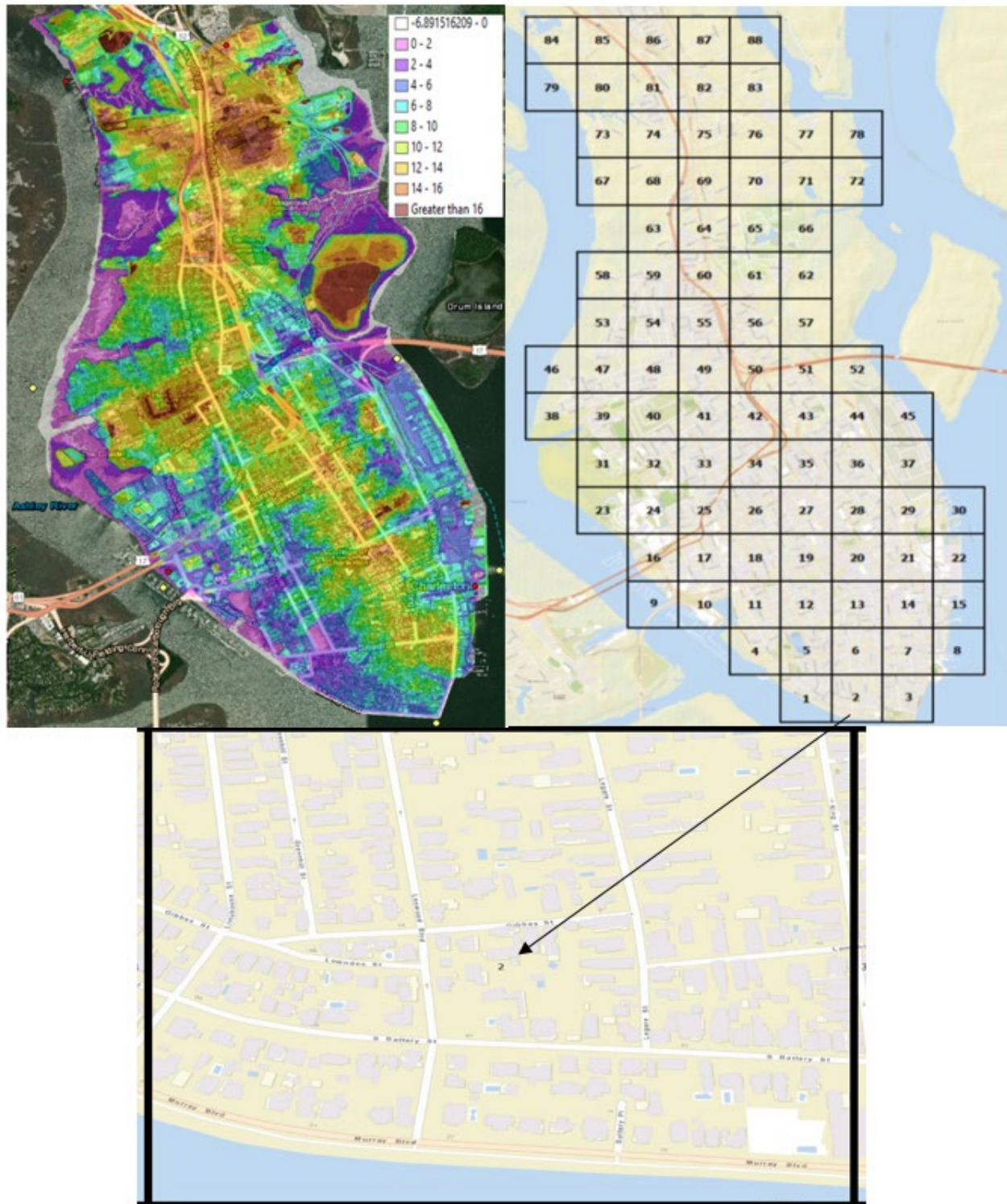


Figure 4: LiDAR and Map Grids of Charleston Peninsula

A first-floor standard error of 0.6 feet with a deviation of 0.3 feet assuming normal distribution was used to quantify uncertainty based on guidance found in Engineering Manual (EM) 1110-2-1619, Table 6-5, aerial survey, 2-ft contour interval. The datum used to determine first floor elevations is the same datum Engineering used to determine water level elevations for the simulated coastal storms. There are two sources of uncertainty surrounding the first floor elevations: the use of the LiDAR data for the ground elevations, and the methodology used to determine the structure foundation heights above ground elevations. The uncertainty used to determined first floor elevations was a triangular distribution using 1.5 feet from the most likely value as the minimum value and maximum value.

C.1.4.2.2.2. Engineering Inputs

The uncertainty surrounding the key engineering parameters was quantified and entered into G2CRM. The model is based upon driving forces (i.e. storms) that affect a study area. The study area is comprised of individual sub-areas of different types, defined as model areas, which may interact hydraulically and may be defended by coastal defense elements, such as protective system elements, that serve to shield the areas and the assets they contain from storm damage. The model used the uncertainty surrounding the storm information to account for uncertainty surrounding the elevation of the storm surges for the study area. The Engineering Appendix contains more information regarding engineering inputs into G2CRM.

C.1.4.2.2.2.1. Storms

For the study area, a reduced storm set of 25 synthetic tropical cyclones (i.e. storms) was selected from the original South Carolina Storm Surge Project of 122-storm suite (i.e. full storm set). The number of storm selected was driven by schedule and budget constraints, and by knowledge gathered from other previous and ongoing USACE feasibility studies about the minimum number of storms required to adequately capture the storm surge hazard. The goal of storm selection was to find the optimal combination of storms given a predetermined number of storms to be sampled, referred to as reduced storm set. In the process of selecting the number for the study area, it was determined that a reduced storm set of this size adequately captured the storm surge hazard for the range of probabilities covered by the full storm set. The track of these 25 storms are shown in the Figure below.

The storm selection process was performed using the design of experiments (DoE) .The DoE compares still water level, hazard curves derived from the reduced storm set to “benchmark” hazard curves corresponding to the full storm set at a given number of save points within the study area. The difference between the reduced storm set hazard curves and full storm set benchmark curves is minimized in an iterative process considering multiple subsets of 25 tropical cyclones. In summary, the general steps in this DoE approach for selecting a subset of storms are:

1. Identify a set of save points critical to a project or study area, where optimization will be performed.
2. Develop hazard curves for the full storm set.
3. Select number of storms to be sampled.
4. Develop hazard curves for the reduced storm set.
5. Choose the range of probabilities for which hazard curves will be compared. The reduced storm set versus full storm set differences can be computed along the entire hazard curve, or by prioritizing a specific segment of the curves, for example, 50 to 500 years.
6. Compute differences between reduced storm set and full storm set hazard curves.
7. An iterative sensitivity analysis is performed to determine the optimal combination of storms constituting the reduced storm set.
8. Once the optimal combination of storms is determined, an optional analysis can be performed to evaluate the benefits of increasing storm subset size; finalize storm selection.

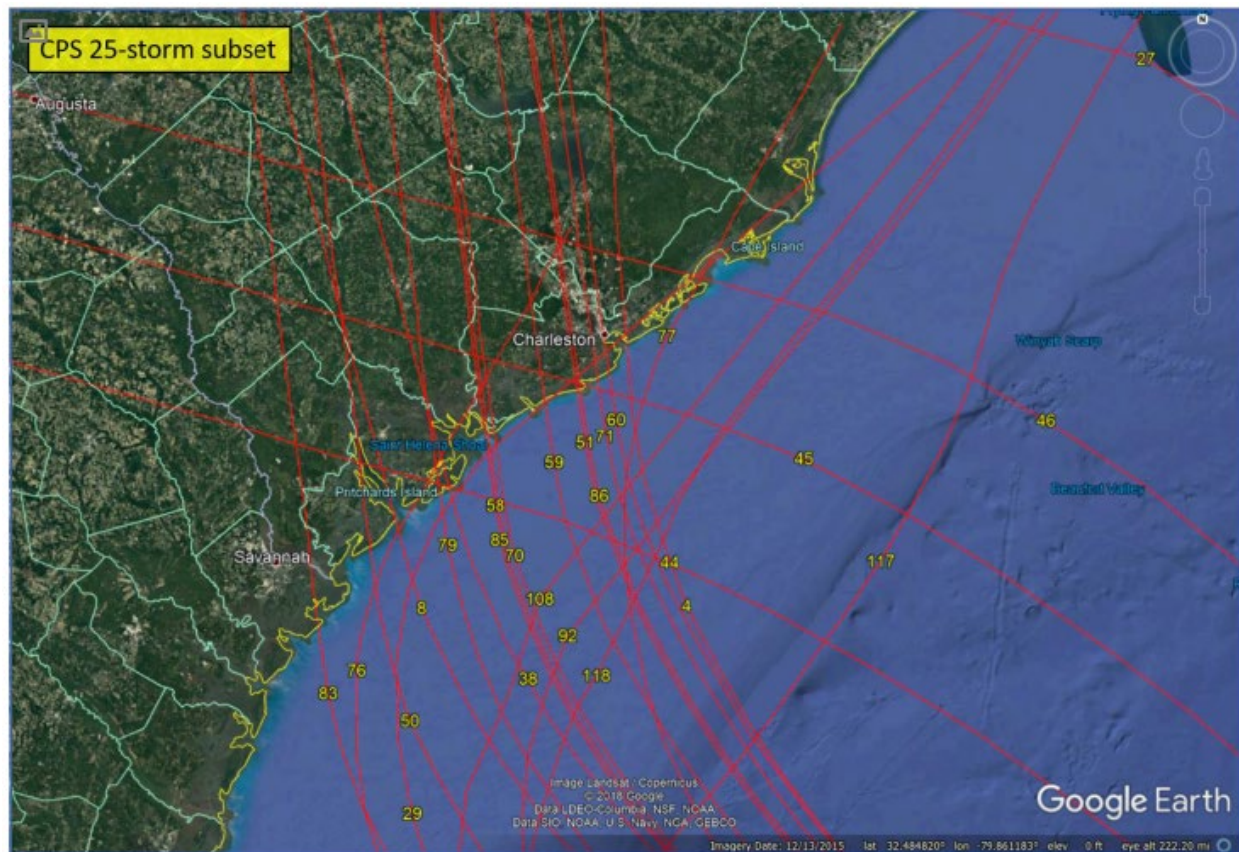


Figure 5: Track of the Reduced Storm Set

For the Charleston Peninsula G2CRM, the bootstrap method was used to determine storm events for the period of analysis. That is each G2CRM simulation run starts using the abovementioned reduced storm set which determines the storms that are drawn

randomly by bootstrapping. The bootstrap approach is based on choosing the random storms as Poisson distribution based on average number of storms in the season (as an input) for the study area. The bootstrapping approach also takes into the account the relative probability of each storm (i.e. higher probability storms are chosen more often), which is technically bootstrap sampling with replacement. Each of the 25 storms for the study area has an associated storm probability and storm surge information (e.g. water levels) at each save points.

C.1.4.2.2.2. Save Points

The numerical modeling aspect of the study area is to provide estimates of waves and water levels for existing condition, future without project condition, and future with project condition. A save point is a point of interest in the study area. From a dataset of over 1000 points, 5 save points were selected. These save points contained the water elevations and wave heights for each of the storm in the reduced storm set (i.e. 25) to be used in the model and eventually used to represent 5 model areas. These water elevations will be applied to the model areas along with economic inputs to derive flood damages in the existing condition, future without project condition, and future with project condition for the Charleston Peninsula. The following Figure displays the location of the 5 save points (i.e. yellow circles) amongst the 1000 points (i.e. red squares).



Figure 6: Save Points

C.1.5. EXISTING CONDITION

There are approximately 6,670 structures (out of 12,095) in the FEMA 1% annual chance exceedance (ACE), or 100 year, floodplain on the Charleston Peninsula. These property owners are technically required to purchase flood insurance, although flood insurance has eligibility requirements and numerous exclusions. The FEMA National Flood Insurance Program does not cover additional living expenses, such as temporary housing, while the building is being repaired or is unable to be occupied; loss of use or access to the insured property; financial losses caused by business interruption; property and belongings outside of an insured building, such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs and swimming pools; most self-propelled vehicles, such as cars, including their parts; and personal property kept in basements. Federal flood insurance coverage is also capped at \$250,000 per building and \$100,000 for contents.

In June 2019, personnel from the U.S. Army Corps of Engineers surveyed the structure inventory within the Charleston Peninsula study area. Parcel data was obtained from the Charleston County tax assessor's office and used to build a Geographic Information System (GIS) database identifying which parcels and structures fell within the FEMA 0.2% annual chance exceedance event floodplain. The structure inventory survey identified 12,095 structures. Moreover, there are no structures that fell within the FEMA floodway. The inventoried structures were categorized as residential or nonresidential which were further categorized into occupancy types (reference Structure Inventory section). The Table below displays the count and structure value (estimated replacement cost less depreciation) of the structure inventory by the main occupancy types.

Table 1: Structure Inventory by Occupancy Types

Occupancy Type	Description	Count	Structure Value
AGR1	Agriculture	3	\$312,000
COM1	Retail Trade	163	\$200,000,000
COM2	Wholesale Trade	152	\$350,000,000
COM3	Personal and Repair Services	135	\$140,000,000
COM4	Business/Professional/ Technical Services	422	\$1,100,000,000
COM5	Depository Institutions	26	\$52,000,000
COM6	Hospital	4	\$7,000,000
COM7	Medical Office/Clinic	48	\$40,000,000
COM8	Entertainment & Recreation	207	\$910,000,000
COM9	Theaters	2	\$520,000
COM10	Parking	10	\$22,000,000
EDU1	Schools/Libraries	13	\$17,000,000

EDU2	Colleges/Universities	8	\$23,000,000
GOV1	General Services/Emergency Response	64	\$200,000,000
IND1	Heavy Industrial	36	\$115,000,000
IND2	Light Industrial	63	\$59,000,000
IND3	Food/Drug/Chemicals	9	\$10,000,000
IND4	Metals/Minerals Processing	9	\$17,000,000
IND5	High Technology	7	\$5,000,000
IND6	Construction	153	\$360,000,000
REL1	Church/Membership Organizations	162	\$300,000,000
RES1	Single Family Dwelling	7195	\$2,337,000,000
RES2	Mobile home	8	\$500,000
RES3	Multi Family Dwelling	3102	\$1,925,000,000
RES4	Temporary Lodging	44	\$123,000,000
RES5	Institutional Dormitory	41	\$163,000,000
RES6	Nursing Home	9	\$13,000,000
Total		12095	\$8,489,332,000

Critical facilities on the Charleston Peninsula include 6 fire stations and 2 police stations, 6 colleges and 12 public schools, including 3 charter, 6 elementary, 2 middle, and 1 high school. The Charleston Peninsula is also home to the Charleston Medical District which includes the Medical University of South Carolina (MUSC), Roper St. Francis Hospital, and Ralph H. Johnson Veterans Affairs Medical Center. The MUSC's 700-bed center has 4 hospitals: the MUSC Children's Hospital, the Institute of Psychiatry, Ashley River Tower and University Hospital. The center also has a Level I Trauma Center and South Carolina's only transplant center. The Ralph H. Johnson VA Center serves 75,000 Veterans along the South Carolina and Georgia Coast. The Medical District along Lockwood Drive is particularly vulnerable to storm surge inundation because of its location on filled intertidal zone on the western side of the peninsula. Assuming an intermediate rate of sea level rise, in the year 2075, 50% of police stations, 42% of health care facilities, and 29% of fire stations on the peninsula would be flooded by 9 feet NAVD88 of water during a 4% ACE event. For reference regarding elevations on the peninsula, the Figure below displays the approximated contours line at elevations 6, 9, and 12 feet NAVD88.



Figure 7: Approximated Contour Lines

C.1.5.1.1. *Model Areas*

The term “model areas” describe various geographic units that may exist within the study area. Flood elevations are uniform within a model area (MA). A storm event is processed to determine the peak stage in each defined MA and it is this peak stage that is used to estimate consequences to assets within the MA. Therefore, MA boundaries tend to correspond to the drainage divides separating local-scale watersheds.

Considerable professional judgment was used in defining MA boundaries including taking into account natural or built topological features (e.g. a ridge, highway, or railway line) to define MA boundaries. Dividing the study area into model areas facilitates evaluation of flood damages by breaking the study area down into several areas having some common features, and analyzing them separately also speed up the economic modeling process. The study area consists of 5 distinct model areas: Battery, Port (formerly known as Cruise Terminal), Newmarket, Wagener Terrace, and Marina. These model areas are spatial areas defined by geospatial polylines (reference Figure below and Engineering Appendix for more details).

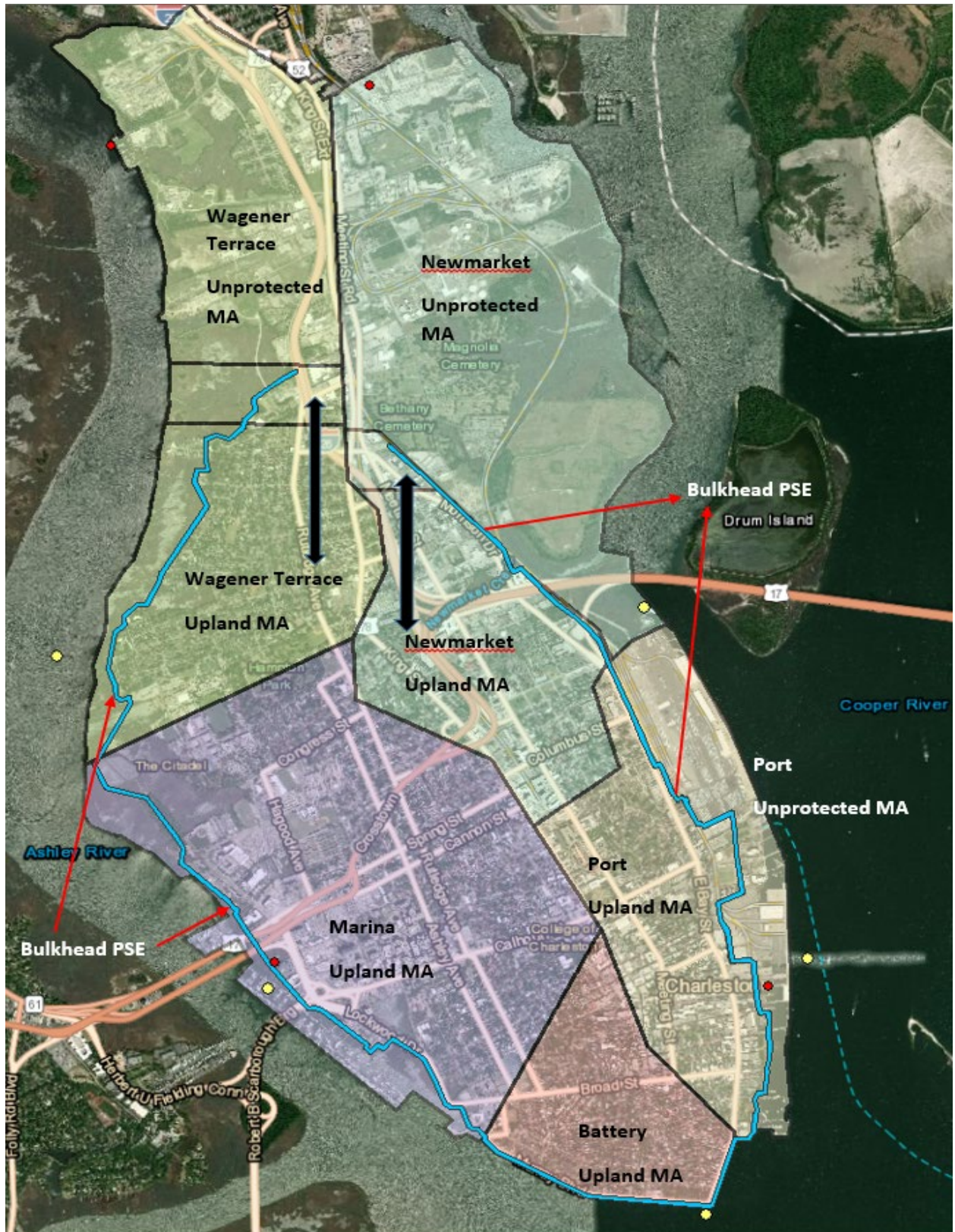


Figure 8: Model Areas

C.1.5.1.1.1. Model Area Types

The study area is divided into 5 model areas and within each MA, the model areas are further defined by types: unprotected and upland. An unprotected modeled area is a polygonal boundary within G2CRM that contains assets and derives associated stage from the total water level (i.e. storm surge plus wave contribution plus sea level change contribution plus tide contribution) calculated for a given storm, without any mediation by a protective system element (PSE). An upland modeled area is a polygonal boundary within G2CRM that contains assets and derives associated stage from the total water level (i.e. storm surge plus wave contribution plus sea level change contribution plus tide contribution) calculated for a given storm, as mediated by a protective system element such as a bulkhead/seawall that must be overtopped before water appears on the modeled area. It also has an associated volume-stage relationship to account for filling behind the bulkhead/seawall during the initial stages of overtopping.

Moreover, it is important to note that currently the only PSE that exists is located in the Battery MA, which has a Low and High Battery wall. But by the base year 2026, both walls will be at an elevation of 9 feet; however, the Battery wall does not tie into high ground. The Battery wall ends where the Port MA begins to the east and Marina MA begins to the west (i.e. at lower elevations); therefore, the Battery MA is subject to flooding that goes around the Battery Wall. Since the Battery wall is subject to this kind of flooding from coastal storm surge, the Battery Wall for the existing and future without project condition was given an elevation height of 4 feet instead of 9 feet based on the adjacent topography, in the model, to reflect the level of flood risk reduction it more likely provides.

The reason each of the 5 model areas were modeled as an Upland MA is because in the future with project condition each of these model areas would have a PSE (reference the following subsection) and would be an Upland MA (further discussed and explained in the future with project condition section of this Appendix). Therefore, having each MA be a component of an Upland MA in the existing and future without project condition was a modeling strategy utilized in order to model the future with project condition.

C.1.5.1.1.2. Protective System Elements

Flood hazard as manifested at the storm location is mediated by the associated bulkhead/seawall PSE. The PSE prevents transmission of the flood hazard into the MA until the flood hazard exceeds the top elevation of the bulkhead/seawall. When the flood hazard exceeds the bulkhead/seawall top elevation the flood hazard is instantaneously transmitted into the MA unmediated by the bulkhead/seawall.

PSEs are defined in G2CRM to capture the effect of built flood risk management (FRM) infrastructure (i.e. what in G2CRM is categorized as a bulkhead/seawall). For the study

area the FRM infrastructure is neither present in the existing condition nor future without project condition, but rather a part of an alternative FRM plan. Since this was the case, this influenced the decision on the MA type to use. That is a MA is not protected by a bulkhead/seawall in the existing condition but one of the FRM alternatives to be considered involves protecting the MA with an engineered bulkhead/seawall.

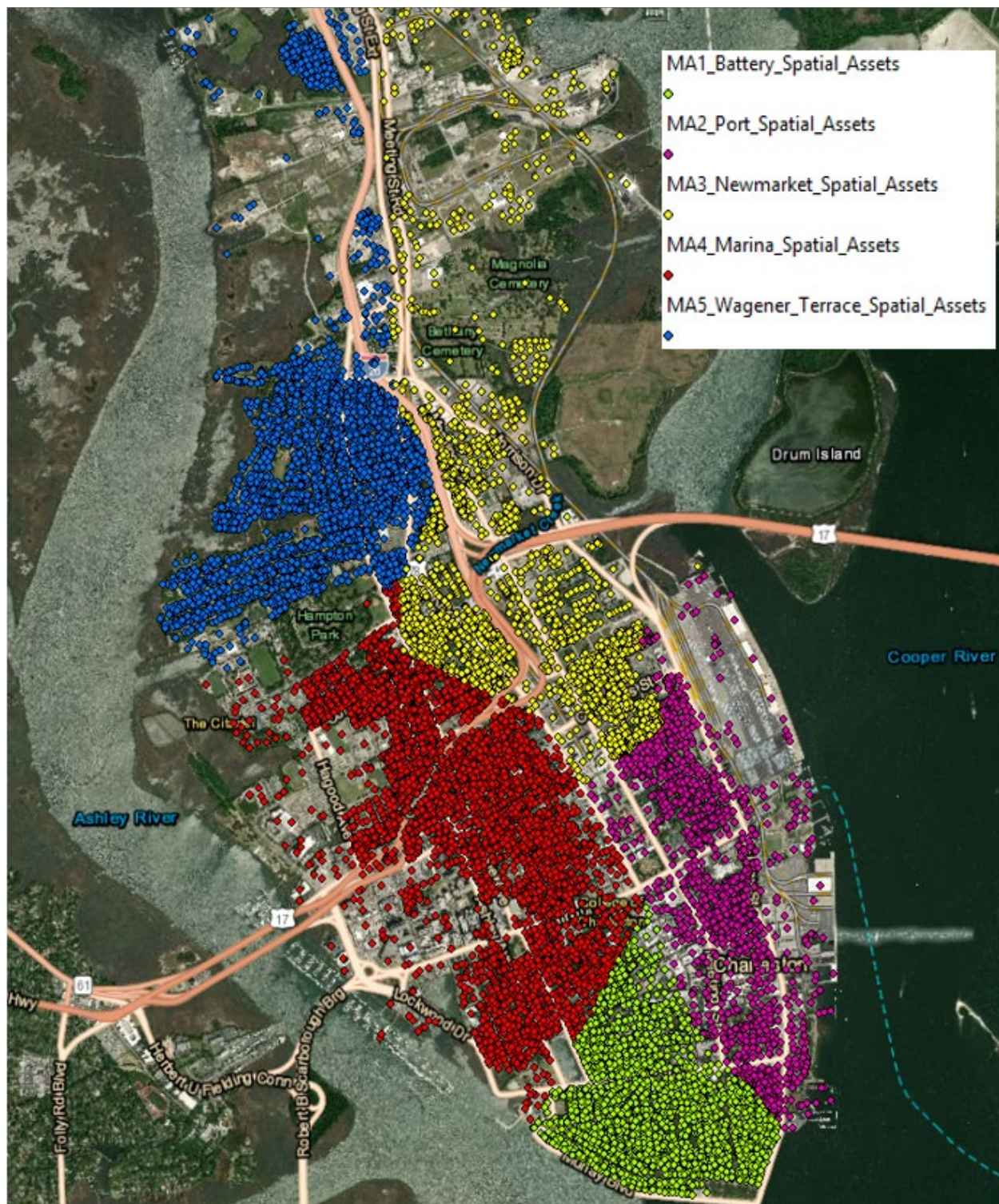
Therefore, for both the existing and future without condition simulation, in G2CRM, the top elevation is specified at the approximate existing ground elevation within the MA. In this way, the bulkhead/seawall does not influence the existing condition consequences of the flood hazard. For the future with project condition the bulkhead/seawall top-elevation is raised and its influence on consequences is captured.

C.1.5.1.1.3. Volume-Stage Functions

Volume-stage functions (alternatively called stage-volume functions) are associated with an upland MA. For the study area, the volume-stage functions were derived from the digital terrain model (the same used to determine ground elevation of structures) provided by Engineering and GIS sections and describe the relationship between the volume contained in the model area and the associated stage (water depths) for the each MA. Water level within the MA are computed by first estimating the volume of water passing over the PSE and then using the stage-volume relationship to determine water level within the MA. Once the storage area in the MA is filled, the flood hazard is transmitted into the MA unmediated by the bulkhead/seawall.

C.1.5.2. Assets

Assets are spatially located entities that can be affected by storms. For this analysis, assets consist mainly of those structures and its contents located within the Charleston Peninsula as shown in the Figure below. Charleston is a highly urbanized, relatively flat community with nearly all areas below elevation 20 feet. The low elevations and tidal connections to the Ashley and Cooper Rivers and Charleston Harbor place a significant percentage of the city at risk of flooding from nor'easters, tropical storms, hurricanes, and other storms.



Charleston is part of a rapidly growing metropolitan area known as the Tri-County area (Berkeley County, Charleston County, and Dorchester County). Moreover, according to the U.S. Census Bureau estimates, the City of Charleston to have a total population

of 134,875 as of July 1, 2017 of which about 40,000 is on the peninsula. Currently, the Charleston Peninsula structure inventory, as modeled because the base year is 2026, contains about 12,095 structures. The reasons for the base year and structure inventory will be further discussed in the future without project condition section. Residential structures accounted for 10,399 structures, with the remaining 1,696 being nonresidential. Out of those residential and nonresidential structures, the occupancy type most commonly found was RES1 (Single Family Dwelling), RES3 (Multi Family Dwelling) and COM4 (Bus. /Prof. /Tech. Services) respectively. The following Table and Figures summarize the number of structures in each MA along with its estimated depreciated replacement costs and content values, and a breakdown of the structure occupancy types for the study area.

Table 2: Assets by Model Areas (FY20 Price Level)

Model Area	Counts	Structure Value	Content Value	Total Value
Battery	1,757	\$1.2 Billion	\$1.0 Billion	\$2.2 Billion
Port	1,334	\$2.2 Billion	\$1.0 Billion	\$3.2 Billion
Newmarket	2,030	\$1.7 Billion	\$1.0 Billion	\$2.7 Billion
Marina	4,041	\$2.2 Billion	\$1.6 Billion	\$3.8 Billion
Wagener Terrace	2,933	\$1.2 Billion	\$0.9 Billion	\$2.1 Billion
Total	12,095	\$8.5 Billion	\$5.5 Billion	\$14 Billion



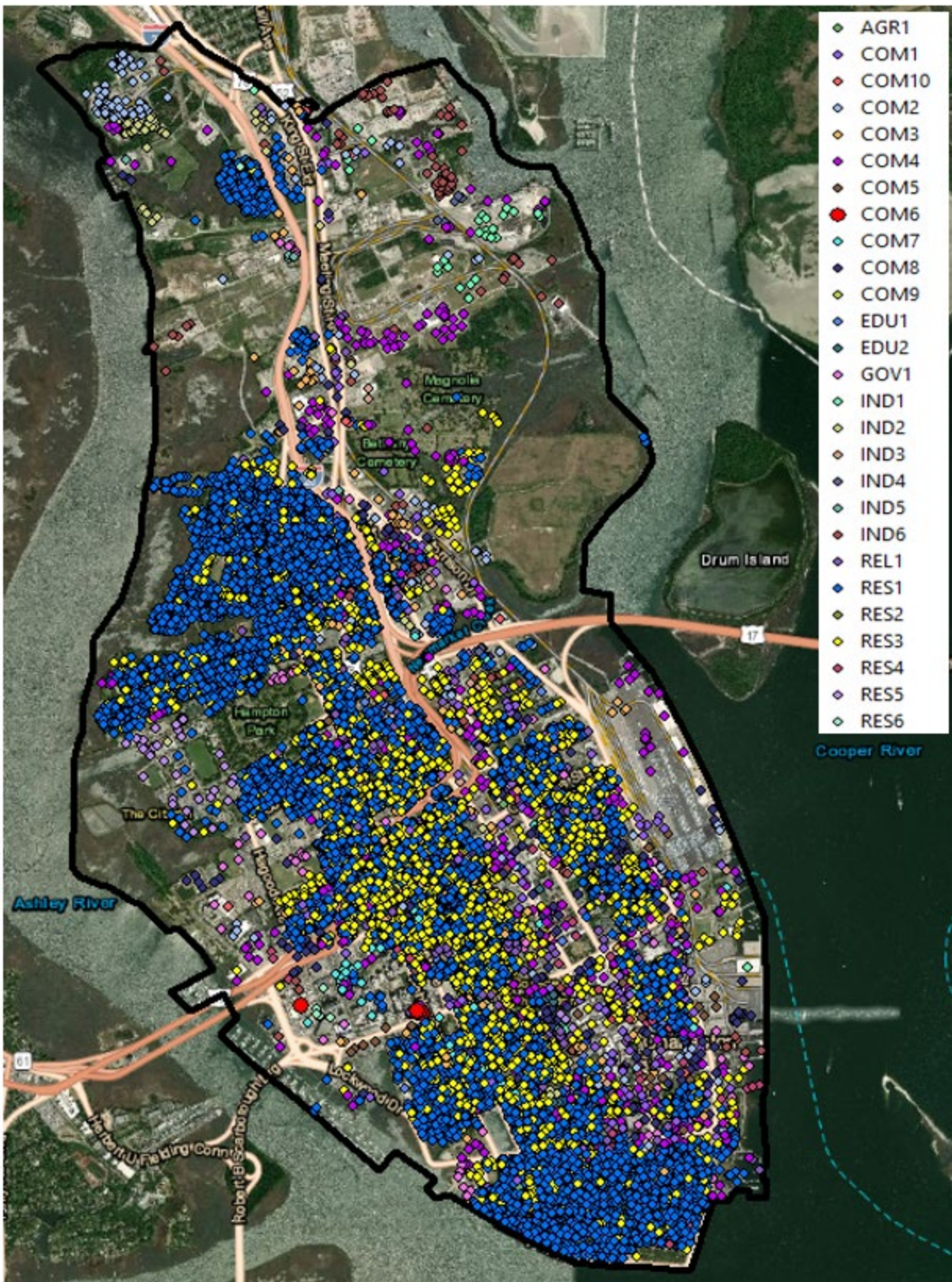


Figure 11: Location of Assets by Main Occupancy Types

C.1.5.3. Evacuation Planning Zones

According to the Fourth National Climate Assessment, communities in the Southeast are particularly vulnerable to flooding. Extreme weather and climate-related events can have lasting mental health consequences in affected communities, particularly if they result in degradation of livelihoods or community relocation. Populations including older adults, children, low-income communities, and some communities of color are often disproportionately affected by, and less resilient to, the health impacts of climate change. Lessons from numerous coastal storm events have made it clear that even if the elderly, functionally impaired persons, and/or low income residents wish to evacuate from areas at risk from a pending coastal storm, they are unable to evacuate due to their physical or socioeconomic condition. Flooding in urban areas can cause serious health and safety problems for the affected population. The most obvious threat to health and safety is the danger of drowning in flood waters. Swiftly flowing waters can easily overcome even good swimmers. When people attempt to drive through flood waters, their vehicles can be swept away in as little as two feet of water.

Surface streets as well as U.S. Route 17 already close during flood events, limiting movement on the peninsula. US Route 17 currently floods more than 10 times per year. During storm events, public access to the hospitals is limited. Hospitals in the peninsula's medical district are already using johnboats and tactical vehicles to transport staff between facilities. The Medical University of South Carolina (MUSC) recently purchased a storm ready truck that can plow through four feet of water to transport doctors, nurses, and other essential employees through floodwaters on the MUSC campus.

In addition to the population of 40,000 people on the peninsula, thousands of commuters and tourists/day users may be on the peninsula. During storm surge events, the ability of first responders to reach the location of need and the ability of individuals to reach medical facilities can be limited or cut off entirely. When a hurricane threatens South Carolina's coast, residents may plan to leave voluntarily or may be ordered to evacuate. Residents on the Charleston Peninsula will use the normal westbound lanes of Interstate 26. To prepare for Hurricane Dorian in 2019, the South Carolina Highway Patrol and Department of Transportation reversed eastbound lanes on Interstate 26 in response to an evacuation order. The following Figure displays the location of the hospitals as well as main roads for evacuation.

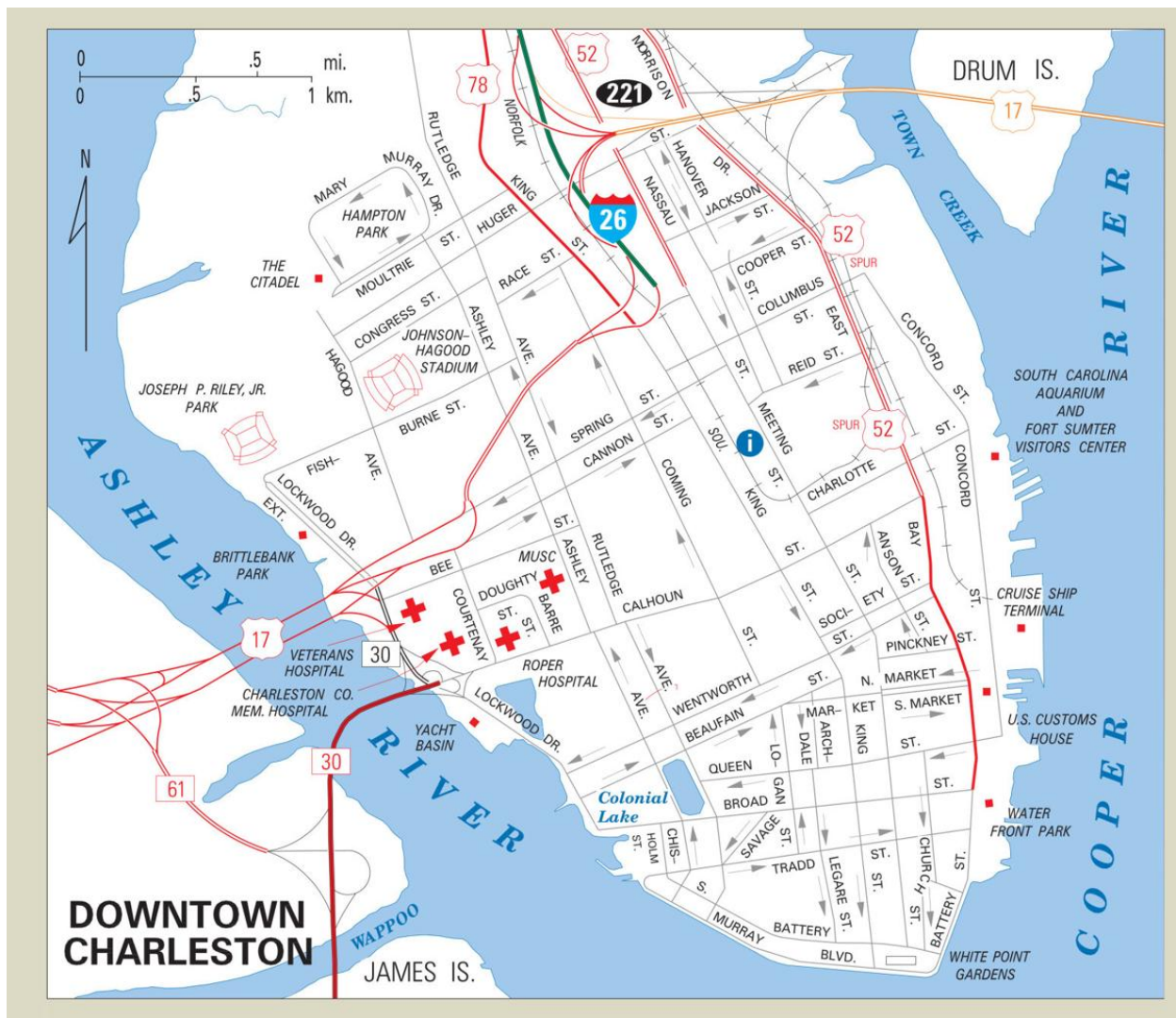


Figure 12: Medical Facilities and Evacuation Routes

An evacuation planning zone (EPZ) is a spatial area, defined by a polygonal boundary that is used within loss of life calculations in G2CRM to determine the population remaining in structures during a storm (i.e. population that did not evacuate). Since the study area was divided into 5 model areas, each MA is an EPZ as shown in the following Figure. Therefore, in G2CRM, each Asset is assigned to an MA which is assigned to an EPZ and then modeled in G2RM for potential life loss given a storm event.

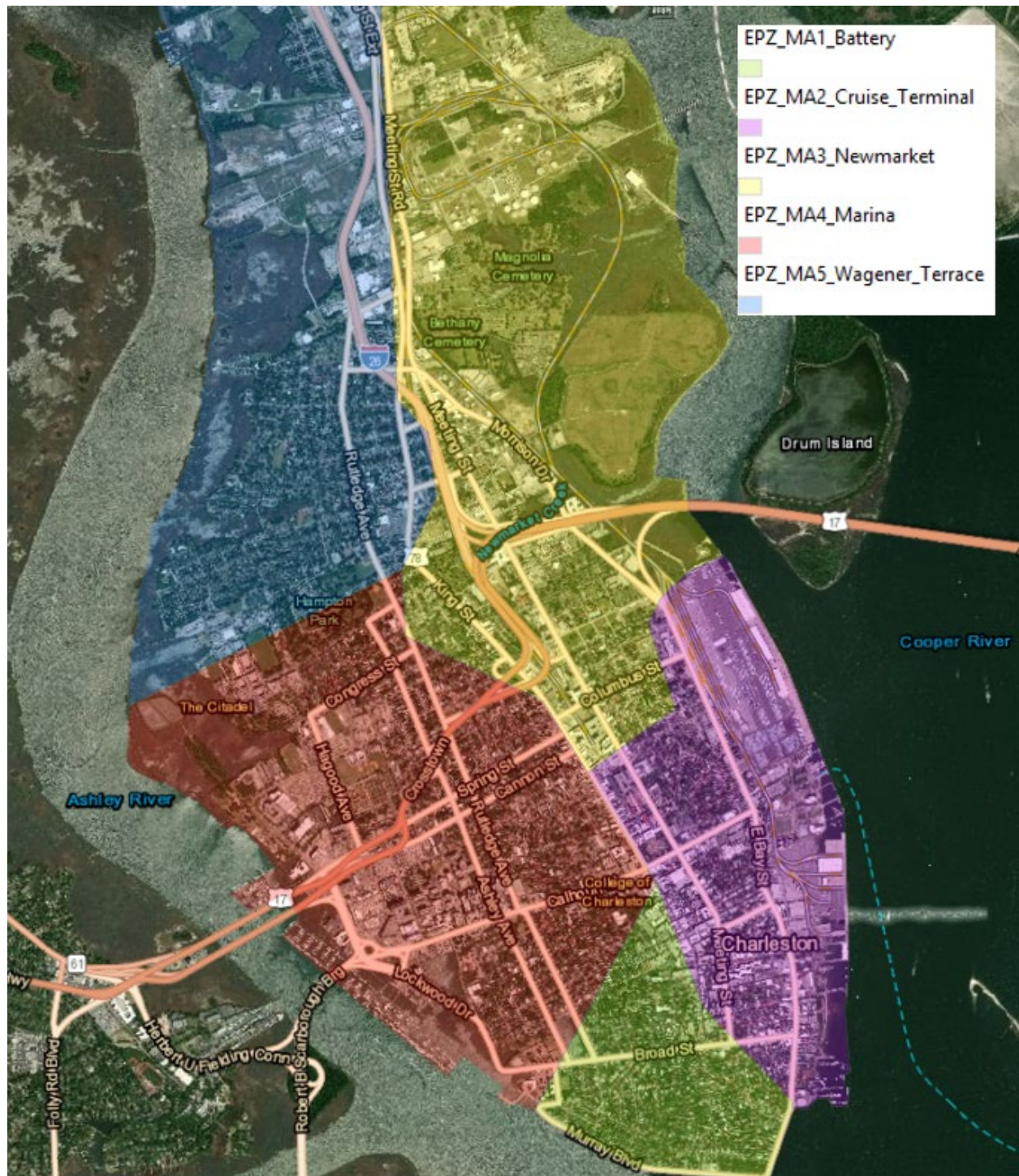


Figure 13: Evacuation Planning Zones

In G2CRM, life loss calculations are performed on a per-structure per-storm basis. In order for life loss calculations to be made, the maximum stage in the modeled area has to be at least two feet over ground elevation for foundation heights greater than or equal to two feet, or the maximum stage must be greater than the foundation height plus the ground location for foundation heights under two feet.

Loss of life calculations are separated out by age categorization with under 65 being one category and 65 and older being the second category. There are three possible lethality functions for structure residents: safe, compromised, and chance. Safe would have the lowest expected life loss, although safe does not imply that there is no life loss, and chance would have the highest expected life loss.

C.1.5.4. Existing Condition Modeling Results

The assets assigned to each MA and EPZ were modeled in G2CRM using the 25 storms with its relative probability-water level relationship. G2CRM used the economic (e.g. Assets) and engineering inputs (e.g. Storms) to generate expected present value (PV) damages for each structure throughout the life cycle (i.e. the period of analysis). The possible occurrences of each economic (i.e. triangular distribution) and engineering (i.e. relative probabilities) variables were derived through the use of Monte Carlo simulation and a total of 100 iterations were executed by the model for this analysis. That is every iteration represents expected PV damages for the period of analysis and cumulative damages of assets converged at about 100 iterations.

The sum of all damages for each life cycle were divided by the number of iteration to yield the expected PV damages for that modeled simulation. A mean and standard deviation were automatically calculated for the PV damages for each MA. For this analysis, G2CRM used 25 synthetic storms produced by high fidelity coastal modeling (reference Engineer Appendix) for each MA. Each storm had a relative probability associated with it. Any chance of that storm happening in the model simulation was based on that relative probability. Moreover, each storm given its relative probability had an equivalent specific peak water level. These water levels were applied to each structures in each MA and EPZ to determine damages and consequences. It is important to note that due to time and modeling constraints, each MA was modeled as a separate G2CRM (i.e. 5 G2CRMs for the study area). Therefore, to derive the PV damages for the study area, the PV damages of the 5 G2CRMs were summed. The following Table displays the mean expected PV damages and average annual damages for the study area by model areas for the existing condition.

Table 3: Existing Conditions Expected Damages

Model Area	Present Value Damages	Average Annual Damages
Battery	\$2,440,983,000	\$90,416,000
Port	\$1,659,742,000	\$61,478,000
Newmarket	\$1,114,544,000	\$41,284,000
Marina	\$3,481,075,000	\$128,942,000
Wagener Terrace	\$1,200,723,000	\$44,476,000
Total	\$9,897,067,000	\$366,596,000

According to the Table above, there are about \$9.9 billion in expected PV or about \$367 million in average annual flood damages due to coastal storm for the period of analysis under the existing condition. The existing flood damages are the potential damages to structures, contents affected by flooding at the time of the study. No projection is involved, and the existing condition encompasses relevant factors that best characterize the planning perceptions of the affected area in the situation without a plan. This existing condition provides the data from which to evaluate the condition that would likely exist in the future without the implementation of a Federal project. Under the future without project condition, which represents expected damages in the absence of a flood risk management project, damages are expected to increase. Exacerbating the flooding is the phenomenon of relative sea level rise, which is the combination of water level rise and land subsidence. The existing condition modeling did not take into account sea level change but the future without project condition, described in the following section, did.

C.1.6. FUTURE WITHOUT PROJECT CONDITION

The future without project condition and forecast assumptions based on the existing condition were critical to the planning process since they provide the baseline for the subsequent evaluation and comparison phases. The following discussion includes projections about the future of the Charleston Peninsula if the federal government or local interests do not address the problems identified in this study.

C.1.6.1. Background

The City of Charleston has experienced a marked increase in the number of days of “minor coastal flooding” over time, which will increase along with rising sea levels. Similarly, the water table below Charleston will continue to rise, limiting the effectiveness of gravity drain potential post-storm. Subsidence will increase as soil deposited naturally, or by humans, compacts over time.

According to an evaluation in the 1984 Master Drainage Plan, the existing stormwater drainage facilities within the peninsula consist mainly of vitrified clay pipe or brick arches, some of which date back to the 1850's, and the majority of which are inadequate for design limits. However, since the 1990s, the City of Charleston has made major strides in addressing interior drainage issues on the peninsula. The city has been working on alleviating drainage problems since the establishment of the Stormwater Utility in 1996, using this money to fund only stormwater projects. In addition to this fund, the city has sought other funding sources to tackle large capital improvement projects and improve the quality of life on the peninsula. The city has invested over \$260 million in drainage projects, with several more unfunded projects in the works.

The study assumes that the check valve program on the drainage system outfalls will be completed in the without project condition, preventing tidal backflow into the system. The local drainage system will slowly be improved during the period of analysis subject to funding availability. The future without-project condition assumes that each local drainage project is complete. This assumption has been coordinated with the City of Charleston since the start of and throughout the study and in good faith confirmed still to be accurate. These projects have been permitted and some are currently under construction and estimated to be completed between 1 to 4 years depending on the specific drainage project. These projects will address some site specific flooding problems but still will leave the city vulnerable to storm surge inundation.

In the future without project condition, the Low Battery Seawall project is complete. However, the people and properties behind the seawall remain at risk because the Battery does not tie into high ground. The same assumption that was applied in the existing condition (reference the PSE section of this Appendix). Moreover, it is important to note that development and population in the study area is projected to increase in the both future conditions. There are several housing development projects on the Charleston Peninsula to accommodate the influx of new residents.

Nevertheless, since the base year is projected to be 2026 for modeling purpose, those structures that already received building permits and have broken ground but not completed or yet built were included in the asset inventory inclusive of estimates for structure and content values and population numbers. After the base year 2026 to 2075, there were no other future projection for development because it was assumed that if there were a risk of flooding to new development that the City of Charleston would not grant the permit (i.e. knowingly put people and property at risk) and strictly enforce floodplain management ordinances. In addition, already the City of Charleston is increasing freeboard recommendations for new facilities and infrastructure to 2 to 3 feet above base flood elevation, incentivizing private property owners to implement green infrastructure, conducting a vulnerability analysis to inform the Comprehensive Plan Update and revaluation of the City's zoning ordinance, and creating design guidelines for retrofitting historic buildings and assisting property owners in developing resilient design solutions.

The study area is also highly urbanized so there are not extensive natural resources present. There are some small tidal creeks, mudflats, and saltmarshes around the perimeter of the peninsula. While marsh habitat has adapted to fluctuating water levels and periodic inundation, there is concern regarding storm-induced erosion to existing marsh. As development pressures continue to reduce open space and degrade the natural habitat in the Charleston Peninsula, the quantity and quality of natural habitat and open space will continue to decline.

Historic and cultural resources will continue to be at risk from flooding events. A major draw for tourism is the Charleston Old and Historic District comprising a large portion of

the southern peninsula (reference Figure below). The historic district contains primarily residential buildings in addition to commercial, ecclesiastical, and government-related buildings. The great concentration of 18th and 19th century buildings give the district a flavor of an earlier America. In the future without project condition, approximately 54% of historic structures are at risk from inundation during a 4% ACE (25 year) storm event. Moreover, surface streets as well as U.S. Route 17 already close during flood events, limiting movement on the peninsula (reference the Figure below). U.S. Route 17 currently floods more than 10 times per year and is expected to experience up to 180 floods annually by 2045 (NCA4).

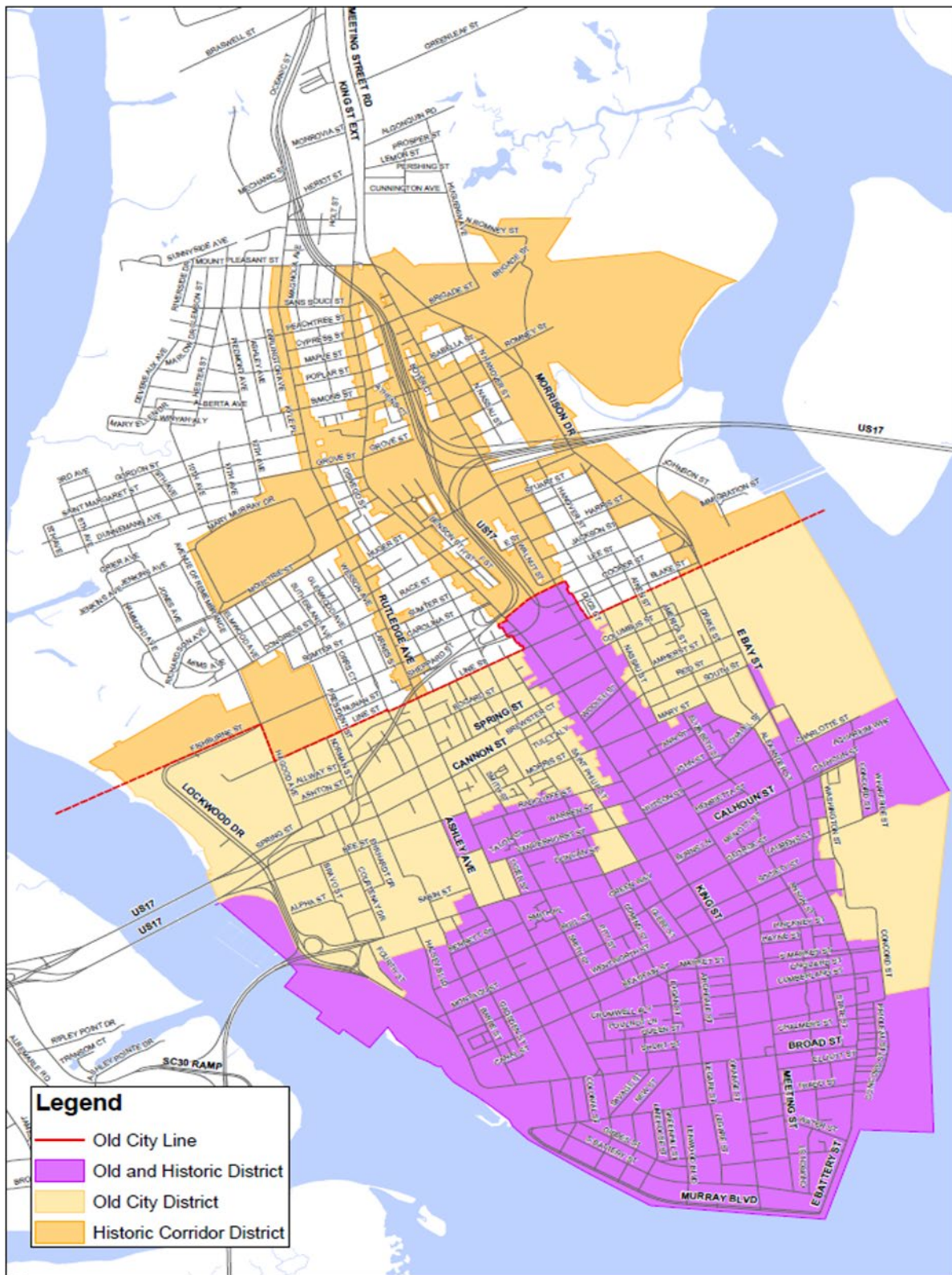


Figure 14: Charleston Peninsula Districts (Source: City of Charleston Dept. of Planning, Preservation & Sustainability)

The Charleston Harbor tide gauge has been measuring sea level continuously since 1921. In that nearly 100-year time span, local sea level has risen 1.07 feet. The City of Charleston has experienced a marked increase in the number of days of minor coastal flooding, commonly called nuisance, sunny day, or high tide flooding. Currently, low-lying areas of the peninsula begin to flood when water levels reach 7 feet above mean lower low water (MLLW). Charleston has experienced 8 of the top 15 tides ever recorded in the last four years, although not all were associated with storms. This analysis consider the impacts that relative sea level rise will have on the elevation of high tides under both future with and without project alternatives consistent with ER 1100-2-8162, "Incorporating Sea Level Change in Civil Works Programs." Sea level rise will result in a corresponding increase in tidal elevations. Research by climate science experts predict continued or accelerated climate change for the 21st Century and possibly beyond, which would cause a continued or accelerated rise in the sea level in the Charleston area.

C.1.6.2. Future Without Project Condition Modeling Results

The years 2026-2075 were selected to represent the future without project condition. No additional development within the study area is anticipated since it was assumed that no new development would be subject to future flood risk during the period of analysis. However, a combination of both wealth and complementary effects are likely to contribute to growth in the value of the assets at risk in the study area. The same 12,095 structures on the Charleston Peninsula will continue to be affected by the risk of flooding from coastal storms and suffer increasing losses each year. The following Table displays the mean expected PV damages and average annual damages for the study area by model areas for the without project condition. Moreover, the following Figure (stack chart) display the % of asset counts, values, and the future without project condition PV damages for each MA. According to the following Figure, the Marina MA makes up the most count, value, and damages of structures in the study area.

Table 4: Future Without Project Condition Damages

Model Area	Present Value Damages	Average Annual Damages
Battery	\$2,716,053,000	\$100,605,000
Port	\$1,875,280,000	\$69,462,000
Newmarket	\$1,241,500,000	\$45,986,000
Marina	\$3,997,137,000	\$148,058,000
Wagener Terrace	\$1,407,065,000	\$52,119,000
Total	\$11,237,035,000	\$416,230,000

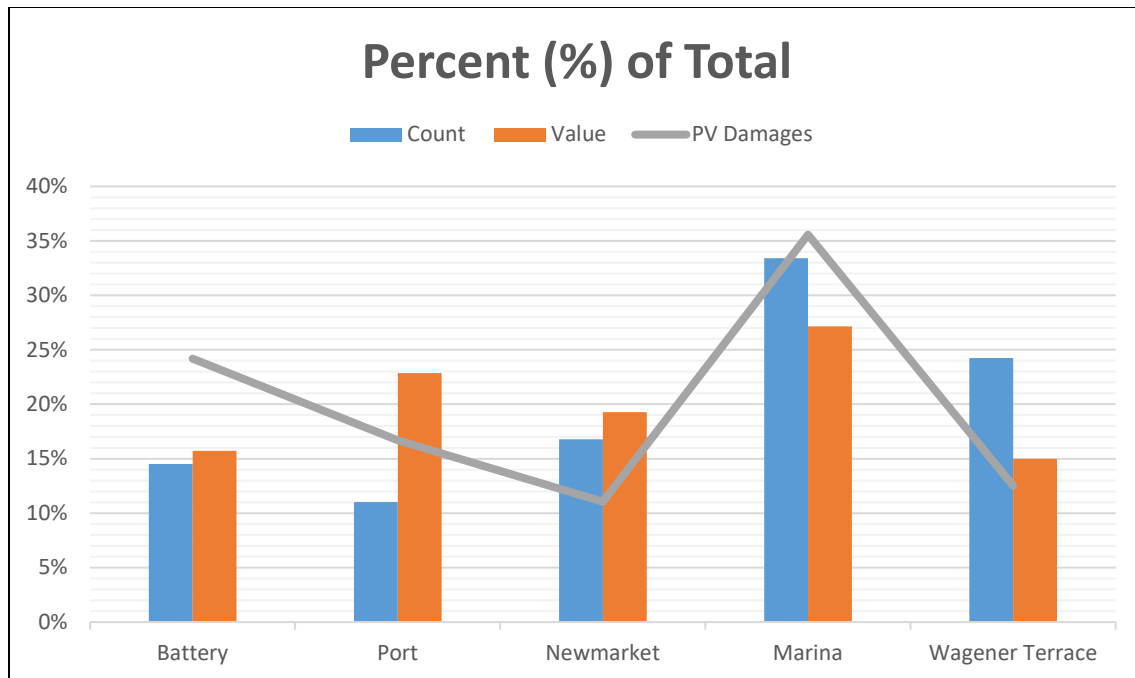


Figure 15: Asset Count, Value, and PV Damages by Model Areas

The result is an increase in the expected PV damages for the future, meaning that the losses suffered by the affected structures will increase between 2026 and 2075. Like that of the existing condition, G2CRM used Monte Carlo simulation to derive the expected PV damages with 100 iterations completed. The sum of all damages for each life cycle were divided by the number of iteration to yield the expected PV damages for that modeled simulation. A mean and standard deviation were automatically calculated for the PV damages for each MA to account for uncertainty. These PV damages for each MA were summed to derive the study area expected PV damages.

The forecasted sea level rise in the future, without a project in place, resulted in higher expected average PV damages. According to the Table above, the total future “without project” PV damages are approximately \$11.2 billion or about \$416 million average annual. The forecast of the future without project condition reflects the conditions expected during the period of analysis and provides the basis from which alternative plans are evaluated, compared, and selected since a portion of the flood damages would be prevented (i.e. flood damages reduced) with a Federal project in place.

Furthermore, according to the modeling results, for a typical life cycle (reference Figure below), the majority of damages was shown to have incurred more toward the beginning of the life cycle, levels off some in the middle of the life cycle, and then increase some towards the end of the life cycle. This seems reasonable given the modeling assumptions (reference Assumptions Section) because people will react in a rational manner. When assets get damaged, there will be a rebuilding period (assets offline not receiving damages) and these same assets would be rebuilt to a higher elevation.

Therefore, as the life cycle gets toward the end, these damages would be more reflective of the less frequent storm events; thus, these damages (towards the end) would be less than those damages reflective in the beginning of the life cycle.

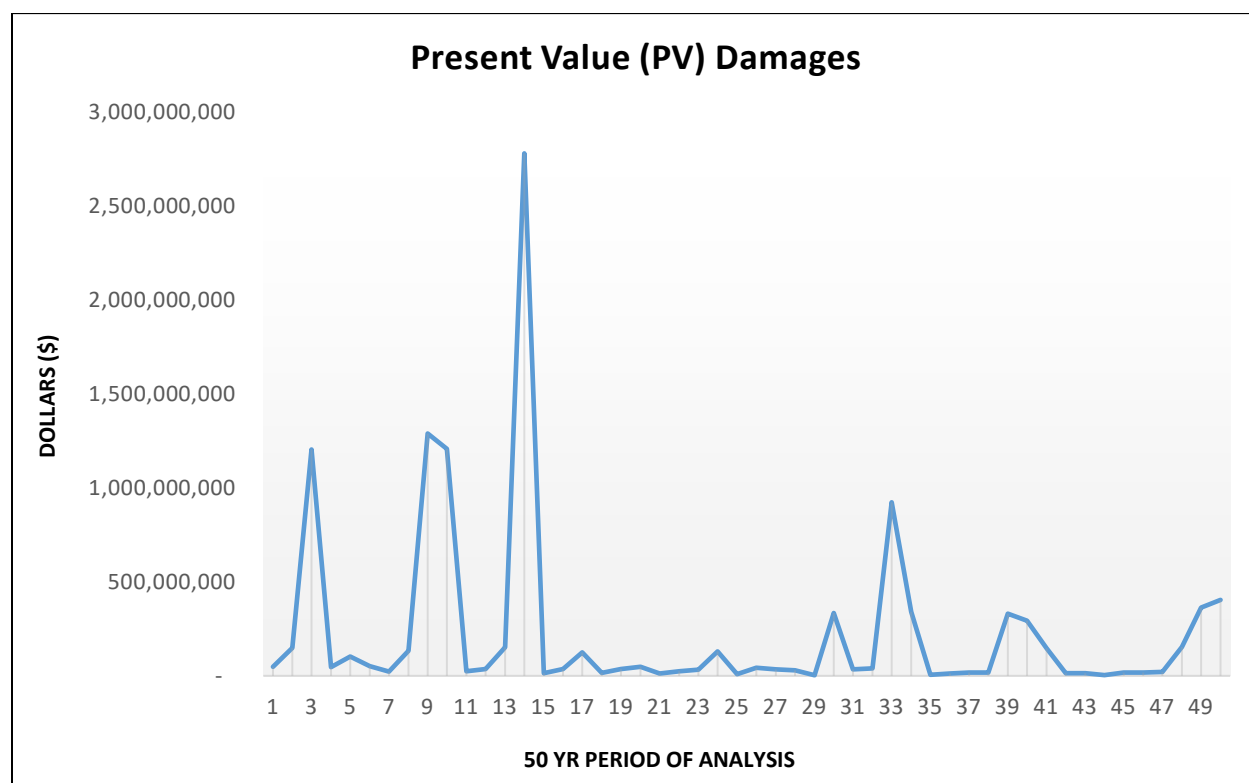


Figure 16: PV Damages for a Typical Modeled Life Cycle Analysis

Additionally, the damages based on a typical life cycle from the model, was shown to be more concentrated in the low lying areas of the peninsula which are along the peninsula's coast (reference Figure 7: Contour Lines). More specifically, these higher damages was shown to be predominately in the Marina MA along Lockwood Drive and the Port MA around East Bay Street. While most of Charleston Peninsula is made up of residential structures and shown to receive damages, mainly in the Old and Historic District (reference Figure 14), the Marina MA contains the Medical District and like the Port MA contains many commercial structures (reference Figures 8, 9, and 11).

C.1.7. FUTURE WITH PROJECT CONDITION

The future with project condition is the most likely condition expected to exist in the future if a specific project is undertaken. There are as many future with project conditions as there are project alternatives. A total of seven alternatives were considered for the study. Of these, six were structural and one was only nonstructural. The analysis did not formulate a project alternative for recreation because it is considered incidental to the project. The analysis includes a discussion of residual flood damages and flood damage reduction for each alternative.

C.1.7.1. *Formulation of Alternatives*

A formulation strategy is a systematic way of combining measures into alternative plans based on the planning objectives. No single formulation strategy will result in a diverse array of alternatives so a variety of strategies is needed. During the 1st planning iteration, the project delivery team (PDT) considered that there are basically three things to do with floodwater: store it, blocking it from inundating a specific area, or convey it to another area. Using these three strategies, alternative plans were formulated. During the second planning iteration, spatial aspects were added to the strategies to address conditions specific to the Charleston Peninsula.

For this study, the following strategies were used in formulating the initial array of alternatives:

Diversion – This strategy focused on measures that would divert floodwaters from damageable property. Since the primary concern is floodwater from coastal sources and not riverine sources, the measures were variations of in-water and shoreline based barriers.

Storage – This strategy focused on measures that would store floodwaters during storm events then release them after the peak event had passed. It was determined that storage by itself would not address the primary flood source, however it could address rainfall runoff behind a barrier.

Conveyance – This strategy focused on measures that would increase the ability of existing flood structures to convey floodwaters or construct new flood structures to convey floodwaters. Since the study area is a peninsula, a “conveyance only” alternative would not address the primary flood problem.

Nonstructural – This strategy focused on measures and actions that would allow the Charleston Peninsula to live with the flood waters. Nonstructural measures are permanent or contingent measures applied to a structure and/or its contents that prevent or provide resistance to damage from flooding. Nonstructural measures differ from Structural measures in that they focus on reducing the consequences of flooding instead of focusing on reducing the probability of flooding. This strategy resulted in a stand-alone nonstructural alternative.

Historic – This strategy focused on restoration of historic creeks and streams as a method of naturally moving floodwaters from the peninsula. This strategy resulted in one alternative.

Spatial – This strategy focused on applying different management measures to specific areas of the peninsula. For example, nonstructural measures would be applied to areas that may incur damages from storm surge after constructing a barrier.

C.1.7.1.1. *Initial Array of Alternatives*

The initial array of alternatives were formulated in spite of known data gaps, then refined throughout the planning process as information was collected and developed. The initial array of alternatives consist of a variety of structural, nonstructural, and natural or nature-based measures. Structural coastal flood risk management measures are man-made, constructed measures that counteract a flood event in order to reduce the hazard or to influence the course or probability of occurrence of the event. Nonstructural coastal flood risk management measures are permanent or contingent measures applied to a structure and/or its contents that prevent or provide resistance to damage from flooding. Natural or nature-based coastal flood risk management measures work with or restore natural processes with the aim of wave attenuation and storm surge reduction.

The initial array of alternatives consisted of 7 alternatives and the following are the descriptions for each alternative.

No Action Alternative:

The No Action Alternative assumes that no actions would be taken by the Federal Government or local interests to address the problems identified by the study. Consequently, the No Action Alternative would not reduce damages from coastal storm surge inundation. Although this alternative would not accomplish the purpose of this study, it must always be included in the analysis and can serve several purposes. The No Action Alternative will be used as a benchmark, enabling decision makers to compare the magnitude of economic, environmental, and social effects of the actionable alternatives. Additionally, the No Action Alternative and future without project condition are assumed to be the same for this study.

Alternative 1, Storm Surge Barrier Only:

This alternative consists of the following measure:

- A barrier along the perimeter of the Peninsula, strategically placed onshore or in marsh to reduce damages from storm surge inundation while providing access to property.

This barrier would be newly constructed and aligned to avoid impacts to existing marsh, wetland habitat, and cultural resources. The barrier would be located behind the Coast Guard station and the Union and Columbus Street Ports to allow for continued operation. The barrier would tie into the existing Battery seawall and potentially raise the seawall to provide a consistent level of performance.

A variety of different barriers were considered during the early formulation process and each were retained for consideration. Further analysis determined that the most

effective and most efficient type of barrier is a t-wall on land and a combo-wall in the marsh.

Alternative 2, Storm Surge Barrier plus Nonstructural:

The management measures included in this alternative are:

- A barrier along the perimeter of the Peninsula, strategically placed onshore or in marsh to reduce damages from storm surge inundation while providing access to property.
- Relocation or buyout of structures
- Elevate structures
- Floodproof structures

In addition to the storm surge wall (i.e. Alternative 1), nonstructural measures would be applied to residential structures that may incur damages from storm surge after the wall is constructed.

Alternative 3, Storm Surge Barrier plus Nonstructural plus Wave Attenuator:

The management measures included in this alternative are:

- A barrier along the perimeter of the Peninsula
- Living shorelines
- Wave attenuating structure

The barrier along the perimeter of the Peninsula would adhere to the same constraints and assumptions as the Storm Surge Barrier Alternative. A wave attenuation structure in the Charleston Harbor may dampen waves, reduce loading on seawalls, and prevent waves from overtopping during storm events. In locations without a newly constructed barrier, living shorelines may reduce erosion and attenuate storm surge moving onshore as well as reduce impacts of sea level rise. Living shorelines, such as an oyster reef toe, would be constructed along tidal wetlands.

Alternative 4, Nonstructural Only:

This alternative was formulated to include both actions that can be implemented by the Corps and actions that can only be implemented by the non-Federal sponsor (shown in italics). This alternative would consist of the following measures:

- Relocation or buyout of structures
- Elevate structures
- Floodproof structures
- *Flood warning system*
- *Revise emergency response plan*

- *Low-impact development / green infrastructure measures*

Additional analysis would determine the actual numbers of structures proposed for relocation, buyout, elevation, or flood proofing. Per Corps policy, in urban and urbanizing areas, low-impact development / green infrastructure measures are a non-federal responsibility. Flood warning systems and emergency response plans are also non-federal responsibilities. Measures collectively referred to as low-impact development / green infrastructure.

Alternative 5, Historic Creeks:

This alternative used the historic formulation strategy which focuses on measure that can protect the shoreline and restore historic stream beds. This alternative was formulated based on the Halsey Map of 1844, which identifies the topography and extent of the historic peninsula prior to the substantial infill and expansion of the shoreline. The Halsey Map was used as a guide to identify the areas of historic stream beds to be restored. The management measures included in this alternative are:

- A barrier along the western perimeter and portions of the eastern perimeter of the Peninsula
- Relocations or buyout of structures
- Restoration of historical stream beds with small scale pump outfalls at the perimeter protection (Gadsden Creek, Millpond Creek, Cummings Creek, Vardell's Creek, New Market Creek)

Before they were filled, tidal creeks on the Charleston Peninsula ebbed and flowed with the tides. Now, the locations of the former creeks flood with regularity. Restoring historic creeks would be a nature-based measure that would mimic as closely as possible conditions that would occur in the area absent human changes to the landscape. However, restoring historic creek beds would primarily address internal drainage issues.

Alternative 6, Parks and Recreation:

This alternative was formulated using a combination of formulation strategies: storage and spatial. The PDT focused the spatial aspect of the alternative to identify storage opportunities on the peninsula and proposed land use modifications. This alternative was formulated to include both actions that can be implemented by the Corps and actions that can be implemented only by the non-Federal sponsor (shown in italics). Per Corps policy, in urban and urbanizing areas provision of a basic drainage system to collect and convey local runoff is a non-federal responsibility. Zoning and emergency response plans are also a non-federal responsibilities. The management measures included in this alternative are:

- Detention basins at city parks
- Colonial Lake or Marina Lagoon storage improvements
- Canals along East Battery and Lockwood Boulevard
- Low-impact development / green infrastructure

Parks near the shore are at low elevations with high groundwater levels, making them ineffective as detention basins. Parks on high ground would require a pumping system to move flood waters to higher elevations, which would be a major cost driver. Canals block access to private property and would require large footprints and bridges to maintain traffic flow.

Alternative 7, Storage:

This alternative was formulated using multiple formulation strategies, but with a focus on management measures that store floodwaters. The management measures included in this alternative are:

- Detention basins at city parks and parking lots
- Underground cisterns
- Elevate existing marsh wetland
- Canals / flood channels
- Phased/selective relocations or buyout of structures
- Restore historical stream beds with small scale pump outfalls at the perimeter protection (Gadsden Creek, Millpond Creek, Cummings Creek, Vardell's Creek, New Market Creek)
- Low-impact development / green infrastructure

Assuming an earthen base, the footprint of a raised road would be large and require considerable real estate. Additional cost drivers include modifications to access roads and existing structures. Because the volume of the ocean is effectively unlimited, cisterns would not reasonably reduce coastal storm surge risk.

C.1.7.1.2. *Alternatives Screening*

The PDT performed additional planning iterations with a focus on screening measures and alternatives that would not meet the planning objectives in an effective and efficient manner. Without substantial data to base the screening on, professional judgment was used to assess how well measures met a set of criteria. The Charleston Harbor Tidal Gate System was the only measure effectually screened before the alternative formulation process. Engineers, scientists, and stakeholders at the planning charrette screened the measure because the cost and maintenance of a tidal gate system would be extremely high and complicated. Later, in their final report (reference the following excerpt), the Dutch Dialogues coalition agreed that a regional tidal gate system “would be very difficult to achieve and only at a very high price.”

DUTCH DIALOGUES CHARLESTON – CHALLENGES TO A REGIONAL TIDAL GATE SYSTEM

During the Dutch Dialogues Workshop, we noted [the following] important challenges.

- Jetties aligning the ship channel into the Charleston Harbor negatively impact coastal geomorphology, causing erosion and land loss on the western (Morris Island) side and sand accretion on the eastern (Sullivan's Island) side. Sand nourishment / supplementation on western side would be needed to support barrier infrastructure.
- The narrows between Morris Island and Sullivan's Island near Fort Sumter exceed a mile in width. Full hurricane protection for the peninsula and port would require an extended land bridge combined with a navigable storm surge barrier. Such a barrier would be comparable to the conceptual designs made for the Verrazzano Narrows in New York and for Bolivar Roads / Galveston Texas. These designs combine both vertical lift and floating sector gates.
- While such barriers are feasible, designing, constructing and maintaining them would be complex and expensive. Residual stormwater and some tidal risks would remain and not all ecosystem and environmental impacts could be mitigated.
- Two additional, smaller barrier structures would be needed on the Wadmalaw and Stono rivers.
- The system alignment would be controversial. Deciding who and what to include "inside" the system and who to exclude "outside" the system would be politically difficult. These political considerations must also align with the physical system constraints – geographic, geologic, hydrologic, hydraulic – and economic considerations that come into play.

The screening criteria used in this study include effectiveness, efficiency, and acceptability. Effectiveness is the ability of the measure to meet or partially meet a study objective. Efficiency is the extent to which an alternative plan is the most cost effective means of alleviating the specified problems and realizing the specified opportunities, consistent with protecting the Nation's environment. Acceptability is the workability and viability of the alternative plan with respect to acceptance by State and local entities and the public and compatibility with existing laws, regulations, and public policies.

Completeness, constructability, and study constraints were also used as screening criteria, but did not result in elimination of any measures. Completeness is the extent to which a given alternative plan provides and accounts for all necessary investments or other actions to ensure the realization of the planned effects. Constructability at this stage of planning is the subjective assessment of whether a feature could be constructed or implemented using standard industry techniques and is compliant with Corps policy for implementation. Study Constraints is the likelihood that the measure

does not violate a constraint. Each conceptual alternative was found to be complete, constructible, and compliant with study constraints.

The following Tables contains an assessment of how well key measures in each alternative met the study objectives and how well each alternative met the four evaluation criteria as prescribed in the Economic and Environmental Principles and Guidelines for Water and Land Related Resources Implementation Studies. More information regarding alternatives screening is found in the Main Report and Plan Formulation Appendix.

Table 5: Screening Assessment

Alternative	Assessment	Meets Study Objectives?
1. Storm Surge Barrier Only	The strategically placed wall would reduce damages from storm surge inundation, reduce risk to human life and safety, and maintain access to critical facilities, emergency services, and evacuation routes by diverting storm surge water from the peninsula.	Yes
2. Storm Surge Barrier + Nonstructural	In addition to the storm surge wall, nonstructural measures would be applied to residential structures that may incur damages from storm surge after the wall is constructed.	Yes
3. Storm Surge Barrier + Nonstructural + Wave Attenuator	In addition to the storm surge wall and nonstructural measures, a wave attenuation structure in the Charleston Harbor would dampen waves, reduce loading on walls, and prevent waves from overtopping floodwalls during coastal storm events.	Yes
4. Nonstructural Only	This alternative only includes nonstructural measures and would not address storm surge inundation that limits access to critical facilities, emergency services, and evacuation routes.	No
5. Historic Creeks	Restoring historic creek beds would primarily address internal drainage issues. This measure does not meet the objectives of reducing economic damages and risk to human health and safety resulting from storm surge inundation. Screening the historic creeks measure makes this alternative effectively the same as Alternative 1.	No
6. Parks & Recreation	Parks near the shore are at low elevations with high groundwater levels, making them ineffective as detention basins. Parks on high ground would require a pumping system to move flood waters to higher elevations, which would be a major cost driver. Canals block access to private property and would require large footprints and bridges to maintain traffic flow. These measures primarily address internal drainage issues and tidal flooding and are less effective in addressing storm surge inundation. Additionally, these measures are less efficient than other viable options.	No
7. Storage	Because the volume of the ocean is effectively unlimited, cisterns would not reasonably reduce coastal storm surge risk. Assuming an earthen base, the footprint of a raised road would be large and require considerable real estate. Additional cost drivers include modifications to access roads and existing structures. This alternative does not meet the objectives of reducing economic damages and risk to human health and safety resulting from storm surge inundation.	No

**Table 6: Screening of Alternatives Based on
Evaluation Criteria from the Principles and Guidelines**

Alternative	Completeness	Effectiveness	Efficiency	Acceptability	Result
1. Storm Surge Wall Only	High	Medium	Medium	Medium	Screen
2. Storm Surge Wall + Nonstructural	High	High	High	Medium	Retain
3. Storm Surge Wall + Nonstructural + Wave Attenuator	High	High	High	Medium	Retain
4. Nonstructural Only	High	Low	Low	Low	Screen
5. Historic Creeks	High	Low	Low	Medium	Screen
6. Parks & Recreation	High	Low	Low	Medium	Screen
7. Storage	High	Low	Low	Medium	Screen

C.1.7.1.3. Final Array of Alternatives

Based on the screening assessment, the alternatives carried forward for evaluation included the No Action Alternative, Alternative 2, and Alternative 3. These alternatives were considered the final array of alternatives. Since these were the final array of alternatives, additional information has been developed and incorporated into the description of each alternative. The following are the additional descriptions for each alternative.

No Action Alternative

There are no changes (reference Initial Array section).

Alternative 2

The management measures included in this alternative are:

- Storm surge wall along the perimeter of the Peninsula (approximately 7.8 miles)
- Nonstructural measures (approximately 100 structures)

The storm surge wall would be constructed along the perimeter of the peninsula. It would be strategically placed onshore or in marsh to reduce damages from storm surge inundation while maintaining access to property. This alternative could include permanent and temporary pump stations as well as pedestrian, vehicle, railroad, boat, and storm (tidal flow) gates.

The storm surge wall would be designed and aligned to minimize impacts to existing wetland habitat, and cultural resources. It is assumed that from the center of the wall on each side, a perpetual 25 foot easement is required for maintenance, plus a 10 foot temporary construction easement. The wall would be located on the landward side of

the Union and Columbus Street Ports to allow for continued operation. It would tie into high ground as appropriate, including the existing Battery wall, which may be raised to provide a consistent level of performance. The High Battery wall would be reconstructed to meet USACE construction standards.

On land, the storm surge wall would be a T-wall with traditional concrete stem walls and pile supported bases. In the marsh, the storm surge wall would be a combo-wall, which consists of continuous vertical steel piles on the storm surge side and battered steel pipe piles on the other side, connected by a concrete cap. Pilings for both wall types would be 50 to 70 feet deep to tie in to marl bedrock. Sections of the wall would be fitted with walkways and railings to provide additional recreation opportunities in the study area.

For the purposes of alternative evaluation, comparison, and impact analysis, a footprint for a wall with a top elevation of 12 feet NAVD88 was assumed. This elevation was selected because the Low Battery Seawall project currently under construction will be 9 feet in elevation once complete and can only support modifications to increase the elevation an additional 3 feet NAVD88. To add more than 3 feet, the seawall would have to be completely demolished and rebuilt, which would be a significant additional cost. Also, the U.S. Route 17 Bridge across the Ashley River would have to be raised or gated if the top of elevation is higher than 12 feet. Other cost drivers for a wall higher than 12 feet NAVD88 include an additional railroad crossing. A 15 foot NAVD88 wall would require raising or gating Interstate 26. Both U.S. Route 17 and Interstate 26 are hurricane evacuation routes. Also, a shorter storm surge wall would require cutting through dense neighborhoods and across several roads to tie into high ground, making the shorter wall significantly less efficient. Therefore, shorter barriers were not evaluated and additional analysis will determine the optimized height and length of the wall should the alternative be selected.

In addition to the storm surge wall, this alternative includes nonstructural measures that will be applied to residential structures within the study area that may incur damages from storm surge after the wall has been constructed. Nonstructural measures considered include relocations, buyouts, elevations, and floodproofing. Additional analysis will determine the application of these measures should the alternative be selected.



Figure 17: Alternative 2 Illustration

Alternative 3

The management measures included in this alternative are:

- Wave attenuation structure offshore of the Battery (approximately 4,000 feet long)
- Storm surge wall along the perimeter of the Peninsula (approximately 7.8 miles)
- Nonstructural measures (approximately 100 structures)

A wave attenuation structure would be constructed in Charleston Harbor to dampen waves, reduce loading on the Battery wall, and prevent waves from overtopping during storm events. For the purposes of alternative evaluation, comparison, and impact analysis, the wave attenuation structure was analyzed as a breakwater made of granite rock, with the toe placed approximately 230 feet from the shoreline, extending 4,000 feet along the harbor floor, at an elevation of 16.2 feet NAVD88. Additional analysis will determine the optimized material type, placement, length, and height of the structure should this alternative be selected.

The storm surge wall along the perimeter of the Peninsula and nonstructural measures in this alternative would adhere to the same constraints and assumptions as described in Alternative 2.

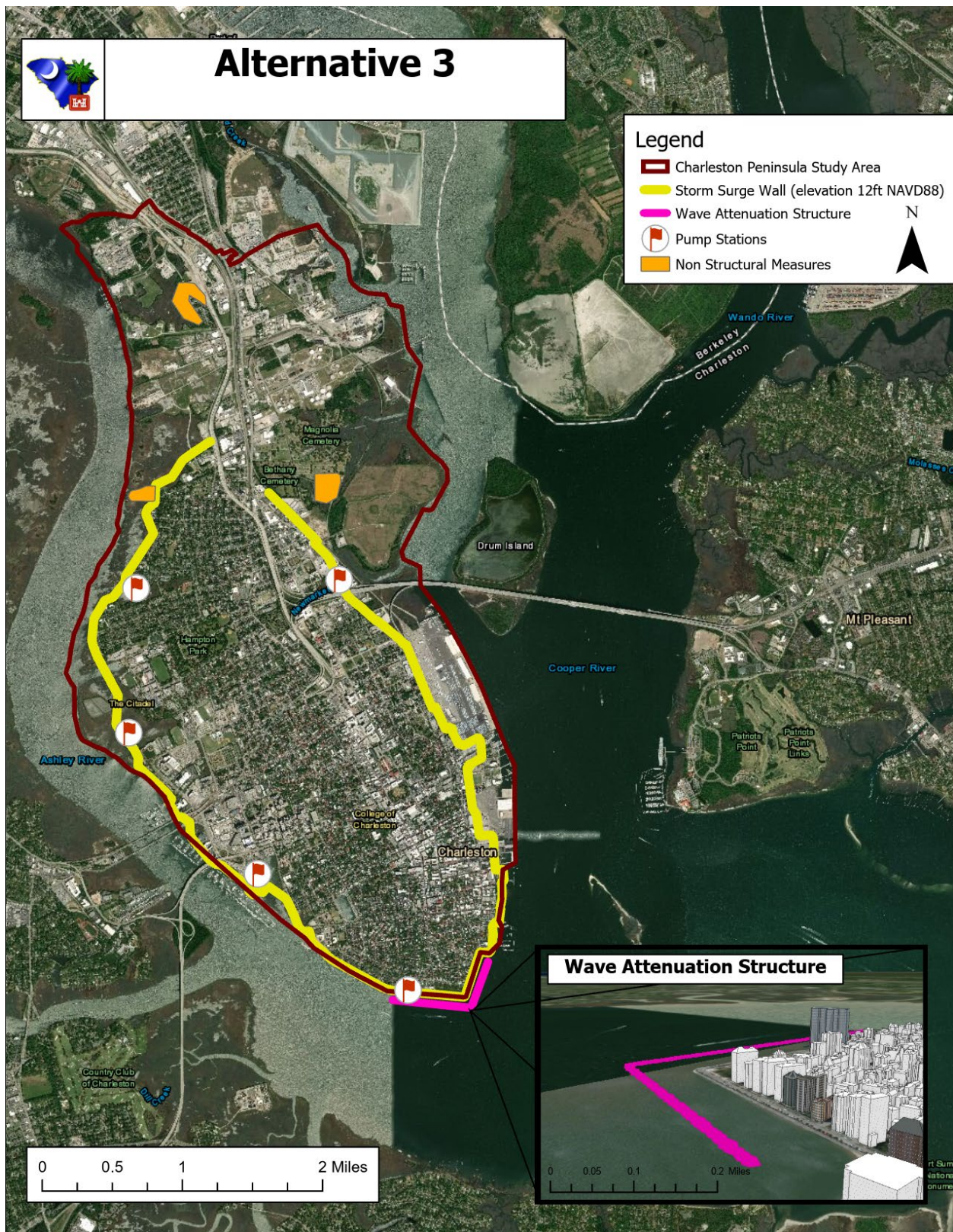


Figure 18: Alternative 3 Illustration

C.1.7.2. Evaluation of Alternatives

Relevant data for each of the alternatives described above were entered into G2CRM as alternative plans and potential for flood damages reduced were calculated. The modeling results for each alternative are summarized in the following sections.

C.1.7.2.1. Alternative 2 Modeling Results

Alternative 2 is a storm surge wall that would be constructed along the perimeter of the peninsula. It would be strategically placed onshore or in marsh to reduce damages from storm surge inundation while maintaining access to property. For the purposes of alternative evaluation, a footprint for a wall with a top elevation of 12 feet NAVD88 was assumed. Moreover, as mentioned in the Protective Systems Elements section of this Appendix, both the existing and future without condition simulation the top elevation for the bulkhead/seawall PSE was specified at the approximate existing ground elevation within the MA.

However, for the future with project condition, the top elevation for this same bulkhead/seawall PSE in G2CRM is specified at 12 feet NAVD88 for Alternative 2. The PSE prevents transmission of the flood hazard into the model areas until the flood hazard exceeds the top elevation of the bulkhead/seawall. When the flood hazard exceeds the bulkhead/seawall top elevation the flood hazard is instantaneously transmitted into the model areas unmediated by the bulkhead/seawall. In short, the PSE reduces flood risk (e.g. damages) in the study area up to 12 feet NAVD88. For Alternative 2, the following Table displays the mean expected PV damages and average annual damages for the study area by model areas.

Table 7: Alternative 2 Expected Damages

Model Area	Present Value Damages	Average Annual Damages
Battery	\$1,840,521,000	\$68,175,000
Port	\$1,385,589,000	\$51,324,000
Newmarket	\$729,638,000	\$27,026,000
Marina	\$2,322,410,000	\$86,024,000
Wagener Terrace	\$805,148,000	\$29,823,000
Total	\$7,083,306,000	\$262,372,000

As shown in the Table above, Alternative 2 was shown by modeling to reduce expected flood damages in the study area (reference Table above). The reduction of flood damages was seen across all model areas. Damage reduction is the difference between the mean PV damages for the future without project condition and the mean PV damages for Alternative 2. The model areas with the most flood damage reductions were Marina, Wagener Terrace, and Newmarket as shown in the following Table. For

example, when compared to the future without project condition, Alternative 2 reduced the mean PV damages for the Marina MA by 42%.

Table 8: Damage Reduced by MA for Alternative 2

Model Area	Present Value Damages Reduced	Average Annual Damages Reduced	%Damages Reduced
Battery	\$875,532,000	\$32,430,000	32%
Port	\$489,691,000	\$18,138,000	26%
Newmarket	\$511,862,000	\$18,960,000	41%
Marina	\$1,674,727,000	\$62,034,000	42%
Wagener Terrace	\$601,917,000	\$22,296,000	43%
Total	\$4,153,729,000	\$153,858,000	37%

C.1.7.2.2. Alternative 3 Modeling Results

Alternative 3 is the same as Alternative 2 but with a wave attenuation structure that would be constructed in Charleston Harbor to dampen waves, reduce loading on the Battery wall, and prevent waves from overtopping during storm events. For the purposes of alternative evaluation and comparison, the wave attenuation structure was analyzed as a breakwater made of granite rock, with the toe placed approximately 230 feet from the shoreline, extending 4,000 feet along the harbor floor, at an elevation of 16.2 feet NAVD88. Alternative 3 was modeled in G2CRM like Alternative 2 but with wave attenuation for the Battery MA. The reason is the wave attenuation structure follows the existing Battery wall. Therefore, reducing damages mainly for the Battery MA of the study area. For Alternative 3, the following Table displays the mean along with the standard deviation for expected PV damages for the study area by damage category.

Table 9: Alternative 3 Expected Damages

Model Area	Present Value Damages	Average Annual Damages
Battery	\$1,279,485,000	\$47,393,000
Port	\$1,385,589,000	\$51,324,000
Newmarket	\$729,638,000	\$27,026,000
Marina	\$2,322,410,000	\$86,024,000
Wagener Terrace	\$805,148,000	\$29,823,000
Total	\$6,522,270,000	\$241,590,000

As shown in the Table above, Alternative 3 was shown by modeling to reduce expected flood damages in the study area (reference Table above). The reduction of flood damages was seen across all model areas. Damage reduction is the difference between the mean PV damages for the future without project condition and the mean PV damages for Alternative 3. The model area with the most flood damage reductions was the Battery as shown in the following Table. For example, when compared to the future without project condition, Alternative 3 reduced the mean PV damages for the Battery MA by 53% or 47% residual. The reduction of flood damages that Alternative 3 attributed were the same as Alternative 2 across all the model areas except the Battery MA where the wave attenuation structure is located.

Table 10: Damage Reduced by MA for Alternative 3

Model Area	Present Value Damages Reduced	Average Annual Damages Reduced	%Damages Reduced
Battery	\$1,436,568,000	\$53,212,000	53%
Port	\$489,691,000	\$18,138,000	26%
Newmarket	\$511,862,000	\$18,960,000	41%
Marina	\$1,674,727,000	\$62,034,000	42%
Wagener Terrace	\$601,917,000	\$22,296,000	43%
Total	\$4,714,765,000	\$174,640,000	42%

C.1.7.3. ALTERNATIVE COMPARISON

Comparison of benefits with regards to costs was performed for each alternatives. These comparisons provide the framework for completing the evaluation of alternative plans.

C.1.7.3.1. Benefits

The difference in expected mean PV flood damages to the Charleston Peninsula assets between the future without and with project conditions represents the flood risk management benefits to the project. Therefore, these benefits represents reduction of damages from coastal storm surge inundation (i.e. NED benefits) for each alternative. However, Planning Guidance (reference ER 1105-2-100) dictates that the calculation of net NED benefits of the plan (i.e. alternative) are calculated in average annual equivalent terms; therefore, the PV damages were converted to average annual damages based on the FY20 discount rate and period of analysis as shown in the following Table.

Table 11: NED Benefits

Category	Alternative 2	Alternative 3
	PV Damages Reduced	PV Damages Reduced
Structure	\$2,608,159,000	\$2,960,898,000

Contents	\$1,545,569,000	\$1,753,867,000
Total	\$4,153,728,000	\$4,714,765,000
Average Annual	\$153,858,000	\$174,640,000

C.1.7.3.2. Rough Order of Magnitude Costs

Continuing the comparison process, first cost estimates were developed for each of the alternatives that were evaluated. The Rough Order of Magnitude (ROM) costs were provided by Cost Engineering Section Division in FY20 price levels (reference Engineering Appendix for more details). For comparison to the benefits, which are average annual flood damages reduced, the first costs were stated in average annual equivalent also based on the FY20 discount rate and period of analysis. Interest during construction (IDC) was added to the ROM first costs assuming 10 years for both alternatives. In addition, annual operation and maintenance (O&M) costs were also added to the alternatives.

The only foreseeable O&M is for the storm surge wall for both alternatives. Engineering is confident that the wave attenuation structure can be constructed concurrent with the storm surge wall and be completed within the 10 year estimated for the wall. Moreover, the wave attenuation structure is assumed not to have an associated O&M because it is more or less stones in the water. The following Table displays the results of the costs calculation.

Table 12: Project Costs

Alternative	First Cost	IDC	Investment Cost	O&M	Average Annual Cost
2	\$1,416,989,000	\$210,818,000	\$1,627,807,000	\$5,594,000	\$65,889,000
3	\$1,753,804,000	\$260,929,000	\$2,014,733,000	\$5,594,000	\$80,222,000

C.1.7.3.3. Benefits to Costs

The equivalent annual benefits were then compared to the average annual cost to develop net benefits and a benefit-to-cost ratio (BCR) for each alternative. The net benefits for each alternative were calculated by subtracting the average annual costs from the equivalent average annual benefits, and a BCR was derived by dividing average benefits by average annual costs. Net benefits were used for identification of the NED plan in accordance with the Federal objective. For comparative purposes, the following Table summarizes the equivalent annual damages (benefits), average annual costs, first cost, net benefits, and BCR for each alternative.

Table 13: Comparison of Benefits and Costs

Cost/Benefit Item	Alternative 2	Alternative 3
Investment Costs		
Project First Cost	\$1,416,989,000	\$1,753,804,000
Interest During Construction	\$ 210,818,000	\$ 260,929,000
Total Investment Cost	\$1,627,807,000	\$2,014,733,000
Average Annual Cost		
Average Annual First Cost	\$60,295,000	\$74,628,000
Annual O&M Cost	\$ 5,594,000	\$ 5,594,000
Average Annual Annualized Costs	\$65,889,000	\$80,222,000
Benefits		
Average Annualized Benefits	\$153,858,000	\$174,639,000
Net Benefits	\$ 87,968,000	\$ 94,417,000
BCR	2.3	2.2

As a result of the comparison of the alternatives, Alternative 3 was identified as the tentatively selected plan. Even though Alternative 3 does not yield the highest BCR when compared to Alternative 2, the benefits of Alternative 3 were greater than its costs. In other words, Alternative 3 maximizes net benefits, which is the criterion used for identification of the NED Plan in accordance with the Federal objective. Therefore, the NED Plan, Alternative 3, was recommended to be the TSP.

C.1.7.3.4. Economic Risk Analysis

Risk-informed planning should incorporate transparency in the estimation of benefits. The single value displayed for benefits, shown in the Table above, has uncertainties associated with it (reference the Model Variables section). According to ER 1105-2-101, Planning, Risk Assessment For Flood Risk Management Studies, 8. Policy and Required Procedures (d.):

The estimate of net NED benefits and benefit/cost ratio will be reported both as an expected (mean) value and on a probabilistic basis for each alternative. The probability that net benefits are positive and that the benefit/cost ratio is at or above one (1.0) will be presented for each alternative.

The following Table contains the expected mean annual damage for the without project condition and the future with project condition for each alternative. The computed

values are uncertain, and their probability distributions, resulting from the risk and uncertainty inherent in the modeling variables.

Table 14: Probabilistic Values

Alt.	Expected Annual Damages (1,000)		Damages Reduced (1,000)		Uncertainty (1,000)	
	Future Without	Future With	Mean	Standard Deviation	Min	Max
2	\$416,230	\$ 262,372	\$153,858	\$14,938	\$91,775	\$175,004
3	\$416,230	\$241,591	\$174,639	\$9,744	\$121,692	\$191,094

The values shown are each the mean of the probability (uncertainty) distribution of that alternative. Most of the modeling variables used in G2CRM had an associated triangular distribution to incorporate uncertainty. The damage reduced (without project minus future with project) is reported with more information about its probability (uncertainty) distribution. In addition to the mean, the standard deviation and the minimum and maximum of the distribution are included. The standard deviation describes the width of the probability distribution and the minimum and maximum describes the range.

Furthermore, the following Table contains a summary of the average annual values of benefits (damage reduced) and costs, and more probabilistic information about the net benefits (benefits minus costs). The probability distribution of net benefits is described by the average annual benefits, the standard deviation, and the range benefits, as described in Table below. In addition, the probability that net benefits are greater than zero is included.

Table 15: Risk Analysis
Probability that Average Annual Benefits Exceed Annual Costs

Cost/Benefit Item	Alternative 2	Alternative 3
Average Annual Benefits	\$153,858,000	\$174,639,000
Standard Deviation	\$ 14,938,000	\$ 9,744,000
Minimum Average Annual Benefits	\$ 91,775,000	\$121,692,000
Maximum Average Annual Benefits	\$175,004,000	\$191,094,000
Average Annual Costs	\$65,889,000	\$80,221,000
Average Annual Net Benefits	\$87,968,000	\$94,417,000
Average Annual BCR	2.3	2.2
Probability Benefits Exceed Costs And BCR is greater than 1.0	100%	100%

The probability of each value above being exceeded is readily apparent. From the modeling results, both alternatives have a greater than 100% chance that its benefits will be exceed its costs. This is seen by the minimum average annual benefits for each alternative being greater than the annual costs.

C.1.7.4. Tentatively Selected Plan

According the USACE Planning and Guidance Notebook (i.e. ER 1105-2-100), Chapter 2-3, (4):

Section 904 of the Water Resources Development Act of 1986 (WRDA of 1986) requires the Corps to address the following matters in the formulation and evaluation of alternative plans:

- *Protecting and restoring the quality of the total environment.*
- *The well-being of the people of the United States*
- *The prevention of loss of life.*
- *The preservation of cultural and historical values*

The ER goes on to state in Chapter 3-3 (11), Flood Damage Reduction:

... An essential element of the analysis of the recommended plan is the identification of residual risk for the sponsor and the flood plain occupants, including residual damages and potential for loss of life, due to exceedance of design capacity. ...

Moreover, ER 1105-2-101, Planning, Risk Assessment For Flood Risk Management Studies, 5.Context:

...All flood risk managers must balance the insights of USACE's professional staff with stakeholder concerns for such matters as residual risks, life safety, reliability, resiliency and cost while acknowledging no single solution will meet all objectives, and trade-offs must always be made....

Therefore, the adherence to these guidance, in evaluation and comparison of the TSP, is summarized in the following sections.

C.1.7.4.1. Life Loss

The structural measures in Alternative 2 and Alternative 3 can potentially induce two types of impacts that may affect life risk: 1) possible increased development that may lead to an increased population subjected to flood risk and 2) transform the current condition of a relatively slow and steady rise of flood risk to a potentially more severe and immediate flood risk associated with a failure of the new storm surge wall. In an effort to identify risk to life safety these alternatives might have, each alternative was

modeled for potential life loss. G2CRM is capable of modeling life loss using a simplified life loss methodology (reference EPZ section of Appendix). Since there exist much uncertainty in modeling life loss, the future without project condition was modeled to serve as a baseline. Therefore, when compared to the future with project condition, any addition or reduction of life loss from the baseline would serve as a proxy in identifying impacts to life safety the alternatives might have. The following Table presents the mean life loss estimates for each alternative in the study area over the 50 year period of analysis.

Table 16: Potential Life Loss

Alt.	Life Loss			Incremental Life Loss		
	Under 65	Over 65	Total	Under 65	Over 65	Total
No Action	17.5	402.2	419.7	0	0	0
2	5.3	414.4	419.7	-12.2	12.2	0
3	4.7	336.1	340.9	-12.8	-66	-78.8

Life loss calculations are separated out by age categorization with under 65 being one category and 65 and older being the second category. There are three possible lethality functions for structure residents: safe, compromised, and chance. Safe would have the lowest expected life loss, although safe does not imply that there is no life loss. Chance would have the highest expected life loss.

Each structure has an occupancy type, which has an associated storm surge lethality. The surge over the foundation height is the minimum for a lethality zone (safe, compromised, chance). These surge over foundation heights are age-specific. There is on surge height for under 65 and another for 65 and older.

During each storm, the model cycles through every active structure. For each structure, the model default the lethality function to safe and check for the maximum lethality function such that the modeled area stage is greater than the sum of the first flood elevation of the structure and the lethality function's surge above the foundation. This will be checked separately for under and over 65, as these two age groups can have different lethality functions depending on the age-specific surge above foundation for that occupancy type.

The fraction of population remaining for each EPZ is calculated based off of the EPZ on a per storm basis. If the maximum surge at the storm location exceeds the threshold defined by the EPZ, then the remaining population values will be used as the minimum, mode, and maximum to form a triangular distribution to choose the fraction remaining. If the surge threshold is not met, then 100% of the population will remain.

Using the proper lethality function, a random number is generated and interpolated using the Lethality Function Values to get the expected fraction of life loss. The way the default lethality functions are formed is that the smaller the random number, the higher the life loss. This interpolation from the lethality function is multiplied by the nighttime population for the corresponding age range and the remaining population fraction in order to calculate the life loss under 65 and life loss for 65 and older. This is recorded in fractions of lives, so depending on the level of output, there exists small rounding differences.

As previously mentioned, there exists much uncertainty regarding the modeling of life loss; therefore, the results of the modeling should be viewed as more qualitative as oppose to a quantitative assessment of life loss even though the results are stated in numerical values. Also, the results should be viewed in terms of order of magnitude compared to the baseline. Viewing the results in this manner is a better use of the model to understand whether or not any recommended alternatives might or could have an impact to life safety as oppose to no action (e.g. introducing more risk of flooding). As shown in the Table above, the tentatively selected plan would lower (i.e. negative incremental life loss) or showed no increase in the overall life safety risk for the Charleston Peninsula when compared to the future without project condition.

C.1.7.4.2. Residual Risk

Residual Risk is the flood risk that remains in the study area after a proposed flood risk management project is implemented. Residual risk includes the consequence of capacity exceedance as well as consideration of the project flood risk reduction. The project alternatives considered formulation to reduce and manage residual life safety risks. The following Table and Figure addresses residual risk.

Table 17: Residual Damages

Alt.	Expected Annual Damages (1,000)		Damages Reduced (1,000)		Residual Damages
	Future Without	Future With	Mean	%	%
2	\$416,230	\$ 262,372	\$153,858	37%	63%
3	\$416,230	\$241,591	\$174,639	42%	58%

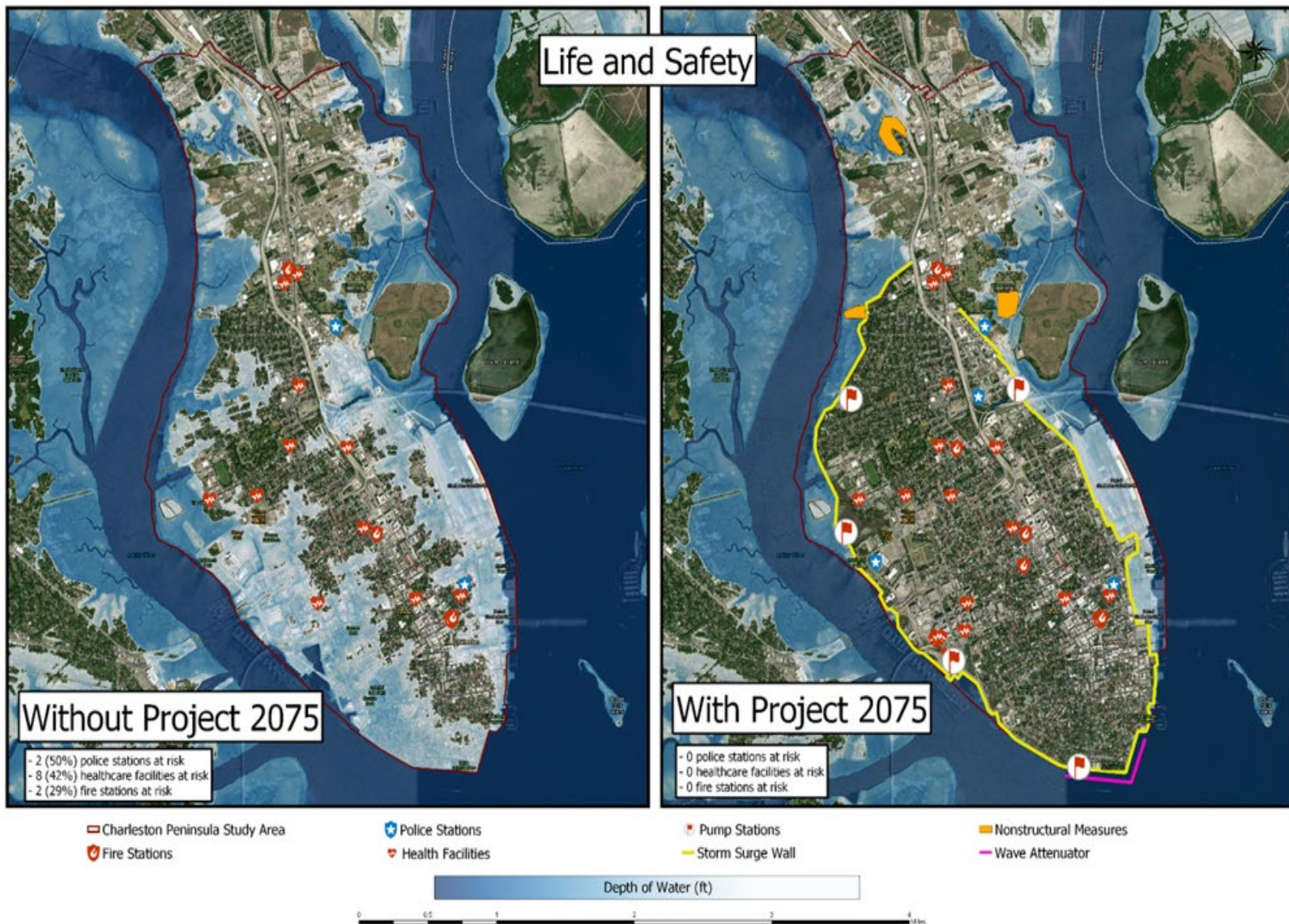


Figure 19: Project Performance given a Water Level at 9 feet NAVD88

As shown in the Table above, the total average annual damages remaining in the study area if the TSP was implemented would be around \$242 million (i.e. average annual damages remaining in the study area) or about 58%. In other words, the project performance of the TSP would be effective enough to reduce about 42% of the flood damages modeled in the Charleston Peninsula with only about 58% of potential flood damages remaining (i.e. residual). Moreover, considering dynamic water surface elevations which includes storm surge, astronomical tides, wave setup and sea level rise at an intermediate rate, in 2075 the TSP will provide approximately a 2% ACE level of flood risk reduction due to coastal storms shown in the Figure above.

C.2. SECTION II: REGIONAL ECONOMIC DEVELOPMENT

When the economic activity lost in the flooded region can be transferred to another area or region in the national economy, these losses cannot be included in the NED account. However, the impacts on the employment, income, and output of the regional economy are considered part of the Regional Economic Development (RED) account. The input-output macroeconomic model RECONS was used to address the impacts of the construction spending only associated with the TSP, since this alternative was selected based on NED.

C.2.1. BACKGROUND

The features of the Tentatively Selected Plan include:

- Wave attenuation structure offshore of the Battery (approximately 4,000 feet long)
- Storm surge wall along the perimeter of the Peninsula (approximately 7.8 miles)
- Nonstructural measures (approximately 100 structures)

A wave attenuation structure would be constructed in Charleston Harbor to dampen waves, reduce loading on the Battery wall, and prevent waves from overtopping during storm events. For the purposes of alternative evaluation, comparison, and impact analysis, the wave attenuation structure was analyzed as a breakwater made of granite rock, with the toe placed approximately 230 feet from the shoreline, extending 4,000 feet along the harbor floor, at an elevation of 16.2 feet NAVD88. Additional analysis will determine the optimized material type, placement, length, and height of the structure should this alternative be selected.

The storm surge wall would be constructed along the perimeter of the peninsula. It would be strategically placed onshore or in marsh to reduce damages from storm surge inundation while maintaining access to property. This alternative would include permanent and temporary pump stations as well as pedestrian, vehicle, railroad, boat, and storm (tidal flow) gates.

The storm surge wall would be designed and aligned to minimize impacts to existing wetland habitat, and cultural resources. From the center of the wall on each side, a perpetual 25 foot easement is required for maintenance, plus a 10 foot temporary construction easement. The wall would be located on the landward side of the Union and Columbus Street Ports to allow for continued operation. It would tie into high ground as appropriate, including the existing Battery wall. The High Battery wall would be reconstructed to meet USACE construction standards and raised to provide a consistent level of performance.

On land, the storm surge wall would be a T-wall with traditional concrete stem walls and pile supported bases. In the marsh, the storm surge wall would be a combo-wall, which

consists of continuous vertical steel piles on the storm surge side and battered steel pipe piles on the other side, connected by a concrete cap. Pilings for both wall types would be 50 to 70 feet deep to tie in to marl bedrock. Sections of the wall would be fitted with walkways and railings to provide additional recreation opportunities in the study area.

There are a variety of gates required in the study area to ensure water tightness of the barrier during storm events. Typically, all of the gates will remain open the majority of the time, and will only be closed when required due to a coastal storm event. For the vehicular, pedestrian and railroad gate closings, it will be dependent on the time needed to close gates in reaction to water level so as to address operation and evacuation needs. The plan is that as NOAA predicts storm surges equal or greater than major flooding, the storm gates will be closed at low tide, in order to keep the rising tide levels from taking storage needed for the associated rainfall. According to the National Weather Service, major flooding is extensive inundation of structures and roads. Records indicate that since 1934 there have been 29 major tide events.

C.2.2. RECONS METHODOLOGY

When the economic activity lost in the study area can be transferred to another area or region in the national economy, these losses cannot be included in the NED account. However, the impacts of the employment, income, and output of the regional economy are considered part of the RED account. The input-output macroeconomic model RECONS was used to address the impacts of the construction spending associated with the Tentatively Selected Plan (TSP).

For this Regional analysis, the regional economic development (RED) effects of implementing the TSP or Alternative 3 will be estimated. The RECONS Standard Geographic Area for the Charleston County was selected using an expenditure year of 2026.

This RED analysis, using RECONS, employs input-output economic analysis, which measures the interdependence among industries and workers in an economy. This analysis uses a matrix representation of a region's economy to predict the effect of changes, the implementation of a project of a specific USACE Business Line, to the various industries that would be impacted. The greater the interdependence among industry sectors, the larger the multiplier effect on the economy. Changes to government spending drive the input-output model to project new levels of sales (output), value added (Gross Regional Product or GRP), employment, and income for each industry.

The specific input-output model used in this analysis is RECONS (Regional Economic System). This model was developed by the Institute for Water Resources (IWR), Michigan State University, and the Louis Burger Group. RECONS uses industry

multipliers derived from the commercial input-output model IMPLAN to estimate the effects that spending on USACE projects have on a regional economy. The model is linear and static, showing relationships and impacts at a certain fixed point in time. Spending impacts are composed of three different effects: direct, indirect, and induced.

Direct effects represent the impacts the new federal expenditures have on industries which directly support the new project. Labor and construction materials can be considered direct components to the project. Indirect effects represent changes to secondary industries that support the direct industries. Induced effects are changes in consumer spending patterns caused by the change in employment and income within the industries affected by the direct and induced effects. The additional income workers receive via a project and spent on clothing, groceries, dining out, and other items in the regional area are secondary or induced effects.

The inputs for the RECONS model are expenditures that are entered by work activity or industry sector, each with its own unique production function. The Flood Risk Management production function of “Flood Risk Management Construction” was selected to gauge the impacts of the construction of Alternative 3. The production function “Flood Risk Management Operations and Maintenance” was selected to gauge the impacts of the operations and maintenance costs associated with the features of the Seawall measure. The baseline data used by RECONS to represent the regional economy of Charleston County, SC are annual averages from the Bureau of the Census, the Bureau of Labor Statistics, and the Bureau of Economic Analysis for the year 2019. The model results are expressed in 2026 dollars.

C.2.3. ASSUMPTIONS

Input-output analysis rests on the following assumptions. The production functions of industries have constant returns to scale, so if inputs are to increase, output will increase in the same proportion. Industries face no supply constraints; they have access to all the materials they can use. Industries have a fixed commodity input structure; they will not substitute any commodities or services used in the production of output in response to price changes. Industries produce their commodities in fixed proportions, so an industry will not increase production of a commodity without increasing production in every other commodity it produces. Furthermore, it is assumed that industries use the same technology to produce all of its commodities. Finally, since the model is static, it is assumed that the economic conditions of 2019, the year of the socio-economic data in the RECONS model database, will prevail during the years of the construction process.

C.2.4. DESCRIPTION OF METRICS

“Output” is the total sum of transactions that take place as a result of the construction project, including both value added and intermediate goods purchased in the economy.

“Labor Income” includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income. “Gross Regional Product (GRP)” is the value-added output of the study region. This metric captures all final goods and services produced in the study areas because of the project’s existence. It is different from output in the sense that one dollar of a final good or service may have multiple transactions associated with it. “Jobs” is the estimated worker-years of labor required in full time equivalent units to build the project.

C.2.5. RECONS RESULTS

For Charleston County, SC, the construction stimulus of \$1.754 billion would generate 11,975.8 full-time equivalent jobs, \$807.951 million in labor income, and \$2.197 billion in output. For the state of South Carolina, as a whole, the construction stimulus would generate 14,249 full-time equivalent jobs, \$902.818 million in labor income, and \$2.530 billion in output. For the Country, as a whole, the construction stimulus would generate 19,737.2 full-time equivalent jobs, \$1.375 billion in labor income, and \$3.998 billion in output (see table below).

RECONS - Overall Summary					
Area	Local Capture (\$000)	Output (\$000)	Jobs*	Labor Income (\$000)	Value Added (\$000)
Local					
Direct Impact		\$1,436,896	6,857.9	\$534,676	\$699,292
Secondary Impact		\$760,427	5,117.9	\$273,274	\$442,442
Total Impact	\$1,436,896	\$2,197,323	11,975.8	\$807,951	\$1,141,733
State					
Direct Impact		\$1,573,601	7,839.3	\$587,942	\$787,608
Secondary Impact		\$956,914	6,409.7	\$314,876	\$532,196
Total Impact	\$1,271,393	\$2,044,534	14,249.0	\$902,818	\$1,319,804
US					
Direct Impact		\$1,686,699	8,120.3	\$644,631	\$836,670
Secondary Impact		\$2,311,369	11,616.9	\$730,786	\$1,230,201
Total Impact	\$1,686,699	\$3,998,069	19,737.2	\$1,375,416	\$2,066,872

* Jobs are presented in full-time equivalence (FTE)

The local impact area captures about 82% of the direct spending on the project. About 8% of the spending leaks out into other parts of the state of South Carolina. The rest of the nation captures about 6%. The secondary impacts, also referred to as the combined indirect and induced multiplier effects, account for approximately 34% of the total output, about 43% of employment, nearly 23% of labor income, and about 39% of value added for the local impact area of Charleston County, SC.