Local and Federal Funding for Mainland Beach Restoration Projects

Presented by:
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Hawaii Shore and Beach Preservation Association
2014 Beach Restoration Workshop
November 24, 2014
- Federal Funding
- State Funding
- Local Funding
- Conclusions
Federal Funding

- United States Army Corps of Engineers
- Water Resources Reform and Development Act
- Planning, Design, and Construction
- National Competition
United States Army Corps of Engineers (USACE)

- Federal entity responsible for restoration and maintenance of sandy beaches in U.S.
- USACE authority to assist states and local communities with beach erosion projects is provided by Water Resources Reform and Development Act (WRRDA)
- Congress can grant USACE authority to study, design, and construct a shore protection project
- Federal assistance provided when interest is “justified”
  - Reconnaissance and feasibility investigations
  - Detailed design
  - Initial construction and periodic nourishment
Water Resources Reform and Development Act (WRRDA)

- Federal statute generally reenacted every 2 years
- Funds appropriated annually through the Energy and Water Development Appropriations Act
- Congressional Authorization
  - Individual Project
  - Continuing Authorities Program
- Authorization Requirements
  - Non-Federal sponsor
  - Clear public benefit with sufficient access
  - Economically justifiable
Planning, Design, and Construction
- Problem Perception
- Request for Federal Action (study authorization)
  - Reconnaissance Study (12 to 18 months @ $100K)
    - Congress authorizes and provides funds
    - Identify if federal interest is justified
  - Feasibility Study (24 to 36 months @ $2M)
    - Cost shared 50/50
    - Identify/recommend whether project should be considered
- Congressional Authorization
  - Congress chooses whether to authorize
- Project Implementation/Construction
National Competition

- Increasing substantially
- Long and difficult process (>5 years)
- New applications
- Current economic status
- Reimbursement
  - Congressional line items --> General Funds
- Funding capped at 65%
  - Beach < ¼ mile from public access
State Funding

- Florida Beach Management Funding Assistance Program
- Program Eligibility
- Funding Process
- Competition
Florida Beach Management Funding Assistance Program (Beach Erosion Control Program)

- Recognizes the benefits of beaches since 1964
- Design, construction, maintenance
- Funded by Ad Valorem Taxes
- Administered by FDEP Water Resources Management
- Up to 75% of project costs
- Eligible activities
  - Beach restoration and nourishment
  - Project design and engineering studies
  - Environmental studies and monitoring
  - Beach, inlet, and sediment management planning
  - Activities consistent with Strategic Beach Management Plan
Program Eligibility

- Local sponsor
- Sandy shoreline
- Critically Eroded
- Public Access
- Strategic Beach Management Plan
- Budget Plan
- Cost-savings
- Regional Coordination

- Optimize sediment management and project performance
- Protect environment
- Long-term solution
- Appropriate feasibility studies and analysis
- Avoids or minimizes adverse impacts
- Cost effective
Funding Process

- Application
- Staff review and project rankings
  - Project assessment
- Inclusion in FDEP Strategic Budget Plan
  - Prioritized list ($30M annually)
  - Alternative list
- Legislative Appropriation
  - May accept, reject, modify list
- Execution of Project Agreement
  - Establish ECL to delineate private/public lands
Competition and Ranking Criteria (10% Funded)

- Severity of erosion
- Threat to upland structures
- Recreational and economic benefits
- Availability of Federal funds
- Local sponsor commitment
- Previous state commitment
- Project performance
- Mitigation of inlet effects
- Innovative technologies
- Enhance sea turtle nesting
- Regionalization
- Significance
Funding Cap

- Generally limited to 50%
- Beach access and funding
  - Primary Access
    - 100 public parking spaces
    - Restroom
    - ½ mile funding
  - Secondary Access
    - Has public amenities
    - ¼ mile funding
Local Funding

- Funding Requirements
- Factors to Consider
- County General Revenue
- Municipal Services Taxing Unit
- Municipal Services Benefit Unit
- Tourist Development Tax
- Bonds and Leveraging
- Loans
- Repair
Funding Requirements

- Federal and state programs require local cost share
- Federal assistance limited to 65% of total project
- State assistance generally limited to 50% of local government project costs

Primary Factors to Consider

- Mechanism is necessary to assess and disburse funds collected from property owners.
- Cost apportionment plan is necessary to prorate total cost among property owners.
County General Revenue

- Generated from ad valorem taxes, real and property taxes, and user fees with supplements from state and federal sources

Beach Nourishment Funding Sources

- County has authority to allocate funds to categories within their budget approval authority subject to restrictions – can use for beach preservation projects
- Local community can petition to levy separate ad valorem tax or increase millage rate on existing revenues
  - Benefits approach - tax proportional to property benefits
  - General revenue approach - tax proportional to assessed property value
Municipal Services Taxing Unit (MSTU)

- Special taxing district that relies on the imposition of special ad valorem taxes to meet specifically authorized and established purposes in a defined area
  - Erosion prevention district or shore preservation district

- More than one benefit zone may be appropriate to reflect beneficiaries within the improvement area to reflect different property owner benefits realized by the improvement.
  - Oceanfront vs Non-oceanfront
Municipal Services Benefit Unit (MSBU)

- Special assessment district to provide for improvements and/or services to a specifically defined area of the county and financed by a special assessment to only those citizens receiving the benefits of those improvements or services
- Assessments remain fixed for duration of MSBU
- Requires detailed cost/benefit studies, public hearings, and property owner notifications
- Beach nourishment benefits vary (location, frontage value)
Tourist Development Tax

- Additional tax on short term rentals - “Bed Tax”
  - Revenues used for capital construction of tourist-related facilities, tourist promotion, and shoreline maintenance

- Local option sales tax

- Beach parking fees

Bonding

- Coastal communities may authorize the sale of bonds or other long term financial instruments to fund project

- Bonds usually retired with local matching revenues
Private Funding

- Donations
- Private Lenders (5 yrs)
- USDA Rural Development Loan (11 yrs)

Project Repair

- FEMA may pay for sand lost
- Designed project with proper monitoring
<table>
<thead>
<tr>
<th>ALTERNATIVE</th>
<th>DESCRIPTION</th>
<th>ESTABLISHMENT</th>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ad Valorem Tax</td>
<td>Uniform Property Tax</td>
<td>Budgetary Process</td>
<td>Existing authority</td>
<td>No continuous source; poor management; competition</td>
</tr>
<tr>
<td>3. Independent Special Taxing Districts</td>
<td>Independent Gov't established by Legislature to collect property tax for special purpose</td>
<td>By act of Legislature</td>
<td>Continuous source of funds</td>
<td>New government added - not favored by Legislature; voter dependent</td>
</tr>
<tr>
<td>4. Dependent Special Taxing District</td>
<td>Ad Valorem tax collected and administered by the County for a special purpose</td>
<td>By act of Legislature</td>
<td>Ability to fund projects</td>
<td>Limited by total County capital subject to political climate</td>
</tr>
<tr>
<td>7. Erosion Prevention Districts</td>
<td>A dependent taxing district collecting property taxes</td>
<td>Established by County ordinance</td>
<td>Existing authorization; benefit zones can be taxed differently</td>
<td>Included in total County millage cap; politically affected</td>
</tr>
<tr>
<td>5. Municipal Service Taxing Unit (MSTU)</td>
<td>Property tax of a specific area for service</td>
<td>By petition of property owners; local authority</td>
<td>Existing authorization; not project limited</td>
<td>Taxes only in improved area, adjacent property</td>
</tr>
<tr>
<td>6. Municipal Service Benefit Unit (MSBU)</td>
<td>Special assessments of benefitted properties</td>
<td>Petitions of majority of property owners</td>
<td>Existing authority; no competition with others</td>
<td>Project limited; difficult to establish</td>
</tr>
<tr>
<td>2. Bonding</td>
<td>Selling bonds to create revenue - bond retired by Ad Valorem Tax</td>
<td>Referendum</td>
<td>New revenue covers large initial costs</td>
<td>Non-continuous source; time delays; confined to specific projects; poor tool for management/planning</td>
</tr>
<tr>
<td>8. Private Funding</td>
<td>Donations</td>
<td>By mutual agreement</td>
<td>Addresses needs of private property</td>
<td>Not practical for countywide funding</td>
</tr>
<tr>
<td>9. Parking Meters and Park Feed</td>
<td>User Fees</td>
<td>Locally initiated</td>
<td>User benefits = pay</td>
<td>Private benefit is not assessed; limited funding</td>
</tr>
<tr>
<td>10. Beach Management Districts (Regional)</td>
<td>Larger government spanning a number of Counties with property taxing authority</td>
<td>State Legislature</td>
<td>Stable funding source; larger tax base; not politically motivated</td>
<td>Funds may be disproportionately used</td>
</tr>
</tbody>
</table>
- Beach nourishment is costly
- Funding can come from federal, state, and local sources
- Programs need to be appropriately structured
- Funding selection is at discretion of governing entity

What meets community “needs” and is considered “fair and reasonable” by the community?
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