



St. Joseph Peninsula Beach Restoration Project

Overview of Project Funding

How much will the project cost?

- Estimated project cost is \$ 19.8 million
- Estimated state funding for Rish Park & SJP State Park (100%) - \$ 3.1 million
- Estimated state cost share (36.9%) or \$ 6,164,271!
- Estimated total paid by state – 46.79%
- Estimated “local” share - \$ 10,535,729
- Reserve for bid adjustment - \$ 1,464,271
 - *Actual bids cannot be obtained until the project has been approved and will be permitted by both the state & federal government – this amount has been included since the actual project cost will differ (it could be more or less than the estimated amount) from the projections in that it will be based on the actual bids received from the dredging companies.*
- **Estimated local share on referendum - \$ 12 million**
 - (This is the maximum amount of the bond – the actual amount will be less if our local share is less!)

Again, why don't we have exact costs now?

- We have the best possible estimates that we can have at this time – which is no different from any other project.
- The estimates that we have are based on the best possible information available – they are not just a “shot in the dark.”
- We can't go out for a “hard” bid until we have the money to pay for it secured & we will be approved for permitting by the state & federal authorities.
- Simply put...the dredging companies will not provide us with a quote until we have met these requirements.

Explain how the “local” share of the cost will be paid for...

- For the initial restoration project...
 - The county has designated 1% of all “bed tax” revenue be committed towards beach restoration.
 - For year one alone – this is approximately 6% of the required annual funding cost
- Where will the rest of the money come from?
 - As is typical with most beach restoration projects, the remainder of the cost will be funded through an MSTU or “municipal special taxing unit” (provided that the registered voters in the project area “vote” to proceed with the project)

Why did the Committee Recommend an MSTU?

- *An MSTU approach was the recommendation of the finance committee who worked closely with our beach economist, Dr. William Stronge, and the tax attorney we consulted with, Sarah Bleckley who specializes in this type of tax.*
 - *The three-tiered MSTU approach identifies and appreciates the varying levels of benefits from storm protection, recreational value, etc., that can be contrasted from gulf front to gulf interior to bayside.*
- *The reason being that these types of taxing units (MSTUs or MSBUs) are used by the vast majority of projects to fund at least some portion or the entire local share.*
 - *Navarre used an MSBU.*
 - *Captiva created its own special taxing district via state legislation and assesses taxes within the project area for their renourishment.*
 - *Longboat Key uses an MSBU*
 - *Marco Island/Collier County uses MSTU*
 - *Stump Pass is MSTU/MSBU*
 - *Gasperilla Island, MSBU*
 - *Vanderbilt Beach, MSTU*
 - *Amelia Island, MSBU*
 - *Hutchinson Island, special taxing district*

Tell me more about the MSTU

- MSTUs (or MSBUs) are commonly used for these types of project because the folks in the project area “benefit” more than the rest of the community.
 - Our homes and properties will be protected from the storm-surge damage commonly experienced with Ivan and Dennis.
 - Also, as noted in the economic study, properties located in areas with managed beaches also **normally enjoy increased property values (or recovery of lost values) after restoration!**
- The MSTU, or special assessment tax, will be imposed on only those properties located in the project area and **can only be used to fund this specific project.**
- The cost of the project to be funded by the MSTU is typically spread over 5 to 7 years. The cost of repaying our bond will be spread over 7 years.

Continued...

- *As currently proposed, there will be three separate MSTUs:*
 - *Gulf-front*
 - *Gulf-interior (all properties on the gulf side of CSB Road that are not gulf-front)*
 - *Bayside (all properties on the bayside of CSB Road)*
- *SJPBAC recommends the following ratios to be applied to each of the MSTU classifications annually:*
 - *Gulf-front – 70% of total MSTU burden*
 - *Gulf-interior – 25% of total MSTU burden*
 - *Bayside – 5% of total MSTU burden*
- *Our recommendations were approved by the BOCC*
 - *If the voters in any of the three MSTU areas do not approve the referendum, the BOCC stated that the MSTU will be rescinded and the County will not assess the tax for that group of properties. Obviously, the rejection of one or more of the MSTUs could mean the failure of the entire project.*

MSTU Provisions

- *It is also important to note that the MSTUs contain caps*
 - *Gulf-front – 6 mills*
 - *Gulf-interior – 4 mills*
 - *Bay-side – 2 mills*
- *Each MSTU will automatically sunset, or expire, at the end of the life of the original bond.*
- That means that a new MSTU would have to into affect for anything done in the future – after our initial project.
- **Could these provisions change?**
 - Yes, they can. But that doesn't make the MSTU ordinances unique in any way. There is no law or ordinance that's not subject to review and change through some method or process, and the MSTU ordinances are no exception. See handout.

How much is this going to cost me?

- **Provided that all 3 MSTUs pass**, our examples provide estimates of what a “hypothetical” property in each MSTU classification would pay in taxes for the project.
- This projection is based on the cost information we have to date; however, please keep in mind the millage rate could be as high as the caps set forth in the ordinances of 6 mills for gulf-front, 4 mills for gulf-interior and 2 mills for bayside in the event that the project cost were to increase or in the event of failure of one or more of the taxing districts in the MSTU vote

Local funding overview

Local Share	Assessed value of Property in Project Area (10/05)	Projected Millage Rate	Projected Annual Tax Revenue	% of Total	% Overall Total (Year 1)
Gulf-front	\$ 257,779,778	5.079497	1,309,392	70%	65.91%
Gulf-interior	\$ 271,068,203	1.7252	467,647	25%	23.54%
Bay-side	\$ 93,243,518	1.003150	93,537	5%	4.71%
County Bed Tax	n/a		116,000		5.84%
TOTAL	\$ 622,091,499		\$1,986,576	100%	100%

How much will it cost me?

- As a result, based on the cost projections, the millage rates would be as follows:
 - Gulf-front 5.08 mills
 - Gulf-interior 1.73 mills
 - Bayside 1.00 mills
- This equates to an estimated tax as follows:

Taxable Value	Gulf-front	Gulf-interior	Bayside
250,000	\$ 1,270	\$ 433	\$ 250
500,000	\$ 2,540	\$ 865	\$ 500
1,000,000	\$ 5,080	\$ 1,730	\$1,000

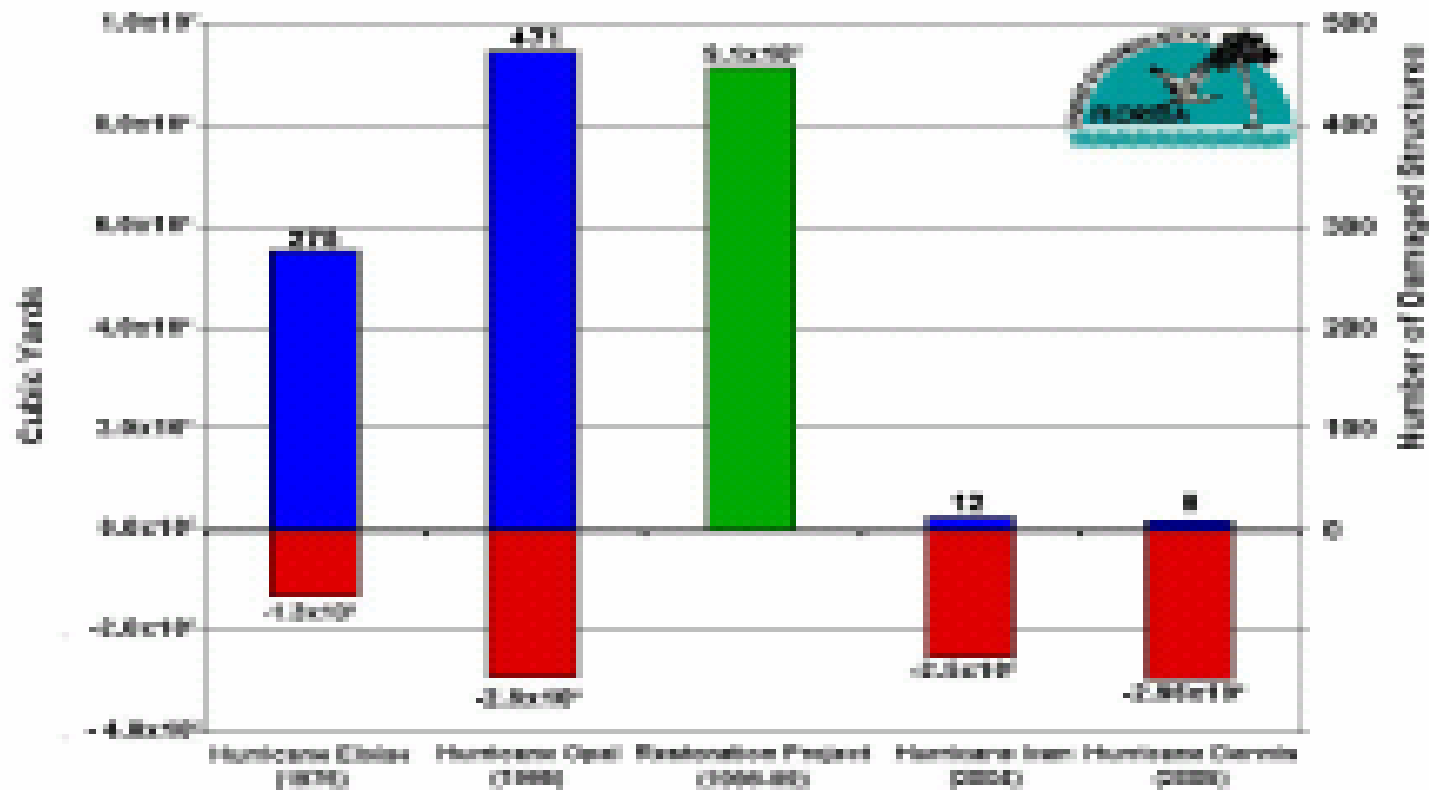
Are there other costs?

- **Annual Costs associated with maintaining a “managed beach”**
 - Performance & biological monitoring (every year for the first 3 years & then every other year)*
 - Endangered species monitoring*
 - Coastal engineer or biologist (outsourced or on staff)
 - Public beach access points (maintenance, trash removal, etc...)
 - ** Michael Dombrowski estimates that monitoring costs will run between \$50,000 to \$75,000 per year (this amount is eligible for state cost sharing as well).*

Public Infrastructure

- After the beach has been restored, the beach becomes public infrastructure. As such, it is eligible for 75% funding assistance from FEMA in the event of a federally declared disaster. In other words, if the Peninsula is hit by a hurricane and the sand is washed away, FEMA will pay for 75% of the cost of restoring the beach. *This is true even in an area with a CBRA designation.*
- As a result, there could be the potential need for funds to pay for the remaining cost not covered by FEMA in the event of a disaster. *However, the remaining 25% is eligible for state cost sharing on the same basis as our restoration project.*
- It is important to note, however, that a restored beach protects structures!
- The following slide shows the dramatic difference in the amount damage to structures that occurred with category 3 storms before and after restoration in Bay County.
 - *During Eloise & Opal, a total of 746 structures were damaged.*
 - *After restoration, during Ivan & Dennis, a total of 20 structures were damaged!*

Bay County Beach Restoration



Beach Nourishment (future maintenance)

- Our coastal engineer, Michael Dombrowski, projects that our first nourishment (or maintenance) cycle will occur about 7.5 years after our initial project has been completed. This is well within the “normal” range of 6 to 10 years typically expected from a beach system. It is important to note that the nourishment phase involves restoring a lesser amount of sand to the beach than under the initial phase, and maintenance is done before the dunes or upland structures are damaged.
- Mr. Dombrowski projects that we will have approximately 32% of the sand remaining in the project area at the time of future maintenance. As a result, the cost for this phase would be approximately 68% of the cost for our initial phase. *It is important to note that we would qualify for FDEP cost sharing for future nourishment as well!*

Future maintenance & funding recommendations

- It is the recommendation of the SJPBAC to the BOCC that general tax revenue related to this one-time “pop” in property values be set aside to cover the annual & ongoing costs for the beach project, as well as to establish a reserve for the future (both for a “contingency” amount in the event of a disaster & the remainder to assist with future maintenance or nourishment).
- It is the recommendation of the SJPBAC to the BOCC that an “inflation” adjustment be made to this amount each year, such as the CPI (consumer price index) plus 3%. The basis for this is that these types of projects tend to experience a greater rate of inflation than the overall inflation rate, as they are dependent upon fuel costs and the providers are limited in number. This rate, however, should never be greater than the actual growth rate experienced by the county.
- Obviously, this approach is dependent upon the property values actually increasing as a direct result of the beach restoration project. As a result, it is the recommendation of the committee that a baseline be established, in the event that the project is successfully voted in by the residents in the project area. This baseline would then be used to establish the actual increase in taxable property values as a result of the project. In turn, a portion of those dollars would be set aside annually for normal and anticipated expenses associated with the project.
- The following is an example of how this might work:

Future Funding Recommendations

- The SJPBAC recommended to the BOCC that general tax revenue related to this one-time “pop” in property values be set aside to cover the annual & ongoing costs for the beach project, as well as to establish a reserve for the future (both for a “contingency” amount in the event of a disaster & the remainder to assist with future maintenance or nourishment).
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Tell me more about future funding

- This portion of the taxes that are directly related to the successful implementation of the beach project could be used to pay for the following:
 - Monitoring expenses
 - Costs associated with turtle monitoring & habitat
 - Cost for coastal engineer or biologist (whether on staff or outsourced)
 - Costs associated with maintenance of public beach access points in the project area
 - Reserve for hurricane disaster damage
 - Reserve for future nourishment (to pay for a portion of future costs)

Continued...

- The following example depicts how this might work...*

Future Funding Example



Taxable Property Values in Project Area (10/05)	622,091,499
Increase in property values due to beach project (18.9% - low estimate)	117,575,293
Increase in general tax revenue related to beach project (5.0952 mills)	599,070 □

<u>Year</u>	<u>Tax associated with Increase in Value</u>	<u>Inflation Adjustment</u>
Year 1 (10/05 taxable values)	-	
Year 2	599,070	
Year 3	637,410	Adjusted for inflation by 6.4%*
Year 4	678,204	Adjusted for inflation by 6.4%*
Year 5	721,609	Adjusted for inflation by 6.4%*
Year 6	767,792	Adjusted for inflation by 6.4%*
Year 7	816,931	Adjusted for inflation by 6.4%*
Total over 7 year period	4,221,017	

**Used the 2005 CPI of 3.4% plus 3%.*