

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: General Government Appropriations Committee

BILL: CS/SB 14-A

SPONSOR: Senator Clary

SUBJECT: Hurricane-damaged Beaches & Dunes

DATE: December 13, 2004      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Kiger</u>	<u>Kiger</u>	<u>EP</u>	<b>Favorable</b>
2.	<u>DeLoach</u>	<u>Hayes</u>	<u>GA</u>	<b>Fav/CS</b>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

The bill proposes to address a series of issues that have arisen due to the impact of four hurricanes and one tropical storm during 2004. Specific provisions:

- A. Provide legislative findings detailing the impact of the storms to the state’s coastline.
- B. Direct the Department of Environmental Protection (DEP) to provide a report by February 11, 2005, describing activities and expenditures as they relate to beach and dune repair and restoration projects authorized by the bill.
- C. Appropriate \$3.8 million from the Land Acquisition Trust Fund and \$64.6 million from the General Revenue Fund for the purposes of implementing the DEP’s “2004 Hurricane Recovery Plan for Florida’s Beach and Dune System” (the plan).
- D. Require a local match of 10 percent for the \$53.8 million dune restoration projects and beach restoration studies included in the plan for the enhancement or expansion of projects contained in the plan.
- E. Authorize a waiver of the required local match for any county or municipality with a per capita personal income level below the state’s per capita personal income level. Authorizes the Executive Office of the Governor to waive the required local match for documented hardships on local governments, subject to the review and approval by the Legislature.
- F. Provide that the DEP not release to the local government the final 25 percent of funds for dune restoration projects and beach restoration studies until the local government has met the match requirement.
- G. Provide authority for the DEP to redistribute funds appropriated by the bill in order to efficiently and effectively implement the plan. Require 5-day written description and justification to the Governor and Legislature prior to any redistribution of project funds.

- H. Grant a waiver from statutory provisions requiring a 14-day notice for interim budget actions and directs that the Governor's office must notify the Legislative Budget Commission 3 working days prior to any action.
- I. Direct the DEP to take the necessary steps to ensure the timely implementation and completion of the projects.
- J. Provide that the legislation shall take effect upon becoming law.

This bill creates new chapter law.

## II. Present Situation:

During a six week period in the 2004 hurricane season, the state of Florida suffered direct hits from one tropical storm and four major hurricanes. These storms and their impacts affected almost 700 miles of the state's sandy beach shoreline. According to the Department of Environmental Protection, the impacts of each storm are as follows:

### **Tropical Storm Bonnie**

Tropical Storm Bonnie made landfall near Apalachicola on August 12 with sustained winds near 50 mph and a 4-foot storm surge which caused minor flooding along the northeastern Panhandle. Cape San Blas, one of Florida's most pristine beach areas, suffered severe erosion. Minor beach and dune erosion occurred at Alligator Point in Franklin County, and on parts of the St. Joseph Peninsula in Gulf County.

### **Hurricane Charley**

Hurricane Charley made landfall in Lee County near the coast of Captiva Island on August 13 as a category four hurricane with sustained winds of up to 145 mph. The eye of the hurricane moved across the barrier islands, and up into Charlotte Harbor and then crossed the state, emerging at Volusia County near Daytona Beach. The largest erosion problem was to the barrier islands off the Lee County coast, but minor erosion occurred in Charlotte County to the north and in Collier County to the south. Also, there was minor damage to beaches in Volusia County.

### **Hurricane Frances**

Hurricane Frances made two landfalls in Florida. Initially, the eye-wall crossed portions of St. Lucie, Martin, and Palm Beach Counties as a large category two storm on September 5. The hurricane then crossed the Florida peninsula north of Lake Okeechobee and entered the Gulf of Mexico near New Port Richey. Frances then continued on through the Gulf and made a second landfall near the St. Marks River as a tropical storm.

### **Hurricane Ivan**

Hurricane Ivan, a strong category three hurricane, made landfall early in the morning of September 16 near Gulf Shores, Alabama. Most of the storm's damage occurred to the east where the hurricane's high winds and storm surges in excess of 15 feet caused severe damage in Escambia County and moderate damage in Franklin County, more than 100 miles away from where the eye of the storm came ashore.

**Hurricane Jeanne**

Hurricane Jeanne, also a powerful category three hurricane, made landfall on Hutchinson Island in St. Lucie County late on the evening of September 25. The point of landfall was almost identical to that of Hurricane Frances. The hurricane tracked north of Lake Okeechobee and then followed a path north to the east of Tallahassee and into Georgia. Tropical storm force winds were recorded on both the Atlantic and Gulf coasts from Sarasota to St. Augustine and severe flooding was experienced in many areas.

**Storm Impacts:**

Generally, all of the beach erosion caused by the storms was a direct result of storm surges as waves came ashore. The cumulative effects of erosion were caused when berms affected by one storm were subject to additional erosion from new storms.

Property and upland developments located landward of previously restored beaches survived much better than those areas where beaches were narrower due to natural erosion. The storms removed sand from many restored beaches, but much of this material remained within the nearshore area. However, beaches affected by natural erosion and not a part of any beach restoration project, were impacted by storm surges and wave impacts causing significant dune erosion.

It is anticipated that some natural recovery of beaches will occur as sand is washed back into the berm from the nearshore area. For those areas where the sand was washed too far off the beach, natural recovery will be slow and upland structures and habitat will be subject to further erosion from winter storms and next year's hurricane season.

The majority of structural damage to commercial buildings, residences, and infrastructure was caused by high winds. In those areas directly impacted by the storms, coastal armoring was often undermined or broken apart. Dune walkovers and other recreational structures such as boardwalks, picnic areas, restrooms, and parking areas were damaged by wind and water.

**"2004 Hurricane Recovery Plan for Florida's Beach and Dune System"**

Because of the significant impacts throughout the state to beach and dune systems from the tropical storm and hurricanes, the Department of Environmental Protection has proposed a hurricane recovery plan. The recovery plan, released on November 30, 2004, has four primary objectives:

1. The continued implementation of the state's comprehensive Beach Management Program,
2. To provide storm protection to impacted beaches prior to the 2005 hurricane season,
3. To expedite construction of both federal and state/local beach nourishment projects, and
4. To leverage matching funds from federal and local partners.

The recovery plan's primary focus is projects that need to be constructed prior to the start of the 2005 hurricane season in order to provide a reasonable level of protection to upland development along the impacted beaches. Also, the plan seeks to show how these projects relate to the state's existing Statewide Strategic Beach Management Plan since some of the Management Plan's projects which were already in the planning stages will be expedited as part of the recovery plan.

In addition, some projects have already been approved and received appropriations from the Legislature. However, a majority of the emergency funds contained in the Recovery Plan are for new projects and activities that are not part of the ongoing beach management plan.

Other provisions of the plan include:

- A. Statewide activities aimed at effectively protecting the state's beaches such as debris removal, sand source studies, and staffing requests.
- B. Descriptions of recommended local activities, both short term and long term, by county.
- C. Identifying the federal, state, and local funds needed and available for implementation of the projects.
- D. Conducting detailed planning and engineering tasks to formulate the most cost-effective design.
- E. Coordinating activities among the appropriate state and federal agencies and facilitating a streamlined permitting process.

Finally, the plan details three state and federal public assistance programs outlined below.

#### **Federal Emergency Management Agency (FEMA)**

The FEMA administers public assistance programs to help in storm recovery activities. Funding, which is provided under two program areas, is provided to local governments at 90 percent of costs for authorized activities. Category B, Emergency Protective Measures, will provide qualifying properties with a small volume of sand to prevent flooding to developed upland properties. Properties are qualified on a case by case basis. Category G, Permanent Work, is intended to provide assistance for repairing public facilities. Funding under this category is not available for federally funded beach projects however, assistance is available for qualifying non-federal beach projects to replace sand lost as a result of the storms. To date, approximately 50 miles of non-federal restored beaches statewide may qualify for assistance. The DEP proposes that the state would contribute half of the remaining 10 percent, and that local governments will be responsible for the remaining half. The state portion is proposed to come from the Governor's Emergency Fund and the Department of Community Affairs.

#### **United States Army Corps of Engineers (USACE)**

The USACE provides assistance under numerous programs, two of which specifically provide beach restoration and nourishment opportunities. The Navigation Program encompasses projects specifically authorized by Congress to maintain a system of harbors and waterways. This program is a source of dredged material that is suitable to be used for beach renourishment and can be done at no cost to local or state government in cases where placement of the material on a beach is the least cost disposal option. The Federal Shore Protection Program works directly with local governments to construct beach restoration projects primarily for the protection of upland developed properties. Under this program, the federal government provides between 50 and 80 percent of total project costs, and the remaining portion is cost-shared by the state and a local sponsor.

#### **Florida's Beach Management Program**

The state's Beach Management Program is designed to protect, preserve, and restore the state's sandy beaches. The program, which is a statewide plan for restoring and maintaining critically eroded shores, is accomplished by implementing the Statewide Strategic Beach Management

Plan and the Statewide Long Range Budget Plan. Projects are funded under the program through an annual legislative appropriation from the Ecosystem Management Trust Fund. In fiscal year 2004-2005, the Legislature appropriated \$30 million for the state's Beach Management Program.

### **Funding Strategies**

As part of the Recovery Plan, the DEP breaks the funding strategies into the following three groups.

- **Statewide and Regional Management Strategies:**  
The plan estimates that the state's shared cost for area needs to initiate and develop regional sand sources, survey and evaluate impacted beach areas, remove debris, revalidate coastal siting and design criteria, and provide some limited sand placement to pocket beaches in the Big Bend and Florida Keys is **\$2.9 million**.
- **Restoration of State Parks:**  
The plan estimates that the cost for state park projects that include activities, such as dune restoration in the form of revegetation and sand fencing, and some limited placement of sand fill material to protect facilities, is **\$3.8 million**.
- **County Management Strategies:**  
The state's remaining shared costs, estimated to be in excess of **\$61 million**, will be used for county-specific projects. The plan details various projects in 33 counties and provides estimated state cost and, where appropriate, the other sources of funding that will be utilized. Some project examples include:
  - Maintenance nourishment projects in: St. Johns, Brevard, Bay, and Pinellas Counties.
  - Dune restoration projects in Volusia, Brevard, Indian River, St. Lucie, Martin, Palm Beach, Escambia, Okaloosa, Walton, Bay, Gulf, and Lee Counties.
  - Feasibility studies in Escambia, Okaloosa, Gulf, and Manatee Counties.

### **Agency Resources Required to Implement the Recovery Plan**

A final provision contained in the plan is a request from the DEP for additional staff. The agency, citing the widespread beach and dune erosion and structural damage occurring during the recent hurricane season, anticipates that increased staffing is needed for workload increases. The DEP is requesting eight additional staff to evaluate, manage, and permit dune and beach projects; evaluate and permit repair and reconstruction of structures seaward of the coastal construction control line; evaluate and permit coastal armoring needs; conduct field inspections; and provide data acquisition, analysis, and management support. The total costs for additional staff and vehicle replacement is estimated to be **\$598,600**.

### **III. Effect of Proposed Changes:**

The bill establishes legislative findings that Florida's beach and dune systems were adversely affected by the 2004 hurricanes and Tropical Storm Bonnie, and that in order to begin the recovery of these systems, the Department of Environmental Protection developed the "2004 Hurricane Recovery Plan for Florida's Beach and Dune System" (the plan) for the repair and restoration of the state's beaches and dunes.

A total of \$68.4 million in non-recurring funds, \$3.8 million from the Land Acquisition Trust Fund and \$64.6 million from the General Revenue Fund, is appropriated in the bill for the purpose of implementing the plan's activities and the beach and dune studies, repair, and restoration projects. Of this \$64.6 million from general revenue, \$53.8 million is provided for dune restoration projects and beach restoration studies and requires a local match of 10 percent for enhancement or expansion of projects contained in the plan. The \$3.8 million from the Land Acquisition Trust Fund supports recovery activities for state parks impacted by the hurricanes and the tropical storm. State park recovery activities include dune restoration, sand fencing and placement of sand fill material to protect facilities. Resources for the DEP to implement the plan are provided from contracted services.

The bill provides an exemption to the local match requirement for beach restoration studies and dune restoration projects if the county or municipality within such county has a per capita personal income less than the state's per capita personal income. In addition, the bill authorizes the Executive Office of the Governor to approve a waiver for all or a portion of the required match if a documented hardship is determined. The waivers are subject to the review and approval by the Legislature. The DEP shall not release the final 25 percent of funds for dune restoration projects and beach restoration studies until the local government has met the match requirement.

The bill directs the DEP to report to the Governor and Legislature by February 11, 2005, on the progress made to date on the plan's activities, beach and dune repairs, and restoration projects. The report must provide the amount spent on activities and projects, the percentage of completion for each project, and the funding impacts on the 2005-2006 fiscal year budget.

The bill directs the DEP to take necessary steps to ensure the timely implementation and completion of beach and dune repair and restoration projects in the plan.

The bill allows the DEP to redistribute the funds appropriated among projects to maximize federal and local matching funds, and effectively implement the plan. The DEP must provide a written description and justification to the Governor, the President of the Senate, and the Speaker of the House of Representatives 5 days prior to any redistribution of funds.

Finally, the bill provides that, notwithstanding statutory requirements, the Executive Office of the Governor shall provide notice of the allocation of the lump-sum appropriations authorized under the bill into traditional appropriation categories to the chair and vice chair of the Legislative Budget Commission at least 3 working days prior to the effective date of such an allocation.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D.****V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

Beaches are Florida's primary tourist attraction with a \$53.1 billion annual impact on the state's economy and 706,825 jobs (Source: Dr. William Stronge, January 2004, Florida Atlantic University). The private sector will benefit from this bill in terms of overall economic benefits from tourism related expenditures. By implementing the beach and dune recovery plan, storm protection is also a benefit to coastal properties.

**C. Government Sector Impact:**

According to a study conducted by Florida Atlantic University "Economics of Florida's Beaches", over 23.2 million tourists visited Florida beaches in 2000, spending \$21.9 billion. These revenues provide millions of dollars annually to federal, state and local governments. Sales tax revenues generated from direct tourism spending was \$.8 billion in 2002.

This bill provides \$64.6 million from the General Revenue Fund and \$3.8 million from the Land Acquisition Trust Fund in the Department of Environmental Protection to implement the plan's activities, repair and restoration of the state's beaches and dunes adversely impacted by the 2004 hurricanes and Tropical Storm Bonnie.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.





## **VIII. Summary of Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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