

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: PCS/CS/SB 1590 (516016)

INTRODUCER: Appropriations Committee (Recommended by Appropriations Subcommittee on the Environment and Natural Resources); Environmental Preservation and Conservation Committee; and Senator Latvala and others

SUBJECT: Coastal Management

DATE: April 19, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Istler</u>	<u>Rogers</u>	<u>EP</u>	<u>Fav/CS</u>
2.	<u>Reagan</u>	<u>Betta</u>	<u>AEN</u>	<u>Recommend: Fav/CS</u>
3.	<u>Reagan</u>	<u>Hansen</u>	<u>AP</u>	<u>Pre-meeting</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Technical Changes

I. Summary:

PCS/CS/SB 1590 revises the beach nourishment and inlet management project funding criteria and requires a minimum distribution of the lesser of 7.6 percent of the funds remaining after the payment of debt service or \$50 million to be appropriated annually from the Land Acquisition Trust Fund for projects that preserve and repair the state's beaches in accordance with the revised project funding criteria.

II. Present Situation:

Beach and Shore Preservation

Fronting the Atlantic Ocean, the Gulf of Mexico, or the Straits of Florida, the state has 825 miles of sandy coastline.¹ Beaches are one of Florida's most valuable resources and serve multiple important functions including providing habitat and protection for several species of plants and animals, attracting visitors and new residents to the state, and providing a line of defense against

¹ Florida Department of Environmental Protection (DEP), *Beaches and Coastal Systems: About Us*, <http://www.dep.state.fl.us/beaches/> (last visited Mar. 16, 2017).

major storms.² Specifically, beaches are the most important feature of Florida's brand, accounting for 25.5 percent of the state's attractiveness to visitors.³

Beaches require ongoing maintenance to curtail erosion, which threatens this valuable state resource.⁴ While beaches are naturally prone to erosion due to natural forces, such as wind-driven currents and tides and storms, human-induced erosion is attributable to the construction and maintenance of navigation inlets and the development and placement of infrastructure in close proximity to the shore.⁵

Critically Eroded Beaches Report

The Florida Department of Environmental Protection (DEP) is required to determine which beaches are critically eroded and in need of restoration and nourishment.⁶ According to the DEP, there are 411.2 miles of critically eroded beach, 8.7 miles of critically eroded inlet shoreline, 93.5 miles of non-critically eroded beach, and 3.2 miles of non-critically eroded inlet shoreline statewide.⁷ Erosion is critical if "there is a threat to or loss of one of four specific interests – upland development, recreation, wildlife habitat, or important cultural resources."⁸

One way to restore eroded beaches is through beach nourishment, which is the replacement of sand that a beach has lost.⁹ In a typical beach nourishment project, sand is collected from an offshore location by a dredge and piped onto the beach.¹⁰ Bulldozers are then used to move the new sand on the beach until the beach matches the project design profile.¹¹ The DEP is authorized to review innovative technologies for beach nourishment and, on a limited basis, authorize alternatives to traditional dredge and fill projects to determine the most cost-effective techniques for beach nourishment.¹²

² *Id.*

³ Office of Economic & Demographic Research (EDR), *Economic Evaluation of Florida's Investment in Beaches: Identifying the State's Brand, Calculating the Return on Investment of Beach Restoration and Assessing the Risk of Disasters*, 1 (Jan. 2015), available at <http://edr.state.fl.us/Content/returnoninvestment/BeachReport.pdf> (last visited Mar. 16, 2017).

⁴ DEP, *Beaches and Coastal Systems: Why Restore Eroded Beaches?*, <http://www.dep.state.fl.us/beaches/programs/becp/restore.htm> (last visited Mar. 16, 2017).

⁵ DEP, *Strategic Beach Management Plan*, 1 (July 2015), available at <http://www.dep.state.fl.us/beaches/publications/pdf/SBMP/SBMP-Introduction.pdf> (last visited Mar. 16, 2017).

⁶ Section 161.101(1), F.S.

⁷ DEP, Division of Water Resource Management, *Critically Eroded Beaches in Florida*, 4, 5 (Aug. 2016), available at <http://www.dep.state.fl.us/beaches/publications/pdf/CriticalErosionReport.pdf> (last visited Mar. 16, 2017). The term "critically eroded shoreline" is defined in Fla. Admin. Code R. 62B-36.002 to mean "a segment of shoreline where natural processes or human activities have caused, or contributed to, erosion and recession of the beach and dune system to such a degree that upland development, recreational interests, wildlife habitat or important cultural resources are threatened or lost. Critically eroded shoreline may also include adjacent segments or gaps between identified critical erosion areas which, although they may be stable or slightly erosional now, their inclusion is necessary for continuity of management of the coastal system or for the design integrity of adjacent beach management projects."

⁸ DEP, Division of Water Resource Management, *Critically Eroded Beaches in Florida*, 7 (Aug. 2016).

⁹ See s. 161.021, F.S.

¹⁰ DEP, *Beaches and Coastal Systems: Why Restore Eroded Beaches?*, <http://www.dep.state.fl.us/beaches/programs/becp/restore.htm> (last visited Mar. 16, 2017).

¹¹ *Id.*

¹² Section 161.082, F.S.

Strategic Beach Management Plan

The DEP is required to develop and maintain a comprehensive long-term management plan for the restoration and maintenance of the state's critically eroded beaches.¹³ The beach management plan is required, in part, to:

- Address long-term solutions to the problem of critically eroded beaches;
- Evaluate each improved, modified, or altered inlet and determine whether the inlet is a significant cause of beach erosion;
- Design criteria for beach restoration and beach nourishment projects;
- Identify causes of shoreline erosion and change, calculate erosion rates, and project long-term erosion for all major beach and dune systems by surveys and profiles;
- Study dune and vegetative conditions; and
- Establish a prioritized list of beach restoration and beach nourishment projects and the funding levels needed for such projects.¹⁴

The State Beach Management Plan (SBMP) is a dynamic management tool for use by state, local, and federal government officials. The SBMP is updated periodically as specific strategies are implemented, new resources and opportunities are identified, and proposed strategies are developed by the DEP and federal or local government sponsors. The DEP prepares the SBMP at the regional level.¹⁵ The regional plans include recommendations of appropriate funding mechanisms for implementing projects in the beach management plan and describe the historical and present beach restoration activities taken to restore and manage Florida's beaches.¹⁶

Long Range Budget Plan

The statewide long range budget plan projects the 10-year planning needs for federal, state, and local governments necessary to implement the SBMP.¹⁷ The budget plan is subdivided by the same regions as the SBMP and provides a statewide view of many individual project efforts. The budget plan is used to encourage cooperation and coordination among local, state, and federal entities and organizations responsible for managing beaches.

Beach Management Funding Assistance Program

Pursuant to declared state public policy, the Legislature is required to fund beach restoration and nourishment projects, including inlet management projects, that cost-effectively provide beach-quality material for adjacent critically eroded beaches.¹⁸ Such projects must be in an area designated as critically eroded shoreline, or benefit an adjacent critically eroded shoreline; have a clearly identifiable beach management benefit consistent with the state's beach management plan; and be designed to reduce potential upland damage or mitigate adverse impacts caused by improved, modified, or altered inlets, coastal armoring, or existing upland development.¹⁹

¹³ Section 161.161, F.S.

¹⁴ *Id.*

¹⁵ See DEP, *Beaches and Coastal Systems: Publications*, <http://www.dep.state.fl.us/beaches/publications/index.htm#SBMP> (last visited Mar. 16, 2017), for each regional plan.

¹⁶ Section 161.161, F.S.

¹⁷ DEP, *Florida Beach Management Program, Long Range Budget Plan for 2017-2027*, 1 (Dec. 1, 2016), available at <http://www.dep.state.fl.us/beaches/programs/becp/docs/LRBP-FY1727.pdf> (last visited Mar. 16, 2017).

¹⁸ Section 161.088, F.S.

¹⁹ *Id.*

The DEP authorizes disbursements made to the DEP from the Land Acquisition Trust Fund (LATF) to carry out the state's responsibilities for a comprehensive, long-range, statewide beach management plan for erosion control; beach preservation, restoration, and nourishment; storm and hurricane protection; and other activities authorized pursuant to s. 28, Article X of the State Constitution.²⁰ The DEP established the Beach Management Funding Assistance Program for the purpose of working in concert with local, state, and federal governmental entities to achieve the protection, preservation, and restoration of Florida's sandy beaches.²¹

Section 161.101, F.S., authorizes the state to pay up to 75 percent of the actual costs for restoring and nourishing critically eroded beaches in recognition that local beach communities derive the primary benefits from the presence of adequate beaches.²² The local government in which the beach is located is responsible for the balance of such costs.²³ However, that section of law also provides that "until the unmet demand for repairing Florida's damaged beaches and dunes is satisfied, it is the further intent of the Legislature to cost share such projects equally between the state and local sponsors."²⁴

In order to receive state funds, projects are required to provide adequate public access, protect natural resources, and protect endangered and threatened species.²⁵ Additionally, the DEP is not authorized to fund projects that provide only recreational benefits. All funded projects are required to have an identifiable beach erosion control or beach preservation benefit directed toward maintaining or enhancing the sand in the system. All of the following activities are ineligible for cost-sharing:

- Recreational structures, such as piers, decks, and boardwalks.
- Park activities and facilities, except for erosion control.
- Aesthetic vegetation.
- Water quality components of stormwater management systems.
- Experimental or demonstration projects, unless favorably peer-reviewed or scientifically documented.
- Hard structures, unless designed for erosion control or to enhance beach nourishment project longevity or bypassing performance.
- Operations and maintenance, with the exception of nourishment.
- Maintenance and repair of over-walks.
- Navigation construction, operation, and maintenance activities, except those elements whose purpose is to place or keep sand on adjacent beaches.²⁶

The DEP is required to consider the following criteria in determining annual funding priorities:

- The severity of erosion conditions, the threat to existing upland development, and recreational or economic benefits;

²⁰ Section 161.091(1), F.S.

²¹ Fla. Admin. Code R. 62B-36.001.

²² Section 161.101(1), F.S.

²³ *Id.*

²⁴ Section 161.101(15), F.S.

²⁵ Section 161.101(12), F.S.

²⁶ Section 161.101(13), F.S.

- The availability of federal matching dollars;
- The extent of the local government sponsor’s financial and administrative commitment to the project, including a long-term financial plan with a designated funding source for initial construction and periodic maintenance;
- Previous state commitment and involvement in the project;
- The anticipated physical performance of the proposed project, including the frequency of periodic planned nourishment;
- The extent to which the proposed project mitigates the adverse impact of improved, modified, or altered inlets on adjacent beaches;
- Innovative, cost-effective, and environmentally sensitive applications to reduce erosion;
- Projects that provide enhanced habitat within or adjacent to designated refuges of nesting sea turtles;
- The extent to which local or regional sponsors of beach erosion control projects agree to coordinate the planning, design, and construction of their projects to take advantage of identifiable cost savings; and
- The degree to which the project addresses the state’s most significant beach erosion problems.²⁷

The DEP established a priority ranking system to implement the statutory criteria for beach and inlet management projects for funding assistance.²⁸ The ranking system is based on points. Under the system a project receives a total point score based on project ranking criteria. The total amount of points available for beach management projects is 115 points and the total for inlet

Statutory Criteria	Number of Component Criteria	Available Points
Beach Management		
Significance	6	20
Local Sponsor Financial and Administrative Commitment	6	10
Previous State Commitment	4	10
Availability of Federal Funds	3	10
Project Performance	2	10
Recreational and Economic Benefits	1	10
Severity of Erosion	1	10
Mitigation of Inlet Effects	1	10
Threat to Upland Structures	1	10
Innovative Technologies	2	5
Regionalization	1	5
Enhance Refuges of Nesting Sea Turtle	1	5
Total	29	115

Statutory Criteria	Number of Component Criteria	Available Points
Inlet Management		
Balancing the Sediment Budget	1	20
Inlet Management Plan	3	15
Local Sponsor Financial and Administrative Commitment	6	10
Previous State Commitment	4	10
Availability of Federal Funding	3	10
Sand Reaching the Inlet	1	10
Cost Effectiveness	1	10
Enhanced Project Performance	1	5
Total	20	90

²⁷ Section 161.101(14), F.S.

²⁸ Fla. Admin. Code R. 62B-36.006.

management projects is 90 points.²⁹ The charts provided above indicate the number of component criteria under each statutory criteria as developed by the DEP.³⁰

In December of 2014, the Office of Program Policy Analysis and Government Accountability (OPPAGA) released a report evaluating the DEP process for selecting and prioritizing beach management and inlet management projects. The review considered the current statutory criteria and related administrative rules and the funding request application process, information requirements, and timeline. Further, OPPAGA reviewed how the DEP uses each ranking criteria for establishing the annual priority order for beach management and restoration projects.

The report made several findings, including:

- Certain criteria accounts for the majority of the points awarded;
- Certain criteria only applies to a limited number of projects;
- The criteria do not adequately take into account the economic impact of beach projects;
- The criteria do not adequately account for a project's cost effectiveness or performance;
- The criteria do not take into account the impacts of recent storms or the current conditions of the shoreline;
- Stakeholders found the application requirements for funding to be too complicated and time consuming; and
- Stakeholders perceived a bias for projects that received federal funding.³¹

The American Society of Civil Engineers rated Florida's coastal areas infrastructure as a D+, citing to the fact that over the last 10 years, the average difference between requested and state appropriated funds exceeded \$40 million per year.³² The Office of Economic and Demographic Research determined that the state's investment in beach management and restoration generated a positive return on investment of 5.4.³³ A return greater than one means that the tax revenues generated by tourists to the state more than cover the state's expenditures on beaches.

Land Acquisition Trust Fund

Documentary stamp tax revenues are collected under ch. 201, F.S., which requires an excise tax to be levied on two classes of documents: deeds and other documents related to real property, which are taxed at the rate of \$0.70 per \$100; and certificates of indebtedness, promissory notes, wage assignments, and retail charge account agreements, which are taxed at \$0.35 per \$100.³⁴

²⁹ See DEP, *Beach Management Funding Assistance Program, Local Government Funding Requests: Ranking Criteria for Beach and Inlet Management Projects*, (Updated 2013), available at <http://www.dep.state.fl.us/BEACHES/programs/becp/docs/ranking-methodology-62B36.pdf> (last visited Mar. 17, 2017).

³⁰ Office of Program Policy Analysis & Government Accountability (OPPAGA), *The Beach Management Funding Assistance Program Was Recently Improved, but Some Stakeholder Concerns Persist*, 4 (Dec. 2014), available at <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1412rpt.pdf> (last visited Mar. 17, 2017).

³¹ *Id.* at 6-12.

³² American Society of Civil Engineers, *2016 Report Card for Florida's Infrastructure*, http://www.infrastructurereportcard.org/wp-content/uploads/2017/01/2016_RC_Final_screen.pdf (last visited Mar. 16, 2017).

³³ EDR, *Economic Evaluation of Florida's Investment in Beaches: Identifying the State's Brand, Calculating the Return on Investment of Beach Restoration and Assessing the Risk of Disasters*, 1 (Jan. 2015).

³⁴ See ss. 201.02 and 201.08, F.S.

In 2014, Florida voters approved Amendment One, a constitutional amendment to provide a dedicated funding source for water and land conservation and restoration. The amendment required that starting on July 1, 2015, and for 20 years thereafter, 33 percent of net revenues derived from the documentary stamp taxes be deposited into the LATF. Article X, s. 28 of the State Constitution requires that funds in the LATF be expended only for the following purposes:

As provided by law, to finance or refinance: the acquisition and improvement of land, water areas, and related property interests, including conservation easements, and resources for conservation lands including wetlands, forests, and fish and wildlife habitat; wildlife management areas; lands that protect water resources and drinking water sources, including lands protecting the water quality and quantity of rivers, lakes, streams, springsheds, and lands providing recharge for groundwater and aquifer systems; lands in the Everglades Agricultural Area and the Everglades Protection Area, as defined in Article II, Section 7(b); beaches and shores; outdoor recreation lands, including recreational trails, parks, and urban open space; rural landscapes; working farms and ranches; historic or geologic sites; together with management, restoration of natural systems, and the enhancement of public access or recreational enjoyment of conservation lands.³⁵

To implement Art. X, s. 28 of the State Constitution, the Legislature in the 2015 Special Session A passed ch. 2015-229, Laws of Florida.³⁶ This act, in part, amended the following sections of law:

- Section 201.15, F.S., to conform to the constitutional requirement that the LATF receive at least 33 percent of net revenues derived from documentary stamp taxes; and
- Section 375.041, F.S., to designate the LATF within the Department of Environmental Protection as the trust fund to serve as the constitutionally mandated depository for a percentage of the documentary stamp tax revenues.³⁷

In 2016, the Legislature passed ch. 2016-201, Laws of Florida, referred to as “Legacy Florida.”³⁸ Legacy Florida amended s. 375.041, F.S., to require specified minimum distributions from the LATF. Under s. 375.041, F.S., funds deposited into the LATF must be distributed in the following order and amounts:

- First, obligations relating to debt service, specifically:
 - First to payments relating to debt service on Florida Forever bonds and Everglades restoration bonds; and
 - Then to payments relating to debt service on bonds issued before February 1, 2009, by the South Florida Water Management District and the St. Johns River Water Management District;
- Then, before funds are authorized to be appropriated for other uses:

³⁵ FLA. CONST. art. X, s. 28.

³⁶ Chapter 2015-229, Laws of Fla.

³⁷ Chapter 2015-229, s. 9, s. 50, Laws of Fla.

³⁸ Chapter 2016-201, Laws of Fla.

- A minimum of the lesser of 25 percent of the funds remaining after the payment of debt service or \$200 million annually for Everglades projects that implement the Comprehensive Everglades Restoration Plan (CERP), the Long-Term Plan,³⁹ or the Northern Everglades and Estuaries Protection Program (NEEPP), with priority given to Everglades projects that reduce harmful discharges of water from Lake Okeechobee to the St. Lucie or Caloosahatchee estuaries in a timely manner. The following specified distributions are required from these funds:
 - \$32 million through the 2023-2024 fiscal year for the Long-Term Plan;
 - After deducting the \$32 million, the minimum of the lesser of 76.5 percent of the remainder or \$100 million through the 2025-2026 Fiscal Year for the CERP; and
 - Any remaining funds for Everglades projects under the CERP, the Long-Term Plan, or the NEEPP.
- A minimum of the lesser of 7.6 percent of the funds remaining after the payment of debt service or \$50 million annually for springs restoration, protection, and management projects; and
- Five million annually to the St. Johns River Water Management District for projects dedicated to the restoration of Lake Apopka.⁴⁰
- Then any remaining moneys are authorized to be appropriated for the purposes set forth in Art. X, s. 28 of the State Constitution.⁴¹

The General Revenue Estimating Conference in December of 2016 estimated that for the 2017-2018 fiscal year a total of \$2.48 billion would be collected in documentary stamp taxes. Thirty-three percent of the net revenues collected or approximately \$814.1 million must be deposited into the LATF as required under Art. X, s. 28 of the State Constitution.⁴²

III. Effect of Proposed Changes:

Beach Management Project Funding

Section 1 amends s. 161.101(14), F.S., to revise the beach management project funding criteria and require the Department of Environmental Protection (DEP) to adopt by rule a scoring system to determine annual funding priorities. The bill requires the scoring system to be consistent with the following criteria equally weighted within the following specified tiers:

Tier 1 (20 percent of the total project score)

Tier 1 consists of the tourism-related return on investment and economic impact of the project. The return on investment of the project equals the ratio of the tourism-related tax revenues for the most recent year to the amount of state funding requested for the proposed project. The economic impact of the project equals the ratio of the tourism-related tax revenues to all county tax revenues for the most recent year.

³⁹ Note that the “Long-Term Plan” includes the Restoration Strategies Regional Water Quality Plan.

⁴⁰ Section 375.041, F.S.

⁴¹ *Id.*

⁴² EDR, Revenue Estimating Conference, *Documentary Stamp Tax, Executive Summary* (Dec. 12, 2016) available at <http://www.edr.state.fl.us/Content/conferences/docstamp/docstampexecsummary.pdf> (last visited Mar. 15, 2017).

The DEP is required to calculate such ratios using state sales tax and tourism development tax data of the county having jurisdiction over the project area. If multiple counties have jurisdiction over the project area, the DEP is required to assess each county individually using these ratios and then calculate the average of the ratios of each county to determine the final overall assessment for a multicounty project.

Tier 2 (45 percent of the total project score)

Tier 2 consists of the following criteria:

- The availability of federal matching dollars, considering federal authorization, the federal cost-share percentage, and the status of the funding award;
- The storm damage reduction benefits of the project based on the following considerations:
 - The current conditions of the project area, including any recent storm damage impacts, as a percentage of the volume of sand lost since the most recent beach nourishment event or most recent beach surveys. If the project area has not been previously restored, the DEP must use the historical background erosion rate;
 - The overall potential threat to existing upland development, including public and private structures and infrastructure, based on the percentage of vulnerable shoreline within the project boundaries;
 - The value of upland property benefiting from the protection provided by the project and its subsequent maintenance. A property must be within one-quarter mile of the project boundaries to be considered under this criterion; and
- The cost-effectiveness of the project based on the yearly cost per volume per mile of proposed beach fill placement. The DEP is required to consider the following criteria when assessing cost-effectiveness:
 - The existence of projects with proposed structural or design components to extend the beach nourishment interval;
 - Existing beach nourishment projects that reduce upland storm damage costs by incorporating new or enhanced dune structures or new or existing dune restoration and revegetation projects;
 - Proposed innovative technologies designed to reduce project costs; and
 - Regional sediment management strategies and coordination to conserve sand source resources and reduce project costs.

Tier 3 (20 percent of the total project score)

Tier 3 consists of the following criteria:

- Previous state commitment and involvement in the project, considering previously funded phases, the total amount of previous state funding, and previous partial appropriations for the proposed project;
- The recreational benefits of the project based on:
 - The accessible beach area added by the project; and
 - The percentage of linear footage within the project boundaries that is zoned:
 - As recreational or open space;
 - For commercial use; or
 - Otherwise allows for public lodging establishments;
- The extent to which the project mitigates the adverse impact of improved, modified, or altered inlets on adjacent beaches; and

- The degree to which the project addresses the state’s most significant beach erosion problems based on the ratio of the linear footage of the project shoreline to the cubic yards of sand placed per mile per year.

Tier 4 (15 percent of the total project score)

Tier 4 consists of:

- Increased prioritization of projects that have been on the DEP’s ranked project list for successive years and that have not previously secured state funding for project implementation;
- Environmental habitat enhancement, recognizing state or federal critical habitat areas for threatened or endangered species that may be subject to extensive shoreline armoring or recognizing areas where extensive shoreline armoring threatens the availability or quality of habitat for such species. Turtle-friendly designs, dune and vegetation projects for areas with redesigned or reduced fill templates, proposed incorporation of best management practices and adaptive management strategies to protect resources, and innovative technologies designed to benefit critical habitat preservation; and
- The overall readiness of the project to proceed in a timely manner considering the project’s readiness for the construction phase of development, the status of required permits, the status of any needed easement acquisition, the availability of local funding sources, and the establishment of an erosion control line. If the DEP identifies specific reasonable and documented concerns that the project will not proceed in a timely manner, the DEP may choose not to include the project in the annual funding priorities submitted to the Legislature.

Section 2 amends s. 161.101(20), F.S., to revise provisions relating project lists, reporting requirements, and surplus funding in the following manner:

Project lists, notification, and summary reports

Section 2 requires the DEP to update their active project list at least quarterly, rather than by fiscal year. Section 2 also revises the definition of the term “significant change” to include a project-specific change or cumulative changes that exceed the project’s original allocation by \$500,000 or more. The revised definition requires the DEP to notify the Governor and the Legislature when such change exceeds the project’s original allocation by \$500,000 or more in addition to a change exceeding 25 percent of the original allocation.

The DEP is required to prepare a summary of project activities, their funding status, and changes to annual project lists for the current and preceding fiscal year, which must be included in the DEP’s submission of its annual legislative budget request.

Funding for specific projects on annual project lists approved by the Legislature is required to remain available for 18 months. The bill requires the DEP, rather than the local project sponsor, to notify the Executive Office of the Governor and the Legislature when appropriated project dollars are released to a project sponsor.

Surplus funding

Section 2 requires the DEP to provide supporting justification in addition to notification to the Executive Office of the Governor and the Legislature regarding its intent regarding the use of surplus dollars for projects that have a significant change. The bill authorizes such surplus funds to be used for beach restoration and nourishment projects in addition to being available for inlet management projects, reversion as part of the next appropriations process, or used for other specified priority projects on active project lists.

The DEP is not required to provide such notice and justification for the use of surplus funds for projects that do not have a significant change. However, the DEP must post the uses of such surplus funds on the project-listing page on its website.

Inlet Management Projects

Section 3 amends s. 161.143, F.S., to revise the funding priorities for inlet management projects.

Section 3 requires that projects considered for funding under the inlet management program are required to be considered separate and apart from projects reviewed and prioritized under the tiered structure for beach nourishment projects. The bill requires that the inlet management projects funded by the DEP constitute the intended scope of inlet management and of the state's public policy relating to improved navigation inlets found in s. 161.142, F.S. The bill expands the types of inlet management projects that the DEP may consider for priority funding to include improvements of infrastructure to facilitate sand bypassing.

Section 3 requires the DEP to give equal consideration to the listed criteria and revises such ranking criteria by:

- Requiring the DEP to consider the cost-effectiveness of sand made available by a proposed inlet management project or activity relative to other sand source opportunities that could be used to address inlet-caused erosion;
- Removing the term “existing” from the provision requiring the DEP to consider the extent to which bypassing activities at an inlet would benefit from modest, cost-effective improvements when considering the volumetric increases from the proposed project;
- Removing the requirement that the DEP consider the interest and commitment of local governments as demonstrated by their willingness to coordinate the planning, design, construction, and maintenance of an inlet management project and their financial plan for funding the local cost share for initial construction, ongoing sand bypassing, channel dredging, and maintenance;
- Revising the requirements relating to inlet management plans or local-government-sponsored inlet studies by requiring the DEP to consider the existence of a proposed or recently updated inlet management plan or a local-government-sponsored inlet study addressing the mitigation of an inlet's erosive effects on adjacent beaches; and
- Clarifying that the DEP is to consider the criteria used for ranking beach nourishment projects for inlet management projects if the criteria is distinct from and not duplicative of the inlet management project ranking criteria.

Section 3 authorizes the DEP to pay from legislative appropriations up to 75 percent of the construction costs of an initial major inlet management project component for the purpose of mitigating the erosive effects of the inlet to the shoreline and balancing sediment budget. The remaining balance is required to be paid from other funding sources, such as local sponsors. All other project costs not associated with an initial major project component are required to be shared equally by state and local sponsors.

Section 3 removes the authorization for the DEP to employ university-based or other contractual sources for studies that are consistent with the public policy of the state relating to improved navigation inlets.

Section 3 revises the requirements for the inlet management project list, which the DEP is required to submit to the Legislature by:

- Removing the requirement that:
 - The list include studies, projects, or other activities that address the management of at least 10 separate ranked inlets;
 - At least 50 percent of the funds appropriated for feasibility and design category in the DEP's fixed capital outlay funding request be available for projects on the current year's inlet management project list which involve the study for, or design or development of, an inlet management project;
 - All statewide beach management funds that remain unencumbered or are allocated to non-project-specific activities for projects on legislatively approved inlet management project lists be made available;
 - The Legislature designate one of the three highest projects on the inlet management project list in any year as the Inlet of the Year and requirements of the DEP relating thereto; and
- Requiring that the DEP:
 - Designate for projects on the current year's list, in priority order, an amount that is at least equal to the greater of:
 - Ten percent of the total amount that the Legislature appropriates in the fiscal year for statewide beach management; or
 - The percentage of inlet management funding requests from local sponsors as a proportion of the total amount of statewide beach management dollars requested in a given year;
 - Include inlet monitoring activities ranked on the inlet management project list as one aggregated subcategory on the overall inlet management project list; and
 - Update and maintain an annual report on its website concerning the extent to which each inlet project has succeeded in balancing the sediment budget of the inlet and adjacent beaches and in mitigating the inlet's erosive effects on adjacent beaches. The report must provide an estimate of the quantity of sediment bypasses, transferred, or otherwise placed on adjacent eroding beaches, or in such beaches' nearshore area, for the purpose of offsetting the erosive effects of inlets on the beaches of this state.

Strategic Beach Management Plan

Section 4 amends s. 161.161, F.S., to require the DEP in developing and maintaining the Strategic Beach Management Plan (SBMP) to:

- Include recommendations for improvement of infrastructure to facilitate sand bypassing to mitigate the erosive impact of an inlet that causes beach erosion;
- Consider the establishment of regional sediment management alternatives for one or more individual beach and inlet sand bypassing projects as an alternative to beach restoration when appropriate and cost-effective, and recommend the location of such regional sediment management alternatives and the source of beach-compatible sand;
- In addition to identifying shoreline erosion and change, determine erosion rates, and maintain an updated list of critically eroded sandy beaches based on data, analyses, and investigations of shoreline conditions;
- In addition to studying dune and vegetation conditions, identify existing beach projects without dune features or with dunes without adequate elevations, and encourage dune restoration and revegetation to be incorporated as part of storm damage recovery projects or future dune maintenance events;
- Document procedures and policies for preparing post-storm damage assessments and corresponding recovery plans, including repair cost estimates; and
- Identify and assess appropriate management measures for all of the state's critically eroded sandy beaches.

Section 4 removes the requirement that the DEP, in developing and maintaining the SBMP:

- Include cost estimates necessary to take inlet corrective measures and recommendations regarding cost sharing among the beneficiaries of such inlet;
- Evaluate the establishment of feeder beaches as an alternative to direct beach restoration and recommend the location of such feeder beaches;
- Project long-term erosion for all major beach and dune systems by surveys and profiles;
- Identify shoreline development and degree of density;
- In identifying short-and long-term economic costs and benefits of beaches, include recreational value to user groups, tax base, revenues generated, and beach acquisition and maintenance costs;
- Identify alternative management responses to prevent inappropriate development and redevelopment on migrating beaches;
- Consider abandonment as an alternative management response;
- Establish criteria, including costs and specific implementation actions, for alternative management techniques; and
- Submit regional plans on a set schedule and in accordance with certain requirements.

Section 4 authorizes the DEP to hold a public meeting in the region for which the plan is prepared, through a publicly noticed webinar. The bill requires the comprehensive long-term management plan to include, at a minimum, a strategic beach management plan, a critically eroded beaches report, and a statewide long range budget plan.

Long range budget plan

The DEP is required to provide a long range budget plan that includes at least five years of planned beach nourishment and inlet management project funding needs as identified, and subsequently refined, by local government sponsors. The plan is required to consist of a three-year work plan and a long-range plan that identifies projects for inclusion in the fourth and fifth ensuing years.

The long range budget plan must include a three-year work plan for beach restoration, beach nourishment and inlet management projects. The three-year work plan is required to list planned projects for each of the three fiscal years addressed in the work plan. The three-year work plan must:

- Identify beach restoration, beach nourishment and inlet management projects viable for implementation during the next three ensuing fiscal years, as determined by available cost-sharing, local sponsor support, regulatory considerations, and the ability of the project to proceed as scheduled;
- For year fiscal year, identify proposed projects and their current development status, listing them in priority order based on the applicable criteria; and
- Be accompanied by a three-year financial forecast for the availability of funding for the projects based on funds dedicated through the Land Acquisition Trust Fund.

Section 4 authorizes specific funding requests and criteria ranking to be modified as warranted in each successive fiscal year, provided that such modifications are documented and submitted to the Legislature with each three-year work plan. Year One projects consist of projects identified for funding consideration in the ensuing fiscal year.

Projects for consideration in the Fourth and Fifth ensuing years may be presented by region and do not need to be presented by priority order. However, the DEP is required to identify issues that may prevent successful completion of such projects and recommend solutions that would allow the projects to progress into the three-year work plan.

Section 4 also requires the DEP to present the three-year work plan to the Legislature each year.

Land Acquisition Trust Fund

Section 5 amends s. 375.041, F.S., to require an annual appropriation from the Land Acquisition Trust Fund in the amount of a minimum of the lesser of 7.6 percent of the funds remaining after the payment of debt service or \$50 million. Such funds are required to be appropriated annually for projects that preserve and repair the state's beaches.

Section 5 also requires that the amount of the distribution to be calculated to be reduced by an amount equal to the debt service paid on bonds issues for projects that preserve or repair the state's beaches issued after July 1, 2016.

Except for section 1 and section 4 of the bill, which take effect July 1, 2018, the bill takes effect July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill will have a positive, indeterminate fiscal impact to local governments that receive funding for beach nourishment. The bill has a negative, recurring appropriation to the Land Acquisition Trust Fund (LATF), which requires the minimum of the lesser of 7.6 percent of the remainder of funds after the payment of debt service within the LATF or \$50 million. However, some of the costs may be offset depending on the return on investment the state receives related to beach restoration and nourishment projects.

VI. Technical Deficiencies:

If the intent of this legislation is to establish a continuing appropriation of \$50 million annually, without further legislative action in subsequent fiscal years, the language “shall be appropriated annually” should be clarified to read, “is appropriated annually.”

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 161.101, 161.143, 161.161, and 375.041.

IX. Additional Information:

- A. **Committee Substitute – Statement of Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS/CS by Appropriations Subcommittee on the Environment and Natural Resources on April 13, 2017:

The committee substitute clarifies that beach restoration projects are included in developing and maintaining the Strategic Beach Management Plan.

CS by Environmental Preservation and Conservation on March 22, 2017:

CS/SB 1590 pushes back the effective date for the amendment to s. 161.101(14), F.S., relating to the scoring system for beach management project funding and s. 161.161, F.S., relating to the procedure for the approval of projects for beach and inlet management.

- B. **Amendments:**

None.