

## **CHAPTER 16: FUNDING**

### **HCP Implementation Costs**

The total cost for implementing the minimization and mitigation measures prescribed in this HCP and administering the ITP (management, reporting, etc.) over its 25-year term is estimated to be approximately \$10.3 million when adjusted for inflation (Appendix C). That figure represents a turn-key operation, without consideration of existing County programs and activities (e.g., annual sea turtle monitoring, beachfront light management, etc.) or the capacity of existing staff to assist with HCP implementation. When staff salaries and costs for on-going programs, which are already budgeted, are removed from the turn-key estimate, the overall implementation cost is reduced to approximately \$3.1 million over the 25-year term of the ITP. Annual costs will be highest during the first several years the Plan is in effect, as new programs are developed and implemented, and then decline as those programs become functional.

Although most tasks can be accommodated under the County's current organizational structure, a few critical positions may require reallocation of existing personnel, particularly during the first few years the Plan is in effect. The most onerous responsibilities will fall to two positions, the HCP Coordinator and the person responsible for light management activities. Persons filling these roles are likely to be occupied essentially full-time for at least the first three to five years the Plan is in effect. Although the Coastal Engineer also plays a major role in the Plan, the demands on this position will be intermittent and primarily focused during those years when a declared emergency affects the Plan Area. Therefore, it may be more cost effective for the County to satisfy this requirement through a contracted coastal engineering firm. They would only have to be assigned to HCP tasks, as needed.

### **Cost Sharing**

Approximately \$7.2 million in HCP implementation costs will be assimilated into existing Walton County functions. The remaining \$3.1 million in external costs specific to the HCP will be borne primarily by property owners who install permanent armoring as the result of actions initiated under the County's past and future emergency authorization and receive Federal incidental take authorization for their structures, either under the County's ITP or under an individual ITP issued by the USFWS via the companion GCP. The County may decide to augment HCP implementation funding through a surcharge on beach activity fees or by other means, as it deems appropriate. HCP implementation fees will be paid directly into a Conservation Fund, as described below.

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***Post-Dennis Armoring***

Property owners of existing “temporary” structures installed after Hurricane Dennis with or without an emergency permit issued by Walton County and for which a FDEP CCCL permit for their permanent retention was pending on the date of issuance of the County’s ITP (see Class 3 structures in Chapter 1, Distinctions Among Past, Present, and Future Shoreline Protection Actions) may elect to pay a one-time, lump sum HCP implementation fee of \$100 per foot of armoring into the Conservation Fund. This fee is based on the estimated external cost of implementing the HCP over the 25-year term of the ITP and the total linear footage of seawalls projected to be installed over that same period, inclusive of existing temporary structures that will receive incidental take coverage following issuance of the County’s ITP. The lump-sum fee option will only be available for the first three years that the County’s ITP is in effect. Thereafter, any owner of a Class 3 structure that applies for participation in the County’s HCP or applies for an individual ITP through the Federal companion GCP must agree to fund HCP implementation through an annual special assessment or other process, as described below for future armoring.

Based on the 8.8 mi (14.2 km) of critically eroded shoreline in the Plan Area that could be permanently armored as the result of the County’s previous and future emergency permitting activities, a total of 46,320 ft (14,188 m) of beach may be affected (Table 8). It is not possible to accurately predict the total amount of armoring that will actually result from issuance of the County’s ITP, nor is it possible to calculate the amount of armoring that may result from permits issued by the FDEP through its standard CCCL permitting program. It is reasonable to assume that only 60-70% of the 8.8 mi of critically eroded beach will actually be armored via actions initiated under the County’s emergency permitting authority over the next 25 years. This results in a range of 27,792 to 32,424 ft (8,471 – 9,883 m) of armored shoreline. When these amounts are divided into the estimated \$3.1 million external HCP implementation costs, a range of \$95.61 to \$111.54 per foot results. Based on these values, the County has determined that property owners who elect the lump sum option would have to contribute a minimum of \$100.00 per foot of armored beach into the Conservation Fund. Using the minimum amount as an example, a property owner who installs a 100-ft long seawall would be assessed \$10,000 to help fund Plan implementation. These calculations will be based on the shore-parallel linear feet (east-west distance) of armoring on the applicants property, exclusive of terminal tie backs.

Depending on whether a property owner of a Class 3 structure decides to seek incidental take coverage under the County’s ITP or seek an individual ITP under the USFWS companion GCP, he/she will follow the process described below:

**Coverage Under the County’s ITP**

1. Make a one-time lump sum payment into the County’s Conservation Fund and receive a Certificate of Participation or other evidence of Plan participation.

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2. Present the Certificate of Participation to the FDEP, which will then allow the Department to complete processing of the CCCL permit application for the permanent retention of the affected structure.
3. If additional construction is required and authorized under the CCCL permit, the property owner must follow all minimization measures prescribed for Emergency Shoreline Protection in Chapter 11 of this HCP.
4. Adhere to the terms and conditions of the CCCL permit.

**Coverage Under an Individual ITP Issued by the USFWS**

1. Make a one-time lump sum payment into the County's Conservation Fund and receive a receipt or other evidence of payment.
2. Present the receipt to the USFWS to allow processing of the ITP application.
3. Provide evidence of an individual ITP to the FDEP, which will then allow the Department to complete processing of the CCCL permit application for the permanent retention of the affected structure.
4. Adhere to the terms and conditions of the individual ITP.
5. Adhere to the terms and conditions of the CCCL permit.

In the event that a property owner of a Class 3 structure is uncertain as to whether a CCCL permit will be issued, even with evidence of incidental take authorization, the HCP implementation fee will be placed into an escrow account. Upon FDEP issuance of the CCCL permit, those monies will be transferred from the escrow account into the Conservation Fund. Should FDEP deny the CCCL permit application, monies in the escrow account will be returned to the property owner.

While this approach to funding HCP implementation seems the most equitable, owners of Class 3 structures seeking individual ITPs under the USFWS companion GCP may choose to provide alternative mitigation in the form of Gulf front land acquisition or preservation within Walton County. The amount of land required for mitigation will be negotiated directly between the property owner(s) and the USFWS. Mitigation parcels will either be deeded to the County or other appropriate entity, as directed by the USFWS, or placed in a conservation easement which will allow for the management and conservation of coastal natural resources in perpetuity.

***Future Emergency Armoring***

Although property owners of Class 3 structures can receive incidental take coverage under the County's ITP, as specified above, this HCP was developed primarily for those

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property owners who initiate temporary and/or permanent shoreline protection measures under the County’s emergency authorization in the future (see Class 4 structures in Chapter 1, Distinctions Among Past, Present, and Future Shoreline Protection Actions). These individuals will pay an HCP implementation fee proportionate to the number of linear feet of permanent shoreline armoring on their properties, and that fee will be collected annually through a “special assessment.” Monies collected via the special assessment will be placed into the Conservation Fund. To determine the amount a Plan participant will contribute to the special assessment each year, the cost for Plan implementation will be estimated on a year-to-year basis, and each year’s costs will be divided by the cumulative linear footage of beach that has been permanently armored to date by all Plan participants (anyone receiving incidental take coverage under either the County’s ITP or an individual ITP issued under the Federal companion GCP). That per-foot fee will then be multiplied by the number of linear feet of armoring on each Plan participant’s property. As for other classes of armoring structures, these calculations will be based on the shore-parallel linear feet (east-west distance) of armoring on the applicants property, exclusive of terminal tie backs. The special assessment will be included on each year’s property tax bill for the remaining term of the ITP.

*For example*, if the estimated external HCP budget, exclusive of County functions, for a particular year is \$100,000, and there are 8,500 linear feet of armoring among all Plan participants, a property owner with a 100-foot seawall would pay \$11.76 per foot for a total annual assessment of \$1,176.47.

The annual assessment will vary as both implementation costs and cumulative feet of armoring may change each year. The County will make up any temporary shortfalls through adjustments to the special assessment during the following budget cycle. Similarly, any surplus funds generated by the special assessment during a particular year will reduce the amount of the assessment the following year.

The County will utilize an external consulting firm to assist in calculating the annual linear foot fee used for the special assessment. That consulting firm will also electronically submit the cost allocation for each Plan participant based on the linear footage of armoring on their respective properties. This information will be submitted to the property appraiser for inclusion on annual property tax bills. The cost for that firm’s services will be included in the calculation of each year’s HCP implementation costs and recovered through the special assessment.

To receive take authorization in the future, a property owner would follow the process described below:

1. Enter into a binding agreement with the County at the time of application for an emergency permit to install temporary armoring, agreeing to comply with the terms and conditions of the HCP and ITP, including payment of an HCP implementation fee through the special assessment or other funding mechanism in place at that time.

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2. Sign an affidavit certifying that he/she will obtain a surety bond in the amount of \$100,000 listing Walton County as the Obligee/Receiver, as described in Chapter 10 of this HCP (see Bonding Requirement).
3. Once the special assessment agreement is signed and the bonding instrument is in place, the County will provide property owners with a Certificate of Participation or other evidence of Plan participation, which can be presented to the FDEP as evidence of incidental take coverage.
4. If FDEP denies the CCCL permit application, the property owner will be required to remove the temporary structure in accordance with the provisions of this HCP, and no further special assessments will be levied. HCP implementation fees collected during the period that the temporary structure is in place will not be refunded, as those fees will be used to cover the cost of protective measures implemented to minimize and mitigate take potentially resulting from the placement and/or temporary presence of the structure.

The special assessment will take effect the first fiscal year following application to the County for an emergency permit and will terminate the first fiscal year following removal of the temporary structure from the beach. If the temporary structure is replaced by a permanent structure under a CCCL permit, the special assessment will remain in effect throughout the remaining term of the County's ITP.

After the third full year that the ITP has been in effect, the County will reassess the funding process for HCP implementation. The intent of this assessment will be to compare estimated implementation costs with actual costs incurred to date, reforecast implementation costs over the remaining term of the ITP, quantify the cumulative amount of armoring for all Plan participants, and determine the extent to which existing funding will cover near-term implementation costs. During this evaluation, alternatives to the annual special assessment (e.g., continuation of lump-sum payments) may also be considered. The County may periodically perform similar assessments over the term of the ITP.

***Future Armoring Installed Through the Standard CCCL Permitting Process***

Property owners seeking a CCCL permit for an armoring structure in the future through the standard FDEP permitting process (see Class 5 structures in Chapter 1, Distinctions Among Past, Present, and Future Shoreline Protection Actions) can obtain incidental take coverage, if needed, under the County's ITP. To participate in the County's HCP, a property owner would follow the process described below:

1. Sign a binding agreement to pay an HCP implementation fee via the County's special assessment or other funding mechanism in place at that time and agree to abide by all of the minimization measures prescribed for Emergency Shoreline Protection in Chapter 11 of this HCP.

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2. Once the agreement is signed, the County will provide a Certificate of Participation which can be presented to the FDEP as evidence of incidental take coverage.
3. If the CCCL permit application is denied, no HCP implementation fees will be assessed.
4. If a CCCL permit is issued, the appropriate implementation fee must be paid into the Conservation Fund prior to any permitted construction on the affected property, including site preparation, mobilization of equipment and/or materials, grading, filling, or any other activity requisite to the initiation of construction.
5. Adhere to the terms and conditions of the CCCL permit and the County's ITP.

The special assessment for Class 5 structures will commence the year construction is initiated and will remain in effect for the term of the County's ITP.

**Conservation Fund**

The County will establish a Conservation Fund dedicated to implementing the HCP. Property owners receiving take authorization through the County's ITP, as well as those receiving an individual ITP under the USFWS companion GCP, will pay their applicable implementation fees directly into the Conservation Fund unless they choose to participate in an annual assessment program, in which case funds received by the Tax Collector for the annual assessment will be placed in the Conservation Fund, minus the Tax Collector's commission. Similarly, all funds collected by the County to supplement HCP implementation fees (i.e., beach activity fees) will be placed into the Conservation Fund. The County will include a budget in its Annual Report submitted to the USFWS each year showing the estimated annual implementation costs and the balance remaining in the Conservation Fund.

**HCP Implementation Funding Shortfalls**

Walton County is committed to the success of the HCP and will strive to ensure that Plan participants and fees collected to supplement the HCP will fund the Plan at the levels necessary to fully implement all of its prescribed minimization and mitigation measures. However, shortfalls in the Conservation Fund may occur. In the event that shortfalls are projected to occur, a committee consisting of the USFWS, FWC and the County will be convened to prioritize conservation actions. The highest priority tasks will be implemented to the extent remaining monies in the Conservation Fund allow.

**Removal of Armoring**

A future storm event may cause damage to, or complete destruction of, an existing armoring structure. Structural repairs or replacement can only be made under a FDEP

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CCCL permit. For those property owners that make repairs to, or replace, damaged structures, the special assessment will remain in effect throughout the period the damaged structure is present and/or repairs are taking place. If the property owner ultimately decides to remove the damaged structure and does not replace that structure, they must notify the County in writing when the structure has been completely removed from the beach. Upon receipt of that notification and verification that the structure is no longer present, the affected property will be removed from the special assessment program effective the next fiscal year.

**Sale of Property**

In the event a Plan participant sells the subject property, the special assessment obligation will stay with the property and transfer to the new owner by way of a deed restriction. A full disclosure must be made to the new owner(s) at closing.

**Economic Analysis**

In evaluating the equitability of the HCP implementation cost-sharing contributions derived above, the value of a natural shoreline must be considered. In an economic study commissioned by Walton County, Southwick Associates used widely accepted economic valuation methods to estimate the willingness of beach users to pay for a day at the beach under various conditions, including beach width, presence of armoring, and quality of wildlife habitat (Appendix D). Based on information provided by the County, they estimated that 2.9 million people visit the beach annually. Utilizing a “benefit transfer” analysis, they then estimated the number of visitors per household, the number of days spent per trip, and the willingness-to-pay per household for a day at a beach with and without armoring. Based on this analysis, the annual aggregate recreational value of a beach without armoring was estimated to be \$2.6 million, while the value of a beach with armoring was only \$1.9 million. This equated to a devaluation of \$710,454 per mile (\$441,550/km) or \$134.56 per foot (\$441.47/m) of beach. Thus, for each foot of beach armored the value of that beach to prospective beach visitors is devalued by \$134.56 *per year*.

Based on this analysis, structures receiving incidental take coverage under the County’s ITP, as well as those covered under the USFWS companion GCP, will devalue the beach by \$3,364 per foot (\$11,037/m) over the 25-year life of the ITP. By comparison, those respective property owners are being assessed considerably less to help implement the conservation measures prescribed in this HCP. It should be noted that the figures derived from this economic study were not used in any manner when calculating HCP implementation fees for Plan participants. They are presented for comparative purposes only.