

Restoring and Maintaining the Beach at Chesapeake Beach



◆ What is the problem at Chesapeake Beach?

Erosion, resulting from the natural movement of sand along our Chesapeake Bay beaches, has depleted the sandy beach at Chesapeake Beach – reducing its recreational value and exposing property and infrastructure to risks of damage from storm events.

◆ Whose problem is it?

While the reduction in recreational assets and the risk of damage to a valued portion of our tax base and public infrastructure should be of concern to all of the citizens of Virginia Beach, the problem directly affects those who reside closest to this beach and those whose property is in imminent risk.

◆ What is the solution?

Erosion cannot be prevented, but there are environmentally responsible methods available to replace the lost sand and to minimize the effects of erosion – beach restoration and replenishment.

◆ Why hasn't a solution been implemented?

The principal reason the government has not taken action to address erosion along Chesapeake Beach relates to claims of private ownership of the beach. The government can not enhance private property at public expense. A secondary issue, but nonetheless important, is that funding for a beach replenishment program at Chesapeake Beach is not available within the existing resources of the City of Virginia Beach.

◆ How can the beach ownership issue be resolved?

Using Sandbridge Beach as an example, public recreation easements could be voluntarily dedicated by the bayfront property owners – creating a 'public interest' in the beach and justifying the government's involvement in a solution.

◆ Doesn't the public already use Chesapeake Beach for recreation?

The public does enjoy access to and use of the majority of Chesapeake Beach. However, with claims of private ownership, the rights of the public in this regard are not documented or absolute.

◆ Will dedicating an easement change the nature of beach use?

Unless additional parking or beach accesses are developed, the number of visitors using Chesapeake Beach, and the activities enjoyed by those users, will not materially change as the result of the recreation easement. No additional parking or beach accesses are planned. Any such improvements would be coordinated with the community.

◆ How can the funding issue be resolved?

Again, using Sandbridge Beach as an example, a Special Service District and a Tax Increment Financing District could be created to generate the required revenue to implement a long-term beach restoration and replenishment program for Chesapeake Beach.

◆ What is a Special Service District (SSD)?

A Special Service District is an area where a surcharge is applied to real estate taxes to generate revenue that is used within that district for a specific purpose. Sandbridge Beach's SSD is specifically for beach replenishment, and all property owners within the Sandbridge district currently pay an additional 6 cents per \$100 of assessed value for this purpose. The collected funds are held in a separate, auditable account and are used solely for funding the district's identified special need. Although an SSD can be established by City Council, the precedent established at Sandbridge would require that a majority of the landowners within the proposed district accept or endorse the SSD prior to its establishment.

◆ What is a Tax Increment Financing District (TIF)?

A Tax Increment Financing district is an area where the growth in real estate taxes are held from deposit to the General Fund in order to finance a specific project or endeavor. Typically a 'base year' is established, and the tax on any growth in assessments beyond that base level, the 'increment', is reserved for the special purpose. Once the special purpose or project is completed, the TIF is extinguished and the entire real estate tax revenue from the district is restored to the General Fund.

◆ How would these special revenues be used to address erosion at Chesapeake Beach?

It is envisioned that a Tax Increment Finance district could be established to repay a "loan" from the General Fund to construct an initial beach restoration project – a larger scale beach nourishment project that would recreate an appropriately sized beach along the length of Chesapeake Beach. The TIF would stay in effect until the initial loan had been repaid. Meanwhile, a Special Service District could be established to generate revenues sufficient to periodically replenish the beach, keeping erosion in check and maintaining the beach built with the initial loan.

◆ What are the cost estimates for the initial and long-term beach maintenance program?

The total estimated cost of the initial beach restoration project is \$6,300,000 for Chesapeake Beach. Long-term maintenance of the beach is anticipated to involve beach replenishment on a four-year cycle, with average annualized costs of about \$600,000.

◆ **How much will the Special Service District cost each taxpayer?**

The amount of the real estate tax surcharge will depend on the size of the district. The intent is to establish as large a district as possible, establishing the boundary around an area where a majority of the landowners (51%) have stated a willingness to participate in an SSD for this purpose. A group of concerned citizens have offered to poll the community to establish the boundary of a district containing a majority in favor of the proposal. A number of district size scenarios have been evaluated, and the range of probable surcharge rates could be 10 cents to 15 cents per \$100 of assessed property value.

◆ **Why are both needed? Couldn't a TIF alone be used?**

A Tax Increment Financing district does not create new revenue, it 'fences' or reserves portions of the City's revenue that would otherwise be obligated for general expenditures. The Special Service District would generate new revenue – which is necessary to fund a new program for the replenishment and maintenance of Chesapeake Beach.

◆ **Why are some beaches maintained without SSDs?**

The beach immediately adjacent to Lynnhaven Inlet on the west (Ocean Park Beach) is 'replenished' as a byproduct of the maintenance of the inlet – the sand that shoals the inlet came from that beach. Federal funding is used for Lynnhaven Inlet maintenance dredging. The City of Virginia Beach benefits from the maintenance of the inlet, and is able to designate the adjacent beach for the placement of the dredged sand at minimal expense.

The Oceanfront between Rudee Inlet and Fort Story is also replenished without a Special Service District. The resort generates significant 'special' revenue from tourism. Beach replenishment in that area is cost shared with the federal government. The City only pays a minority portion of the costs involved in the work (35%) and is able to fund its share from a portion of the special revenue generated from tourism.

The federal government requires that the beach be a documented public to qualify for beach replenishment. Ocean Park Beach and the Oceanfront are documented public beaches.

◆ **How are the two revenue strategies linked?**

While City Council has not formally adopted a program for Chesapeake Beach, it is anticipated that the TIF would not happen unless an SSD were established. That is, a "loan" from the General Fund for the initial beach restoration project, to be repaid by a TIF, would not occur unless a source of funding the maintenance of the beach, the SSD, has been established.

◆ **Is Chesapeake Beach replenishment eligible for federal funding?**

As is the case with the City government, unless and until there is a fully documented 'public' beach in Chesapeake Beach, there is no federal 'interest' in creating a project to preserve a private beach. Furthermore, the federal government has been systematically reducing its participation in shoreline protection projects. The process for establishing eligibility has become increasingly difficult – benefit to cost ratios must meet stringent rules, and the allowable 'benefits' in the equation are limited to national benefits. The process for eligibility is long and expensive, and the outcome is uncertain, at best.

◆ Can Lynnhaven Inlet sand be used at Chesapeake Beach?

Studies by the Virginia Institute of Marine Science have documented that the majority of the sand that is deposited in Lynnhaven Inlet came from Ocean Park Beach and Cape Henry Beach. Those studies also indicate that the sand eroding from Chesapeake Beach generally moves westerly, toward Little Creek. Transporting the material from Lynnhaven Inlet to Chesapeake Beach by pipeline is not practical – the distance is too far for the typical dredge to pump, and taking sand from the Lynnhaven system to replenish a beach in the Little Creek system would ultimately create erosion/deficit problems on our other bay beaches.

◆ Where would the sand come from and what is its quality?

As a program has yet to be established, a source of sand has not been identified. A sand search will need to be initiated and would include an evaluation of potential offshore resources. There are inland sources of beach quality sand from existing borrow pit operations that can serve as more immediate sources if efforts to identify an offshore source do not yield environmentally acceptable alternatives.

◆ When could the Chesapeake Beach program be implemented?

The dedication and creation of a public beach is a necessary first step in the process. This could involve a multi-year process. For example, the City has been working with Cape Henry Beach beachfront owners to create a documented public beach there since 2000. It is hoped that that effort will be completed in 2007. Other critical steps in the process are: establishing, with community support, the funding streams, and design and obtaining environmental permits. While these steps can be managed simultaneously, if the experience in Chesapeake Beach is similar to that experienced in Cape Henry, a reasoned forecast for the initial beach restoration project is likely 2012 at the earliest.