

## M E M O R A N D U M

**TO:** Tom Harmer, Town Manager  
**FROM:** Isaac Brownman, Public Works Director  
**REPORT DATE:** February 7, 2020  
**MEETING DATE:** February 18, 2020  
**SUBJECT:** Timeline for Comprehensive Review of Canal Projects

### **Recommended Action**

None, informational only.

### **Background**

The creation of a Canal Dredging Program is not a new topic to the Town. In 1996 the topic was researched and brought to the Town Commission. A survey was conducted of all the Town's canal-front owners at which time 67% responded they were in favor of a program. However, the vote was split on how to fund the program. At that time, the Town looked at funding the program through either a Town-wide (Bond Referendum), creating a Bayside District paying 80% and a Gulfside District paying 20%, or a Special Assessment District program only charging those that receive a direct benefit. Liability of dredging impacts to private docks and seawalls caused by any construction effort was also reviewed. Finally, the Town looked into how this program could be used in public versus private canal systems.

For the liability question, the Town focused on who would retain the liability of dredging impacts. Discussion focused on if the property owner would assume the liability by signing a release prior to any dredging activity. Another option was to have the contractor assume the liability, knowing that this could substantially drive up costs. The last option studied was, if the Town would assume the liability, how would that be handled. As for the public vs. private canal effort, it was determined through legal review that canals within the Roger Cook Subdivision (Longboat Key Estates), Longboat Harbour Basin, Windward Bay, Bermuda Bay, Companion Way, Sleepy Lagoon, and Longboat Key Estates, were all deemed private. Discussion was held about separating the public and private systems into separate units, and charging them separately based on numbers of residential units. No action appeared to be taken to further the program at that time.

The topic of a Canal Dredging Program resurfaced in 1999 with the forming of the Canal Maintenance Financing Advisory Committee. The Committee recommended using an ad valorem tax approach to fund the program. The Town Commission, at that time decided to fund a project out of the General Fund. This resulted in the 2003 Canal Dredging Project, which was the first-ever canal dredging project administered by the Town. Thirty canals were dredged to different depths based on physical canal characteristics. Approximately 23,000 cubic yards of material was excavated and disposed of. The construction cost was \$1.5 million. Dredging began in March 2003 and was completed in December 2003. The project was funded from the Town's General

Fund (ad valorem), Infrastructure Surtax, and West Coast Inland Navigation District (WCIND) grants.

In 2013 and 2014 the Town again looked into creating a funding solution to move toward a programmatic approach to maintaining canals. At the conclusion of the 2003 dredging project it was determined that by 2018, the Town would need approximately \$6M to move a canal maintenance program forward. The Town again reviewed the ad valorem approach, a special taxing district approach, and a hybrid approach, to funding the program. The result of this review and conversation resulted in the 2016 Canal Dredging Feasibility Study. This 2016 Feasibility Study resulted in the current project.

### **Program Considerations**

In defining levels of service, there are a few things to be considered. It includes clearly defining which canals would be maintained by the Town (public versus private) and the level of service to be maintained. For example, setting a standard minimum depth on when a canal requires maintenance dredging. As discussed previously it is better to maximize the depth that you are allowed to dredge. This provides for longevity of the canal depth, and cost less per cubic yard. Attempting to hold a dredge contractor to scraping inches within a canal system, often results in elevated costs and the potential to over dredge, resulting in potential consent orders issued by the regulatory agencies. When the Town contracts with a dredging contractor the primary purpose is to maintain some minimum level of navigation. It does not typically include dredging around docks or close to seawalls.

Another consideration is location of dredge material off-load sites (dewatering sites). At public sites the material can be offloaded and used by the Town for needs. A public offload site could be used in conjunction with another Town project, like dredging in and around the public boat ramp, at a time when dredging or repair is needed.

Consideration could be given to private property, being developed or redeveloped. Often dredging contractors develop an agreement with a waterfront property owner to utilize a site and provide a benefit at the conclusion of the project. In the past these included, leaving fill on the property, providing for deep water access immediately adjacent to the property, seawall repairs, and/or a new dock. Private property owners often times are interested in separately contracting with the Town's contractor to do additional work outside of the public project scope.

The last consideration to review is grouping canals regionally. This provides for the greatest flexibility of a program. It only impacts that area of the program that work is being conducted (localized impact). It provides for some cost savings, by minimizing the travel distance a barge has to travel to conduct work, and potentially the trucks need to travel to remove the material. Finally, as stated earlier it promoted tailoring the project within the program, to the localized needs of the citizens served.

### **Potential Funding Sources**

After identifying the scope and approach to a public dredging program, we must determine how to sufficiently fund the plan. There are several funding strategies that can be considered. They include the use of General Fund revenues, a specific ad

valorem revenue source for canal dredging, and an assessment program. Some background information regarding these options is listed below:

- Continuing to fund individual projects out of the General Fund would not support a robust maintenance program without creating a regular General Revenue stream to build the full program. Doing so minimizes the dredging effort, driving up the per-cubic yard rate. It also makes it difficult to tailor projects within a program to meet the specific needs of the citizens within a specific boundary due to variations in canal physical characteristics.
- Using the ad valorem approach could provide sufficient funds to support a program - for example an approach similar to the beach management plan of an 80/20 split. However, citizens not on canals may not consider they are receiving a benefit. Also, it makes it difficult to tailor projects within a program to meet the specific needs of the citizens within a specific boundary due to variations in canal physical characteristics.
- Funding through taxing districts to fund the program has two primary approaches. A Town-wide one would have a larger number of units to support the program. However, it could be harder to convince everyone to support it as the level of service may need to be the same throughout. Those areas that could be dredged deeper to support a better per-cubic yard rate and provide greater longevity may need to be dredged to a lesser extent. Regional units would have fewer units, therefore contributing more to their project costs within the program. These projects could be better tailored to meet their specific needs and budget. Therefore, a larger majority could be willing to be included within the program.
- An Assessment approach could be applied to the canal fronting properties recognizing their direct benefit of the program. Town Code Chapter 37, Articles II and III were amended by Ordinance 2015-30 and spell out the steps required to develop new assessments. Chapters 37.25 through 37.36 covers the framework and steps needed to move the process from inception through actual assessment. Chapters 37.37 through 37.40 depicts the framework and timing for assessment collection. There are approximately 40 steps, or sub-steps, needed to accomplish this.
- Some funding has historically been available through West Coast Inland Navigation District grants, Infrastructure Surtax Funds, and potential funding through requests of both Counties.

## **Next Steps**

### *Develop Program*

1. Verify existing inventory of canals
  - A. Classify canals as public versus private
2. Determine regional or global approach
3. Establish service levels
4. Develop a financial model estimating costs annual and over the long term
5. Utilize existing funds for development

*Determine a Funding Strategy*

1. Develop funding models
  - A. Show difference between models (pros and cons)
2. Gain legal and/or consultant Input
3. Present variations to the Commission
4. Finalize model
5. Implement in accordance with Town Code and State Statute

Staff's intent is to complete the initial program development between March and May 2020 and report back to the Commission at the May 18, 2020 Regular Workshop Meeting. This will be in conjunction with the FY21 Budget development and review of the 5-year Capital Improvement Plan. We anticipate scheduling a financial strategies discussion as part of the program update.

**Recommended Action**

None, informational only.

**Attachments**

- A. PowerPoint Presentation (Available in Town Clerk's Office)

**End of Agenda Item**