

SHORELINES – April 2004
As presented to the Island Review Magazine.

A Budget Crisis

By now most of us have heard of the President's dispiriting beach nourishment recommendations that his administration and the Office of Management and Budget (OMB) helped develop for Fiscal Year 2005 (FY 2005). Although it seems like we discuss the budget process almost every month, the process bears mentioning again because Federal appropriations are probably the single most limiting factor for our beach projects. Obviously, if Federal cost sharing dollars are not forthcoming, then we will not be able to participate in our vital beach nourishment efforts such as the Section 933 and 50-Year Shore Protection Projects. Actually, the process is very simple on the surface....no Federal funds – no beach projects. But before we delve into the ramifications of the President's budget to Bogue Banks and beach communities from coast to coast, let's briefly review what type of metamorphosis a normal budget takes throughout a given Fiscal Year.

Unlike most municipal calendars, the Federal Fiscal Year for 2005 will run from October 1, 2004 to September 30, 2005 and in theory, Congress and the President should come to terms with 13 different appropriation bills by October 1st to keep the U.S. government in operation. The appropriation bill that contains the Federal cost share dollars enabling the U.S. Army Corps of Engineers to participate in beach nourishment projects is entitled the *Energy & Water (E&W) Development Appropriations Bill*.

After the President releases his version of the E&W Development Appropriations Bill, the piece of legislation is modified by; (1) The House E&W Development Appropriation Subcommittee, (2) The House Appropriations Committee, (3) The Senate E&W Development Appropriation Subcommittee, (4) The Senate Appropriations Committee, and (5) A House/Senate E&W Conference Committee that rectifies the differences in the bill before it is returned to the President for his approval or veto. While this may look good on paper, for the past decade Congress has been experiencing a great amount of difficulty in actually passing a complete set of appropriation bills before the October 1st start of the fiscal year. This creates another set of problems that would best be discussed in a later edition of *Shorelines*.

The moral of this story is that the budget is really developed by Congress - not the President. And almost 10 times out of 10, the President (regardless of political affiliation) purposely shortchanges programs knowing full well that Congress will be required to inflate the programs to necessary and sometimes baseline operation levels. In the process however, the President can call Congress "big spenders".

With that crash course in the Federal Budget behind us, let's get to the nuts and bolts of the budget for beach nourishment/shore protection.

The President's Budget contained sparse appropriations for beach projects with no new construction start funding. The President's total budget for beach projects in FY 2005 is \$63,728,000, which constitutes a 25.6% reduction in funding from the President's request for FY 2004 and nearly a 50% reduction in the \$121.2 million approved by Congress in FY 2004. Moreover, \$17,300,000 million of the President's FY 2005 recommendations are for the Chicago shoreline armoring project (27% of the total recommendations), while \$21,113,000 million, or 33% of the total beach nourishment budget, was recommended for various projects in New Jersey. This leaves precious little funds for other States like North Carolina as evidenced by the fact that not a single dollar was recommend for any of the Bogue Banks nourishment projects.

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Possibly even more discouraging is that the administration and OMB are recommending that the Federal Government's role in periodic renourishment associated with 50-year Shore Protection Projects be eliminated entirely. The Federal/non-Federal cost sharing formula for renourishment is currently 65/35 and would be shifted to 100% non-Federal cost. Whether local governments and the State can absorb the cost associated with this policy change remains to be seen, but is highly unlikely. Combine this proposed policy change with the fact that the President/OMB refuses to provide the funds required for new construction, and it is easy to determine that the President/OMB are trying to permanently get out of the beach nourishment business.

Closer to home, the two projects relevant to Bogue Banks in FY 2005 are the Morehead City Harbor Section 933 "Brandt Island Phase" Project and the 50-year Shore Protection Project. Again, the President's budget did not provide a single cent to either of these Projects. Let's take a look at the funding requirements for these two projects in a little more detail.

Bogue Banks Shore Protection Project (\$257,000) - Currently the County, State, and the U.S. Army Corps of Engineers are undergoing a Feasibility Study to investigate and recommend solutions for restoring and maintaining the Bogue Banks shoreline for the next 50 years. As we are all cognizant of, Bogue Banks is the only inhabited barrier island located between Ocracoke Island and North Topsail Beach. This one area of the coast with infrastructure accommodates thousands of tourists that enjoy the beach and helps fuel our local, regional, and national economy.

In FY 2004, Congress appropriated \$400,000 towards this 4-year study. As mentioned above, the President has recommended \$0 for FY 2005 although the U.S. Army Corps of Engineers capability is \$257,000. The \$257,000 would help conclude the study we have been working diligently towards. Appropriation shortfalls concerning this study ultimately delay when this important Project can be implemented.

Morehead City Harbor Section 933 Project - "The Brandt Island Phase" (\$4,000,000) – The second phase of the Section 933 Project is scheduled for FY 2005 that enables the distribution of beach quality sand from the upland disposal site of Brandt Island, located just north of Fort Macon, to be placed over a greater area of Bogue Banks. The first phase of this Project just concluded and utilized shoal material dredged from the ocean bar reach of the Morehead City Harbor for beach nourishment along Indian Beach/Salter Path and a 2,500-foot stretch of Pine Knoll Shores. The entire Section 933 effort extends the storm reduction, environmental, and recreational benefits of dredged material over a wider area than the Federally-mandated least cost policy currently permits and accordingly, enjoys tremendous support because it accommodates dredging concerns with beach restoration efforts. However, the second phase of the Project, commonly referred to as the "Brandt Island Phase", is time sensitive because the upland disposal site of Brandt Island is only pumped-out every 8-10 years, thus this phase of the Section 933 Project is truly a "once in a decade" opportunity to extend this dredged material into the community of Pine Knoll Shores. However, the President did not recommend any funding for the Brandt Island Phase of the Section 933 Project in FY 2005 although a total of \$4.0 million is required.

In closing, the best way to show your support is to contact our Congressional Delegation and ask for full funding of the two projects described above. As the Section "Outer Harbor" Section 933 Project proves, the results are worth every bit of your effort.