

BBLA Summary of DNREC Virtual Public Meeting

“Economic Analysis for Shoreline Management”

January 18, 2024

Representatives from the Delaware Department of Natural Resources and Environmental Control (DNREC) held a public meeting on January 18, 2024 to introduce the Shoreline Management Economic Study. The study will focus on the benefits and costs of ongoing beach renourishment projects. The study will also evaluate how well the existing projects are performing. The underlying reasons for conducting the study is to provide data and analysis to support recommendations regarding equitable state and local cost-share ratios for beach replenishment projects at bay and ocean beaches that have public access and residential development. As an aside, it appears the state intends to use the term “beach nourishment” instead of the more familiar reference to beach replenishment but it seems to mean the same thing. The study uses the term “equitable” to mean that beneficiaries would pay in proportion to the distribution of benefits from the replenishment projects. This is essentially a multi-faceted cost-benefit analysis. This particular study will not look at County or Town budgets and evaluate their ability to contribute funds to beach renourishment.

Jesse Hayden, who is the environmental program administrator in the Shoreline and Waterway Management Section of the DNREC Division of Watershed Stewardship, led off the workshop. Hayden noted that there are three reasons to support the State’s replenishment efforts, including storm protection and recovery, the preservation of recreation and tourism activities and the protection of natural habitats. He noted that while those goals are important, the costs associated with the replenishment projects are quickly becoming unsustainable because projects are becoming bigger, the cost of sand has increased significantly, renourishment must be done more frequently, and because projects of any size are becoming more expensive overall. Climate change further complicates these concerns as storms occur more frequently and with more intensity. Hayden noted that replenishment projects occur both within the bay and the beach communities (although the relative costs differ).

On a combined basis, the aggregate cost of beach replenishment projects in Delaware over the last several decades is about \$210 million. Given the cost share arrangements with the Federal Government related to the beach communities, the State’s share has been approximately \$68 million. Hayden noted that funds to cover the State’s cost come from its share of the State’s accommodation tax (essentially 1 percent of that tax revenue) and from appropriations made by the State Legislature.

The point of this study, according to Hayden, is to apply a cost/benefit analysis to consider whether local cost sharing is fair and what the State might ask each town or jurisdiction to pay. He suggested that he felt local cost sharing is both equitable and essentially unavoidable. He noted that the target to complete this study is August of 2024, although he and others noted that the target deadline could be extended.

Hayden then introduced the other speakers, who stepped through the process for the analysis. DNREC has engaged Industrial Economics, Inc. (IEc) and Woods Hole Group (an environmental engineering firm) to perform the study. Ben Blachley from IEC laid out the basic approach of the study, which will cover six basic questions as follows:

- (1) How well do beach replenishment projects perform in the affected areas?
- (2) Who benefits from investments in beach replenishment?
- (3) By how much do different groups benefit?
- (4) How do the relative benefits vary across the affected area?
- (5) How do the regional economies depend upon intact beaches?
- (6) What influences the relative social vulnerability of communities affected by these projects?

Ben then introduced Kirk Bosma, an engineer from Woods Hole to discuss the first item, and Kirk noted that they would be studying both the efficacy of the replenishment approach and other alternatives to deal with the problems faced by both the bay and the beach communities. After Kirk finished his discussion, Ben went through the approach on the rest of the study.

Both Hayden and the teams from IEC and Woods Hole clarified that they are focusing at this point on the fairness of some sort of cost sharing approach. The study would not consider ways to fund the local share if that was the outcome (although it seemed all the presenters assumed that this would be the case). Once completed and approved within DNREC and presumably by the Governor, the study would be sent to the State Legislature to consider ways to generate the income for the local communities.

A recording of the meeting should become available on the [DNREC website](#).

In relation to this study, BBLA is raising the following questions:

1. Will the local cost sharing burden be placed on the beach towns or on Sussex County—or some combination?
2. How will the new governor and staff affect the implementation of this study? Are there ways to affect the thinking of these new people?
3. To the extent the beach towns might have to contribute to the costs of beach replenishment, do they have the authority to set up the means to fund this cost (e.g., beach usage fees imposed on visitors) or does the authority to do that lie with the state legislature and/or the feds?
4. How does and should this study relate to the existing “Back Bay Study, which is currently experiencing a “pause” in its work?
5. Is there a chance that efforts to focus on the local contributions issue could draw attention away from other pressing needs in the Bethany Beach community such as the steel dam project?