

Agenda Item Summary Sheet



Item No: **J-1**
Meeting Date: **February 5, 2020**

Item Title: Beach Nourishment – Proposed Municipal Service District (MSD) Discussion

Item Summary:

The Town has recently completed its second beach nourishment project and is underway preparing for future shoreline management efforts. Staff is currently interviewing consultants to provide coastal engineering and surveying services to conduct annual shoreline monitoring and begin preliminary work towards the town's next project, which is anticipated in 2025. The Board of Commissioners held a workshop in November of 2019 to discuss beach nourishment, including how the town might work with Dare County and other towns to coordinate project activities and funding. Part of this discussion included anticipating the town's future costs, available revenue sources, and how the town should distribute its share of project expenses within the community. Currently, the town levies a town wide tax of 2.7 cents per \$100 of assessed value to fund a portion of its share of the project. The remainder of the funds are collected utilizing a municipal service district which includes properties east of NC 12 and SR 1243 within the previous project areas. These properties are currently taxed at 17.5 cents per \$100 of assessed value.

A municipal service district (MSD) is a defined area within a town where additional property tax is levied in order to provide projects or extra services that benefit the properties in that district. The town has established a number of benefits in conducting beach nourishment and shoreline management activities, including protection of properties on the oceanfront and directly adjacent to the ocean, protection of infrastructure such as roads, waterlines, sewage systems, electrical services, and beach accesses, and maintaining a recreational beach that is attractive and usable by the public, free of structures and debris. These benefits can be assigned to different parts of the community at different levels, with oceanfront properties having the greatest benefit. Properties adjacent to but not directly on the ocean also benefit from reduced flooding and impacts to infrastructure, as well as increased property values due to their proximity to a well-maintained recreational beach. The entire town also receives a series of benefits, but to a lesser extent than these other areas. The Board will discuss the merits of creating additional MSDs to fund future nourishment activities, which would be designed to create an equitable distribution of project costs to property owners based on the benefits they receive. Primarily what is being proposed are two additional MSDs, one north of Whalebone Junction to include all properties east of US 158, and one south of Whalebone Junction to include all properties in South Nags Head. It is conceived that these areas could be taxed at a nominal rate to pay for current planning activities, which would increase once a contract for construction is executed prior to the next project. Attached is a map showing the current and proposed MSD boundaries. Also included is a presentation describing the proposal and the process for creating an MSD. The first step would include the Board directing staff to prepare a report depicting the boundaries of the proposed MSD, a statement identifying the services to be provided, and plan for providing those services.

Number of Attachments: 1

Specific Action Requested: Discuss the proposed MSD. Direct staff to prepare the report at the Board's discretion.

Submitted By: Administration

Date: January 29, 2020

Finance Officer Comment:

Signature: Amy Miller

Date: January 29, 2020

Town Attorney Comment: The attached materials reflect my comments on this matter.

Signature: John Leidy

Date: January 29, 2020

Town Manager Comment and/or Recommendation: I will participate in the discussion as necessary.

Signature: Cliff Ogburn

A handwritten signature in black ink, appearing to read "Cliff Ogburn".

Date: January 29, 2020