

NEIGHBORHOOD DREDGING SSD PROGRAM FREQUENTLY ASKED QUESTIONS

1. Q: What is a Special Service District (SSD)?

A: A Special Service District (SSD) is a defined group of properties that receive a benefit from the City that is above and beyond the standard benefits that the City provides to all properties in Virginia Beach. For this additional benefit, the property owners within an SSD pay an additional surcharge on top of the standard City-wide real estate tax. In this case, the additional benefit is navigational dredging to provide deep water access for waterfront property owners. In order for an SSD to be established, more than 50% of the property owners within the SSD must agree to the additional tax by signing a willingness petition. However, for the case of Neighborhood Dredging SSD's, City Council required that the threshold be raised to 80%.

2. Q: Who pays for the dredging under the Neighborhood Dredging SSD Program?

A: There are three sources of funding in this program. The City will fund the design and construction costs associated with a relatively short "City spur channel" that will connect the neighborhood channel system to the nearest existing City-maintained channel. The cost of the neighborhood channel system, or "SSD channels", is paid for through an additional surcharge on the real estate taxes (the SSD tax) of the waterfront property owners that actually receive the benefit of the dredging. Property owners within the SSD can elect to individually fund the construction cost associated with dredging an "access basin" to connect their pier or dock to the SSD channels or City spur channel.

3. Q: Why doesn't the City pay for the dredging of my channels?

A: Navigational dredging is not considered a core service that should be provided to all waterfront residents within the City. The City maintains the Eastern and Western Branches of the Lynnhaven River, Crab Creek, Long Creek, and Keelings Drain. Rudee Inlet and Lynnhaven Inlet are also maintained in partnership with the U.S. Army Corps of Engineers. Past studies have shown that it would cost between \$30 million and \$40 million to maintain dredged channels in all of the coves and waterways along the Lynnhaven River. The City does not have a standalone funding source for a program of this cost magnitude.

4. Q: How much is a typical Neighborhood Dredging SSD tax rate?

A: SSD tax rates for the Neighborhood Dredging SSD Program can vary widely. It all depends on the specifics of each project. The average tax rate is about 40 cents per \$100 of assessed value. Factors that affect the SSD tax rate include, but are not limited to, the geometry of the SSD channel system, the existing water depths, and the total assessed value of all properties within the district.

5. Q: When will the dredging occur?

A: In this program, the SSD and associated tax lasts for sixteen years. Three dredging cycles are proposed within those sixteen years. The goal of the program is to begin the first dredging within year two, the second in year nine, and the third in year sixteen. The first dredging

doesn't occur until year two because of the time required to complete the design of the channel system, obtain permits, advertise the project for bids and select a contractor.

6. Q: What if my assessed value increases due to deep water access after dredging?

A: The SSD tax rate will be re-evaluated every four years throughout the sixteen year life of the SSD and adjusted if necessary. If your property assessments increase or if the cost of dredging is less than estimated, then the SSD tax rate could be reduced. However, if property assessments decrease and/or the cost of dredging is actually higher than estimated, then the SSD tax rate could be increased. These adjustments are necessary because the SSD needs to pay for exactly the cost of the three dredging cycles after the sixteen year period ends, no more and no less.

7. Q: At what point will I be required to fill out a petition?

A: After City staff have briefed the community on the SSD program and given a rough estimate of the project cost and SSD rate, the community leadership will be asked to coordinate between the property owners within the potential district and the City to refine the boundaries of the district and the channel layout. If the SSD rate changes significantly, another briefing may be held. Once the community leadership assures City staff that at least 50% of the property owners in the potential district are supportive of the project, the petition phase will begin. City staff will approach City Council and request permission to petition the property owners within the potential SSD. Petitions will be drafted and mailed with Council's approval.

8. Q: What is the difference between the 50% interest requirement and the 80% signed petition requirement?

A: Formal petitions will not be mailed until the community leadership notifies the City that at least 50% of the property owners in the potential district are supportive of the program. There is no formal process for achieving the 50% threshold; it can be as simple as a verbal notification from the community leadership. After 50% support has been achieved, City staff will brief City Council and request permission to send out petitions to the property owners. If 80% or more of the petitions are signed and returned, then City staff will brief City Council again to establish the SSD and allocate the funding necessary to initiate project.

9. Q: Will I be included in the SSD if I did not sign a willingness petition but my district reaches the 80% signed petition requirement?

A: Yes, if at least 80% of the property owners within the potential SSD return the signed willingness petitions, then you will be included in the district and will have to pay the additional tax even though you did not sign the petition.

10. Q: What are the individual access basins?

A: The access basins are relatively small dredged channels and turning basins connecting individual property owners' docks or piers to the channel system. The access basins are totally optional and are not a requirement of the program. Dredging for the basins will be included in the permit application for the entire project. Each property owner that wishes to participate in

the access basin portion of the project will have an individual meeting with the consulting engineer to design their basin and will be listed as co-applicants on the permit application.

11. Q: Who pays for the individual access basins?

A: The construction cost for each access basin is funded 100% by the respective property owner who chooses to participate in that portion of the project. Design costs for access basins are funded through the SSD tax. There are options for shared basins between adjacent property owners.

12. Q: What is the cost of the individual access basins?

A: The actual construction cost of each individual access basin will depend upon the volume of sediment dredged to construct the basin and the selected contractor's unit price for dredging. The volume will depend upon the existing water depths, the geometry of the basin, and the desired dredge depth. The cost will be different for each access basin.

13. Q: When do I have to pay for the dredging of my individual access basin?

A: Payment for the estimated construction cost of the individual access basins will be collected prior to the project being advertised for bids. The City must have funding available for a project before it can be advertised. You will receive a bill in the mail from the Treasurer when the money for your access basin is due. Payment will be due 90 days from receipt of the bill. If you fail to pay the bill or decide you no longer wish to participate in the access basin portion of the project, the associated dredging will be removed from the contract at no cost and your basin will not be dredged when the project goes to construction. You may receive a refund at the end of construction if the actual cost of dredging your basin was lower than the estimated amount. Conversely, you may also be required to pay an additional amount if the actual cost was higher than estimated.

14. Q: Will I need to build shoreline improvements to prevent my property from sloughing into the dredged channel?

A: The construction of shoreline improvements is not a requirement or a part of the Neighborhood Dredging SSD Program. It is the responsibility of each homeowner to decide whether to construct any shoreline improvements.

15. Q: Will the dredging affect my existing bulkhead or rip rap?

A: The City's consulting engineer will take all shoreline improvement into account when designing the channel layout. However, there are no funds set aside for assessing the existing condition of each and every bulkhead or rip rap shoreline in the SSD and the City cannot be responsible for shoreline improvements which were not properly constructed. Property owners that elect to have access basins dredged will be required to sign an agreement prior to dredging which will release the City from responsibility for any damage to shoreline improvements, unless the damage is a result of negligence by the City's contractor.

16. Q: Doesn't there need to be a dredged material transfer station in order to move forward with the SSD?

A: Yes, for projects where dredging will be done mechanically, dredged material will need to be transferred from floating barges or scows into dump trucks on land to be hauled to the disposal site. In this case, the transfer site will either be one of the City owned sites or a resident within the SSD may choose to allow their property to be used as a temporary transfer site. A transfer site within the project area on private property can result in significant cost savings in some cases. Currently, the Thalia Transfer Facility on the Western Branch of the Lynnhaven River is the only City owned dredge material transfer station available for use in this program.

17. Q: My channel has been dredged in the past, but the contractor did a poor job or went out of business before completing the work. How can I be sure that this doesn't happen again?

A: Funding for these dredging projects is guaranteed since it is collected through an additional tax. The project will be professionally managed by City engineering staff who will oversee surveying, engineering design, permitting, preparation of construction documents, bidding and hiring of contractors, construction and inspections. Contractors will have to meet performance and City bonding and insurance coverage requirements.

18. Where can I find more information on the Neighborhood Dredging SSD Program?

A: Visit the City's website at: <http://www.vbgov.com/government/departments/public-works/coastal/Pages/neighborhood-channel-dredging.aspx>