



MARLOWE & COMPANY

GOVERNMENT AFFAIRS CONSULTANTS

Topsail Island, NC

Monthly Update

November 25, 2014

Shore Protection Projects – Appropriations Strategy

This year, the Surf City & North Topsail Beach Coastal Storm Damage Reduction Project and the West Onslow & New River Inlet Coastal Storm Damage Reduction Project were authorized for Construction by the Federal Government. Marlowe & Company is truly proud to have played an integral role in securing federal authorization of these essential projects. Since the projects' authorization, Marlowe & Company has shifted its attention toward securing federal funding for the initial nourishment of the projects. As such, we believe it is important to provide you with a brief overview of the federal shoreline protection appropriation process and Marlowe & Company's strategy for acquiring funding for these projects.

The budgeting process begins with the formulation of the President's Budget Recommendation. The President's Budget Recommendation contains the proposed federal government funding amounts for each Corps project and program in the upcoming fiscal year. This proposed budget is sent to Congress for modification and ratification. It is advantageous to have shore protection projects included in the President's budget because Congress very rarely withholds funding from presidentially recommended shore protection projects.

In order to secure the inclusion of the TISPC's projects, the budget request must be accepted by the Office of Management and Budget (OMB) and all three levels of the U.S. Army Corps of Engineers (Corps). This is an extraordinarily competitive process. Not only is there insufficient federal funding for shore protection projects, but Congress has also instated limitations on the number of "new start projects," or projects that have not received an initial nourishment, that can be funded in a given year. In general, the proposed projects that have a high benefit to cost ratio

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and a readily available non-federal cost share are most likely to be included in the President's Budget Proposal.

Marlowe & Company will leverage our relationships and expertise to greatly increase the TISPC projects probability of being included in the President's FY 16 Budget Recommendation. First, we will work with the Wilmington Corps District to get their assurance that they have requested their full "capability", or the amount of Federal funding needed to implement the TISPC projects, to the Corps Division in Atlanta. Second, upon transmittal of the District's capabilities to the Division, Marlowe & Company will emphasize the value and merits of the projects to the South Atlantic Division. Moreover, we will employ our superior understanding of Corps procedures and processes to expedite the budgeting review and avoid any unnecessary delays. Should the TISPC projects' budget request reach Corps Headquarters, Marlowe & Company will demonstrate the value of the project and the need for Federal funding to their decision makers, with whom we have excellent relationships with. By undertaking this strategy, the TISPC projects will have a far better chance of being included in the President's Budget Request.

If the TISPC projects are not included in the Presidents FY 16 Budget Request, Marlowe & Company will work with Congress on securing more "unallocated" funds for new start shore protection projects. With the earmark moratorium in place, Congress is unable to allocate funds for specific projects. Thus, Senator Tillis, Senator Burr, Congressman Jones, and Congressman Rouzer cannot simply include funding for the TISPC projects in Congress' appropriations bills. Instead, Congress has increased the Corps budget in recent years by providing "unallocated funds." Unallocated funds are federal appropriations for specific types of projects (such as shore protection) in excess of the President's recommendation that can be expended on projects the Corps deems worthy of funding. In FY 2014, approximately 50% of the Corps \$150 million shore protection budget consisted of unallocated funds. Furthermore, Congress allowed the Corps to expend unallocated funds on four new start projects.

Marlowe & Company will continuously advocate for more unallocated funds and fewer new start limitations. For one, we will regularly convey the dangers of unaddressed coastal vulnerabilities and funding shortages to the relevant authorizing and appropriation committee staffs in both the House and Senate. We have very good relationships with these staffers and are confident that we can make an impactful case for additional funding and fewer new start limitations. Moreover, we intend to meet with sympathetic committee members and encourage them to continue their fight for improved funding levels and elimination of new start prerequisites. Lastly, Marlowe & Company will convey the Corps' funding needs to crucial members of the pertinent House and Senate committees

If Congress appropriates unallocated funding for shore protection projects, the Corps and OMB have the discretion, within any new start constraints, to determine what projects get funded. With

our knowledge of the Corps' standard operating procedures and strong relationships with top Corps personnel, Marlowe & Company is able to effectively advocate for unallocated funds to be expended on our clients' projects. Thus, if need be, Marlowe & Company will urge the Corps to provide unallocated funds for these crucial projects.

Coastal Barrier Resource Act (CBRA)

This Month, Marlowe & Company reconvened with our House contacts and assessed the standing of H.R. 187. Our House contacts have indicated that there is significant opposition to our bill. In fact, the bill has a high probability of being defeated should it be included in a congressional markup. The opposition is both substantive and political and is unlikely to be resolved in this or the next Congress. Marlowe & Company will gauge whether we can advance the bill in the Senate.

Grants

Marlowe & Company continues to search for grants that fulfill your community's Federal Government funding priorities. This month, we'd like to draw the County's attention to the Recreational Trails Program, which is an extremely popular grant for local communities. The Recreational Trails Program provides grants for projects that provide, renovate, or maintain recreational trails, trailhead, and trailside facilities. This grant opportunity will likely open in September, but it is important to begin preparing an application now in order to be as competitive as possible. Please let me know if your community is interest in this funding opportunity.

If you have any questions or comments, please email Daniel.Greene@marloweco.com