

Triumph Gulf Coast, Inc.

City of Apalachicola

Full Application Following Pre-Application No. 35

Infrastructure: Stormwater/Wastewater/Parking Improvements
Meeting Concurrency Standards to Support Economic Growth

May 29, 2018

CITY OF APALACHICOLA

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www.cityofapalachicola.com

May 24, 2018

Mayor

Van W. Johnson, Sr.

Commissioners

Brenda Ash

John M. Bartley, Sr.

James L. Elliott

Anita Grove

City Administrator

Lee H. Mathes, MMC

City Clerk

Deborah Guillotte, CMC

City Attorney

J. Patrick Floyd

Mr. Don Gaetz, Chair
Triumph Gulf Coast Board
P.O. Box 12007
Tallahassee, FL 32317

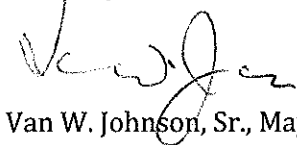
Dear Chairman Gaetz,

The City of Apalachicola is pleased to submit for your consideration this Triumph Gulf Coast application for concurrency-based infrastructure work in the historic downtown commercial district. The City of Apalachicola is seeking Triumph Gulf Coast Funding to bring deficient infrastructure up to the level required to support and enhance economic growth in the City. These infrastructure deficiencies, combined with a lack of sufficient parking to accommodate new development, has resulted in a stoppage of new commercial construction in the downtown district because the City's infrastructure is not adequate to support proposed growth or meet the City's Concurrency standards.

The City of Apalachicola has chosen to submit its applications directly to the Triumph Board without endorsement from the Franklin County Board of Commissioners. The City's project applications collectively exceed a cap that was established by the Franklin County Commission for project endorsement so the City has chosen to forgo County endorsement and submit their individual projects directly to the Triumph Board.

We appreciate the board's consideration of this application and the City stands ready to partner with all entities to promote economic development throughout the region.

Sincerely,



Van W. Johnson, Sr., Mayor
City of Apalachicola

Triumph Gulf Coast, Inc. Trust Fund Application for Funds

Applicant Information

Name of Individual (if applying in individual capacity): _____

Name of Entity/Organization: City of Apalachicola

Background of Applicant Individual/Entity/Organization:

The City of Apalachicola is a municipality in Franklin County, one of the eight disproportionately-affected counties. Apalachicola is located at the mouth of the Apalachicola River overlooking Apalachicola Bay to the south and is adjacent to the Apalachicola National Forest to the northeast. The town is part of the Apalachicola Natural Estuarine Research Reserve – one of the nation’s most unique biospheres. Apalachicola was designated an Area of Critical State Concern in 1985 and maintains that designation today because of the unique and fragile town’s environment surrounding Apalachicola Bay. The City has an estimated population of 2300 according to the U.S. Census. The City limits of Apalachicola cover an area of less than two square miles. In 1989, the City adopted one of the State’s first Comprehensive Plans. Today, it remains a good example of exemplary land use planning because of its commitment to the tenants of good growth management which are basically this – make sure appropriate infrastructure is in place at the time development occurs.

Federal Employer Identification Number: 59-60000264

Contact Information:

Primary Contact Information: Lee Mathes

Title: City Administrator

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Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

The Apalachicola Main Street Organization and the Apalachicola National Estuarine Research Reserve have agreed to partner with the City of Apalachicola on this project. The contributions of each partner are identified below.

1. Apalachicola Main Street – Because much of the proposed infrastructure activity will occur within the Main Street District boundaries, the Main Street staff will assist to disseminate information about the construction, expansion and maintenance activities to local businesses and help the City promote how the infrastructure improvements will improve economic recovery in the downtown district
2. Apalachicola National Estuarine Research Reserve – The Reserve staff will help coordinate water quality monitoring efforts and assist with educational outreach.

Total amount of funding requested from Triumph Gulf Coast: \$3,597,600

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

X Yes No

If yes, please provide detailed information concerning the prior request for funding

The City has not requested Triumph funding for this project but has sought funding elsewhere for components relating to this project. The following is a list of the funding source and outcome.

1. Water Improvements. Local funding initiative request through Sen. Montford's office: 11/29/17 (not funded)
2. Water Improvements. Florida Job Growth Grant Fund: 12/15/17 (not funded)
3. 2018 Legislative Appropriation via the Northwest Florida Water Management District – Water Quality Initiative. Approved: \$400,000.

Describe the financial status of the applicant and any co-applicants or partners:

1. Applicant: City of Apalachicola. City of Apalachicola Financial Highlights (2016 Financial Audit Statement attached) Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$37,345,198 (net position). Of this amount, a deficit of \$687,357 is unrestricted net position for governmental activities, a deficit of \$387,134 is unrestricted net position for business-type activities, \$539,156 is restricted net position for governmental activities, and \$397,496 is restricted net position for business-type activities. Total net position decreased by \$1,203,006. Of this amount, a decrease of \$352,503 is attributable to governmental activities and a decrease of \$850,503 is attributable to business-type activities. As of September 30, 2016, the general fund's unassigned fund balance is \$28,315 or 1% of total general fund expenditures. Governmental activities' revenues decreased 33% to \$3,242,359, while governmental activities' expenses increased 2% to \$3,594,862. Business-type activities' revenues increased 8% to \$1,945,992, while business-type activities' expenses increased 5% to \$2,796,495.
2. Partner: Historic Apalachicola Main Street. Financial Statement Attached.

3. Partner: Apalachicola National Estuarine Research Reserve. This is an agency that operates under the Florida Department of Environmental Protection. Financial records are available through the State of Florida.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

Yes X No

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. See, Section 288.08012.

1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):

☐ Ad valorem tax rate reduction within disproportionately affected counties; Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;

☒ Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;

☐ Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;

☐ Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;

☐ Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and

☐ Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

2a. Title, Description and Location

Title: City of Apalachicola Concurrency Infrastructure Improvements

Location: The proposed location is Apalachicola's downtown district. The disproportionately affected county is Franklin County. This proposal is targeted at funding wastewater, stormwater and parking infrastructure improvements that serve the downtown commercial district. The infrastructure improvements are necessary to meet concurrency standards and to serve existing and future economic development within the City. The improvements are sustainable in that all elements are revenue generators as infrastructure services. The improvements will insure that the growth that is occurring will not be paused by the lack of infrastructure or capacity to serve.

Description: The City of Apalachicola is seeking Triumph Gulf Coast Funding to bring deficient infrastructure up to the level required to support and enhance economic growth in the City. The City is currently experiencing deficiencies in the wastewater conveyance lines, deteriorating conditions at the wastewater treatment facility and failing stormwater treatment outfalls along the Apalachicola River. These infrastructure deficiencies, combined with a lack of sufficient parking to accommodate new development, has resulted in a stoppage of new commercial construction in the downtown district because the City's infrastructure is not adequate to support proposed growth or meet the City's Concurrency standards.

The project is broken into three separate categories: wastewater facilities, stormwater facilities and parking.

1. Wastewater Facilities and Utilities Master Plan. *Amount requested: \$1,107,600*

Although the City's Wastewater Treatment System is technically sufficient to accommodate additional connections to its 1.2 million capacity plant west of town, the conveyance lines and vacuum system that pumps effluent to the plant is no longer capable of handling the current nor any future development within the City's downtown commercial district. Sewage consistently backs up into downtown businesses during large events or heavy rains. A new vacuum and pump station is required to adequately service the sewer system. A study of other elements of the sewer system is needed to maximize its efficiency. In addition, facilities at the wastewater treatment plant are seriously corroded and in need of replacement. Corroded wastewater tanks could result in leakage that would pose a threat to Apalachicola Bay. A walkway at the wastewater treatment plant is so corroded that it poses a serious threat to the safety of staff.

Additionally, the City lacks a master plan to guide the sustainable maintenance and replacement of infrastructure to support needed economic development. In order to optimize resources and adequately plan for long-range economic growth, it is critical that the City develop a Master Plan for its utilities to meet the demands of new or expanding businesses. This will identify existing

conditions, analyze projected growth, develop a sustainability plan, and make recommendations of options to meet future maintenance and replacement needs, including an economic analysis of each option. This will equip the City with the knowledge it needs to plan for projected growth, and plan for the costs associated with maintenance, upgrades, and replacement of utility components over time.

<u>City of Apalachicola Wastewater Facility Needs</u>	<u>Est. Cost</u>
Replacement of wastewater treatment plant infrastructure	\$ 60,000
Sewer system upgrade with new vacuum and pump station	\$ 800,000
Sewer System inspection to identify maintenance needs	\$ 17,000
Creation of a Utilities Master Plan	\$ 46,000
Project Management	\$ 184,600
Total	\$1,107,600

2. Stormwater Improvements. *Amount requested: \$1,980,000*

The City's storm water collection system primarily consists of open drainage ditches and closed conveyance piping. Stormwater is collected in roadside swales or inlets and pipes, with the runoff transferred often directly into downstream watercourses. These conveyances provide little or no water quality treatment or attenuation and do little to enhance the attractiveness of the riverfront. Although the city has stormwater regulations that regulate new development, the older developments in the City as well as the downtown commercial district were not subject to such regulations. As a consequence, the stormwater runoff floods several basins and contributes to the water quality degradation of the Apalachicola River and Apalachicola Bay.

In the summer of 2018, the City received a \$400,000 legislative appropriation through the Northwest Florida Water Management District that it plans to use to repair two stormwater treatment outfalls and create a small pervious paving pilot project. The NFWFMD funding does not cover facilities outlined in this proposal but is part of the larger stormwater project in the downtown area. That funding is identified in the budget section of this proposal as match for the stormwater and parking project of this proposal. (See attached contract letter.)

Repetitive flood damage and lack of infrastructure is a major contributor to the lack of development within the City's downtown District. The development of stormwater retrofits will address stormwater retention and treatment and provide a critical asset which promotes downtown commercial vitality. Water quality in the resulting areas will be monitored to demonstrate quantitative water quality improvements. Educational materials and signage would be created to educate visitors to the environmental importance of stormwater management.

<u>City of Apalachicola Stormwater Facility Needs</u>	<u>Est. Cost</u>
Retrofit of deficient stormwater treatment facilities	\$1,575,000
Water Quality Monitoring/Ed. Materials	\$ 75,000
Project Management	\$ 330,000
Total	\$1,980,000

Table 1 below represents a list of the stormwater projects, an analysis of the situation the recommendations and the costs.

TABLE 1

Drainage Basin Number	Improvement/Addition Location	Comments	Cost
6	Water Street and Avenue E	Add inlets, pipe, water quality vault	\$515,000
7	Water Street and Avenue D	Add inlets, pipe, water quality vault	\$500,000
8	Water Street and Leslie Street	Add inlets, pipe, water quality vault	\$500,000
6	Commerce Street between D & E	Repair collapsed stormwater pipe	\$60,000

Identification of Basin Conditions.

Basin 6. Land Use: The basin consists of commercial businesses, such as local government offices, shops, restaurants, bars, with some residences above some of them. Stormwater from the roads and stormwater from the structures flows to curb gutters, is collected into a culverted stormwater system and discharged into the river. No treatment.

Basin 7. Land Use: The basin is situated in the commercial district of restaurants, bars, a brewery, retail shops, post office, and transient lodging. Stormwater from the roads and structures flows to curb gutters and is collected into a culverted stormwater system and discharged into the river. No treatment.

Basin 8. Land Use: The basin is populated by a large seafood operation, mixed use residential, hotel, and a museum along the waterfront. Landward is the county government complex. Stormwater from the roads, the bridge, the large courthouse parking lot, and structures flows to curb gutters, and is collected into a culverted, stormwater system and discharged into the river. No treatment.

Water Quality Monitoring Associated with stormwater retrofits.

The goal of the monitoring portion of the stormwater retrofit effort is to provide a baseline monitoring event, to document success of subsequent infrastructure projects that are implemented within the prioritized basins and to provide quantitative evidence of project success. The project will include a pre- and post-sampling events at each outfall. Staff at the Apalachicola National Estuarine Research Reserve would oversee the sampling program and be responsible for coordinating the educational signage that is proposed at each outfall.

Preliminary estimates indicate that this sampling project will cost approximately \$75,000 depending on sampling costs, equipment rental and consultant fees. Preliminary research into cost estimates yielded the rough calculations as estimated below.

\$10,000 – Sample Test Fees (\$500 per test of analytes x 4 stations x 5 events)
\$12,000 – DAS rental (3 months @\$1,000 per month x 4 stations)
\$5,000 – Analysis of data
\$40,000 – Contracted services
\$5,000 – Educational Signage
Total: \$75,000

3. Green Initiative Pervious Parking: *Amount Requested: \$510,000*

The City proposes to design and build green-initiative pervious parking within the City's commercial district to meet a demonstrated parking need in the downtown district. The project involves using 10,000 square feet of city-owned right of way in the City's Bowery district to design and build a pervious parking area to treat urban stormwater runoff and supply parking stock to support economic growth downtown. The project is sustainable in that it will be part of a fee-in-lieu-of parking mitigation plan that the city is adopting to encourage responsible development in the historic downtown district.

This project will consist of creating one parking area totaling approximately 10,000 square feet and will create up to 50 new parking spaces along Commerce Street between Avenue G and H. Interpretative signage about the green parking project is also proposed. The estimated cost of design and construction of pervious parking with appropriate stormwater treatment, landscaping and administrative costs is estimated at \$510,000.

This project is part of a comprehensive effort to improve stormwater infrastructure in the downtown and to improve parking conditions. The companion project to create environmentally-responsible parking and retrofit failing stormwater infrastructure in the City's commercial district is matched with a \$400,000 in funding from the Northwest Florida Water Management District. That appropriation will retrofit failing stormwater outfalls on two street ends adjacent to this proposed project area. As part of the retrofit, approximately 160' feet of existing concrete would be removed and replaced with pervious parking pavers to provide stormwater treatment and better delineate public parking.

2b. Quantitative Evidence to show the infrastructure will promote economic recovery, diversification, and enhancement of the disproportionately affected counties.

Repair and replacement of sustainable critical infrastructure components are fundamental to the City and surrounding region's economic diversification and recovery.

Tourism can create urgently needed new jobs in Apalachicola but the condition of a City's infrastructure greatly influences its economy's ability to function and grow. Providing for needed infrastructure will create the conditions required for our community's economic development vision to be more fully implemented and will allow current and future businesses to thrive.

For decades, Apalachicola had an economy supported primarily by the commercial seafood industry. With the decline of the seafood industry, many locals can no longer make their living from the surrounding waters as previous generations have. Recent data from the Franklin County Seafood Workers Association shows that the annual income of the average seafood worker is now just \$19,200, down from an average of \$25,000 to \$35,000 before the industry began to suffer. More than half of Apalachicola's 2,200 residents fall into the Low to Moderate Income category, with many

living below the poverty level. While Florida's overall population has increased in recent years, Apalachicola's population has decreased over the last decade as people look for work in other cities.

A growing trend towards tourism statewide has trickled down to Apalachicola and created a pent-up demand for tourism-related businesses in the downtown district, fueled in part through marketing efforts by the county's tourist development council, Apalachicola Bay Chamber and Main Street organization.

An environmentally-compatible tourism industry represents a viable alternative model for Apalachicola. According to the Florida Bureau of Labor Statistics, workers in retail shops, restaurants and other tourism-based businesses earn an average of \$27,000 per year. These figures show that on average, employees in the tourist sector can earn an average of 42% more than those in the seafood industry, with even greater income potential. Anecdotal evidence from local restaurant owners shows that dedicated staff can earn upwards of \$45,000 per year. Downtown businesses are almost exclusively locally-owned small businesses which reinvest their revenues back into the region's economy. The Small Business Association reports that small businesses accounted for 64% of all new jobs created between 1993 and 2011.

There are 253 commercial lots in the City's downtown commercial district (Zones C-1, C-4, RF district). Of that number, approximately 19% percent of the lots are currently undeveloped or are uninhabited. An analysis of the City's commercial building permit applications over the last five years shows that the development model is trending towards the mixed-use concept featuring commercial downstairs and short term rentals upstairs.

Considered in its infancy, the short term vacation rental industry is already a \$5.6 million industry in Apalachicola. There are currently an estimated 225 accommodation units in the City's commercial areas. Apalachicola represents about 20% of the County's lodging supply.

The average daily night rate within the City is approximately \$115 and a general average occupancy rate for the short term vacation rental in Apalachicola is 60%. By multiplying the number of units available times the average rate (225 x \$115) you get an estimated nightly total short term rental figure of \$25,875. Multiplying that figure against a 60% occupancy rate (219 out of 365 days) results in an economic impact of \$5,666,625 annually. However, according to State Tourism calculations, lodging represents only about 40% of the total tourism impact to the area.

Estimates of increased private activity in Retail, Food Service and Accommodation indicate a sustained growth of \$6.5 million per year in sales by 2042 as a result of this project.

The State of Florida has a vested interest in this community due to its unique historic and environmental attributes. In 1985, Apalachicola was designated an Area of Critical State Concern by the Florida Legislature. That designation continues today. As a result of the designation, the City has adopted a conservative approach to growth management and requires strict adherence to concurrency requirements necessary to ensure responsible growth consistent with environmental protection. The City's Comprehensive Plan calls for growth and diversification of the local economy that is consistent with protecting the natural resources of the Apalachicola River and Bay Area.

Approximately 88% of Franklin County is protected as either State or Federal lands. This natural resource is attractive to tourists for recreation. However, these tracts do not generate tax revenue or allow for an expanded population base or other development to support the economy.

Juggling the need for environmental protection with a small tax base and need for sustainable economic growth has resulted in an infrastructure funding challenge for the City. Without growth to provide the tax base, the City struggles to fund necessary infrastructure to promote growth.

Local business owners and property owners both provide testimony to the frustration about the lack of adequate infrastructure in the City. For existing business owners, overwhelmed wastewater infrastructure often fails and forces the closure of businesses in the downtown district on busy weekends. Owners of vacant property express concern about the lack of infrastructure available to support new development. Letters of testimony are attached.

Quantified Positive Potential Change

In addition to the testimony and evidence of slow commercial growth (less than 10 commercial building permits over the past five years), the Apalachee Regional Planning Council (ARPC) ran a REMI model. A analysis outlined below provides average changes for employment, GDP (dollars), and personal income (dollars) as caused by the same Apalach infrastructure variables to 2026.

The model scenario integrates project costs, increased sales and increased government revenues into a three-variable simulation that assess average Gross Domestic Product (GDP), personal income, and job impacts to Wakulla, Franklin and Gulf counties. Variables utilized include Utility, Construction and Professional job creation, Increased Private Sales in Accommodation, Retail and Food Services and Increased County Government Expenditures.

The first variable input entered building investment as new Construction (NAICS 23), Utility (NAICS 22), and Professional, Scientific, and Technical (NAICS 54) jobs. The infrastructure upgrades project was assumed to last from 2019-2021.

Second, the scenario utilized a sales variable to capture the increase in commercial activity that will be catalyzed by the project. Apalachicola staff provided estimates for remaining commercial lot absorption rates, and the composition of businesses that would enter said lots. ARPC staff translated these into yearly sales differentials.

Lastly, a variable was created to capture increased county tourism development taxes as a result of new accommodation construction. These numbers were calculated by multiplying new rental unit absorption rates enabled by the project by the average per-unit-per-year tourism tax income.

Table 2 summarizes average positive change to employment, GDP and personal income as of 2026.

Table 2

Table of Outputs

The below table contains outputs describing average Delta between simulation and control outputs from project start to 2026.

Variable (Mean Delta)	Average Δ , project start to 2026
$\mu \Delta$ Employment	39.9
$\mu \Delta$ Gross Domestic Product	1,795,071
$\mu \Delta$ Personal Income	2,072,993

From this set of inputs, model results point to a \$2.07 million dollar increase in Personal Income of Franklin County as of 2026. In Franklin, Gulf and Wakulla counties, an average of \$1.8 million dollar increase in Gross Domestic Product (GDP) and 40 forms of employment were projected.

Tables 3 and 4 depict yearly changes brought about by each REMI variable in the category of gross GDP, employment and personal income.

TABLE 3

	Variable	2019	Y2	Y3	Y4		Y5	Y6	Y7	2026	2026 Average
IPE Employment Variable Outcomes	Jobs	65.124	124.422	39.283		4.594	1.143	-0.763	-1.634	-1.883	28.79
	GDP	332.187	5474.657	1746.214		219.708	45.316	-51.572	-95.709	-108.073	1319.05
Sales Variable Outcomes	Jobs	3.813	7.55	11.111		14.427	17.498	20.317	22.872	25.164	10.88
	GDP	152.889	310.549	467.574		619.004	76.34	901.276	1032.113	1154.922	462.68
Gov't Expenditure Outcomes	Jobs	0.08	0.158	0.232		0.3	0.364	0.424	0.478	0.527	227
	GDP	4.591	9.129	13.53		17.726	21.704	25.468	29.007	32.305	13.34

**Average Variable Outcomes
(2026)**

Jobs

39.89235

GDP \$ 1,795,070.58

Source: ARPC REMI Model 2018

TABLE 4

Personal Income, Yearly Change

	2019	2020	2021	2022	2023	2024	2025	2026	Avg.
Construction Variable	2536.58	5089.7	2204.1	913.7	686.1	516.813	405.5	330.2	1585.3
Sales Variable				123.7	277.95	455.5	650.8	860.2	473.6
Gov't Expenditures Variable				4.1	8.7	13.7	19.0	24.5	14.0

Source: ARPC REMI Model 2018

TABLE 5

County	Jobs	Total Employment, 2026	Jobs Added as a % of Total Employment	Personal Income Added	Total Personal Income 2026	PI added as a % of Total PI
Apalachee Triumph	39.89235	21,174	0.2%	\$ 2,072,993.43	\$ 2,978,953,000.00	0.070%
Escambia	39.89235	183,344	0.02%	\$ 2,072,993.43	\$ 18,539,069,000.00	0.011%

Per the data presented by Table 5, it is apparent that project impacts in the Apalachee Triumph Region – Franklin, Gulf, and Wakulla counties – are greater than in a comparative Western Triumph county (Escambia). As a proportion of total employment, the job gains at 2026 represent a ten-times greater share in the Apalachee Region versus Escambia. Similarly, the personal income added in Franklin County, as a proportion of 2026 personal income within the three Apalachee Triumph counties, consists of a 6 times greater share than the same addition within Escambia County. As such, the relative impact of this infrastructure project is quite high in this rural coastal region.

2c. Proposed Timeline for the proposed project or program.

Based on estimates and consultation with engineers and associated professionals, all infrastructure projects identified can be completed within a 18-24 month window.

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

This project is transformational in that it will put in place the required infrastructure that enables the City of Apalachicola to overcome obstacles that prevent it from achieving its growth management mandates and economic potential. Over a 10 year window and beyond, the resulting growth will generate projected jobs in the City and surrounding Franklin County and increased GDP for the City and surrounding communities.

4. Describe data or information available to demonstrate the viability of the proposed project or program.

The information used to demonstrate viability was permit application activity, a REMI economic model and local business/commercial property owner testimony. This infrastructure project is viable because it will generate increased building activity in the downtown area as well as increase tourism business and jobs. According to demonstrated testimony, the addition of parking infrastructure alone will initiate at least two construction projects estimated to bring more than 10 jobs to the downtown district. REMI model estimates point to a \$2.07 million dollar increase in Personal Income of Franklin County as of 2026.

5. Describe how the impacts to the disproportionately affected counties will be measured long term.

The REMI modeling effort was effective in determining long-term impacts to surrounding disproportionately affected counties. As outlined in the model report, the project creates a larger ripple within Wakulla, Franklin and Gulf counties than in Far west Florida coastal counties. The cumulative impacts within these three Triumph counties, as a percentage of their projected GDP is 2.1%. The cumulative jobs impact within the three counties, as a percentage of total combined employment is 3.8%. If the same absolute numbers were transferred to Escambia County, they would amount to .18% of GDP and .4% of total employment. As such, the relative impact of this infrastructure project is quite high in this rural coastal region.

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

The wastewater, parking and stormwater project is sustainable each in its separate way.

Wastewater. With regard to wastewater, proposed development is levied an assessment fee at the time development is proposed. The City currently charges between \$1,890 and \$25,515 for a commercial water tap depending on pipe/meter size. The City currently charges between \$2,590 and \$24,965 for a new commercial sewer tap depending on pipe/meter size. Currently, 20 percent (50 parcels) of the downtown commercial property is either vacant or uninhabited. With appropriate lift station capacity the new development build-out of this area will generate between \$94,500 to \$1,275,750 in water tap fees and between \$129,500 to \$1,748,250 in sewer tap fees. Total, the improved infrastructure will generate between \$224,000 to \$3,024,000 in new water and sewer tap fees. This revenue makes the wastewater project sustainable.

Parking. With regard to parking, the City has drafted a mitigation program that will collect parking impact fees. That impact fee is proposed to collect the actual cost of parking space construction plus a maintenance amount. Once the initial grant-funded spaces are in place, it is anticipated that the

mitigation program will generate the required funds to continue construction and maintenance of additional parking areas.

Stormwater. The City is adopting a stormwater utility fee to collect funds for longterm stormwater improvements. It is estimated that the initial utility fee will generate between \$30,000 to \$40,000 per year. Those resources will be used either as match for additional funding or will be used to directly pay for individual stormwater-related repairs and improvements.

7. Describe how the deliverables for the proposed project or program will be measured.

The project deliverables for this project are the completed infrastructure projects. The success of the project will be measured by the increase in commercial building permits, additional job growth generated by new businesses and through the increase in the City's portion of the short term rental bed tax revenues.

Priorities

1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):

☒ Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long- term economic growth potential of the disproportionately affected counties may be enhanced by the investment.

Increase household income in the disproportionately affected counties above national average household income.

Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.

☒ Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.

☒ Benefit the environment, in addition to the economy.

☒ Provide outcome measures.

Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.

Are recommended by the board of county commissioners of the county in which the project or program will be located.

☒ Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

2. Please explain how the proposed project meets the priorities identified above.

This project meets four of the priorities identified above.

1. The infrastructure project will benefit the environment in addition to the economy by improving water quality through the reduction of stormwater runoff.
2. The project uses City-owned property donated for the project and brings match to the project in the form of a legislative appropriation of \$400,000 plus utility fees for parking and stormwater.
3. The project will provide outcome measures in that economic growth will occur as the result of having infrastructure.
4. The City has partnered with the local Main Street economic support organization and has documented support from the Apalachicola Bay Chamber of Commerce.

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

This is a Public Infrastructure project proposal for construction, expansion, or maintenance which has been shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties.

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Franklin County

5. Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?

☒ Yes ☐ No

If yes, list all Counties that apply: Franklin

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

Yes ☒ No

The City of Apalachicola is submitting a package of improvements that exceeds the \$2 million cap that was established by the Franklin County Board of Commissioners for project endorsement so the City chose to forgo County endorsement and submit directly to the Triumph Board.

Approvals and Authority

1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

None.

2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:

A. Provide the schedule of upcoming meetings for the group for a period of at least six months.

B. State whether that group can hold special meetings, and if so, upon how many days' notice.

Apalachicola City Commission 2018 Six-month Meeting Schedule: June 5, July 10, August 7, September 4, October 2, November 6, December 4.

The City Commission can hold special meetings with a 24-hour notice.

3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

The timeline for each of the infrastructure projects will be clearly identified in the contract terms for each component. Each contract component will include a timeframe for design, construction and inspection.

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

Van Johnson is the City of Apalachicola Mayor. His authority is cited in the City Charter.

Letters of support are attached.

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.

\$3,597,600. 18-24 months.

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

The actual documented cash match available to this project is less than 13% (\$460,000). However, under the provisions outlined in 280.0655 Apalachicola qualifies for a local match waiver as an area of critical economic concern. The City considers its in-kind and property match to meet the requirements of this provision.

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

Model results point to a \$2.07 million dollar increase in Personal Income of Franklin County by 2026. In Franklin, Gulf and Wakulla counties, an average of \$1.8 million dollar increase in Gross Domestic Product (GDP) and 40 forms of employment were projected.

According to the Florida Bureau of Labor Statistics, workers in retail shops, restaurants and other tourism-based businesses earn an average of \$27,000 per year. Anecdotal evidence from local restaurant owners shows that dedicated staff can earn upwards of \$45,000 per year.

New jobs will fall into the following NAICS categories: hotels, bed and breakfast inn, full service restaurants, drinking establishments, coffee shops, gift shops, clothing stores, galleries, professional services and real estate. These businesses would also create jobs for support staff in areas such as housekeeping, reception, etc. In addition, the infill development construction would provide jobs in hotel construction, single-family construction and office building construction.

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

☒ Yes

☐ No

The wastewater improvement portion of the project supplements existing funding sources generated through utility user fees. The parking infrastructure does not have a stand-alone funding mechanism but the City is currently adopting a parking mitigation program to allow the program to become self sufficient once the initial parking areas are created. The stormwater component does not receive funding but the City is currently working to adopt a stormwater utility to enable future stormwater repairs to be funded through the stormwater utility.

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Total Infrastructure Costs	\$ 3,597,600
Reconstruction (Wastewater, Stormwater Parking)	\$ 2,730,000
Design & Engineering	\$ 130,000
Sewer System Inspection/ Utilities Master Plan	\$ \$63,000
Equipment – WQ Monitoring	

Supplies, Sampling, Tests, Report	\$ 70,000
Other (Signage,)	\$ 5,000
Administrative/Project Management	\$ 599,600
NWFWMD Stormwater/Parking	\$ 400,000
Total Project Costs:	\$ <u>3,997,600</u>

Project Breakdown by Infrastructure Element

1a. Stormwater Infrastructure Retrofit

Water Street & Avenue E Stormwater Project/Program Costs

Construction	\$ 485,000
Design & Engineering	\$ 30,000
Total Project Costs:	\$ 515,000

Water Street & Avenue D Stormwater Project/Program Costs

Construction	\$ 470,000
Design & Engineering	\$ 30,000
Total Project Costs:	\$ 500,000

Water Street & Leslie Street Stormwater Project/Program Costs

Construction	\$ 470,000
Design & Engineering	\$ 30,000
Total Project Costs:	\$ 500,000

Commerce Street Between D&E Stormwater Project/Program Costs

Reconstruction	\$ 50,000
Design & Engineering	\$ 10,000
Total Project Costs:	\$ 60,000

Administrative/Project Management	\$330,000
Avenue F & G Stormwater Project (NWFWMD Funded)	\$280,000

Water Quality Monitoring	
Sample Test Fees	\$ 12,000
DAS Rental	\$ 13,000
Analysis	\$ 5,000
Contracted Services	\$ 40,000
Educational Materials	\$ 5,000
Administrative/Project Management	\$ 15,000
Total Project Costs:	\$ 90,000

Total Stormwater Infrastructure Costs	\$2,275,000
--	--------------------

3. Pervious Parking Project/Program Costs:

Construction	\$ 395,000
Design & Engineering	\$ 30,000
Avenue G Parking (NFWMD project)	\$120,000
Total Parking Project Costs:	\$ 545,000

4. Wastewater Retrofit Costs:

Infrastructure Replacement	\$ 60,000
Vacuum and pump station	\$ 800,000
Inspection/Utilities Master Plan	\$ 63,000
Administration/Project Management	\$184,000
Total Wastewater Project Costs:	\$ 1,107,000

B. Other Project Funding Sources:

City/County (City stormwater utility fees 2018-19)	\$ 60,000*
City Value of Parking Property	\$ 50,000*
NFWMD Funding	\$400,000
<u>Total Other Funding</u>	<u>\$400,000</u>

Total Amount Requested: **\$ 3,597,600**

*\$110,000 in stormwater utility fees and value of property are not factored into the funding sources because they are to be considered in-kind contributions.

C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

The cost estimates for each infrastructure component are identified above. Upon funding, the City would seek competitive bids for each component and complete within the 18-24 month timeframe.

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

☒ Yes ☐ No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

☒ Yes ☐ No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

☒ Yes ☐ No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

☒ Yes ☐ No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

A. Is the infrastructure owned by the public?

☒ Yes ☐ No

B. Is the infrastructure for public use or does it predominately benefit the public?

☒ Yes ☐ No

C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?

Yes ☒ No

D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

Repair and replacement of sustainable critical infrastructure components are fundamental to the City and the surrounding community in terms of economic diversification and recovery.

Improvement of wastewater infrastructure will enable existing businesses to function and allow for expansion of services. New development currently hampered by lack of services will be able to build and be adequately serviced. With regard to parking, the creation of the initial parking spaces will enable development currently restricted because of lack of parking to mitigate and build new development, open businesses and employ people.

With the appropriate infrastructure, local testimony and model estimates Model results point to a \$2.07 million dollar increase in Personal Income of Franklin County by 2026. In Franklin, Gulf and Wakulla counties, an average of \$1.8 million dollar increase in Gross Domestic Product (GDP) and 40 forms of employment were projected.

E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:

- **Economic recovery,**
- **Economic Diversification,**
- **Enhancement of the disproportionately affected counties,**
- **Enhancement of a Targeted Industry.**

Providing the necessary infrastructure to support growth will result in new business development, jobs and increased wages throughout the City.

For decades, Apalachicola had an economy supported almost exclusively by the commercial harvest of seafood. With the decline of the seafood industry, many locals can no longer make their living from the surrounding waters as previous generations have.

An environmentally-compatible tourism industry represents a viable alternative and sustainable diversification for Apalachicola and it is one that the community has targeted for enhancement. Downtown businesses are almost exclusively locally-owned small businesses which reinvest their revenues back into the region's economy. Considered in its infancy, the short term vacation rental industry is already a \$5.6 million industry in Apalachicola. There are currently an estimated 225 accommodation units in the City's commercial areas. Apalachicola represents about 20% of the County's lodging supply.

The average daily night rate within the City is approximately \$115 and a general average occupancy rate for the short term vacation rental in Apalachicola is 60%. By multiplying the number of units available times the average rate (225 x \$115) you get an estimated nightly total short term rental figure of \$25,875. Multiplying that figure against a 60% occupancy rate (219 out of 365 days) results in an economic impact of \$5,666,625 annually. However, according to State Tourism calculations, lodging represents only about 40% of the total tourism impact to the area.

Estimates of increased private activity in Retail, Food Service and Accommodation indicate a sustained growth of \$6.5 million per year in sales by 2042 as a result of this project.

Model results point to a \$2.07 million dollar increase in Personal Income in Franklin County as of 2026. In Franklin, Gulf, and Wakulla counties, an average of \$1.8 million dollar increase in Gross Domestic Product (GDP), and 40 forms of employment were projected.

The jobs added, as a percent of 2026 total employment, equals a 10x greater impact across Franklin, Gulf, and Wakulla. The personal income added, as a percent of 2026 total personal income, is over 6x the relative impact.

2. Additional Information

A. Is this project an expansion of existing infrastructure project?

Yes

☒ No

B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.

Commencement date is dependent on funding. However, if funded, the City can initiate competitive bidding within 30 days and begin construction within 60 days of funding. It is expected that all projects can be completed within 18-24 months.

C. What is the location of the public infrastructure? (Provide the road number, if applicable.)

The location of the wastewater facility is located three miles west of town on Highway 98. The proposed vacuum pump/lift station would be located on City property in the downtown area adjacent to Commerce Street. The proposed parking area would be located on Commerce Street between Avenue G and Avenue I. The stormwater improvements would be located on Water Street in the downtown commercial district.

D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)

Responsibility for maintenance of the infrastructure components. All are managed by the City Administrator, Lee Mathes.

E. What permits are necessary for the infrastructure project?

Wastewater Treatment Improvements will require DEP permitting. Stormwater Improvements will require DEP permitting. Parking improvements will require review/approval by the City Planning and Zoning Board.

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?

No permits have yet been acquired. All applicable local permits will be expedited.

F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

The Future Land Use for all downtown infrastructure improvements is Commercial and public utility projects are consistent with the code requirements for all zoning districts.

G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline.

Yes ☒ No

H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

☒ Yes No

This project is matched by funding from the Northwest Florida Water Management District (\$400,000), through the two year implementation of the City's stormwater utility fee program (\$60,000) and by the value of the land proposed for the City parking spaces (\$50,000). That estimated value for more than 10,000 square feet of vacant public right of way owned by the City is approximately \$50,000. *(Based on analysis of adjacent property value, Franklin County Property Appraiser's office.)*

I. Provide any additional information or attachments to be considered for this proposal.

See attached.

ADDENDUM FOR LOCAL MATCH REQUIREMENTS OF SECTION 288.0655, FLORIDA STATUTES

1. Program Requirements

A. Describe the local match requirements of Section 288.0655 and the underlying project, program or transaction that will be funded by the proposed award.

Apalachicola is located in Franklin County which has been designated a Rural Area of Critical Economic Concern. There are three specific provisions in Chapter 288 that qualify this project for funding beyond the waiver identified for those Disproportionally Affected Counties.

Apalachicola is eligible for funding through 288.0655 (b) to improve inadequate infrastructure that has resulted in actions that prohibits economic or community growth. Lack of infrastructure facilities has resulted in a slowdown, even stoppage of commercial activity in the downtown district.

This particular project is consistent with the statutory provisions outlined in 288.0655 (c) established for REDI communities. Pursuant to 288.06561, Apalachicola has three of the following factors identified in 288.0656(2) including economic distress, a designation as a rural area of critical economic concern and is a municipality within a county defined as rural.

All three of the proposed infrastructure identified in this application are projects that qualify and which the City is requesting funding under the provisions of Chapter 288.

B. Provide a detailed explanation of how the local match requirements and the underlying project or program will connect to a broader economic recovery, diversification, enhancement of the disproportionately affected counties and/or enhancement of a targeted industry.

Combining the NFWFMD funding of \$400,000 with the City's anticipated 24 month revenue of more than \$60,000 in stormwater utility fees with a waiver of match requirements as outlined in Chapter 280 will allow Apalachicola to repair and replace sustainable critical infrastructure components fundamental to the City. Improvement of wastewater infrastructure will enable existing businesses to function and allow for expansion of services. New development currently

hampered by lack of services will be able to build and be adequately serviced. With regard to parking, the creation of the initial parking spaces will enable development currently restricted because of lack of parking to mitigate and build new development, open businesses and employ people.

REMI model results point to a \$2.07 million dollar increase in Personal Income in Franklin County as of 2026. In Franklin, Gulf, and Wakulla counties, an average of \$1.8 million dollar increase in Gross Domestic Product (GDP), and 40 forms of employment were projected.

The jobs added, as a percent of 2026 total employment, equals a 10x greater impact across Franklin, Gulf, and Wakulla. The personal income added, as a percent of 2026 total personal income, is over 6x the relative impact.

C. Provide a detailed description of, and quantitative evidence demonstrating how the proposed local match requirements will promote:

- **Economic recovery,**
- **Economic Diversification,**
- **Enhancement of the disproportionately affected counties,**
- **Enhancement of a Targeted Industry.**

Combining the NFWFMD funding of \$400,000 with the City's anticipated 24 month revenue of more than \$60,000 in stormwater utility fees with a waiver of match requirements will allow Apalachicola to more effectively plan for managed growth of its commercial downtown district and provide improved infrastructure to support continued business development and job creation.

Improved infrastructure will enable the City to provide improved enhancements of parking to serve the tourism industry and ensure that adequate wastewater facilities are in place to serve existing as well new business development downtown.

As modest as the industry is now, with the appropriate infrastructure, estimates show that the tourism industry as a targeted industry could be enhanced to represent nearly a \$40 million industry that employs more than 800 people in Apalachicola.

As Apalachicola's economy grows, it impacts neighboring Gulf and Wakulla County. REMI model projections indicate the relative impact of this infrastructure project to be quite high in terms of both GDP and jobs. See attached report.

2. Additional Information

A. What is the location of the property or transaction that will be supported by the local match requirements?

The commercial downtown district of Apalachicola.

B. Detail the current status of the property or transaction that will be supported by the local match requirement and provide a detailed description of when and how the local match requirement will be implemented.

B. Detail the current status of the property or transaction that will be supported by the local match requirement and provide a detailed description of when and how the local match requirement will be implemented.

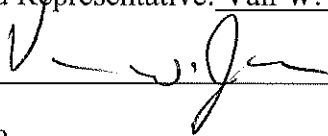
The City owns the property proposed for use as part of its in-kind contribution. The City considers its in-kind and property match to meet the requirements of this provision.

C. Provide any additional information or attachments to be considered for this proposal.

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: City of Apalachicola

Name and Title of Authorized Representative: Van W. Johnson, Sr., Mayor

Representative Signature: 

Signature Date: May 29, 2018

10/13/2017 FINAL

Attachments

- A. Financial Statements: City of Apalachicola, Apalachicola Main Street
- B. Letters of Support
- C. Northwest Florida Water management District Contract - Match verification

Attachment A

A. Financial Statements: City of Apalachicola, Apalachicola Main Street

City of Apalachicola, Florida

Financial Statements

September 30, 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com

City of Apalachicola, Florida
Balance Sheet
Governmental Funds

September 30, 2016	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,599,270	\$ 414,888	\$ 2,014,158
Investments	-	36,084	36,084
Due from other funds	49,206	49,289	98,495
Due from other governmental units	10,677	-	10,677
Accounts receivable, net	56,183	-	56,183
Notes receivable	-	375,532	375,532
Total assets	\$ 1,715,336	\$ 875,793	2,591,129
Liabilities			
Accounts payable	\$ 237,671	\$ -	237,671
Accrued payroll	9,180	-	9,180
Due to other funds	49,289	516	49,805
Unearned revenue	1,035,334	375,533	1,410,867
Total liabilities	1,331,474	376,049	1,707,523
Fund balance			
Restricted			
Community redevelopment agency	10,337	-	10,337
Library trust	-	364,505	364,505
Raney house	8,814	-	8,814
Local option gas tax	-	40,045	40,045
HUD	-	95,194	95,194
Debt service	20,261	-	20,261
Assigned	316,135	-	316,135
Unassigned	28,315	-	28,315
Total fund balance	383,862	499,744	883,606
Total liabilities and fund balances	\$ 1,715,336	\$ 875,793	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			21,691,058
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.			(2,428,882)
Deferred outflows and inflows of resources are not financial resources or liabilities and therefore are not reported in the funds.			401,117
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.			375,533
Net position of governmental activities			\$ 20,922,432

See accompanying notes

Management's Discussion and Analysis

Management's discussion and analysis provides an easily readable analysis of the City of Apalachicola, Florida's (City) financial activities. The analysis provides summary financial information for the City and should be read in conjunction with the City's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$37,345,198 (net position). Of this amount, a deficit of \$687,357 is unrestricted net position for governmental activities, a deficit of \$387,134 is unrestricted net position for business-type activities, \$539,156 is restricted net position for governmental activities, and \$397,496 is restricted net position for business-type activities.
- Total net position decreased by \$1,203,006. Of this amount, a decrease of \$352,503 is attributable to governmental activities and a decrease of \$850,503 is attributable to business-type activities.
- As of September 30, 2016, the general fund's unassigned fund balance is \$28,315 or 1% of total general fund expenditures.
- Governmental activities' revenues decreased 33% to \$3,242,359, while governmental activities' expenses increased 2% to \$3,594,862. Business-type activities' revenues increased 8% to \$1,945,992, while business-type activities' expenses increased 5% to \$2,796,495.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to basic financial statements*. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to basic financial statements* provide additional information concerning the City's finances that are not otherwise disclosed in the government-wide statements or fund financial statements.

Government-wide Financial Statements

The *government-wide financial statements* include the *statement of net position* and *statement of activities*, providing both long-term and short-term information about the City's overall financial condition. The *statement of net position* presents increases or decreases in net position from year to year and serves as a useful indicator of the City's improving or declining financial position. Information on how the City's net position changed during this reporting period is presented in the *statement of activities*.

Fund Financial Statements

The *fund financial statements* provide financial information for the City's major funds and more detailed information about the City's activities. Individual funds have been established by the City for the purpose of grouping related accounts to maintain control over resources that have been segregated for specific purposes or objectives to account for revenues that are restricted to certain uses, or to comply with legal requirements. The two major categories of funds found in the City's *fund financial statements* include: governmental funds and proprietary funds.

Notes to Basic Financial Statements

The *notes to basic financial statements* provide additional detail concerning the financial activities and financial balances of the City. Additional information is also included that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the City

Statement of Net Position

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City at September 30, 2016 and 2015. The City is able to report positive balances in all categories of total net position except unrestricted which show a deficit balance.

Statements of Net Position

	Governmental Activities		Business-type Activities		Total	
September 30,	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,492,634	\$ 2,007,301	\$ 263,148	\$ 232,413	\$ 2,755,782	\$ 2,239,714
Noncurrent assets	21,691,058	21,306,446	23,811,257	24,844,803	45,502,315	46,151,249
Total assets	24,183,692	23,313,747	24,074,405	25,077,216	48,258,097	48,390,963
Deferred outflows of resources	447,335	290,905	170,490	96,968	617,825	387,873
Current liabilities	1,526,306	362,424	1,001,734	781,267	2,528,040	1,143,691
Noncurrent liabilities	2,136,071	1,639,939	6,802,780	7,010,530	8,938,851	8,650,469
Total liabilities	3,662,377	2,002,363	7,804,514	7,791,797	11,466,891	9,794,160
Deferred inflows of resources	46,218	327,354	17,615	109,118	63,833	436,472
Net position						
Net investment in capital assets	21,070,633	20,637,767	16,412,404	16,976,262	37,483,037	37,614,029
Restricted	539,156	644,197	397,496	593,941	936,652	1,238,138
Unrestricted	(687,357)	(7,029)	(387,134)	(296,934)	(1,074,491)	(303,963)
Total net position	\$ 20,922,432	\$ 21,274,935	\$ 16,422,766	\$ 17,273,269	\$ 37,345,198	\$ 38,548,204

Statement of Activities

The following schedule provides a summary of the changes in net position for the years ended September 30, 2016 and 2015.

Statements of Activities

	Governmental Activities		Business-type Activities		Total	
<i>Years Ended September 30,</i>	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 182,641	\$ 283,803	\$ 2,064,409	\$ 1,935,474	\$ 2,247,050	\$ 2,219,277
Operating grants/contributions	630,085	603,451	-	-	630,085	603,451
Capital grants/contributions	214,323	1,011,959	-	-	214,323	1,011,959
General revenues						
Property taxes	1,161,394	1,137,302	-	-	1,161,394	1,137,302
Local option gas tax	57,123	53,774	-	-	57,123	53,774
Franchise and utility tax	159,679	161,274	-	-	159,679	161,274
Local business tax	30,598	32,618	-	-	30,598	32,618
Shared revenues	277,875	267,635	-	-	277,875	267,635
Investment earnings	20,513	19,209	1,583	3,124	22,096	22,333
Miscellaneous	388,128	1,158,391	-	-	388,128	1,158,391
Transfers	120,000	133,500	(120,000)	(133,500)	-	-
Total revenues and transfers	3,242,359	4,862,916	1,945,992	1,805,098	5,188,351	6,668,014
Expenses						
General government	1,135,941	1,307,542	-	-	1,135,941	1,307,542
Public safety	796,679	706,564	-	-	796,679	706,564
Transportation	744,138	637,740	-	-	744,138	637,740
Economic environment	23,117	11,897	-	-	23,117	11,897
Culture and recreation	894,987	877,443	-	-	894,987	877,443
Water	-	-	595,518	515,889	595,518	515,889
Sewer	-	-	1,743,855	1,653,989	1,743,855	1,653,989
Garbage	-	-	370,029	370,710	370,029	370,710
Mooring	-	-	87,093	111,491	87,093	111,491
Total expenses	3,594,862	3,541,186	2,796,495	2,652,079	6,391,357	6,193,265
Change in net position	\$ (352,503)	\$ 1,321,730	\$ (850,503)	\$ (846,981)	\$ (1,203,006)	\$ 474,749

Financial Analysis of the City's Funds

Analysis of Government-wide Financial Statements

Substantially all of the City's net position reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, vehicles and equipment) less any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. \$936,652 of the City's net position is subject to external restrictions on how it may be used. The balance of unrestricted net position may be used to help meet the City's ongoing obligations to citizens and creditors. As of fiscal year end, the balance in unrestricted net position is a deficit

of \$1,074,491. A significant portion of the deficit results from the recognized net pension liability and the related deferred inflows and deferred outflows of resources related to GASB 68.

Analysis of General Fund Budgetary Variations

For the year ended September 30, 2016, actual revenues including other financial sources were less than anticipated by \$1,317,193 and actual expenditures were less than anticipated by \$887,465. This was due in part to budgeting for a significant grant that was received in advance but not spent until subsequent to year end which resulted in under budget balances in both intergovernmental revenue and capital outlay.

Capital Assets and Long-Term Debt Activity

Capital Assets Activity

As of September 30, 2016, the City's total net investment in capital assets for its governmental activities is \$21,070,633 and for its business-type activities is \$16,412,404 for a total investment of \$37,483,037. This investment in capital assets includes the cost of land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure less accumulated depreciation and associated debt. Additional information on the City's capital assets can be found in the notes to the financial statements.

Long-Term Debt Activity

As of September 30, 2016, the City has a total long-term debt amount outstanding of \$9,699,800. Additional information on the City's long-term debt can be found in the notes to the financial statements.

Other Significant Matters

During the 2015-2016 fiscal year, the City property values showed a slight increase which resulted in a slight increase in ad valorem taxes. The Franklin County TDC has increased marketing efforts for this area, resulting in a slight increase in sales tax receipts. The City's receipts in other taxes, licenses, and services remains fairly consistent compared to previous years, showing a slight increase in some of those areas. The City Commission continues to make efforts to keep expenses down, while exploring potential revenue sources to improve our self-sustainability efforts.

The City of Apalachicola continues to focus efforts to improve citywide infrastructure through grants and other means while also striving to improve the recreational/cultural aspect of the City. Recreational/cultural additions and improvements are mostly funded through FRDAP grants. The City has been awarded two FRDAP grants to install a splash pad and playground at the Van W. Johnson, Sr., Service Complex. Construction will begin in FY 16/17 for these projects. The City is proud to have been awarded a DOT Beautification Grant that will highlight the east and west entrances into the City as well as other areas along Highway 98 corridor. The City is proud to have been awarded a grant through the State of Florida Division of Library and Information Services to build a new municipal library. With combined resources received from the grant, Key Estate funds, and fundraising efforts the library should be substantially completed by July 2017. Construction has been completed for the Water Quality/Stormwater Project. This project addressed Highway 98/16th Street, Prado, and Avenue I outfalls and was completed in March 2017. The CDBG Septic Tank Abatement, Bobby Cato Lift Station Upgrade, and Water System Improvements project offers qualified citizens the opportunity to connect into the City sewer system and also allows much needed upgrades for the Bobby Cato Lift Station. Construction was completed in April 2017. The City secured permitting for the installation of a Filtronics filtration unit and granular activated carbon vessels at our water treatment plant. Due to the high cost of maintenance of the carbon system, the City has opted to install a mixer and aerator

in the ground storage tank to address the Trihalomethan issue. The City will also be converting from chlorine to bulk sodium hypochlorite at the wastewater treatment plant. The City received BP funding which will be used for various projects approved by the City Commission.

The City continues its work on addressing future improvements and self-sustainability for the betterment of our community.

This report was prepared by City Administration. Questions concerning this report or requests for additional information should be addressed to Lee Mathes, City Administrator, City of Apalachicola, 1 Avenue E, Apalachicola, Florida 32320.

Forms 990 / 990-EZ Return Summary

For calendar year 2016, or tax year beginning

, and ending

Apalachicola Main Street Inc.

45-5047458

Net Asset / Fund Balance at Beginning of Year

10,883

Revenue

Contributions 49,522Program service revenue 52,009

Investment income _____

Capital gain / loss _____

Fundraising / Gaming: _____

Gross revenue _____

Direct expenses _____

Net income _____

Other income _____

Total revenue 101,531

Expenses

Program services _____

Management and general _____

Fundraising _____

Total expenses 93,738Excess / (deficit) 7,793

Changes _____

Net Asset / Fund Balance at End of Year

18,676

Client Copy

Reconciliation of Revenue

Total revenue per financial statements _____

Less:

Unrealized gains _____

Donated services _____

Recoveries _____

Other _____

Plus:

Investment expenses _____

Other _____

Total revenue per return _____

Reconciliation of Expenses

Total expenses per financial statements _____

Less:

Donated services _____

Prior year adjustments _____

Losses _____

Other _____

Plus:

Investment expenses _____

Other _____

Total expenses per return _____

Balance Sheet

	Beginning	Ending	Differences
Assets	<u>10,883</u>	<u>18,676</u>	
Liabilities			
Net assets	<u>10,883</u>	<u>18,676</u>	<u>7,793</u>

Miscellaneous Information

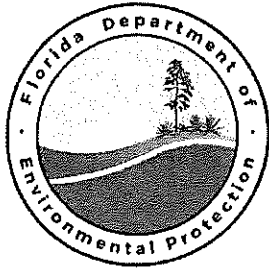
Amended return _____

Return / extended due date 11/15/17

Failure to file penalty _____

Attachment B

B. Letters of Support



Florida Department of Environmental Protection

Apalachicola National Estuarine Research Reserve
108 Island Drive
Eastpoint, Florida 32328

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

April 23, 2018

Subject: Application for Triumph Funds

Dear Triumph Board Members:

The Apalachicola National Estuarine Research Reserve fully supports the City of Apalachicola's Infrastructure Proposal to the Triumph Fund and is pleased to partner with the city on this project. The Reserve has long advocated for the improvement of the city's storm water infrastructure to help increase the water quality in the Apalachicola Bay and River. The city's proposal to improve the storm water infrastructure by incorporating the green initiative parking design will help to accomplish this goal.

The Reserve is part the Florida Environmental Protection which oversees the Apalachicola Aquatic Preserve and part of NOAA's National Estuarine Research Reserve System. Incorporating green infrastructure or nature-based solutions is a priority for NOAA and the Department of Environmental Protection. The Reserve is prepared to help coordinate water monitoring efforts and educational outreach associated with the project. We look forward to working with the city these improvements. If you have any questions, I can be reached at (850) 670-7716 or Jennifer.Harper@dep.state.fl.us.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Harper".

Jennifer Harper
Manager, Apalachicola National Estuarine Research Reserve

Billy Schultz Inc.
Real Estate and Development
2356 Schooner Landing
St. George Island, FL. 32328

Project: 119 Market St.
Apalachicola, Florida

May 1, 2018

To the Triumph Board:

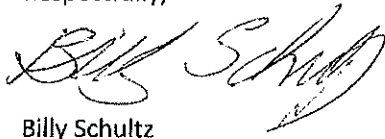
Good afternoon. I am writing to you today in support of the City of Apalachicola's Triumph application for infrastructure funding. As a businessman with more than 40 years experience in the commercial construction industry, I wholeheartedly endorse this project and believe it is a critical component of the City's efforts to promote environmentally responsible economic development.

I am the owner of 4 lots in Apalachicola's currently undeveloped downtown commercial district. I have drafted plans to build 10,000 square feet of commercial/short term rental property that is expected to generate more than 10 jobs. I am currently restricted in moving forward in my commercial development plans because of the lack of adequate infrastructure to support my proposed development.

I am in particular support of the City's proposal is to build more than 50 pervious parking spaces on City right of way property that will enable the City to launch a parking mitigation plan designed to make the project sustainable. Adequate parking has hindered my development efforts; when the infrastructure becomes available , my economic development efforts will proceed.

Thank you for considering my support. I look forward to working with the City to generate economic prosperity on my portion of the commercial downtown.

Respectfully,

A handwritten signature in black ink, appearing to read "Billy Schultz", with a stylized flourish at the end.

Billy Schultz

Jessica Gary
15 Avenue D
Apalachicola, FL 32320

The Owl Café
15 Avenue D

The Owl Café Tap Room
75 Commerce St.

Oyster City Brewing Co
17 Avenue D
Apalachicola, FL 32320

May 10, 2018

To the Triumph Board:

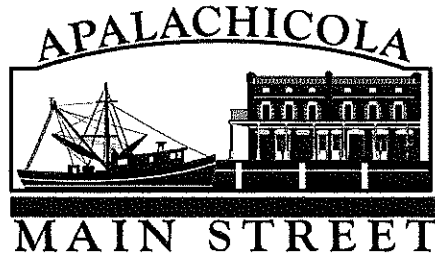
My name is Jessica Gary and I own The Owl Café, The Owl Café Tap Room, and Oyster City Brewing Company, businesses in downtown Apalachicola. I am writing in support of the City's efforts to obtain Triumph funding to repair and replace faulty infrastructure in the commercial downtown district.

As a business owner, I have personally experienced problems with the City's sewer system. On occasions, particularly on busy weekends or when there has been heavy rain, I have had problems with the City sewer functioning properly. Whatever the problem is with the system, it harms my business and it affects the tourism experience in town.

My businesses employ 60 local residents. Our livelihoods all depend on a thriving tourism industry. I understand the City runs on a limited budget – the tax base is low and our needs are high. However, we need the basics in order to grow our economy. In the interest of promoting economic development in this small coastal town, I hope Triumph can help the City cover the basics needed to move that economic engine.

Respectfully,
Jessica Gary

A handwritten signature in black ink, appearing to be 'J. Gary', with a large, sweeping loop at the end.



Triumph Gulf Coast Board
P.O. Box 12007
Tallahassee, Florida 32317

May 1, 2018

Triumph Gulf Coast Board Members:

I am writing to express my strong support for the City of Apalachicola's application requesting funding for infrastructure projects. Apalachicola Main Street is a non-profit organization dedicated to enhancing downtown Apalachicola through economic development in the context of historic preservation. This project is compatible with our mission and we fully support it. Adequate infrastructure is a prerequisite foundation for economic growth.

Tourism has become a powerful primary component of our economy, with ample room for growth. Providing the infrastructure necessary to handle our water, wastewater, and stormwater needs will allow our downtown tourist economy to continue its upward trajectory, supporting businesses and jobs.

The City needs adequate infrastructure to be able to sustain continued economic growth and development. I urge you to award the funding necessary for these infrastructure improvements.

Sincerely,



Jim Bachrach, Board Chair



Apalachicola Bay Chamber of Commerce
*Apalachicola * Eastpoint * St. George Island*

John Solomon
Executive Director
Apalachicola Bay Area Chamber of Commerce
122 Commerce Street
Apalachicola, Florida 32320

May 24, 2018

To the Triumph Board:

The Apalachicola Bay Chamber of Commerce supports the City of Apalachicola's efforts to obtain Triumph funding to repair and replace failing infrastructure in the commercial downtown district.

As the Executive Director, I have personally heard from several business owners who have experienced problems with the City's sewer and storm water system. The Chamber office has experienced it first-hand as well. Additionally, lack of parking has created problems in getting development approval. All of these infrastructure challenges harm downtown business and adversely affects the tourism industry here.

The Chamber supports and promotes environmentally compatible tourism but a critical component of that is adequate infrastructure to support economic growth. I hope Triumph board will act favorably on the City's proposal.

Respectfully



122 Commerce St.
Apalachicola, FL 32320
850-653-9419
Apalachicolabay.org

Attachment C

C. Northwest Florida Water management District Contract - Match verification



Brett J. Cyphers
Executive Director

Northwest Florida Water Management District

81 Water Management Drive, Havana, Florida 32333-4712
(U.S. Highway 90, 10 miles west of Tallahassee)

Phone: (850) 539-5999 • Fax: (850) 539-2777

April 19, 2018

The Honorable Van Johnson, Mayor
City of Apalachicola
1 Avenue East
Apalachicola, FL 32320

RE: AGREEMENT ORIGINALS

Dear Mayor Johnson:

Please find enclosed two originals of District grant agreement 18-048, City of Apalachicola Construction of Stormwater Treatment Facilities project. When these are signed and dated, please retain one for your files and return one to me at the letterhead address.

As this work proceeds, please note several dates and provisions within the agreement:

- A contract expiration date 36 months after execution, **with construction to be completed within the first 12 months;**
- Documentation with each invoice, as described in the scope of work;
- A semi-annual report and a final project summary report, as described in the scope of work; and
- Submittal of annual maintenance reports to be completed and submitted for 24 months following the end of construction.

Once the agreement is executed, I will contact your project manager to schedule a time for a project kick-off meeting. Please contact me at any time if you have any questions or if I can assist otherwise. We appreciate the opportunity to work with you on this project and look forward to its accomplishment.

Sincerely,


Christina Coger, AICP
Resource Planning Program Manager

cc: Ms. Lee Mathes, City Administrator
Ms. Betty Webb, Project Manager

GEORGE ROBERTS
Chair
Panama City

JERRY PATE
Vice Chair
Pensacola

JOHN W. ALTER
Secretary-Treasurer
Malone

GUS ANDREWS
DeFuniak Springs

JON COSTELLO
Tallahassee

MARC DUNBAR
Tallahassee

TED EVERETT
Chipley

NICK PATRONIS
Panama City Beach

BO SPRING
Port St. Joe

**Northwest Florida Water Management District and
City of Apalachicola
GRANT AGREEMENT**

Construction of Stormwater Retrofit Facilities

Grant Agreement No. 18-048

This Agreement ("Agreement") is made by and between the Northwest Florida Water Management District ("District"), a public entity created by Chapter 373, Florida Statutes, as amended, with an address of 81 Water Management Drive, Havana, Florida 32333, and the City of Apalachicola ("Grantee"), a Florida city, with an address of 1 Avenue E, Apalachicola, FL 32320, to provide financial assistance for the Construction of Stormwater Retrofit Facilities.

In consideration of the mutual benefits to be derived herefrom, the District and the Grantee do hereby agree as follows:

1. Terms of Agreement

The Grantee does hereby agree to perform in accordance with the terms and conditions set forth in this Agreement, **Attachment A, Scope of Work**, and all attachments and exhibits named herein which are attached hereto and incorporated by reference. References to days in this Agreement shall mean calendar days unless otherwise specified.

2. Period of Agreement

This Agreement shall begin upon execution by both parties and shall remain in effect for 36 months. The Grantee shall be eligible for reimbursement for work performed on or after the date of execution through the expiration date of this Agreement. No costs incurred prior to the execution of the Agreement are eligible for reimbursement. This Agreement may be amended to provide for additional services if additional funding is made available and both parties agree, via written amendment to this agreement.

3. Funding/Invoicing

- A. The District agrees to provide funding not to exceed four hundred thousand dollars and NO/100 (\$400,000) or the final cost to complete the project, whichever is less, for approved expenses in support of the project, as described in **Attachment A**. It is understood that any additional funds necessary for the completion of this project are the responsibility of the Grantee.
- B. The District shall provide funding to the Grantee on a cost incurred basis for all eligible project costs required for the completion of tasks, to include the submittal and approval of deliverables, identified in **Attachment A**. Invoices may be submitted no more frequently than monthly, shall reflect actual costs incurred, and must be submitted in detail sufficient for a proper pre-audit and post-audit thereof.
- C. The Grantee shall submit written invoices for payment with supporting documentation consistent with the template attached hereto as **Attachment B**. At a minimum, the invoice and supporting documentation submitted must contain the following information:
 - i. Grantee name and contact information, grant agreement name and number, invoice number, invoice date, invoicing time period, and authorized signature;
 - ii. A description and total dollar amount of funds being requested, organized by task;