

Application Score Sheet

Proposed Project: City of Apalachicola, Stormwater/Wastewater/Parking Improvements (#35)
Proposed Project/Program County: Franklin
Board of County Commission Support:

Total Projected Project Cost: \$4,017,600.00
Match Provided: \$510,000.00
Triumph Funds Requested: \$3,507,600.00

Score: C
Date: August 27, 2018

Economic Impact Analysis

The City of Apalachicola Proposal describes improvements to its stormwater and wastewater handling systems intended to replace and improve aging and inadequate equipment, thus bringing it to the level required to support and enhance economic development and growth in the City. These deficiencies, combined with a shortfall of sufficient parking to accommodate new development, have resulted in a stoppage of new commercial construction in the downtown district. The June 29, 2018 revised Triumph request of \$3,507,600 represents 87.3 percent of total project cost of \$4,017,600.

The City request has two major components: improvement of the vacuum and pump system to adequately service the sewer system; and, retrofit of deficient stormwater treatment facilities. Additionally, the City would do additional monitoring of the stormwater retrofit projects to identify drainage basin baseline and subsequent conditions, and design and build green-water pervious parking within the commercial district.

Tourism activities for Apalachicola are centered largely on the downtown district. The proposal notes that the declining productivity of the seafood industry has meant that workers can earn higher wages in the tourism sector than in fishing. Currently, overwhelmed wastewater infrastructure often fails and forces the closure of businesses in the downtown district on busy weekends. The application notes that growth is currently being limited by these deficiencies.

The project was endorsed by the National Wildlife Federation as one of four Triumph preapplications they favored as promoting economic recovery and diversification and also benefiting the environment of the more than 130 in the Triumph portfolio. The operations and maintenance expenditures that will be necessary to maintain the improved infrastructure will be handled by the City.

The City application does not identify specific job creation impacts to be expected from these improvements. Further, the improvements identified would normally be funded as part of ongoing city utility operations, so that Triumph funding likely supplants rather than supplements normal resources in this situation. This is particularly true given the modest level of match that is proposed.

For these reasons, staff rate this program “C” in terms of economic impact to the City of Apalachicola and Franklin County. Staff do not recommend advancing this proposal for Triumph Board consideration.

Project Summary (based on information provided by the applicant)

The City of Apalachicola is seeking \$3,507,600 of Triumph Gulf Coast funding to waste water, storm water and parking improvements in the downtown district. Apalachicola is located in Franklin County, a state designated Rural Area of Opportunity and part of the state Rural Economic Development Initiative.

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 improvements will allow growth to continue to occur and not be paused by the lack of infrastructure or capacity to serve.

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.

For decades, Apalachicola's economy was 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.

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 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.

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

To upgrade wastewater facilities and create a Utilities Master Plan the City is requesting is \$1,107,600. The Wastewater Treatment System is technically sufficient to accommodate additional connections to its 1.2 million capacity plant west of town, however, 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.

The City also 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.

The wastewater component will be sustainable by using development fees revenue. Proposed development is levied a wastewater 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.

For stormwater improvements the city is requesting \$2,275,000. 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 NFWMD funding does not cover facilities outlined in this proposal but is part of the larger stormwater project in the downtown area.

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.

The City is adopting a stormwater utility fee to collect funds for long-term 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.

The third part of the request is \$545,000 to design and build green-initiative pervious parking within the City's commercial district to meet a demonstrated parking need. 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.

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.

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.

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.

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%.

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.

Funding and Budget (as provided by the applicant)

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

A. Project/Program Costs as outlined in Section 2a:

Wastewater Facility Improvements	\$1,107,600.00
Stormwater Improvements	\$2,275,000.00
Water Quality Monitoring	\$90,000.00
Parking	\$545,000.00
Total Project Costs:	\$4,017,600.00

B. Other Project Funding Sources:

City/County (est. stormwater utility fees 2018-19)	\$60,000.00
City Value of Parking Property	\$50,000.00
NFWFMD Funding (stormwater & parking)	\$400,000.00
Total Funding Sources	\$510,000.00
Total Amount Requested:	\$3,507,600.00

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.)

Letters of Support

Apalachicola National Estuarine Research Reserve, FDEP

Billy Schultz Inc., Real Estate and Development

Jessica Gary, Owner The Owl Café, The Owl Café Tap Room and the Oyster City Brewing Co.

Apalachicola Main Street

Apalachicola Bay Chamber of Commerce

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