

City of St. Pete Beach

Responses to CRA work session comments

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The following is in response to comments and questions provided by the County Commissioners during the work session held February 16th and subsequent correspondence with County staff regarding the St Pete Beach CRA and TIF. The first three comments were specific requested changes or comments provided to the City by Pinellas County Planning Director Gordon Beardslee. Following each request or comment is our response shown in italics.

Comment: To be consistent with BCC policy and the statement at the bottom of page 74 that “neither City or County TIF funds can or will be used for ongoing operations and maintenance”, the paragraph on the top of page 75 should be revised to remove the provision that TIF may be used to fund maintenance of specialty design elements of public infrastructure within the CRA.

Response: Section 6.3, p.75; the language stating that TIF may be used to fund maintenance of specialty design elements of public infrastructure has been deleted.

Comment: As we have discussed, after reviewing the City of St. Pete Beach 2012 Stormwater Master Plan Update, County staff concluded that the stormwater projects are for conveyance/capacity only and no water quality projects are mentioned. These projects are, therefore, considered to be local drainage projects and are not eligible for County TIF funds. The CRA Plan should not identify County TIF as a funding source for stormwater system improvements.

Response: The 2012 Stormwater Master Plan Update addresses both water quality and water quantity. Section 5.0 IMPLEMENTATION lists six items that were considered in the project recommendation process to support successful implementation which includes Item #3 Ecological Concerns. While it is accurate that emphasis is placed on addressing areas with significant frequent flooding by implementing projects for additional conveyance/capacity, the report clearly addresses water quality and the City will incorporate water quality strategies into proposed stormwater projects. Section 2.4 of the Stormwater Master Plan Update addresses Water Quality, specifically referring to two primary Best Management Practices categories: 1) non-structural BMPs which include the sub-categories of pollution prevention BMPs and source control BMPs; and, 2) structural BMPs which include facilities constructed to passively treat urban stormwater runoff before it enters receiving waters. The report goes on to list a variety of specific types of BMPs that are discussed in the FDEP Manual and the Urban Storm Drain Design Manual that could be used to reduce pollutants entering receiving waters. It is the City’s intent to incorporate BMPs for water quality enhancements into all stormwater projects where feasible. In order to address this issue raised by the County staff and to provide assurance of the City’s intent, additional language has been included on p. 10 of the CRA Plan outlining how the City is already addressing water quality improvements in projects now underway, concluding with a statement that “If County TIF dollars are to allocated for stormwater improvements, they must be associated with enhanced water quality efforts”.

Comment: The City may be revisiting Strategies 2.4 and 5.3 based on the BCC discussion at the work session. But as currently drafted, the phrase, “for the purpose of bonding”, should be removed.

Response: The statement “and the Redevelopment Agency seeks to use the County’s increment revenue for the purpose of bonding” has been deleted from Strategy 2.4 found on page 31 and Strategy 5.3 found on page 33 as requested.

The following are responses to comments made by County Commissioners during the work session. Responses are in italics following each comment.

Comment: There should be a more equitable partnership in the sharing of the costs of Plan implementation.

Response: This statement relates to the requested Tax Increment Financing (TIF) that is necessary for plan implementation. The original request was for the TIF to be at the maximum level of 95% of the incremental increase in tax revenues over the base year. This means that once the base year is established, the County would continue to receive the base year ad valorem tax received from the properties in the CRA for each year thereafter and that 95% of the additional taxes generated by increased assessments and new construction within the CRA would be returned to the City to assist with implementation of the CRA Plan. In order to achieve a more equitable partnership, the plan has been amended to reflect a request for County TIF funding of 95% during the first 15 years of the CRA Plan and 70% during years 16-30. The City will continue to contribute the full 95% of the City’s TIF for the entire 30 years. This equates to an overall cost sharing level of 59% County and 41% City over the life of the Plan. In comparison, the following are current cost sharing percentages with some of the other CRAs: Dunedin is 61% County, 39% City; Safety Harbor is 59% County, 41% City; Largo West Bay is 57% County, 43% City; Oldsmar is 55% County, 45% City. Table 5-6 on page 64 of the Plan has been amended to reflect this proposed change in the TIF funding. This amended TIF formula reduces the County TIF that will be returned to the City by approximately \$11 million. With this reduction in funding and in order to closely balance the budget, the Proposed Capital Work Program (Table 6-1, p. 71-72) has been amended to eliminate the Gulf Blvd. District parking garage and decrease the level of funding for Streetscape Improvements.

Comment: The need for a parking and traffic circulation study if parking garages are to be included in the CRA Plan.

Response: Strategy 2.4 found on p. 31 of the CRA Plan has been amended to state that the City will complete a parking/circulation study and will seek approval from the Pinellas BCC prior to allocating TIF dollars to such expenditure. (Please note that one of the proposed parking garages has been deleted from the CIP and will be discussed later in our responses).

Comment: Included in the CIP are funds for burying/relocating utilities along Gulf Blvd. but the funding provided by Penny for Pinellas to be used for this project is not shown as a revenue source.

Response: The amount the City will receive from the Penny for Pinellas will not cover the cost for the project. The funding shown in the CIP is providing additional funding over and above the Penny for Pinellas in order to hopefully complete the project.

Comment: Why are City funds not being used to address some of the projects in the proposed CIP

Response: The CRA Plan states that with the implementation of the TIF, the City will invest over \$26.5 million in the proposed projects.

Comment: Has the City looked at other funding sources and maximized such revenue sources as Franchise Fees?

Response: The City has adopted the maximums allowed for Franchise Fees and Utility Taxes. In addition, in 2014 the City increased the Ad Valorem Millage rate by 17.44%. In 2015, the City increased Stormwater assessments, Tier 1 and Tier 2, by 45% and 25% respectively with additional increases scheduled for the next four years for a total increase 63% and 137% respectively. Wastewater Service rates were also increased in 2016 by 9.75% with scheduled increases over the next two years that will result in a total increase of 29%. These adjustments were made specifically to help address aging infrastructure throughout the City. The City also approved approximately \$20 million in bonds and loans in 2015 for infrastructure projects.

Comment: The precedent of establishing a redevelopment trust fund on the barrier islands.

Response: Approval of the City's CRA and TIF does not serve as an authoritative rule or foundation for subsequent action which are generally accepted meanings for precedent. Each CRA Plan must stand on its own merits consistent with the statutory criteria. The St. Pete Beach Plan meets this test and there has been no dispute that the Plan meets the requisite criteria. Florida Statutes, Sec. 163.340 (9) states in part that community redevelopment is meant to include rehabilitation and revitalization of coastal resort and tourist areas. Denying consideration of a fully qualified plan based on geographic location would be troublesome and in direct conflict with the intent of FS Sec. 163. The Plan and associated TIF are directed to funding essential infrastructure improvements in a coastal community where the need is paramount to the health and safety of residents and visitors; and the Plan is also directed in part to a key component of the County's economic base, i.e., the tourism industry that has the potential to return the investment back to the County as a whole.

Comment: Relying on changes to the Comprehensive Plan and the Land Development Regulations to stimulate redevelopment.

Response: The litigation involving the City's Comprehensive Plan was settled in early 2015 and the City's Land Development Regulations have been updated to reflect the adopted Comprehensive Plan. Conditions such as density limitations and concurrency requirements agreed to in the compliance agreement as a part of the litigation settlement will assure that redevelopment is consistent with infrastructure capacities helping the City to avoid unintended consequences such as overcrowded roadways and overstressed infrastructure.

Comment: Distinction between the Downtown Redevelopment district and the Gulf Boulevard Redevelopment District.

Response: This comment appeared to be questioning the basis for The Gulf Blvd. District inclusion in the CRA and was based on the perception that the properties in this area are all quality resort properties. We must not overlook the point of the functional and economic obsolescence that has occurred over the last decade created in part by the litigation surrounding the City's Comprehensive Plan that has now been settled and the properties inability to renew and/or expand. This, combined with the need for enhanced infrastructure capacity, roadway improvements, improved pedestrian options and overall safety improvements for residents and visitors clearly demonstrates the basis for inclusion in the CRA

In conclusion, the City of St Pete Beach has developed a CRA Plan that meets the criteria for plan establishment per F.S. 163. The Findings of Necessity have already been established and approved and include: Defective/Inadequate Street Layout, Parking Facilities, Roadways, Bridges, or Public Transportation Facilities; Faulty Lot Layout; Unsanitary/Unsafe Conditions; Deterioration of site and other improvements; and Inadequate/Outdated Building Patterns. The City has worked diligently over the past several years to develop a workable, realistic plan. We have listened to our residents and business owners and have requested and received valuable input from the County staff. Based on that input, significant changes were made to the Plan prior to the Draft Plan being presented for review at the County Commission work session. The feedback received at the work session resulted in additional amendments as outlined above. The changes resulted in a reduction of the County TIF dollars to be returned to the CRA to assist in the implementation of the Capital Work Program from \$49.6 million to \$38.8 million and are dollars that will be paid to the County by the property owners in the CRA. Based on 2015 information available from the Pinellas County Property Appraiser's office, 95% of the ad valorem tax for 2015 within the CRA equals approximately \$1.8 million. The County will continue to receive this base year amount each year resulting in total tax revenue to the County from the property owners in the CRA of approximately \$54 million over the 30 year life of the plan. The estimated \$38.8 million in TIF dollars we are requesting to be returned and reinvested in the CRA will be generated by additional taxes paid by the property owners due to increased assessed values and the value of new construction and does not come from the \$54 million discussed previously. In addition, ad valorem tax revenues that will be paid to the County from property owners outside the CRA over the next 30 years are estimated to be in excess of \$300 million assuming no increase in assessed values and no increase in values associated with new construction. Applying a conservative assessed value increase of 2% per year would generate more that \$100 million in additional tax revenue to the County. The full 95% of City TIF dollars will be reinvested in the CRA for the entire 30 years of the Plan. The cost sharing of 59% County/41% City as described above is an equitable partnership and is in line with other CRAs previously approved by Pinellas County.