



Agenda Item

SUBJECT/TITLE: Northeast Gateway - Welaunee Critical Area Plan Regional Infrastructure Funding Strategy	
Date: February 29, 2016	Requested By: IA
Contact Person: Wayne Tedder	Type of Item: Presentation

STATEMENT OF ISSUE:

The purpose of this agenda is to seek IA approval of a funding strategy for the 2020 Northeast Gateway Sales Tax Extension project that will begin to close the funding needs gap for the 2020 Sales Tax Extension program. More specifically, the strategies include public private partnerships between Ox Bottom Mortgage Holdings, LLC (“Ox Bottom”), Powerhouse Inc., Blueprint, and the Florida Department of Transportation (FDOT).

SUPPLEMENTAL INFORMATION:

Background

On October 27 and 28, 2015 the Leon County Board of County Commissioners and the Tallahassee City Commission, respectively, directed staff to seek a public private funding partnership to complete Phase I of the Northeast Gateway project which includes a four-lane Welaunee Boulevard extending from Fleischmann Road to Shamrock Street, Dove Pond serving to reduce downstream flooding as well as potentially serving some development and infrastructure components of the Welaunee property and a linear greenway around the Welaunee property described as the Arch (Attachment 1). The direction from the commissions was due in part from a proposed development application by Ox Bottom to develop approximately 500 acres of the Welaunee portion described as the Toe.

The proposed development within the Toe includes the following:

- A. Residential – 1,300 dwelling units
- B. Adult Living Facility – 180 beds
- C. Office and Retail – 115,000 square feet
- D. Institutional and Government Uses – 240,000 square feet
- E. Donation of land for a senior center site – 7 acres (55,000 square feet)
- F. Donation of land for an elementary site – 7 acres (100,000 square feet)
- G. Donation of land for a fire station site – 2 acres (15,000 square feet)
- H. Donation of land for a water well site – 3 acres

The developer, Ox Bottom, is also proposing to build a portion of Welaunee Boulevard and extend Dempsey Mayo Road from Miccosukee Road to Centerville Road among other roadways to serve

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the development and beyond. The City of Tallahassee is in the final stages of negotiating a 163 development agreement to memorialize the land dedications and infrastructure improvements previously identified. Final approval of the 163 development agreement is contingent upon the actions of the IA for the funding strategy proposed in this agenda item.

In an effort to illustrate the FDOT role in the funding partnership, it is important to recognize how the Capital Circle Southwest Blueprint 2000 and 2020 Sales Tax Extension project and the Thomasville Road/I-10 Interchange project relate to the proposed funding strategy.

Capital Circle Southwest

The 2020 Sales Tax Extension project identified up to \$70 million dollars in local (sales tax) funds for the Capital Circle Southwest project. The current FDOT, Fiscal Year 2017 – 2021 Work Plan identifies the following funding allocations.

Springhill to Orange Funding (FDOT funding)

- ROW 2017 - \$6,142,000
- Construction 2021 - \$45,819,000
- **Total - \$51,961,000**

Springhill to Crawfordville (Local funding):

- ROW 2020 - \$14,709,000
- Construction 2021 - \$21,365,000
- **Total - \$36,074,000**

On February 4, 2016, the City Manager, County Administrator, PLACE Director and other key management staff met with the FDOT District 3 Secretary Barfield to present a funding strategy to free additional local funds from this project and shift them to the Welaunee project. The Secretary indicated that he was in process of obtaining an additional \$15 million for ROW for the segment from Springhill Road to Crawfordville Highway. Thereby, the local funding necessary to complete this project has been reduced from \$36 million to just over \$21 million. Additional State dollars are possible in the future from FDOT, legislative requests or other grants outlined below.

Northeast Gateway Project

During deliberations of the 2020 Sales Tax Citizens Committee, the Northeast Gateway project was estimated to cost \$47.3 million. This estimate did not include the potential interchange and/or flyover that have since been estimated to cost approximately \$10 million dollars (flyover only). This project is proving to be an important roadway improvement to FDOT in that it may make significant traffic reductions to the I-10/Thomasville Road Interchange. So much in fact that it can delay the need for the estimated \$200 million construction project to improve the intersection (does not include needed ROW costs) presented by FDOT to the CRTPA Board in late 2015. Additionally, the property owners of the arch portion of the Welaunee property have committed to providing necessary ROW for Phase 2 of the Northeast Gateway roadway component if funding is committed for the full four lane segment of Welaunee Boulevard north of I-10 to the intersection

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of Shamrock Street. This added right of way further enhances the opportunities to reduce transportation impacts to the Thomasville Road/I-10 Interchange. Staff's recommended funding strategy includes the cost of four lanes from I-10 to Shamrock Street. However, the full four lanes may not be necessary for many years, and the costs associated with the last two lanes could be deferred (but designated) until a later date should funding not be readily available.

In an effort to reduce costs as much as possible, while still providing for a Phase 1 project that provides relief to the Thomasville Road/I-10 Interchange consistent with FDOT needs, staff has identified a modified cross section that would provide mitigation for the Thomasville Road/I-10 Interchange. The estimated cost of the roadway improvements including design, permitting and necessary stormwater facilities is \$45.3 million. The remaining roadway improvements to complete the full Phase 1 project would be required to be constructed by developers when completing the development along these corridors.

Another key component to the Northeast Gateway project is the perimeter greenway totaling approximately 200 acres. The property owner, Powerhouse Inc., has offered the greenway property at a cost of \$1 million dollars for fee simple ownership. However, the owner's offer for the property is contingent upon funding, over time (to be determined) the necessary greenway trail system and trailheads to make the greenway a useable and connected system. Staff recommends funding the greenway component and subsequent trail construction from the 2020 sales tax funds identified for the Northeast Gateway and Greenways Master plan projects. Should the IA authorize this portion of the project, City staff would need to specify the terms and enter into an agreement with the property owner.

Welaunee Interchange Study

In order to identify an appropriate location for the planned Welaunee Interchange through the typical Federal Highways review process, a PD&E study would be required for a broad area from Fleischmann Road to north of Roberts Road and between north of Centerville Road to south of Miccosukee Road. The cost of such study is estimated to exceed \$2 million dollars and take approximately two years to complete. Alternatively, FDOT and Federal Highways Administration have recommended to staff to complete the Phase I Northeast Gateway project in lieu of the above referenced PD&E. This approach would allow the \$2 million (required for the study) to be utilized for construction purposes.

Dove Pond Stormwater Management Facility

Dove Pond is a critical piece of the holistic Northeast Gateway project as it has the ability to serve the stormwater needs for the required Welaunee Boulevard roadway infrastructure, the public lands that are proposed to be donated by Ox Bottom as well as reducing downstream flooding. The estimated cost for construction of the Dove Pond stormwater management facility is \$3 million. Ox Bottom has proposed a 1/3, 1/3, 1/3 funding partnership between the developer, the City and the County. Staff is recommending the funding split (\$1 million – developer and \$2 million City and County) provided that all City property (donated and adjoining) will have capacity reserved within the facility and neither the City nor County will be responsible for maintenance of the facility. Due to the fact that the Dove Pond stormwater facility will serve a large public benefit,

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it is recommended that funding for the facility be paid through the 2020 Sales Tax program. This approach will require the City, County and Ox Bottom to enter into an agreement to memorialize the terms stated above. Further, it is not anticipated that funding of this facility is needed for at least three years. Therefore, it would be appropriate to defer the funding allocation until such time as the construction plans are ripe.

Funding Sources

Staff has identified the following additional funding sources for the necessary improvements to complete the Northeast Gateway and Capital Circle Projects: State Infrastructure Bank (SIB) Loans, TIGER Grant, and Legislative Requests.

State Infrastructure Bank (SIB) – The current Blueprint program has received three SIB loans throughout the program ranging from a low of approximately \$5 million to a high of approximately \$27 million. The interest rates for these loans have been 2 percent, and the oldest loan was received in 2004. All SIB loans currently have unpaid balances remaining and will not be paid in full until 2018. Staff recommends pursuing SIB loans for the Northeast Gateway project to the maximum extent possible, even if loans have to be requested for consecutive years.

Based on the SIB application and award schedule, the loans could not be awarded until July 2017. SIB loans have very favorable and flexible repayment terms and can be more flexible than a traditional loan. Previously awarded Blueprint SIB loans have interest rates of 2%. Because this a new roadway, repayment could be delayed until such time as the 2020 sales tax revenues become available or interest only payments could be arranged prior to the collection of 2020 sales tax proceeds. Additionally, it is anticipated that the loans could be drawn down in such a manner that the interest impact prior to sales tax collection beginning would be nominal or in the most favorable of terms.

Transportation Investment Generating Economic Recovery (TIGER) – Federal lobbyists for both the City and County have encouraged both entities to submit the Capital Circle Southwest project (Springhill Road to Crawfordville Highway) in the upcoming TIGER application cycle anticipated to be released in the near future. Staff recommends that the City and County submit a joint TIGER application for this portion of Capital Circle. Again, staff will seek to submit the maximum supportable amount for the grant realizing that the application amount may not be supportable if it exceeds \$15-\$20 million.

Legislative Requests – Based on the remaining need of approximately \$21 million for the Capital Circle Southwest construction, staff is recommending that both the City and County seek legislative support for State dollars necessary to complete this project.

Summary of Funding Strategy

In summary, the staff recommended funding strategies are contained in the following table.

Component	Amount	Proposed Funding Source	Notes
Welaunee Boulevard (Fleischmann Road to I-10)	\$20.9 million	Ox Bottom, SIB (Blueprint) and Developer	Future Developer for City property pays for last two lanes throughout City Property.
I-10 Overpass	\$10 million	SIB (Blueprint)	Four-lane overpass
Welaunee Boulevard (I-10 to Shamrock St.)	\$9.5 million	SIB (Blueprint) and 2020 Sales Tax	2020 proceeds used to fund final two lanes at a date to be determined. Property owner provides additional right-of-way from Shamrock St. to north property line at school right-of way.
Shamrock Street (Centerville to Welaunee)	\$4.9 million	SIB (Blueprint)	
Greenway Acquisition	\$1 million	2020 Sales Tax	
Greenway Construction	TBD	2020 Sales Tax	Construction to commence upon purchase and phased over time.
Dove Pond	\$3 million	Ox Bottom and Blueprint	\$2 million of Blueprint funds to be allocated from 2020 Sales Tax program. Remaining amount paid by developer. No maintenance costs for the City or County. All donated properties to City and City properties within the basin are provided capacity.
Capital Circle Southwest	\$21.3 million	TIGER, State Legislative Request	City and County to make funding a legislative priority.

OPTIONS:

Option 1: Direct staff to seek State Infrastructure Bank (SIB) loan/s for Welaunee Boulevard (Fleischmann Road to Shamrock Street).

Option 2: Direct staff to seek State funding for Capital Circle Southwest Construction (Springhill Road to Crawfordville Highway) until construction is funded.

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Option 3: Direct City and County staff to prepare a joint TIGER grant application for Capital Circle Southwest construction (Springhill Road to Crawfordville Highway).

Option 4: Approve \$2 million of 2020 Sales Tax proceeds to fund the Dove Pond regional stormwater management facility and direct the City and County staff to develop a joint agreement with Ox Bottom for the construction of Dove Pond.

Option 5: Dedicate \$1 million from 2020 Sales Tax towards purchase of greenway.

Option 6: Board direction.

RECOMMENDED ACTION:

Option 1: Direct staff to seek State Infrastructure Bank (SIB) loan/s for Welaunee Boulevard (Fleischmann Road to Shamrock Street).

Option 2: Direct staff to seek State funding for Capital Circle Southwest Construction (Springhill Road to Crawfordville Highway) until construction is funded.

Option 3: Direct City and County staff to prepare a joint TIGER grant application for Capital Circle Southwest construction (Springhill Road to Crawfordville Highway).

Option 4: Approve \$2 million of 2020 Sales Tax proceeds to fund the Dove Pond regional stormwater management facility and direct the City and County staff to develop a joint agreement with Ox Bottom for the construction of Dove Pond.

Option 5: Dedicate \$1 million from 2020 Sales Tax towards purchase of greenway.

Blueprint 2000 Project Definitions Report Consistency: This project is not one identified in the Blueprint 2000 program. However, the recommendations included in this agenda item are consistent with the IA's direction at the April 1, 2015 meeting directing staff to seek leveraged funds for all 2020 projects to close identified funding gap needs.

Action by the CAC and TCC: This action item is a policy decision for the IA and as such was not reviewed by the CAC or TCC.

ATTACHMENT(S):

Attachment 1: Northeast Gateway Project Description