

## FINANCING ALTERNATIVES

The development of a financially feasible Capital Improvements Framework for North Jacksonville is essential to ensure the timely and cost-effective delivery of adequate public facilities, services and implementation of the vision plan.

This assessment highlights financial sources and mechanisms that are capable of generating revenues for capital projects, and a nine-step strategic plan for implementing a financing program that will deliver sufficient revenues to fund the outlined capital improvements.

It should be noted that this assessment, does not culminate with a line item based revenue allocation for the various capital projects. These decisions have to be made by the Mayor, the City Council, Finance Director, and other department heads who can better gauge what dollar amounts of available local revenue streams can be directed towards the financing effort. This assessment identifies general revenue sources, and provides the framework for a decision process at the local level to determine what revenues can be spent and whether or not other funding sources (such as assessments and/or impact fees) are warranted.

The City of Jacksonville at present does not levy development impact fees to offset the costs of essential public facilities such as roads, water, wastewater, parks, & schools. Capital costs for these facilities have traditionally been partially or fully funded through the use of local ad valorem, sales tax, and gas tax revenues.

The following provides additional explanatory detail on financial mechanisms (outside of existing local source revenues and impact fees) available for public facilities development within North Jacksonville.

### Tax Increment Financing

Tax increment financing was originally developed over 30 years ago as a method to meet the local match requirements of federal grant programs. With the reduction in federal funds available for local projects, however, tax increment financing is standing on its own as a method to finance local redevelopment.

Located on the southeast portion of the Jacksonville International Airport(JIA), The JIA Redevelopment Agency represents the largest Tax Increment Financing District in the state of Florida. The JIA Redevelopment Agency represents a constant source of funding and management for projects within the districts.

In Florida, tax increment financing is derived from the Community Redevelopment Act of 1969 which is codified as Part 3, Chapter 163 of Florida Statutes. This act provided for a combination of public and private redevelopment efforts, but did not authorize the use of tax increment financing. The Act was amended in 1977 to allow tax increment financing. Under the Statutes, local governments must go through a number of steps to establish a redevelopment area and implement a tax increment district.

In summary, a county or municipality must first adopt a resolution finding that one or more “Slum or Blighted Areas”, or one or more areas in which there is a shortage of low to moderate income housing, exist and the rehabilitation, conservation or redevelopment of such areas is necessary in the interests of public health, safety, morals or welfare. The Statutes allow a broad application of the term “Blighted Areas” to include areas of existing or anticipated transportation blight. This is useful in “greenfields” areas such as North Jacksonville. After making the findings described above, the county or municipality can create a Community Redevelopment Agency (“CRA”). The CRA then carries out redevelopment activities working through the local planning agency.

### Role of the Community Redevelopment Agency

As listed in F.S. 163.387(6), the monies in the Trust Fund can be used for the following purposes:

- 1) Administrative expenses necessary to the implementation of the Community Redevelopment Area,
- 2) Expenses of redevelopment planning, surveys and financial analysis,
- 3) Acquisition of real property,
- 4) Site preparation including relocation of site residents, and
- 5) Issuance costs and principal and interest payments on any indebtedness.

According to F.S. 163.370(2), however, the funds may not be used for the following purposes:

- 1) To construct or expand administration buildings for public bodies unless each taxing authority involved agrees,
- 2) Any publicly-owned capital improvements which are not an integral part of the redevelopment if the improvements are normally financed by user fees, and if the improvements would have otherwise been made without the CRA within three years, or
- 3) General government operating expenses unrelated to the CRA.

### Types of CRA/Tax Increment Projects Allowed

There are five major types of expenses allowed under Florida Statutes 163.387(6) for tax increment revenues.

- 1) Establishment and Operations - they can first be used for the implementation and administrative expenses of the Community Redevelopment Agency.
- 2) Planning and Analysis - they can then be used to develop the necessary engineering, architectural and financial plans.
- 3) Financing - the revenues may be used to issue and repay debt.
- 4) Acquisition - the revenues may be used to acquire real property.
- 5) Preparation - finally, the revenues may be used for site preparation, including the relocation of existing residents.

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### Municipal Service Taxing & Benefit Units

Municipal Service Taxing and Benefit Units are special taxing and assessment districts created under F.S. 125.01. There are two ways to structure an MSTU/BU, including a benefit special assessment (MSBU) and an ad valorem tax (MSTU). MSTU's and MSBU's are identified as "dependent special districts" because the local government is directly involved with and responsible for the implementation and financial security of these districts.

F.S. 125.01 states that municipal service taxing or benefit units may be provided for the following:

*"fire protection; law enforcement; beach erosion control; recreation service and facilities; water; alternative water supplies, including, but not limited to, reclaimed water and water from aquifer storage and recovery and desalination systems; streets; sidewalks; street lighting; garbage and trash collection and disposal; waste and sewage collection and disposal; drainage; transportation; indigent health care services; mental health care services; and other essential facilities and municipal services from funds derived from service charges, special assessments, or taxes within such unit only."*

If ad valorem taxes are levied to provide essential facilities and municipal services within the unit, the millage levied on any parcel of property for municipal purposes by all municipal service taxing units and the municipality may not exceed 10 mills.

### Community Development Districts

For over a decade, community developments in Florida have been able to effectively deliver infrastructure, utilities, and other public facilities through the formation of limited-purpose districts such as Community Development Districts. A Community Development District ("CDD") is an independent special taxing district created and authorized by Chapter 190, Florida Statutes. The statutory purpose of a CDD is to plan, finance, construct and/or acquire, operate, and maintain community-wide infrastructure in planned community developments. In accordance with Chapter 190 said CDD may be empowered to manage and finance: (1) water management and control systems; (2) water and wastewater systems; (3) District roads; (4) parks and facilities for indoor and outdoor recreational, cultural, and educational uses, and; (5) other infrastructure as required by the development order on the developer or by interlocal agreement between the district and the county. CDDs provide a "solution to the state's planning, management, and financing needs for delivery of capital infrastructure in order to service projected growth without overburdening other governments and their taxpayers." Section 190.002(1)(a).

A CDD is not, however, a substitute for the local general-purpose governmental unit (i.e., the county in which the CDD lies). The 1984 Florida Legislature revised Chapter 190 and emphasized that:

*"Community development districts do not have the power of a local government to adopt a comprehensive plan, building code, or land development code, as those terms are defined in the Local Government Comprehensive Planning and Land Development Regulation Act. A district shall take no action which is inconsistent with applicable comprehensive plans, ordinances, or regulations of the applicable local general-purpose government." (Ch. 84-360, S. 3, 1984 Fla. Sess. Law Serv. 701, 707) codified at Section 190.004(3).*

A CDD, as a limited special-purpose local government, has no permitting, zoning, police nor many of the other powers possessed by local general-purpose governments. A CDD's powers and functions are strictly limited to its special purpose of managing and financing specific infrastructure for community development. Therefore, a community development district is solely an alternative means of managing, financing, constructing and/or acquiring, operating, and maintaining community-wide infrastructure for planned developments.

The role of establishing a Community Development District rests with the primary land owner (i.e., developer) of said property, who will be referred to as the Petitioner. The Petitioner proposes the establishment of a CDD to the County in order to provide an alternative mechanism to manage construct and/or acquire the infrastructure and community facilities needed to serve the property owners and eventually the residents in the District. If a CDD is larger than 1,000 acres, it will require establishment by the Florida Land and Water Adjudicatory Commission (the Governor and Cabinet). As noted previously, the District may be empowered to own, operate, and maintain: (1) water management and control systems; (2) water and wastewater systems; (3) District roads, (4) parks and facilities for indoor and outdoor recreational, cultural, and educational uses, and; (5) other infrastructure as required by the development order on the developer or by interlocal agreement between the district and the county. In most cases, the petitioner will ask the District to issue revenue or special assessment or revenue special assessment bonds to be used exclusively to provide the capital to construct and/or acquire the total infrastructure program for the project. These capital costs may be defrayed through the levy of a non-ad valorem assessment (special assessment) on all specially benefited properties within the District (sometimes referred to as "benefit special assessments"). The bonds can then be repaid from the proceeds of the special assessments. Funds for District infrastructure operations and maintenance can also be generated via such non-ad valorem assessments upon a showing of special benefits to the property from such

service. *The use of special non-ad valorem assessments has an advantage in that the property which receives the direct benefits of District infrastructure and services is the only property which will be obligated to pay for those facilities and services. Use of assessments also does not limit the current or future taxing capacity of the local general-purpose government.* The uniform process for the notice, roll preparation, collection, and enforcement of such non-ad valorem assessments has been established in Sections 197.3632 and 197.3635 and is recognized in Section 190.021.

Non-ad valorem assessments will also cover other costs for operating and maintaining District facilities upon a showing of special benefit to the property. It should be noted that in the beginning stages of the development, the Developer will be the largest landowner in the District and will be required to pay a reasonably apportioned share of all assessments or taxes. The Developer's ownership and obligations will subsequently decline as the project sales progress. The District's maintenance budget will not suffer, however, if sales of the development's lots or parcels are slower than expected. Instead, the Developer will be required to pay a greater proportion of the non-ad valorem assessment than expected. The District's revenues will not decrease because of the structure of the financing. At no time will operating and maintenance costs become an obligation of the County and its citizens.

Finally, the District will contract with the County Tax Collector to collect its taxes and/or non-ad valorem assessments. The costs for this service will be defrayed through the fees and commission charged by the Tax Collector. The District may also contract with the Property Appraiser for certain services for a fee. These costs will not be borne by the residents of the County but will be borne by the landowners of the District.

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### State and Federal Grant/Low Interest Loan Programs

The U.S. Government and the State of Florida award billions of dollars annually to local governments for community development projects in the form of grants and low interest loans. Key governmental agencies and quasi-public institutions offering grant and loan programs include the U.S. Department of Housing and Urban Development, the U.S. Environmental Protection Agency, the U.S. Department of Agriculture, Fannie Mae, and the Florida Department of Environmental Protection, to name a few. Many of these government-sponsored programs offer monetary awards or low interest loans for community planning and development activities which minimize urban sprawl and create long-term sustainable development. Although it is unrealistic to rely solely on these competitive programs to fund a massive capital improvements program such as the one envisioned for the North Jacksonville, it is conceivable that some revenues could be derived from these sources to help offset a portion of the local burden incurred from the development of community facilities.

The following is a list of government funding programs that could be considered by the County as potential revenue sources for various components of infrastructure and community facilities for the North Jacksonville area.

#### Wetlands Program Development Grants

**Purpose:** To assist in developing capacity to protect, manage, and restore wetlands.

**Eligibility:** State, tribal, or local government agencies, and not-for-profit organizations; also interstate entities.

**Funding Cycle:** Deadlines are determined annually.

**Funding Agency:** Office of Water, EPA.

**Contact Information:** Shanna Draheim (202) 260-6218, draheim.shanna@epa.gov

#### Urban Park and Recreation Recovery Program

**Purpose:** For the rehabilitation of recreation areas and facilities, demonstration of innovative approaches to improve park system management and recreation opportunities, and development of improved recreation planning.

**Eligibility:** Cities and counties meeting the eligibility requirements based on need, economic and physical distress, and the relative quality and condition of urban recreation facilities and systems.

**Funding Cycle:** Annual, contact NPS regional office.

**Funding Agency:** National Park Service, Department of the Interior.

**Contact Information:** National Park Service, National Center for Recreation and Conservation, Recreation Programs, Contact: Chris Ashley, Telephone: (202)565-1200

#### Recreational Trails Program

**Purpose:** To provide funds to the States to develop and maintain recreational trails and trail-related facilities for both non-motorized and motorized recreational trail uses.

**Eligibility:** The State agency or agencies designated by the Governors decide which projects will be developed within funding levels, but the FHWA division office located in each State makes the final decision on the eligibility of specific projects for funding. The State must have a State recreational trail advisory committee that represents both motorized and non-motorized recreational trail users, which shall meet not less than once per fiscal year. The State agency may accept project proposals from private organizations, or from municipal, county, State, or Federal government entities, and other government entities. The projects must satisfy one or more of the permissible uses.

**Funding Cycle:** There are no Federal deadlines for funding requests. An individual State may establish deadlines for projects within that State.

**Funding Agency:** Federal Highway Administration, Department of Transportation.

**Contact Information:** Christopher B. Douwes, Office of Planning and Environment (HEPH-30), Federal Highway Administration. Telephone: 202-366-5013. Email: christopher.douwes@fhwa.dot.gov.

### Florida State Grant Funding Sources

#### Boating and Navigation:

##### Clean Marina Grant Program

**Purpose:** Designed as a voluntary program where grant funds are used to implement “Marina Action Measures” as described in the Clean Marina Action Plan.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** Public and private marinas.

**Funding Cycle:** Annual; anticipated deadline November.

**Funding Source:** U.S. Environmental Protection Agency.

**Contact Information:** Jan R. DeLaney, (850) 488.5600 x178.

##### Florida Boating Improvement Grant Program

**Purpose:** designed to serve the needs of recreational motorized boating on marine or estuarine waters.

**Funding Agency:** Florida Fish and Wildlife Conservation Commission.

**Eligible applicants:** Coastal municipalities and coastal county governments.

**Funding Cycle:** Annual; deadline typically summer.

**Funding Source:** State trust funds.

**Contact Information:** Wendy Huszagh, (850) 488.5611 x173.

##### Florida Inland Navigation District Waterways Assistance Program

**Purpose:** Designed to provide financial assistance for the development and implementation or waterway related improvement projects.

**Funding Agency:** Florida Inland Navigation District.

**Eligible Applicants:** Municipal and county governments located within the district’s boundaries.

**Funding Cycle:** Annual; deadline typically April.

**Funding Source:** Ad valorem taxes.

**Contact Information:** Mark Crosley, (561) 627.3386.

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### Community Development and Revitalization:

#### Florida Main Street Program

**Purpose:** Designed as a technical assistance program to aid communities in revitalization activities.

**Funding Agency:** Florida Department of State.

**Eligible Applicants:** Florida communities.

**Funding Cycle:** Annual; deadline typically last Friday in July.

**Funding Source:** State funding.

**Contact Information:** Laura Lee Fisher, (850) 487-2333 or 1-800-847-7278.

#### Local Agency Program

**Purpose:** Designed to provide funding and technical assistance to local governments interested in implementing federal aid transportation projects.

**Funding Agency:** Florida Department of Transportation.

**Eligible Applicants:** Municipal and county governments.

**Funding Cycle:** Application process varies by district and project.

**Funding Source:** Federal Department of Transportation.

**Contact Information:** John Shriner, (850) 414-4150.

#### Waterfronts Florida

**Purpose:** Designed to provide innovative support for communities to revitalize and renew declining waterfronts.

**Funding Agency:** Florida Department of Community Affairs, Florida Coastal Management Program.

**Eligible Applicants:** Coastal county or municipal government, or a local non-profit or other similar local organization in partnership with the county or municipal government.

**Funding Cycle:** Biannually – even years; deadline typically April 1.

**Funding Source:** U.S. Department of Commerce National Oceanic and Atmospheric Administration.

**Contact Information:** Teresa Divers, (850) 414-6558.

#### Brownfields Economic Redevelopment Initiative

**Purpose:** Designed for redeveloping abandoned or underutilized industrial or commercial and potentially contaminated lands.

**Funding Agency:** U.S. Environmental Protection Agency.

**Eligible Applicants:** States, Municipalities, Counties, and Indian Tribes.

**Funding Cycle:** Grants support two-year demonstrations; deadline not determined yet.

**Funding Source:** Environmental Protection Agency.

**Contact Information:** Mickey Hartnett, (404) 562.8662.

### Economic Development and Tourism:

#### Advertising Matching Grants Program

**Purpose:** Designed to help municipalities and counties publicize the tourism advantages of the State of Florida.

**Funding Agency:** VISIT FLORIDA.

**Eligible Applicants:** Municipalities with a population of 50,000 or less, county governments with a population of 200,000 or less, or non-for-profit corporations.

**Funding Cycle:** Annual; deadline typically third Friday in April.

**Funding Source:** State of Florida.

**Contact Information:** Caroline Harris, (850) 488-5607 x319.

Business and Industry Industrial Guaranteed Loan Program

**Purpose:** Designed to provide assistance for projects in economically distressed cities, towns or unincorporated areas that have populations of 50,000 or less.

**Funding Agency:** U.S. Department of Agriculture.

**Eligible Applicants:** Any legally organized entity including cooperatives, corporations, and trusts operating on a profit or non-profit basis, Indian tribes, municipalities, counties or other political subdivisions of a state, or an individual.

**Funding Cycle:** Ongoing.

**Funding Source:** Annual appropriation by Congress.

**Contact Information:** Joe Mueller, (352) 338-3482.

#### Economic Development Transportation Fund

**Purpose:** Designed to provide funding to local governments for transportation projects for business retention, location or expansion.

**Funding Agency:** Enterprise Florida, Inc.

**Eligible Applicants:** Local governments that exercise maintenance jurisdiction over the proposed transportation project.

**Funding Cycle:** Cycle is open; grants are available on a first-come, first serve basis.

**Funding Source:** Gasoline tax, Department of Transportation.

**Contact Information:** Alberta Simmons, (850) 922-8737.

### Public Works and Development Facilities Program

**Purpose:** Designed to help distressed communities attract new industry, encourage business expansion, diversity their economies, and generate long-term jobs.

**Funding Agency:** U.S. Department of Commerce, Economic Development Administration.

**Eligible Applicants:** State governments, political subdivisions of a state, Indian tribes, special purpose units of government, public or private not-for-profit organizations, or associations representing the Redevelopment Area.

**Funding Cycle:** Ongoing. Pre-proposal required, formal applications invited.

**Funding Source:** Federal Funds, U.S. Department of Commerce.

**Contact Information:** Willie Taylor, (404) 730-3032.

## North Jacksonville Financing Alternatives

### Land Acquisition:

#### Florida Communities Trust

**Purpose:** Designed to provide grant and loan assistance for the acquisition of conservation and outdoor recreation lands.

**Funding Agency:** Florida Department of Community Affairs.

**Eligible Applicants:** Municipalities and county governments and non-profit environmental organizations.

**Funding Cycle:** Annual; see contact.

**Funding Source:** Florida Forever bond funds and sale of Florida Panther license tags.

**Contact Information:** Janice Browning, (850) 922-1737.

#### Florida Greenways and Trails Program

**Purpose:** Designed to help acquire lands to facilitate the establishment of a statewide system of greenways and trails.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** Federal, state, and local governments, non-profit organizations, and individuals.

**Funding Cycle:** Annual, deadline typically in spring.

**Funding Source:** Florida forever bond funds.

**Contact Information:** Destiny Bryant, (850) 488-3701.

#### Florida Recreation Development Assistance Program

**Purpose:** Designed to fund acquisition or development of land for public outdoor recreation projects.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** Municipalities and county governments.

**Funding Cycle:** Annual; see contact.

**Funding Source:** Land Acquisition Trust Fund.

**Contact Information:** Terri Messler, (850) 488-7896.

#### The Trust for Public Land Conservation Services Program

**Purpose:** Designed to help local governments find creative solutions to buy land when there is no immediate funding or where the property owner has special requirements.

**Funding Agency:** The Trust for Public Land.

**Eligible Applicants:** Local governments, local land trusts, and citizen groups.

**Funding Cycle:** No application deadline.

**Funding Source:** Capital revolving fund.

**Contact Information:** Will Abberger, (850) 222-7911 x23.

### Natural Resource Conservation & Enhancement:

#### Recreational Trails Program

**Purpose:** Designed to fund projects that provide, renovate, or maintain recreation trails.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** Municipal, county, state, or federal government agencies, and private organizations.

**Funding Cycle:** See contact.

**Funding Source:** Federal transportation funds.

**Contact Information:** Alexandra Weiss, (850) 488-3701.

#### Section 319 Non-point Source Management Implementation Grant

**Purpose:** Designed to be used for implementation of non-point source management controls.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** State agencies, water management districts, local governments, non-profit corporations, and universities.

**Funding Cycle:** Annual; deadline typically July 1.

**Funding Source:** U.S. Environmental Protection Agency.

**Contact Information:** Greg Knecht, (850) 921-2993.

### Water and Wastewater:

#### Drinking Water State Revolving Fund Program

**Purpose:** Designed to provide financial assistance for improvements to drinking water facilities.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** Rate-based community water systems.

**Funding Cycle:** See contact.

**Funding Source:** Federal appropriations and state match.

**Contact Information:** Don Berryhill, (850) 488-8163.

#### Florida Small Towns Environment Program

**Purpose:** Designed to give technical assistance to help small communities define and solve their own water and wastewater needs for less cost.

**Funding Agency:** Florida Department of Community Affairs.

**Eligible Applicants:** Small municipalities, unincorporated communities, subdivisions or simple geographic collection or homes.

**Funding Cycle:** See contact, no deadline.

**Funding Source:** Not applicable.

**Contact Information:** Dr. Susan Cook, (850) 922-1879.

#### State Revolving Fund Loan Program for Wastewater Treatment

**Purpose:** Designed to provide funding to assist in the financing of publicly owned wastewater and stormwater treatment, collection, transmission, disposal, and reclamation re-use facilities.

**Funding Agency:** Florida Department of Environmental Protection.

**Eligible Applicants:** Municipalities, county governments, special districts or agencies thereof.

**Funding Cycle:** Not applicable.

**Funding Source:** Federal appropriations and repayments.

**Contact Information:** Don Berryhill, (850) 488-8163.

