



Maritime Park Marina Roadmap to Redevelopment

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The City of Pensacola

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About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfields communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a multi-day process that included interviews with numerous stakeholders from the government, business, and non-profit sectors. The plan provides a framework for financing the development of a public use marina on submerged lands near the shore of the Community Maritime Park.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

Background & History

The Community Maritime Park sits on a 32-acre peninsula in downtown Pensacola, overlooking the Pensacola Bay. Today, the park includes plentiful greenspace, a public promenade, a playground, amphitheater, office buildings, and an award-winning Double-A ballpark completed in 2012.¹ The park is part of the City's ongoing efforts to revitalize downtown Pensacola. Nearby waterfront restaurants and condominiums contribute to the attractiveness of the area. This rapidly developing corridor celebrates Pensacola's identity as a historic maritime center while targeting private investments including commercial, office, retail, residential, restaurant, hospitality and entertainment.



The Community Maritime Park; Rendering courtesy of the City of Pensacola

The peninsula was created in the early 1900s by filling in a portion of the Pensacola Bay. It served as a trading post as early as 1784, and housed a variety of other industrial uses throughout the years. It was last used in the 1980s as a Chevron terminal facility.² The Frisco Railroad operated a freight terminal on the site. Long piers extending into the bay once supported rail cargo loading and unloading for coal and other materials. Over the years, many of these piers collapsed into the bay and created a submerged brownfield adjacent to the peninsula. Over 600 creosote treated pilings³ are estimated to be submerged underwater; the top few feet of some of the pilings are visible above the water's surface. While the redevelopment of the park included the remediation of the 32-acre industrial site, no part of the submerged lands or pilings have been touched.

With the park completed, the City would like to maximize the use of the peninsula's nearshore areas by providing boat access to and from the park for both small and large vessels. In 2012, the City built a breakwater in anticipation of eventually building out a public use marina to serve as a docking space adjacent to downtown. Not only would this encourage additional park traffic and recreational activities, but it would fulfill a long unmet need for community access to the bay. Plans for the marina include weigh stations for recreational fishing and a possible mooring field.

¹ Cosson, D. October 11, 2016. Pensacola's Community Maritime Park Wins Open Space Award. *The Pulse*. Retrieved from: <http://pulsegulfcoast.com/2016/10/pensacolas-community-maritime-park-wins-open-space-award>

² Community Maritime Park Associates, Inc. September 30, 2011. Financial Statements and Supplementary Information. Retrieved from: <https://www.cityofpensacola.com/DocumentCenter/Home/View/1302>

³ Creosote is a toxic wood preservative derived from the distillation of tar from wood or coal. It protects against termites, fungi, and other pests and is often used to treat railroad ties.

The marina will also increase the City's opportunities for tourism. The Tall Ships Challenge, an event that Pensacola will host for the first time in 2018, brings "traditionally rigged sailing vessels" into the region to showcase the community's maritime history. Events like this one will benefit from having a marina and a nearby park that can accommodate both a variety of vessels and a large number of people. Before the City can develop a marina, however, the submerged pilings and all other debris must be removed to clear a path for boats to safely access the shore.



Pensacola's Bruce Beach and Frisco Docks, now home to the Community Maritime Park, in 1922. Photo Courtesy of Pulse Gulf Coast.

Pensacola is unique in that it is one of two cities whose jurisdictional boundaries extend into the ocean; in this case, the Pensacola Bay.⁴ The EPA has never before recognized an underwater area as a brownfield, much less granted cleanup funding for such projects. There is no target cleanup level for the property, because no measurement process exists for the submerged contaminants. Nevertheless, due to the presence of creosote and other potential contaminants, the EPA has awarded a \$200,000 cleanup grant to the City for the removal of the pilings.

The cleanup can be achieved by pulling the pilings out and removing them or by cutting them off near the sea bed. The most economical and environmentally protective option seems to be the latter. The specific concern articulated by the City's environmental consultant was that as much as 50' or more of a piling (and there are approximately 600) is buried beneath the sea bed mudline. That condition effectively preserves the pilings, which have been treated with creosote. Consequently, the removal of this portion of the pilings has a significant likelihood of creating a release of creosote into a sensitive marine environment. Thus, sheering the pilings at the mudline removes the obstruction caused by these structures, while effectively "capping" the creosote contamination in place, a frequently-used brownfield remediation strategy.

In addition to the \$200,000 EPA award, the West Florida Regional Planning Council (WFRPC) has sub-granted \$250,000 from their brownfield revolving loan fund. A grant from the Florida Department of Environmental Protection (FDEP) will cover costs associated with disposal of the pilings after removal. Initially, it was thought that the combination of funds for cleanup and disposal would cover the piling removal and related expenses, however, additional investigation by divers has indicated far more underwater debris than was first detected.

After cleanup, the City estimates that the marina buildout will cost \$2M+; final costs will be determined based on final design plans. The original cost estimates did not include a mooring field, and other features may be added to the design that could significantly increase the construction cost.

⁴ This ownership is a relic from the City's early days of Spanish rule (1559-1719).

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Recommendations

Part I: Prioritize Cleanup of Ingress/Egress Channel for Boat Access

As mentioned above, the City has already secured over \$450,000 for cleanup and FDEP is picking up the cost of waste disposal from the site. Recent investigations by divers have indicated a large amount of other debris accumulated by dumping over the years. The City should focus initial cleanup efforts on the removal of pilings where ingress and egress channels will accommodate movement of large vessels (e.g., tall ships). This would require careful planning based off of the adopted design for the marina and placement of mooring field, etc. The City should map the overlay of existing pilings with the design for the future ingress and egress channel to determine where cleanup needs to occur first,



View from South End of Maritime Park Peninsula with Pilings

and the cost associated with that initial phase. The City can then compare that cost to the removal of all of the pilings (assuming at the mudline) to determine if the mobilization and demobilization costs are significant enough to warrant the full removal rather than a phased removal. If phasing is more cost-effective then the City can pursue Phase I of the piling removal while seeking funding for the remaining removal should the City determine it is necessary to pursue such future phases.

Part II: Continue Pursuing Grant Sources

The City of Pensacola has previously applied for the following sources of funding for the marina. These funding sources are highly competitive and each round of funding is limited. To date the City has not been awarded any funds through these programs, however, they are eligible to re-apply. The City should continue pursuing each of these sources of funding for all or a portion of the total redevelopment cost of the Marina.

Escambia County RESTORE Grant:

Escambia County manages a RESTORE Grant – “Resources and Ecosystem Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012” – funded from the settlement with BP over the 2010 Deepwater Horizon oil spill. The total payout for Escambia County is around \$70 million. Projects are awarded based on how they propose to achieve a

number of objectives, including restoration of natural resources and marine habitats, infrastructure projects benefiting the economy, promotion of tourism, and recreational fishing.⁵

Triumph Funds

Triumph Gulf Coast, Inc., is a nonprofit corporation organized to oversee the expenditure of 75 percent of all funds recovered by the Florida attorney general for economic damages to the state that resulted from the 2010 Deepwater Horizon oil spill. Triumph can make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties, including Escambia County.⁶

Florida Fish and Wildlife Boating Improvement Grant

The Florida Fish and Wildlife Conservation Commission administers competitive grants to fund the needs of boaters and boating-related activities on coastal and inland waters within the State. “Costs associated with the design, engineering, permitting, construction, repair, or enhancement of associated amenities for recreational boaters” are eligible costs.⁷

Part III: Investigate Opportunity to Utilize Federal Programs

In addition to pursuing the grant sources identified in the previous section, the City should investigate the following federal programs:

i. Economic Development Administration (EDA) Public Works Program

EDA’s Public Works program helps distressed communities revitalize, expand, and upgrade their physical infrastructure. The program has funded a number of marina-related projects, including a recent project in Maine that involved demolishing an old pier and constructing a new facility to support commercial fishing.⁸ EDA funding is targeted for distressed areas and is tied to job creation, so it would be necessary to demonstrate that final end uses of the marina development would result in some permanent jobs. The City should reach out to the regional EDA office to inquire about specific eligibility criteria.

ii. Housing and Urban Development (HUD) Section 108 Loan Guarantee Program

HUD Section 108 loan guarantees are available to Community Development Block Grant (CDBG) entitlement communities like Pensacola. The City can apply for up to five times their annual award, and must pledge future CDBG funds as collateral. The Section 108 loans were designed for large-scale, economic development projects with infrastructure and site development needs. Like CDBG funds, loan eligibility requires that projects benefit low- and

⁵ Austin, J. and Herzog, M. (October 5, 2012). Detailed Analysis of the RESTORE Act. Retrieved from: <http://eli-ocean.org/wp-content/blogs.dir/2/files/RESTORE-Analysis.pdf>

⁶ Triumph Gulf Coast, Inc. (n.d.) Triumph Overview. Retrieved from: <https://www.myfloridatriumph.com/about/triumph-overview/>

⁷ Florida Fish and Wildlife Conservation Commission. (January, 2015). Florida Boating Improvement Program Guidelines. Retrieved from: <http://myfwc.com/media/107380/fbip-programguidelines.pdf>

⁸ Economic Development Administration. (August 31, 2017). U.S. Department of Commerce Invests \$1.5 Million to Support Maine’s Commercial Fishing and Aquaculture Sector. <https://www.eda.gov/news/press-releases/2017/08/31/me.htm>

moderate-income persons, or are used to eliminate blight. Based on the background and history, this project would seem to meet those criteria. According to HUD data recently released for 2018, Pensacola would have a borrowing capacity of about \$3.3M. The potential for new business activity in and around the marina could create the revenue stream that could be dedicated to retiring the debt.

iii. Opportunity Zone Funding

The Tax Cuts and Jobs Act (HR 1) that was signed into law late in 2017 creates a new tax incentive to attract capital to low-income census tract areas, allowing investors to defer tax on capital gains if the proceeds are invested in an Opportunity Zone Fund, which is used to support new or existing business activities within the zone. States will be allowed to designate up to 25% of their low-income census tracts as opportunity zones. Zone designations will have a 10-year duration. The criteria for areas eligible to be designated are similar to those used for NMTCs. The Community Maritime Park was previously awarded NMTCs and is still considered to be a distressed census tract. Pensacola should immediately explore the possibility of getting a gubernatorial designation as one of Florida's new Opportunity Zones as authorized in the recently passed tax act.

Part IV: Identify Sources of Payback Revenue for Bonds

The City originally financed the Maritime Park redevelopment through a combination of bonds (\$45M) and New Markets Tax Credits (\$12M) and private donations. If the City can identify a reliable source of revenue to pay back additional bonds, the marina can be financed through a new issuance.

i. Conduct an Economic Impact Study

An economic impact study can demonstrate the potential revenue generated by proposed activities at the Marina. Some activities discussed include fishing tournaments, use of the mooring field, or a small touring vessel. The City should conduct a thorough analysis of potential revenues that can be generated by such activities; it's likely that the study would show adequate revenue flows to justify issuance of the bonds.

ii. Determine Specific Plans and Costs

The City has many ideas but no finalized plans for the marina. Although rough cost estimates are just over \$2M, those costs do not include the potential mooring field and other possible features of the marina. The City should finalize plans that include all the desired features of the marina and get revised cost estimates from marina construction companies.

iii. Conduct Analysis to Determine Capacity to Issue Parity Bonds

Parity bonds are two or more issues or series of bonds that have the same priority of claim or lien against pledged revenues or other security. In comparison to the \$45M in bonds issued in 2009, the amount needed to finance the marina is relatively small. To qualify as a parity bond, the project must pass the “parity test” or “additional bond test”, which ascertains that revenues must meet certain levels to allow the sale of additional bonds against the financed facility. The 2009 bonds are being paid back by TIF revenues. The City should conduct an analysis of the collected TIF revenue to determine what additional amount of bond issuance would qualify.

iv. Consider Including Marina Bonds in Refinance of 2009 Bonds

The City may wish to consider refinancing the 2009 bonds if doing so would improve the overall interest rate. In restructuring the existing debt obligations, the City can include Marina construction bonds in the refinance. This would also require that payback revenues meet the additional bond test described above.

Part V: Explore Opportunities for Public-Private Partnership (P3)

A public-private partnership (P3) is an arrangement where a government agency contracts with a private partner to renovate, construct, operate, maintain, and/or manage a facility or system that provides a public service or benefit.⁹ The Community Maritime Park was completed through a public-private partnership (P3). Community Maritime Park Associates, Inc., a 501(c)(3) organization, was created to carry out the construction of public amenities and to be the developer for private improvements. A similar structure could be formed for the Marina redevelopment. Several parties exist in Pensacola (e.g. Pensacola Yacht Club) and throughout the region who may have interest in partnering on one or more aspects of the project, including the potential for Gulf-oriented pleasure cruising. The City should issue an RFP if they wish to consider a P3 for the development and management of the marina. The City can maintain ownership of the marina while sharing revenues. P3s vary widely in structure and terms; modeling revenue sharing options will demonstrate how both parties get the desired return. Should the City take on the development directly, they may still consider partnering on the management of the marina or mooring field operations and maintenance.

⁹Council of Development Finance Agencies. (n.d.) Retrieved from: <https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/p3.html>

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Additional Resources

CDFA Brownfields Financing Toolkit |

[http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf)

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Advanced Bond Finance Reference Guide |

<https://www.cdfa.net/cdfa/store2.nsf/browse.html?open&so=popularity>

Economic Development Administration Funding Opportunities |

<https://www.eda.gov/funding-opportunities/index.htm>

HUD Section 108 Loan Guarantee Program |

<https://www.hudexchange.info/programs/section-108/section-108-program-eligibility-requirements/#overview>

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