



11/14/19

An Economically Feasible and Financially Sustainable Investment in Sarasota's Future Phase 1 Financial Plan

This document specifically describes Phase 1 of The Bay, generally describes the components of future phases, and details potential sources of capital and operational funding. The Bay is the result of an ambitious, long-term vision advanced by the Sarasota community to create an iconic public recreational and cultural destination. **From The Bay's beginnings, the community has agreed that all phases of this plan should be economically feasible and financially sustainable.**

We, our financial consultants, and our volunteer working group that includes both the City and County chief financial management officers, believe that **The Bay can be delivered for a capital cost and maintained for an annual operating cost within the range of costs experienced by other communities that have advanced open space visions of this ambition.** Further, we believe that the funds necessary to build and operate the public open space and supporting infrastructure can be accomplished with a combination of local funding (public, philanthropic and private sources), and from state and federal government funding. We believe that **the economically feasible and financially sustainable future of The Bay requires that it be built over time. If the experience of other communities is an indication, it will probably require 10-15 years for the entire project's completion** (see p. 5 for examples of comparable phased projects). Specific dollar estimates of sources and uses of capital and operating funds over a generation of changing administrations, macroeconomic considerations, and local needs would be impossible. Further, what comprises future phases is still in flux. This document, as a result, is very specific in describing Phase 1, which can be completed in the near term, and general for future phases. This is typical of long-range master planning.

The current emphasis is on providing a detailed description of a first phase of activity and how it will be funded and operated. The long-term success of any phased physical investment requires that the first phase of investment realize the entirety of the vision – delivering what was promised to all of its stakeholders - in one small geographic area, for a capital and operating cost that is initially feasible. Doing so is the only reliable means of sustaining momentum over the years to follow. This document endorses the Agency/Sasaki Master Plan, which sets Phase 1 on the southern 9 acres of the 53-acre site. Phase 1 will deliver a public destination along the bayfront, achieved via a new sunset boardwalk structure(s), public amenities including food and beverage services, shade structures with recreational programming stretching eastward from the waterfront, and better connectivity northward across the bayou. Most critically, Phase 1 will include programming to make the site active, fun, comfortable, safe and broadly attractive to diverse Sarasotans throughout the day and year.

Figure 1: The Bay Master Plan – Full Design



CONCEPTUAL MASTER PLAN

We believe Phase 1 can be delivered for approximately \$25 million, with the exact figure a function of the final design of the sunset boardwalk structure, the quality of materials selected for construction, the amount of contingency funding that is required for construction, and final permitting and soft costs.ⁱ Funding sources will include federal and/or state funding, value capture mechanisms to reinvest revenues from new downtown development back into the site, local public sector capital support, and philanthropic support. The following tables summarize a plausible range of funding for seven different potential funding sources which, if pursued successfully over the next several years, could reasonably cover the cost of Phase 1. In addition, these funds could provide initial funding for subsequent phases.

The following tables also indicate a “Lower-Bound Projection” and “Aspirational Projection.” The Lower-Bound Projection conservatively describes a viable Phase 1 project, while the Aspirational Projection describes the upper limits of Phase 1 funding that could be available from each source. A more “aspirational” level of funding from certain sources means:

- Less funding would be needed from other sources.
- More design and project components could be included in Phase 1, and to a higher level of finish.
- Some funding could be available for a maintenance endowment and/or future phases.

Figure 2: Phase 1 Capital Funding Sourcesⁱⁱ
(from BPC/City Partnership Agreement Exhibit A)

Sources	Minimum Base Funding	Aspirational Funding (up to) ⁽²⁾
State and Federal Sources	\$1-2M	\$2-5M
Development Impact Fees	\$1M	\$2M
City Capital Support	\$1-2M	\$2-3M
Tax Increment Financing ⁽¹⁾	\$1-2M	\$2-3M
Philanthropy	\$10-15M	\$15-20M
Total Revenues	\$14-22M	\$23-33M

⁽¹⁾ Depending on the pace of redevelopment and property value growth

⁽²⁾ Obtaining “aspirational level” of funding for some sources will likely lead to a reduction in funding need from other sources.

Figure 3: Phase 1 Breakdown

	Phase 1		Total
Scope	Flex park space, parking, food / beverage area	Boardwalk, connector bridge, streetscape	-
Capital Cost	-	-	\$20-25M
Operating Cost	-	-	\$1-2M/year±
Funding Sources ⁽¹⁾	Philanthropy, City	All	-
Revenue Opportunities ⁽²⁾	Food/Beverage, Private Events, Ticketed Events, Sponsorship	All	-
Schedule ⁽³⁾	2019-2021	2019-2021	2019-2021

⁽¹⁾ Funding sources could include state/federal, development impact fees (park), city capital support, tax increment financing, tourist development tax, philanthropy.

⁽²⁾ Operating funding sources could include food and beverage, rentals, sponsorships, special events, and philanthropy

⁽³⁾ Approximate schedule for design and construction

We believe Phase 1 can be operated for an annual \$1-\$2 million, with the exact amount a function of the nature and cost of programming, as well as the availability of sponsorship funding.ⁱⁱⁱ Funding sources will need to come from a mix of baseline public support, income revenues from on-site amenities and events, and philanthropic support. The table below summarizes a plausible range of funding for seven different potential sources which, when combined, could reasonably cover the operating costs associated with Phase 1.

Figure 4: Phase 1 Operational Funding Sources^{iv}

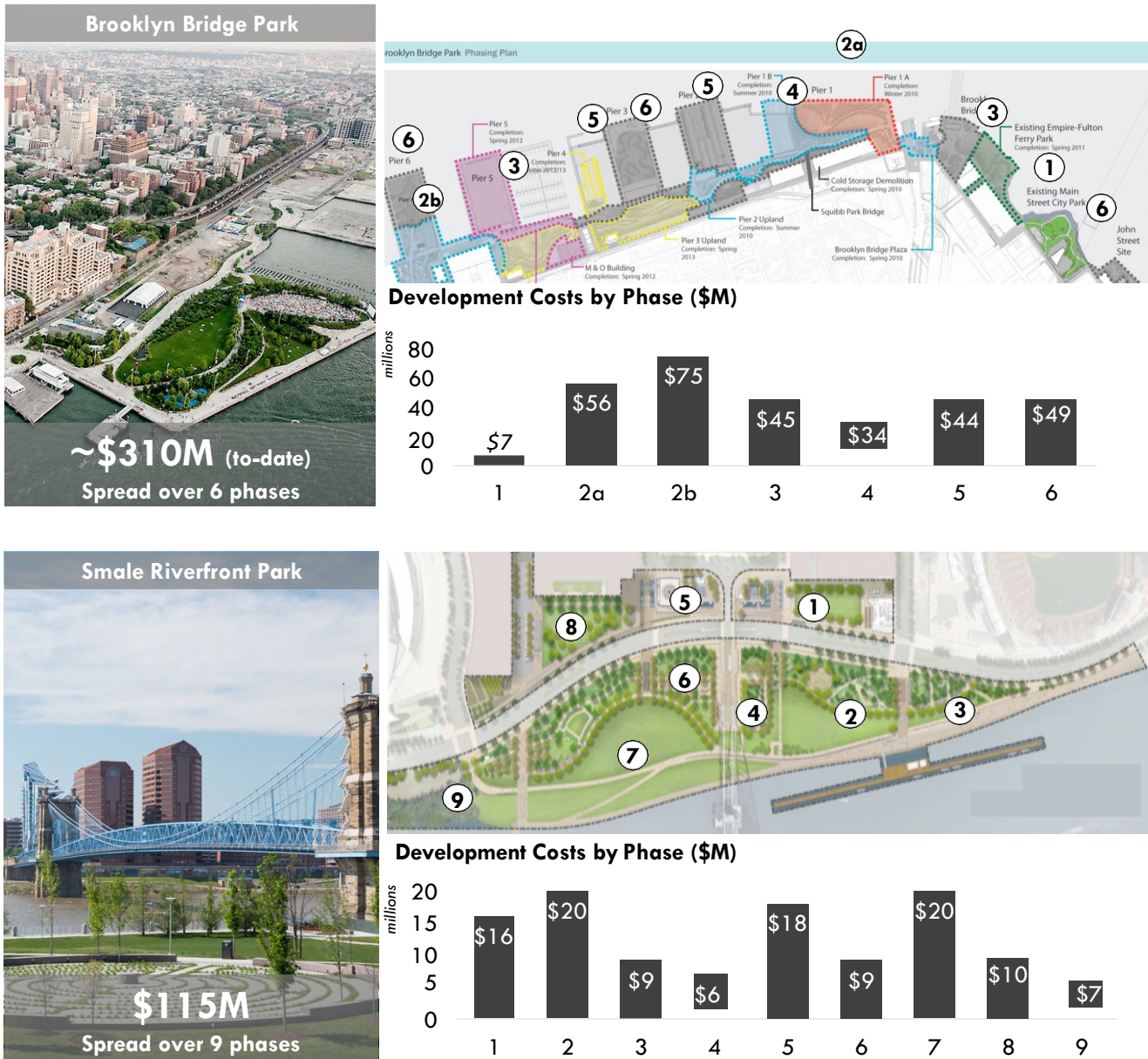
Sources	Minimum Base Funding	Aspirational Funding (up to) ⁽²⁾	Sources
Baseline Public Support	\$500k	\$750k	
Community Benefit Revenues ⁽¹⁾	\$0k	\$300k	Philanthropy
Food & Beverage Revenues	\$165k	\$365k	Food & Beverage
Event Rentals	\$65k	\$175k	Event Rentals
Event Sponsorship	\$150k	\$400k	Sponsorships
Other Event Revenue	\$0k	\$200k	
Philanthropy	\$200k	\$300k	
Total Revenues	At least \$1.1M per year		Public

⁽¹⁾ Could include revenue/donations from adjacent properties.

⁽²⁾ Obtaining “aspirational level” of funding for some sources will likely lead to a reduction in funding need from other sources.

As The Bay is built out over time, funding needs and opportunities on the capital and operating sides will continue to evolve, and the project will require that costs are controlled, and funding opportunities recognized and seized. **We have confidence in the financial strategy and plan that has been created during this master planning process and are excited for the future of The Bay.**

Figure 5: Phased Implementation – Comparable Projects



ⁱ Out of a total projected capital cost of \$150 million (in 2019\$) associated with the realization of all phases of the master plan, dependent on the amount of infrastructure required at final build out.

ⁱⁱ Out of total projected revenue sources of a minimum of \$150 million (in 2019\$), and likely more, that would be available to support the capital budget for all phases of the master plan.

ⁱⁱⁱ Out of a total projected operating cost of \$4-6 million (in 2019\$) required each year after all phases of the master plan have been completed.

^{iv} Out of total projected revenue sources of a minimum of \$4 million (in 2019\$), and likely more, that would be available to support the annual operating budget for all phases of the master plan.