

**Appendix: Financial Feasibility Projections for The Bay 53 Acre Park Project (DRAFT 1.11.19)**

The following appendix summarizes preliminary financial feasibility findings for The Bay master plan, which we have prepared in close coordination with the master planning team led by Sasaki Associates. As noted in the guiding principles adopted by the City Commission in 2015, the financial and economic sustainability of this plan will be critical to its success.

**I. Cost and Phasing Considerations**

**A. Capital Cost Drivers:** On the capital side, the range of costs presented would vary based on factors such as the following:

- The ultimate surface area/length of costlier programmatic elements, including piers, waterfront boardwalks, hardscaped areas, and amenity/shade pavilions and structures,
- The quality and nature of materials selected for paving, lighting, etc.,
- The ultimate number of certain features, including the US 41 overpasses,
- The final design and configuration of the boat ramp and canal district,
- The size and design of the parking garage required to support cultural uses, and
- The degree to which design, inflation and other contingencies end up being needed to support capital costs.

**B. Operating Cost Drivers:** Operating costs would also vary according to a different but related set of variables:

- The ultimate break-out of land area between lightly- and more heavily-programmed spaces,
- The nature and cost of programming within these zones, and
- The availability of funding for certain activities (for example, philanthropically-supported costs for a community festival).

**C. Overall Cost Projection:** Depending on the factors cited above, The Bay could trigger the following range of capital and operating costs (presented in 2018 dollars):

- *Overall Capital Costs:* Between \$100M and \$200M at full build-out, and
- *Overall Operating Costs:* Between \$4 and \$6M per year at full build-out.

**D. Phase I Cost Projection** The first phase of The Bay could trigger the following range of capital and operating costs (presented in 2018 dollars), varying with some of the factors cited above.

- *Phase I Capital Costs:* \$20M±
- *Phase I Operating Costs:* Between \$1 and \$2M

**E. Phasing Precedents:** Similarly-ambitious public and community initiatives have required multiple phases that were completed over a decade or more. For example:

- Brooklyn Bridge Park has required 7 phases spread over the last 16 years so far; the park's final phases are currently being completed. Even as later phases were being funded and completed, the park served as a well-used and popular amenity.
- Smale Riverfront Park in Cincinnati was built over 9 phases stretched over the last 10 years. Although the project's overall budget was over \$100 million, each discrete phase cost no more than \$20M each, allowing the park to be completed in feasible chunks as funding was secured.

## II. Funding Sources

**A. Potential Capital Revenues:** HR&A assessed the potential of a diverse set of sources to support capital costs, including:

- **State and Federal Sources:** Drawn from transportation, land preservation, trail conservation, and FEMA funding sources,
- **Development Impact Fees:** Revenues from open space impact fees assessed on new development that would directly benefit from The Bay's park amenities,
- **City Capital Support:** Infrastructure enterprise funds, possible parks district funds, and/or possible bonds levied by the City and approved by voters via referendum,
- **Tax Increment Financing:** Revenue bonds supported by incremental property taxes generated by new development on adjacent sites, assuming no increase in property tax rates,
- **Tourism Development Taxes:** Funding from incremental hotel taxes generated by recently opened and planned Downtown Sarasota hotels,
- **Infrastructure Surtax (City/County):** Revenues from the 1% sales surtax (shared by the County and its municipalities on a pro rata basis) drawn from the round of funding commencing in 2025 (subject to voter approval of surtax extension in 2024).
- **Philanthropy:** Funds raised as part of a capital campaign or foundation/corporation sponsorship of particular site components.

**B. Potential Operating Revenues:** A separate set of sources were reviewed for their potential to support project operating costs, including:

- **Baseline Public Funding:** Baseline public funding in line with current annual funding levels at other parks in the region,
- **Neighborhood Funding:** A special purpose district established to finance improvements within a designated area, which could take the form of a Community Development District or a Neighborhood Business Improvement District,
- **Earned Income,** including:
  - **Food and Beverage:** Lease revenue from cafes, kiosks, and restaurants or event proceeds, and
  - **Fees and Leasing:** Revenue from event rentals, equipment rental, or parking fees; and
- **Philanthropy:** Funds from individual donations, sponsorships, and membership programs.

## II. Funding Process Considerations

### Capital Funding Process

Source	Voter Referendum?	Establish New District?	Principal Approving Authority
State and Federal Sources			FDOT / State Legislature
Development Impact Fees			City Commission Request, County Commission Approval
City Capital Support	Possibly*		City Commission
Tax Increment Financing		Yes	City and County Commissions
Tourist Development Tax			County Commission <sup>1</sup>
Infrastructure Surtax	Yes**		City and/or County Commissions
Philanthropy			The Bay Leadership & Stakeholders

\*Required for certain City bond issues

\*\*Voters will consider whether to extend the infrastructure surtax in Nov. 2024

### Operating Funding Process

Source	Voter Referendum?	Establish New District?	Principal Approving Authority
Baseline Public Support			City and/or County Commissions
Neighborhood Funding		Yes	City and/or County Commissions
Earned Income*			The Bay Leadership & Stakeholders
Philanthropy			The Bay Leadership & Stakeholders

\*Including food and beverage revenues, event rentals, event parking revenues and event sponsorships

<sup>1</sup> The County Commission appoints the Tourist Development Corporation which has the authority to approve funding allocations.

**III. Detailed Funding Sources**

**Preliminary Capital Sources - Methodology**

<b>Sources</b>	<b>Total Master Plan Revenues</b>	<b>Phase I Revenues</b>	<b>Methodology Notes</b>
State and Federal Sources	\$30M-\$60M	\$1M-\$10M	Projected in light of Sarasota County’s pro rata share of relevant FDOT-allocated revenues during FDOT’s upcoming 5-year work plan, as well as a review of environmentally-related grant funding opportunities. Phase I share assumes funding support for the southernmost US 41 pedestrian overpass, the Boulevard of the Arts roundabout and/or pier costs.
Development Impact Fees	\$3M-\$4M	\$0.5M-\$1M	Projected to include an allocation of a share of open space impact fees that will be generated within a two-block radius of the site over the coming decade. Open space impact fees are assessed on all newly-built residential units in Sarasota County. Phase I share includes funding from the subset of nearby projects that are closest to completion and/or seed funding from recent nearby development.
City Capital Support (Infrastructure, etc.)	\$10M-\$15M	\$0-\$1M	Sources could include infrastructure enterprise funds, parks district funding, and/or bond issues or grants sized in light of recent funding precedents. Phase I assumed to potentially but not necessarily receive support from this source.
Tax Increment Financing (City/County)	\$40M-\$60M	\$5M-\$20M	Sized based on the expected property tax increment associated with new development within the blocks surrounding the project site, to which conservative financing and development phasing assumptions were applied. Assumed to be an important source that is only partially available during Phase I in light of the expected pace of adjacent building deliveries.
Tourist Development Tax (County)	\$10M-\$20M	\$1M-\$5M	Sized in light of the expected hotel tax increment associated with recently-delivered and expected new hotels in Downtown Sarasota, less the share of Tourist Development Taxes dedicated to tourism promotion per State regulation. Project’s share of incremental funding assumed to be a portion of new Downtown hotel revenues, with a modest upfront contribution supporting a share of Phase I costs.
Infrastructure Surtax 4 (City/County)	\$30M-\$60M	\$0M	Sized to include a modest share of City and County revenues from the 1% infrastructure sales surtax (charged on all sales within the County and shared by the County and its municipalities on a pro rata basis) drawn from the round of funding commencing in January 2025 (subject to voter approval of surtax extension in November 2024).
Philanthropy	\$30M-\$75M	\$7.5M-\$15M	Philanthropy assumed to serve as a “gap filler” that will be especially critical during Phase I, particularly if certain other funding sources are slower to materialize. Sized to cover half of the lower-bound range of funding needs for Phase I, which we believe is conservative goal, and to cover an assumed share of 20-25% of the capital stack for the project overall.
<b>Total</b>	<b>At least \$153M</b>	<b>At least \$15M</b>	

**Preliminary Operating Sources - Methodology**

<b>Sources</b>	<b>Total Master Plan Revenues</b>	<b>Phase I Revenues</b>	<b>Methodology Notes</b>
Baseline Public Support	\$500k-\$750k	\$500k-750k	Sized to apply a minimum of current average park funding per acre at the County level, and up to a 50% premium over current average funding. Phase I public support assumed to be front-loaded, i.e. the full amount of public operational funding based on the total acreage of future park use is projected prior to the completion of all park acreage in order to kick-start operational feasibility.
Neighborhood Funding	\$600k-\$1.2M	\$0-\$300k	Projected based on precedents for local funding districts in Sarasota and Manatee Counties as well as regulatory guidelines for business improvement districts. Phase I could be possible but not as successful without a neighborhood-based operating revenue stream.
Food & Beverage Concession Revenues	\$650k-\$1.1M	\$165k-\$365k	Sized based on the current restaurant and retail market in and around Downtown Sarasota as well as a review of comparable park food and beverage precedents. Phase I share projected in light of the anticipated food and beverage program within the boundaries of Phase I.
Event Rentals	\$250k-\$525k	\$65k-\$175k	Projected based on comparable rates for wedding and other event rentals in Sarasota and a conservative projection of usage over the course of a hypothetical year. Phase I operating budget assumed to rely on at least a 25% share of eventual site-wide revenues.
Event Sponsorship	\$600k-\$1.2M	\$150k-\$400k	Projected based on comparable community event sponsorship rentals in Sarasota and a conservative projection of event schedules over the course of a hypothetical year. Phase I operating budget assumed to rely on at least a 25% share of eventual site-wide revenues.
Event Parking	\$900k-\$1.8M	\$0-\$200k	Projected based on the preliminary parking program as well as revenue assumptions drawn from Downtown Sarasota's public parking garages. Assumed to be in line with current parking charges added to ticket prices at Van Wezel events and to exclude parking revenues from regular usage of the site's park amenities.
Philanthropy	\$250k-\$420k	\$200k-\$300k	Projected based on membership rates and participants for comparable membership programs in Sarasota including that of the Selby Public Library, Selby Gardens and support groups for local State Parks. Assumed to include additional philanthropic support for operations beyond a baseline membership program, which would be particularly critical during Phase I.
<b>Total</b>	<b>At least \$4M</b>	<b>At least \$1M</b>	