Capital Projects/Beautification
Narrative

Cleveland Avenue Offsite Stormwater Credits Program

Fort Myers CRA

Looking for a creative way to encourage Cleveland Avenue revitalization, Fort Myers CRA partnered with the City of Fort Myers to perform a stormwater retrofit in the City's golf course so additional water treatment and volume could be built into the existing system. This created a stormwater "mitigation" bank that developers could use in lieu of building their own onsite treatment systems. The program gives the CRA a competitive edge in attracting innovative development projects through more flexible negotiating and predictable permitting—plus this nutrient-removal system actually improves the impaired water body it feeds, the Caloosahatchee River.

1. **Innovation –** A description of how the project demonstrates innovation in financing, design, construction, problem solving.

    - **The Cleveland Avenue Stormwater Credits program is a new tool that incorporates environmental improvement as a way to encourage economic redevelopment.** As a way to attract developers to Cleveland Avenue/U.S. 41, in fiscal year 2015 the Fort Myers Community Redevelopment Agency (CRA) partnered with the City of Fort Myers to contribute $1.3 million to the stormwater portion of the redesigned Fort Myers Country Club (FMCC) golf course to build water quality and stormwater treatment above what was required. On October 4, 2016, the CRA received approval of their environmental resource permit from the South Florida Water Management District (SFWMD) for offsite stormwater credits, which could be used in all four of the Cleveland Avenue redevelopment sub-areas. These credits will now be used as economic development incentives to encourage revitalization of Cleveland Avenue/U.S. 41.
    - **This program eliminates an economic impairment to redevelopment, allowing future redevelopment of existing sites that currently have no water quality treatment.** The City of Fort Myers and the CRA wisely understood that redeveloping the golf course at this time to offer stormwater credits counteracts any redevelopment stormwater-treatment limitations of the aging Cleveland Avenue/U.S. 41 corridor, thus making it easier to fulfill the Cleveland Avenue Redevelopment Plan recommendations.
        - In order to understand the stormwater-treatment limitations of an aging corridor like Cleveland Avenue/U.S. 41, here is a brief history of how current water quality standards came to be determined and enacted, versus building standards over the decades:
            - Following a series of lawsuits, rules were adopted into law that identified water quality standards for all of the water bodies in the United States including the State of Florida; this law is known as the Clean Water Act (1972). Under the Clean Water Act, a water body can be officially designated as impaired. Water bodies are required to comply with a total maximum daily load (TMDL) of nitrogen and/or phosphorous measured in the water body in amounts established for that community. For water bodies that didn't comply with the TMDL, a

basin management action plan (BMAP) was created. The BMAP is the plan by which a water body is recovered to the water standards that have been adopted.

- An important aspect of impaired water bodies is that there is an anti-degradation standard, so no project can add to the degradation—in fact, there actually must be a net improvement. This poses a problem for areas developed before the mid-1970s, when projects which were built were done so with no capacity to treat the water generated from their sites (as opposed to surface water management systems and water quality treatment required after the Clean Water Act became law). As a result, runoff from these older projects drained into the pipe and into the river with no removal of particulates, no removal of nutrients, and no best management practices to limit things which enter the water body that act as pollutants. A perfect example of this type of pre-1970s development is Fort Myers' Edison Mall—100% of which is impervious pavement.
- Fifty years later, Fort Myers is an area where it's extremely important to comply with environmental standards to restore the local water body—the Caloosahatchee River is an impaired water body—but those standards have now created an economic impairment to redevelopment of corridors like Cleveland Avenue/U.S. 41.

- As a result of Florida Department of Transportation (FDOT) increasing the number of driving lanes over the years to accommodate greater traffic volume on Cleveland Avenue/U.S. 41, many of the parcels are now narrow in depth, which limits and/or prohibits their ability for onsite landscaping, much less adding their own stormwater treatment system to the site. While the Cleveland Avenue Redevelopment Plan encourages site assembly, which theoretically could be considered as a method to incorporate onsite water quality treatment, even the narrow depth of assembled parcels would present a redevelopment challenge, in that a developer would end up having to buy almost an additional parcel just to treat the stormwater draining from the remaining assembled lots of his project. The Cleveland Avenue Stormwater Credits program eliminates the need for onsite water quality treatment by using credits already established by the FMCC golf course stormwater treatment system.

- **Unlike other local government stormwater projects, the Cleveland Avenue Stormwater Credits program is a nutrient removal project.** What really sets this system apart from others is the fact that it removes excess nutrients when it treats water quality, so this stormwater treatment system is actually making the Caloosahatchee water better—not only a best practice for an impaired water body, but when considering Fort Myers' tourism economy so oriented on the river, water quality is key.
- **This powerful development incentive, which is the first municipal and CRA permitted treatment system of its kind in the state, offers several innovative facets**:
  - **An added incentive for developers to pitch creative projects.** Without the barrier of incorporating a stormwater treatment system onsite, developers can introduce creative projects that meet the new vision of the Cleveland Avenue

corridor as depicted in the 2010 Cleveland Avenue Redevelopment Plan—2014 Update.

- **Greater negotiation flexibility.** Being able to offer stormwater credits as part of a development agreement gives the CRA greater flexibility to encourage the most creative and desirable projects for the Cleveland Avenue/U.S. 41 commercial redevelopment corridor, by negotiating agreements that provide stormwater credits as one of the economic incentives and eliminating the need for extra onsite water treatment acreage.
- **Streamlining environmental permitting.** From the SFWMD's perspective, if a project will be using stormwater credits that the SFWMD has already approved, then that project can simply apply for a modification to the City/CRA's environmental resource permit (ERP) rather than apply for an individual permit. This will allow the developer to enjoy a huge savings in time.
- **Huge cost savings.** A developer will experience a savings by applying for a modification to a general ERP versus an individual permit. The modification costs $250 while the individual permit will costs $2500-3000.

2. **Impact on the Community – A description demonstrating how the project improved multiple aspects of the community (economic, social, design, cultural).**

- **The stormwater credits program is a nutrient bank that not only encourages redevelopment but improves the environment at the same time.** The credits serve as an economic incentive to redevelopment within the areas the City designated as the four Cleveland Avenue redevelopment sub-areas, since they constitute the service area eligible for the CRA's portion of the offsite credits.
  a. **The stormwater credits program takes an area of the City of Fort Myers that is the oldest and most in need of renovation and gives developers a reason to locate their projects there.** With the need to build onsite stormwater treatment reduced or eliminated by using the credits combined with the shortened permitting process, the credits makes the redevelopment of parcels in the Cleveland Avenue corridor a very attractive choice.
  b. **The CRA's $1.3 million investment has already stimulated a private investment: Grand Central Luxury Apartments, estimated to be approximately $50 million for a 280-unit market-rate apartment project will be the first project to utilize the credits.**
     i. This project includes 15,000 square feet of commercial development fronting Cleveland Avenue/U.S. 41, including Krispy Kreme Doughnuts, Jimmy John's Gourmet Sandwiches, an AT&T store, and a $5 million luxury car wash.
     ii. ROI = 3,746%
     iii. Ancillary benefit to the community:
        1. Grand Central is a catalytic project to jumpstart revitalization of that part of the corridor.

2. Grand Central will help increase the property value of surrounding properties.
3. Grand Central provides much needed apartments. Fort Myers was in the top five cities in nation in foreclosures. While the city is still recovering, it remains housing poor. In fact, for every 100 people needing an apartment, there are only nine units available.
4. Grand Central brings a much-desired Krispy Kreme Doughnuts location to the area, which will be a destination business for many locals and commuters.
5. The particular Cleveland Avenue redevelopment sub-area where Grand Central will be located is $900,000 below its base year value, so this project will bring the sub-area above its base year, allowing the CRA to finally begin receiving tax increment financing revenues from this section of the Cleveland Avenue.

3. **These stormwater credits provide the CRA with the ability to function as a driver to encourage the types of redevelopment that will be the most beneficial to the City, the redevelopment area, and the citizens that are there.** If a developer proposes a project that is nice but either will not accomplish any of the redevelopment plan's goals, nor be a huge driver for revitalization efforts nor a focal point, there is no reason to provide them any credits. For those projects, that developer can provide his own stormwater treatment.
    a. At their core, the power of these stormwater credits is that they provide the CRA with the ability to give an economic incentive to the most preferred kind of development.
    b. The stormwater credits program is a tool to drive good design and good facilities.
4. **Inspiring Environmentally-Responsible Landscaping**. When picturing a traditional golf course, people generally want their lawn to look like as green and flawless as that golf course—which means propping up non-native turf with a lot of chemical fertilizers and weed killers, overwatering, and over-mowing. What if the concept for a golf course changed? What if a golf course now required less or little to no fertilizer, less pesticides, less water, was a little less manicured...and actually removed nutrients from the ecosystem? Imagine the impact on impaired water bodies like the Caloosahatchee River if the "new" golf course look became the new standard for homeowner's lawns. The result: the amount of nutrients flowing into the river would drop tremendously.

    In order for this mindset to take hold, a few concerns need to be addressed:

    a. **Adjusting the vision of Environmentally-Responsible Landscaping.** Typically when the public thinks of environmentally-responsible landscaping, people picture xeriscaping that involves an ugly assortment of drought-tolerant plants that belong in a desert environment like Arizona which only receives 10 inches a year of rain...Fort Myers doesn't have that sort of environment, it's in a state named "Florida" for the magnificent abundance of flora that grows here naturally. People's perception of environmentally-responsible landscaping for Southwest Florida needs to change, and the only way that will happen is if they see it by example.

b. **Plants must tolerate extended wet and dry seasons.** Fort Myers doesn't have to have plants that only need trace amounts of rain a year, we need plants that tolerate extended wet and dry seasons.

c. **Ultimately, this is a design and a cultural issue.** Over time, viewing environmentally-responsible landscaping on a daily basis will begin to expand beyond the footprint of the existing project.

d. **Collaboration/Partnership Opportunities**. In order to more effectively show design concepts to the public, the CRA could collaborate or partner with the Lee County Extension Office's Master Gardener services on demonstration projects. These sorts of projects could be used to upgrade a redevelopment area that doesn't currently have TIF available for larger ventures, or could be used in the Southwest Florida Enterprise Center's Community Garden, which heavily-promoted local resource.

3. **Funding –** A description of how the project has leveraged funding and in-kind assistance from a variety of sources.

- **Cleveland Avenue Redevelopment Trust Fund.** Funding for the Cleveland Avenue Offsite Stormwater Credits program used $1.3 million of tax increment funding from the Cleveland Avenue redevelopment trust fund.
- **Saving Money through Partnership.** By partnering with the City of Fort Myers, the CRA was able to maximize efficiencies by using the same engineer and contractor. This saved money on design, mobilization, permitting fees, and allowed the CRA to obtain better construction pricing due to the larger size of the total project.
- **Sustainability.** Due to the fact that the lakes, filter marshes and detention ponds were all designed and built to provide excess volume, all dirt excavated was used to provide elevation changes in the golf course. Therefore, no dirt needed to be imported for purposes of the golf course project or exported as a result of excavation for the stormwater system.
- **Shifts responsibility**. By using the offsite credits, the developer is able to shift the responsibility of maintenance to the City/CRA. While they will be asked for annual operating costs, the developer will not be responsible for the day-to-day upkeep.
- **Savings of Potential Land Purchase**. Rather than purchasing land, the CRA was able to construct the project on land already owned by the City of Fort Myers, which allowed the CRA to not only realize the savings of a potential land purchase but to retrofit and expand an existing stormwater system instead of starting from scratch.
- **Avoids lost opportunity costs.** The project can leverage the CRA/City's investment of time and money to obtain the Environmental Resource Permit (ERP). When using the offsite credits, the project will only need to modify the City's ERP versus going through the lengthy process of designing a stormwater system and obtaining an individual permit for their own project. A modification will enjoy no design costs, lower permitting fees and a huge saving in time. It will also preserve the developer's ability to use 100% of land for the building(s) and supporting infrastructure that can serve as amenities. For example, in the case of Grand Central Luxury Apartments, the project can now include a dog park and car wash area.

4. **Problem Solving –** A description of how the project used problem solving to address unique local issues.

    - **Problem:** In 2005, Lee Memorial Hospital, the City's first hospital, needed to renovate and expand. In addition to being a hospital, it is also a Level 1 Trauma Unit. The hospital needed to add additional doctors and administrative offices, a helipad, as well as renovate the existing facility. Parking and stormwater requirements were impeding their ability to fit everything on site. They suggested the CRA purchase property and construct a shared stormwater system the hospital could use. Two issues arose along the way:
        - All nearby land for sale that could be used for a shared stormwater system was poorly situated from a topographical, drainage point of view.
        - The project was put on hold when the health system purchased another hospital down south.
        - **Solution:** Even with the hospital expansion off the table, when the CRA heard that the City of Fort Myers was planning to redesign the FMCC golf course, the Agency asked to partner with the City so that additional stormwater treatment and volume could be built into the existing system. The CRA recognized that whether the credits were used as an incentive for the hospital or another developer, the stormwater "mitigation" bank that would be created could be used as a powerful tool to incentivize redevelopment along Cleveland Avenue/U.S. 41.
    - **Problem:** The location of the golf course was in a different sub-basin than where the credits were truly needed.
        - **Solution:** The CRA approached the South Florida Water Management District with the idea that since all of the sub-basins discharged to the same impaired water body, the Caloosahatchee River, that the offsite treatment credits could be used anywhere within the four Cleveland sub-areas. The SFWMD agreed with this logic—and since a portion of the credits would belong to the City of Fort Myers, SFWMD agreed to the service area for the City to be a little larger than the Cleveland Avenue redevelopment service area. Effectually, this means that there are two different service areas for the same nutrient bank; the service area depends upon who the "owner" of the credits is—the City or the CRA.
    - **Problem:** The challenge in environmental permitting is predictability and timing.
        - **Solution:** One of the benefits of having the nutrient credit bank is that it will provide greater predictability in terms of the environmental permitting for a project and the time it takes to for the permit to be processed at the SFWMD. Uncertainty is very hard for any project, but certainly all the more difficult for redevelopment projects where developers must deal with challenging financial issues, such as assembly of land due to small lot sizes, expensive adaptive reuse, bringing an existing building up to code, etc. It is for that reason that the combination of predictability, certainty and clarity in the nutrient bank path unify to encourage a redevelopment project that may also be facing some other challenges. By being able to predict when a project will receive its permits and how those permits will affect the project, it is much easier for a developer to embark on that kind of project.

- Time is money! By improving the bottom line in terms of lower permitting fees, shortened permitting time, and no requirement for the developer to build an onsite stormwater treatment system, the Fort Myers CRA gains a competitive edge when vying for projects to be located in their Cleveland Avenue redevelopment area.
    - Lower permitting fees helps the developer's bottom line.
    - Shortened permitting time means construction can start and end sooner, so that the project can start making money sooner. During permitting and construction, the developer is paying the bank for the land—which means that money is going out as expenses with no revenues coming back into the investment. The developer's goal is to finish the project and begin generating cash flow as quickly as possible to stop this drain on his investment.
    - Eliminating the requirement for onsite stormwater treatment not only eradicates an additional expense, but allows the space that would have been incorporated stormwater treatment to be used as more developable land,

- There is a high cost to treating stormwater on site, both from a permitting fee perspective and from the lost opportunity costs when a portion of the site must be devoted to detention/retention areas making these offsite treatment credits extremely valuable.

5. **Applicability to Other Communities –** A description of how the formula for success can be replicated, duplicated or applied to other communities.

    - One of the beautiful things about the Cleveland Avenue Stormwater Credits program is that it can be replicated. The CRA/City of Fort Myers can reproduce the program in more than one drainage basin, finding places to duplicate the program that make sense in the context of existing projects, whether these projects are parks, areas the CRA is redeveloping, or areas the City is improving. This means that the CRA/City always have the option to return to a former project and redesign or renovate the existing open-space area, and that when doing so, they will always have the opportunity to include this sort of stormwater credits project.
    - The CRA's and City's always have the ability to think—How do we provide a net improvement to the water bodies…and can we make it a feature that creates a sense of place at the same time?
    - Not only can this stormwater credits program be replicated in the City of Fort Myers, but LITERALLY any community with significant areas developed before 1972 can use this tool. The argument could be made that projects that occurred before 1992, when the environmental resource permit program that integrated water quality and wetlands protection was implemented.

6. **Other Exemplary Aspects of the Design, Plan or Program –** A description of any other aspects (first of its kind, most successful, other innovative

- The most notable aspect of the Cleveland Avenue Offsite Stormwater Credits program is that the Fort Myers CRA had the vision to blend several opportunities:
    - the timing of the FMCC golf course redesign,
    - partnering financially with the City of Fort Myers, and
    - applying for stormwater credits with the South Florida Water Management District

  to create a nutrient bank that could be used in an aging commercial corridor, and to have it work so well and proceed so quickly. What is most intriguing of all is that while all municipalities have the opportunity to do this, until this point no one else has put all the pieces together to make this work. **This is the culmination of very forward-thinking government and entrepreneurship which is normally not seen in the public sphere.**
- The Cleveland Avenue Stormwater Offsite Credits program provides a net improvement in the drainage basin where the city has already made significant investments in the quality of the waterfront. In doing the job it was designed to do, the stormwater treatment system at the golf course and the corresponding offsite credits helps the same waterfront stay clean: regardless of which sub-basin within the watershed discharges the water--all of them flow into the same water body, the Caloosahatchee River.
- With a vision for overall water quality improvement, this type of program can be used to create opportunities for rural/urban partnerships to improve water quality in the entire watershed without either party assigning blame for the initial problem on the other party, such as a rural community blaming its urban neighbor for vehicle parking fluid runoff, or an urban community blaming its rural neighbor for farmland pesticide runoff. This cooperative approach can be balanced between rural and urban players in agreements with drainage basin-wide requirements, producing watershed benefits for all that can expand beyond the limited landscape that either party would handle on its own.

- By example, the Cleveland Avenue Stormwater Credits program can be used to overcome the public perception of what stormwater treatment and a sustainable landscape should look like. The golf course can handle the runoff requirements of several development projects along the corridor, even if the public has a hard time believing that these projects are in compliance with water quality requirements when they don't see onsite detention ponds. Concerning sustainable landscapes, while the public might view acres and acres of open field as the ideal renewable landscape, the truth of the matter is that the FMCC golf course example in this program—a stormwater treatment area that takes excess nutrients out of the system rather than discharging them to river—is in fact a more green solution. As in the case with the modern understanding that walkable cities are more environmentally sound than outlying grassy suburbs, so too must the perception of stormwater treatment and a sustainable landscape adapt to the reality of the situation.