
Cleveland Avenue Offsite Stormwater Credits Program



Cleveland Avenue Offsite Stormwater Credits

Program Overview

The Cleveland Avenue Offsite Stormwater Credits program is a new tool that uses environmental improvement as a means way to encourage economic redevelopment.

Imagine a six-lane commercial corridor (Cleveland Avenue/U.S. 41) lined with vacant storefronts, dilapidated buildings, and barren parking lots. Many of the parcels are narrow and lack depth as a result of six-laning U.S. 41, hindering any redevelopment efforts due to the inability to provide onsite stormwater treatment. Adjacent to the commercial corridor lies a municipal golf course approaching a century old and in need of an extensive renovation to correct problems with flooding as well as help maintain its reputation and playability. Bisecting the commercial corridor and the golf course is a canal, which discharges to a river facing heightening water quality standards, an impaired water body designation, and total maximum daily loads due to unhealthy levels of nitrogen...what is a city to do? The Fort Myers Community Redevelopment Agency (CRA) formed a public-private partnership with the City of Fort Myers and found one economical solution to solve these two challenges. The Partnership allowed the City and CRA to use a stormwater retrofit project to:

- Provide offsite stormwater treatment for the adjacent commercial corridor, while reducing nitrogen levels in the canal before water is discharged to the river.
- Utilize a complete golf course renovation to solve flooding problems, alleviating down time and course closures.
- Combining the projects was the perfect economical solution for both the City and the CRA since it will benefit the environment, stimulate economic growth, spur redevelopment, generate additional tax increment, and honor community history.



Before



After

Cleveland Avenue Offsite Stormwater Credits

Problem leads to Inspiration

The idea for a shared detention area was inspired by Lee Health, which was trying to meet the needs of their Level 1 Trauma Center.

With the hopes of creating a medical district around Lee Memorial, CRA staff met with hospital staff back in 2005. At that time the hospital was planning a renovation and expansion of Lee Memorial, which happened to be the County's first hospital. The hospital needed to expand their Level 1 trauma center. The hospital's biggest problem was that there was not sufficient room on the current site to allow for the new building, parking structure and helipad, and still have room for the stormwater system.

When asked how the CRA could help, the Health System's Facilities Director joked that the CRA could build an offsite shared stormwater basin so that he could use 100% of his site for parking and the new building.

Since the CRA had been looking for creative ways to encourage revitalization of the Cleveland Avenue redevelopment districts to end the downward spiral of property values and to increase the economic viability of the Cleveland Avenue/U.S. 41 corridor, the idea stuck.

Through the elimination of the need for onsite treatment, the CRA hoped redevelopment projects would begin to occur since properties owners would then have full use of their sites for development. The biggest challenge for the CRA turned out to be locating a parcel in an appropriate location that was within the CRA's budget.





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Out of the Box Idea

- **Golf course in the wrong location.** When the CRA heard the City would be redesigning its golf course, we thought we had found the perfect solution. However, upon further research, it turned out the golf course was located in the wrong sub-basin.
- **CRA approaches SFWMD with an out-of-the-box idea.** The CRA approached the South Florida Water Management District (SFWMD) with the idea that since all the sub-basins discharged to the same impaired water body, that it should not matter in which sub-basin the water quality treatment occurred. Staff from the SFWMD agreed that the important thing from their perspective was the ultimate goal of reducing the nitrogen levels in the Caloosahatchee River.
- **First of its kind.** This project is a TRUE redevelopment project. Not only is it innovative, but it will lead to increased private investment, property values and public enthusiasm where negative impressions existed. This very unique example of preserving the local institutional history, while providing significant environmental improvements to the entire community, is monumental since this is the first project SFWMD has ever permitted with offsite water quality credits for urban infill and redevelopment activities.
- **Two different service areas.** Surprising everyone even further, the SFWMD agreed to two different service areas for the nutrient bank. Due to the limitations of where TIF can be spent, the CRA's credits can be used only within the Cleveland Avenue Redevelopment Sub-area boundaries, while the City's portion of the credits can be used in a larger service area that all still discharges to the Caloosahatchee.

How the Cleveland Avenue Offsite Stormwater Credits Program Works

As an economic development incentive, developers can either be sold or given offsite stormwater credits from the treatment system at the golf course that they may use instead of having to build their own onsite water quality treatment system.

When the CRA heard that the City of Fort Myers was planning to redesign the Fort Myers Country Club golf course, the CRA asked to partner with the City so that additional stormwater treatment and volume could be built into the existing system, thereby creating a stormwater “mitigation” bank that could be used to incentivize redevelopment along Cleveland Avenue/U.S. 41.

**Cleveland Avenue
Redevelopment
Parcel**



**Offsite Stormwater Credits
from Golf Course**



New Development





Cleveland Avenue Offsite Stormwater Credits

New Leading-Edge Tool from an Entrepreneurial-Focused CRA

- **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 2014 Cleveland Avenue Redevelopment Plan.
- **Greater negotiation flexibility.** Being able to offer offsite stormwater credits as part of a development agreement gives the City and the CRA greater flexibility to encourage different types of uses along the Cleveland Avenue/U.S. 41 commercial corridor. When negotiating the agreements that provide offsite stormwater credits as one of the economic incentives used by the project, the CRA has the ability to either give or sell the credits to the developer.
- **Greater predictability in processing of permits.** Uncertainty is very hard for any project, but it is especially difficult for redevelopment projects where the developer is dealing with challenging financial issues. So the predictability, certainty and clarity in the nutrient bank path all add to encourage redevelopment projects that may have some other challenges to them. By using the offsite credits, the developer will simply have to apply to modify an existing Environmental Resource Permit (ERP), greatly reducing the cost and time to obtain permits.
- **Competitive edge.** Improving the project's bottom line in terms of lower permitting fees, shortened permitting time and not having to design, construct or maintain a stormwater system onsite all give the CRA a competitive edge in contending for projects to be located in a redevelopment area.

Setting the “Stormwater” Stage

For areas that developed prior to the mid-1970s, which is when Florida started getting surface water management systems and water quality treatment as a requirement, there are projects that were built with no capacity to treat the water that was generated from the site. As a result, the runoff essentially went into the pipe and into the river with no removal of particulates and no best management practices to limit the things that go into the water body that act as pollutants, such as excess nutrients.

Fifty years down the road, we have an area where it's important to comply with the environmental standards to restore the water body, but those standards have now created an economic impairment to redevelopment.

To redevelop those properties today, the project cannot add to runoff pollution—in fact, there must be a net improvement. Since onsite stormwater treatment requires large amounts of space, only large shopping centers along the corridor such as the one below have sufficient space at their disposal. When the owners of El Dorado Furniture Store purchased the shopping center, their stormwater retrofit changed the site from a big black, impervious “sea of asphalt” to a beautifully-landscaped parking lot with pervious green space.

However, what happens to the small, shallow lots such as the one shown in the picture on the bottom right?



Encouraging Redevelopment of an Aging Commercial Corridor

Offsite stormwater credits counteract the redevelopment limitations of the aging Cleveland Avenue/U.S. 41 corridor when making efforts to revitalize the corridor.

Over the decades, as FDOT widened roads in an effort to increase the capacity of the state's highways, no thought was given to the negative collateral damage that ensued. Suddenly, aging commercial corridors were lined with parcels lacking depth that forced cars to back out directly onto busy highways. In the case of U.S. 41, cars must back into oncoming traffic on a road with an average daily volume of 70,000 vehicles.

Under current code, if these buildings were to be renovated or the sites considered as candidates for redevelopment, there would not be sufficient space within the parcel itself to treat stormwater. Site assembly for larger redevelopment projects isn't necessarily a solution either, because assembled parcels would lack depth causing a developer to be forced to buy a parcel specifically to treat stormwater runoff.

By using the CRA's offsite stormwater credits, a developer can maximize the build out of his entire site since the burden of onsite water quality treatment will not apply to his project.



Typical shallow parcel on Cleveland Avenue/U.S. 41

Cleveland Avenue Offsite Stormwater Credits Nutrient-Removal System Improves Impaired Caloosahatchee River

Unlike other local government stormwater projects, the Cleveland Avenue Offsite Stormwater Credits program is a nutrient-removal project.

What really sets this system apart from others is that it removes excess nutrients when it treats runoff, so this system is actually making the water better—a best practice for an impaired water body as well as a support to Fort Myers' water-oriented tourism economy.

The project provides a net improvement in the Tidal Caloosahatchee drainage basin, where the CRA has already invested heavily in the water quality of the riverfront and the downtown. Regardless of which of the three sub-basins discharge the water, all of them flow into the same water body (Caloosahatchee River) making the effects of the project and the corresponding offsite credits a huge driver for revitalization efforts.



Fort Myers Riverfront



Golf Course Nutrient-Removal System



Downtown Detention Basin also improves Runoff Water Quality into Caloosahatchee River

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Leveraging Project Funding

- **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.

Before



After



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Grand Central

First Developer to Use the Program

The CRA's \$1.3 million stormwater investment is already stimulating a private investment, **Grand Central**, with total project costs estimated to be exceed \$50 million, which will be the first project to use the offsite stormwater credits.

Serving as the catalytic project that jumpstarts revitalization of the U.S. 41/Cleveland Avenue corridor, this project includes a 280 market rate unit apartment complex and 15,000 square feet of commercial development, including a Krispy Kreme, Jimmy John's, AT&T and a \$5 million luxury car wash.

When construction is complete and Grand Central comes on the tax rolls, the resulting increase in property values will allow this sub-area to generate TIF for the first time since 2008.

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Grand Central

Offsite treatment allows Developer to maximize buildout of the site

The credits take an area of the city that is the oldest and most in need of renovation, and not only give a reason to be there, but make it easier to be there than other places.

They allow the CRA to have the ability to provide an economic incentive for the most preferred kind of development.

For example, for every 100 people needing an apartment in Lee County, there are only nine apartments available. **This project will help address that housing shortage by adding market rate units into the rental pool.**



Commercial Development



Before - Apartment Complex



After - Apartment Complex

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Grand Central

Added Benefit to the Community

The CRA was able to leverage its investment in one more capacity. The City's Regional Sports Complex, which sits directly across the L3 canal from the Project Site, is experiencing an extreme parking shortage. The shortage poses safety concerns as young children weave through traffic to attend baseball or swim practice.

Since onsite stormwater treatment will not be required due to the use of the Offsite Credits, **developer Aileron Capital has agreed to sell the western portion of the site to the City.** The City will partner with the CRA to reroute the canal, providing attenuation for Grand Central, and **construct a much-needed parking lot for the adjoining Sam Fleishman Regional Sports Complex.**



Replicate Me! Duplicating the Program Elsewhere

Question: How do we provide a net improvement to the water bodies--and make it a feature that spurs (re)development at the same time?

Answer: Not only can the Fort Myers CRA & the City of Fort Myers find other places in the City to duplicate the program, **literally ANY COMMUNITY that has significant areas that developed prior to 1975 (or even areas that have yet to develop) can create their own nutrient bank.** Creating a nutrient bank makes 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 will always have the option to come back and redesign or renovate an existing open-space area, and that when doing so, there will always be the opportunity to include this sort of stormwater credits project.

