

# Implementing the Naples Park Community Plan

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## **HOW PLANS BECOME REALITY**

A community plan envisions a desirable future and sets forth the steps to reach those goals. When a community plan is approved by a government body, that is but the first step; many more must follow to make the changes that are envisioned become reality.

One set of steps to implement the Naples Park Community Plan involves changes to Collier County's growth management plan and land development code. These changes could occur within two years if the changes enjoy broad support from the community and the County Commissioners. Once made, those changes will begin paying dividends almost immediately as private investment, which is flowing to Naples Park anyway, is guided by the new rules. Proposed regulatory changes are discussed in detail in Chapter 6 of this report.

Physical improvements such as drainage, roads, and beautification will follow a completely separate path and most will take much longer to accomplish. Unlike private investment that can be initiated on short notice, public improvements are built only after consensus is reached among many parties.

A few areas in Naples Park that experience severe flooding require immediate attention even if the fix is short-lived. However, most of the improvements proposed in this plan are part of the normal evolution and upgrading of a maturing community.

These physical improvements should be guided by the principles and goals that are articulated in this plan. The principles are timeless, but the details will need to be revised from time to time in light of events, experience, and the preferences of the people of Naples Park.

The physical improvements may take as long as a generation to complete, depending on the degree to which local residents commit

themselves to the arduous tasks ahead. Many obstacles will need to be overcome, perhaps none greater than developing a consensus among Naples Park property owners that it is both inevitable and in their best interests to bear a significant portion of the costs.

The next section of this chapter examines potential sources of funds for physical improvements in Naples Park, followed by a recommended financing package and phasing plan.

## FINANCING ALTERNATIVES

Many physical improvements are proposed in this plan: traffic calming devices, neighborhood squares, drainage, sidewalks, street trees, and street lighting.

Public projects such as these are typically funded from a variety of sources. This section describes many feasible and apparent funding sources to determine which have potential for implementing this plan.

Some of these financing alternatives are already budgeted by County, State, and Federal agencies for specific purposes. In every case where the projects proposed in this plan are eligible, funds from these sources should be vigorously sought. Even if these efforts bear fruit, these funds will only pay a relatively small portion of the total cost of implementing this plan. However, the projects that are eligible are often those of community-wide benefit and thus of the highest priority; in other cases, these funds can supplement other sources to make important projects more feasible.

### 1. Municipal Service Taxing and Benefit Unit (MSTBU)

For the past 30 years, Florida counties have been authorized to provide municipal services to particular parts of the unincorporated area and to pay for them by levying either a tax or assessment on all properties that will be served.

Collier County, having very few cities and a vast unincorporated area, has made frequent use of this technique, known as a "Municipal Service Taxing and Benefit Unit" (MSTBU).

Many Naples Park property owners are familiar with this technique because such a unit was established in 1986, the Naples Park Area Drainage Improvement Municipal Service Taxing and Benefit Unit.<sup>1</sup> The initial purpose was to pay for a preliminary engineering study of drainage problems in Naples Park. In 1995, this unit was expanded to include final engineering, construction, and financing for the first phase of the drainage improvements that were identified in the preliminary study (see Chapter 5 for details).<sup>2</sup>

Five years ago, the deep ditches on 8th Street and between 91st/92nd Avenues were replaced with properly sized underground pipes, and the pipes under Vanderbilt Drive that drain other parts of Naples Park were improved. This completed the first phase of the proposed drainage improvements. The total construction cost was about \$3 million; the County at large paid for all non-construction costs, about 15% additional.

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<sup>1</sup> This MSTU/BU was created by Ordinance 86-37 in July of 1986, covering the following geographic area: from 111th Ave on the north to Vanderbilt Beach Road on the south, and from Vanderbilt Drive on the west to Tamiami Trail on the east.

<sup>2</sup> Ordinance 86-37 was amended by Ordinance 95-44 in July of 1995. The amending ordinance provided the procedures for the levy and collection of special assessments and for the issuance of bonds. Twenty-year bonds were later issued to pay for the construction of the drainage improvements; money collected from Naples Park property owners is repaying that debt.

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These improvements benefitted all property in Naples Park to some extent, but some properties received greater benefits due to their location. A complicated formula was developed to fairly apportion the costs relative to the benefits received. Figure 7-1 is a map of the MSTBU that shows various categories of property that were charged different rates.

For instance, most lots in Naples Park (shown in white) paid \$627; lots near 8th Street (in blue) paid \$1,087; and lots between 91st and 92nd Avenues (in olive) paid \$877. Beach Walk condominiums paid \$86 each because their benefit was small; the Pavilion shopping center paid \$236,729 because it received major benefits. All property owners had the option of paying the assessment in one lump sum or paying it over time. It is important to note that property owners will not have to make any payments until construction is complete.

This map illustrates the extreme flexibility of an MSTBU, which can levy a standard millage rate to all properties in the unit, or can establish carefully nuanced assessments that allow those who receive benefit from a particular improvement to pay their proper share of its cost.

For instance, if the roadside ditches were to be enclosed and sidewalks and streets were added along only a single avenue, the cost could be apportioned through a Collier County resolution to only the property owners on that avenue. When another avenue is ready for these improvements, a similar but separate resolution would be adopted for that project. If partial funding for a project is obtained from other sources, as discussed later in this section, only the unfunded portion would be paid by these assessments.

The Naples Park MSTBU is still in existence but is limited to drainage improvements at this time. Its role could be expanded by a Collier

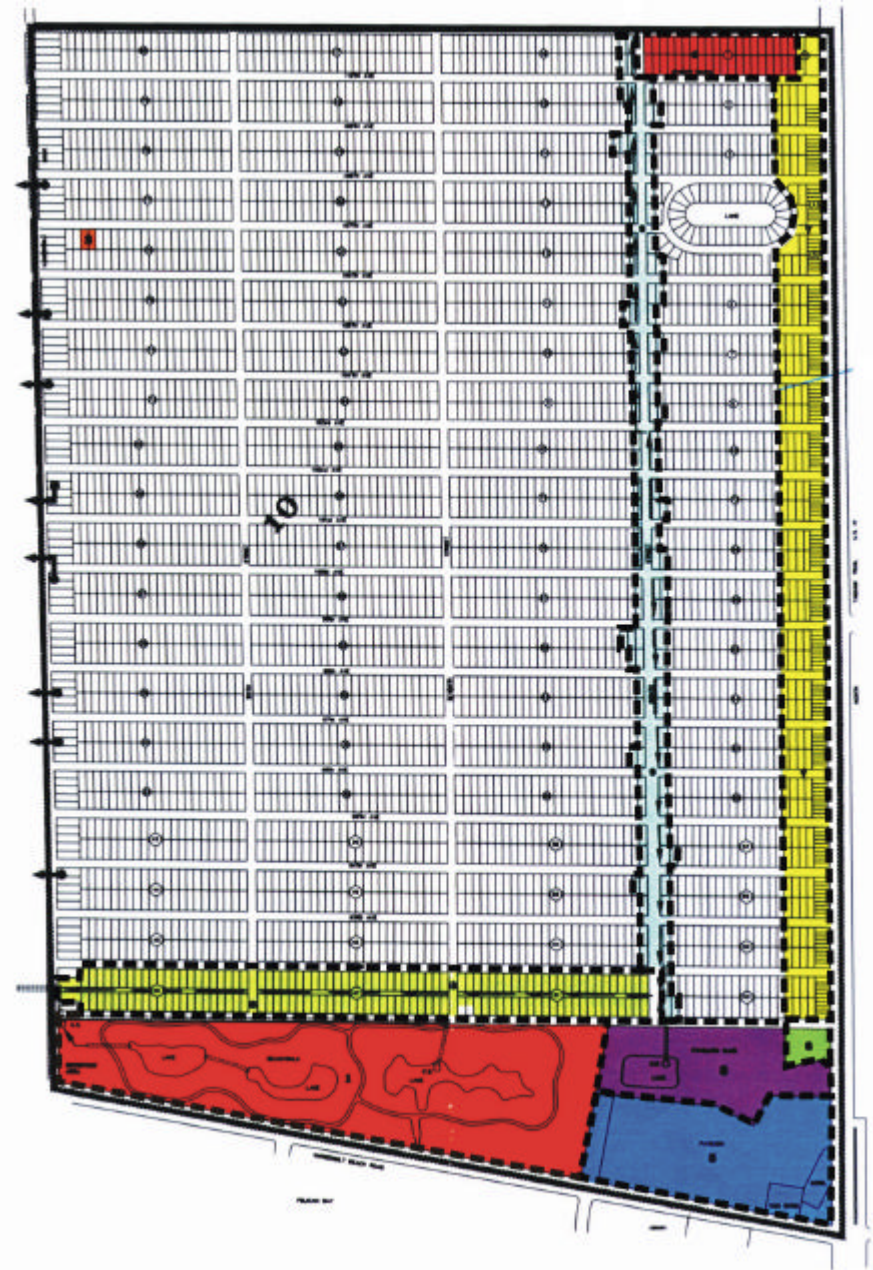


Figure 7-1

County ordinance that specifies what additional purposes it could serve. This ordinance could also spell out special procedures or limitations, for instance allowing property owners to show via straw ballot whether they are in favor of a particular improvement and its associated cost. The Naples Park Community Plan recommends polling the property owners in this way

## **2. Designated Collier County Funds**

### *Neighborhood Traffic Management Program*

Collier County has a traffic calming program called the Neighborhood Traffic Management Program. This program involves local residents with engineers who specialize in traffic calming to create final engineering designs appropriate for specific situations.

Funding for actual construction of traffic calming devices has been interrupted for the past two years. Even before funding for this program is restored by the County Commission, Naples Park residents should actively participate in the preliminary phase of this program, to resolve the detailed design and placement issues, and then take their place behind the 15 or so other County traffic calming projects that are fully designed and awaiting construction funds.

### *Impact Fees*

Collier County collects impact fees for many types of capital facilities: roads, schools, parks, EMS, libraries, jails, fire, water, and sewer. Impact fees are collected to provide funds to expand the supply of certain public facilities that are needed to meet the increased demand caused by new development. Once impact fees are collected, they are held in special trust funds and can be expended only for the purposes for which they were collected.

The only potential candidate in this plan for the use of impact fees is the creation of new parks. However, impact fees are collected by Collier County to create new "community parks" or "regional parks." Under current requirements, a new community park must have a minimum of 30 acres, whereas this plan envisions "neighborhood parks" of less than one acre. Thus, impact fees should not be considered a likely source of funds to purchase land for neighborhood parks.

### *Neighborhood Parks Assistance Program*

In the past two decades Collier County has focused mainly on building community and regional parks. Developers have not been required to build smaller neighborhood parks, so this important component of community green space has been neglected. Collier's 2001 Community Character Plan, "Toward Better Places," identified the need for at least 16 smaller neighborhood parks in the urban unincorporated area (not including Golden Gate Estates).

To address this deficiency, Collier County has begun creating a new neighborhood park each year through its Neighborhood Parks Assistance Program, using a combination of property taxes for acquisition and impact fees for improvements.

In response to urgent requests from Naples Park residents, the County recently purchased two lots at the southeast corner of 7th Street and 104th Avenue and is attempting to purchase one or two additional lots this year. Because such a large percentage of County funds have been allocated to Naples Park for these two consecutive purchases, no money from this funding source remains for improvements to these lots. Other sources will need to be found.

**DRAFT- MARCH 2003***Tourist Development Tax*

Due to the close proximity of Naples Park to the beach, use of the tourist development tax to fund improvements has been explored. Recent opinions from the Attorney General have concluded that any expenditure of these funds for beach purposes must improve, maintain, or restore a beach park. Absent a change in legislation or differing court decisions, it is doubtful that the tourist development tax can be utilized to help finance the projects proposed in this plan.

**3. State Grants**

State grants can pay for some projects in this plan. Collier County employs a full-time grant coordinator who can compare the projects in this plan with grant opportunities. When a match is located, the coordinator can prepare grant applications and, if awarded, can provide guidance in managing the funds.

A project manager for Naples Park would have to provide the grants coordinator with a specific description of the project, anticipated timetable, staffing, costs, etc. well in advance. Granting agencies frequently require a resolution or some other demonstration of authorization by the local government just to make a valid application for funds. By identifying projects in this plan, this process should be made more routine. The project manager will have to take into consideration which projects are of the highest priority and during which application cycle funds should be sought.

Four state programs of particular interest are identified here:

*-Florida Recreation Development Assistance Program and the Florida Land and Water Conservation Fund Program* are administered by the Department of Environmental Protection. These funds are

available to assist local governments in developing or acquiring land for public outdoor recreational purposes. The application period generally runs from mid August to mid September prior to the beginning of the next program year (which begins on July 1).

*-Florida Urban and Community Forestry Grant Program* is administered by the Florida Division of Forestry. The street tree planting component of the Naples Park Community Plan may qualify as a demonstration or as a site-specific project. Applications are accepted from early June through August or September. These grants require a 50% match which cannot exceed \$25,000 (\$10,000 for tree-planting projects).

*-Florida Department of Transportation Grant Funds*, including the distribution of federal pass-through monies, are administered at the local level by the Collier County Metropolitan Planning Organization (MPO). The MPO determines which transportation projects will receive funds. Funds are available for planning and implementation activities related to improved transportation. Projects in this plan which may be eligible include the installation of traffic calming devices and sidewalks. Participation by residents of Naples Park in the MPO's Citizens Advisory Committee and the county's Pathway Advisory Committee is recommended to get them familiar with the process necessary to apply for these funds. Funding cycles are different for the different funds; applications must be made at the times prescribed for each fund.

**4. Community Development Block Grants (CDBG)**

Collier County receives money each year from the U.S. Department of Housing and Urban Development (HUD) that is earmarked for programs benefitting low-to-moderate income persons, improving the safety and livability of neighborhoods, preventing or eliminating slum or blight, and preserving affordable housing. Last year Collier County's

CDBG appropriation was about \$2 million.

Eligible entities, including County government itself, can propose projects and apply for funding. The proposed projects must meet one of the three national CDBG program objectives, which are:

- Benefit low and moderate-income persons or households;
- Aid in the prevention or elimination of slum or blight; or
- Meet a recent community need having a particular urgency because existing conditions pose a serious and immediate threat to health or welfare.

In addition, the proposed project must be included in the list of "program-eligible activities." Two of those activities are relevant to Naples Park:

- Building public facilities and improvements, such as streets, sidewalks, sewers, water systems, community and senior citizen centers, and recreational facilities.
- Enforcing local building codes to reverse housing deterioration and other signs of blight.

Collier County decides which projects to fund and whether to emphasize human-service projects or infrastructure projects. Last year the County allocated about 64% of its CDBG funds for infrastructure projects. There is a high level of competition for CDBG funds within the County; even if Naples Park was able to meet the necessary requirements, the neighborhood may not receive funding. The chance of funding is more likely if the County Commission has already endorsed the projects, especially the drainage, sidewalks, street lights, and other roadway improvements, through adoption of this Community Plan.

*Appendix E provides more detail about the CDBG program and its use in Collier County.*

## **5. Public/Private Initiatives**

Public/private initiatives are common when land is being redeveloped. Most of the physical projects in this plan, however, are of typical governmental character (drainage, sidewalks, street trees, and traffic calming devices).

Public/private initiatives are more likely in constructing segments of the proposed 8½ Street or Community Squares. Both concepts would be greatly aided by the use of the uniquely governmental power of eminent domain, but due to overwhelming opposition of Naples Park residents to the use of eminent domain to carry out this plan, a different approach is being proposed.

This approach calls for private entities to incur the cost of a public benefit, such as creating an important connector road or open green space for public use, in return for some additional development rights on adjoining property. These concepts are spelled out in Chapter 6 and will be accomplished through changes to current development regulations, without further physical or financial involvement by County government.

**DRAFT- MARCH 2003****6. Municipal Incorporation**

Florida law allows individual communities to "incorporate" to form their own city. New cities remain under the control of County governments for some functions but can independently provide certain services and can levy their own taxes. The Florida legislature has erected various hurdles to discourage a proliferation of new cities:<sup>3</sup>

-A population density of 1.5 persons per acre is required, as well as a total permanent population of 5,000 (both of which are met in Naples Park).

-There must be 2 miles or "an extraordinary natural boundary" between the new city and an existing city.

-A formal feasibility study must demonstrate the fiscal capacity of the proposed city. In order to qualify for important state revenue-sharing, the new city must impose at least 3 mills of property taxation.<sup>4</sup> (Other new cities have gotten around this requirement by convincing the legislature to count the property taxes now being imposed by their independent fire districts as part of this 3 mills.)

-A special act of the legislature is required even when all of these requirements have been met, followed by a referendum of voters in the affected area.

City governments tend to become expensive, not just because some duplication of services is inevitable, but because an effective city government will tackle problems that citizens would not entrust to more distant levels of government. However, "minimum cities" are becoming a trend; instead of employing large staffs, they contract with outside service providers and allow county government to provide many traditional services.

Most new cities begin by levying a property tax of about the same amount that the county had been charging in the unincorporated area for municipal services (currently 0.8069 mills in Collier County) and

limiting their expectations to that amount of revenue. If Naples Park were to incorporate as a city, it would likely leave the fire department as an independent entity and contract with Collier County for water and sewer service, law enforcement, and building permits. However, planning and zoning decisions and code enforcement would likely be retained by the new government, and additional services could be provided as needs arise.

Municipal incorporation is not inherently good or bad. Although many recent incorporations in southwest Florida have occurred with no increase in taxes, that can only happen when the new city has a large tax base. More likely, taxes may have to be raised to support a city government, and if so, this would make it more likely that an incorporation referendum would not succeed. Other costs to be considered are the divisiveness of most incorporation efforts and the potential costs of hurricane recovery, plus litigation to defend land-use decisions.

Incorporation could thus actually be a new cost rather than a source of funds to support projects such as those found in this plan, especially in the early years. However, if property values continue to increase at anywhere near the rate of recent years (see Appendix F), the increased taxes that are based on those property values could be a continuing source of funds for long-term improvements to Naples Park, without the need to convince county commissioners to allocate county funds.

If Collier County continues to be responsive to Naples Park issues, incorporation may never appeal to enough residents to justify the costs. Most functions of city government can be handled by a county, if it chooses to do so. However, incorporation always remains an alternative to county governance if conditions warrant such a change.

<sup>3</sup> Chapter 165, Florida Statutes

<sup>4</sup> Section 218.23, Florida Statutes



## **7. General Funds: County-wide and Unincorporated MSTD**

Collier County's general funds are a potential funding source for Naples Park projects; however, their potential is limited because other parts of the county compete for a share of these funds.

Rather than increase taxes county-wide to meet local requests for projects, county commissioners have historically suggested that local communities request an MSTBU so that each community will bear the costs of their own projects.

Many local governments offer to pay a share of local improvements when adjoining property owners agree to pay the remainder. This offer of matching funds often succeeds in inspiring local groups to canvass their neighborhoods in support of assessments to take advantage of the matching funds.

This scenario is the most likely way for Naples Park property owners to obtain a share of Collier County's general fund. In a recent local example, Collier County paid for all non-construction costs for the construction of the primary drainage system in Naples Park about five years ago; this amounted to about 15% of the construction cost.

All county funds, including the general fund and the unincorporated area municipal services taxing district (MSTD), are allocated yearly in the annual budget. Expensive capital improvements are placed on a five-year schedule, with the first year being included in the annual budget and the following years' projects moving up one year.

## **8. Tax Increment Financing (TIF)**

Tax increment financing is authorized by state law for certain local government redevelopment purposes. To use tax increment financing, a city or county must first designate a specific area as either an "Urban Infill and Redevelopment Area" or a "Community Redevelopment Area." Each designation is discussed below. Once designated, taxes that are charged in future years on increases in property values are designated for redevelopment purposes specifically in that area. Appendix F describes tax increment financing in detail.

### *Urban Infill and Redevelopment Area*

This new designation for "urban infill" redevelopment areas was instituted by the Florida legislature in 1999.<sup>5</sup> This designation seems ideally suited to Naples Park due to its location, evolution, and redevelopment needs. However, the law contains five specific criteria for designation, all of which must be met:

- Public services must already be available;
- The neighborhood must have "pervasive poverty, unemployment, and general distress."
- The neighborhood must have a higher than average (for the County) number of substandard, overcrowded, dilapidated, vacant, abandoned, or functionally obsolete properties.
- At least 50% of the neighborhood must be within ¼ mile of a transit stop or such transit stops must be planned.
- The neighborhood must include or be adjacent to existing community redevelopment areas, brownfields, an enterprise zone, or a "Main Street" program.

These criteria have not been studied in detail, but it seems unlikely that Naples Park would qualify for this "urban infill" designation.

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<sup>5</sup> § 163.2511-163.2526, Florida Statutes

**DRAFT- MARCH 2003***Community Redevelopment Area*

Since 1969, Florida counties and cities have been authorized to create Community Redevelopment Agencies (CRA).<sup>6</sup> The legislature gave local governments broad authority to identify their own redevelopment problems and devise appropriate remedies. Once established, CRAs are allowed to use tax increment financing.

Many CRAs have been formed throughout Florida, with 127 currently in operation. Most are municipal (city) CRAs, but seven counties, Collier among them, operate CRAs. The city of Naples also has a CRA; it is about 77% the size of Naples Park and it includes the exclusive 5th Avenue South shopping district.<sup>7</sup>

CRAs cannot be designated without the existence of some blighted conditions. However, it is apparent from the Naples CRA that a formal finding that some "blighted" conditions exist does not mean that an entire area is blighted. This finding merely means that legal standards established by the Florida legislature are met for some parts of the area.

One of the definitions of a community redevelopment area is a "coastal and tourist area that is deteriorating and economically distressed due to outdated building density patterns, inadequate transportation and parking facilities, faulty lot layout or inadequate street layout, or a combination thereof which the governing body designates as appropriate for community redevelopment."<sup>8</sup>

<sup>6</sup> Chapter 163, Part III, Florida Statutes

<sup>7</sup> The Naples CRA is bounded on the north by 7th Avenue North, on the east by the Gordon River, on the south by 5th Avenue South (stretching south to include Cambier Park), and on the west by 6th Street (with a stretch to 3rd Street along 5th Avenue South).

<sup>8</sup> § 163.340(10), Florida Statutes

Collier County established its first Community Redevelopment Agency in March 2001, with the County Commissioners serving as the governing body. Two specific areas in the county, Immokalee and Bayshore/Gateway Triangle, have been designated as "component areas" of the CRA. Each area has its own advisory board that reports to the County Commission.

The County Commission could decide to designate Naples Park as a third "component area" of its existing CRA. Naples Park has certain characteristics that would justify such designation.

The minimum standards for establishing a CRA are set forth in state law. The legislature in 2002 tightened up these standards, making it harder to designate CRAs. The local government must make a formal finding that an area has characteristics of "slum" or "blight." Naples Park does not have slum conditions as defined by this statute, but the new statute defines a blighted area as having "a substantial number of deteriorated, or deteriorating structures, in which conditions, as indicated by government-maintained statistics or other studies, are leading to economic distress or endanger life or property." In addition, at least two of the factors in Figure 7-2 must now be present. Only under certain circumstances will neighborhoods that meet only one of the criteria be considered.

The open drainage ditches along Naples Park's avenues are a rural method of handling stormwater. In their current deteriorated state, they are also unsafe and unsanitary. The street layout itself is inadequate, with no sidewalks and few street lights, plus overly long blocks that limit circulation and induce speeding. The new medians on US 41 have exacerbated the circulation problems further, with the only apparent remedy the creation of a new north-south street near US 41. The lack of parks or other public open spaces limits opportunities for neighborhood youths to engage in activities that can be observed and supported by their families. There are a substantial number of deterio-

<i>Hypothetical Annual Growth of Property Values</i>	<i>Cumulative TIF Revenue Over 30 Years</i>
1.50%	\$12,772,355
2.50%	\$23,020,206
3.50%	\$36,934,862
4.50%	\$53,208,192

rating structures that, if not attended to, will lead to economic distress due to their blighting effect on adjoining property and the potential disappearance of the existing affordable housing stock.

It cannot be determined at this time that Naples Park definitely qualifies as a CRA under last year's revisions to the enabling statute. Before making a formal finding that sufficient blighted conditions exist, the County would need to quantitatively demonstrate the existence of the required conditions and seek qualified legal assistance about the new legislation. However, Collier County is likely to be hesitant to pursue a CRA designation for Naples Park in the absence of strong support from local residents and property owners

Assuming Naples Park would qualify and the County Commission was willing to expand its existing CRA to include Naples Park, this designation could be one of the most important means of implementing the Community Plan. In addition to making tax increment financing available, the establishment of a CRA would demonstrate a commitment to revitalizing Naples Park that would establish high-priority status when seeking grant funds from other entities. *Appendix F provides further details regarding community redevelopment agencies.*

Table 7-1 above (a summary of detailed data and projections contained in Appendix F) shows the cumulative amount of revenue that tax increment financing would yield in Naples Park over the next 30 years at various hypothetical levels of constant increases in property values. (For comparison purposes, if every avenue and street in Naples Park were improved to the high-quality standards in Option 1 in Idea 3 of Chapter 6, the total cost of those improvements in current dollars would be about \$52,500,000.)

**CRITERIA FOR ESTABLISHMENT OF A CRA**

- (a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;
- (b) Aggregate assessed values of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such conditions;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (d) Unsanitary or unsafe conditions;
- (e) Deterioration of site or other improvements;
- (f) Inadequate and outdated building density patterns;
- (g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;
- (h) Tax or special assessment delinquency exceeding the fair value of the land;
- (i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality;
- (j) Incidence of crime in the area higher than in the remainder of the county or municipality;
- (k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;
- (l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality;
- (m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or
- (n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.

Figure 7-2

**DRAFT- MARCH 2003**

## **RECOMMENDED FINANCING PACKAGE**

### **Part 1: Funds Already Budgeted**

Three of the financing alternatives in the previous section would tap funds that are already appropriated by local, state, and federal agencies for specific purposes. Any qualifying projects proposed in this plan should be requested through their normal application processes. Competition is often fierce; there are a number of projects within the County that are competing for these funds, and only a certain number that can be funded per year. It may be up to five years before Naples Park projects receive funding. The most likely alternatives in this group are:

*Traffic calming improvements:* Collier County's Neighborhood Traffic Management Program

*Community squares:* Collier County's Neighborhood Parks Assistance Program (acquisition only); Florida Recreation Development Assistance Program (improvements)

*Street trees:* Florida Urban and Community Forestry Grant Program

*Sidewalks:* Collier County Metropolitan Planning Organization

### **Part 2: MSTBU**

The grant programs described above will be useful in implementing this plan, but they are necessarily limited in scope and dollar amounts by the funding agencies.

There can be no question that significant contributions from Naples Park property owners will be required for certain projects proposed in this plan. This is due in part to the magnitude and total expense involved, and also because some of these improvements, particularly the avenue improvements, will have very positive effects on property

values due to their localized benefits. Community-wide benefits justify a broader funding strategy, while localized benefits require contributions from those who benefit.

Given the expense of the avenue improvements proposed in this plan and the historic evidence of debates in Naples Park over community improvements, this plan proposes a phasing strategy that will allow property owners in various parts of Naples Park to decide whether the County should proceed with the avenue improvements on their blocks, based on the specific funding strategy that is proposed.

The funding of the street improvements (6th, 7th, 8th, 91st, and 111th) may also be included as part of an expanded MSTBU. Improvements to these five streets benefit the entire community; accordingly, the cost of improvements should be shared among all residents and Collier County. Any portion of the cost of these improvements that is not covered by grant money or County matching funds could be divided equally among each 50' lot in Naples Park.

### **Part 3: County Matching Funds**

Just as localized benefits should require contributions from those who benefit, Collier County government has an enormous interest in the success of the Naples Park Community Plan.

First, Collier County owns the roads and drainage system in Naples Park. Although the roads have been well-maintained, the roadside ditches are obviously not functioning effectively, and efforts by the County to improve them on an incremental basis have failed. There is a very large deferred maintenance cost that the County will be responsible for if these ditches are not upgraded in a systematic way.

Second, Florida Department of Transportation (FDOT) has completed

its improvements on US 41. The problems that these improvements have caused for Naples Park will not be borne by the state and ultimately are a County responsibility. Fortunately, Naples Park already has a system of parallel north-south streets and local residents have not attempted to have them closed off, as has occurred elsewhere. Collier County has an opportunity to improve these streets as a clear demonstration of how two-lane roads can serve important traffic purposes while also being neighborhood amenities. Until Collier County residents understand the importance of such streets, they will continue to resist their construction, further exacerbating County-wide traffic congestion whose root cause is the absence of a proper street network.<sup>10</sup>

Third, Collier County government depends on *ad valorem* taxation for many of its operations. Rising property values create higher taxes, allowing the government to do more or to reduce tax rates. This benefit continues for many years after the initial investments have been repaid. County matching funds can induce property owners to agree to assessments that improve County-owned public spaces and private property values at the same time.

Matching funds from Collier County can take various forms:

1. They can be provided by routine County decisions, such as when the County paid the non-construction costs for the primary drainage system in Naples Park (which amounted to 15% of the total cost).
2. They can be provided through an official county program that matches local assessments for street improvements at a pre-determined percentage, sometimes as high as 50% of the cost.
3. They can be provided by designating Naples Park as a part of its Community Redevelopment Agency and authorizing tax incre-

ment financing, although the County may be reluctant to make a financial commitment this large to Naples Park..

Which of these approaches Collier County should use is a decision that is left to the discretion of the County Commissioners.

Collier County frequently uses the MSTBU concept for special improvements when a group of property owners wishes to share the costs evenly. However, the current MSTBU procedures require a strong landowner consensus to occur on its own and essentially be presented to the County. The proposal here is for the County to serve as an active facilitator (and partial funder) in developing a consensus among Naples Park residents and then playing a lead role in upgrading this desirable older community.

A matching grant program is fairly simple to establish and administer. Criteria for eligible projects need to be written, an application process must be established, and an annual appropriation has to be included in the budget. The success of the program is easy to measure, and the program can be cancelled at any time.

The ease of cancellation, however, is a major stumbling block to the long-term success of such a program. Larger projects, such as the combined drainage/sidewalk/lighting/street tree proposal for the avenues in Naples Park require substantial engineering and the County's ability to sell bonds to finance the construction costs. Without a solid commitment by Collier County to participate at some level in the financing, it is unlikely that any party, including the County, will take the initial steps to design and seek citizen support for such a project.

The CRA approach is exactly the kind of long-term commitment that makes the larger projects possible. However, local governments are sometimes hesitant to establish CRAs, fearing that the tax increment

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<sup>10</sup> See Mobility Strategies 1 and 2 in Chapter 3 of *Toward Better Places: The Community Character Plan for Collier County, Florida*, April 2001

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financing might become a permanent drain on their general fund. This is particularly an issue for CRAs established by cities, because county government has no control over those CRAs. It could also be an issue for a county CRA if the County Commissioners do not name themselves as the governing body of the CRA.

To use tax increment financing in its classic form, Collier County would issue bonds to pay for major public improvements and then repay those bonds over time with the increased property taxes generated by the improvement. However, a different and much more conservative use of tax increment financing is suggested in this plan.

Instead of borrowing large sums and repaying them through tax increment financing, the money generated from tax increment financing can be used as it is generated to leverage other sources of funding for public improvements. In the scenario described above, a portion of the tax increment that would be generated in Naples Park would be offered as matching funds as an incentive for lot owners to agree to assessments for the remainder of the cost of major public improvements to the avenues in Naples Park.

If lot owners do not agree to these assessments, the matching funds will not be required. They can then be used for other redevelopment purposes, or even returned to the County's general fund. The entire process would remain under the direct control of the county commission.

This modified use of tax increment financing is not cost-free, of course, but properly applied it can become a means to construct specific public improvements largely at private expense, but in a coordinated way and in concert with the desires of local property owners.

Collier County has already taken three important steps to ensure that

its CRA carries out the County's purposes and does not become a separate entity that can expend funds without considering the needs of the entire county:

- The County Commissioners appointed themselves as the governing board of the CRA.

- Respected citizens have been appointed to an advisory committee to ensure communication between local residents and county government.

- County employees serve as the CRA staff to ensure maximum coordination with other County functions.

In addition to these three steps, Collier County may wish to place additional constraints on any expansion of its CRA that would include Naples Park. Because property values are appreciating rapidly in Naples Park even without CRA-sponsored improvements, the County needs to ensure that any CRA contributions to Naples Park projects do not become unwarranted subsidies or a continuing drain on the County's budget:

- A significant part of the CRA revenue could be limited for use only as matching funds for assessments on lot owners, as described above.

- A time limit could be placed on the existence of a Naples Park CRA. Although CRAs can exist for as long as 40 years, a shorter period could be established, or the County could schedule reviews of the CRA's existence every ten years at which time the CRA could be extended or repealed.

- A variation on that approach would be for the CRA to specify

exactly which projects could be financed through tax increment financing, rather than continuing the financing to be used for other unnamed projects.

-The use of tax increment financing could be limited in other ways. For instance, state law allows between 50% and 95% of the tax increment to be used for CRA purposes. Although it would be counterproductive in the earliest years to limit tax increment to less than 95%, a threshold could be established after which the percentage would be reduced.

*Appendix F provides detailed information about CRAs and tax increment financing and their potential impacts on Naples Park and Collier County as a whole.*

## **COST ESTIMATES FOR STREET IMPROVEMENTS**

A construction cost estimate is provided in this section for improvement to the streets that are utilized by all residents of Naples Park - 6th, 7th, & 8th Streets, and 91st and 111th Avenues (Idea #1 in Chapter 6). These improvements include underground drainage, street trees, sidewalks, and pedestrian-scaled lights. As improvements to these particular streets would bring benefit to the entire community, it would be appropriate to apply any available grant or County funds to the cost of the improvements. However, if these sources are not available, or do not cover the entire cost of construction, the remaining costs would be the responsibility of the residents of Naples Park. These costs should be divided equally among all property owners within the park, as all would enjoy the mobility benefits that improvements would bring.

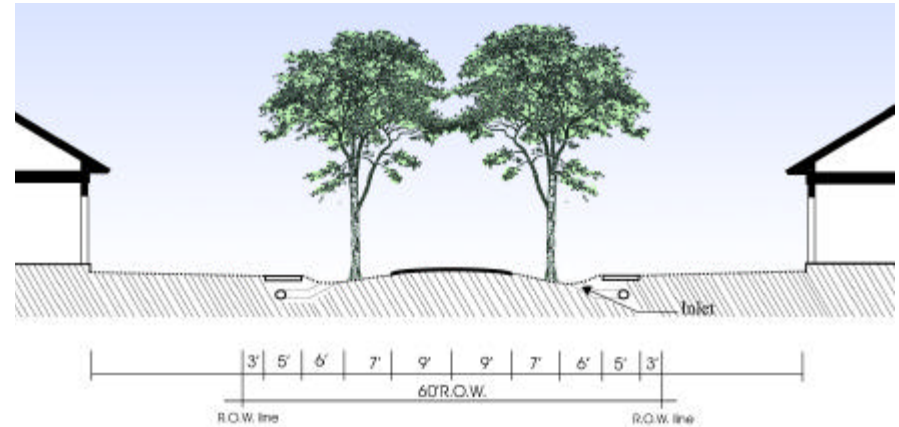
For example, if all of the street improvements were completed at once, and the construction costs matched the costs shown in the following section for the avenue improvements, the total cost for all five streets would be about \$12,000,000. If the County offered no funding for these improvements and no grant money is available, this would come to about \$3,000 each for the 4,000 50' lots in Naples Park. Every dollar contributed by grant money or County matching funds would reduce the costs to individual lot owners. After funding availability has been determined, the decision to improve these streets (and on what timeframe), must be made by Collier County. This decision could be made directly by the County Commission or could be preceded by a straw poll of property owners or other method of gauging public opinion.

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## COST ESTIMATES FOR AVENUE IMPROVEMENTS

Construction cost estimates are provided in this section for all three "Great Avenue" options (Idea #3 in Chapter 6). These estimates are very preliminary because detailed engineering has not been conducted for any of these improvements. However, every effort has been made to provide realistic estimates so that Naples Park property owners and Collier County officials can understand the approximate magnitude of actual construction costs for the type of improvements proposed in this plan.

A more detailed breakdown of the drainage costs is provided in Appendix C. An additional 30% was added for non-construction costs such as surveys, design, permitting, inspections, financing expenses, and contingencies.



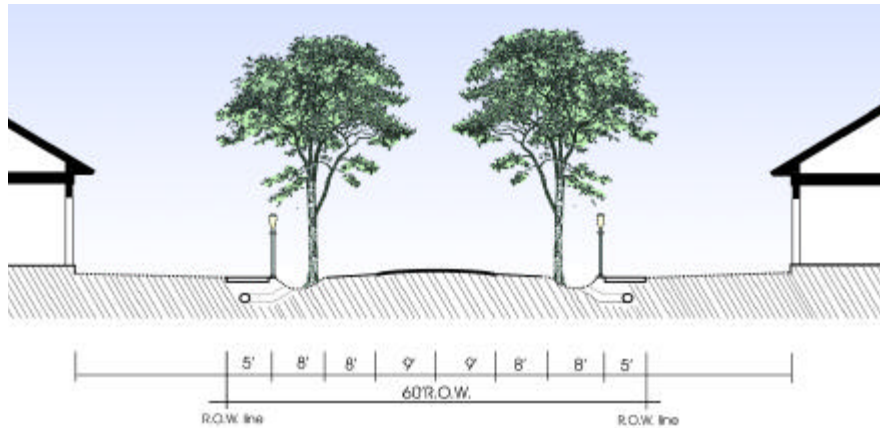
Street section- Option 1; see enlarged image in Chapter 6.

### Option 1

In this option, the existing ditches would be replaced with an underground drainage pipe. The ditch would then be filled to leave a shallow swale (no deeper than 12 inches). Both sides of the street would have street trees in the swale, sidewalks near the property lines, and pedestrian-scale street lighting. The drainage costs shown here are for "Alternative B" in Chapter 4; a less expensive alternative ("C") is recommended, but agency permits for that alternative may not be available.

<b>ESTIMATED COST TO CONSTRUCT, PER 50' LOT</b>		
Install 24" drainage pipe in ditch	\$3,200	<b>DRAINAGE</b>
Install drainage inlets	\$1,300	
Adjust water and sewer laterals	\$1,300	
Repair Driveways	\$700	
Fill the ditch; plant sod	\$1,500	
Install street lighting	\$500	<b>WALK-ABILITY</b>
Pour a 5' concrete sidewalk	\$300	
Plant 2 large oak trees in shallow swale	\$1,200	
<b>BOTTOM LINE, PER 50' LOT</b>	<b>\$10,000</b>	



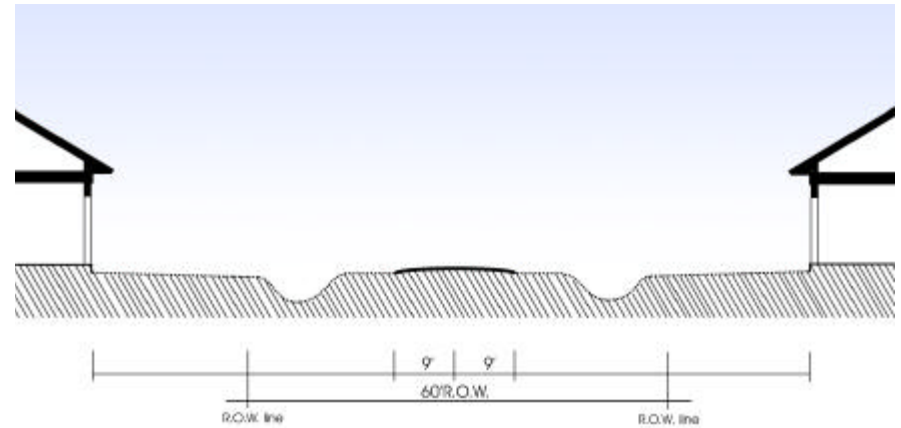


Street section- Option 2; see enlarged image in Chapter 6.

**Option 2**

This option is similar to Option 1 except that the sidewalks would be moved to the edge of the right-of-way, the swales would be slightly deeper, and an 8-foot parallel parking strip would be paved on each side of the street. Again, the drainage costs shown here are for "Alternative B" in Chapter 5; a less expensive alternative ("C") is recommended, but agency permits for that alternative may not be available.

ESTIMATED COST TO CONSTRUCT, PER 50' LOT		
Install 24" drainage pipe in ditch	\$3,200	DRAINAGE
Install drainage inlets	\$1,300	
Adjust water and sewer laterals	\$1,300	
Repair Driveways	\$700	
Fill the ditch; plant sod	\$1,000	
Install street lighting	\$500	WALK-ABILITY
Pour a 5' concrete sidewalk	\$300	
Plant 2 large oak trees in shallow swale	\$1,200	
Pave 8' parallel parking strip	\$600	
<b>BOTTOM LINE, PER 50' LOT</b>	<b>\$10,100</b>	



Street section- Option 3; see enlarged image in Chapter 6.

**Option 3**

This option does not include any the above-ground amenities (street lighting, sidewalks, or street trees) because it is a drainage-only improvement that retains the open ditches. This option is the same as the secondary drainage improvements proposed in the 1988 drainage study (see Alternative A in Chapter 5 for details).

Detailed plans have not been prepared for this option; the cost estimate assumes that existing ditches would be regraded, and undersized or damaged culvert pipes replaced, in about 1/3 of Naples Park.

These improvements would improve drainage throughout Naples Park, not just where the actual construction work would take place, so the cost would fairly be apportioned across all lots in Naples Park (or perhaps all lots in the drainage basin where the work took place).

The total cost estimate for Option 3 is \$3,610,800 in current dollars. If apportioned equally to all lots in Naples Park, the cost would be almost \$1,000 per lot.

**Other Options**

Other variations are also possible. For instance, Option 1 or Option 2 could be constructed without the above-ground amenities (street lighting, sidewalks, or street trees). These amenities could be deleted entirely or postponed to a future date; cost savings can be determined by simply deleting those items from the cost estimates above.

Note, however, that the lighting, sidewalks, and trees cannot be installed first; they require an underground drainage system to provide a fairly level surface in place of the existing ditches.

**PHASING PLAN FOR AVENUE IMPROVEMENTS****Engineering, Technical, and Financial Constraints**

Some of the pace and sequencing of the physical improvements proposed in this plan is controlled by engineering, financial, or technical factors. For instance, it was critical for Collier County to have constructed the primary drainage system as the first priority; without that improvement, none of the remaining drainage improvements would have any system into which to drain their stormwater.

Similarly, it may be critical to improve the secondary drainage system on some specific blocks first if the existing system is obstructed on those blocks such that it is impossible for other blocks to reach the primary drainage system. In addition, there are considerable economies of scale that would reward building the drainage and street improvements in larger increments, even if that means waiting for consensus to be reached in other areas.

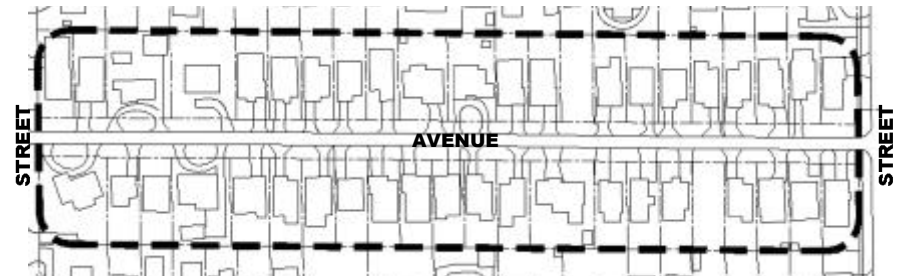
If grant or CRA funding is used to match assessments to property owners, those funds need to be secured or accumulated, which will also affect the schedule and pace of improvements.

**Community Consensus**

There are other sequencing factors that are neither technical nor financial, but will have a great impact on the phasing of the more expensive improvements in this plan. For instance, major improvements to the avenues (see Idea 3 in Chapter 6) are the most expensive improvements in this plan. Inevitably these improvements will require significant contributions by property owners, probably through an MSTBU. Although the County Commission, by law, has the power to impose assessments or taxes through an MSTBU, it is common practice to evaluate the level of support from affected property owners before imposing new taxes or assessments.

The first step would be to construct avenue improvements in a demonstration area, preferably in an area where the existing roadside ditches are in poor condition and interfere with proper drainage on other blocks. Then the county would proceed on other blocks in Naples Park where there is a strong sentiment to proceed with avenue improvements and a willingness to pay their share. This issue was addressed in the Citizen Planner Pack, as **Idea #9: Neighbors on a Given Avenue Segment Choose and Pay**. Instead of attempting to reach a consensus on which street option is the best for all of Naples Park, this idea allowed for neighbors on a given avenue to decide on the best approach for the streetscape on their block. Presumably a given block segment would vote for either no change at all, a less expensive improvement (drainage ditches only), or a more expensive improvement (adding sidewalks, street trees, and lights). If they choose the more expensive route, residents would pay some or all of the difference.

The idea was not met with universal enthusiasm; resident comments revealed that they did not want a lack of uniformity in the neighborhood, and that they feared that not reaching consensus within a block segment would lead to inaction. Although it is true that this method of implementation would lead to Naples Park being improved incrementally rather than in one major effort, it is unlikely that a consensus would ever be reached throughout Naples Park to proceed with all improvements at once. This incremental approach has other benefits as well; the other blocks would get to see the results of the improvements before deciding whether they should proceed.



Residents within the dashed area (one "avenue segment") would be able to choose which type of street treatment they want implemented in front of their house.

### **"Citizen Planners" in their own words:**

#### ***Neighbors on a given avenue segment choose and pay...***

*"Yes — if they wish to fund it; different looking streets create character for the community, we don't want everything to be required to look the same"*

*"Yes — if you can't get a majority to go for the big improvement"*

*"Probably not — leads to division not community"*

*"No — we need uniformity throughout the park"*

*"No — can't imagine such a group reaching a consensus - trying could make enemies of neighbors"*

— Responses to the "Citizen Planner Pack," November 2002 —

**FINANCING IMPROVEMENTS****SETTING THE COURSE**

Improvements to public spaces are an essential part of this plan. A three-part funding program will be required to pay for many of these improvements:

- The Naples Park MSTBU should be expanded to help finance a greater range of public improvements, with property owners allowed to voice their approval or disapproval of specific improvements on their blocks through a straw ballot.
- Collier County should consider establishing a program of matching funds for redevelopment purposes. Three alternatives are available, with a community redevelopment area (CRA) the most promising.
- Existing county, state, and federal grants should be sought for all eligible improvements.

**GETTING THERE**

A. The County Commission considers the matching fund concept, which could be funds designated for each specific project, or a matching fund program based on a pre-determined percentage of project costs, or the use of tax increment financing by designating Naples Park as a component area of the Collier County Community Redevelopment Agency.

B. The County Commission amends the existing Naples Park MSTBU ordinance to increase its scope or creates an entirely new MSTBU that would combine drainage with walkability improvements such as sidewalks, street trees, and street lighting. This ordinance could also establish the methodology for deciding how to prioritize physical improvements, how to construct improvements in block increments, and how to pay for design and administration costs for future Naples Park projects.

C. During the next rainy season, Collier County stormwater staff documents the exact locations of the worst flooding problems throughout Naples Park. This data would be the basis for an engineering evaluation of which problems might be fixed easily and which others must be comprehensively rebuilt before drainage improvements on upstream blocks would be feasible.

D. County staff uses this information to help decide where one or more demonstration projects could be constructed to solve one of the worst flooding problems while showing Naples Park residents how reconstructed blocks would look after the open ditches are replaced with underground drainage and sidewalks, street trees, and lighting.

E. County staff develops a system that would allow property owners on individual blocks to participate in a straw ballot to determine their willingness to pay the remaining share of major improvements. This system would probably use a mail-in ballot where each owner gets one vote for each lot they own on that block, with a simple majority of lots (50%+1) being required before Collier County would assess the owners on that block. When several blocks are ready, these would be packaged them into a single design and construction project.

F. The County Commission authorizes the construction of the proposed improvements.

G. The County Commission adopts a resolution assessing the property owners on those blocks for their share of the final cost of these improvements.

H. Property owners who wish to pay the full amount are given the option to do so. For other owners who choose to pay the assessment over time, the county sells bonds that will be repaid by those owners through a line item on their annual tax bills. Payments will not begin until construction is complete.

## **PRIVATE SECTOR INVESTMENT**

A plan of this nature is implemented in three ways:

- Through changes in governmental regulations (as described in Chapter 6 of this plan);
- Through physical improvements to be constructed by Collier County (this chapter proposes a specific financing and phasing plan for the more expensive improvements proposed in this plan); and
- Through private sector investment.

Building communities is the ultimate public-private partnership. Individuals, developers, and government agencies will all make investments, but ultimately the private dollars invested will exceed the public ones.

The role of coordinating the efforts of so many into a mutually reinforcing culture of community building falls to Collier County. The county is the enabler, catalyst, and keeper of the vision, and wields enormous power over the outcomes through its regulations, public works projects, and coordination with other agencies.

Collier County must begin with the regulatory changes described in this report. Once this is completed, private investors (including individual homeowners) can continue improving their properties, now guided by the vision behind the regulatory changes. They can clean up deteriorated conditions, update the housing stock to meet present needs, and take advantage of opportunities for more diverse housing types along 8½ Street, properly guided by the new regulations.

These efforts, combined with the important public improvements, will allow Naples Park to achieve the vision of its future to which its residents aspire.