

WORKSHOP ITEM SUMMARY SHEET
VILLAGE COUNCIL MEETING
September 5, 2018

Agenda Item:

Discussion of the possible land purchase for \$25,560,500 million, plus applicable closing and design/development alternatives costs (budgeted total cost of \$26 million) seeking direction from the Village Council on how to proceed.

Description:

The Village has been offered the opportunity to purchase about 62.2 acres of land located at the northeast corner of the Corkscrew Road and South Tamiami Trail (US-41) intersection. This land includes approximately one quarter of a mile of Estero River frontage, both to the North and South, as well as heritage trees.

The community has expressed strong interest in expanding public access to the Estero River and to preserve significant open space. Given the prime location of this property and its current zoning this parcel represents something of a compromise to that vision. The Village has the opportunity, if it chooses, to purchase this site. However, the cost for the Village to purchase this property is substantial (\$26 million budgeted, to include a \$25 million purchase price and an additional \$1 million in closing and design/development alternatives costs).

A detailed examination of the benefits and costs of this purchase has been provided in the attached staff report. In addition, we have posted on our website all of the known and available information on this parcel, the appraisals of the property and other background information.

Financial Impact:

The Village would need to secure long-term debt to make this purchase. An accelerated repayment option is discussed and recommended in the attached staff report should the Council wish to proceed.

This budgeted figure is in accordance with the funds provided for "Land Purchase A" in the approved 2018-2019 Estero Capital Improvement Plan. The purchase is funded on a long term basis without impact to our existing reserves or operating programs.

Attachments:

1. Land Purchase Staff Report
2. Screen shot of our website on this issue



TO: Village Council
FROM: Steve Sarkozy, Village Manager
DATE: August 29, 2018
SUBJECT: Proposed Land Purchase Analysis

Mayor and Village Councilmembers:

As you know, prior to and since the incorporation of the Village, the desire to preserve elements of our history and public access to the Estero River have been key objectives. The desire to preserve public access to the River and some of the historic and environmentally sensitive areas influenced our discussions with the current owner over the past few years. While our discussions were always respectful and professional, it was clear that we had different objectives. The very property attributes that the Village deemed important for the “public good” were the parcels that had the highest market value. Late last year, when it became apparent that we could not negotiate an acceptable alternative, we simply discontinued our discussions.

To the credit of the owner, Village Partners, LLC, contacted The Trust for Public Land (TPL) to help negotiate a mutually acceptable outcome. TPL is a nationally recognized “not-for-profit” corporation that helps government secure unique and environmentally sensitive property in the public interest. TPL contacted the Village in late April with the proposal whereby the Village would acquire 3 of the 5 parcels owned by Village Partners. Up until this point, the acquisition of these parcels by the Village was not an option. In making this option a possibility, Village Partners, LLC is honoring their past commitment to protect the very environmental and historic attributes that the Village recognizes.

The current proposal calls for the purchase of approximately 62.2 acres of land on the northeast corner of the Corkscrew Road and South Tamiami Trail (US-41) intersection, for \$24,255,500. The Council is being asked to carefully consider this purchase, given the substantial cost and benefits of such an acquisition.

Consideration of a purchase of this size and expense needs to occur within the broader context of Village operations, financial condition and community vision.

The following information is provided for your review.

Background:

Budgetary Context and Future Financial Impacts: Following incorporation of the Village of Estero in December of 2014, efforts have been made on a continual basis to stabilize and study Village operations through the prism of “government lite” management framework.

Principal outcomes of this effort are as follows:

- Creation of a Dedicated Operating Reserve: Adopted Council Policy dictates the maintenance of an on-going reserve, currently equal to 7.5 months of operating reserves (\$3.5 million), set to grow to 10 months (\$5.1 million) on October 1, 2018 (start of Fiscal Year 2018-2019). Contributions will continue into the future, consistent with this adopted policy.
- Dedicated funding for Capital Improvement projects for the next five years, including completion of: Estero Parkway repaving and landscape enhancement, South Tamiami Trail (US-41) landscape enhancement, I-75 Interchange improvements, Corkscrew Road widening, and Williams Road (Walgreen’s exit) intersection improvements. This represents \$99.1 million in improvements, of which \$57.7 million will be Village-funded.
- The Village tax rate has been reduced in the previous two years, with another reduction planned for this coming year. This will mark the third consecutive year that the Village of Estero provides the lowest tax rate in Southwest Florida.
- The Village staff level has been contained to eight full time and five part-time (10.5 full time equivalent) employees, which constitutes the lowest total and per capita staff size in Southwest Florida. It is the expectation that the staff level will not expand significantly in the future; instead, short-term staffing needs will be filled via contract and part-time employment.
- No long-term liabilities have been incurred by the Village. This has been accomplished by avoiding defined benefit pension plans and using contracted and part-time employment for the majority of Village operations.
- The Village has also been very deliberate in its assumption of additional duties or functions of government. No functional area has been assumed or implemented without a professional study and careful consideration about the role and function of the Village. This results in improved decision-making. During these initial years of careful deliberation, the Village has limited its spending, in order to make major investments possible.
- Completion of the Village Comprehensive Plan. This focus on long-term planning allows the Village to address the major areas of importance first. Decisions are made based on broad community involvement, rather than individual Council preferences. This plan identifies opportunities and priorities for the Village at-large.

The above Budget and Financial policies are maintained and unchanged, without compromise, should the Village Council approve the acquisition of the “Estero on the River” parcel. We do not (and would not) propose any use of existing Reserves or amendment to the above financial policies in order to execute this purchase (with the exception of debt financing as explained below).

Community Input: Another organizational “value” emphasized since incorporation discussions is that of transparency, whereby public input plays an integral role in policy development. As a result, the Village Council has routinely engaged the community to solicit ideas on direct refinement of our mission and values and specific projects.

Some of the most consistently mentioned topics in community feedback surveys and forums, since the Estero Feasibility Study and Community Plan, have been the protection of our natural attributes, public access to the Estero River, preservation of open space and creation of additional recreational opportunities for all residents.

We are listing below, by specific reference, several of the opportunities for community input that have guided the Village Council in establishing a vision for the community.

- Estero Feasibility Study (for incorporation):
 - Completed by BJM Consulting, Inc. for the Estero Council of Community Leaders (ECCL) in August of 2013.
 - Identified lack of “sense of place” as a major weakness of the Village.
- Estero Community Plan:
 - Completed by the Estero Community Planning Panel (comprised of residents) and approved by Lee County in August of 2014.
 - Stated goal that Estero would be a community that “embraces its historic heritage and protects the environment”, including “access to the community’s blue ways”.
- Estero Community Needs & Assets Study:
 - Completed by Syntony Research & Consulting, LLC. Commissioned by the Estero Community Improvement Foundation in November of 2015.
 - “Key Informants” voted: 1) environmental protection, 2) recreation, and 3) community identity as the top three interests.
- Estero Village Center Master Planning Survey:
 - Completed by Village of Estero staff (via a public workshop at Living Waters Church) in January of 2016.
 - 174 residents vote, with 26% selecting 1) public hike/bike trails or 2) Riverwalk easement choices (two of the top three choices, out of eleven provided options).
- Estero Capital Improvement Program: (Workshop and resulting 10 year plan)
 - Completed by Village of Estero staff (via a public workshop at Legacy Church) in May of 2016.
 - 110 residents vote, with 49% selecting 1) Bicycle and Pedestrian Improvements, 2) Park Improvements or 3) Environmental Protection (the next closest selection was road improvements, at 20%).
- Estero Comprehensive Plan: Kick-off Meeting
 - Completed by Village of Estero staff (via a public workshop at Legacy Church) in January of 2017.
 - 67 residents vote, with 53% selecting 1) Increasing Protection/Creation of Recreational Facilities, Public Open Space and Conservation Areas, 2) Making Bicycle and Pedestrian Improvements, or 3) Maintaining or Increasing Water Quality Protection to improve (the next closest selection was transportation, at 30%).

Previous Property Purchase Considerations: Previously, the Village Council has considered purchasing property. For several reasons, the Council has decided to not purchase said properties, preferring instead to focus on larger, more significant parcels.

Included below are the details of each previous proposal, the outcome, and a summary of reasoning provided at the time, in order to provide a context in which we can consider the current proposal.

- Pinewoods Property
 - The property was offered to the Village for \$4 million in January of 2017.
 - The Council declined to purchase, citing interest in larger, regional parcels.
- Village Partners Property (the property currently under consideration)
 - The property was offered to the Village for \$36 million in June of 2017.
 - The Council declined to purchase, citing concern about the cost of the property.
- River Oaks Park Property
 - Property offered to the Village for \$1.9 million in January of 2018.
 - The Council declined to purchase, citing interest in larger, regionally significant parcels with Estero River frontage.

In summary, the Village Council has been very deliberate in its consideration of possible property acquisitions.

Property Details

Current Ownership: Prior to considering such a purchase, it is important that everyone become well versed with the current ownership and zoning entitlements on the property. These details are provided, below.

- Property Owner: Village Partners, LLC – Principals include the DJamoos family.
- Location: Corkscrew Road north to the Estero United Methodist Church and U.S. 41 east to the railroad tracks (including a significant portion of the Estero River)
- Parcel Size
 - Total of 85.07 acres
 - Possible Village acquisition of 62.2 acres – all west of the railroad property, including:
 - Parcel #1: 34.89 acres - north of the river
 - Parcel #2: 18.24 acres - south of the river, corner of Corkscrew & US 41
 - Parcel #3: 8.92 acres - south of the river adjacent to the railroad line
- Zoning: Mixed Use (commercial and residential)
- Offered Price: \$25,225,000 purchase price

Property Appraisals: The Village insisted on professional MAI certified appraisers. Village Partners and TPL commissioned the first appraisal. The Village hired 2 separate appraisers on the property. Included below are summaries of each appraisal.

Appraisal 1:

- Appraisal Firm: Hanson Real Estate Advisors, Inc., Ft. Myers (Woodward S. Hanson, Principal)
- Appraisal Client: The Trust for Public Land (Kate Brown, Project Director)
- Village Appraisal Cost: \$0.00 (paid for by The Trust for Public Land)
- Date Submitted: December 7, 2017
- Determined Market Value: \$25.225 million
- Site Description Excerpt:
 - “The Property is located at the signalized northeast corner of U.S. 41 and Corkscrew Road, approximately 1.75 miles west of I-75 within the Village of Estero, Florida. This location is in close proximity to some of Southwest Florida’s most heavily traveled destinations.”

Appraisal 2:

- Appraisal Firm: Carlson, Norris and Associates, Inc. (J. Lee Norris, MAI, SRA, President)
- Appraisal Client: The Village of Estero
- Village Appraisal Cost: \$6,000.00
- Date Submitted: June 18, 2018
- Determined Market Value: \$21.000 million
- Site Description Excerpt:
 - “With all of the development that has occurred in SW Fla. over the last 100 years sites like the subject containing 63.8 acres with its physical characteristics are unique and becoming hard to find... this site is a combination of old growth pine flatwoods, oak hammocks and Estero River frontage, it is very desirable and picturesque to say the least. This site has tremendous development and/or preservation potential.”

Appraisal 3:

- Appraisal Firm: C. Michael Polk & Associates, Inc. (C. Michael Polk & Associates, Inc.)
- Appraisal Client: The Village of Estero
- Village Appraisal Cost: \$7,000.00
- Date Submitted: June 28, 2018
- Determined Market Value: \$23.900 million
- Site Description Excerpt
 - “The subject site is well located along northeast corner of Corkscrew Road and S. Tamiami Trail (U.S. 41) in the Village of Estero area of Lee County and has good access, as well as direct ingress/egress.”

Negotiated Purchase Price: With our appraisals complete, the Village provided a counter-offer. Ultimately, it was agreed to split the difference between their appraisal and the Village’s “high” appraisal, at \$24,562,500.

Maps: The maps provided below help to frame the property acquisition discussion, by highlighting the historical value of the property, as well as its potential developmental value (based on the zoning of the property).

○ **Current Parcel Map**



○ **Historical Parcel Map (1966)**



○ **Historical Parcel Map (1950)**



○ **Historical Parcel Map (1944)**



LAND USE SUMMARY

1	OFFICE-TWO	281 AC
2	OFFICE-THREE	316 AC
3	MIXED USE	877 AC
4	CULTURAL	27 AC
5	UNDEVELOPED	84 AC
6	RESIDENTIAL	84 AC
7	HIGH DENSITY RESIDENTIAL	22 AC
8	UNIVERSITY	1 AC
9	COLLEGE OF THE FOUNDATION	1 AC
10	SUPPLIES & CREDIT STORES	24 AC
11	RETAIL DEVELOPMENT AREA	65 AC
12	PURPOSE TRACT	530 AC

OPEN SPACE CALCULATIONS

Parcel #	Development Area	Open Space Requirement	Open Space Provided	Net Open Space
Parcel #1	34.89 AC	1.75 AC	3.03 AC	1.28 AC
Parcel #2	18.31 AC	0.92 AC	1.62 AC	0.70 AC
Parcel #3	8.11 AC	0.41 AC	0.72 AC	0.31 AC
Parcel #4	13.13 AC	0.66 AC	1.12 AC	0.46 AC
Parcel #5	7.84 AC	0.39 AC	0.68 AC	0.29 AC
TOTAL	82.28 AC	4.13 AC	7.17 AC	3.04 AC

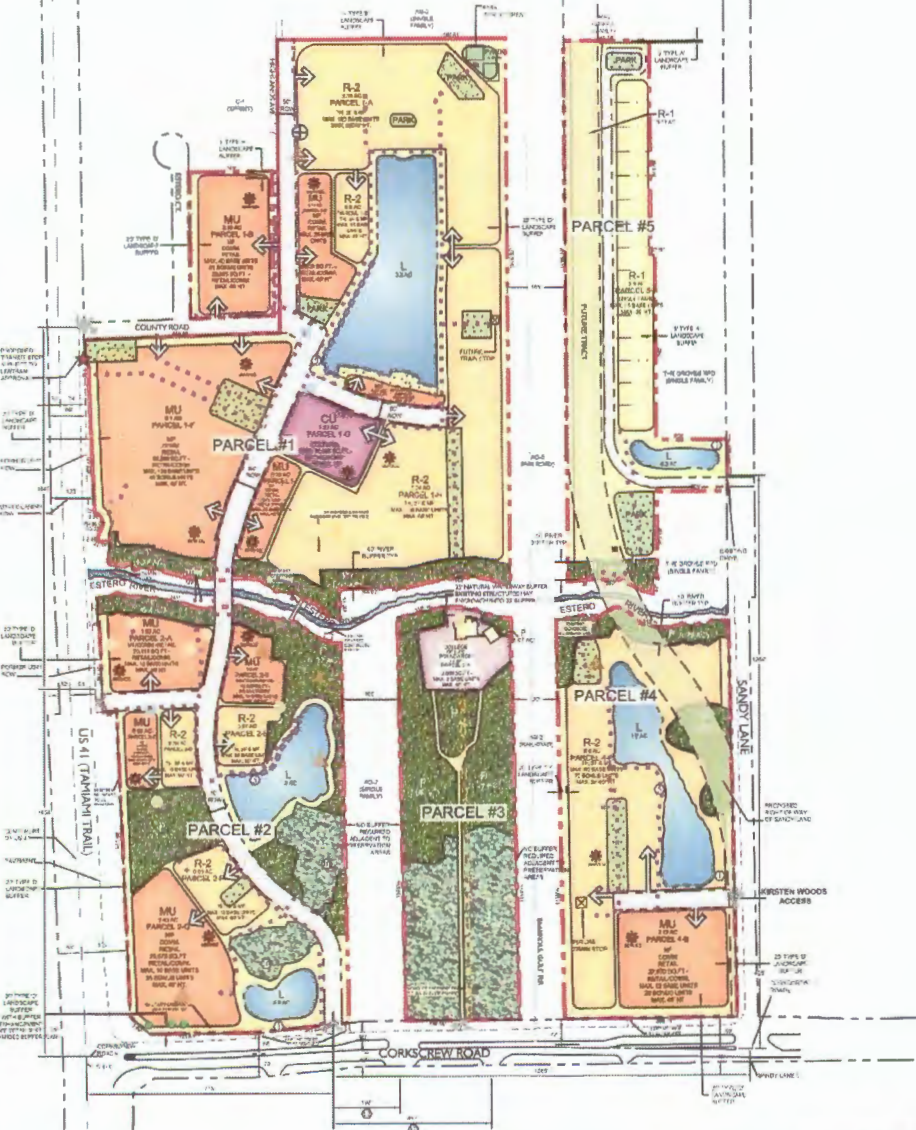
Open Space for each parcel is based on the following criteria: MU, R-1, R-2, R-3, R-4, R-5, R-6, R-7, R-8, R-9, R-10, R-11, R-12, R-13, R-14, R-15, R-16, R-17, R-18, R-19, R-20, R-21, R-22, R-23, R-24, R-25, R-26, R-27, R-28, R-29, R-30, R-31, R-32, R-33, R-34, R-35, R-36, R-37, R-38, R-39, R-40, R-41, R-42, R-43, R-44, R-45, R-46, R-47, R-48, R-49, R-50, R-51, R-52, R-53, R-54, R-55, R-56, R-57, R-58, R-59, R-60, R-61, R-62, R-63, R-64, R-65, R-66, R-67, R-68, R-69, R-70, R-71, R-72, R-73, R-74, R-75, R-76, R-77, R-78, R-79, R-80, R-81, R-82, R-83, R-84, R-85, R-86, R-87, R-88, R-89, R-90, R-91, R-92, R-93, R-94, R-95, R-96, R-97, R-98, R-99, R-100.

LEGEND - BUILDING TYPES (R2 PARCELS)

- T1 TOWNHOUSE
- T2 TWO FAMILY ATTACHED
- M1 MULTI-FAMILY

LEGEND EXISTING STRUCTURES

- RETAIN IN PLACE
- REMOVE
- PURCHASED BY LAND DEVELOPER
- RELOCATE
- UNDEVELOPED



ESTERO ON THE RIVER
MASTER CONCEPT PLAN
 PREPARED FOR: THE LAND DEVELOPMENT GROUP L.L.C.



Planners • Engineers • Ecologists • Surveyors
 Landscape Architects • Transportation Consultants
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Potential Property Uses

Given the size, location, and access to Estero River, this property offers excellent recreation and development options. Ultimately, the Village Council will be asked to choose between the following options: 1) do not purchase the property, thereby allowing development of the parcel under existing zoning conditions, 2) purchase the entire property, allowing for preservation and passive recreation to occur onsite, or 3) purchase and retain a portion of the property, allowing for a combination of preservation and development to occur.

A breakdown of these options, and the benefits provided by each, are provided below.

Option 1: Reject the purchase option.

- Current Zoning
 - 530 units and 300,000 square feet of total development (residential and commercial) across all parcels (including smaller parcel to the east of the railroad).
- Possible benefits to the Village
 - No cost to the Village.
 - Reduced role for the Village in the real estate market, now and into the future.
 - Enhanced property tax base.

Option 2: Village purchase

- Possible benefits to the Village
 - Provide public access to Estero River.
 - Allow use of full property for passive recreation.
 - Preserve heritage trees and historical buildings.
 - Preserve history of Estero (“old Florida”).
 - Public meeting space for residents and social gatherings.
 - Potential connection with Koreshan State Park, Estero Recreation Center, Boomer historical property, and Rails to Trails bike trail along current CSX Rail line.
 - Ability to sustain community quality by avoiding low quality or intensive development.
 - Maximize storm water drainage potential of Estero River.
 - Limit traffic growth on Via Coconut and Corkscrew.

Option 3: Decline to purchase the property at this time but continue to negotiate with the land owner to preserve additional public benefits.

- Possible benefits to the Village:
 - The Village may realize limited benefits from Option A and Option B.
 - Note: this option has not been discussed with Village Partners.

Potential Financing Options: *To be clear, none of the financing options generally described below proposes the use of our dedicated reserves, it would not jeopardize any of the Capital Improvement Program projects in place and would not compromise current operations.*

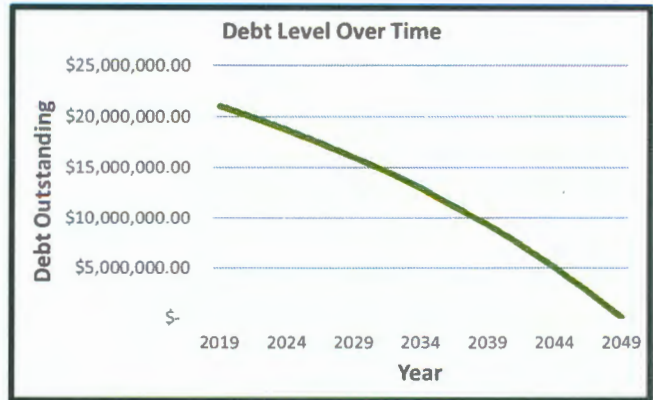
Due to the Village’s fiscal conservatism, there are multiple viable options for financing, and paying off, this expenditure. The broad outlines of our financing options are provided below, including an option to pay off the debt over a standard 30 year term, or via expedited “pre-payments”, over

7 years. It should be noted that these terms are subject to marginal change as the Village will get firmer interest rate figures once we have successfully “bid out” this debt offering.

Option 1: Long term debt financing. This should be considered the “worst case scenario”. This option includes:

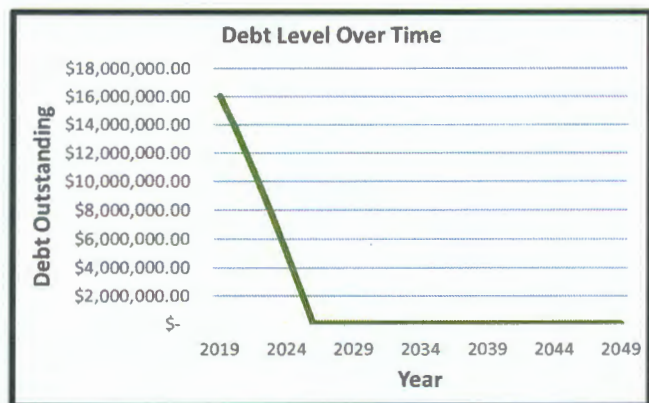
- Down Payment of \$4 million
- Annual Payment of \$1.6 million
- Payoff Term of 30 years

This is considered less desirable as it commits the Village to long-term debt. Invariably, as the Village matures, there will be other needs and this debt would limit the Village’s ability to address those future needs.



Option 2: Long-term debt financing with an aggressive accelerated pre-payment plan.

- Down Payment
 - \$4 million
 - Plus an additional \$5 million prepayment* up front.
 - \$9 million total
- Annual Payment
 - \$1.6 million
 - Plus an additional \$1.1 million per year prepayment*
 - \$2.7 million total
- Payoff Term: Approximately 7 years



*Prepayment Option: In this context, we propose an annual allocation to a sinking fund held by the Village exclusively held for the purpose of paying off any debt as early as possible. By creating this sinking fund, as opposed to simply paying the debt provider, the Village would maintain the ability to shift these prepayment funds, should an extraordinary event require this. Such a sinking fund would be separate from our Operating Reserves Fund, which will continue to grow towards 12 months of operating funds.

Recommendation: Should the Council decide to proceed with this purchase, it is recommended that we pay off this debt as soon as possible. It should be noted that the above options do NOT factor in the sale of any portion of the property. It is recommended that the Village proceed quickly to sell property that is less valuable for public purposes – particularly the parcel north of the river beyond the recommended 300 foot set-back from the river.

In addition, there may be other ways of reducing the Village's long-term obligation including: transfer of conservation easements to this parcel, applying new revenues from the bonus density program, land leases and possible partnerships with other not-for-profit agencies, and others.

Council Action Requested:

The first public review of this possible purchase is scheduled for the Village Council Workshop on Wednesday, September 5, 2018 at 5:30. After the staff presentation, it would be appropriate to take questions from Council and then questions or comments from the public.

The NEXT STEP, after this initial Workshop is entirely at the discretion of the Village Council. At this point, the Village has made no commitments to the current land owner and the Village less than \$15,000 invested in pursuing this option (specifically the cost of the appraisals and some planning consulting work).

Options may include:

- Request for additional information.
- Should the Council wish to proceed with authorization to purchase, schedule this for action on Thursday, September 20, 2018 at the regularly scheduled meeting at 5:30 p.m.

Council Approves the Land Purchase:

Immediate action will be taken to perform due diligence on the land and property title, as well as securing financing via a competitive bidding process. Additionally, negotiations with interested parties concerning the sale of ecologically insignificant portions of the land would ensue, as a means of potentially reducing Village upfront costs. Lastly, the Village will work in conjunction with the Trust for Public Land, the property owner, and Village Legal Counsel to secure a purchase agreement for the property, prepare closing documents and finalize debt financing.

Council Does Not Approve the Land Purchase:

Village staff will work with Village Council to reassess Village priorities, and recalibrate our efforts, if necessary. Such a decision does not preclude the Village from exploring this property, or others, as potential purchase targets in the future. If land preservation and recreation remains a priority of the Village Council, Staff will seek out other opportunities for achieving this objective.

Conclusion

This property represents a unique opportunity to establish a focal point for the community. As such, a purchase is a reasonable alternative. Add the value of preservation of a pristine natural area, providing additional public access to the River, adding to the public land already in control at the State Park, etc., then this becomes a possible legacy decision for the Village Council.

Alternatively, we may have the opportunity to permit quality development that builds upon our community's impressive housing and commercial stock should this be left for private development.

Respectfully submitted.

Attachments: Screen shot of the Village web page devoted to this issue.



Village with a Vision



Village Moves to Protect Green Space & Provide Access to the Estero River

Home / Public Works / Village Moves to Protect Green Space & Provide Access to the Estero River

"Preserve the land along the Estero River!"

"We don't want a cinder block on every parcel of land in the Village!" These are among the most often voiced comments made by residents during community workshops and Village Council meetings.



Acting upon these sentiments, the Village of Estero is planning to seize an opportunity to purchase a large parcel of land at the northeast corner of Corkscrew Road and U.S. 41. The property extends from Corkscrew Road north to the Estero United Methodist Church along U.S. 41 and east to the railroad tracks.

[Read More](#)

Property Details & History

- Village staff report (coming soon)
- Vision Map (coming soon)
- Development Zoning Map
- Previous Property Rezoning
- Previous Property Rezoning Staff Report (coming soon)
- Parcel Map
- Historical Map (1966)
- Historical Map (1950)
- Historical Map (1944)

Upcoming Meetings

Council Meeting (note time)
September 5 @ 5:30 pm

Council Meeting (note time/date)
September 20 @ 5:30 pm

Finances

- Property Appraisal #1
- Property Appraisal #2
- Property Appraisal #3
- Resolution 2018-10 – CIP
- Proposed 2018-2019 Budget Village of Estero
- 2017-2018 Budget Village of Estero
- 2016-2017 Budget Village of Estero
- 2015-2016 Budget Village of Estero

Public Input

- Estero Feasibility Study
- Estero Community Plan
- Estero Community Needs and Assets Study
- Estero Village Center Master Planning Survey
- Estero Capital Improvement Program CIP Workshop
- Estero Comprehensive Plan Kick-Off Meeting Survey

General Information

SUBMIT QUESTIONS

- Responses to Resident Questions
- Frequently Asked Questions
- Financial Stability
- Government Lite
- Foundational Studies
- Major Public Projects (coming soon)
- Major Private Projects (coming soon)
- Major Projects Timeline (coming soon)