



City of Tarpon Springs, Florida

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September 6, 2011

To: Mayor and Board of Commissioners

From: Mark G. LeCouris, City Manager

Subject: Consideration of Proposal for Purchase of 20 Acres MOL of Property Located on Anclote Road

The City is being presented with a proposal for the purchase of approximately 20 acres on Anclote Road known as the Linger Longer site. The contract that you have in your back-up is the "best offer" agreement from the property owners through their representative, Mr. John Tarapani. Highlights of their contract are a price of \$4 million; 90 day due diligence period for the City; and, a favorable referendum vote no later than March of 2012. The City Attorney's office will fully advise you of the other aspects of the contract and protections for the City.

This proposal is being brought forward for a decision of the policymakers as to whether to proceed, and at this time, I am recommending that the City **not** agree to this contract at a price of \$4 million for reasons that I will state later in this memo.

As background, this property was first offered to Pinellas County and then to the City of Tarpon Springs for a possible joint project by the property owner's representative, John Tarapani. There was a brief discussion with County Commissioner Susan Latvala and County Administrator Bob LaSala about this issue during a meeting on the Howard Park issue with Commissioner Alahouzos. The County representatives made it very clear that the direction of County Government was to take on no new projects during these times of budget cuts and economic crisis. Even with the prospect of providing North County and Tarpon Springs residents a possible boat ramp site, the financial times would prohibit such a project at this time.

Shortly after this meeting, there was a meeting arranged with Acting City Attorney John Hubbard, Commissioner Susan Slattery, Mr. John Tarapani, and myself to discuss this land offer and the potential for a boat launch facility. Because of the possible future interest in this offer, I began a further review

including ordering an appraisal for the land. The process of negotiating with the City Attorney on a possible offer continued with the results being presented to you tonight.

The real purpose for the Board of Commissioners to enter into this type of agreement would be to preserve the price offer and not to be outbid by the private sector while the City fully evaluates the land and its potential use. At \$3.3 to \$3.5 million, I believe the City would absolutely have to enter into this type of agreement. I cannot support a contract with a \$4 million cost.

The following are some of the factors I believe the BOC should consider in making this decision:

1. Price: Even at \$3.5 million, the purchase of this property would require usage of about one third of our "Penny for Pinellas" funding for the next 7 years. In three of those seven years, another third of the Penny money will be committed to the new Fire Station on the north side of the Anclote River. Any other projects for the next 7 years could not have a significant cost.
2. Project Priority: Based on the price stated above, buying this land for a viable boat ramp facility and whatever other use you decide on for the rest of the acreage would have to be your priority for the next 7 years. The decision would have to be sold to the public as the number one need for the City for this investment. Substantial public input will have to take place, including review by the Recreation Advisory Board and Budget Advisory Committee, with all agreeing this is an essential need for the City.
3. Effect on Sports Complex: While there will be many possible uses suggested for the remaining acreage if a boat ramp is built, I would absolutely say that sports fields will be the other use because of the loss of funds for the proposed Sports Complex. You must consider if this is the best possible location for additional sports facilities if we don't go forward with the Sports Complex.
4. Lost Tax Revenue and Impact Fees: If this site is acquired by the City, the tax revenue and impact fees that might be gained by any future development of the property would be lost. The Development Services Director has estimated that the current land use category (Residential Medium) and zoning designation (Residential Multifamily) will allow for approximately 220-230 dwelling units on the site. Using a median taxable value of \$150,000 per dwelling unit after any exemptions, and the current millage rate of 5.45, the average ad valorem tax revenues for the City would be \$817.50 per unit or a total of \$179,850 to \$188,025 a year. Non-residential uses will require land use and zoning changes.
5. Feasibility of Proposed Uses: The feasibility of a boat ramp at this site, such as the water depth, etc., would need to be determined prior to proceeding. I still believe the best site for a City boat ramp is on the former Stauffer site and believe it may be possible to partner on this in the near future. A project at the Linger Longer site will end the ability to have a public / private partnership on the Stauffer site due to a financial commitment already being made.
6. Environmental Concerns: The prior development of the property did create some potential environmental contaminations, the degree of which would need to be determined, as well as the potential cost of the remediation of the contamination. This would be looked at during the due diligence period if the Board approves the contract.

7. Appraisal: While the City appraisal gives a value of the property at \$ 4,684,000, I believe this figure is inflated by the maximum number of units allowable and adding in impact fee credits which are of no real value to the City. Realistically looking at the approval of 220 units and no impact credits, the \$3.5 million figure for the taxpayer is very reasonable.
8. Cost of Development: The price for the land does not include any funding for the development of the property. The price of a boat ramp facility, possibly sports fields or any other use is going to require additional funding. How will this be financed and maintained in the future is an obvious question to be answered.
9. General Fund Impacts: The Board should also consider that maintenance of a site this large will be a substantial impact on the General Fund budget.

In closing, I want to thank Mr. Tarapani and the property owner for the work that has been done over the last few months to bring this to the Board. Twenty acres of land on the Anclote River was a proposition that had to be looked at and brought forward for a policy decision. While having great potential, it definitely has tremendous costs.

I recommend that the Board of Commissioners and staff continue to analyze this proposal without entering into a \$4 million contract. There is little risk to the City to continue to evaluate the project because even if a private developer purchases and develops the property prior to the City entering into a contract, the City would still reap the benefits of a privately developed project. Staff will proceed with the policy direction of the Board of Commissioners.