

CITY/COUNTY INFRASTRUCTURE CONDITIONS – 1966 AND 2019

Roads

1966 City: 660 miles (600 maintained by the city, 60 maintained by the State); 91 miles of unpaved city streets; 75% of streets need to be improved at an estimated cost of \$5 million; \$2.8 million estimated need to pave the unpaved roads, with adjoining property owners paying for curb and gutter.

1966 County: 2,000 miles; estimated \$10 million needed to bring all roads up to good condition

2019 Consolidated City: 3,869 total road miles (3733 maintained by City, 136 miles maintained by State), 4 miles unpaved city streets; \$12 million appropriated for repaving in FY18-19 and \$3 million for countywide sidewalk/curb repairs and construction

Drainage

1966 City: \$24 million in drainage repairs needed before roadway improvements can begin

1966 County:

2019 Consolidated City: 1,513 miles of drainage pipes, 72,253 drainage structures (inlets, manholes, control structures), 345 public stormwater facilities (ponds/swales), over 10,000 privately maintained ponds, 209 miles of major outfalls (pipes 36 inches or more in diameter), 994 miles of ditches, 10 stormwater pump stations

Water/Sewers/Septic tanks

1966 City: only 20-25% of sewage produced in the city goes to a sewage treatment plant, the remainder flows untreated into the St. Johns River. A 1955 professional engineering study found that it would take in excess of \$100 million to provide sanitary sewer service everywhere in the city.

1966 County: 224 small self-contained sewage treatment facilities ("package plants") operated throughout the county serving major subdivisions and shopping centers, schools, businesses, etc.; 30,000 septic tanks serving 119,000 people.

2019 Consolidated City: 60,000 septic tanks in Jacksonville, of which approximately 22,000 are located in one of 35 septic tank failure areas designated by the Health Department. Ordinance 2018-196-E appropriated \$1 million from the Northwest Jacksonville Economic Development Fund to establish a non-residential septic tank repair and replacement and water and sewer connection grant program for commercial properties in the NWJEDF area. There were approximately 1,500 commercially zoned properties using septic tanks in the city and 530 were located within the NWJEDF area.

The Water and Sewer Expansion Authority was established as a joint venture of the City and JEA in 2003 to tackle the problem of financing and constructing extensions of public water and sewer systems to unserved areas of the county, particularly the "sanitary nuisance" areas identified by the Health Department. The authority had some successes in areas where homeowners were willing to pay the cost via special assessments after the WSEA fronted the money for the projects, but was dissolved in 2011 after failing to develop a long-term funding stream.

Friday Editorial: Major issues remain for city's septic tanks

By Times-Union Editorial Board

Posted Jun 28, 2019 at 2:01 AM

Last year's 50th anniversary of consolidation inspired some soul searching among those with a civic conscience.

What could Jacksonville's rare form of government have done better?

One obvious failure has been the lack of progress — for decades now — in addressing Jacksonville's huge number of failing septic tanks, which are playing a role in polluting many of the tributaries to the St. Johns River.

Since 1968 there have been efforts to fund septic tank replacements; they have largely all been failures. A Water and Sewer Expansion Authority was dissolved in 2011 because city leaders never came up with a funding source.

Yes, it would cost lots of money to replace every septic tank in Jacksonville; we're talking billions of dollars. But if just a small amount of money had been allocated annually to septic tank replacement from the moment consolidation took effect in 1968, an entire overhaul would likely have been completed by now.

Unfortunately, that was never made a priority. And we're still feeling the impact of that oversight 50-plus years later.

Some steps are being taken

That's why it's promising that the city and JEA have each contributed an initial \$15 million each to replace septic tanks in especially vulnerable neighborhoods; in addition JEA has contributed another \$15 million from the sale of its Southside Generating Station to the District

development on the Southbank.

Using a scoring system, the city identified 35 septic tank failure areas with about 22,000 septic tanks in all. The Biltmore area ranked No. 1, followed by Beverly Hills; construction is expected to begin late summer.

It's a good deal for homeowners because the program will pay for all costs connected to installation of new sewer lines, including plumbing work on private property and septic tank abandonment. Even empty lots will receive a sewer connection at the property line.

The cost to replace an existing septic tank system varies from \$10,000 to \$21,000. The cost of constructing a new sewer system is about \$30,000.

The program is voluntary, and at least 70 percent of property owners must agree to take part. Property owners must sign a JEA water-sewer application and pay a monthly JEA bill. Those who do not connect will be charged a monthly \$21.15 fee, which will be used to help fund future water-sewer improvement projects.

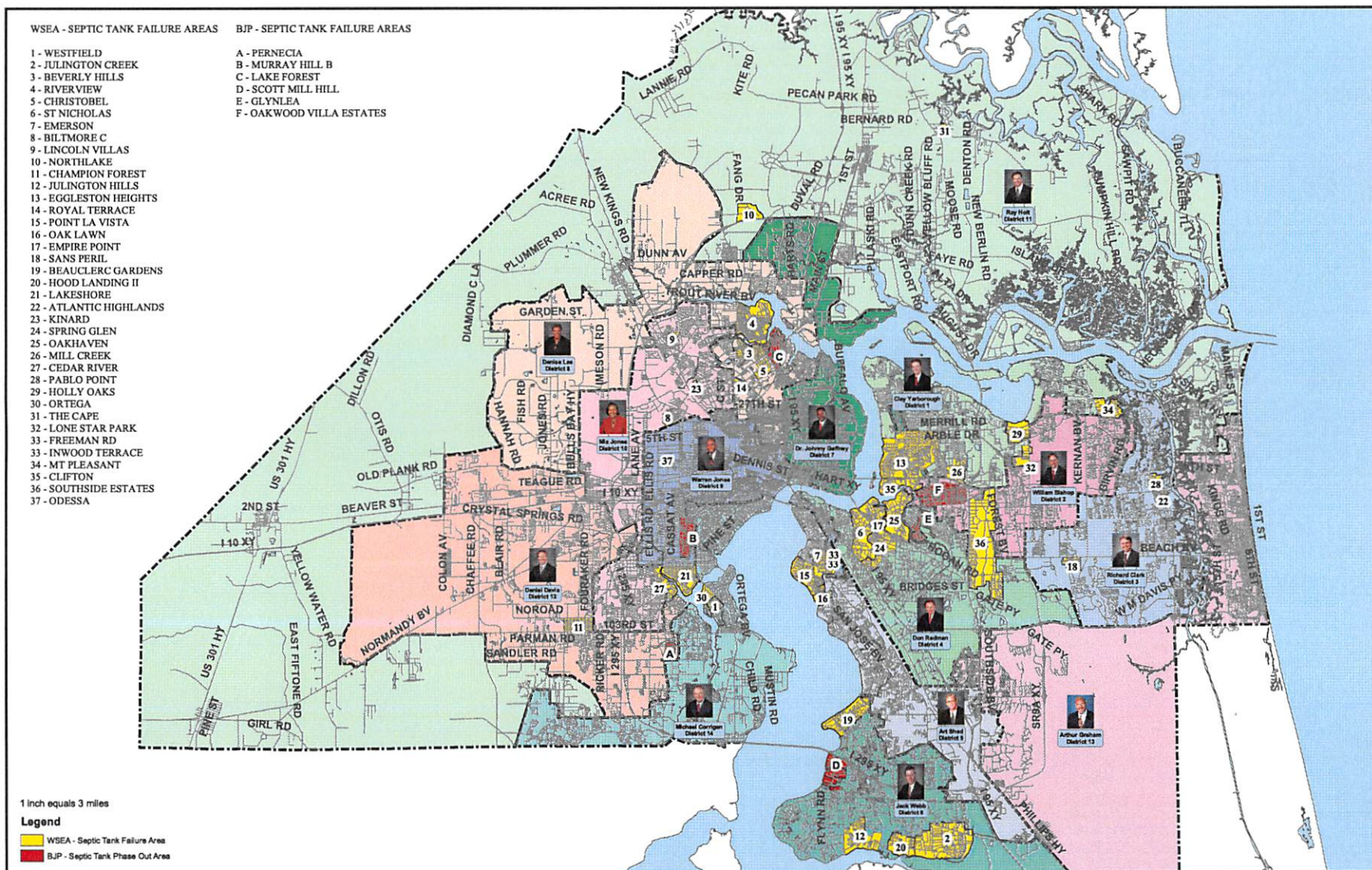
It's a great first step. But it still only addresses a small fraction of the septic tank needs in our city.

Septic tank issues across Florida

In reality Jacksonville isn't the only Florida community with an abundance of septic tanks. A series of stories from GateHouse newspapers described the issues:

- Florida has 2.7 million septic tanks (Duval County has about 60,000 of them).
- Two-thirds of Florida's septic tanks have been added since 1970.
- Of the 1,100 people per day moving to Florida, 40 percent of them are going to homes with septic tanks.

Support from the federal government for innovation or creative financing for septic tank removal has been mentioned by U.S. Rep. Michael Waltz.



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WSEA CONCEPTUAL FACILITIES PLAN



Northwest Jacksonville
Economic
Development Trust
Fund Boundary



Nassau County

Jacksonville

95

295

10



ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

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MEMORANDUM

TO: Council President Scott Wilson and Members of the Finance Committee

FROM: Kirk Wendland, Executive Director
Office of Economic Development *Kirk Wendland*

SUBJECT: Northwest Jacksonville Economic Development Fund (NWJEDF) - FY 2019 Annual Report

DATE: November 14, 2019

Please find attached the FY 2019 Annual Report for the Northwest Jacksonville Economic Development Fund (NWJEDF), as required per Ordinance 2001-1164-E.

Should you have any questions or concerns please feel free to contact me at your convenience.

cc: Brian Hughes, Chief Administrative Officer
Joey Greive, Director of Finance
Kyle Billy, Council Auditor
Dr. Cheryl Brown, Director/Council Secretary



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OFFICE OF ECONOMIC DEVELOPMENT
CITY OF JACKSONVILLE, FL

NORTHWEST JACKSONVILLE ECONOMIC DEVELOPMENT FUND (NWJEDF) –
ANNUAL REPORT FISCAL YEAR 2019

Program Overview

The Northwest Jacksonville Economic Development Fund (NWJEDF) is a public fund accessible by existing and prospective businesses in the Northwest Jacksonville area. The goals of the NWJEDF are to:

- Create access to jobs for area residents.
- Support the expansion of existing businesses within the Northwest Area and encourage the creation of new service and retail businesses to service the needs of the community.
- Encourage redevelopment of vacant and underutilized buildings within the Northwest Area.
- Stimulate new investment within the Northwest Area adding to the tax base.

Financial Position and Funds Available

As of September 30, 2019, the balance of the NWJEDF was \$9,517,990. This includes encumbrances of \$200,000 and appropriations totaling \$3,690,265 for approved projects, leaving an available balance of \$5,827,725. Average monthly loan revenue for FY 2019 was \$21,080. Average monthly principal return for FY 2019 was \$17,838.

On-Going Projects and Programs

Non-Residential Septic Tank Repair and Replacement and Sewer Connection Grant Program. Ordinance 2018-196-E appropriated \$1,000,000 from the NWJEDF to establish a grant program to aid businesses with the costs associated with repairing or replacing failing septic systems and/or connection to JEA's sewer system. The program provides grants of up to \$30,000 to businesses with a commercial zoning in the NWJEDF boundary area. Eligible projects may include: repair or replacement of septic tanks and drain fields for businesses whose systems are in failure as determined by the Florida Department of Health or identified by a qualified person as per subsection 64E-6.004(3), Florida Administrative Code (F.A.C.); or connect to existing sewer. Properties cannot have any pending zoning or building code violations, pending liens, unpaid taxes, or environmental contamination. The OED reports bi-annually to the City Council regarding the use of grant funds, including the grant recipient, address and amount of the grant and status of the grant for each application. As of September 30, 2019, 7 agreements were executed for a total of \$204,735. Further, 5 of the 7 projects have been completed, with \$144,735 disbursed for septic system repair/replacement or connection to JEA sanitary sewer.

Supermarkets and Healthy Food Programs. In FY 2018 the City Council approved Ordinance 2018-195-E and authorized \$3,000,000 to engage a consultant and incentivize the new operation of supermarkets and healthy food programs in the Northwest Area. In FY 2019 the OED worked with T. Brown Consulting Group, LLC to assist with recommending and developing incentive programs that would further the goal of improving health outcomes within the NWJEDF area through the provision of greater access to, affordability of, and education concerning healthy food choices. City Council accepted the consultant's report, adopted the Full-Service Grocery Store Program, and authorized the development of Food Desert Pilot Programs. To-date \$105,000 has been expended from the Program, leaving a balance of \$2,895,000 at September 30, 2019. OED has been working with several providers to utilize the available programs to address food desert matters.

Projects and Programs Approved During FY 2019

Preferred Freezer Services of Jacksonville is the third largest provider of refrigerated storage and warehousing in the United States. The Company is constructing a new facility on Doolittle Road to serve as a warehouse facility. The NWJEDF Advisory Board and City Council approved a \$100,000 infrastructure grant to fund on-site and offsite improvements needed to complete the Project, including water line infrastructure. The Project is expected to create 40 New FTE Jobs by December 31, 2021 and an estimated \$45M in private capital investment by December 31, 2020. If the Company fails to create at least 10 new jobs by December 31, 2020, the Company will repay the City \$10,000 per job below the 10 person job creation requirement. Permits have been issued and construction is currently in progress.

A A Auto Parts, Inc. was created in 2011 for the sale of used auto parts and ferrous and non-ferrous metal recycling. The Company is expanding their operations, located at 6641 W. Beaver Street, to incorporate a commercial metal shredding operation. The NWJEDF Advisory Board approved a \$100,000 infrastructure grant to offset costs associated with storm water construction, curb and guttering 1,550 linear feet, and sidewalk improvements along W. Beaver Street. The NWJEDF Advisory Board also approved a \$150,000 loan for a term of 120 months at an interest rate of 3 percent per annum to finance a portion of the remaining cost of the site improvements to install the metal shredding system. The loan will be secured by a third priority mortgage and the Project requires the creation of 5 New FTE jobs within 18 months of grant disbursement. The Project is expected to result in an estimated \$5.15M in private capital investment. If the Company fails to create the new jobs within 18 months of grant disbursement, the Company will repay the City \$20,000 per job below the required target. Ordinance 2019-652 was in process as of 9/30/2019; however the legislation was approved by City Council on 10/22/2019.

DPC Jax, LLC (dba Driver Performance Center) was established in January 2019 to develop an automotive training, handling and testing center in North Jacksonville. The facility is to be constructed on an undeveloped 16-acre parcel located at the intersection of Interstate Center Drive, Broward Road, and Zoo Parkway. The facility will consist of two major components: 1) a 300 linear foot polished concrete skidpad, used primarily for skid control training and drifting; and 2) a 1.5 mile road course to provide dry conditions braking, handling, and accident avoidance training. The NWJEDF Advisory Board approved an \$80,000 infrastructure grant to fund a portion of the storm water retention and drainage improvement expenses needed to complete the Project, which is anticipated to result in an estimated at \$4.1M in private capital investment, as well as the creation of 10 New FTE jobs within 36 months of disbursement of the grant funds. If the Company fails to create the new jobs within 36 months of grant disbursement, the Company will repay the City \$8,000 per job below the required target. Ordinance 2019-651 was in process as of 9/30/2019; however the legislation was approved by City Council on 10/8/2019.

Other Approvals During FY 2019

First Coast No More Homeless Pets, Inc. (FCNMHP), a 501(c)(3) nonprofit organization, was formed in 2001 with the mission to end the killing of dogs and cats in shelters in our community. Ordinance 2008-1036-E authorized a loan and appropriated \$211,325 from the NWJEDF for the purchase and renovation of a 16,000 square foot building located at 6817 Norwood Avenue to serve as the Company's headquarters. The Project was successfully completed and the facility remains in operation. The loan was set to mature on June 1, 2019, at which time a balloon payment was due for the remaining balance. The NWJEDF Advisory Board and City Council approved a request to re-amortize the remaining loan balance of \$146,322.83 over a 15 year period at an interest rate of 3 percent per annum in order to keep the monthly loan payments close to the original amount while allowing a successful business in Northwest Jacksonville to continue to meet their obligations. A \$14,000 down payment was paid prior to legislative filing and applied prior to closing. Ordinance 2019-332-E was enacted on June 11, 2019, thereby extending the maturity date of the loan to June 1, 2034.

Loan Status

As of September 30, 2019, the following NWJEDF loans are being serviced by the Office of Economic Development:

NWJEDF Loan Status as of 9/30/2019

Borrower	Loan Origination Date	Original Principal Amount	Loan Terms (Years)	Interest Percent (%)	Principal Balance (as of 9/30/2019)	Payment Status	Comments
Moncrief Plaza (Urban Core Enterprises, Inc.)	07/31/2003	\$2,100,000	20	0.00%	\$727,563	Current	
The Laundry Station (fka Soap Bubbles Laundromat)	05/2/2003	\$122,359	19	3.00%	\$26,717	Current	Maturity date extended through 5/2/2022
Jessie & Rosa Wilcox/For Your Child Only	05/30/2003	\$240,000	20	3.00%	\$63,678	Current	Maturity date extended through 2/1/2024
Third & Main	09/26/2008	\$850,000	16	3.00%	\$792,823	Current	
First Coast No More Homeless Pets, Inc. (Loan 1)	03/06/2009	\$211,325	25	3.00%	\$130,569	Current	Maturity date extended to June 1, 2034.
Fresh Ministries	05/23/2011	\$392,265	10	3.00%	\$341,068	Current	
North Point Town Center	01/27/2012	\$527,579	10	3.00%	\$507,460	Current	
First Coast No More Homeless Pets, Inc. (Loan 2)	08/28/2015	\$397,040	15	3.00%	\$358,442	Current	Note: balance includes accrued interest from time of loan disbursement per Agreement
Liquid Proof, LLC (Four Fathers Distillery)	5/9/2018	\$61,000	5	3.00%	\$58,266	Current	

Files at the Office of General Counsel

Borrower	Loan Origination Date	Original Principal Amount	Loan Terms (Years)	Interest Percent (%)	Principal Balance (as of 9/30/2019)	Payment Status	Comments
Mr. G's Hair Depot	11/15/2002	\$63,560	20	3.00%	\$44,988	Default	Final Judgement of \$63,966 granted in favor of City on 8/17/2018.
Shoppes of Norfolk	11/23/2007	\$877,429	30	3.00%	\$438,715	Default	Settlement payment received from Evelyn Greer on 7/3/2017. Summary judgement issued against remaining guarantors.
Cedar Grove Corporation	06/24/2009	\$125,000	20	3.00%	\$116,232	Default	Default judgement issued against the Company and recorded on 7/21/2017.
Cowealth	02/16/2012	\$380,000	25	3.00%	\$346,431	Default	KJB filed bankruptcy on 3/20/2017 and Joann Brown filed bankruptcy on 5/16/2017. City has filed claims against the guarantors, but it is subject to the Subordination Agreement. Payments are up-to-date for KJB's Chapter 11 Reorg Plan.