

7.0 FINANCIAL PLAN

7.1 INTRODUCTION. This section profiles development cost issues, presents estimated land sales and lease revenues, identifies potential public funding needs and sources, and assesses long-range economic impacts of development in Cecil Commerce Center South. Participation and partnership opportunities for the private sector are reviewed and a detailed financial proforma for an initial increment of development is provided. The proforma serves as a model for analyses of subsequent phases of development.

When this master planning process was begun in 2007, it was understood that the Jacksonville Aviation Authority (JAA) would assume responsibility for planning and developing all Cecil Commerce Center lands south of Normandy Boulevard (a.k.a. Cecil Commerce Center South). This area includes lands currently owned by the City of Jacksonville between 103rd Street and Normandy and west of Aviation Avenue. The Jacksonville Economic Development Commission (JEDC) was to have the same responsibility for lands north of Normandy Boulevard (a.k.a., Cecil Commerce Center North). More recently, it appeared that the Jacksonville Port Authority (JPA) might be given responsibility for developing existing City-owned lands, including those both north and south of Normandy, however, ultimate responsibilities are still unresolved.

Inasmuch as the Master Plan for Cecil Commerce Center South, including this Financial Plan, deals with all lands south of Normandy Boulevard, implementation would be the joint responsibility of both the JAA and City and/or JPA. Because the Master Plan is for the entire area, some information and recommendations presented in this Financial Plan is generic, in that no particular distinction is made between the JAA and City and/or JPA.

On the other hand, estimates of land sales and lease revenues and tax revenue impacts are based on the assumption that JAA will be responsible for only the 6,100 acres of land it presently owns south of 103rd Street and east of Aviation Avenue. The assumption with respect to this JAA-owned area is that lands would be leased long term to developers and end users, not sold, per existing FAA policies

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governing airport lands. Remaining City-owned areas north and south of Normandy Boulevard would be the responsibility of the City (through the JEDC) and/or the JPA. These lands can and would be sold to developers and end users, as neither the City nor JPA have the same restrictions on selling lands for development and redevelopment.

7.2 LAND DEVELOPMENT COSTS. Land development costs are of two general types: Offsite and Onsite. Offsite costs refer to improvements outside the project boundary and those that may be internal to the project but are of project-wide significance and serve multiple development areas or pods. Offsite costs may include improvements to major external roads and water and sewer utilities impacted by or needed to serve development and major external and internal drainage improvements that enhance developability. Onsite costs refer to construction of internal streets and drainage facilities, installation of utility service lines and lift stations, fill material and grading as needed to support individual sites.

The JAA and other public sector entities generally will be responsible for making offsite improvements, whereas developers and end users generally will be responsible for onsite improvements. There are likely to be some circumstances, however, where the public sector may find it necessary to make certain “onsite” improvements in order to provide adequate access and service to development parcels and sites sold or leased individually or to provide developable sites where extraordinary physical site limitations may exist.

7.2.1 Offsite Road Improvements

A. Potential Traffic Impacts. Development of 26.4-29.5 million square feet (MSF) of industrial, aviation, office, and retail/service uses as proposed for Cecil Commerce Center South will generate approximately 30,000 PM peak-hour trips at buildout under both the New Runway and No New Runway scenarios (see Table 7-1). Traffic generated by the project may ultimately have significant impacts on major roads in the surrounding area, including Normandy Boulevard, 103rd Street, existing Chaffee Road, and the Branam Field-Chaffee expressway. These and other area roads may require millions of dollars in improvements in order to function at adopted level-of-service (LOS) standards.

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The proposed 3.0 MSF of retail/service uses will have the greatest potential impact, generating 17,000+ PM peak-hour trips, or approximately 57 percent of all trips generated. Retail/service uses have the highest PM peak-hour trip generation rate (see below). Industrial uses rank second in estimated traffic impacts with 4,500-5,800 trips generated, under the New Runway and No New Runway scenarios, respectively, but have the lowest trip generation rate. PM peak-hour trip generation rates used in this analysis are based on Institute of Traffic Engineers (ITE) rates, and are as follows:

- **Industrial: 0.31/1,000sf**, reflecting a mix of 60% high-cube warehouses (0.12/1,000sf); 30% warehouse (0.47/1,000sf), and 10% manufacturing (0.74/1,000sf).
- **Aviation: 0.76/1,000sf**, reflecting a mix of 70% manufacturing (0.74/1,000sf), 20% warehouse (0.47/1,000sf), and 10% office (1.49/1,000sf).
- **Office: 1.49/1,000sf**, which is the ITE rate for general office land use.
- **Retail/Service: 5.87/1,000sf**, reflecting a mix of 55% shopping center (3.75/1,000sf), 30% discount superstore (3.87/1,000sf), 8% supermarket (10.45/1,000sf), 3% pharmacy with drive-thru (8.62/1,000sf), and 1% each for drive-in bank (51.08/1,000sf), fast food restaurant (34.63/1,000sf), sit down restaurant (10.92/1,000sf), and convenience store with gas pumps (60.61/1,000sf).

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Table 7-1. Potential Traffic Impacts and Concurrency Costs by Development Area

Development Area	Land Use	Building Area (square feet)	PM Peak Hour Trips (number)(1)	Est. Concurrency Costs (\$000)(2)
1	Industrial	3,256,085	1,009	6,054.0
	Retail/Service	<u>450,346</u>	<u>2,644</u>	<u>15,864.0</u>
		3,706,431	3,653	21,918.0
2	Industrial	5,384,570	1,669	10,014.0
	Office	261,700	390	2,340.0
	Retail/Service	<u>351,800</u>	<u>2,065</u>	<u>12,390.0</u>
	5,998,070	4,124	24,744.0	
3	Industrial	1,031,700	320	1,920.0
	Aviation	1,317,200	1,001	6,006.0
	Office	226,700	338	2,028.0
	Retail/Service	<u>181,300</u>	<u>1,064</u>	<u>6,384.0</u>
	2,756,900	2,723	16,338.0	
4	Industrial	2,331,940	723	4,338.0
	Aviation	1,008,800	767	4,602.0
	Retail/Service	<u>161,750</u>	<u>949</u>	<u>5,694.0</u>
	3,502,490	2,439	14,634.0	
5	Aviation	1,417,380	1,077	6,462.0
6 - New Runway	Aviation	1,307,600	994	5,964.0
6A - No Runway	Industrial	4,411,770	1,368	8,208.0
	Retail/Service	<u>31,000</u>	<u>182</u>	<u>1,092.0</u>
		4,442,770	1,550	9,300.0
7	Industrial	1,350,704	419	2,514.0
8	Industrial	1,099,715	341	2,046.0
	Office	1,486,400	2,215	13,290.0
	Retail/Service	<u>1,798,150</u>	<u>10,555</u>	<u>63,330.0</u>
	4,384,265	13,111	78,666.0	

(continued)

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Table 7-1. Potential Traffic Impacts and Concurrency Costs by Development Area (continued)

Area	Land Use	Building Area (square feet)	PM Peak Hour Trips (number)(1)	Est. Concurrency Costs (\$000)(2)
9	Aviation	804,100	611	3,666.0
10	Aviation	1,165,200	886	5,316.0
<i>Summary of Potential Traffic Impacts and Concurrency Costs for City and JAA Areas</i>				
City-Owned Lands (Areas 1, 2, & 3)	Industrial	9,672,355	2,998	17,988.0
	Aviation	1,317,200	1,001	6,006.0
	Office	488,400	728	4,368.0
	Retail/Service	<u>983,446</u>	<u>5,773</u>	<u>34,638.0</u>
		12,461,401	10,550	63,000.0
JAA, New Runway (Areas 4, 5, 6, 7, 8, 9, & 10)	Industrial	4,782,359	1,483	8,898.0
	Aviation	5,703,080	4,335	26,010.0
	Office	1,486,400	2,215	13,290.0
	Retail/Service	<u>1,968,800</u>	<u>11,504</u>	<u>69,024.0</u>
		13,940,639	19,537	117,222.0
JAA, No Runway (Areas 4, 5, 6A, 7, 8, 9, & 10)	Industrial	9,194,129	2,851	17,106.0
	Aviation	4,395,480	3,341	20,046.0
	Office	1,486,400	2,215	13,290.0
	Retail/Service	<u>1,990,900</u>	<u>11,687</u>	<u>70,122.0</u>
		17,066,909	20,094	120,564.0

(1) Based on ITE Trip Generation Rates (see text for explanation)

(2) Based on \$6,000 per trip (see text for explanation)

Source: URBANOMICS, Inc.

Development Area #8 has the greatest traffic impact with over 13,000 PM peak-hour trips, representing 44 percent of all trips. This Development Area contains the majority of office and retail/service land uses in Cecil Commerce Center South and accounts for nearly two-thirds of all traffic generated in areas under JAA jurisdiction. Proposed development on lands under JAA jurisdiction accounts for almost two-thirds of all trips generated by all land uses proposed in Cecil Commerce Center South.

B. Potential Costs of Concurrency. Potential offsite road improvement costs total \$180+ million in both the New Runway and No New Runway scenarios (see Table 7-1). This may or may not be a realistic estimate of ultimate off-site road improvement needs for Cecil Commerce Center South, but is based on a factor of \$6,000 per PM peak-hour trip. This is a preliminary estimate of fair share road improvement costs for this area of the City and was developed in studies undertaken by the City to designate Cecil Commerce Center as a “Special

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Concurrency Exception Area.” Such designation would allow development to proceed on a “pay and go” basis without being unduly hindered by concurrency requirements that improvements be in place, under construction, and/or programmed before development can be permitted. This preliminary cost per trip may overstate actual impacts of Cecil Commerce Center, and may be the result of the reservation of available road capacity by other developments in the area. Based on the preliminary trip cost factor of \$6,000, average square foot costs by type of land use are:

- Industrial, all types: \$ 1.86; High cube warehouse: \$ 0.72
- Aviation: \$ 4.56
- Office: \$ 8.94
- Retail/Service: \$35.23

Recommendations: The JAA and City should conduct a definitive traffic impact and cost study of specific impacts of proposed development in Cecil Commerce Center, North and South, in order to validate the preliminary trip cost factor. This study should include review of the status and validity of road capacity reservations by other developments. The JAA should also encourage the City to follow through on designating Cecil Commerce Center as a “Special Concurrency Exception Area” in order to allow development to proceed without major regulatory obstacles.

C. Existing Vested Trips. The City determined that when fully operational NAS Cecil Field generated an estimated 4,785 PM peak-hour trips. These trips are considered vested from concurrency in redeveloping the former military base. Excluding existing uses, there are an estimated 4,294 remaining vested trips available for new development in Cecil Commerce Center, both North and South. If available vested trips were allocated to Cecil Commerce Center South, for example, more than 10 MSF of proposed industrial and aviation uses would be vested from concurrency.

Recommendation: Vested trips should be reserved for land uses and economic activities that are identified as economic development targets for the City and region, specifically aviation/aerospace, distribution/logistics, manufacturing, and corporate offices. These vested trips should not be used for high traffic count and low wage retail/service uses.

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7.2.2 Offsite Utilities and Storm Water Management. Based on information presented in the Service Plan, the existing water main and sewer force main along 103rd Street will be sufficient to serve Cecil Commerce Center South “well into the future.” As to stormwater management, the Service Plan indicates that the Lake Fretwell drainage area can be developed to a higher degree of impervious surface area provided that the lake is expanded accordingly. Some locations in the drainage area (e.g., golf course) were not contemplated for development under the existing conceptual stormwater permit. Additional stormwater facilities would be required to allow for development of these locations. Additional stormwater facilities will also be required if runoff from Cecil Commerce Center North is permitted to drain to Lake Fretwell as is being considered.

7.2.3 Onsite Improvements

A. Streets and Utilities. Prosser Hallock has prepared unit cost estimates (i.e., costs per linear foot) for typical local street sections, including two-lane, three-lane, and four-lane median-divided urban secondary and collector streets of the types necessary to serve development areas and individual sites in Cecil Commerce Center South. Corresponding estimates are made for utility service lines. These cost factors are shown below in Table 7-2.

Table 7-2. Cost Factors for Local Streets and Utilities (\$/FT)

Type of Street	Streets	Utilities	Total Cost
Two-lane secondary	1,040	280	1,320
Three-lane secondary/collector	1,155	320	1,475
Four-lane divided collector	1,550	330	1,880
Four-lane collector with retention	1,700	310	2,010

Source: Prosser Hallock

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Altogether, Cecil Commerce Center South requires improvement of 19.6 miles of local streets at an estimated total cost of \$174.4 million, including utilities, for an average linear foot cost of \$1,682. It should be noted that unit cost estimates used in this analysis reflect order-of-magnitude public sector costs based, in part, on construction cost estimates from the Florida Department of Transportation (FDOT). Costs paid by private developers may be considerably lower.

Types and lengths of streets needed to serve each development area are based on the types and amounts of development in and layout of each area. Lengths of streets and potential costs by development area, as determined by Ware-Malcomb, are summarized in Table 7-3. These costs include street construction, installation of utility service lines, and pro-rata costs of lift stations needed to service development.

Table 7-3. Estimated Onsite Street and Utility Costs by Development Area

Development Area	No. Lanes	Road Length (feet)	Estimated Cost	
			Total (\$000)	Per SF of Bldg Area (\$)
1	4	6,387	13,238.7	3.57
2	3/4	16,174	28,979.7	4.82
3	2/3/4	8,858	14,256.6	5.17
4	2/3/4	11,218	18,294.1	5.22
5	2/3	9,758	14,590.3	10.29
6 - New Runway	2/4	8,574	16,109.7	12.32
6A - No Runway	2/4	8,574	16,109.7	3.62
7	2/4	7,601	12,615.0	9.34
8	3/4	20,994	36,346.9	8.29
9	2	3,643	4,962.7	6.17
10	2/3/4	10,465	14,981.1	12.85
Total Estimated Onsite Road and Utility Costs				
City Lands	---	31,419	56,475.0	4.52
JAA - New Runway	---	72,253	117,899.9	8.46
JAA - No Runway	---	72,253	117,899.9	6.91

Source: Prosser Hallock; Ware-Malcomb; URBANOMICS, Inc.

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Local street and utility costs vary widely by development area, particularly in terms of cost per square foot of building area. Costs range from a low of \$3.57/SF in Development Area #1 to a high of \$12.32/SF in Development Area #6 (New Runway scenario). The cost factor for same area drops to \$3.62/SF under the No New Runway scenario (#6A) because of the significantly greater amount of industrial development proposed for the same local streets. High square foot costs in Development Areas #5, 6, 7, 9 and 12 are of particular concern, as these areas are proposed entirely for industrial and/or aviation uses and developers are unlikely to be able to absorb these infrastructure costs in marketable building lease rates. Whereas developers normally would be responsible for local street and utility improvements, the JAA may find it necessary to make improvements or provide other financial incentives needed to market property for cost-feasible development.

B. Onsite Fill and Grading. Soil characteristics and fill needs vary throughout CecilCommerce Center South. However, there is little information available on the quality of onsite soils and quantity of fill material available to provide adequately drained and developable sites. Excavation of retention ponds, a number of which are included in the Development Plan, and enlargement of Lake Fretwell may provide significant quantities of onsite fill if soil conditions are favorable. Development costs will be significantly lower with onsite fill (approx \$5/cy) versus imported fill (\$10-15/cy), especially at the quantities as may be needed to build up basic site elevations in lower areas and to build up foundations for dock-high warehouses.

Prosser Hallock has established minimum site grade elevations in each development area, from which general fill needs can be estimated for each area and building shown in the Development Plan, with the caveat that additional geotechnical studies are needed to determine the quality of underlying soils. Given this caution, general fill conditions and needs are summarized by development area in Table 7-4.

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Fill conditions and needs appear to be most favorable in Development Areas #2 and #3 to the west of Aviation Avenue, in Development Areas #6, 6A, 7, and 8 to the east of the existing airfield, and in Development Area #10 southwest of the airfield. In each of these areas, the majority of building footprints are at the minimum grade elevation and average fill depths are under 1.0 feet in most cases.

Fill conditions and needs appear to be most problematic in Development Areas #1 and # 4 north of 103rd Street and on the south side of 103rd Street, in Development Areas #5 and #7 east of the airfield, and in Development Area #9, the proposed general aviation area southeast of the existing airfield. In these areas, existing grades for the great majority of building footprints are below recommended minimum grade elevations and fill needs average well over 1.0 feet in many cases.

Recommendations: The JAA and City should, at a minimum, undertake the necessary geotechnical investigations, including soil borings, in those development areas anticipated for initial development in order to determine the quantity and quality of existing soils. This type of due diligence information will be needed by developers to assess project feasibility, and will affect land prices that development projects can support. It will also aid the JAA and City in determining what, if any, responsibilities and cost burdens the public sector may have in providing marketable and developable sites.

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Table 7-4. Summary of Fill Conditions and Potential Needs by Development Area

Development Area	Industrial	Aviation	Office	Retail/Service
1. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	7 (0) 3.3 (5.5)	--- ---	--- ---	9 (2) 1.5 (3.5)
2. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	24 (18) 0.6 (4.5)	--- ---	9 (8) 0.5 (2.5)	6 (6) 0.0 (0.0)
3. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	8 (4) 0.6 (1.5)	13 (5) 0.9 (2.8)	8 (3) 1.4 (3.0)	3 (1) 1.7 (2.0)
4. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	7 (0) 4.0 (5.5)	8 (3) 1.5 (4.0)	--- ---	11 (8) 0.4 (2.0)
5. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	--- ---	12 (5) 2.5 (6.5)	--- ---	--- ---
6. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	--- ---	13 (10) 0.8 (3.5)	--- ---	--- ---
6A. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	13 (12) 0.1 (0.5)	--- ---	--- ---	3 (1) 0.9 (2.5)
7. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	5 (4) 0.2 (1.5)	--- ---	--- ---	--- ---
8. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	32 (27) 0.1 (2.5)	--- ---	18 (18) 0.0 (0.0)	16 (16) 0.0 (0.0)
9. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	--- ---	31 (0) 4.4 (7.5)	--- ---	--- ---
10. Number of bldgs (# at min grade) Avg feet of fill reqd (max reqd)	--- ---	8 (6) 0.7 (3.5)	--- ---	--- ---

Number of bldgs: number of buildings per Development Plan
 (# at min grade): number of building footprints at minimum grade elevation
 Avg feet of fill reqd: weighted average feet of fill needed to reach minimum grade elevation
 (max reqd): maximum feet of fill needed to reach minimum grade
 Source: Prosser Hallock, Ware-Malcomb, and URBANOMICS, Inc.

7.2.4 Capital Improvements Programming. Costs of offsite road improvements as may be needed to provide adequate capacity under concurrency requirements, coupled with costs of onsite street and utility improvements, may reach \$360 million, based on above estimates. Offsite road improvements can be deferred for a period of years if Cecil Commerce Center is designated a Special Concurrency Exception Area, which would allow development to continue over the long term. Available vested PM peak-hour trips, however, will allow development to proceed for next several years, provided that these remaining vested trips are allocated equitably throughout Cecil Commerce Center.

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Costs of onsite street and utility improvements normally will be borne primarily by developers, although there are likely to be circumstances where the JAA and City find it necessary to make improvements in order to market specific tracts and sites. As for offsite utility systems, existing major water and sewer facilities should be adequate “well into the future,” as reported in the Service Plan. Thus, there appears to be no significant immediate needs to improve major road, water, and sewer infrastructure to serve sections of Cecil Commerce Center South that present the most immediate prospects for development.

The City and JAA will, however, need to make upfront investments in various geotechnical investigations as needed to provide developers with adequate site information. In addition, investments may be required in making subsequent master drainage improvements and in improving the marketability of certain lands by undertaking fill and grading projects. The nature and size of these potential investments are to be determined. Studies of drainage and soil conditions should be undertaken, successively, for each development area in which potential problems are suspected in order to identify these problems, their solutions, and improvement costs.

7.3 LAND SALES AND LEASING REVENUES. For this analysis, the assumption is made that lands in Cecil Commerce Center South owned by the JAA will be leased to developers and end users, including areas planned for industrial, aviation-related, office, and retail/ service uses. All other lands in Cecil Commerce Center South are assumed to be salable to developers and end users, as the City is not subject to FAA restrictions.

This FAA policy requiring that airport lands be leased, not sold, may put the JAA at a competitive disadvantage in marketing and developing areas planned for non-aviation uses, particularly office and retail/service uses. If and as the market for these non-aviation uses proves to be constrained, the JAA should seek from the FAA the ability to sell land parcels not needed to support future aviation activities.

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Buildout of Cecil Commerce Center, both North and South, may take up to 50 years, based on assessment of industrial market characteristics and prospects in the Jacksonville metro area (see Marketing Plan). Land sales will occur over a shorter time frame, as developers will purchase bulk land for up to five-to-ten years of development, sometimes more. Thus, the last land sale may occur 10 years prior to buildout. Land leases may also be entered into many years in advance of final buildout.

7.3.1 Land Sales Revenues. Sales of City-owned lands reflect 2007/08 constant dollars (i.e., before inflation and appreciation) and are based the square foot price assumptions below.

- Industrial - \$1.50/sf
- Aviation - \$2.00/sf
- Office/Institutional - \$3.00/sf
- Retail/Service - \$4.00/sf

These price factors are based on analysis of recent vacant industrial and commercial land sales and current appraised values in the Northside/Westside area, taking into consideration the comparative locations of these properties. These price factors also based on land being sold in bulk (i.e., large tracts) rather than as smaller individual building sites that tend to have higher square foot prices.

Projected revenues from sales of City-owned land in Development Areas #1, 2, and 3 total \$100.4 million for 1,174.5 developable acres (Table 7-5). Sales of industrial tracts total a projected \$54.4 million for 833.3 developable acres. Sales of parcels for development of retail/service facilities total a projected \$27.5 million for 157.6 developable acres.

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Table 7-5. Projected Land Sales Revenues by Development Area -- City-Owned Land

Development Area	Land Use	Land Area (acres)(1)	Land Sales Revenues (\$000)
1	Industrial	272.8	17,824.8
	Retail/Service	<u>69.9</u>	<u>12,179.4</u>
		342.7	30,004.2
2	Industrial	459.2	30,004.1
	Office	29.5	3,855.1
	Retail/Service	<u>55.6</u>	<u>9,687.7</u>
		544.3	43,546.9
3	Industrial	101.2	6,612.4
	Aviation	125.6	10,942.3
	Office	28.6	3,737.4
	Retail/Service	<u>32.1</u>	<u>5,593.1</u>
		287.5	26,885.2
Total	Industrial	833.3	54,441.3
	Aviation	125.6	10,942.3
	Office	58.1	7,592.5
	Retail/Service	<u>157.6</u>	<u>27,460.1</u>
		1,174.5	100,436.2

(1) Defined as the gross area of the Development Area, less wetlands and taxiways and runways. Storm water ponds and street rights-of-way are included in these areas.

Source: URBANOMICS, Inc.

Developable land in the table is defined as the gross acreage in each development area, less wetlands and land used by taxiways and runways. These developable land estimates are based on quantities provided by Ware-Malcomb and include storm water retention ponds and local street rights-of-way. Where there are two or more land uses in a development area, land for each use is apportioned based on typical gross floor area (FAR) ratios.

7.3.2 Land Lease Revenues. Leasing and development of lands owned by the JAA may occur in one or a combination of several ways, including:

A. The JAA will lease land long-term to end users, who will develop and own buildings and improvements during the lease period, after which buildings and improvements will become the property of the JAA. Minimum 40-year lease periods are recommended.

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B. The JAA will lease land long-term at discounted rates to developers, who will in turn develop and lease space to end users, with JAA sharing in net facility lease revenues. The JAA would take ownership of buildings and improvements at the end of the lease period. The JAA's new lease agreement with a developer for Woodwings East at Jacksonville International Airport is illustrative of this approach.

C. The JAA will develop and own buildings and improvements and lease same to end users. Existing hangar and office space is leased in this manner.

For purposes of this analysis, however, it is assumed that JAA-owned lands will be sold in bulk (i.e., large tracts) to developers at market rates, which are assumed to be as follows:

- Industrial: \$0.225/SF
- Aviation: \$0.30/SF; General Aviation (Area #9):\$0.15/SF
- Office: \$0.45/SF
- Retail/Service: \$0.60/SF

Developable land leasable by the JAA in Development Areas #4, 5, 6 (or 6A), 7, 8, 9, and 10 totals 2,127.6 acres in the New Runway and 2,291.3 acres in the No New Runway scenarios. These quantities are based on the gross acreage in each development area, less wetlands and land used for taxiways and runways, and are derived from quantities provided by Ware-Malcomb. Storm water retention ponds and local street rights-of-way are included as developable lands.

For Development Areas #5, 6, 9, and 10, an "effective leasable area" is defined to offset excess amounts of land in these areas in relation to that needed to accommodate proposed land uses at typical FARs. For example, development in Area #6 (with the new runway) totals 1.3 MSF of aviation use on 336.5 developable acres, whereas Area #6A (without the runway) has 4.4 MSF of industrial use on 500.2 developable acres. Less than half the developable acreage in Area #6 is needed to accommodate the amount of use proposed. Developers are not disposed to leasing excess land at market rates unless additional development is allowed and marketable. Estimates of potential lease revenues are shown in Table 7-6.

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Table 7-6. Projected Annual Lease Revenues by Development Area -- JAA-Owned Land

Development Area	Land Use	Developable Area (Effective Area) (acres)(1)	Annual Lease Revenues (\$000)
4	Industrial	203.9	1,998.4
	Aviation	88.2	1,152.6
	Retail/Service	<u>26.3</u>	<u>687.4</u>
		318.3	3,838.4
5	Aviation	259.2 (185.5)	2,424.1
6 New Runway	Aviation	336.5 (171.1)	2,235.9
6A No New Runway	Industrial	495.2	4,853.5
	Retail/Service	<u>5.0</u>	<u>130.7</u>
		500.2	4,984.2
7	Industrial	140.0	1,372.1
8	Industrial	94.8	929.1
	Office	169.7	3,326.5
	Retail/Service	<u>287.3</u>	<u>7,508.9</u>
		551.8	11,764.5
9	Aviation	307.7 (105.2)	687.4
10	Aviation	214.0 (152.5)	1,992.9
Total Projected Land Lease Revenues to JAA			
With New Runway		2,127.5 (1,624.4)	24,315.3
No New Runway		2,291.2 (1,953.5)	27,063.6

(1) Defined as the gross area of the Development Area, less wetlands and taxiways and runways. Storm water ponds and street rights-of-way are included in these areas. Numbers in parentheses (000) are "effective acres."

Source: URBANOMICS, Inc.

Projected annual lease revenues to the JAA at buildout total \$24.3 million for the New Runway scenario and \$27.1 million for the No New Runway scenario. Area #8 generates the greatest revenues, \$11.8 million, representing 44-49 percent of the total. For the New Runway scenario, aviation uses generate \$10.5 million in annual lease revenues, 43 percent of the total, but only 31 percent of total revenues under the No New Runway scenario.

To the extent that the JAA builds and leases new hangar, warehouse, air cargo, flex, and office space in the future, projected land lease revenues would be reduced commensurate with the amount of land developed by the JAA, but would be more than offset by lease revenues from these facilities.

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7.3.3 Development Area #8. The argument can be easily made that this area should be dealt with differently than other JAA-owned aviation-oriented lands in Cecil Commerce Center South, and should be sold to developers and end users, not leased. Factors supporting this argument include (a) that it is physically unrelated to the airfield complex, including the potential new runway, (b) that it contains no proposed aviation-related land uses, (c) that it has a long window on the new Branan Field-Chaffee expressway, part of a regional outer beltway concept, and (d) that proposed development consists primarily of office and retail/service land uses. Most developers of commercial office and retail space will be reluctant to lease land for various financial reasons and will seek other locations to develop in the area where they are able to purchase sites, sell outparcels, and “flip” successfully operating projects to longer term investors.

It is recommended, therefore, that the JAA seek from the FAA the ability to separate Area #8 from airport-oriented property and sell land to commercial developers. Potential bulk land sales revenues to JAA are an estimated \$78.4 million in 2007/08 constant dollars. Revenue potential could easily double if the JAA was to construct the main north-south spine road through the area and sell smaller development parcels to office and shopping center developers.

7.4 POTENTIAL FUNDING SOURCES. There are various existing and potential Federal, state, and local funding sources that could be utilized to provide the public dollars as may be needed to accommodate and leverage future industrial, aviation-related, office, and commercial development in Cecil Commerce Center South. Several potential sources are profiled below.

7.4.1 Federal and State Funding Sources. \$43.2 million in Federal and state grants has been received or is committed for various capital expenditures and improvements at Cecil Field from 1999 to 2008. The FAA has provided and is providing \$33.7 million. Other sources include FDOT (\$6.5 million), the U.S Economic Development Administration(EDA)(\$2.0 million), and the Governor’s Office of Trade, Tourism, and Economic Development (OTTED)(\$1.0 million).

A. Federal Aviation Administration (FAA). The FAA Airport Improvement Program is a major source of capital funding for planning, construction, and

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improvement of local airport facilities, but is limited primarily to aviation infrastructure, including runways, taxiways, lighting, and instrumentation. Needed improvements to existing aviation facilities and infrastructure are generally eligible for FAA funding, however, development of airport-related industrial properties, and other non-aviation commercial activities typically are not eligible. The FAA has been a reliable and sizeable funding source in the past, but like all public agencies is dealing with falling revenues amid growing demand.

B. Economic Development Administration (EDA). The EDA is the principal Federal source of funding for economic development projects through its Public Works and Economic Development grant program. This program helps fund public infrastructure needed to promote and leverage new jobs, including water/sewer facilities, industrial access roads, brownfield redevelopment, telecommunications infrastructure, rail sidings, and business incubators. EDA grants are also available for communities impacted by military base closures for a period of five years after closure. Construction of New World Avenue was funded in part by military base closure grant funds to the City of Jacksonville. In most circumstances, EDA public facilities grants are awarded where specific job-creating projects are involved and require a minimum 50 percent local match.

C. Governor's Office of Trade, Tourism, and Economic Development (OTTED). In association with Enterprise Florida, OTTED administers the Florida Defense Reinvestment Grant Program and the Florida Economic Development Transportation Fund ("Road Fund"). The Defense Reinvestment program is used in part to help fund military base reuse programs, but is a comparatively minor funding source. The Road Fund provides grants up to \$2 million for industrial access roads. However, use of these funds is limited to providing access for specific job-creating users.

D. Florida Department of Transportation. FDOT is the conduit for Federal and state funding of major road and bridge improvements throughout Florida and provides funding to develop and maintain aviation facilities and infrastructure in the state. The outlook for future Federal and state transportation funding is bleak, portending fewer dollars available to meet ever expanding needs. FDOT will be

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committing much of its future capital funding to the Florida Intrastate Highway System (FIHS), consisting of Interstates, US primary highways, state toll highways, and other strategically important state roads. The new Branan Field-Chaffee expressway from I-10 to SR21 is part of the FIHS system, but SR228 (Normandy Boulevard) and SR134 (103rd Street) are not, suggesting that improvements to these state highways as may be needed in the future to support development in Cecil Commerce Center will have to be funded mainly by local sources.

7.4.2 Local Funding Sources and Mechanisms

A. Capital Improvement Bonds. The City of Jacksonville and JAA have authority to issue bonds to raise monies for improving public facilities and infrastructure. The \$2 billion Better Jacksonville Plan is funded by a bond issue backed by revenues from a half-percent countywide sales tax. The JAA finances expansions and improvements of airport terminals and other facilities with bonds backed by revenues generated by user fees and rents. In order to use bonds to finance needed on-site and off-site infrastructure at Cecil Commerce Center, a stable existing or new source of repayment revenue is needed.

The JAA does not yet have an existing revenue at Cecil Commerce Center to support bond issues, and may be unwilling to pledge revenues generated by other airport facilities to fund projects in Cecil Commerce Center. However, given that development of Cecil Commerce Center serves the broad public objectives of increasing jobs and tax revenues, the City of Jacksonville could, by interlocal agreement, be the bond issuing entity using its broad bonding authority and revenue resources, perhaps in return for a share of land sales and lease revenues. However, voter approval would be required for a new City-backed bond issue, including Tax Increment Bonds, unless projects benefiting Cecil could be included in an existing bond refinancing.

Land sales and leasing activity cannot be counted on to provide adequate up-front capital funding, as revenues from these sources will occur over a much longer time frame. Moreover, the pace of land sales and leasing are dependent on an unpredictable and changing future market. Because of this unpredictability, land sales and leasing revenues will not be regarded by underwriters as a stable and broad based source of funds to support issuance of capital improvement bonds.

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Land sales and lease revenues, however, will help support ongoing marketing, capital maintenance, and incentive programs.

Recommendation: If it is determined that major public investments are needed to leverage private development, the JAA should contact a qualified and experienced municipal bond counsel to assess, recommend, and help implement bond options.

B. Tax Increment Financing. Tax increment financing (TIF) allows increased taxable property values and associated revenues generated in a designated TIF area to be captured and used to fund various public initiatives that benefit the designated area. Typically used to help revitalize aging downtown areas and urban neighborhoods, TIF has also been used to help promote economic development in other areas of interest in the community, as the City of Jacksonville has done in a 14,000-acre area adjacent to JIA. Establishment of TIF under Florida statute requires that an area first be designated a Community Redevelopment Area (CRA) based on a finding that the CRA is “blighted” and in need of redevelopment.

Given the number of former NAS Cecil Field jobs lost and its redevelopment for non-military uses, Cecil Commerce Center would appear to be well suited to CRA and TIF designation. The latter would allow county property taxes generated by new development in the designated area, excluding school taxes, to accrue to a special fund from which various improvements and programs that benefit Cecil Commerce Center can be funded. Tax

increment revenues can also be used as a source of incentives to developers and end users in the same way that many communities grant tax rebates to businesses that meet job and wage goals. As the tax collecting entity, the City would be responsible for administering these incentives with recommendations from the JAA.

Ordinarily, TIF only applies to the increased value of taxable property. Tax valuations and revenues related to pre-existing development are not affected. Inasmuch as there is little if any taxable property in Cecil Commerce Center at present, virtually all future non-school tax revenues could be captured. On the other hand, in order for the City to serve as bond issuer, if and as necessary, some flexibility in sharing TIF revenues may be appropriate. Now that local governments face tax revenue shortfalls when a new Florida constitutional amendment takes effect, this may be particularly true.

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7.5 ECONOMIC IMPACT ANALYSIS. Economic impacts of development in Cecil Commerce Center South include creation of jobs and wages that benefit the local labor force and the generation of tax revenues that fund local government services and public schools. Taxes generated by industrial and commercial development generally far exceed service costs and help offset costs of servicing residential development.

7.5.1 Employment and Wages. Full development of all proposed land uses in Cecil Commerce Center South will generate an estimated 21,681 jobs on site and \$915.1 million in annual wages in 2007/08 dollars under the New Runway scenario and 22,392 jobs and \$937.1 million in wages under the No New Runway scenario.

Projected jobs and wages generated by land use type and development area are shown in Table 7-7.

A. Employment. Numbers of jobs generated by the four general land use types in Cecil Commerce Center South are as follows:

	<u>New Runway</u>	<u>No New Runway</u>
• Office/institutional uses:	6,583	6,583
• Retail/service uses:	5,888	5,950
• Industrial uses:	4,985	6,506
• Aviation-related uses:	<u>4,225</u>	<u>3,353</u>
	21,681	22,392

Job projections for each land use type are based on analysis of space utilization ratios typical for individual land uses and expected mixes of those uses in Cecil Commerce Center South. These ratios, expressed as the square footage of building area per employee (SF/E), are in common usage and/or result from studying actual ratios for selected facilities in the Jacksonville area and elsewhere. The following SF/E factors are used in this analysis.

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Industrial uses: 2,900 SF/E, representing a mix of 60% large volume bulk warehouse/distribution facilities at 4,000SF/E (e.g., Bridgestone-Firestone), 30% retail chain and package sort and pack facilities at 1,500 SF/E, and 10% manufacturing at 700 SF/E.

- Aviation-related uses: 1,500 SF/E (General aviation uses -- 10,000 SF/E)
- Office uses: 300 SF/E
- Retail/service: 500 SF/E

Table 7-7. Employment and Wage Projections by Development Area

Development Area	Land Use	Estimated Employment	Total Annual Wages (\$000)
1	Industrial	1,123	50,380.0
	Retail/Service	901	22,984.5
2	Industrial	1,857	82,565.9
	Office	872	41,706.0
	Retail/Service	704	17,959.0
3	Industrial	356	15,828.5
	Aviation	878	45,550.7
	Office	756	36,158.0
	Retail/Service	363	9,260.0
4	Industrial	804	35,747.4
	Aviation	673	36,448.3
	Retail/Service	324	8,265.0
5	Aviation	945	51,179.3
6 - New Runway	Aviation	872	47,225.8
6A - No Runway	Industrial	1,521	67,626.7
	Retail/Service	62	1,581.6
7	Industrial	466	19,830.1
8	Industrial	379	16,851.1
	Office	4,955	236,987.7
	Retail/Service	3,596	91,734.0
9	Aviation	80	4,332.6
10	Aviation	777	42,080.8
Total Employment and Wage Impacts			
City Lands	---	7,810	324,392.6
JAA - New Runway	---	13,781	590,682.1
JAA - No Runway	---	14,582	612,664.6

(1) Weighted average wages by land use type based on weighting of sectors in Table 7-8
Source: URBANOMICS, Inc.

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B. Annual Wages. Annual wages generated a project buildout total \$915.1-937.1 million in 2007/08 dollars under the New Runway and No New Runway scenarios, respectively (see Table 7-7). The approximate overall average per employee is \$42,000. Average wages per employee, however, vary by land use, with aviation-related uses having the highest average annual wages. The following average wages were used in this analysis:

- Industrial uses -- \$44,462
- Aviation-related uses -- \$54,158
- Office uses -- \$47,828
- Retail/service uses -- \$25,510

These averages are developed from the latest annual wage data (2006) for Duval County from the U.S. Bureau of Labor Statistics. Average wages for various employment sectors and subsectors are listed in Table 7-8. Averages used in this analysis reflect mixes of employment sectors by land use type. Industrial uses are based on a mix of 60% transportation and warehousing, 20% wholesale trade, and 20% manufacturing. The average for aviation-related uses is the Duval County average for the aircraft/aerospace equipment industry, as most aviation-related jobs in Cecil Commerce Center will be in manufacturing and MRO activities. For office uses, the average reflects a broad mix of all office-oriented sectors represented in Table 7-8. For retail/service uses, the average reflects a mix of nearly 80% in the retail trade sector, 20% in food service, and a small fraction in accommodations.

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Table 7-8. Average Annual Wages, Selected Private Employment Sectors, Duval County, 2006

Sector	Average Wages (\$)	Sector	Average Wages (\$)
<i>Industrial and Aviation Uses</i>		<i>Office-Related Uses</i>	
Manufacturing	48,024	Information (incl. data processing, telecommunications, publishing)	54,679
-- Transportation Equipment	46,487		
-- Aircraft/Aerospace Equipment	54,158		
Wholesale Trade	57,134	Real Estate	51,230
Transportation and Warehousing	39,052	Professional & Technical Services	64,638
-- Truck Transportation	41,656	-- Architect & Engineering Services	57,402
-- General Freight Trucking	43,117	-- Computer Syst. Design Services	84,084
-- Freight Transp. Arrangement	59,952	-- Management Consulting Services	55,044
-- Couriers/Express Delivery Serv.	32,592	-- Scientific Research Services	62,641
<i>Retail and Service Uses</i>		Corporate/Institutional Management	77,291
Retail Trade	28,388	Administrative Support Services (incl. office administrative support and facilities support services)	27,760
Accommodations	20,751		
Food Service	14,000		

Source: US Bureau of Labor Statistics; and URBANOMICS, Inc.

7.5.2 Property Tax Revenues. Two types of private property are subject to local taxation -- real and tangible. Real property includes both land and improvements. Real estate is the primary property tax source. Tangible property includes furniture, furnishings, equipment, and supplies used in the conduct of a business. Whereas real property tends generally increases in value over time, tangible property is a depreciable asset and its value diminishes over time until replaced by new equipment, etc. Revenue projections for both types of property taxes are presented below.

A. Taxable Values. The first step in developing projections of real property tax revenues is to estimate the taxable value of real estate subject to local taxation, including both land and improvements. Taxable values in this analysis are based on the following square foot taxable values:

- Industrial uses: Land -- \$1.50/sf; Buildings -- \$40/sf
- Aviation uses: Land -- tax exempt; Buildings -- \$40/sf; (\$25/SF for general aviation buildingd)
- Office uses: Land -- \$3/sf; Buildings -- \$90/sf, reflecting a mix of one-

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story and multistory buildings

- Retail/service uses: Land -- \$4/sf; Buildings -- \$75/sf, reflecting a mix of small stores and big boxes

Note: Building values include on-site improvements such as paved parking areas. Lands owned and leased by the JAA are tax exempt, but privately-owned leasehold improvements are taxable.

These unit values are based on analysis of Duval County Property Appraiser records on the taxable values of a number of sites and new and recently constructed industrial, office, and retail buildings primarily in the Northside/Westside area of Jacksonville, including properties in and near the Westside Industrial Park, Jacksonville International Tradeport, and River City Marketplace. They also reflect consideration of the comparative location attributes of these properties.

The estimated total taxable value of potential private property in Cecil Commerce Center South is \$1.35-1.47 billion at buildout under the New Runway and No New Runway scenarios, respectively, including \$1.25-1.37 billion for buildings and other improvements and \$100.4 million billion for land (Table 7-9).

Taxable value of development on City-owned lands totals \$657.7 million. Taxable value of development on JAA-owned lands totals \$688.1-\$814.6 million value for the New Runway and No New Runway scenarios.

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Table 7-9. Projected Real Property Taxable Values by Development Area

Development Area & Land Use		Building Area (sf)	Land Area (acres)(1)	Taxable Values (\$000)(2)		
				Improv	Land	Total
1	Industrial	3,256,085	272.8	130,243.4	17,824.8	148,068.2
	Retail/Service	450,346	69.9	33,776.0	12,179.4	45,955.4
2	Industrial	5,384,570	459.2	215,382.8	30,004.1	245,386.9
	Office	261,700	29.5	23,553.0	3,855.1	27,408.1
	Retail/Service	351,800	55.6	26,385.0	9,687.7	36,072.7
3	Industrial	1,031,700	101.2	41,268.0	6,612.4	47,880.4
	Aviation	1,317,200	125.6	52,688.0	10,942.3	63,630.3
	Office	226,700	28.6	20,403.0	3,737.4	24,140.4
	Retail/service	181,300	32.1	13,597.5	5,593.1	19,190.6
4	Industrial	2,331,940	203.9	93,277.6	---	93,277.6
	Aviation	1,008,800	88.2	40,352.0	---	40,352.0
	Retail/service	161,750	26.2	12,131.3	---	12,131.3
5	Aviation	1,417,380	252.9	56,695.2	---	56,695.2
6, New Rnwy	Aviation	1,307,600	336.5	52,304.0	---	52,304.0
6A, No Rnwy	Industrial	4,411,770	495.2	176,470.8	---	176,470.8
	Retail/service	31,000	5.0	2,325.0	---	2,325.0
7	Industrial	1,350,704	140.0	54,028.2	---	54,028.2
8	Industrial	1,099,715	94.8	43,998.6	---	43,998.6
	Office	1,486,400	169.7	133,776.0	---	133,776.0
	Retail/service	1,798,150	287.3	134,861.3	---	134,861.3
9	Aviation	804,100	307.7	20,102.5	---	20,102.5
10	Aviation	1,165,200	214.0	46,608.0	---	46,608.0
Total Taxable Values of Real Property						
City Lands	---	12,461,401	1,174.5	557,296.7	100,436.3	657,733.0
JAA - New Runway	---	13,940,639	2,127.5	688,134.7	---	688,134.7
JAA - No Runway	---	17,066,909	2,291.2	814,626.5	---	814,626.5

(1) Land area is defined as gross acres less wetlands and lands used for taxiways and runways

(2) JAA-owned lands are non taxable; private leasehold improvements are taxable

Source: URBANOMICS, Inc.

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B. Real Property Tax Revenues. Revenues generated by all taxable development in Cecil Commerce Center South total an estimated \$22.5-24.6 million based on the 2007 Duval County millage rate of 16.6894 (Table 7-10). Of this total, \$11.4-12.5 million would go to local government, based on a County millage rate of 8.4841, and \$10.4-11.4 million would go to schools based on a school millage rate of 7.7550. A small remainder (\$605,000-663,000) is for the St. Johns River Water Management District and the Florida Inland Navigation District based on a combined millage rate of 0.4503.

Table 7-10. Annual Real Property Tax Revenues by Development Area

Development Area	Total Taxable Value (\$000)	Real Property Tax Revenues (\$000)(1)			
		County	Schools	Other (2)	Total
1	194,030.1	1,646.2	1,504.7	87.4	3,238.3
2	308,867.7	2,620.5	2,395.3	139.1	5,154.9
3	154,841.7	1,313.7	1,200.8	69.7	2,584.2
4	145,760.9	1,236.7	1,130.4	65.6	2,432.7
5	56,695.2	481.0	439.7	25.5	946.2
6 - New Runway	52,304.0	443.8	405.6	23.6	873.0
6A - No Runway	178,795.8	1,516.9	1,386.6	80.5	2,984.0
7	54,028.2	458.4	419.0	24.3	901.7
8	312,635.9	2,652.4	2,424.4	140.8	5,216.7
9	20,102.5	170.6	155.9	9.1	335.6
10	46,608.0	395.4	361.4	21.0	777.8
Total Real Property Tax Revenue Impacts					
City Lands	657,733.0	5,580.4	5,100.8	296.2	10,977.4
JAA, New Runway	688,134.7	5,838.3	5,336.4	309.0	11,483.7
JAA, No Runway	814,626.5	6,911.4	6,317.4	366.8	13,595.6

(1) 2007 Millage rates: County - 8.4841; Schools - 7.7550; Other - 0.4503

(2) Other includes St. Johns River Water Management District and Florida Inland Navigation District

Source: Duval County Property Appraiser; and URBANOMICS, Inc.

C. Tangible Property Tax Revenues. Tangible property tax revenues are an estimated \$9.16-\$9.96 million at buildout based on a total taxable value of \$469.6-517.2 million under the New Runway and No New Runway scenarios, respectively.

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Tangible tax revenues are approximately 40 percent of real property tax revenues generated. Revenues are based on the same millage rates as taxes on real property. County government and the school system would share tangible tax revenues in the same proportion. Revenues estimates are based on \$15/sf for industrial and aviation uses and \$30/sf for office and retail uses. These result from analysis of Property Appraiser tangible property valuation data for a number of properties. Estimates of tangible values and associated tax revenues are presented in Table 7-11.

Table 7-11. Projected Tangible Property Values and Tax Revenues by Development Area

Development Area and Land Use		Building Area (sf)	Taxable Value of Tangible Property (\$000)	Annual Tangible Tax Revenues (\$000)(1)
1	Industrial	3,256,085	48,841.3	815.1
	Retail/Service	450,346	13,510.4	225.5
2	Industrial	5,384,570	80,768.6	1,348.0
	Office	261,700	7,851.0	131.0
	Retail/Service	351,800	10,554.0	176.1
3	Industrial	1,031,700	15,475.5	285.3
	Aviation	1,317,200	19,758.0	329.7
	Office	226,700	6,801.0	113.5
	Retail/Service	181,300	5,439.0	90.8
4	Industrial	2,331,940	34,979.1	583.8
	Aviation	1,008,800	15,120.0	252.3
	Retail/Service	161,750	4,852.5	81.0
5	Aviation	1,417,380	21,260.7	354.8
6 - New Runway	Aviation	1,307,600	19,614.0	327.3
6A - No Runway	Industrial	4,411,770	66,176.6	1,104.4
	Retail/Service	31,000	930.0	15.5
7	Industrial	1,350,704	20,260.6	338.1
8	Industrial	1,099,715	16,495.7	275.3
	Office	1,486,400	44,592.0	1,337.8
	Retail/Service	1,798,150	53,944.5	1,618.3
9	Aviation	804,100	12,061.5	180.9
10	Aviation	1,165,200	17,478.0	291.7
Total Tangible Property Impacts				
City Lands		12,461,401	208,998.8	3,515.1
JAA - New Runway		13,940,639	260,658.6	5,647.4
JAA - No Runway		17,066,909	308,151.2	6,440.1

(1) 2007 Duval County total property tax millage rate is 16.6894
Source: Duval County Property Appraiser; and URBANOMICS, Inc.

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7.6 PRIVATE SECTOR PARTICIPATION

7.6.1 Participation and Partnership Opportunities. Private developers and end users will be investing hundreds of millions of dollars in the course of building out Cecil Commerce Center through land purchases and leases, site improvements, and building construction. It is anticipated that private sector investments over the buildout period may be as much as ten times greater than public investments needed to leverage private investments.

Needs and opportunities will arise throughout buildout for the public and private sectors to enter into financial partnerships in order to create conditions needed to leverage private capital, particularly in acquiring large land parcels and developing speculative space. Such partnerships may involve lease or sale of land parcels by the JAA and City (or JPA) to developers at discounted prices and rates in return for shares of sales and lease revenues from subsequent development. This is the basis for the relationship between the JAA and Majestic Realty for development of the Woodwings East business park on airport property at JIA. There will be several such partnership opportunities in Cecil Commerce Center, particularly in the early years in order to generate private interest and activity.

Another partnership example is between the Columbus Regional Airport Authority, Duke Realty Corporation, and Capital Square, Ltd. to develop the 1,600-acre Rickenbacker Global Logistics Park at the former Rickenbacker Air Force Base in Columbus, Ohio. Duke is the developer and Capital Square is an investment group. Rickenbacker is already the region's main air cargo hub and Norfolk-Southern is building a new intermodal center on an adjacent 300-acre property. The Global Logistics Parks is master planned for up to 22 MSF in 34 buildings.

7.6.2 Illustrative Site Proforma Analysis (Attachment A). A preliminary analysis of costs and feasibility of an increment of industrial development in Cecil Commerce Center South is presented in the attached proformas for Development Area #1 (see Attachment 7A). This area is located on the north side of 103rd Street and consists of seven proposed warehouse/distribution facilities totaling approximately 3.3 MSF. The financial analysis consists of a summary proforma for the project as a whole and

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specific proformas for individual buildings and groups of buildings. These proformas are representative of the due diligence financial analysis a developer would undertake as a basis for decision making, and illustrates various cost factors that must be considered and evaluated as a basis for concluding that a project is financially feasible.

Information presented in the proformas are estimates, but are generally supported by recent construction costs for similar buildings in the Jacksonville area. It should be noted, however, that these are only illustrative or hypothetical proformas and could change significantly depending on several factors, including but not limited to concurrency, unknown soil conditions, construction cost increases, and developer cost of capital, many of which are constantly changing variables in the development industry.

Five cost categories are shown in the proformas:

1. **Land.** This includes the cost of land, property taxes, surveys, etc. Land interest carry, however, is not included in the totals.
2. **Construction.** This consists of site work and shell construction costs inclusive of A&E costs and estimated street improvements. *Note: Site costs could increase significantly after completion of design and construction cost confirmation by a qualified contractor.*
3. **Tenant Improvements.** These are costs of building out space with offices, warehouse lighting, dock packages (levelers, lights, seals, etc.) And demising walls for tenant occupancy.
4. **Indirect Costs.** These include title & escrow, financing, commissions, legal costs, property taxes during construction and lease up, travel and marketing, etc.
5. **Interest Expense.** Financing costs associated with construction and the estimated interest cost to carry the project after completion to allow for tenant lease up and occupancy.

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All costs are expressed in terms of cost per square foot of building, which is a construction industry standard format for expressing line item costs. This allows for a simple way to compare costs between vendors. For the same reason, it is also an accepted form for expressing cost in a real estate proforma and is also an understandable way to compare proforma results.

Due to the fact that key site-related geotechnical and environmental factors are their cost implications are not known, this development cannot be represented yet as being feasible. Returns shown in the attached proforma (approximately 8%) are within the range of cost-on-cost returns national developers would need in order to consider this project feasible. However, returns cannot be validated until all development costs, including specific street and utility improvements needed, fill and grading requirements, and costs of concurrency, are pinned down. In addition, it is not possible to determine at this time how cost of capital and corresponding project returns could be affected in the future by construction cost increases, interest rate fluctuations, or the ongoing credit crunch affecting domestic and international markets.

Attachment 7A, consisting of 11 pages, is presented on the following pages.

**ATTACHMENT 7A
SAMPLE DEVELOPER PROFORMA FOR DEVELOPMENT AREA #1**