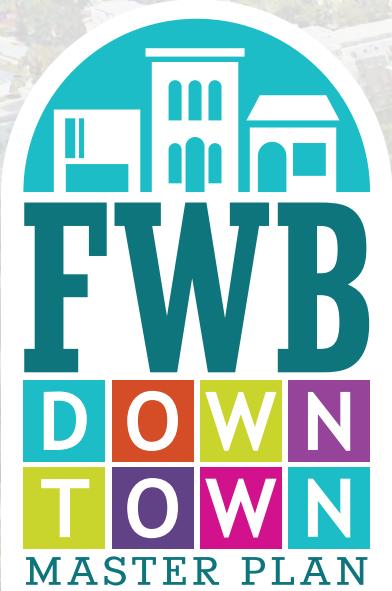


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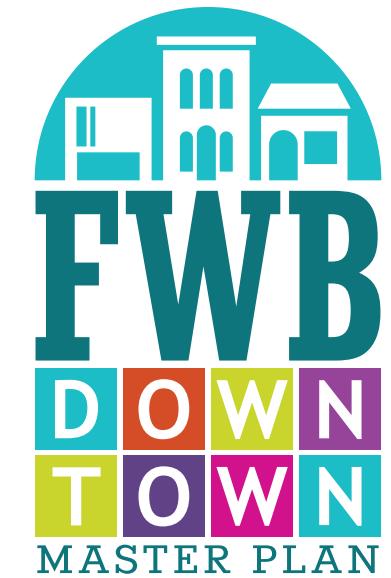
MAY 2019



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FLORIDA

MAY 2019





Prepared for the City of Fort Walton Beach

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May 2019

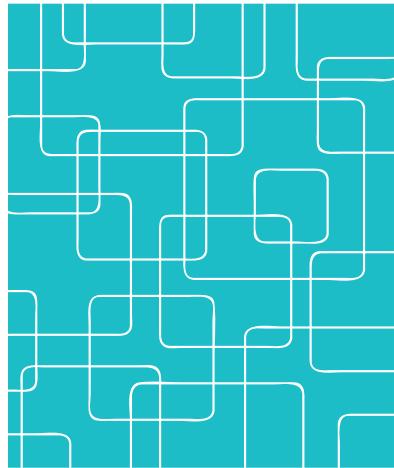
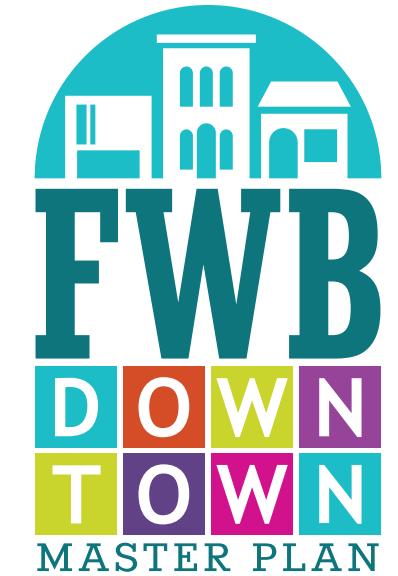
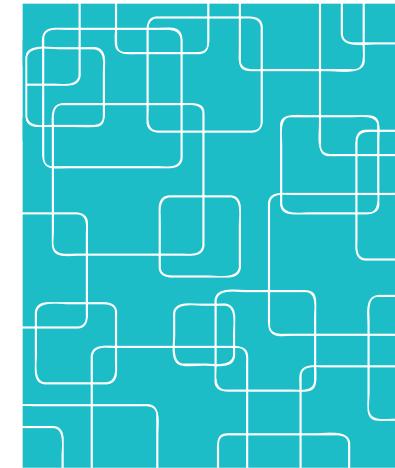
ACKNOWLEDGMENTS

The following stakeholders (listed in alphabetical order) were instrumental in developing the City of Fort Walton Beach Downtown Master Plan:

*Downtown Fort Walton Beach Businesses
Downtown Fort Walton Beach Organization, Inc.
Downtown Fort Walton Beach Residents
Florida Department of Transportation
Fort Walton Beach City Council
Fort Walton Beach City Staff
Fort Walton Beach Community Redevelopment Agency
Greater Fort Walton Beach Chamber of Commerce
Okaloosa County Economic Development Organization*

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Introduction and Past Planning Efforts



INTRODUCTION AND PAST PLANNING EFFORTS

The City of Fort Walton Beach finds itself with a fortuitous opportunity to transform Downtown Fort Walton Beach into a retail and entertainment destination that offers residents and visitors a unique shopping, dining, and family-centric entertainment experience. While the current downtown business environment already provides some of this growing demand, it is greatly limited in reinvestment opportunities by existing and persistent transportation, parking, access, and pedestrian circulation issues. The predominant cause of these infrastructure issues are the current high levels of commuter throughput along US Highway 98 which bisects Downtown, creating a disconnected environment unfriendly to destination retail, entertainment, and high-density residential redevelopment.

However, the future replacement of the Brooks Bridge connecting Okaloosa Island to Downtown Fort Walton Beach via Highway 98 offers a unique opportunity to affect the realignment of Highway 98 west of Brooks Bridge. Removing Highway 98 traffic that flows from Miracle Strip Parkway enables a pedestrian-focused, retail-oriented “main street” environment, with abundant entertainment and adequate parking.

In 2017, the City of Fort Walton Beach commissioned Matrix Design Group to develop the Downtown Fort Walton Beach Master Plan.

Early in the planning process, it was determined that transportation would be the central focus of the Plan. As such, a series of Transportation Alternatives was developed and evaluated. These alternatives were developed with input from City staff, Downtown businesses and property owners, the Downtown FWB Organization, the Greater Fort Walton Beach Chamber of Commerce, the Florida Department of Transportation, the Okaloosa County Economic Development Council, and other regional developers. Figure 1-1 illustrates the Highway 98 realignment alternatives that were evaluated during the Phase 1 transportation analysis.

Through a series of stakeholder workshops and public open house meetings, Highway 98 Realignment Alternative 2B was selected due to the minimal amount of land acquisition and existing road network disruption (see Figure 1-1 for Alternative 2B Potential Acquisitions and Easements). The final determination of the future Highway 98 alignment will require extensive stakeholder engagement and close coordination with FDOT. As of this writing, the alternative -dubbed Around-the-Mound - is working its way through the Okaloosa-Walton Transportation Planning Organization’s (TPO) funding process. Since its submission to the TPO in November of the 2017, the Project has been placed on the 5-year Project Priorities Plan with a rank of 11.



Figure 1 - 1

HIGHWAY 98 REALIGNMENT ALTERNATIVES

Introduction and Past Planning Efforts

The realignment of Highway 98 and the subsequent pedestrian improvements to Miracle Strip Parkway would greatly improve the Downtown Fort Walton Beach experience and create additional mixed-use redevelopment opportunities. Figure 1-2 envisions mixed-use redevelopment at the intersection of a pedestrian focused Miracle Strip Parkway and a newly-realigned Florida Place.

Leveraging the success of this transportation plan in 2018, the City continued working with Matrix Design Group to further develop the conceptual interior roadway design and product mix for the Downtown core. The following report evaluates various land use and urban design scenarios for this area, which are based on the preferred Highway 98 Realignment and future Brooks Street Bridge Replacement. The proposed alternatives are conceptual land use scenarios and will require further detailed analysis and stakeholder coordination to maintain a community-supported vision for Downtown Fort Walton Beach.

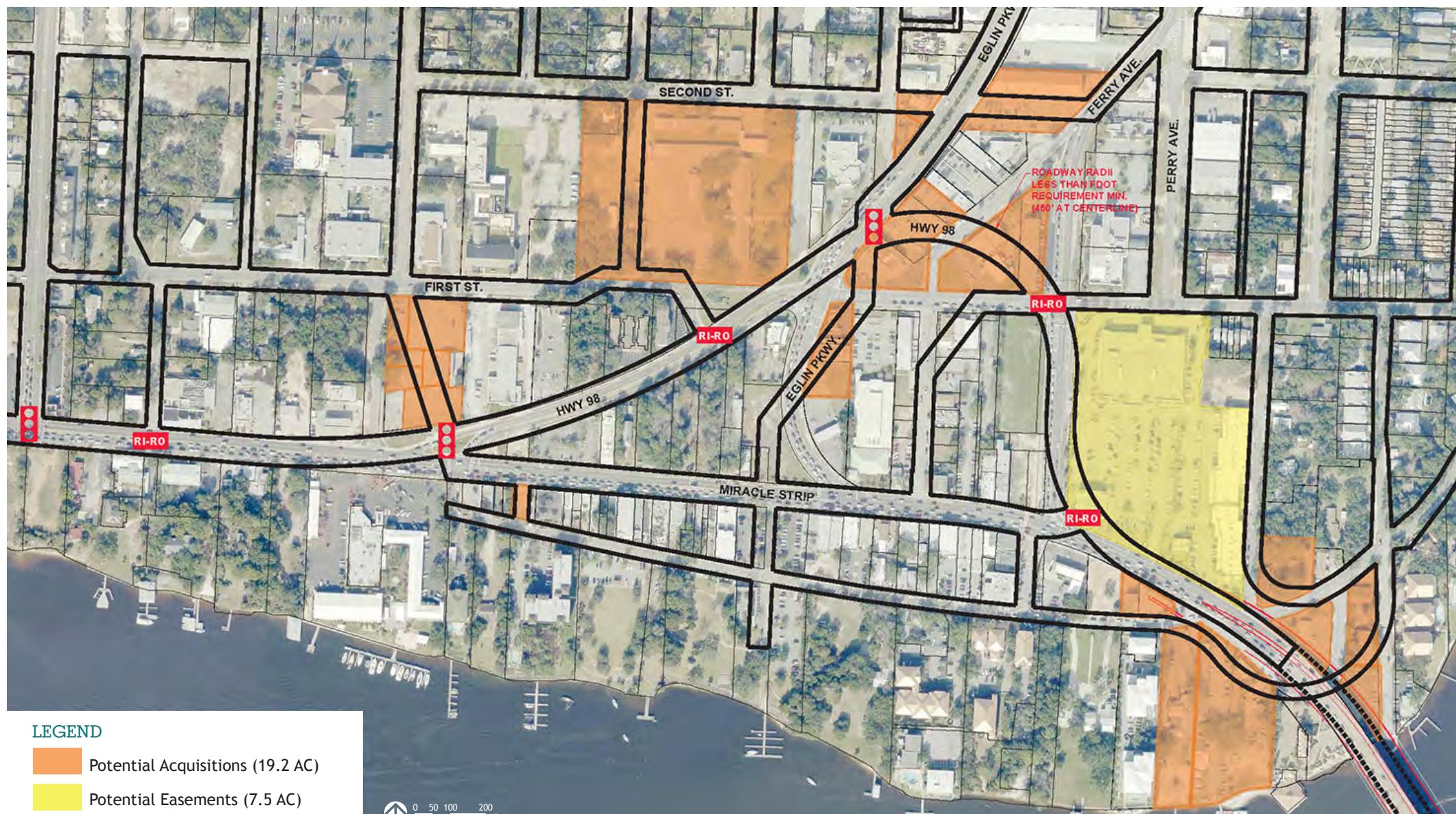


Figure 1 - 2

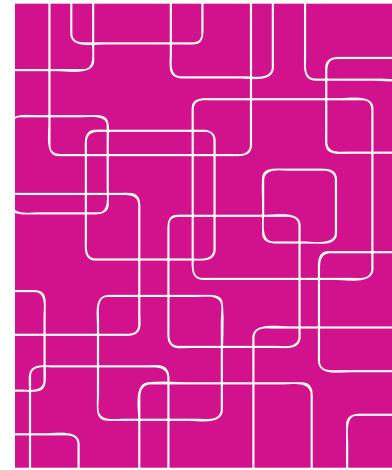
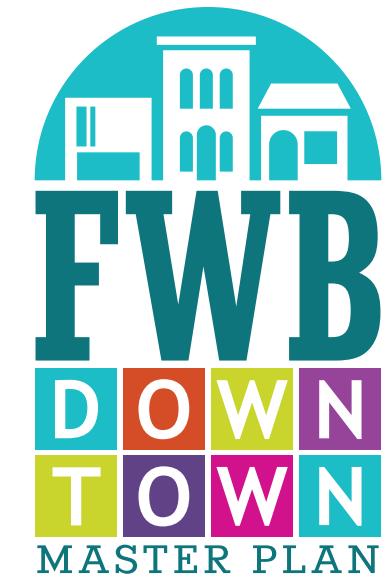
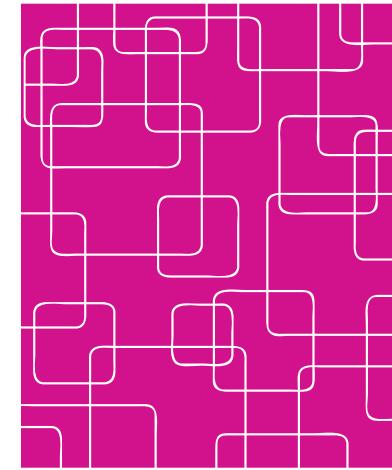
ALTERNATIVE 2B: POTENTIAL ACQUISITIONS & EASEMENTS



rendered by www.studio7g.com

Figure 1 - 3

PROPOSED IMPROVEMENTS TO MIRACLE STRIP PARKWAY



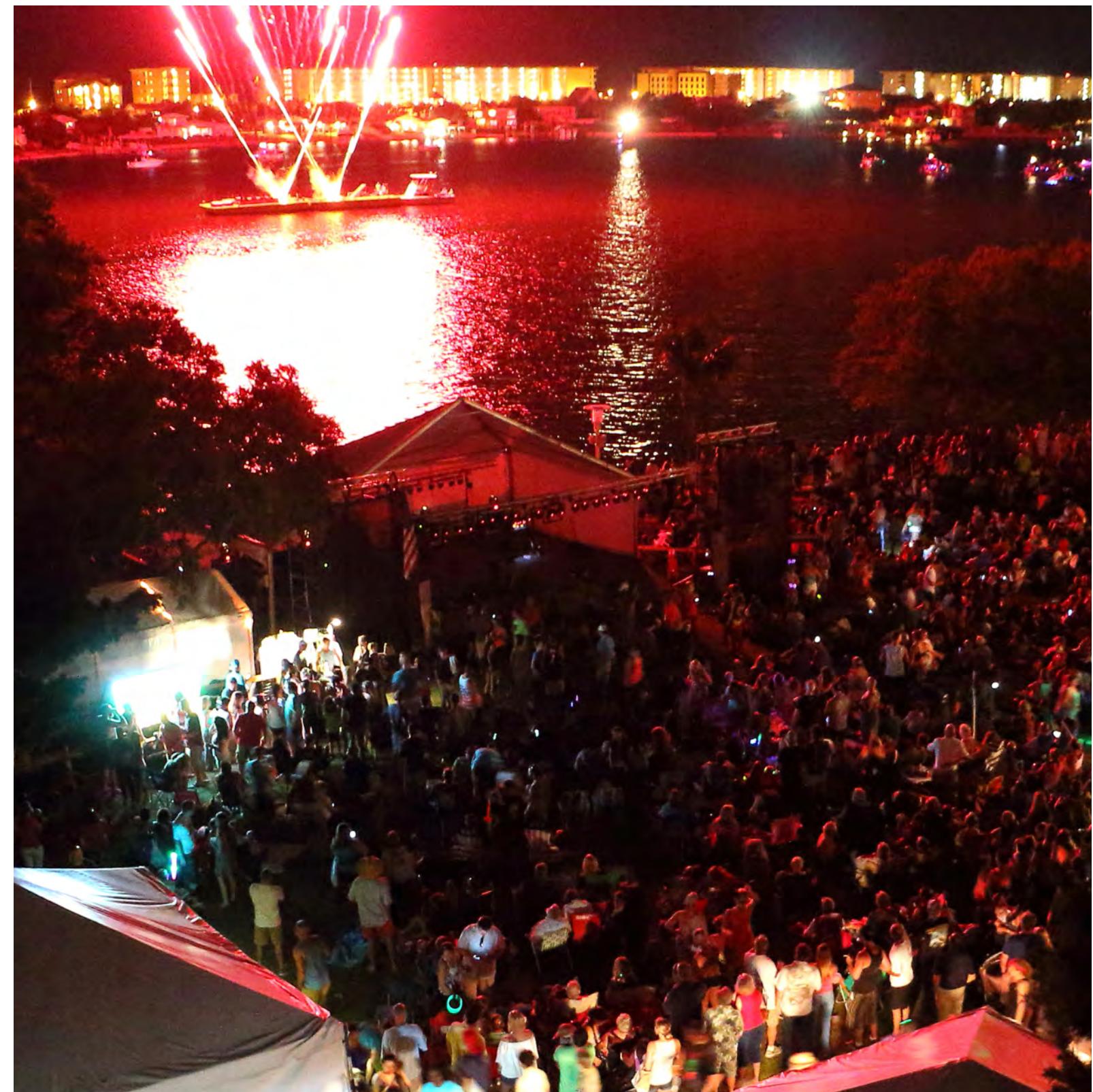
The Downtown Vision



THE DOWNTOWN VISION

The realignment of Highway 98 and the subsequent renewal of Miracle Strip Parkway presents a wide range of community development opportunities and redevelopment scenarios. The following master planning alternatives were developed through extensive stakeholder workshops and City Staff direction in support of a community-supported Downtown vision. Common to all master plan alternatives were the following:

- Realign Florida Place to create a new entry into the Downtown core that provides development opportunities on the east and west sides of the road north of Miracle Strip Parkway.
- Create new, signalized intersections with Highway 98 at the newly realigned Florida Place and the west side of Miracle Strip Parkway.
- Provide direct vehicular and pedestrian connectivity to the Fort Walton Beach Landing and lower Brooks Bridge.
- Create additional surface or structure parking along the new Highway 98 realignment that is located behind new and existing development along Florida Place and Miracle Strip Parkway.
- Provide grade separated pedestrian access to the Publix property east of the Downtown core and future redevelopment north of Highway 98 between Eglin Parkway and Harbeson Avenue on the west side of the Downtown core.
- Increase pedestrian connectivity from Miracle Strip Parkway to the Bayfront .



Alternative 1: CENTRAL GREEN

The “Central Green” concept envisioned a re-aligned Florida Place that was split around a mixed-use park/plaza area anchored by commercial development focused on dining and entertainment uses located directly on Miracle Strip Parkway and extending to the Bayfront through the Fort Walton Beach Landing with a pedestrian-focused promenade. In this alternative, Miracle Strip Parkway is extended to Harbeson Avenue on the west and to Brooks Street east of the bridge via existing roadways and rights-of-way.

PROS

- Creates a flexible use community green/urban plaza located directly on Miracle Strip Parkway that includes compatible mixed use development.
- Extends Miracle Strip Parkway further to the west to create a new signalized intersection at Harbeson Avenue.
- Provides direct vehicular and pedestrian connection to the Landing parking area.
- Provides new pedestrian connection from the east end of Miracle Strip Parkway directly south to the Bayfront.

CONS

- Requires additional roadway infrastructure along north, east, and west side of central green.
- Requires additional roadway infrastructure to extend Miracle Strip Parkway further to the west to connect with Harbeson Avenue.



Key Notes

Figure 2 - 1

ALTERNATIVE 1: CENTRAL GREEN

The Downtown Vision

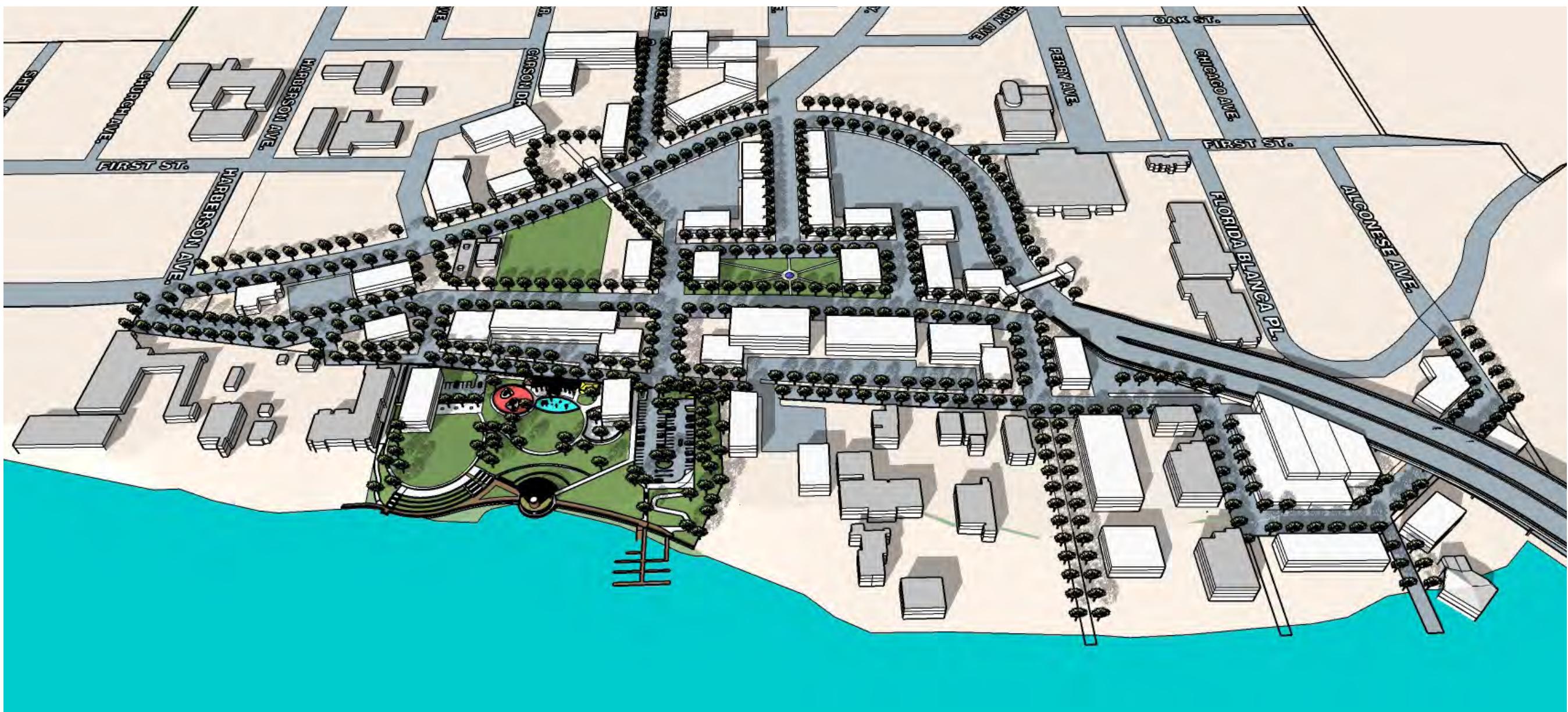
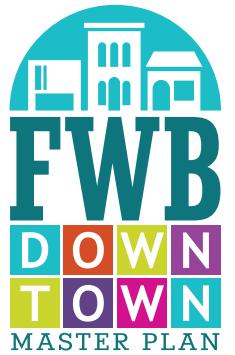


Figure 2 - 2

ALTERNATIVE 1: CENTRAL GREEN

Alternative 2: TOWN SQUARE

The “Town Square” alternative envisioned a realigned Florida Place focused on a public plaza/gathering space along the south side of Miracle Strip Parkway and extending to the Bayfront south of Brooks Street with a pedestrian focused promenade. In this alternative, Miracle Strip Parkway is extended to First Street on the west and to Brooks Street east of the bridge via realigned roadways and property acquisitions.

PROS

- Creates a flexible use urban plaza located directly on Miracle Strip Parkway that includes compatible mixed use development.
- Provides direct pedestrian access from town square to existing and proposed Bayfront development.
- Extends Miracle Strip Parkway further to the west to create a new signalized intersection at Harbeson Avenue.
- Provides right-in/right-out intersection at east end of Miracle Strip Parkway and Highway 98.

CONS

- Extension of town square into Miracle Strip Parkway right-of-way interrupts traffic flow along the roadway and requires additional roadway infrastructure.
- Requires additional roadway infrastructure to extend Miracle Strip Parkway further to the east to connect with Harbeson Avenue.



Key Notes

1. Retail street.
2. Parking on edge.
3. Wind road around town square to slow traffic and reduce cut-through.
4. Simplify circulation to enhance development potential.
5. Pedestrian line to park & water taxi.
6. Open view to park.

Figure 2 - 3

ALTERNATIVE 2: TOWN SQUARE

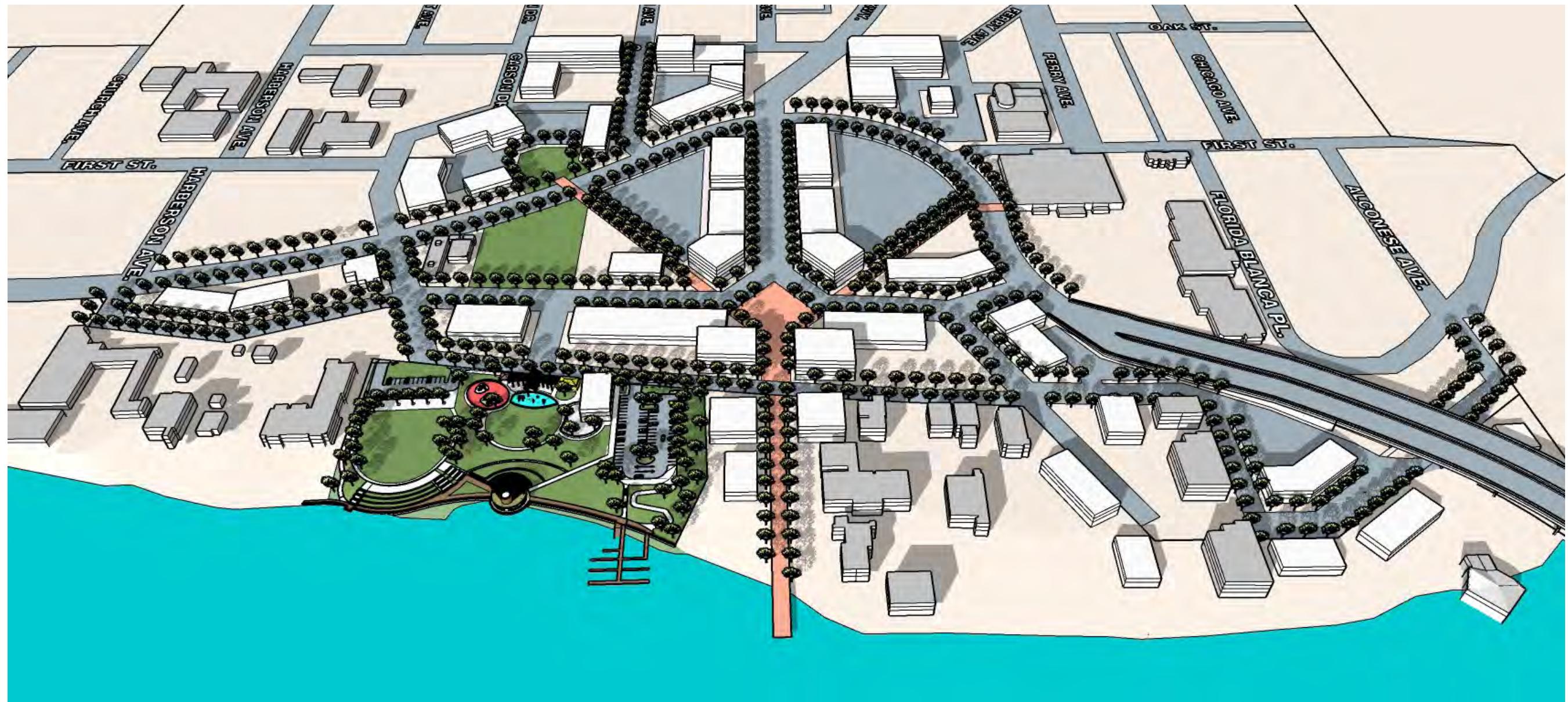


Figure 2 - 4

ALTERNATIVE 2: TOWN SQUARE

Alternative 3: PUBLIC COMMONS

The "Public Commons" alternative envisioned a realigned Florida Place split around a linear park with adjacent commercial uses connecting to Miracle Strip Parkway and extending to the Bayfront beyond with a pedestrian-focused promenade. In this alternative, Miracle Strip Parkway connects to First Street on the west and to Brooks Street via existing roadway and rights-of-way.

PROS

- Creates a flexible use community green/urban plaza located directly on Miracle Strip Parkway that includes compatible mixed-use development.
- Provides direct vehicular and pedestrian connection to the Landing parking area.
- Provides direct pedestrian access from public commons to existing and proposed Bayfront development.

CONS

- Requires additional roadway infrastructure along north, east, and west side of public commons.
- Limits development depth along re-aligned Florida Place due to increased right-of-way width for public commons and surrounding roadway.



Figure 2 - 5

ALTERNATIVE 3: PUBLIC COMMONS

The Downtown Vision

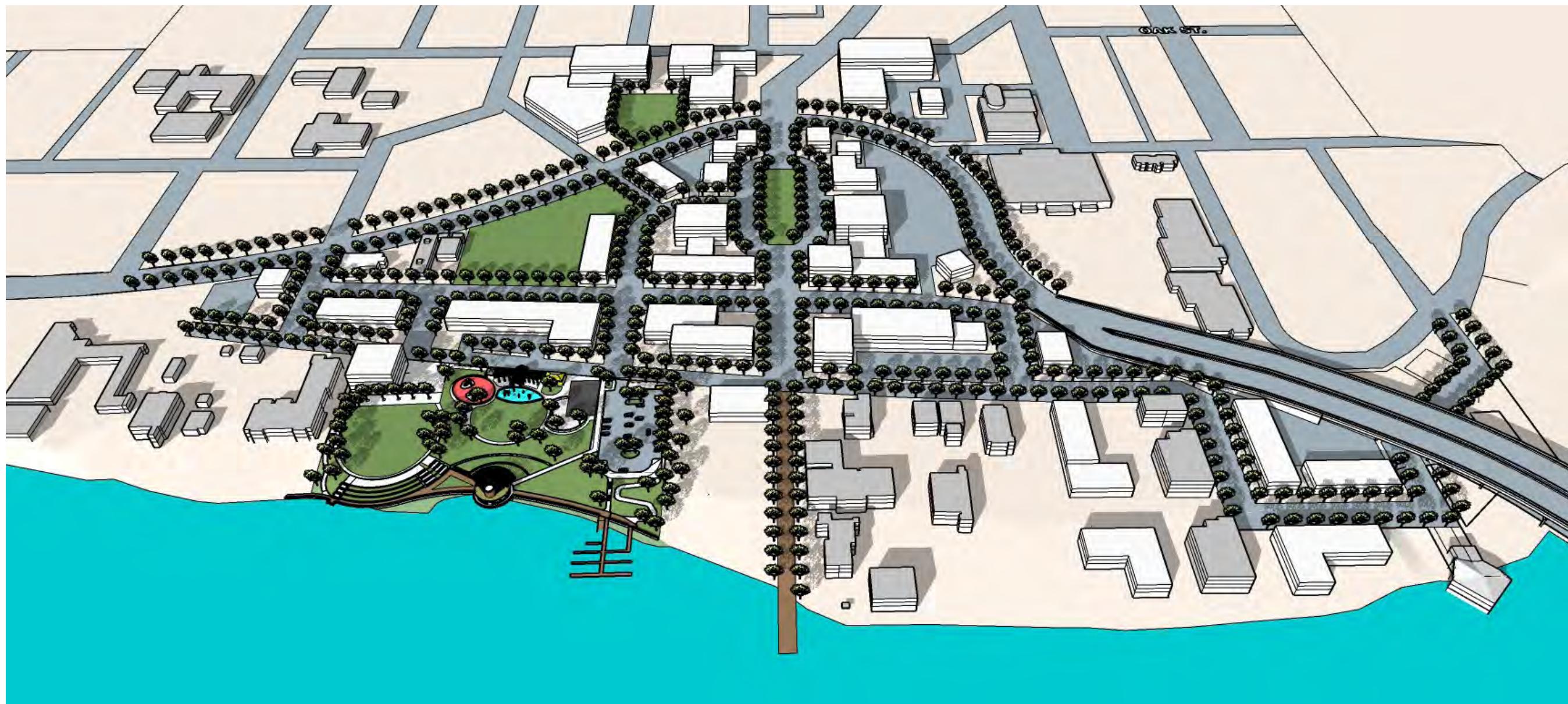
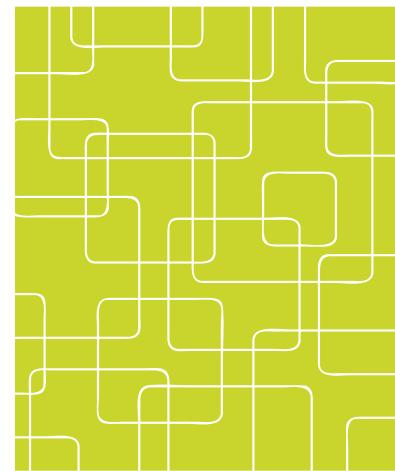
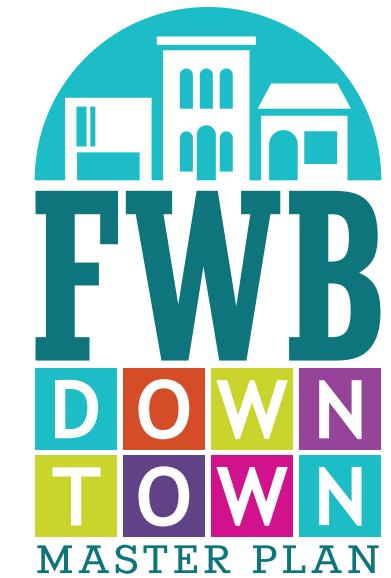
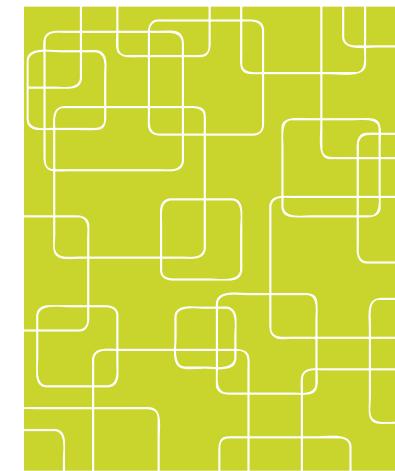


Figure 2 - 6

ALTERNATIVE 3: PUBLIC COMMONS

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Preferred Alternative



PREFERRED ALTERNATIVE

In June 2018, the Fort Walton Beach City Council voted unanimously to select Alternative 1-Central Green, as its preferred alternative. Upon this decision, the Matrix team proceeded with refining the concept and developing product densities within the redevelopment boundaries, henceforth referred to as the interior core. Utilizing market research conducted during Phase I of the Fort Walton Beach Downtown Master Plan, the proposed development identified in Figure 3-1 consists of nearly 1.1 million square feet of mixed use product. As outlined in Table 3-1, the product mix includes 260,000 sf of retail, 350,000 sf of office, 410,000 sf of multifamily (452 units), and 80,000 sf (112 units) of hotel product. This mix incorporate the planned Landmark Center scheduled to break ground in the coming year. These densities are derived utilizing standard planning metrics for parking, and it should be noted that these quantities are fully “parked”. Figures 3-1 and 3-2 on the following pages present the refined versions of the preferred alternatives.

Table 3 - 1: Conceptual Product Mix -Preferred Alternative
Downtown Interior Core (Proposed Development)

| Product Type | Square Footage | Units | Distribution |
|---------------|------------------|------------|--------------|
| Retail | 260,000 | - | 24% |
| Office | 350,000 | - | 32% |
| Multifamily | 410,000 | 452 | 37% |
| Hotel | 80,000 | 112 | 7% |
| Total: | 1,100,000 | 564 | 100% |

Notes:

1. Product mix is conceptual in nature and is subject to change.

Preferred Alternative

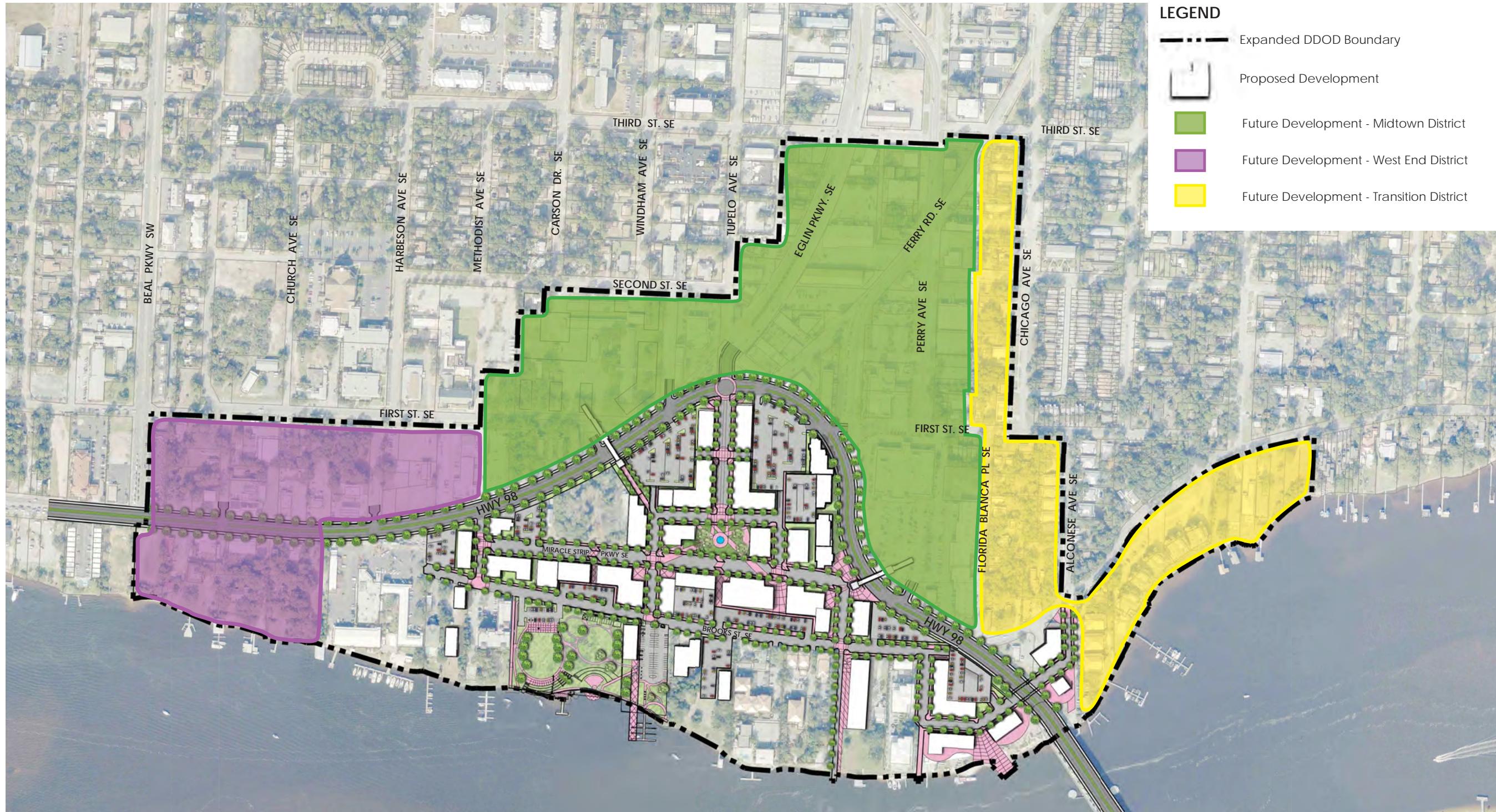
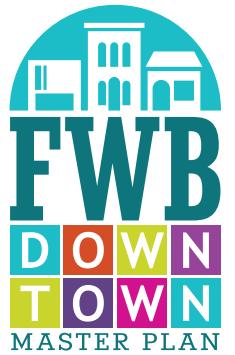


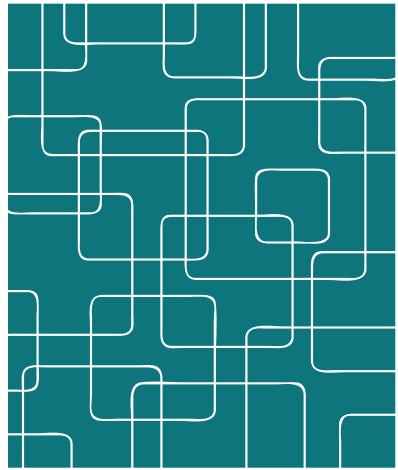
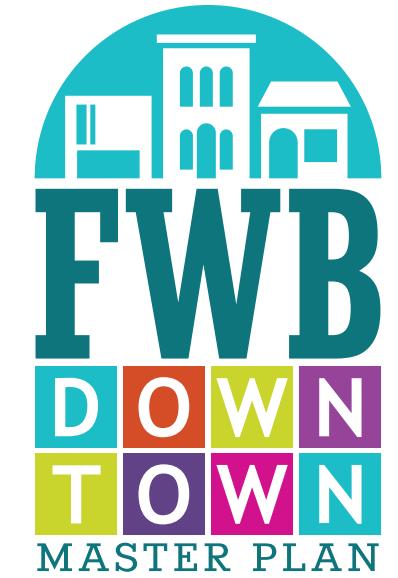
Figure 3 - 1

PREFERRED ALTERNATIVE -CENTRAL GREEN CONCEPT



Figure 3 - 2

CONCEPTUAL 3-D RENDERING OF THE PREFERRED ALTERNATIVE FOR THE FORT WALTON BEACH DOWNTOWN REDEVELOPMENT



Downtown Fort Walton Beach Planning Districts



DOWNTOWN FORT WALTON BEACH PLANNING DISTRICTS

A critical piece to planning the future redevelopment of the Downtown area is identifying planning districts. Planning districts leverage geographic and cultural aspects of the region to assist the City with design guideline, way finding, marketing, and other aspects of district planning and promotion. While the districts presented below are conceptual and will likely evolve throughout the planning process, input from Downtown stakeholders was generated and ultimately incorporated in the final delineations.

Matrix Design Group developed a draft version of planning districts for the Downtown Stakeholder to review and provide input. Based on this input, Stakeholders adjusted a number of components originally provided by Matrix. Most notably, Stakeholders changed the names of several districts and redrew the boundaries of the West End district to better fit the community's vision. In all, five districts were developed:

1. Downtown District
2. Midtown District
3. West End District
4. Neighborhood District
5. Waterfront District

Figure 4-1 presents these preliminary planning districts. In the pages that follow, a brief description and the notable attributes of each District are provided. The driving consideration for each is its connection to both the Downtown area and the greater Fort Walton Beach area.

Downtown District

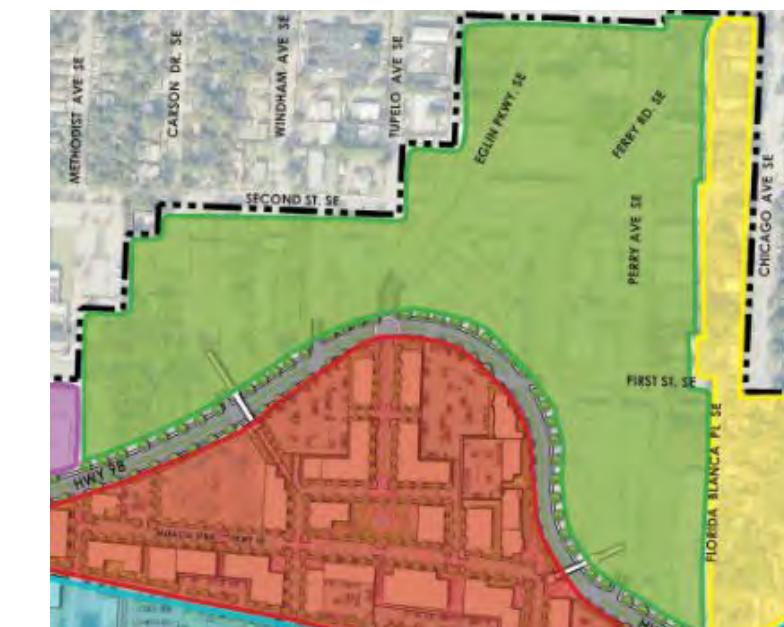
- The cultural heart and economic center of Fort Walton Beach.
- In line, "main street" vertically mixed use development with commercial uses located at the street level and a mix of residential, office, retail, and hotel uses above.
- Eclectic mix of existing historic and contemporary (neo-traditional) in-fill architectural styles.



- Unique, local and regionally-owned businesses with a focus on retail, food/beverage, and entertainment.
- Pedestrian oriented streetscape with premium amenities, site furnishings, pavements, lighting, plant material, public art, and district/way finding signage.
- Provides the outdoor/pedestrian spine of the Downtown linking a diverse variety of existing and proposed parks, open spaces, plazas, and corridors.
- Celebrates historic features such as as Heritage Park & Cultural Center and the newly relocated Gulfview Hotel.

Midtown District

- The primary redevelopment opportunity outside of the Downtown core.
- Includes properties on the east and west side of the realigned Highway 98/Eglin Parkway intersection, offering redevelopment opportunities that provide a direct connection to Miracle Strip Parkway and the Downtown core via two iconic, grade separated pedestrian crossings.
- Emphasis toward multifamily residential development with street level commercial uses adjacent to internally oriented open spaces/plazas with direct/adjacent connections to the Highway 98 grade separated, pedestrian crossings.
- Provides neighborhood/pocket park with adjacent pedestrian-oriented commercial development.
- Decreased development intensity from Highway 98 to adjacent neighborhoods.
- Links "Uptown" to "Downtown".
- Maximizes adjacency to Eglin Parkway and improves internal vehicular and pedestrian circulation and connectivity to adjacent neighborhoods.
- Eclectic mix of existing historic and contemporary buildings with industrial/modern in-fill architectural styles.



Downtown Fort Walton Beach Planning Districts

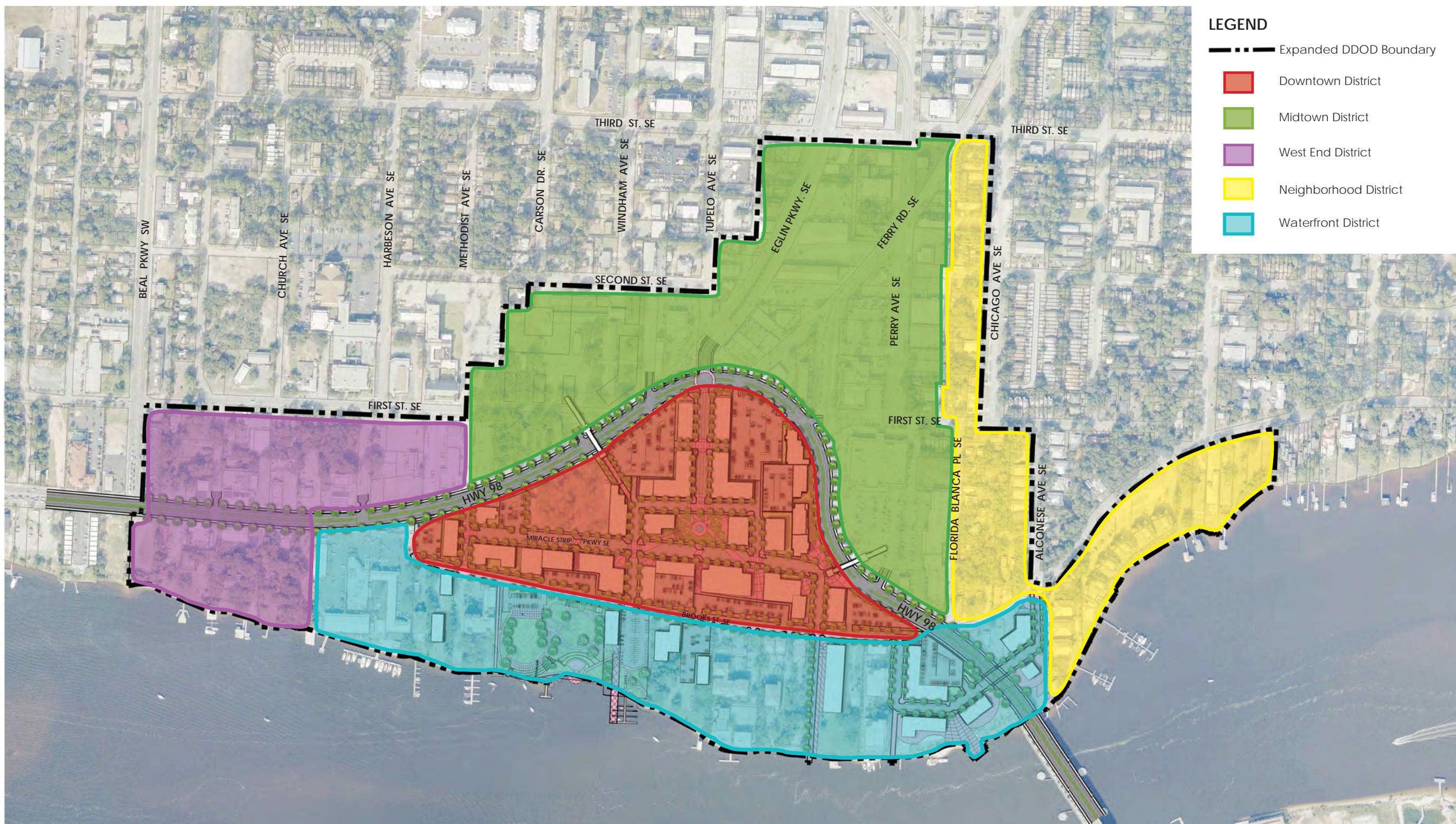
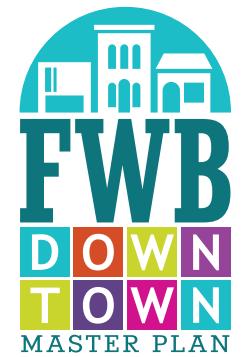


Figure 4 - 1

DOWNTOWN FORT WALTON BEACH PLANNING DISTRICTS

West End District

- Maximizes adjacency to Highway 98 with decreasing development intensity from the highway to the adjacent neighborhoods to the north.
- Emphasis toward multi-family residential development with street-level commercial uses oriented to First Avenue, Beal Parkway, Shell Avenue, and Harbeson Avenue.
- Creates west gateway to Downtown Fort Walton Beach.
- Considers traffic operations of adjacent church properties during peak weekend activities.



Neighborhood District

- Primarily consists of existing single-family residential uses along Chicago Avenue, Florida Blanca Place, Alconese Avenue and multi-family uses between Brooks Street and the waterfront.

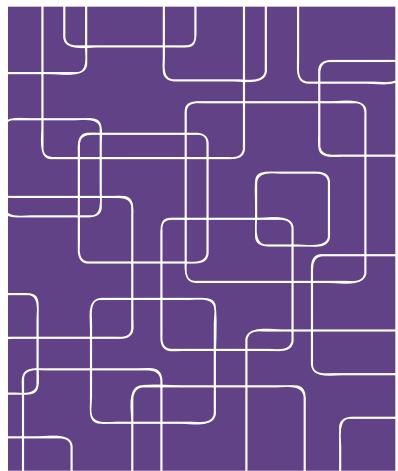
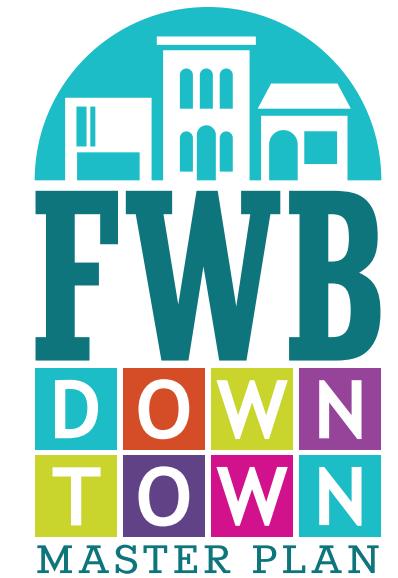
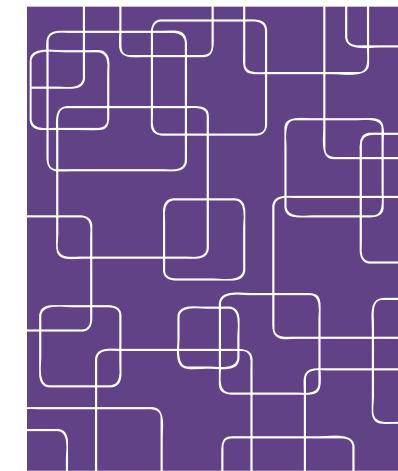


Waterfront District

- The primary, waterfront redevelopment opportunity within the Downtown core.
- Emphasis toward multi-family residential development with street level commercial uses oriented to Brooks Street and site amenities oriented to the waterfront.
- A continuous, public waterfront promenade should originate from the Landing and maximize further waterfront redevelopment opportunities to the east and west.
- Provides pedestrian focused, FDOT limited, public uses below the proposed Brooks Bridge replacement.
- The primary community gathering space and public venue for the City of Fort Walton Beach.
- The Landing serves as the primary connection from Miracle Strip Parkway to the Bayfront
- The former Science Center and Venture Hive location offers an excellent opportunity for a compatible, mixed-use development within City owned, bayfront property.



- Adjacent, privately-owned waterfront properties should benefit from and directly compliment the Landing and its continued community programming.
- A continuous, public waterfront promenade should originate from the Landing and maximize further waterfront redevelopment opportunities to the east and west.
- Adequate buffers between conflicting land use



Value Added Impacts of Preferred Alternative (Interior Core)



VALUE ADDED IMPACTS OF PREFERRED ALTERNATIVE (INTERIOR CORE)

Given the redevelopment aspect of this project, it's critical to understand the value-added nature of these quantities. Value added can be defined by a positive departure from the exist baseline of both square footage and taxable value. The existing baseline of product has many detrimental issues driven primarily by poor circulation (pedestrian and traffic) as noted in Phase I of this Plan. These circulation issue contribute to the high level of occupant (tenant) turnover throughout the interior core. As taxable valuations are predicated on, among other factors, occupant cash flow (net operating income), high levels of turnover apply downward pressure on valuations. Other factors include location, size, replacement value, condition, and potential sales value (net of financing).¹

Aside from the high turnover cause by poor circulation, much of the existing development located in the interior core does not measure highly across each appraisal factor. While there has been considerable investment in some structures over the last several years, assessment caps on nonhomestead properties prevent these properties from significantly increasing the taxable valuations throughout the core.

As property tax generates approximately 30% of the City's general fund revenue raised for governmental activities, increasing taxable property valuations through sound redevelopment investment and planning can ensure financial stability for City operations as well as commercial property owners located in the interior core.

Table 5-1 contrasts actual 2017 taxable values of the baseline development against potential taxable valuations. As full appraisals for each parcel impacted by the proposed development is outside the scope of the assessment, Matrix utilized a comparable properties method to estimate the potential taxable valuation. Throughout Okaloosa County, no development currently exists that approximates the density and scope of the development potential contained in the Central Green concept.

The closest such development has been the redevelopment of Palafox Street and the greater Downtown Pensacola area. In particular, the Southtowne development by Studer Properties located where the old Pensacola New Journal building once stood on Jefferson and Intendencia in Downtown Pensacola. This property contains 258 multifamily units with 35,000 sf of Class A office and 26,000 sf of retail space. However, as of this writing, this property has yet to be fully appraised by the Escambia County Property Appraiser so taxable values are currently unknown. In lieu of using Southtowne's taxable value, newer mixed-use and hotel properties in Okaloosa County are used as benchmarks and provide in Table 5-1.

Table 5 - 1: Taxable Values by Square Foot for Interior Core, Existing Baseline Development vs Proposed Development Potential

| Product Type | 2017 Taxable Value (Baseline) | Potential Taxable Value |
|--------------|-------------------------------|-------------------------|
| Retail | \$34.45 | \$67.94 |
| Office | \$62.90 | \$75.84 |
| Multifamily | n/a | \$93.61 |
| Hotel | \$65.32 | \$90.51 |

¹ Florida Statute 193.011: http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&URL=0100-0199/0193/Sections/0193.011.html

Value Added Impacts Of Preferred Alternative (Interior Core)

Table 5-2 provides the baseline product for all parcels (including structures built thereon) impacted by the proposed development, as noted by the white buildings in Figure 3-2. This baseline represents the current aggregated product development within the interior core. The current development product is approximately 390,000 sf of primarily retail and office product (approximately 80%). The proposed development has a value-added potential of 710,000 sf. Utilizing the benchmarks in Table 5-1, the value-added impacts of the proposed development has the potential to generate over \$71 million in increased taxable value for the City. These estimates are considered conservative, however, as Southowne's appraisal will likely set the standard for valuation throughout the Central Greene concept.

Table 5 - 2: Value Added Impacts by Gross Leasable Area and Taxable Value Downtown Interior Core(Proposed Development)

| Gross Leasable Area (SF) | Central Green |
|----------------------------------|---------------------|
| Baseline | 390,000 |
| Development Potential | 1,100,000 |
| Value Added | 710,000 |
| Taxable Value (2017 USD) | |
| Baseline (Current Taxable Value) | \$18,700,00 |
| Development Potential | \$89,750,000 |
| Value Added | \$71,060,000 |

Notes:

1. Baseline square footage and taxable values are derived from Okaloosa County Property Appraiser data.
2. Development potential taxable values are derived from assessments of recent mixed-used developments within Okaloosa County.
- 3 .Columns may not sum due to rounding.
4. All dollar values are in 2017 USD.

Property Tax. All things remaining equal (i.e. no exemptions with 2016 millage rates), the value added development potential of \$71 million in taxable value translates to annual property tax generation of approximately \$1.1 million dollars across all taxing districts (see Table 5-3). For comparison sake, 2016 baseline taxable values of \$18.7 million (as presented in Table 5-2) generated approximately \$300,000 in property taxes. As such, the development potential for the interior core could feasibly increase property tax collections by a factor of 3.8.

Water and Wastewater Impact

Fees. Assuming the complete redevelopment of the interior core and no concessions to developers, utilizing 2018 impact fee formulas established by the City, it is estimated the conceptual product mix will yield the City just over \$1 million water and wastewater impact fees at full build out (see Table 5-4).

Combined, revenue from property taxes and impact fees for the City are estimated at \$1.5 million, of which \$400,000 (property tax) recurs annually and will be adjusted (upwards or downwards) based on Okaloosa County mass appraisal outcomes. It should be noted the City will receive additional general revenue streams in the form of sales tax apportionments, utility services tax, and franchise fees. Given the conceptual nature of the preferred alternative and the

Table 5 - 3: Annual Value Added Property Tax Impact at Full Build Out Downtown Interior Core

| Taxing District | FWB | County | School | NWF Water | Total |
|-------------------------------|-----------|-----------|-----------|-----------|-------------|
| Millage Rate (CY 2016) | 5.7697 | 3.4308 | 6.9070 | 0.0366 | 16.1441 |
| Baseline | \$107,847 | \$64,128 | \$129,105 | \$684 | \$301,765 |
| Development Potential | \$409,993 | \$243,791 | \$490,809 | \$2,601 | \$1,147,194 |

Notes:

Estimates are based on 2016 Fort Walton Beach, Okaloosa County, Okaloosa County Schools, and NWF Water district millage rates and are subject to change based on final design, appraisal methods, and changes in millage rates over time. All dollar values are 2016 USD.

Source: Okaloosa County Property Appraiser: <https://www.okaloosapa.com/#>.

Table 5 - 4: Impact Fee Generation by Product Type at Full Buildout Downtown Interior Core

| Impact Fees | Fee Per ERC | Office | Retail* | Accommodations | Multifamily | Total |
|--------------|-------------|------------------|------------------|-----------------|------------------|--------------------|
| Water | \$700 | \$85,071 | \$134,291 | \$39,200 | \$253,120 | \$511,682 |
| Wastewater | \$807 | \$98,074 | \$154,818 | \$45,192 | \$291,811 | \$589,895 |
| Total | - | \$183,145 | \$289,109 | \$84,392 | \$544,931 | \$1,101,577 |

Note:

Estimates calculated using formulas provided in Fort Walton Beach Code of Ordinances, Chapter 10 Public Work and Utilities.

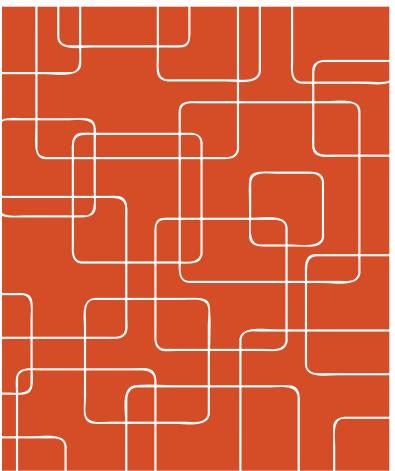
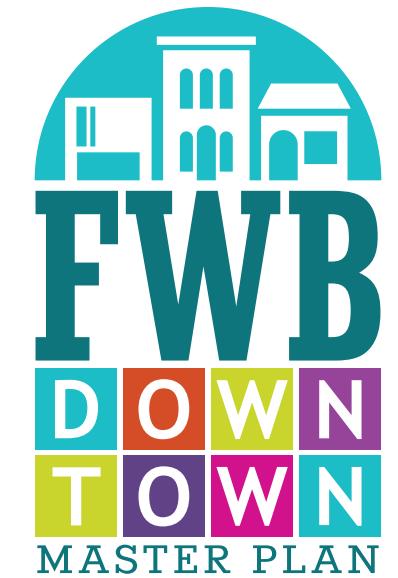
Equivalent Residential Connection (ERC) are calculated utilizing the establishment factors contained in said Code of Ordinances.

Retail estimates derived by segmenting Commercial Retail into Retail and Food / Beverage. To obtain potential seats for Food/ Beverage, 60 sf per seat is assumed.

Water Impact Fee = Total Wastewater ERCs x \$700

Wastewater Impact Fee = Total Wastewater ERCs x \$807

multitude of factors determining valuations, these estimates will likely vary in the future - the degree to which this occurs, however, is dependent on the variance of the assumptions used in future evaluations.



Conceptual Pro Forma



CONCEPTUAL PRO FORMA

Central to any redevelopment effort is the financial feasibility of the project. For an undertaking such as the conceptual design contained in this plan, there are three (3) major construction efforts outlined in Table 6-1. Conceptually, each phase will be funded by different equities (i.e. FDOT, Private Sector, etc.). While each equity has different expectations for financial returns, the ultimate indicator of a project's financially feasibility is the private sector return on investment. As Table 5-3 indicates, the private sector construction of the interior core proposed development (building construction for each product type) is by far the greatest cost at \$185 million. If the financial returns to this phase are insufficient to attract financing, then proceeding with phases 1 and 2 do not make sound financial sense for the respective funding parties.

To assist stakeholders with determining this feasibility, a conceptual financial model (pro forma) has been developed based on current market conditions for the private sector interior core proposed development only. The estimates contained therein, need to be updated annually with current market data (construction costs, cap rates, interest rates, etc.) for the estimates to remain relevant.

Table 6-2 provides current revenue, operational costs, gross operating income, and construction estimates for the redevelopment pro forma at full build out with stabilized occupancy. Revenue assumptions are based on market hurdles rates, rates required to provide the cash-on-cash returns identified in Table 8. Operational assumptions are based on survey data provided by the national real estate research firms National Apartment Association, CBRE, and HVS. These assumptions are national metrics and are used for planning purposes only. The financial performance of individual operators can vary significantly, but these metrics are reasonable for determining the feasibility of a development.

Financial Feasibility. Table 6-2 (revenue, operations, and construction) and Table 6-3 (financing and returns) should be considered one model and reviewed sequentially. Furthermore, it represents an annual pro forma at full build out. This is done to demonstrate the financial feasibility of the redevelopment of the interior core. No discount cash flow analysis was applied as annual absorption has yet to be determined.

As previously noted, the key assumptions for this model are revenue and operations. Our revenue assumptions (lease rates) for office, retail, and multifamily product are considerably higher than current rates within the Downtown Fort Walton Beach area. However, they are comparable to Class A and higher end product in Pensacola and part of Destin, so they are not unrealistic for certain segments of the Northwest Florida market. Given the

region's favorable demographics (as presented in Transportation Alternative Plan) and the dearth of Class A commercial and high end, urban multifamily product, the lease rates used in our analysis can realistically be achieved.

With respect to financing, our model assumes annual loan payments at a 5% interest rate and over 25-year period, as well as a 30% equity contribution. Many commercial loans utilize these terms but have a 5-10 year payback window with a balloon payment at the end of the window. Here, we present annual financing cost with a standard repayment schedule to demonstrate the annual feasibility.

Utilizing the assumptions outlined above and throughout the model, we believe the private sector redevelopment of the interior core (Phase 3 in Table 6-1) is financially feasible with annual cash-on-cash returns of approximately 13%. These returns can be improved with incentives, grants and innovative partnering opportunities that provide relief from either risk or investment on behalf of the developer. Given the financial feasibility of Phase 3 improvements, moving forward with further study and analysis of Phases 1 (Around-the-Mound Highway 98 realignment) and 2 (infrastructure and road realignments within the interior core) make financial sense.

Table 6 - 1: Conceptual Redevelopment Phases and ROM Estimates by Funding Party

| Party Improvement Type | Preliminary Estimate(Rough Order of Magnitude) | Potential Funding Party |
|---|--|--|
| 1. Highway 98 realignment | \$15 million | Florida Department of Transportation |
| 2. Interior core infrastructure and road realignments | \$30 million | Municipalities/ County / Grants/ P2 Partnerships |
| 3. Interior core proposed development | \$185 million | Private Sector |

Conceptual Pro Forma

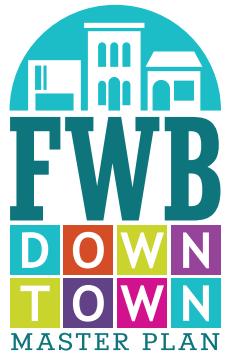


Table 6 - 2: Downtown Fort Walton Beach Redevelopment - Interior Core (Proposed Development)
Pro Forma at Full Build Out and Stabilized Occupancy

| Product Mix | Assumptions | Office | Retail | Hotel | Multifamily | Total |
|-------------------------------|-------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| SF | - | 347,227 | 261,128 | 76,584 | 413,891 | 1,098,830 |
| Units | | - | - | 112 | 452 | 564 |
| Revenue | - | SF | SF | Unit | SF | |
| Lease Rate(SF)* | - | \$25 | \$22 | \$175 | \$22.7 | |
| Other Revenue (SF)* | | - | - | - | \$1.3 | |
| Occupancy | - | 90% | 85% | 70% | 93% | |
| Total | - | \$7,812,608 | \$4,883,094 | \$5,007,800 | \$9,249,595 | \$26,953,096 |
| Operational Cost | | | | | | |
| Assumptions (SF/Unit) | - | \$6.95 | \$4.50 | 67% | \$8.8 | |
| Operating Expense | - | \$2,413,228 | \$1,175,076 | \$3,355,226 | \$3,629,824 | \$10,573,354 |
| Gross Operating Income | - | \$5,399,380 | \$3,708,018 | \$1,652,574 | \$5,619,771 | \$16,379,742 |
| Construction Cost | | | | | | |
| Cost Assumption (SF/Unit) | - | \$160 | \$125 | \$130,000 | \$150 | |
| Construction Costs | - | \$55,556,320 | \$32,641,000 | \$14,560,000 | \$62,083,650 | \$164,840,970 |
| Demolition | \$10 | \$1,298,520 | \$1,298,520 | \$- | \$1,947,780 | \$5,843,340 |
| Land Acquisition | - | \$5,000,000 | \$5,000,000 | \$- | \$5,000,000 | \$15,000,000 |
| Total | - | \$61,854,840 | \$38,939,520 | \$14,560,000 | \$69,031,430 | \$185,684,310 |

Notes:

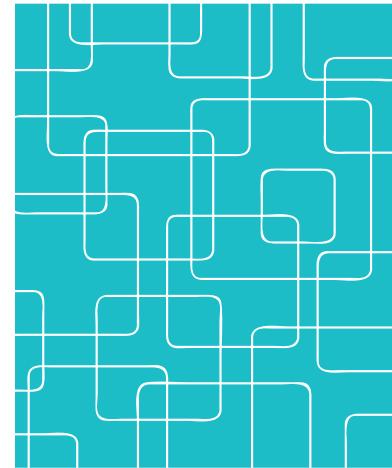
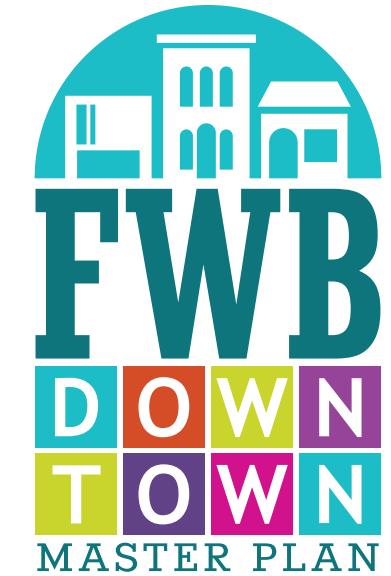
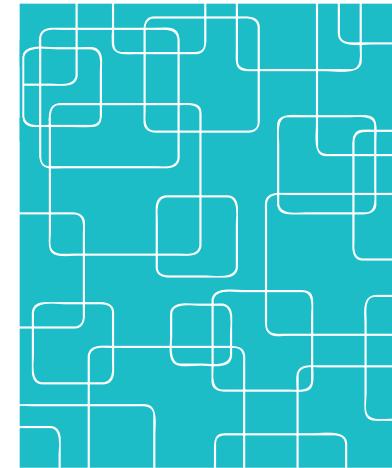
1. Revenue assumptions are based on comparable premium properties and represent a “hurdle rate” needed to achieve the returns estimated in Table 3.
2. Operational assumptions are based on national estimates provided by National Apartment Association, CBRE and HVS.
3. Construction cost are based on 2017 estimates and will likely change based on current market conditions.

Table 6 - 3: Downtown Fort Walton Beach Redevelopment - Interior Core (Proposed Development)
Pro Forma at Full Build Out and Stabilized Occupancy

| Product Mix | Assumptions (SF) | Office | Retail | Accommodations | Multifamily | Total |
|-----------------------|------------------|--------------|--------------|----------------|--------------|---------------|
| Financing | | | | | | |
| Equity | 30% | \$18,556,452 | \$11,681,856 | \$4,368,000 | \$20,709,429 | \$55,705,293 |
| Debt | 70% | \$43,298,388 | \$27,257,664 | \$10,192,000 | \$48,322,001 | \$129,979,017 |
| Interest Rate | 5.00% | | | | - | - |
| Period | 25 | | | | - | - |
| Loan Payment | - | \$3,072,127 | \$1,933,998 | \$723,147 | \$3,428,565 | \$9,222,331 |
| Principal Payment | - | \$2,918,521 | \$1,837,298 | \$686,990 | \$3,257,136 | \$8,761,214 |
| Interest Exchange | - | \$153,606 | \$96,700 | \$36,157 | \$171,428 | \$461,117 |
| Debt Service Coverage | - | 1.76 | 1.92 | 2.29 | 1.64 | 1.78 |
| NOI (Unlevered) | - | \$5,245,773 | \$3,611,318 | \$1,616,417 | \$5,448,342 | \$15,918,626 |
| NOI (Levered) | - | \$2,327,253 | \$1,774,019 | \$929,427 | \$2,191,206 | \$7,157,411 |

| Annual Valuations / Return | | | | | | |
|-----------------------------------|---|--------------|--------------|--------------|--------------|---------------|
| Cap Rate* | - | 6.00% | 4.92% | 8.50% | 5.59% | 5.74% |
| Valuations (Unlevered) | - | \$87,429,558 | \$73,400,766 | \$19,016,666 | \$97,465,874 | \$277,253,222 |
| Cash-on-cash Return (Levered) | - | 12.5% | 15.2% | 21.3% | 10.6% | 12.8% |

*North America Cap Rate Survey, H1 2018: CBRE
All dollar values are in 2017 USD



Phasing Plan



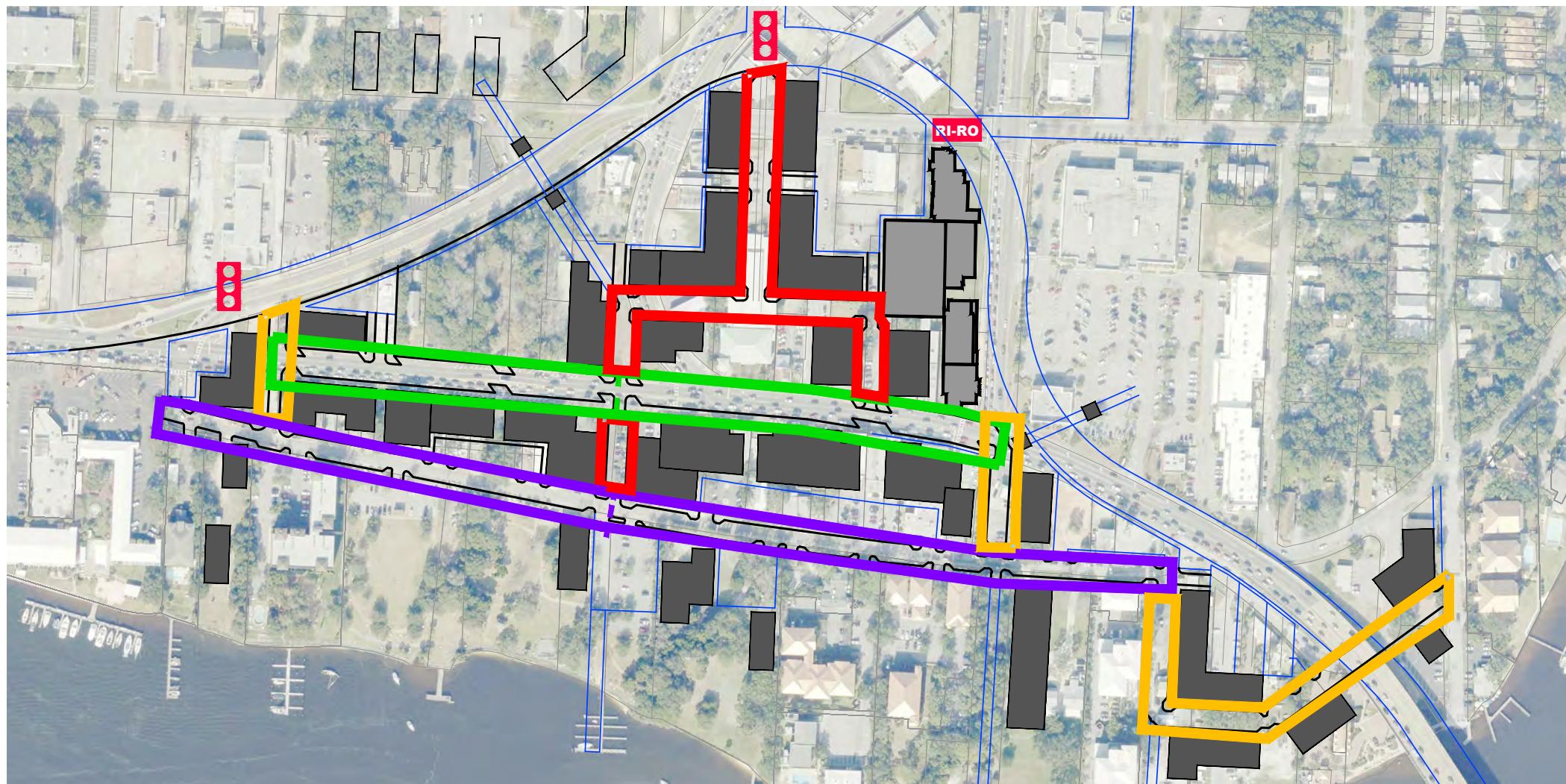
PHASING PLAN

Given the size, scope, complexity, and cost of the overall redevelopment, it is prudent for the City to implement a deliberate phasing plan. The phasing plan presented below attempts to balance several priorities, including: maximizing access (and minimizing disturbance) to current merchants, residents, and services during the numerous phases; aligning major construction requirements with expected Brooks

Bridge replacement activities; generating economies of scale with like activities; and, providing the City and other partners (FDOT, Okaloosa County, private investors) the opportunity to balance capital requirements. The phases outlined below are conceptual in nature and will need to be refined as development details advance and the Brooks Bridge plans solidify.

Total ROM Cost Estimate For All Phases:

\$30,700,000



LEGEND:

| | |
|---|--|
| □ | PHASE 1 - REALIGN EGLIN |
| | EGLIN ST - 475 LF |
| | LOCAL ST 1,112 LF |
| □ | PHASE 2 - CONNECT BACK TO 98 |
| | 1,486 LF |
| □ | PHASE 3A - EAST MIRACLE 811 LF |
| □ | PHASE 3B - WEST MIRACLE 691 LF |
| □ | PHASE 4A - EAST BROOKS STREET 1,160 LF |
| □ | PHASE 4B - WEST BROOKS STREET 944 LF |

Phase 1. Florida Place/Eglin Parkway Realignment:

The Florida Place/Eglin Parkway Realignment Capital Improvement Plan (CIP) is a critical component to reconnecting Miracle Strip Parkway with the proposed Highway 98 realignment. Located approximately between Miracle Strip Parkway and First Street, the project will re-align Florida Place south of the new Highway 98 realignment to re-connect to Miracle Strip Parkway at two (2) proposed intersections and will define the proposed “Center Green” which will provide a public plaza and adjacent mixed-use development.

This CIP will be strongly influenced by the planning, engineering, and construction schedule for the proposed Highway 98 realignment as it will involve the relocation/reconstruction of the Eglin Parkway/Florida Place-Highway 98 intersection.

Total ROM Cost Estimate:

\$9,400,000

Key components:

- Acquisition of properties to facilitate the development of the realignment of Eglin Parkway.
- Construction of the roadway and related drainage infrastructure.
- Demolition of existing infrastructure and structures and relocation of existing utilities.
- Installation of the signal at SH98 and Eglin.
- Construction of new utilities.
- Construct streetscape improvements.

Phase 2. Highway 98 Connections:

Similar to the Florida Place/Eglin Parkway Re-alignment CIP, the Highway 98 Reconnection CIP is a critical component to reconnect Miracle Strip to the proposed Highway 98 Realignment. Key improvements within this CIP are the east and west connections/intersections of Miracle Strip Parkway and the proposed Highway 98 realignment.

This CIP also includes roadway improvements from the east side of Miracle Strip Parkway to the intersection of Blanca Place and Brooks Street, including portions of the roadway that are partially located under the proposed Brooks Bridge Replacement project. This will require close coordination with FDOT regarding proposed bridge caisson locations that will accommodate this infrastructure. This CIP will be strongly influenced by the planning, engineering, and construction schedule for the proposed Highway 98 realignment as it will involve the re-location/re-construction of the Eglin Parkway/Florida Place-Highway 98 intersection.

Total ROM Cost Estimate:

\$6,000,000

Key components:

| | |
|--|---|
| • Acquisition of properties. | • Reconnect street and install signals. |
| • Demolition of existing infrastructure and structures and relocation of existing utilities. | • Construct streetscape improvements |
| • Construction of the roadway and related drainage infrastructure. | |

■ Phase 3 (A & B). Miracle Strip Parkway Improvements:

The Miracle Strip Parkway Improvements CIP will reconstruct the former highway segment to be a two lane, pedestrian oriented, local road with on-street parking and premium streetscape materials including pavements, lighting, site furnishings, and plant material. The CIP can be phased into separate projects based on the prioritization of the east or west side of this roadway segment.

Total ROM Cost Estimate:

Phase 3A -\$6,100,000
Phase 3B -\$5,200,000

Key components:

- Use a phased approach to construction to maintain access to existing businesses and buildings.
- Construction of new / upgraded utilities, as needed.
- Demolition of existing infrastructure and structures and relocation of existing utilities.
- Construction of the roadway and related drainage infrastructure.
- Construct streetscape improvements

■ Phase 4 (A & B). Brooks Street Improvements:

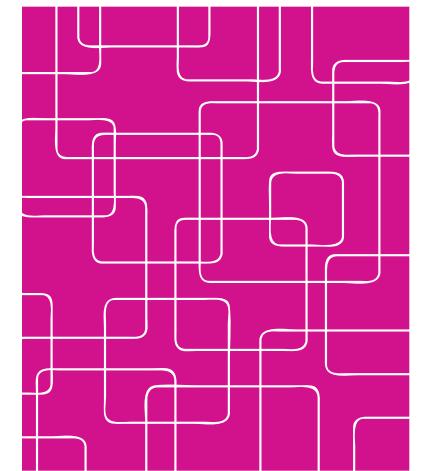
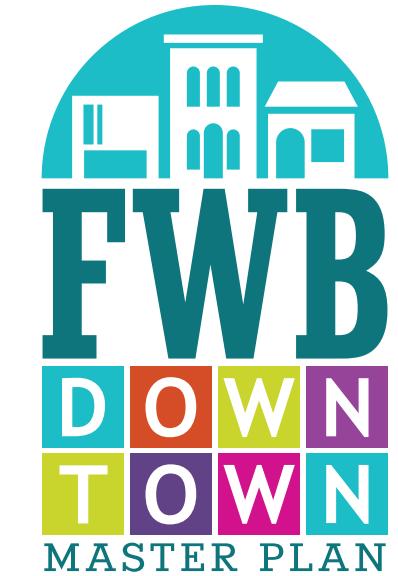
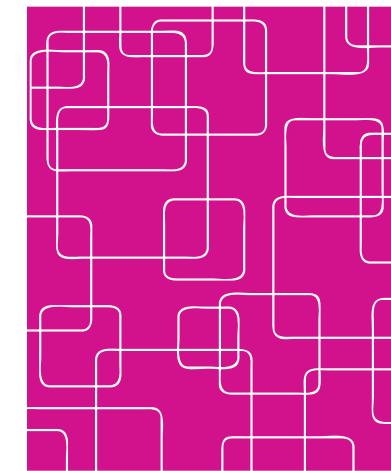
The Brooks Street Improvements CIP will reconstruct Brooks Street to provide two drive lanes, one bike/cart lane, on street parking, and pedestrian amenities and will include new access improvements for the Fort Walton Beach Landing.

Total ROM Cost Estimate:

Phase 4A -\$2,200,000
Phase 4B -\$1,800,000

Key components:

- Acquisition/Easement of properties.
- Use a phased approach to construction to maintain access to existing businesses and buildings.
- Demolition of existing infrastructure and structures and the relocation of existing utilities.
- Construction of new / upgraded utilities, as needed.
- Construction of the roadway and related drainage infrastructure.
- Construct streetscape improvements



Land Development Code



LAND DEVELOPMENT CODE

Land development regulations should guide a community-supported vision for the downtown while providing a flexible and efficient review and approval process that facilitates continued investment of supportive downtown projects. Below is a summary of the existing Fort Walton Beach land development regulations that influence the implementation of the proposed Downtown Master Plan vision.

ZONING DISTRICTS AND USES

The current Downtown Design Overlay District (DDOD) is zoned predominately for Mixed-Use High (MX-2) with a smaller portion of the total land area designated as Recreation (REC), Community Facilities (CF), and Mixed-Use Medium (MX-1) which are summarized below. Per the Fort Walton Beach Development Standards, "the Downtown Design Overlay District (DDOD) is established to preserve and promote the Downtown area of Fort Walton Beach. The intent of the DDOD is to provide flexibility in location and design requirements to support and encourage economic development in the Downtown area."

- A. The DDOD is intended as a location where specific site design features will be provided to ensure flexibility in the location of activities, accessory structures, and other site design requirements, consistent with a Downtown location.
- B. The DDOD is intended to encourage the provision of design features necessary to support economic development and to maintain appropriate development characteristics within the DDOD.

LEGEND:

| | |
|--|---------------------------------------|
| | R-1 SINGLE FAMILY RESIDENTIAL |
| | R-1E SINGLE FAMILY RESIDENTIAL ESTATE |
| | R-2 MULTI-FAMILY RESIDENTIAL |
| | YC YACHT CLUB |
| | MX-1 MIXED-USE MEDIUM |
| | MX-2 MIXED-USE HIGH |
| | MB MIXED BUSINESS & MANUFACTURING |
| | CTP COMMERCE & TECHNOLOGY PARK |
| | CF COMMUNITY FACILITIES |
| | CG COMMERCIAL |
| | PUD PLANNED UNIT DEVELOPMENT |
| | REC RECREATION |
| | NZ NOT ZONED |

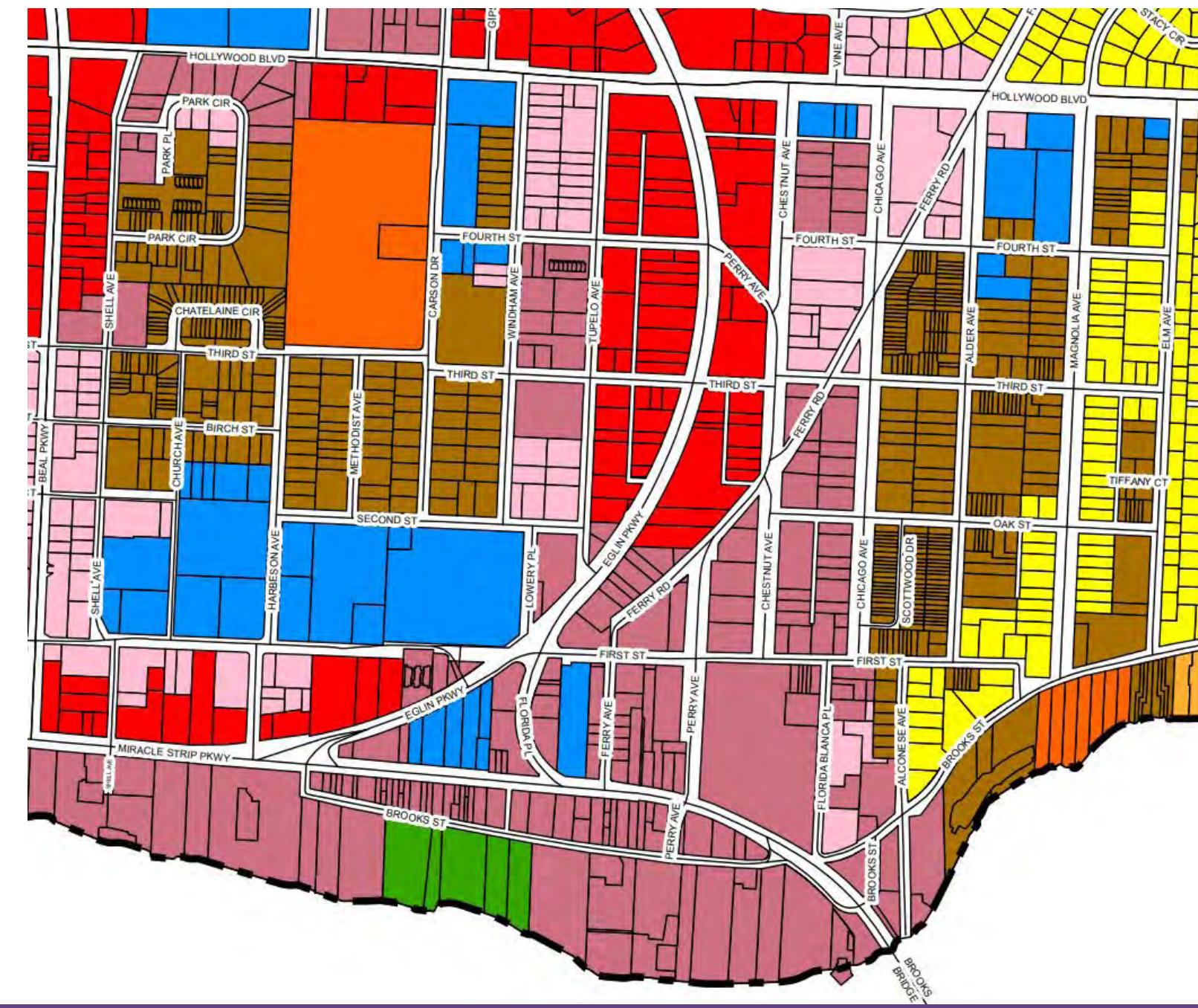


Figure 8 - 1

ZONING DISTRICTS AND USES

Land Development Code

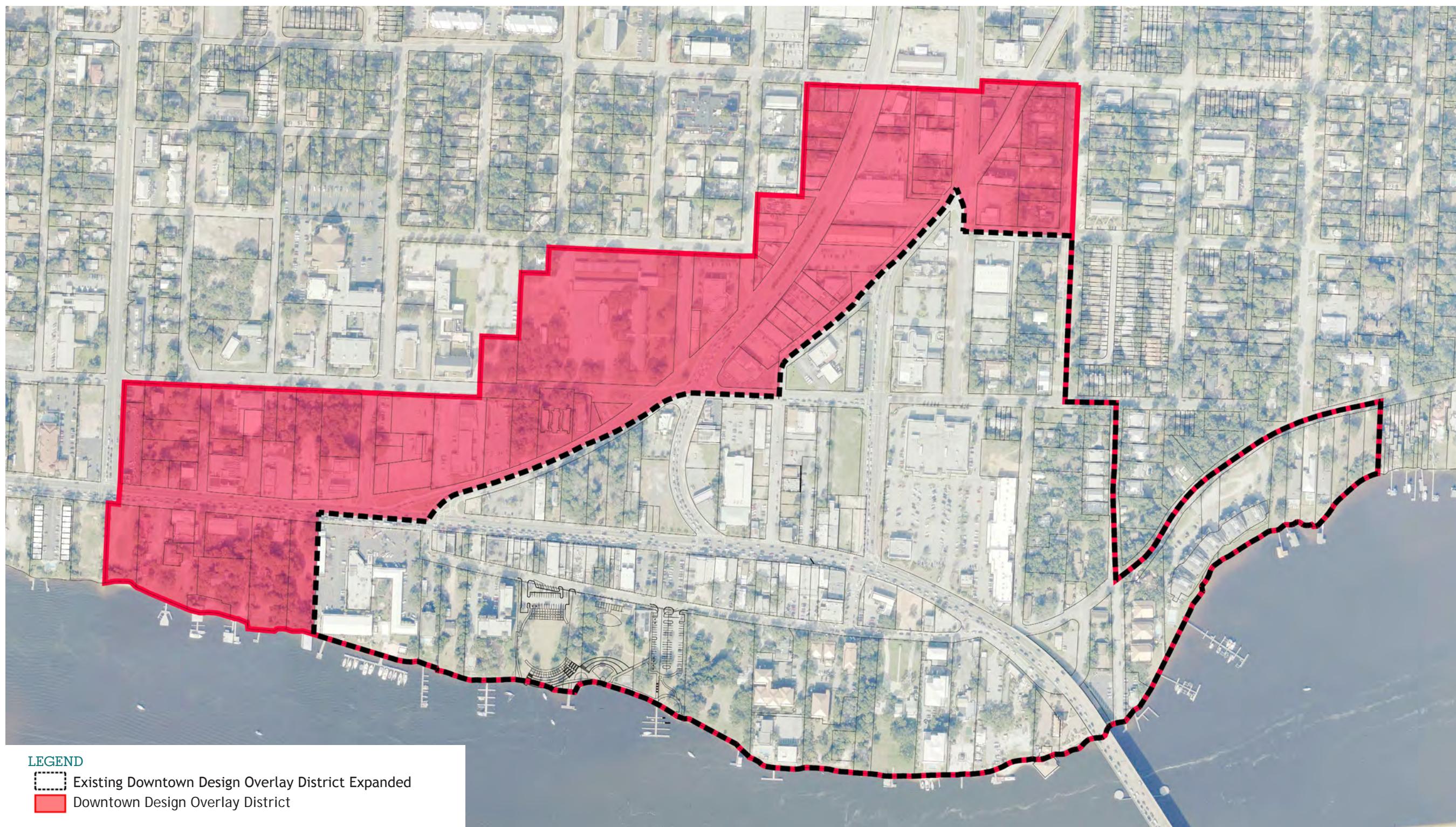
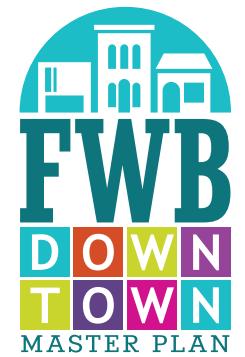


Figure 8-2

The Downtown Design Overlay District's (DDOD) original intent of community reinvestment has been measurably successful however, its vision and scope should be expanded to meet the challenges of future growth, shifting economics, and expanding infrastructure while maintaining the identity of the Fort Walton Beach community. The existing DDOD boundary should be expanded to include the adjacent and supporting neighborhoods north of Highway 98 and east of Beal Parkway and further north along Eglin Parkway (see Figure 8-2 for the proposed DDOD expansion area).

Mixed-use (High Intensity) Zoning District

The mixed-use zoning district is established to provide for a wide variety of land uses, including multifamily structures, commercial and office uses, artisan studios, and cottage industries. Accessory uses for residential developments include onsite amenities, such as recreation facilities, carports, garages, storage buildings, parking lots, transit stops, and community buildings. Accessory uses for nonresidential developments include such onsite amenities as parking lots, parking structures, storage buildings, or transit stops. Open space in the form of plazas and courtyards may be provided. Waterfront locations may include accessory uses such as docks,

boardwalks, or facilities for direct water access to support water-dependent uses. Uses within the MX-2 zoning district may be mixed within one (1) parcel or lot and may be mixed within one (1) building.

The difference between the MX-1 and MX-2 zoning designations are the maximum densities for residential and non-residential uses, which are summarized in Table 8-1.

The proposed Downtown Master Plan envisions mixed use, in fill development that includes multifamily residential dwelling units located above commercial/ office uses with attached parking. The conceptual residential densities of the proposed Master Plan exceed the maximum residential density of the MX-2 zoning designation, which is currently 45 dwelling units per acre. Increased densities within the Downtown core should be considered for future Downtown planning studies as well as a new "MX-3" zoning designation that includes architectural guidelines reflecting the vision for Downtown Fort Walton Beach.

Table 8 - 1: MX-1 and MX-2 Comparison

| | MX - 1 | MX - 2 |
|----------------------------|------------------|------------------|
| Max. density | 20 DU's per acre | 30 DU's per acre |
| Max. density + bonus | 30 DU's per acre | 45 DU's per acre |
| Max. FAR (non-res) | 1.0 | 2.0 |
| Max. FAR (non-res) + bonus | 1.5 | 3.0 |

Cultural Facilities

The Cultural Facilities (CF) zoning designation currently applies only to the Indian Temple Mound Museum and the Fort Walton Beach Library. This zoning designation currently states the following:

CF –Community Facilities Zoning District. The community facilities zoning district is established to provide for civic, cultural, government operations, utility, academic school, and park uses.

The proposed public space/town square located at the intersection of Miracle Strip Parkway and the proposed Florida Place realignment should be considered for CF zoning however it is recommended that adjacent parcels receive a mixed-use zoning designation to allow for supportive land use development.

Recreation and Open Space

The Recreation Open Space District (REC) zoning designation currently applies only to the Fort Walton Beach Landing, which is the primary community park/outdoor venue for the Downtown area. This zoning designation currently states the following:

REC –Recreation and Open Space Zoning District. The recreation and open space zoning district is established to provide locations for passive recreation uses, such as passive parks, open spaces, and areas designated for protection, such as water bodies, shorelines, and habitats for protected species.

The proposed Downtown Master Plan does not recommend further revision or modification of the REC zoning designation.

Commercial Zoning District

The proposed Expanded Downtown Design Overlay District would include additional MX-1 and Commercial (CG) properties along the north frontage of Highway 98 between Beal Parkway and Eglin Parkway. The commercial zoning designation currently states the following:

CG –Commercial Zoning District. The commercial zoning district is established to provide for offices, a wide range of retail uses, large

Table 8 - 2: Minimum And Maximum Uses Within The MU Future Land Use Category Including Master Plan Estimates

| Type of Use | Minimum % | Maximum % |
|---|-----------|-----------|
| Residential | 20 | 40 |
| Commercial Retail | 20 | 45 |
| Personal Service and Office | 5 | 10 |
| Entertainment, Hospitality, Tourist oriented establishments | 20 | 45 |
| Civic, Institutional, Educational, Cultural, or Public | 10 | 25 |
| Limited Industrial (artisan studios or similar) | 0 | 20 |

scale discount centers, personal service uses, day care, light repair (such as small appliances, small equipment, jewelry, shoes, computers and small electronic equipment, etc.), **entertainment and hospitality uses, lodging facilities, medical facilities and uses, commercial or trade schools, civic or cultural uses, vehicle sales and rentals, vehicle repair, commercial parking in lots or structures, parks and recreation, and similar activities.** Uses may be limited by location due to impacts and compatibility issues. Accessory uses and structures include parking lots and structures, plazas, courtyards, transit stops, and possibly employee support facilities such as fitness centers, day care centers, or cafeterias. Prohibited uses include manufacturing, distribution centers, or similar industrial activities. **Residential uses are prohibited**, except that one (1) onsite caretaker dwelling may be permissible.

Given the emphasis on mixed use development within the Downtown, it is recommended that areas within the expanded DDOD that are currently zoned as Commercial be rezoned as a new MX-3 zoning designation to maximize the development potential of these properties.

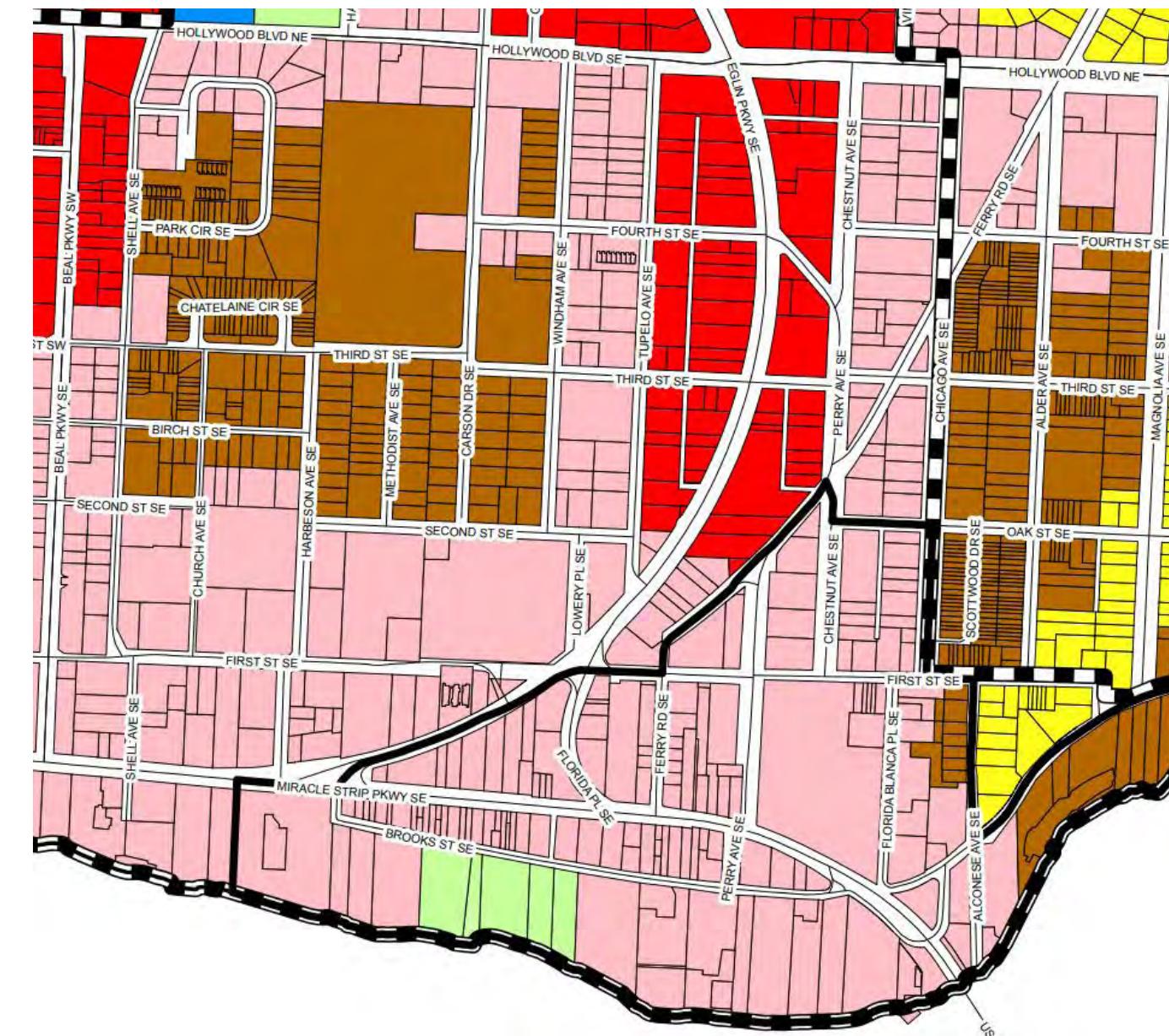
Future Land Use Map

Per the zoning code, the Future Land Use Map (“FLUM”) “establishes allowable land uses within the City...zoning districts set forth within this Land Development Code must be consistent with the Future Land Use Map.” The FLUM designates most of the land uses within both the existing and proposed for expansion DDOD as mixed use with the Landing designated as recreation and portions of the eastern neighborhood designated as low-and medium-density residential.

LEGEND:

| | |
|------------------------|---|
| ■ | Downtown Design Overlay District (DDO) |
| ■ | Transportation Concurrency Exception Area |
| --- | City Limits |
| FUTURE LAND USE | |
| ■ | LDR - LOW DENSITY RESIDENTIAL |
| ■ | MDR - MEDIUM DENSITY RESIDENTIAL |
| ■ | MU - MIXED USE |
| ■ | COM - COMMERCIAL |
| ■ | MBI - MIXED BUSINESS/INDUSTRIAL |
| ■ | IND - INDUSTRIAL |
| ■ | CIU - CIVIC, INSTITUTIONAL & UTILITY |
| ■ | REC - RECREATION |
| ■ | CNS - CONSERVATION |
| ■ | PC - PRIVATE CLUB |
| ■ | NF - NOT FLUMED |

Figure 8 - 3



FUTURE LAND USE MAP

Design Guidelines

While the mixed use zoning provides flexibility of proposed developments, additional land use regulations are required for the DDOD to ensure the Downtown Master Plan vision is achieved.

Design Guidelines are an effective planning instrument that provide a “toolbox” of architectural components that will achieve the desired Downtown vision while providing flexibility to existing property owners and new developers.

The following is a summary of key components of typical design guidelines that should be developed to implement the Fort Walton Beach Downtown Master Plan vision:

1. Land uses (horizontal and vertical)

The proposed Downtown District Design Guidelines should provide design criteria for the compatibility, connectivity, and buffering between the proposed entertainment, retail, office, residential, and public spaces. The land use guidelines should consider each block within the DDOD boundary in terms of orientation, access, and public improvements while not being too prescriptive in terms of proposed land uses that would inhibit or discourage private redevelopment.



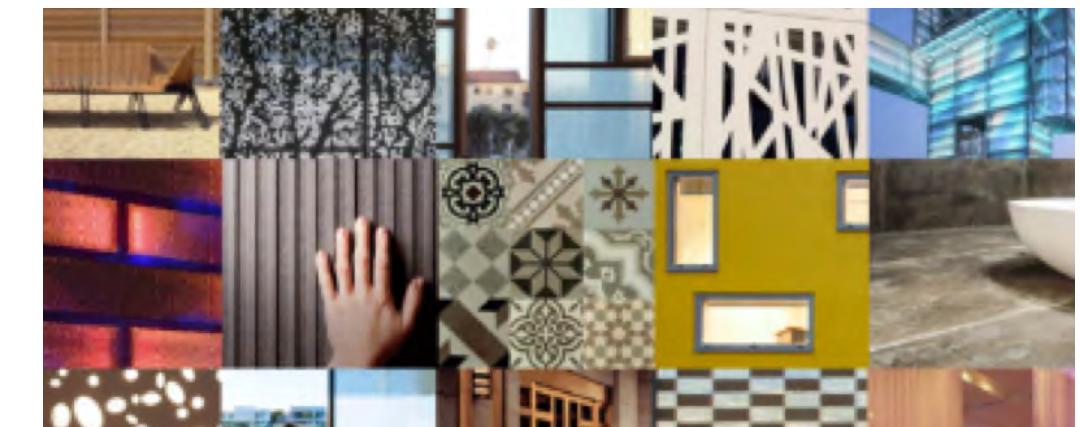
2. Building Height, Orientation, and Massing

The proposed building massing and interior function/use orientation to public streets, amenities, parking, etc. is critical to achieving the Downtown Master Plan vision. Similarly, and related to the above mentioned land use section, it is important that the proposed architectural design guidelines define the Downtown character/materials while providing flexible development regulations that achieve the Downtown Master Plan vision.



3. Architectural Character and Materials

Design guidelines honoring existing historic structures while allowing contemporary, mixed use infill development include a diverse and appropriate range of construction materials.



4. Streetscapes and Parking

Streetscape design is critical to Downtown businesses and should provide adequate width for both vehicles (motorized and non-motorized) and pedestrians. Unique City, District, and way finding signage with multiple access points, efficient circulation, and adequate parking are essential to visitor experience. Strong emphasis should be placed on implementing high quality streetscape amenities that accentuate City character and support adjacent businesses.

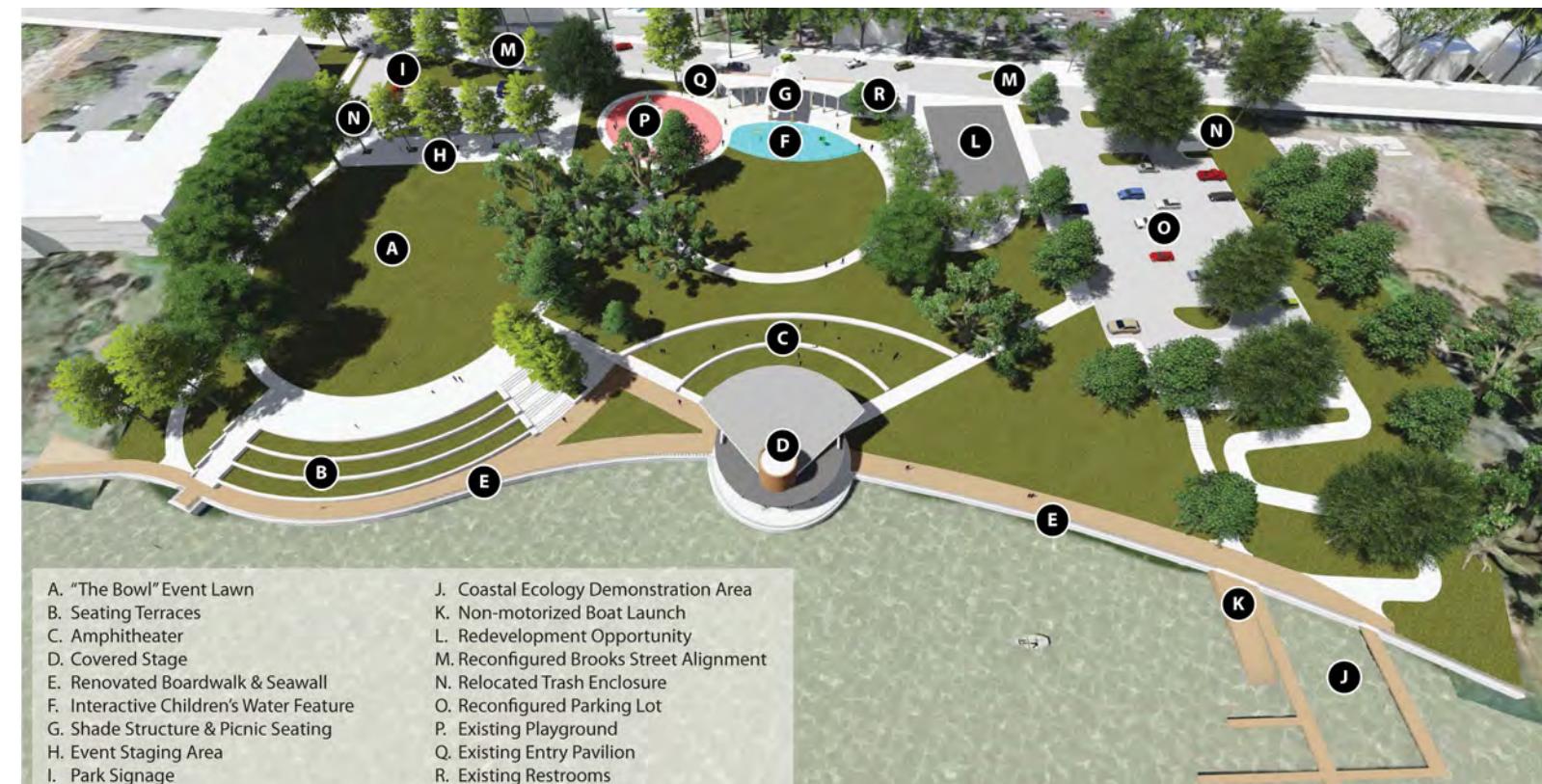


5. Parks, Plazas, and Public Spaces

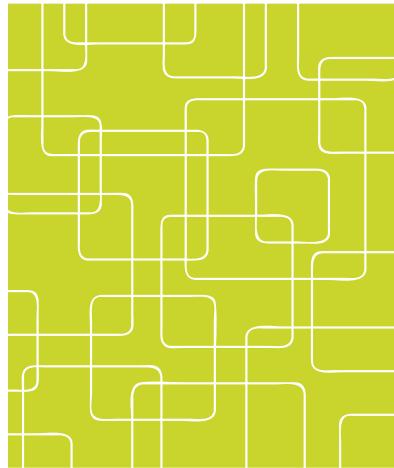
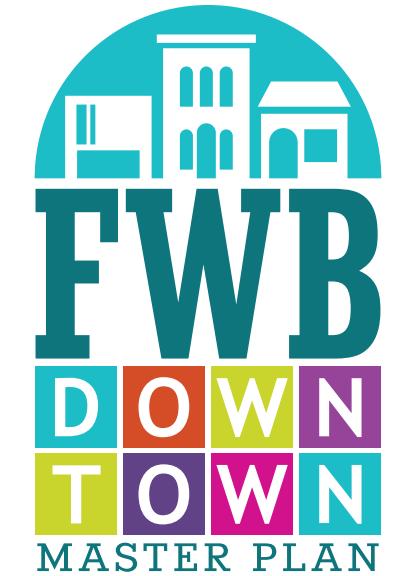
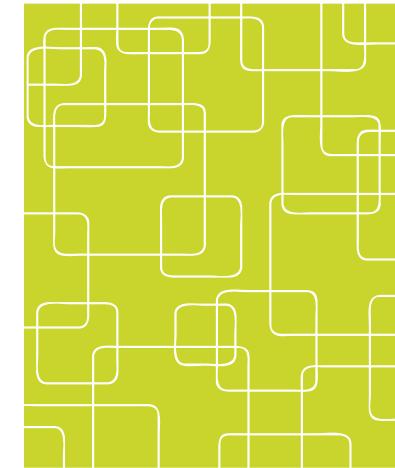
The planning and design of the outdoor public environment is equally important to the buildings they support. The Fort Walton Beach Landing is the signature open space and outdoor venue within the City and was recently master planned to enhance the outdoor amenities and special event facilities. The Downtown Master Plan includes additional outdoor spaces such as the proposed town square located at the intersection of Florida Place and Miracle Strip Parkway and the waterfront area located under the expanded Brooks Street Bridge.

6. Site Furnishings, Lighting, Signage, and Public Art

Exterior materials and furnishings provide a “kit-of-parts” that support the overall City “brand”, as well as the Downtown District character. The Downtown Master Plan and the Fort Walton Beach Landing Park Improvement projects.



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Recommendations



RECOMMENDATIONS

With the selection of a preferred alternative for Downtown Fort Walton Beach, the various components required to successfully execute a redevelopment plan are beginning to come into focus. The preferred alternative presented herein neatly aligns to several master plan districts, is executable through several deliberate phases, and is shown to have potential outstanding economic impact. To keep the momentum moving forward and to ensure the City is postured to leverage the “once in a lifetime event” replacement of the Brooks Bridge, the following short, medium, and long-term recommendations are provided:

Short-term (0-2 yrs)

1. Partner with FDOT for Highway 98 alignment for PD&E study

Early challenges in the short term will be project funding and regulatory approval via FDOT's PD&E process that will evaluate the environmental, economic, and community impacts of the Highway 98 realignment. Given a positive outcome of this Study, the realignment will advance to preliminary and final design phase with extensive community engagement to guide the process. The City and the Greater Fort Walton Beach Chamber of Commerce have made significant gains in this area by securing a spot on the TPO's five year priority plan; however, as of this writing, funding has yet to be allocated for the PD&E and design phases. Without this funding, the redevelopment of Downtown Fort Walton Beach faces significant headwinds.

2. Implement funding strategy for Highway 98 alignment acquisition and project construction

Once a PD&E and design phase has been funded and initiated, the City and Downtown Stakeholders should move forward with securing funding for right-of-way (ROW) acquisition and construction of the realignment. As ROW acquisition can be a lengthy

and costly process, it is critical for funding to be secured in a timely manner, as construction of the Brooks Bridge is scheduled to begin in 2022. If the construction of the Highway 98 realignment is to occur simultaneously with the new Brooks Bridge, moving forward with ROW identification and acquisition soon is critical.

3. Prepare short-term transportation and parking improvements identified in Phase 1

- a. Eliminate left turns from Perry Avenue into the Publix Shopping Complex.
- b. Eliminate left turns from the Publix Shopping Complex onto Perry Avenue making exit right-turn-only.
- c. Disconnect Ferry Road from Highway 98 to eliminate the ingress/egress from Ferry Road to Highway 98.
- d. Disconnect the Fokkers Pub/Burrito Del Sol parking lot connection from Highway 98 allowing ingress/egress from Ferry Road and First Street.
- e. Disconnect the Perry Avenue South connection from Highway 98, requiring Brooks Street traffic to exit further to the east or west along Brooks Street.

4. Continue with planning projects required for redevelopment of interior core

Matrix has identified four planning projects required to move forward with the interior core infrastructure and road realignments (see Phase 2, Table). These include the following:

- a. Transportation Analysis: The potential realignment of Highway 98 necessitates a detailed evaluation of the potential transportation issues with affected properties.
- b. Infrastructure Master Plan (IMP): The proposed Downtown Master Plan includes conceptual land use yields that will increase infrastructure demand and level of service.
- c. Library Relocation Study: The proposed Highway 98/Florida Place realignment will necessitate the relocation of the public library, and thus the relocation of this community facility should be considered and potentially integrated with the proposed Downtown Master Plan.
- d. Downtown Design Guidelines: While this Master Plan contains a discussion on the need for design guidelines

moving forward, the City will need to develop detailed guidelines to assist developers with design and construction requirements. The guidelines should capture the community's vision for the Downtown district.

5. Pursue grant funding for infrastructure improvements identified in Infrastructure Master Plan

A successful Infrastructure Master Plan (IMP) will identify a number of infrastructure projects to be undertaken as part of the interior core's infrastructure and road realignment (see Phase 2, Table 6). Due to the new local option sales tax recently passed by the residents of Okaloosa County, the City will have additional revenue streams that can be leveraged with other state and federal grant programs. Accordingly, the City may qualify for federal and/or state infrastructure grants to help fund, in part or in whole, qualified projects. In addition to Triumph Gulf Coast and RESTORE grants, the City may qualify for infrastructure grants from US Economic Development Administration, US Department of Treasury, US Department of Transportation, and US Department of Energy.

6. Develop and implement a land acquisition strategy for inner core

While FDOT will likely be responsible for ROW acquisition for the Highway 98 realignment, the City and its partners will likely be responsible for ROW acquisition for the Downtown interior core infrastructure and road realignments (see Phase 2, Table 6). This will require careful study to properly identify which properties will need to be acquired and which will need ROW easements. The parcels will be mentioned upon the completion of the planning studies identified above. Leveraging this data, the City should develop a land acquisition strategy that is consistent with City values and is inclusive of affected property and business owners. As the planning process unfolds, this strategy should be refined as new design and challenges emerge.

7. Implement short-term Land Development Code revisions to guide prealignment development

While a wholesale rewrite of the Fort Walton Beach Land Development Code (LDC) is outside the scope of this Downtown Master Plan, a few revisions have been identified to assist the City with pre and post Highway 98 realignment planning.

a. Expand the Downtown Design Overlay District to capture all properties to be held to future Downtown architectural standards (see Figure 8-2).

b. Create an additional MX-3 zoning designation to apply specifically to the DDOD. Currently, neither MX-1 nor MX-2 require the necessary density to achieve the conceptual product mix contained within the Downtown Master Plan. Further lotting and blocking of properties is required to determine future MX-3 density requirements. This planning exercise will be captured during the Infrastructure Downtown Master Planning phase.

Medium-term (2-5 yrs) post PD&E and during Brooks Bridge construction

8. Regular stakeholder update and engagement

As the planning process unfolds and the construction of the Brooks Bridge nears, close coordination with FDOT, the County, and Downtown Stakeholders will become increasingly critical to the success of the Highway 98 realignment and the improvements to the interior core of the Downtown. This will become paramount over the coming years as properly coordinating funding streams, studies, designs, and construction will be a gargantuan effort for the City. As such, regular engagement with impacted stakeholders is necessary to ensure information flows across parties and the coordination of responsibilities is improved.

9. Refine and Implement Land Development Code revisions

After the PD&E has been completed, the City will better understand the design requirements of both the interior core and the ancillary Downtown districts. At such time, the City should conduct a wholesale rewrite of its LDC, with particular attention paid to density requirements that allow the DDOD to achieve the density supported by the local market and in line with the Downtown vision as well as refined Design

Guidelines. ADDOD-specific LDC is a critical component to communicate the City's vision to developers and their investors.

10. Issue solicitation for Master Developer of the Downtown interior core

As the project progresses and implementation becomes more complicated, it is recommended the City hire a Master Developer to coordinate, plan, design, market, consultant, and, generally, execute the redevelopment of the Downtown. With hundreds of millions of dollars in private sector investment needed to fully redevelop the Downtown interior core, expertise is needed to work a multitude of issues simultaneously, including developing the financial partnerships needed to successfully propel such a development. It is common practice for a redevelopment effort of this magnitude to have a Master Developer work in conjunction with City staff, potential developers, and other Downtown Stakeholders to see these efforts come to fruition.

11. Identify FWB Development Manager tasked with overseeing Downtown Redevelopment

The complexities of this conceptual redevelopment effort require a full-time, dedicated development manager who focuses on the Downtown redevelopment exclusively. Although it is recommended the City hire a Master Developer, the City must always have its interests protected. A seasoned development manager will act as a conduit between the City and the Master Developer, ensuring the Downtown vision is achieved.

12. Refine product mix for Downtown core based on updated market analysis

The local real estate market will surely change over the next few years. In addition to new and competing product that may come online during the remaining years of the current economic expansion (mostly in multifamily), the ever changing financial markets will likely alter the risk profile of the redevelopment. Interest rates, capital flows, competing developments, available grant dollars, mission shifts at Eglin AFB, success of public/private partnerships, and stakeholder preferences will all impact the final product mix of the Downtown interior core and

its ancillary properties. Given these complexities, a market and financial analysis will need to be updated every few years to be sure the product mix is in-line with market and investor demand.

13. Develop strategic real estate strategy based on updated market analysis

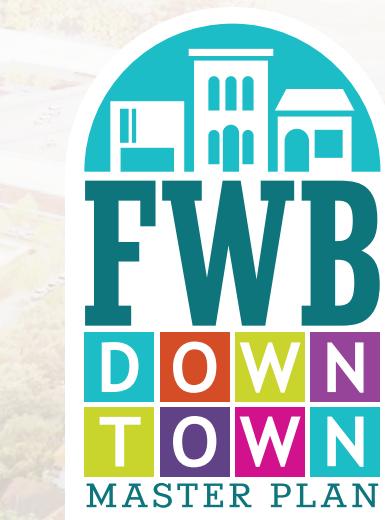
Leveraging an updated market study, the City and its partners will need to develop an appropriate, market based real estate strategy which identifies the sequence in which types of product (multifamily, office, retail, etc.) are brought online. A strategic real estate strategy will consider a tiered approach that best utilizes product to achieve the City's desired results. For instance, in order for Downtown redevelopment to be successful, it must increase the number of residents who choose to live Downtown. To support the rents Downtown, apartments must charge to earn profits, the area must have retail, restaurants, and other entertainment options available to provide walkable, trendy lifestyle demanded by its residents. However, in order to sustain Downtown retail during

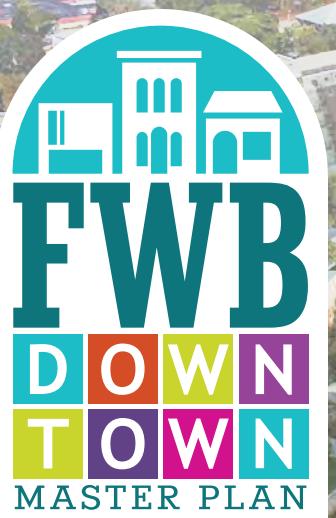
business hours, there must be sufficient office product to either capture local residents or attract workers from the surrounding region. To achieve a profitable development horizon, the proper real estate strategy must be developed, financed, and implemented.

**Long-term (5-10 yrs)
during construction
of Highway 98
Realignment**

14. Finalize and begin phased infrastructure improvements to Downtown interior core

Although this Plan and the concepts herein will likely evolve over the next several years, a phased approach to infrastructure improvements for the Downtown interior may still be the best option for the City. As such, developing a phased plan that meets the financial criteria of the City and its partners is critical to success. Furthermore, it is recommended this phased approach be developed and implemented in close coordination with Downtown stakeholders.





For more information about
the Fort Walton Beach
Downtown Master Plan,
contact the City of
Fort Walton Beach.

Matrix
DESIGN GROUP

