



SMALL TOWN, BIG BEACH

COUNCIL AGENDA SUMMARY

DATE: March 17, 2023
TO: Mayor, City Council
FROM: Blake Phelps
RE: **Waterway East Boulevard Funding and Development Agreement Amendment**

ISSUE: Authorize Mayor Craft to execute the Second Amendment to the Funding and Development Agreement with Coastal Resort Properties, LP (CRP) to amend sections related to CRP's obligation to reimburse the City for 50% of soft costs and remove the required \$1.215 million letter of credit in favor of CRP depositing the full outstanding balance of their reimbursement obligation in a City escrow account.

BACKGROUND: The City was awarded \$21.7 million by the Alabama RESTORE Council to improve connections from the Foley Beach Express to Highway 59, including improvements along Canal Road, Waterway East Boulevard and other ancillary connections. These projects are intended to provide additional connectivity to and from these major roadway arteries and reduce congestion in these areas.

In evaluating possible east-west roadway corridors on the north side of the Intracoastal Waterway, the City recognized the unique opportunity to partner with Coastal Resort Properties, LP to extend Waterway East Boulevard through CRP's property to align with a roadway connection to Cotton Creek Drive being planned by ALDOT. The construction of these improvements would provide a new connection from the eastern half of Cotton Creek Drive to Highway 59 and would align directly with a future north-south connection from Cotton Creek Drive to the Foley Beach Express.

The City Council previously approved a Funding and Development Agreement with CRP which included the following terms:

- CRP will deed to the City a 100' wide public right-of-way to construct roadway improvements through the CRP property.
- CRP will pay half of the soft costs associated with the Waterway East Boulevard project up to \$1.215 million. Soft costs include surveying, designing, permitting, bid administration, contracting and construction engineering and inspection.

- CRP must deliver a \$1.215 million letter of credit in favor of the City as security for their reimbursement obligation
- CRP will be allowed to construct, at their expense, up to three signalized intersections with the section of roadway on CRP property.
- RESTORE Grant funds will be used solely to fund construction costs.

CRP made its first reimbursement payment to the City in January in the amount of \$384,918.11 which leaves the balance of their \$1.215 million reimbursement obligation at \$830,081.89. The proposed Second Amendment will remove the required \$1.215 million letter of credit in favor of CRP depositing the full outstanding balance of their reimbursement obligation in a City escrow account. The funds deposited in this City escrow account will be used to reimburse the City for CRP's remaining share of soft costs as they are incurred.

RECOMMENDATION: Authorize Mayor Craft to execute the Second Amendment to the Funding and Development Agreement with Coastal Resort Properties, LP (CRP) to amend sections related to CRP's obligation to reimburse the City for 50% of soft costs and remove the required \$1.215 million letter of credit in favor of CRP depositing the full outstanding balance of their reimbursement obligation in a City escrow account.

BUDGET IMPLICATIONS: CRP will deposit \$830,081.89 in a City escrow account to be used to reimburse the City for CRP's remaining share of soft costs as they are incurred.

PREVIOUS ACTION: The City Council authorized Mayor Craft to execute a Funding and Development Agreement with Coastal Resort Properties, LP on November 23, 2020 for the right-of-way acquisition and construction of Waterway East Boulevard through CRP property and First Amendment on April 12, 2021.

ATTACHMENTS: Second Amendment draft

DEPARTMENT: Executive Department

STAFF CONTACTS: Blake Phelps, Economic Development Coordinator