


Date: April 16, 2025
To: Mayor and Commissioners
From: Suzette Sibble, Assistant City Manager 
Via: Greg Harrison, City Manager
Re: City Hall Design, Proposed Additional Project Elements and Master Resolution, Proposed

MDA Amendments and Financing of Civic Facilities

Introduction:

We are pleased to use this workshop as an opportunity to present a more detailed update on the Downtown Project. This is also an opportunity for the City Commission/CRA Board to give meaningful input to the architect on the design of the new City Hall as well as examine all aspects of the financial components of this important project. In addition, as discussed at the recent joint meeting, the City/CRA and the Developer have been working closely with Commissioner Perkins and community stakeholders to facilitate incorporating additional project elements into the new Downtown that are important to elevating the northwest district of our community. This will be an opportunity to give input relating to these additional project elements, as well as giving City/CRA staff input regarding the proposed First Amendment to the Master Development Agreement.

City Hall:

HOK, the Project Architect will engage the City Commission/CRA Board in discussion regarding the design for City Hall, Parking Deck and corresponding plaza area. Commissioners will be able to weigh in on each of the design elements presented. This Commission/CRA input, together with input from the public, will give the architects meaningful direction as they advance design efforts.

The Proposed Additional Project Elements:

The Proposed Additional Project Elements will be included in the Proposed Master Resolution (See Draft at Attachment 1) to include the following :

*For these components of the proposed amendment, the District 4 Commissioner will select a committee to collaborate with City and Developer on these features.

- E. Pat Larkins Center – The City will renovate the existing center, unless the City Commission determines that a new E. Pat Larkins Center be included in the Master Project prior to close on the City's financing for the civic facilities in 2026. For a renovation, an assessment of the existing facility would need to be completed prior to closing on the City's financing. The initial civic facilities budget approved in June 2024 of \$10.3M for the new E. Pat Larkins Center would remain in the project funds to be financed to accommodate either scenario.

- Educational Component – Vocational training program and college resources center - contemplates preparing young adults for internships and employment by businesses located within the Master Project. The program will either have space in a new E. Pat Larkins Center or in a stand-alone facility adjacent to Annie Adderly Gillis Park. A feasibility study would need to be completed for this concept to determine what trades (i.e. hospitality and culinary; aviation; medical etc.) might be contemplated for the vocation program, a potential operator and any ongoing required City commitment for the program, if any. This feasibility study would be completed and presented to the City Commission prior to closing on the City’s financing in 2026.
- Sports Hall of Fame Wall Feature* – The City will create a Sports Hall Wall of Fame feature that will highlight sports professionals who were raised in Pompano Beach in either a new E. Pat Larkins Community Center or at an alternate location for such place-making effort within the Master Project area.
- Pioneer Monument and Legacy Wall Feature* - The City will cause the incorporation within the New Downtown of a Pioneer Monument to honor residents of the Northwest District who have made notable contributions to the community. Additionally, the City will create a Legacy feature to honor pioneers from the Northwest District who have made notable contributions to the community in either a new E. Pat Larkins Community Center or at an alternate location associated with other projects supporting the northwest community.
- Historical Business Walkway* - The City will designate an area within the Master Project to incorporate pavers engraved with the names of former businesses that originated on Rock Road and Hammondville Road.
- Residential Workforce Housing - An acknowledgement that the Developer will be obligated to comply with the 15% residential entitlements for workforce housing established by the Broward County housing policies and the City Code and that if Developer determines, in collaboration with City, that it is economically feasible to exceed such requirements, Developer will endeavor to achieve a target of twenty five percent (25%) workforce housing within the residential rental portions of the Project located in the DPOD.

NOTE: On April 15th Commissioner Perkins requested a 20% minimum allocation. The Downtown team needs time to evaluate such an impact on the financial model for the project.

- Small Business Entrepreneurship Incubator Program - The City/CRA will competitively select an operator of a small business entrepreneurship incubator program to be operated out of the commercial space the CRA leases in the Sonata Apartments building at 100 NW 8th Street, together with an incentive program (subject to City Commission or CRA approval) for incubator graduates to assist with City/CRA eligible activities such as tenant buildout, facade improvements, etc.

- Job Placement Consultant - The City will hire one full-time consultant initially to assist with job placement, meeting with community groups and strategic partners, such as non-profits, Broward County, and other providers in the area, for provision of job training and internships and to help create a pipeline of qualified City residents to take advantage of employment opportunities within the Downtown.
- Community Benefits Program - The Developer will voluntarily contribute \$500,000 to be utilized to be utilized for distribution to schools, non-profits, and businesses identified by a committee established by the District 4 Commissioner.
- Resident and Tenant Relocation and Transition - An acknowledgement of the CRA's existing policy and continued compliance will be included.

First Amendment to Master Development Agreement (See Draft at Attachment 2):

Applicable provisions impacting the Developer relating to the incorporation of the Additional Project Elements are included in the First Amendment to the MDA as follows:

Project Incentives to Local Business Enterprises

The City will allocate \$2 Million Dollars (the Project Incentive Cap) to incentivize the Developer and third-party purchasers (Purchasers) to utilize thirty percent (30%) of Local Business Enterprises (LBEs). LBE's must have a Pompano Beach Business Tax Receipt (BTR). If Developer or Purchasers of pads satisfy the LBE participation goal and at least thirty percent (30%) of the Contract Value for construction of an eligible project is performed by LBEs, the City shall pay Developer or Purchasers an Incentive Payment in the amount of one percent (1%) of the Contract Value for such project.

E. Pat Larkins Center

The First Amendment implements the above-referenced direction that the E. Pat Larkins Center will not be relocated or reconstructed as part of the Master Project, unless the City Commission determines that a new E. Pat Larkins Center should be included as part of the Master Project. If such a determination of a new center is made by the City Commission, it will allow the existing building to be repurposed for taxable development, and the new E. Pat Larkins Center will be deemed a Civic Building Project in accordance with the terms of the First Amendment. As noted above, if the existing E. Pat Larkins Center is not repurposed for taxable development, the City will be responsible for the renovation of the existing facility.

Cultural and Heritage Preservation

The first Amendment memorializes the City's agreement to incorporate, within the boundaries of the Master Project, the Sports Hall Wall of Fame feature, the Legacy Wall feature, Pioneer Monument, and the Historical Business Walkway (pavers), and affirms the Developer's agreement to cooperate with the City with regard to the specific locations for these place-making efforts, in collaboration with the Northwest community.

Vocational and College Resource Center

The First Amendment adds the above-referenced Vocational and College Resource Center facility as a Civic Building Project, and incorporates the provisions discussed above relating to Residential Workforce Housing.

Land Acquisition Period

The period to acquire additional parcels (Acquisition Period) is hereby extended until December 31, 2027.

Financing Funding Sources:

Master Infrastructure Financing: On June 20, 2024 the City Commission/CRA Board approved the issuance by the CRA of approximately \$65 Million in Project Funds primarily for the Infrastructure (drainage, roadways etc.) within the Master Project. Based on the City Commission/CRA approval of the MDA, inclusive of the approval of City/CRA obligations under the MDA, on May 14th the City Commission and CRA Board will be required to approve the related financing documents for the CRA Bonds. It is anticipated that the maximum annual debt service for the bonds would be \$5.7M at a rate of around 5.2%, financed through 2049 (total debt service of around \$113M). The Northwest CRA District has sufficient annual tax increment revenue being generated today to cover the anticipated annual debt service for the bonds through maturity of the bonds.

Civic Facilities Financing Certificates of Participation (COPs): On June 20, 2024, as part of the MDA, the City Commission/CRA approved two means of financing the City’s civic facilities. Civic Facilities initially approved as part of the MDA included:

New City Hall	\$ 70.6M
New Parking Garage	18.0M
New E. Pat Larkins Center	<u>10.3M</u>
Total Project Costs	98.9 M
Performance Payment	<u>14.8M</u>
Total Financed	<u>\$113.7M</u>

Credit Tenant Lease (CTL)

The MDA approved the Master Developer to finance the civic facilities and all related cost obligations of the City with a CTL. Factoring in rent abatement parameters (i.e. allows the city to phase in the maximum annual lease payment on the front end of the lease), a maximum annual lease payment of \$12.9M was approved as part of the MDA as an annual lease cap. Financed over 30 years, this equated to about \$368M to include interest at a rate of 8%.

Self-Financing

The MDA also allowed the City to direct self-finance the civic facilities above. Under this scenario the City’s performance payment to developer would be reduced to 12.75% and the annual payment to finance over 30 years at 5% would be \$8.2M. Over that 30-year timeframe, payments would be \$232M, to include interest. This represents an annual savings of \$4.7M and **savings to the City of \$154M over 30 years**. As such, we are recommending that the City self-finance the civic facilities as this will allow the City to retain a larger surplus for the Downtown project during the 30-year financing timeframe.

Self-Financing to Include Additional Project Elements

Based on meetings with Commissioner Perkins and her committee, comprised of members of the Northwest Community, additional project elements have been proposed that we are recommending be included in the amount to be financed by the City as follows:

- A 5k SF vocational training program and college resource center (as described above) – \$7M (includes FFE)
- Project Incentive Payment (as described above) - \$2M

Assuming the City Commission/CRA Board approved the Additional Project Elements above, the new Civic facilities and related costs to be financed would be:

New City Hall	\$ 70.6M
New Parking Garage	18.0M
New or Renovated E. Pat Larkins Center	10.3M
Project LBE Incentive cap	2.0M
Vocation Tech/College Resource Center	<u>6.4M</u>
Total Project Costs	107.3M
Performance Payment (12.75%)	<u>13.2M*</u>
Total Financed	<u>\$120.5M</u>

**calculation excludes project incentive amount and FFE included for vocation tech/college resource center*

Incorporating the additional project elements, the City would finance \$121M in project funds over 30 years at around \$9.1M maximum annual debt service. It is anticipated that the City would issue the certificates in 2026 and make its first payment in 2029 based on options to structure the repayment. Over a 30-year term that would equate to \$268M, to include interest. This scenario still results in a savings of around \$100M to the City when compared to the CTL financing structure.

Self-Financing Mechanism

Certificates of Participation (COPs) is a financial instrument used by government entities to fund projects by issuing securities representing a share in the lease revenue from a specific project. Instead of issuing traditional debt like bonds, a government uses COPs to finance capital projects for essential governmental assets/facilities (such as a city hall), by leasing the asset to a trustee who then sells participation certificates to investors. The City holds title to the asset over the entire term of the lease and is required to annually appropriate a lease payment to repay investors for the funds borrowed over the lease term. The City has historically utilized COPs to finance the existing city hall and chambers building (1992) and the Pier Parking Garage (2015). Based on the City Commission/CRA approval of the MDA on June 20, 2024 (executed on June 24, 2024), inclusive of the approval of City/CRA obligations under the MDA, on May 14th the City Commission and CRA Board will be required to approve the related financing documents for the COPs financing.

Sources and Uses

It is important for the City Commission/CRA and public to understand the finance plan for the City's obligations under the MDA. The Project is self-funded meaning that the revenues generated from the project will be utilized to fund any of the City's civic facilities obligations as amortized over a 30-year timeframe or any other costs incurred by the City relative to the New Downtown at full buildout. The Downtown Team is committed to continuing to acquire additional parcels within the Redevelopment Area (as defined in the MDA) prior to the issuance of the COPs (and beyond) to achieve full buildout of the project as contemplated by the Master Plan presented to the City Commission/CRA Board on June 20, 2024. To demonstrate an even more conservative approach, we have also developed a finance plan that (1) assumes that we only acquire certain parcels in the redevelopment area for full buildout and (2) assumes that only the parcels owned today are developed and that the current E. Pat Larkins site is not repurposed to a taxable use. (See Attachment 3). The Downtown Project is a transformational project that we have worked towards for decades. It will not only remove blight in the Downtown area, reduce the tax dollars spent to address major challenges in the Northwest, but the economic returns on this project will translate beyond the boundaries of the Downtown redevelopment area in perpetuity, positively impacting generations to come throughout our City.

Attachments