

Memorandum

DATE: July 16, 2024
TO: CRA Board of Commissioners
FROM: Kimberly Vazquez, Redevelopment Project Manager III
THROUGH: Gregory P. Harrison, Executive Director
Nguyen Tran, Director
RE: East CRA District Financing and Implementation Plan (FYs 2025-2029)

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Background

In 2009, the Board of the Pompano Beach Community Redevelopment Agency (CRA) determined that a more aggressive approach was needed to effectively address the blighted conditions in the East CRA District (the “District”). In response, a five-year financing and implementation plan (the “Plan”) was created utilizing the District’s financial resources to fund the Plan initiatives.

Formulation of the Plan involved all of the following:

- analysis of existing planning documents;
- conducting public forums to discuss the redevelopment options with the community at large; and
- multiple Plan presentations to the CRA Advisory Committee.

Formal approval of the Plan solidifies the redevelopment approach for many years. The result is increased private sector investment because the development community, residents, lenders and all others involved in redevelopment will see that a solid financial commitment has been made by the elected officials presiding over the District.

The 1st year of the Plan (FY 2025) serves as the budget for the District with FYs 2026–2029 serving as the strategic vision that guides redevelopment planning.

The following section provides an overview of the Plan and is followed by a detailed discussion of the budget for FY 2025.

Executive Summary of 5-Year Plan

The following section provides a summary of the Plan’s sources and uses over the five-year period (i.e., FY 2025 – FY 2029).

Plan Sources

Tax Increment

Tax increment is remitted to the District from the City of Pompano Beach, Broward County, and the North Broward Hospital District (NBHD).

The July Certification of taxable value provided by the Broward County Property Appraiser highlights a tax base that experienced strong overall tax base growth of 8% with the commercial (10% growth) and residential (9% growth) market segments being the primary growth drivers.

During the forecast period, the Plan conservatively factors real estate value growth of 4% in the early years (FY’s 2026-2027) and leveling out at a long-term growth trend of 3.5% (FY’s 2028-2029). While low compared to recent valuation trends, this rate reflects inflationary stresses on the economy. The Federal Reserve’s monetary policy actions have facilitated material growth in market interest rates which has impacted the affordability of real estate and, most likely, will suppress pricing/valuations in the short term.

Miscellaneous

Includes estimated revenue from the District’s building rentals (e.g. 110 N. Federal Highway, 119 S. Federal Highway, and 23 SE 22nd Avenue) as well as anticipated investment earnings.

Tax Increment Revenue Bonds, Series 2025 (proposed):

The Plan forecasts the issuance of \$22.3 million in Series 2025 Tax Increment Revenue Bonds to fund multiple redevelopment projects.

Carryforward Fund Balance

Represents the carryforward of fund balance (i.e. unspent cash balance) within the District that is available for investment in redevelopment projects.

Plan Uses

Operations

Consists of funding for personnel, general operating expenditures, reimbursement to the City for administrative services provided to the District (e.g. Finance Department for payroll, vendor payments, etc.), and forecasted values for tax increment sharing arrangements (development agreements).

Debt Service

Represents funding for debt service on the Tax Increment Revenue Refunding Bonds, Series 2013A, Tax Increment Revenue Bonds, Series 2013B, and forecasted debt service/costs-of-issuance on the proposed Series 2025 Tax Increment Revenue Bonds (discussed above).

Redevelopment Area Investment

Represents funding for redevelopment area investment over the five-year plan and includes the following:

Infrastructure and Streetscape Initiatives	_____
Redevelopment Initiatives	_____
Area Stabilization	_____
Property Acquisition	_____
Consultants and Professional/Design Services	_____

Please refer to the Plan for a detailed listing of redevelopment projects.

Fiscal Year 2025 Budget (1st year of Plan)

The following section provides a narrative of the District’s FY 2025 budget.

Revenues

Revenues for the District total \$38 million and include the following:

<u>Tax Increment</u>	<u>\$ 6,109,751</u>
<u>Miscellaneous</u>	<u>203,533</u>
<u>Tax Increment Revenue Bonds (proposed)</u>	<u>22,325,000*</u>
Carryforward Fund Balance	<u>9,087,928</u>
Total:	\$37,726,212

** Please Note: Tax Increment Revenue Bond (proposed) activity would not be appropriated into the CRA budget until required approvals are obtained and bonds are issued. The bond related financial information contained in the Plan is for illustrative purposes only.*

Tax Increment

The primary source of revenue for the District is derived of tax increment received from the City (est. millage rate: 5.2705 mills), County (est. millage rate: 5.5492), and NBHD (est. millage rate: 1.4307) and totals \$6,109,751 for FY 2025.

Property values within the District (July Certification) for FY 2025 increased 8% to \$661 million. The commercial (10% growth) and residential (9% growth) market segments are the primary growth drivers.

Miscellaneous

Includes revenue from District’s loan programs, events, as well as estimated investment earnings:

<u>Building Rentals</u>	<u>\$128,533</u>
<u>110 N. Federal Highway; 119 S. Federal Highway; and 23 SE 22nd Avenue</u>	
Investment earnings	<u>75,000</u>
Total:	\$203,533

Carryforward Fund Balance

Represents the carryforward of fund balance (i.e., unspent cash balance) within the District that is available for investment in redevelopment projects.

Tax Increment Revenue Bonds (proposed)

The Plan forecasts the issuance of \$22.3 million in Series 2025 Tax Increment Revenue Bonds to fund multiple redevelopment projects. Assumptions include:

- Principal Amount = \$22.3 million (\$22.1 million for redevelopment initiatives and \$225K for issuance costs).
- Amortization Period = 25 years (maturity on or before 9/30/2049).
- Interest Rate = 5%.

Debt Service structure is mindful of the reduction in tax increment during the extension period (starting with FY 2032) as the City of Pompano Beach will be the only contributing taxing authority.

Expenditures

Expenditures for the District total \$38 million and include the following:

<u>Operations</u>	<u>\$ 901,445</u>
Debt Service	
<u>Series 2013 Obligations</u>	<u>1,096,313</u>
<u>Tax Increment Bonds (proposed)</u>	<u>1,475,000*</u>
Redevelopment Projects	
<u>General</u>	<u>12,153,454</u>
<u>Tax Increment Bonds (proposed)</u>	<u>22,100,000*</u>
Total:	\$37,726,212

* Please Note: Tax Increment Revenue Bond (proposed) activity would not be appropriated into the CRA budget until required approvals are obtained and bonds are issued. The bond related financial information contained in the Plan is for illustrative purposes only. Debt service for FY 2025 would consist of partial-year debt service (\$1.25 million) and costs-of-issuance (\$225K) and will be placed in a contingency account pending formal approval and issuance.

Operations

Totals \$901,445 for FY 2025 and consists of the following:

- Personnel - Includes partial/full funding for the following positions: CRA Director, Redevelopment Project Manager III, Redevelopment Project Manager I, Project Coordinator, Community Development Housing Inspector, Real Property Manager, Department Head Secretary, City Clerk, and Part-Time staff.
- Miscellaneous operating expenditures.
- City administrative cost allocation which represents reimbursement to the City for administrative services provided to the District (e.g. Finance Department for payroll, vendor payments, etc.).

Debt Service

Represents funding for debt service on: (1) Tax Increment Revenue Refunding Bonds, Series 2013A (\$702,322); (2) Tax Increment Revenue Bonds, Series 2013B (\$393,991); and (3) forecasted debt service on the proposed Series 2025 Tax Increment Revenue Bonds (partial year impact of \$1.25 million) and costs of issuance (\$225,000).

Please note - debt service appropriations for the proposed Series 2025 Tax Increment Revenue Bonds will be placed in a contingency account pending formal approval and issuance.

Redevelopment Area Investment

Represents funding for redevelopment area investment and includes the following:

Infrastructure and Streetscape Initiatives

McNab House & Gardens

<u>General</u>	<u>\$ 8,900,000</u>
<u>Tax Increment Revenue Bonds (proposed)</u>	<u>18,100,000</u>
	\$27,000,000

Redevelopment Initiatives

<u>Incentive Programs</u>	\$ 200,000
Dissemination of Information	<u>50,000</u>
Total:	\$ 250,000

Area Stabilization

Redevelopment Ambassadors	\$ 157,500
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Property Acquisition

<u>General</u>	\$ 2,495,854
Tax Increment Revenue Bonds (proposed)	<u>4,000,000</u>
	\$ 6,495,854

Consultants and Professional/Design Services	<u>\$ 350,100</u>
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Total Redevelopment Area Investment:	<u>\$34,253,454</u>
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