

June 18, 2019

To: Mayor, Vice Mayor and City Commissioners

From: Greg Harrison, City Manager

Re: Commitment of Funds for a New Municipal Complex

As you are all aware, the City of Pompano Beach (the "City"), in conjunction with the Pompano Beach Community Redevelopment Agency (the "CRA") has issued Request for Letters of Interest (RLI #E-29-19 Phase 1), *Master Developer for the Downtown and the Innovation District*. This is the first step in ultimately partnering with the private sector to develop over 30 acres of land within the +/- 70 acre Innovation District that the Northwest CRA District has assembled over the past 20 years. The goal of the Northwest CRA District in assembling these properties over past decades was to ultimately create a dense urban downtown area generally straddling the four quadrants of Atlantic Boulevard and Dixie Highway. The selected Master Developer will be responsible for implementing the vision of developing an urban downtown, including all asset classes associated with downtown development, including, but not limited to office, commercial, retail, educational, cultural, civic and other uses and ultimately creating a vibrant and pedestrian friendly, mixed-use environment throughout the entire Downtown. The redevelopment is inspired by the global rise of the "Innovation District" concept that emphasizes a combination of business, technical, corporate, government, hospitality, education and cultural uses. Innovation districts embody the notion of "live, work, play" environments by integrating a variety of daytime (office, commercial, retail, technical, etc.) and nighttime (restaurants, breweries, cultural arts, hospitality etc.) economic uses with a dense residential component.

The Innovation District will be the largest public/private partnership venture that the City/CRA has ever embarked upon. The land is well positioned to attract high-tech companies and their employees. As of Q4 2017, Pompano Beach had only 2 percent of Broward County's total office space and no Class A offerings. By energizing the Innovation District, the City plans to attract companies that will be able to take advantage of an abundance of nearby plentiful industrial space. It has the capacity for over 1,000,000 square feet of office and retail, as well as two hotels with 420 rooms combined. ***It is anticipated that the entire project could generate the following public economic benefits for the residents of Pompano Beach:***

- A projected \$405 million increase in taxable value
- Over \$42 million in tax increment by 2035
- Over \$36 million in City revenue by 2035

- Over 4,000 new jobs estimated at buildout
- Over \$90 million in retail spending estimated
- Over \$468 million in throughput, or economic activity generated from the project
- Over \$852 million in estimated spin off economic impact

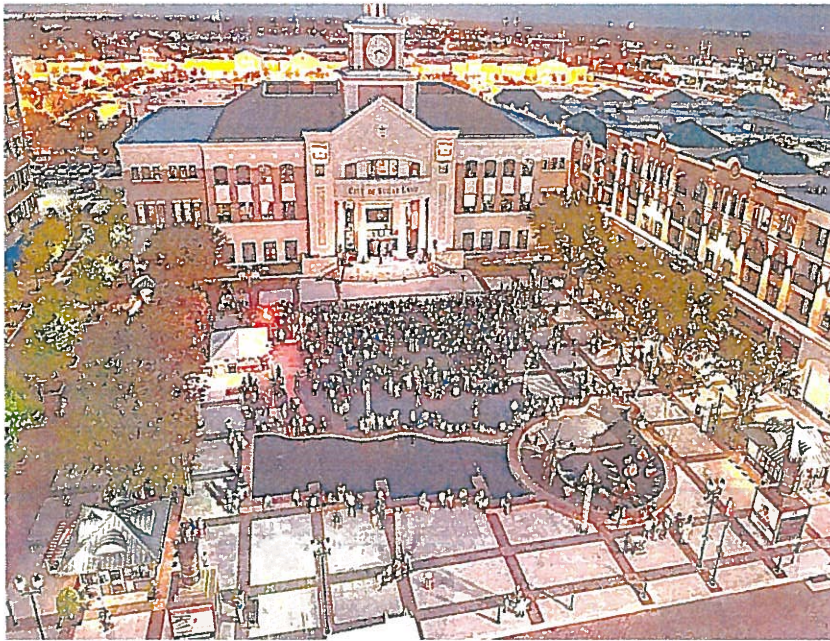
Anchoring the Innovation District

Over the past two years, myself and key City/CRA staff have attended Public Private Partnership (P3) conferences, in order to generate interest in the Innovation District concept, as well as to establish relationships with prospective partners who might be interested in the master development of the area. It was during these visits and discussions that the idea of engaging the private sector to construct and finance a new Municipal Complex as the anchor for the planned Innovation District was born. The Municipal Complex would be part of an urban footprint, surrounded by uses which would allow the area to remain vibrant after hours.



Although there are many examples of this configuration, the Town Square in Sugar Land Texas (Sugar Land) has served as a framework for this vision. The Sugar Land Town Square brings several elements within a 32-acre package, creating an inviting mix of main street activity that attracts people early in the morning until late at night, representing a cohesive experience where people can work, shop, live and play. The Sugar Land Town Square complex has 200,000 square feet of retail space, 750,000

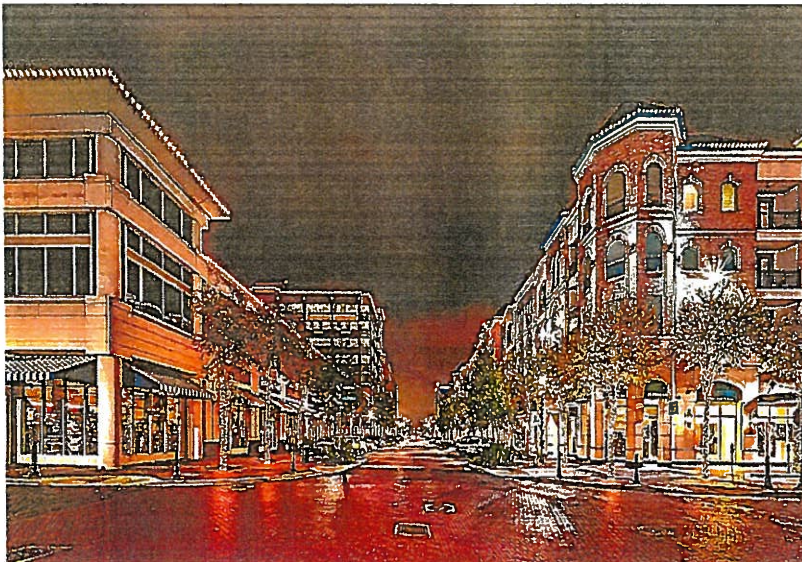
square feet of Class A office space, the Sugar Land City Hall, the Sugar Land Marriott and Conference Center, condominiums, and restaurants. The entire complex encompasses 1.4 million square feet.



The complex includes a 1.4 acre pedestrian plaza with a fountain, which is directly in front of the Sugar Land Town Hall. The developers intended the plaza to be a space for outdoor performances. This large public outdoor gathering place has hosted many events for the public and is an opportunity for Sugar Land to portray their Town Hall, as not just a place to conduct City business, but also as an inviting place for the public to gather for special events, whether during the day or after hours.

Notable events have included:

- Concerts
- Fitness classes
- Movies under the Moon
- Lawn games
- Health fairs
- Summer family camp outs
- Sugar Land Superstar auditions (American idol-like competition)
- Free pictures with Santa
- Christmas tree/Menorah lighting ceremonies
- Christmas carol sing-a-longs



Branching out from the Sugar Land Town Hall and the public plaza, is a combination of some of the nation's most successful retailers. The area also has Class A Office space with an inviting mix of conveniences and technology available that is within walking distance of services, restaurants, sidewalk cafes, entertainment and a hotel and conference center.

Pompano's New Municipal Complex

In early 2018, the architectural firm of Song and Associates, Inc. firm was awarded a contract to provide professional consulting services to the City for the design, bidding, and construction phase services for renovations to Pompano's existing City Hall. The intent was to reconfigure and renovate the 1st, 2nd and 4th floors of City Hall (3rd floor was recently renovated) for a more efficient use of the existing space and streamlining of staff operations, while modernizing it for consistency with the recently renovated 3rd floor. However, it was discovered during the Phase 1 "Space Analysis" that all departments had additional space needs now as well as projected into the near future, beyond what the existing City Hall building could accommodate. To best meet the City's needs, it was determined that the existing building would require major expansion or the construction of a new City Hall complex altogether. New construction could include outdoor public plazas and gathering spaces, community meeting facilities, green space, as well as cultural and recreation elements. It was further discussed with the City's consultant that a strategically selected site for a new City Hall could be a catalyst for redevelopment, site elements such as parking garages and streetscapes can encourage construction of new business, retail, or residential centers.

After consulting with many experts over the past few years, I believe that the best course of action is for the City to build a government hub in the Innovation District or downtown core and relocate City Hall operations. The City has been expanding its footprint over past decades, adding facilities, services and personnel. The existing City Hall is at capacity and there is an opportunity to create a cluster of government offices concentrated in the Innovation District or downtown core. This will (1) allow the City to meet its current administrative/service needs (2) plan for the future growth of the City (3) allow for the centralization of current City offices/services and (3) provide a public private partnership (P3) opportunity for the successful master developer to relocate City Hall and ancillary public offices, freeing up the existing City Hall site for re-use or total redevelopment. The integration of public uses in the urban mix of the Innovation District provides opportunity for creating daytime traffic from the government employees, but also shared parking opportunities from the associated parking.

The City has once again contracted with Song and Associates, Inc. to develop a conceptual master plan for the proposed municipal complex, which contemplates a 150,000 SF facility which may include, but not be limited to, municipal offices, commission chambers, meeting rooms, common areas, potential public use spaces, a 2.5 acre public event plaza and a 600 space parking garage. Accounting for site prep work, construction and contingencies, conceptual preliminary estimates amount to \$96 million for the new Municipal Complex.

Financing the New Municipal Complex

As discussed above, the City will be looking to a Master Developer to construct the municipal complex and anticipates having to compensate the developer for some component of this cost over a period of time. The City potentially anticipates (subject to negotiation of final terms and conditions) the following contributing factors towards the cost for the new municipal complex (and other public sector improvements):

- ✓ The value of the current city hall and commission chambers (including the land);

- ✓ Potential donation of land for other components of the Innovation District;
- ✓ At least \$9.6 million in cash as discussed below; and
- ✓ Tax increment/ad valorem taxes and other general revenues to the City generated by real estate uses (i.e. hotel/retail/commercial) in the Innovation District (**See anticipated economic impact of the innovation district discussion above**).

Commitment of Building Permit Reserve Funds

Over the past two fiscal years, the City's Building Permit Fund has accumulated surplus funds due to the surge of building activity in the City and over this timeframe, City staff have discussed the allocation of these surplus funds towards a New Municipal Complex. Staff is now recommending that the City Commission amend the City's 2019-2023 Capital Improvement Plan to commit \$9.6 million in building permit surplus funds to cover the estimated site work and construction costs associated with the portion of the proposed new Municipal Complex to be utilized by the Building Department in performing its function (including associated costs related to Fire Inspection review of new construction plans) or for the costs of renting of a portion of such facilities, to carry out the enforcement of the Florida Building Code, as well as that function's pro rata share of the accompanying parking garage. The funds would be restricted specifically for that purpose and any deviation from those plans would require that the funds be utilized for another statutorily authorized use. It is more than likely that the City will be relying on the private sector to finance public improvements required to make the Innovation District a reality. Should the Building Permit Function not contribute its cash on hand to the project, it would then be recommended that it be allocated its pro rata share of debt service (principal and interest) for any funds borrowed by the City to finance the new Municipal Complex. The contribution of cash to reduce the amount ultimately financed will reduce the interest cost to the residents of Pompano Beach or the customers of the Building Permit Function.

The Florida Legislature's recent passage of HB 447 is requiring commitment of these funds by July 1, 2019 for an authorized purpose. It should further be noted that the formal commitment of these available Building Permit funds by the City Commission towards the proposed Municipal Complex will serve to demonstrate the City's commitment to a Master Developer of its planned public investment in the Innovation District, as the City anticipates commencing negotiations with a Master Developer within the next six months. As discussed earlier, ultimately should these funds not be required to be utilized for enforcement of the Florida Building Code as set forth herein (including fire review of new construction plans provisions), the funds shall be returned to the Building Permit Fund for disposition as required by Section 553.80, Florida Statutes.

I fully understand that there will be many questions about the proposed municipal complex at this point, but as the City is still in its conceptual stages for this project, both the City Commission and residents can expect to see more information as the City engages discussions with a Master Developer for the entire Innovation District, over the next months. Please do not hesitate to contact me should you have any questions.