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**TO: CRA Board of Commissioners**

**FROM: Gregory P. Harrison, Executive Director**

**DATE: September 17, 2018**

**SUBJECT: Northwest CRA District Financing and Implementation Plan  
(FYs 2019-2023)**

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### **Background**

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

CRA's 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 will be 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 1<sup>st</sup> year of the Plan (FY 2019) serves as the budget for the District with FYs 2020–2023 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 2019.

### **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 2019 – FY 2023).

#### **Plan Sources**

##### **Tax Increment**

Tax increment for FY 2019 is based on preliminary taxable value figures provided by the Broward County Property Appraiser and an estimate of contributing authority millage rates. Taxable value growth for FY 2019 totals 10% with the Residential (11% growth) and Industrial (11% growth) market segments being the primary growth drivers. During the forecast period, the Plan factors real estate value growth at 4% in FY 2020, 2% in FY 2021, and 1.5% thereafter. As set forth in the Taxing Authorities Interlocal Agreement, FY 2020 will be the final year of tax



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increment from the North Broward Hospital District, Children's Services Council, and Broward County.

*Intergovernmental*

Funding provided by the Taxing Authorities for approved projects (as defined in the Taxing Authorities Interlocal Agreement).

*Miscellaneous*

Includes estimated revenue from the District's: loan programs (e.g. micro-enterprise loan program); building rentals (e.g. 731 MLK Blvd., 11/41/44/50 NE 1<sup>st</sup> St., 35 N. Dixie Hwy, 814 MLK Blvd.); Green Market; as well as anticipated investment earnings.

*Bank Loan (Proposed):*

The Plan includes proposed funding totaling \$15.1 million (net of issuance costs) through the securing of a Series 2019 Bank Loan. Staff has identified a prudent loan sizing that allows for the financing of identified projects while maintaining future financial flexibility. Securing the loan will require City and CRA approval.

*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, and 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 the Tax Increment Revenue Bonds, Series 2003A and 2004A, City loan for 790/800 Hammondville Road, as well as forecasted debt service on a proposed Series 2019 Bank Loan. Forecasted debt service is based on the following components: principal amount of \$15.5 million (\$15.1 million for redevelopment projects); amortization period of 22-years; fixed tax-exempt interest rate of 5%.

*Redevelopment Area Investment*

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

Vertical Project Development and Assistance
Redevelopment Initiatives, Marketing and Special Events
Infrastructure and Streetscape Initiatives
Housing and Neighborhood Stabilization
Recreational, Educational and Cultural Initiatives
Property Acquisition
Consultants and Professional/Design Services

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

### **Reserves**

Represents the estimated reserves generated over the five-year period. Reserves are an integral part of the Plan and are necessary to cover deficiencies in revenue collection/forecasting as well as provide flexibility to invest in redevelopment opportunities as they arise.

### **Fiscal Year 2019 Budget (1<sup>st</sup> year of Plan)**

The following section provides a narrative of the District's FY 2019 budget.

### **Revenues**

Revenues for the District total \$15 million for FY 2019 and include the following:

<u>Tax Increment</u>	<u>\$ 9,335,056</u>
<u>Miscellaneous</u>	<u>223,666</u>
<u>Carryforward Fund Balance</u>	<u>7,323,313</u>
Total:	\$16,882,035

#### *Tax Increment*

The primary source of revenue for the District is derived of tax increment received from the City (est. millage rate: 5.1361 mills), County (est. millage rate: 5.4623 mills), North Broward Hospital District (est. millage rate: 1.2483 mills), and Children's Services Council (est. millage rate: 0.4882 mills). The FY 2019 tax increment revenues for the District are as follows:

<u>City of Pompano Beach</u>	<u>\$ 3,886,690</u>
<u>Broward County</u>	<u>4,134,288</u>
<u>North Broward Hospital District</u>	<u>944,638</u>
<u>Children's Services Council</u>	<u>369,440</u>
Total:	\$ 9,335,056

Property values within the District for FY 2019 increased 10% to \$1.1 billion. The Residential (11% growth) and Industrial (11% growth) market segments were the primary growth drivers.

#### *Miscellaneous*

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

<u>Micro-enterprise loan program</u>	<u>\$ 20,000</u>
<u>Building Rentals</u>	
<u>731 MLK Blvd.</u>	<u>50,921</u>
<u>41 NE 1<sup>st</sup> St.</u>	<u>4,500</u>
<u>50 NE 1<sup>st</sup> St.</u>	<u>31,827</u>
<u>35 N. Dixie Hwy</u>	<u>11,129</u>
<u>814 MLK Blvd.</u>	<u>57,289</u>



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<u>Green Market</u>	<u>18,000</u>
Investment earnings	<u>30,000</u>
Total:	\$223,666

**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.

**Expenditures**

Expenditures for the District total \$16.9 million for FY 2019 and include the following:

<u>Operations</u>	<u>\$ 814,982</u>
<u>Debt Service</u>	<u>2,017,866</u>
Redevelopment Projects	<u>14,024,187</u>
Total:	\$16,857,035

**Operations**

Totals \$814,982 for FY 2019 and consists of the following:

- Personnel - Includes partial/full funding for the following positions: Capital Improvements and Innovation Director; Real Property Manager; Administrative Coordinator; CRA Director; CRA Project Manager; CRA Project Coordinator; CRA Marketing Coordinator; Part-Time staff (interns);
- Miscellaneous operating expenditures; and
- 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 the Tax Increment Revenue Bonds, Series 2003A and 2004A (\$546,474), and the City loan for 790/800 Hammondville Road (\$296,392). Also includes estimated debt service on the proposed Series 2019 Bank Loan (see detailed write-up under the *Plan Uses* section above).

**Redevelopment Area Investment**

For the past several years, the Agency has been investing in public infrastructure projects including the Downtown Pompano Streetscape Improvements and the first new development along a stretch of Dr. Martin Luther King Jr. Boulevard in 50 years (731 Shoppes). These projects as well as City efforts like the new Library and Cultural Arts Center have positioned the district to attract meaningful private investment. Market and economic analysis have indicated potential for dynamic development in the Innovation District that will result in exponential revenues. This district will utilize inventive designs to solve drainage issues and create walkable communities for retail, restaurants, office, hotel and residential uses. Smart Growth America has recently released a report regarding the bottom-line benefits of smart growth development. In the upcoming budget year and subsequent years, the CRA



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will be laying the foundation for this Innovation District to thrive into a job generator and employment cluster.

Redevelopment area investment includes the following:

Redevelopment Initiatives, Marketing and Special Events

<u>Incentive Programs</u>	<u>\$ 400,000</u>
<u>Business Attraction and Development</u>	<u>115,000</u>
Job Programs and Workforce Development	
<u>Job Training Events</u>	<u>12,000</u>
<u>Job and Workforce Programs</u>	<u>5,000</u>
<u>Culinary Arts Incubator</u>	<u>60,000</u>
<u>Innovation District Co-Working/Maker Incubator</u>	<u>50,000</u>
Business Attraction and Marketing	<u>175,000</u>
Total:	<u>\$ 817,000</u>

Vertical Project Development and Assistance

Downtown Projects

<u>Tenant Improvements</u>	<u>\$ 277,000</u>
<u>450 NW 27<sup>th</sup> Avenue</u>	<u>150,000</u>
<u>MLK Capital Project</u>	<u>150,000</u>
CRA Building Maintenance	<u>220,000</u>
Rentals & Leases	<u>249,361</u>
Total:	<u>\$ 1,046,361</u>

Infrastructure and Streetscape Initiatives

<u>Downtown Pompano Drainage</u>	<u>\$ 400,000</u>
<u>Downtown Pompano Above Ground Improvements</u>	<u>232,670</u>
<u>Innovation District Drainage Design</u>	<u>1,980,000</u>
<u>Innovation District Construction</u>	<u>5,675,000</u>
<u>Annie Gillis Park Plaza Improvements</u>	<u>152,396</u>
<u>Collier City Gateway Feature</u>	<u>250,000</u>
Total:	<u>\$ 8,690,066</u>

Housing and Neighborhood Stabilization

<u>Security</u>	<u>\$ 300,000</u>
<u>Additional Safety/Security</u>	<u>250,000</u>
<u>Emergency Rehabilitation of Housing Stock</u>	<u>20,000</u>
Total:	<u>\$ 570,000</u>

Recreational, Educational and Cultural Initiatives

Community Garden	<u>\$ 60,000</u>
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Property Acquisition	
<u>Property Maintenance/Special Services</u>	<u>\$ 345,760</u>
Miscellaneous Property Acquisition	<u>2,100,000</u>
Total:	<u>\$ 2,445,760</u>
Consultants and Professional/Design Services	
<u>Demolition Services</u>	<u>\$ 40,000</u>
Consultants/Professional Fees	<u>355,000</u>
Total:	<u>\$ 395,000</u>
Total Redevelopment Area Investment:	<u>\$14,024,187</u>

#### **Reserves**

The FY 2019 budget includes an allocation to Reserve totalling \$25,000. Reserves are an integral part of the Plan and are necessary to cover deficiencies in revenue collection/forecasting as well as provide flexibility to invest in redevelopment opportunities as they arise.

At their September 5, 2018 meeting, the Northwest CRA Advisory Committee had the following recommendations to the budget: increase Innovation District Co-working/Maker Incubator to \$100,000 in FY 2019, as well as including funding in subsequent years that would decrease until the incubator is at full capacity, and remove the Additional Safety/Security line item, and instead increase Emergency Rehabilitation of Housing Stock to \$50,000 and increase Annie Gillis Park Plaza Improvements to \$392,396. Board direction is needed.