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TO: CRA Board of Commissioners

**THRU: Gregory P. Harrison, Executive Director
Nguyen Tran, Director**

FROM: Kimberly Vazquez, Project Manager

DATE: September 17, 2019

**Subject: Northwest CRA District Financing and Implementation Plan
(FYs 2020-2024)**

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, 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 2020) serves as the budget for the District with FYs 2021–2024 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 2020.

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 2020 – FY 2024).

Plan Sources

Tax Increment

Tax increment for FY 2020 is based on the certified taxable values provided by the Broward County Property Appraiser and an estimate of contributing authority millage rates. Taxable value growth for FY 2020 totals 8% with the Residential (15% growth) market segment being the primary growth driver. During the forecast

period, the Plan factors real estate value growth at 4% in FY's 2021-2022 and 3% thereafter.

As set forth in the Taxing Authorities Interlocal Agreement, FY 2020 will be the final year of tax increment from the North Broward Hospital District (NBHD), Children's Services Council (CSC), and Broward County.

Intergovernmental

In lieu of tax increment, the County, NBHD, and CSC will contribute to the CRA the following funding allocations for approved projects as set forth in the Interlocal Agreement:

- Project Funding: \$7 million (total) between fiscal years 2021-2022.
- Annual Funding: \$6.75 million (total) between fiscal years 2022-2026.

Residential Funding: Additionally, the County will fund \$10 million (total) between fiscal years 2022-2025 to address slum and blight in the Northwest District. These funds will be possessed, controlled, and disbursed by the County.

Miscellaneous

Includes estimated revenue from the District's: loan programs (e.g. micro-enterprise loan program); building rentals (e.g. 731 MLK Blvd., 11/44/50/165 NE 1st St., and 35 N. Dixie Hwy); 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 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 21-years; fixed tax-exempt interest rate of 5%.



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Redevelopment Area Investment

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

Infrastructure and Streetscape Initiatives
Vertical Project Development and Assistance
Redevelopment Initiatives, Marketing and Special Events
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 2020 Budget (1st year of Plan)

The following section provides a narrative of the District's FY 2020 budget.

Revenues

Revenues for the District total \$21 million for FY 2020 and include the following:

Tax Increment	\$10,295,865
Miscellaneous	165,061
Carryforward Fund Balance	10,355,769
Total:	\$20,816,695

Tax Increment

The primary source of revenue for the District is derived of tax increment received from the City (est. millage rate: 5.1875 mills), County (est. millage rate: 5.4792 mills), North Broward Hospital District (est. millage rate: 1.0855 mills), and Children's Services Council (est. millage rate: 0.4882 mills). The FY 2020 tax increment revenues for the District are as follows:

City of Pompano Beach	\$ 4,363,625
Broward County	4,608,474
North Broward Hospital District	913,102
Children's Services Council	410,664
Total:	\$10,295,865

Property values within the District for FY 2020 increased 8% to \$1.2 billion. The Residential (15% growth) market segment was the primary growth driver.

Miscellaneous

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

Micro-enterprise loan program	\$ 20,000
Building Rentals	
731 MLK Blvd.	51,939
50 NE 1 st St.	13,659
35 N. Dixie Hwy	11,463
Green Market	18,000
Investment earnings	50,000
Total:	\$165,061

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 \$20 million for FY 2020 and include the following:

Operations	\$ 959,491
Debt Service	1,546,274
Redevelopment Projects	17,810,930
Total:	\$20,316,695

Operations

Totals \$959,491 for FY 2020 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 Director; 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 City loan for 790/800 Hammondville Road (\$380,392) including principal prepayments. Also includes estimated debt



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

Redevelopment area investment includes the following:

Infrastructure and Streetscape Initiatives

<u>Downtown Pompano Drainage</u>	<u>\$ 525,000</u>
<u>Downtown Pompano Above Ground Improvements</u>	<u>227,264</u>
<u>Innovation District Drainage Design</u>	<u>2,980,000</u>
<u>Innovation District Infrastructure</u>	<u>5,057,626</u>
<u>Annie Gillis Park Plaza Improvements</u>	<u>600,000</u>
<u>Collier City Gateway Feature</u>	<u>250,000</u>
<u>Dixie Hwy/Atlantic Blvd. Infrastructure</u>	<u>3,000,000</u>
Total:	\$12,639,890

Vertical Project Development and Assistance

Downtown Projects

<u>Tenant Improvements</u>	<u>\$ 260,000</u>
<u>MLK Capital Project</u>	<u>300,000</u>
<u>CRA Building Maintenance</u>	<u>220,000</u>
<u>Rentals & Leases</u>	<u>173,158</u>
Total:	\$ 953,158

Redevelopment Initiatives, Marketing and Special Events

<u>Incentive Programs</u>	<u>\$ 400,000</u>
<u>Business Attraction and Development</u>	<u>75,000</u>



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Job Programs and Workforce Development	
<u>Job Training Events/Workforce Programs</u>	<u>17,000</u>
<u>Innovation District Co-Working/Maker Incubator</u>	<u>100,000</u>
Business Attraction and Marketing	<u>175,000</u>
Total:	\$ 767,000
Housing and Neighborhood Stabilization	
<u>Security</u>	<u>\$ 300,000</u>
<u>Additional Safety/Security</u>	<u>250,000</u>
Emergency Rehabilitation of Housing Stock	<u>50,000</u>
Total:	\$ 600,000
Recreational, Educational and Cultural Initiatives	
Community Garden	\$ 60,000
Property Acquisition	
<u>Property Maintenance/Special Services</u>	<u>\$ 350,882</u>
<u>Miscellaneous Property Acquisition</u>	<u>2,000,000</u>
Total:	\$ 2,350,882
Consultants and Professional/Design Services	
<u>Demolition Services</u>	<u>\$ 40,000</u>
<u>Consultants/Professional Fees</u>	<u>400,000</u>
Total:	\$ 440,000
Total Redevelopment Area Investment:	<u>\$17,810,930</u>

Reserves

The FY 2020 budget includes an allocation to Reserve totalling \$500,000. 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.