

**DATE:** October 2, 2017

**TO:** Mayor and Commissioners

**FROM:** Suzette Sibble, Assistant City Manager

**VIA:** Gregory Harrison, City Manager

**RE:** Request for Approval of Resolution to Provide For the Issuance of General Obligation Bonds,  
Subject to Voter Approval

## Introduction

During the past five years, the City's focus has been directed towards economic redevelopment and community revitalization driven by well-targeted strategic investment initiatives aimed at capitalizing on the City's competitive advantages (i.e. sea-side community, diversity, and comparatively low population density). In 2013 (amended in 2017), the City Commission approved a comprehensive Strategic Plan, which identified needs and goals based on our collective vision to be able to substantially increase the quality and consistency of services to our residents by focusing on governance, public health & safety, capacity building, competitiveness, and neighborhoods. Through the implementation of these strategies, we expect to maximize the City's productive capacity and to steadily enhance the lives of our residents. Unfortunately, the lack of financial resources has hindered the pace at which the City has been able to achieve these objectives.

In the fall of 2015, in an effort to align the City's financial capacity with the deployment of our strategic objectives, City staff engaged the City Commission in a series of discussions concerning a funding mechanism for a comprehensive list of unfunded City projects. A consensus was reached that the best course of action to finance these unfunded projects was for the City to issue General Obligation Bonds (G.O. Bonds). However, in January of 2016, the City partnered with the Broward Metropolitan Planning Organization (MPO) and the other thirty (30) Broward County cities to work with Broward County to put forth a ½ penny infrastructure surtax to finance municipal infrastructure needs and a ½ penny transportation surtax to finance transportation projects at the County level. Unfortunately, on November 8, 2016, the voters in the County elected not to support the surtax initiative. It has been surmised that the surtax initiative was most likely not successful on several fronts: (1) the development timeline of the surtax measure did not afford a lot of time for City staff to launch a comprehensive educational outreach campaign for our residents; (2) the surtax measure was overshadowed by a very controversial presidential race, and further competed with a myriad of other county-wide measures for our Pompano voters consideration; (3) our residents were bombarded with mailers, advertisements and other campaigning efforts; and (4) the measure required a 50% plus 1 approval by all County-wide voters (not just Pompano voters).

As a result of the unsuccessful surtax measure, the need remains to derive funding to address the City's aging infrastructure and to enhance the quality of life of our residents. Staff is requesting that the City Commission approve a G.O. Bond Referendum for a special election to be held on March 13, 2018, to

empower the voters of Pompano Beach to contemplate approving the issuance of G.O. Bonds to finance twenty-five (25) projects, across all Commission Districts, as described in more detail in **Attachment A**.

## **The Proposed Projects**

### **Proposed Public Safety Projects**

Public Safety Projects were developed with the objective of:

1. Upgrading aging facilities, inclusive of fire stations, which are over 50 years old;
2. Better accommodating current and future growth, modernizing apparatus, and to improve disaster response;
3. Improving response times (i.e. a new fire station is being proposed to better serve residents located in the southwest section of the City);
4. Bringing fire stations in compliance with the American with Disabilities Act (ADA) regulatory requirements; and
5. Better accommodating separate facilities for male and female firefighters.

A Fire/Emergency Operations Center (the Center) is also being proposed. This project is even more relevant based on the City's most recent experience with Hurricane Irma to allow the City to improve its disaster response prior to, during and post a declared disaster. This multi-story facility with an adjacent parking garage, is currently being proposed to be located within the Downtown Pompano Transit Oriented Corridor (DPTOC). Note that it is currently anticipated that the garage will not only accommodate fire department vehicles and apparatus, but will also supplement public parking needs in the area. The construction of the Center would also bring staff from Fire Logistics, Fire Administration, Emergency Management and Fire Prevention under the same roof at a single location. Currently, the Fire Department is divided into eight different divisions (or subdivisions), including Fire Administration, Fire Operations, Emergency Medical Services (EMS), Fire Prevention, Fire Training, Fire Logistics, Emergency Management Operations and Ocean Rescue. Only three of the seven divisions can work out of the current Fire Administration facility due to the inadequate office and storage space. Meetings often require dispersed staff to drive from their various remote offices to Fire Administration Headquarters. This set-up has proven to be inefficient. Furthermore, Fire Administration is in a functioning fire station (Station 63) with which it shares office space. Station 63 was not designed, nor was any portion thereof originally intended to serve as administrative offices. The practice of converting portions of the station to administrative offices has not only detracted from the original design of the station, but it is a major contributing factor due to the lack of adequate space necessary for a productive-working environment.

With the expansion of the Fire Department's coverage area and increased workload over the last twenty years, the location of the logistics warehouse has become a key strategic issue from an efficiency standpoint. Currently, Fire/EMS Logistics is in a rented warehouse in the SW section of the City, causing emergency vehicles to travel out-of-zone for supplies and equipment on a regular basis. Rescue vehicles being out of zone can affect response times. The relocation of the logistics function to this proposed location will provide for a more centralized City location.

As stated earlier, the proposed location for the Center is in the DPTOC. This location will allow the Fire Department to infuse itself into this segment of the community, with fire and rescue personnel able to serve as role models for the youth and young adults in the community, expanding on such programs as the current Explorer-Cadet Program. The Explorer Program started in 2001, with over 200 young adults

or teenagers having actively participated in it since inception. The program concentrates on career development with emphasis on safe driving practices. The explorers learn to work as a team while affording the opportunity to strive to become one of the group leaders. Since its inception, seven explorers have been hired as firefighters by Pompano Beach Fire Rescue and one explorer became a police officer recently. Several current explorers are attending EMT school and one is scheduled to enter the Fire Academy.

### **Proposed Parks, Recreation and Leisure Projects**

In 2012, the City engaged the services of Bermello Ajamil & Partners and Ballard King & Associates to prepare a comprehensive Citywide Parks Master Plan to address community park and recreation needs and provide a roadmap to improve public recreation and leisure facilities throughout the community.

The Citywide Parks Master Plan was intended to provide an evaluation of existing park conditions, as well as to identify area and city-wide park needs. As part of the Master Plan process, assessments were presented in a community forum to gather citizens' preferences to improve recreation facilities and program offerings in both the short and long-term horizons. The overarching goals for the Citywide Parks Master Plan were to:

1. Expand, as needed, the city-wide system of parks and recreation venues to meet the needs of the residents of Pompano Beach;
2. Enhance the quality of life of all residents; and
3. Improve neighborhoods.

An upscale senior citizens activity center is also being proposed in the northwest sector of the City, to accommodate our senior residents, by providing for a nice and elegant place to have functions, as well as to expand on other senior program activities currently being offered at other recreation centers. Our seniors have spoken and this project will be representative of delivering a highly demanded facility to meet their needs.

Parks and Recreation activities also provide an outlet for the City's residents to gather and enjoy green space for (picnics, birthday parties, barbecues etc.) and provides an outlet for our youth to take part in constructive extracurricular activities (basketball, soccer, football, etc.). The projects proposed in this respect was a conscious effort to support these facilities and activities as we recognize that recreation activities take many forms and attracts residents from all age groups and all socio-economic backgrounds. Investment in parks can also revitalize residents and neighboring communities, improve property values and attract visitors and private investment. In short, these facilities provide for a more livable, competitive, and resilient City.

The Pier Replacement Project is also a component of the proposed project list. In 2013, the City contracted with a consultant to perform a formal assessment of the structure. Replacement of the pier required a major capital investment by the City and as such, the purpose of the formal assessment was to determine if the City should repair or replace the entire structure. Excerpts of the resulting report was presented to the City Commission in May 2013, at which point the Commission determined that the replacement of the entire structure would be most prudent. The City then contracted with a consultant

to design the new structure, and between 2013 and 2015 the City worked with regulatory agencies (i.e. Florida Department of Environmental Protection, U. S. Army Corps of Engineers, etc.) to take the steps necessary to replace the structure. Input on the design of the new pier was afforded through City Advisory Boards and City Commission meetings. The plan in late 2015 was to finance the pier replacement with a G.O. Bond issue, which of course was derailed with the entertainment of the surtax measure in 2016, as an alternative financing mechanism. As the surtax initiative was unsuccessful, the City Commission approved funding the pier replacement project from reserve funds, with the objective of reimbursing the reserve funds from G.O. bond proceeds, should the G.O. bond initiative prove to be a successful measure. This project was moved forward as the replacement and expansion of the pier, with its planned dynamic design, will serve as an economic engine to complement the beach revitalization and planned private investment in the area (restaurants, retail, hotel etc.).

### **Proposed Streets, Sidewalks, Bridges and Streetscaping Projects**

To make our City safer and desirable for our residents to live and enjoy, to allow for continued growth, maintain our level of competitiveness and attractiveness, and to offer excellent opportunities for developers and tourists, the City has identified corridors in need of immediate attention. Each of the proposed street improvement projects carry vehicular traffic to and from some of the denser areas in the City and serve as major thoroughfares. Whether the corridor traverses the City in one direction or another, the number of people served (residents and visitors) is significant and helps to establish the City's image of a stable community, one that is prime for redevelopment. Whether you go to our signature beaches or visit one of our beautiful parks, or simply pass by our City on your way to work, these roadways are the heart of our community and are in dire need of improvements. Our collective goal is to provide a smooth and pleasant ride in a desirable environment. As other recent road and streetscape projects will show, we strive to give our residents a roadway grid that is functional, yet sophisticated.

Moreover, the City recognizes the continued population growth and demands for efficient pedestrian and vehicular connectivity. To that effect, the City has embraced the "complete streets" concept, which links all modes of transportation to bring people to and from different venues. The State and County, as well as most municipalities, support implementation of complete streets as a proven methodology to provide a healthy design that blends aesthetic features, as well as the convenience of multiple mobility options. The proposed improvements will incorporate that concept and help improve the quality of life to our residents and visitors alike.

Providing for the safety and beautification of our streets, improved sidewalks and bridges will create an aesthetically pleasing atmosphere thereby improving property values, attracting new businesses to our great City and attracting visitors alike. The attraction of businesses and visitors will only serve to stimulate Pompano's local economy by creating jobs and enhancing our revenue sources, inclusive of non-ad valorem sources, such as state distributions, parking revenue and business tax receipts.

Improvements will also reduce the cost burden on our residents in the long run, whether via the undergrounding of utilities on A1A (above ground or overhead utilities are susceptible to damage and power outage during major storm or hurricane events), hardening of light poles in Collier City or the avoidance of prolonged maintenance costs for our aging infrastructure.

It should be highlighted that funding for these types of local projects from federal or state sources have steadily declined over past years or has required significant City matching funds. Although the City receives a local option gas tax distribution from the State, intended to fund roads and transportation related projects, this revenue source has remained stagnant, while the cost of these improvements have steadily increased over time. The local option gas tax is assessed based on net gallons of gasoline sold, as opposed to a percentage of sales, which has proven to be problematic. In addition, the movement towards more efficient vehicles, carpooling and ride-sharing services such as Uber, means less gallons of gas being pumped generally.

### **Community Outreach – Project Development**

The following bullet points outline community outreach and input efforts for proposed G.O. Bond Projects:

- Parks Master Plan Process (approved by the City Commission July 2013) – Parks & Recreation Advisory Board presentations, City Commission workshops & meetings and community surveys
- Pier Assessment (presented to the Commission in May 2013) & Replacement – Advisory Committee meetings & City Commission meetings
- Surtax Outreach Process:
  - Presentations to several City Advisory Boards/Committees/Organizations to include the Parks & Recreation Advisory Board, the Airpark Advisory Board, CRA Northwest & East Advisory Committees, Historic Preservation Board, the Marine Advisory Board, the Cultural Arts Committee, the Planning & Zoning Board, the Sand & Spurs Stables Advisory Board, the Golf Advisory Board, the Pompano Beach Chamber of Commerce, the Economic Development Council, the Airpark Advisory Board and the Architectural Advisory Committee.
  - Presentations to several civic, community and special interest groups to include, the Rotary Club, John Knox Village, Palm Aire United, Cresthaven HOA, Kiwanis Club, the Exchange Club, the Cypress Civic Association and City employees.
  - Webpage with project names & descriptions, project locations, staff contact information for inquiries; channel 78 presentations, flyers, brochures, posters, etc.
- Development Concept Master Plan Survey (2010) – Collier City residents (90.6% of those surveyed) conveyed public safety concerns over lack of our deficient street/pedestrian lighting
- The City engaged a consultant in March 2017 to survey its residents to gauge support for the planned G.O. Bond initiative. A majority of Pompano Beach residents surveyed indicated support for the initiative.
- General Community comments/concerns about the condition and appearance of City infrastructure (i.e. Parks, Pier, etc.) or the need for additional facilities.

### **What are G.O. Bonds & Why Does the City Need to Issue G.O. Bonds Now?**

The City's capital needs exceed its ability to fund these projects on a "pay as you go basis." Bonds allow the City to address major capital needs in the near term and pay for projects over a longer period, thereby minimizing annual impacts to residents, and ensuring that current and future residents, who enjoy the

improvements, share in funding them. G.O. bonds also give cities a tool to raise funds for capital improvement projects that are otherwise not funded or adequately funded by charges or fees, such as roads, bridges, fire stations and parks. Annual debt service payments for the bonds (principal and interest) are recovered from a separate debt service millage assessment on tax bills.

G.O. bonds are a common financing mechanism utilized by governmental entities to finance capital improvements. As a matter of fact, most of our neighboring communities have G.O. bonds outstanding or are in the process of issuing G.O. Bonds, including, but not limited to Hollywood, Coral Springs, Hallandale Beach, Lauderhill, Plantation, Sunrise, Margate, Pembroke Pines, Ft. Lauderdale, Deerfield Beach, Cooper City and Davie. Pompano Beach currently has no G.O. bonds outstanding, which is highly unusual. It should be noted that the last time the City issued G.O. Bonds was in 1993, with those bonds having matured (paid off) in 2010.

### **Why Must the City Have a G.O. Bond Referendum?**

Florida law and the City's Charter requires that the issuance of G.O. Bonds be authorized and approved by a majority of the City's voters as the bonds are backed by the full faith and credit and taxing powers of the City through the imposition of new ad valorem property taxes. Voters must agree to an additional charge on their tax bills to pay the annual debt service on the bonds.

If voters approve a bond proposition on an election ballot, the City is authorized to sell bonds up to the amount indicated in the proposition language to fund capital improvement projects that meet the public purpose of that bond proposition.

### **Ballot Questions**

Ballot questions for the proposed March 13, 2018 G.O. Bond Referendum were developed in conjunction with the City's Bond Counsel consultant and approved by the City Attorney's Office. In accordance with Florida case law, each ballot question presented to the voters must constitute a single proposition. The general rule is that if there are two or more separate and distinct propositions to be voted on, each proposition should be stated separately and distinctly, so that a voter may declare his opinion as to each matter separately. If, however, there is some relation between several projects, such projects may be combined in one ballot. Given the wide array and nature of the projects being proposed to be financed it was determined that three (3) separate ballot questions would be legally required to be presented to the City's voters for consideration. The presentation of multiple ballot questions is not unusual and many governmental entities have been successful in obtaining voter approval, whereby multiple measures were presented on a single ballot. For instance, the City of Plantation had three (3) ballot questions in November 2016 and the City of Lauderhill also presented three (3) ballot questions to their residents in August 2016. Voters in those cities approved all ballot questions. Other statutory limitations for ballot questions include a 75-word limit for each ballot question and the use of "FOR BONDS" or "AGAINST BONDS", as to approval or disapproval of the bonds by voters. The three (3) ballot questions to be presented to voters on March 13, 2018 are indicated below and the total value of all bonds to be authorized collectively for all three (3) questions is "not to exceed" \$181 million.

**Ballot Question No. 1**

**OFFICIAL BALLOT  
CITY OF POMPANO BEACH, FLORIDA  
PUBLIC SAFETY PROJECTS  
GENERAL OBLIGATION BONDS**

To acquire, construct, equip, renovate, replace and improve police, fire, emergency management and lifeguard facilities and pay related costs, shall Pompano Beach, Florida issue bonds not exceeding \$46,000,000, in one or more series, bearing interest not exceeding the maximum legal rate, maturing not later than 30 years from their issuance date(s), pledging the City’s full faith and credit and ad valorem revenues collected to pay such bonds, all as described in Resolution No. 2018-01?

FOR BONDS                    \_\_\_\_\_

AGAINST BONDS           \_\_\_\_\_

**Ballot Question No. 2**

**OFFICIAL BALLOT  
CITY OF POMPANO BEACH, FLORIDA**

**PARKS, RECREATION AND LEISURE PROJECTS GENERAL OBLIGATION BONDS**

To acquire, construct, equip, renovate, replace and improve parks, recreation and leisure facilities and pay related costs shall Pompano Beach, Florida issue bonds not exceeding \$56,000,000, in one or more series, bearing interest not exceeding the maximum legal rate, maturing not later than 30 years from their issuance date(s), pledging the City’s full faith and credit and ad valorem revenues collected to pay such bonds, all as described in Resolution No. 2018-01?

FOR BONDS                    \_\_\_\_\_

AGAINST BONDS           \_\_\_\_\_

## **Ballot Question No. 3**

### **OFFICIAL BALLOT**

#### **CITY OF POMPANO BEACH, FLORIDA**

#### **STREETS, SIDEWALKS, BRIDGES AND STREETSCAPING PROJECTS**

#### **GENERAL OBLIGATION BONDS**

To acquire, construct, equip, renovate, replace and improve streets, sidewalks, bridges, streetscaping, related utilities and drainage and pay related costs shall Pompano Beach, Florida issue bonds not exceeding \$79,000,000, in one or more series, bearing interest not exceeding the maximum legal rate, maturing not later than 30 years from their issuance date(s), pledging the City's full faith and credit and ad valorem revenues collected to pay such bonds, all as described in Resolution No. 2018-01?

FOR BONDS \_\_\_\_\_

AGAINST BONDS \_\_\_\_\_

#### **Why Does the City want to Issue G.O. Bonds?**

The City's Objective is to raise immediate funds for unfunded projects deriving immediate benefits to our residents by:

1. Enhancing their overall quality of life – improved and expanded parks & recreation facilities, improved response times (fire & ems), neighborhood safety improvements, beautification of streets & medians, etc.;
2. Addressing the City's aging infrastructure assets as deferring major renovations or replacement results in prolonged maintenance costs;
3. Attracting businesses and private investment – expand job base;
4. Attracting visitors and enhancing non-ad valorem revenue sources;
5. Increasing property values and expanding our tax base;
6. Leveraging bond funds for matching funds to secure federal and state grants for other unfunded projects; and
7. Provide a local stimulus - contract awards for G.O. Bond Projects will allow for qualified local vendor participation.

#### **How Will the Issuance of the G.O. Bonds Impact Tax Bills?**

Voters will be asked to authorize the issuance of bonds not exceeding \$181 million, which includes approximately \$174 million in current project costs, with the difference allowing for costs of issuance, such as bond counsel, financial advisory, bond rating and underwriter fees, as well as other potential market factors at time of issuance. The bonds would be marketed to retail (individual) and institutional investors. Staff is currently proposing that authorized bonds be sold in two series, with the first bond sale



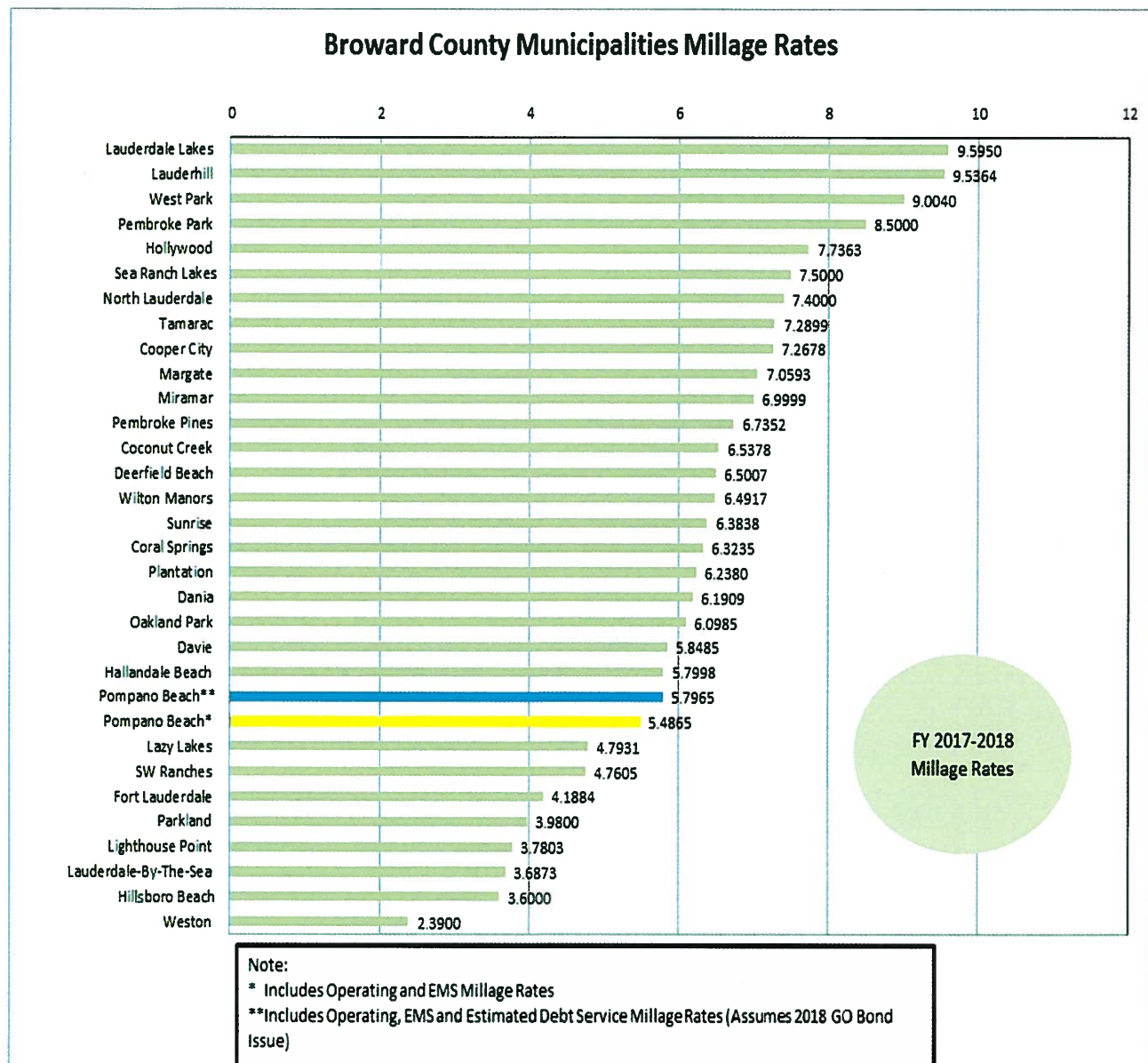
anticipated to occur in August or September 2018 and the second bond sale taking place 3 years later, in 2021. **Two separate bond sales will minimize the initial tax impact to our residents and will also allow for a more manageable project deployment process throughout the City.** Both bond sales would be financed over a thirty (30) year term resulting in an estimated annual debt service of between \$5.4 and \$5.7 million and an annual estimated debt service assessment of between .30 and .31 mils for each respective bond sale. The charts below illustrate the estimated tax impact for a \$200,000 assessed property for both proposed bond sales, individually, as well as for combined bond sales (beginning in 2021):

**Estimated Tax Impact – \$200,000 assessed property value**

<b>Bond Sale</b>	<b>Daily tax impact</b>	<b>Monthly tax impact</b>	<b>Annual tax impact</b>	<b>Impact per \$1,000 of taxable assessed value</b>
2018 Series Bonds	17 cents	\$5.12	\$ 61	31 cents
2021 Series Bonds	17 cents	\$5.02	\$ 60	30 cents
2018 & 2019 Series Bonds Combined	34 cents	\$10.14	\$ 121	61 cents

**Millage Rate Comparison Chart**

The below chart provides millage rate information for all thirty-one (31) Broward County municipalities. Millage rates presented incorporates 2018 general operating, EMS and debt service millage rates combined. For Pompano, an estimated debt service millage has been calculated and incorporated herein if the voters were to authorize the 2018 Series G.O. Bonds. The (\*) indicates Pompano's current (2018) millage rate as it stands today (with no debt service millage), which indicates that Pompano's millage rate is the ninth lowest in Broward County. The (\*\*) indicates what Pompano's new millage rate would be (approximate .31 mil increase) were the City to assess an additional debt service millage sufficient to cover annual principal and interest for the proposed 2018 Series bonds, which would result in Pompano continuing to maintain its position as the ninth lowest millage rate in Broward County. This is without contemplating that some cities, which have lower millage rates, compared to Pompano have higher average assessed values.



## Educational Campaign

Should the City Commission approve the Bond Referendum Resolution on October 10, 2017, staff will launch a comprehensive educational outreach program prior to the March 13, 2018 Referendum date to educate our residents as to the specifics of a G.O. Bond, the benefits to our residents to issue the bonds, the nature of the projects being financed and of course how they may obtain additional information. The educational outreach program will include, but may not be limited to:

- Mailers (i.e. brochures), posters, etc.
- Presentations at general community meetings
- Presentations to Homeowner Association Groups
- Presentations to City Advisory Committees & Boards

- Presentations to special interest groups, to include, but not be limited to, the Pompano Beach Chamber of Commerce and civic clubs
- A dedicated City webpage or website to include information on the G.O. Bonds, such as a list of projects and descriptions by location, contact information for additional questions and a section entitled “Frequently Asked Questions”
- Information on Channel 78
- Information on social media
- Messaging on Utility Bills

## **Advocacy**

City staff can only educate our residents as it relates to the G.O. Bond proposition. In accordance with state law provisions, staff cannot advocate, but the City Commission and other stakeholders outside of the City staff may advocate on behalf of the G.O. Bond issue. To increase the likelihood of a successful Referendum, it is of paramount importance that the City Commission demonstrates a united front in advocating on behalf of the G.O. Bond initiative throughout the community leading up to the March 13, 2018 proposed referendum date, as outreach and the road to success will require a partnership among all stakeholders.

## **The Road to Bond Issuance & Bond Rating Considerations**

It should be noted that should the residents of Pompano vote to authorize the G.O. Bonds, financing documents governing the bond issuance will be presented to the City Commission for approval over the course of several public meetings. With the steps involved in G.O. bond issuance, inclusive of the credit rating process by the National Rating Agencies (i.e. Standard & Poor’s, Moody’s and Fitch), it is anticipated that the City will close on the Series 2018 bond sale in August or September 2018. The bond rating process is extremely involved, as these agencies will be reviewing the City’s general policies and practices, financial information, general demographic and economic factors, and interviewing City Administrators to assign a rating to the bonds. Bond ratings can range from AAA/Aaa (highest rating) all the way down to junk bonds status. Of course, a higher rating received by the City will ultimately result in a lower cost of borrowing (i.e. a lower interest rate on the bonds that investors will be willing to accept). This equates to less of an impact on our taxpayers over the term that the bonds are outstanding. Once a rating is assigned, it will be reviewed annually by the rating agencies and can be maintained, downgraded or withdrawn all together. It is paramount that the City Commission and City Administration continue to make prudent fiscal and policy decisions and be conscientious in promoting the City’s strengths to ensure that the City receives and maintains a favorable credit rating.

## **Conclusion**

The City has an aging infrastructure, which results in ongoing maintenance costs as we defer major improvements of or replacement of these assets. We have also increased in population over past decades and as such must expand our footprint to sustain that increased capacity, thereby ensuring that we provide our residents with quality services in the areas of public safety, transportation and recreation. Sometimes as a government we forget that we have competition from our neighboring communities. We

compete for residents to move to our City versus another community, we compete for businesses who can choose to locate to one City or another, and we compete for visitors or tourists who look at the aesthetics of a City and its venues and attractions when deciding on a destination for their travels. We simply must invest in our infrastructure assets to revitalize our communities, reduce crime, improve our property values, expand our tax base, grow our local job opportunities and enhance our non-ad valorem revenue sources.

I would like to commend the City Commission and our residents for working collectively to always strive to improve our great City. I would also like to commend the City Manager and City Administration, along with the disciplines from various City Departments for their collective efforts in working on the G.O. Bond development process for critical financing of the City's infrastructure needs. Special thanks to the Finance, Budget, Fire, Capital Projects & Engineering, Parks & Recreation, Public Works, Public Communications Office, Legal Office, City Clerk's Office, BSO and General Services for their input in developing this initiative.