



P. O. Drawer 1300
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To: CRA Board of Commissioners

From: Kimberly Vazquez, CRA Project Manager

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

Date: September 3, 2020

Subject: East CRA District Financing and Implementation Plan (FY 2021-2025)

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 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 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 2021) serves as the budget for the District with FY’s 2022–2025 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 2021.

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 2021 – FY 2025).

Plan Sources



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Tax Increment

The COVID-19 pandemic and associated social distancing policies have had wide-ranging economic impacts on the local and national community. Immediate impacts have been felt by our commercial stakeholders through reduced income generation (reduced sales for retail, hospitality, restaurant, etc.) and our citizens through growing unemployment. Local governments are feeling the economic impact through reduced tax revenue (e.g. sales taxes, business taxes, etc.), service revenue (elimination of service fee programs such as parks programs due to social distancing requirements), etc.

As the CRA is not a traditional taxing authority, the revenue impact of COVID-19 on our operations will lag typical government entities. Our main source of revenue is tax increment which is annually valued by the Broward County Property Appraiser (PAO) as of January 1st. To that end, the July 2020 certification of taxable value provided by the PAO highlighted overall tax base growth of 3.1% with the Residential (4% growth) market segment being the primary growth driver. This tax base is what will form the foundation of the Fiscal Year 2021 budget.

However, the CRA forecast recognizes that the Fiscal Year 2022 budget (tax base values as of January 1, 2021) will most likely reflect a material weakening of commercial property values due to their reduced income generation. Specifically, the CRA has forecasted tax base valuation within the Plan as follows:

- FY 2022: -8% valuation reduction;
- FY 2023: -3% valuation reduction; and
- FY 2024-2025: 1% to 2% valuation growth.

It should be noted that the CRA tax base is roughly 60% residential and 39% commercial. As it stands now, residential property values have not shown much volatility and are forecasted to remain stagnant over the next several years. Commercial valuation adjustments are the driving force behind the forecasted valuation reductions included within the Plan.

Miscellaneous

Represents estimated investment earnings (i.e. interest) generated from the CRA's cash balances and CRA-owned building rentals.

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.).



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Debt Service

Represents funding for debt service on the Tax Increment Revenue Refunding Bonds, Series 2013A, and Tax Increment Revenue Bonds, Series 2013B, as well as a contribution towards debt service on the Oceanside Parking Garage.

Redevelopment Area Investment

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

Infrastructure, Streetscape and Parking
Redevelopment Initiatives, Marketing and Special Events
Housing and Neighborhood Stabilization
Property Acquisition/Development
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 2021 Budget (1st year of Plan)

The following section provides a narrative of the District's FY 2021 budget.

Revenues

Revenues for the District total \$8.3 million and include the following:

| | |
|----------------------------------|---------------------------|
| <u>Tax Increment</u> | <u>\$ 3,933,587</u> |
| <u>Miscellaneous</u> | <u>128,494</u> |
| <u>Carryforward Fund Balance</u> | <u>4,249,778</u> |
| Total: | \$ 8,311,859 ¹ |
| <u>Tax Increment</u> | |

¹ Please Note: This figure includes the total operating activity for both the East District Trust Fund and the East District 2013 Bond Fund and ties to the Finance Plan. Excluded from this total is the \$1,099,198 transfer from the East District Trust Fund (expense within Fund 160) into the East District 2013 Bond Fund for debt service (revenue/expense within Fund 314). The interfund transfer represents an accounting transaction that “grosses-up” the totals which does not accurately reflect the actual investment in the CRA. As such, the Finance Plan excludes the interfund transfer activity to provide the CRA Board and stakeholders with an accurate reflection of anticipated investment within the CRA. The budget (Exhibit B of the Resolution) does include the interfund transfers to allow for the administrative management of the CRA.



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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: 5.4999 mills), and North Broward Hospital District (est. millage rate: 1.2889 mills). The FY 2021 tax increment revenues for the District are as follows:

| | |
|---------------------------------|----------------|
| City of Pompano Beach | \$ 1,703,822 |
| Broward County | 1,806,429 |
| North Broward Hospital District | <u>423,336</u> |
| Total: | \$ 3,933,587 |

Total property values (July certification) within the District for FY 2021 increased 3.1% to \$482 million. The Residential market segment (4% growth) was the primary growth driver.

Miscellaneous

Represents \$100,494 in building rental revenue and \$28,000 in estimated investment earnings (i.e. interest) to be generated from the CRA's cash balance.

Carryforward Fund Balance

Represents the carryforward of fund balance (i.e. unspent cash balances) that is available for investment in redevelopment projects and totals \$4.2 million in FY 2021.

Expenditures

Expenditures for the District total \$8.1 million and include the following:

| | |
|------------------------|------------------|
| Operations | \$ 681,988 |
| Debt Service | 1,749,198 |
| Redevelopment Projects | <u>5,855,673</u> |
| Total: | \$ 8,286,859 |

Operations

Totals \$681,988 for FY 2021 and consists of the following:

- Personnel - Includes partial/full funding for the following positions: Capital Improvements and Innovation Director; Administrative Coordinator; Real Property Manager; CRA Director; CRA Project Manager; CRA Project Coordinator; CRA Marketing Director; CRA Marketing Coordinator; Community Development Inspector; 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.).



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Represents funding for debt service on the Tax Increment Revenue Refunding Bonds, Series 2013A (\$708,186), and the Tax Increment Revenue Bonds, Series 2013B (\$391,012), as well as a contribution towards debt service on the Oceanside Parking Garage (\$650,000).

Redevelopment Area Investment

Represents funding for redevelopment area investment and includes the following:

| | |
|---|---------------------|
| Infrastructure, Streetscape and Parking | |
| Public Parking and Capital Improvements | \$ 1,100,000 |
| Pier Street West Streetscape | 720,952 |
| McNab House & Gardens | 1,604,721 |
| Total: | \$ 3,425,673 |
| Redevelopment Initiatives, Marketing and Special Events | |
| Incentive Programs | \$ 200,000 |
| Marketing and Special Events | 75,000 |
| Total: | \$ 275,000 |
| Housing and Neighborhood Stabilization | \$ 100,000 |
| Property Acquisition/Development | \$ 1,700,000 |
| Consultants and Professional/Design Services | |
| Consultants | \$ 355,000 |
| Total Redevelopment Area Investment: | <u>\$ 5,855,673</u> |

Reserves

The FY 2021 budget includes an allocation to reserve totaling \$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.