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Memorandum

DATE: July 20, 2021
TO: CRA Board of Commissioners
FROM: Kimberly Vazquez, Project Manager
THROUGH: Gregory P. Harrison, Executive Director
Nguyen Tran, Director
RE: NWCRA District Proposed FY 2022 Budget/Draft
Financing and Implementation Plan (FY 2022-2026)

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 2022) serves as the budget for the District with FYs 2023–2026 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 2022. Executive Summary of 5-Year Plan.

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 2022 – FY 2026).

Plan Sources

Tax Increment

The COVID-19 pandemic and associated social distancing policies have had wide-ranging economic impacts on the local and national community. As the CRA is not a traditional taxing authority, the revenue impact of COVID-19 on our operations lags 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.



The June 2021 estimate of taxable value provided by the PAO highlights a tax base that, despite the impact of COVID-19, still managed overall tax base growth of 8% (which far exceeded prior-year forecasts) with the residential (12% growth) market segment being the primary growth driver.

During the forecast period, the Plan conservatively factors real estate value growth between 2.5%-3% as the economy continues to recover from the pandemic. Staff recognizes that the growth forecast is conservative and the CRA will most likely outperform the forecast.

As set forth in the Taxing Authorities Interlocal Agreement, FY 2020 was 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 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.
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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. and 35 N. Dixie Hwy); as well as anticipated investment earnings.

Bank Loan (Proposed):

The Plan includes proposed funding totaling \$15.2 million (including estimated issuance costs) through the securing of a Series 2021 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 2021 Bank Loan. Forecasted debt service is based on the following components: principal amount of \$15.2 million (\$15 million for redevelopment projects and \$225,000 for issuance costs); amortization period of 19-years; fixed tax-exempt interest rate of 4%.

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 2022 Budget (1st year of Plan)

The following section provides a narrative of the District's FY 2022 budget.

Revenues

Revenues for the District total \$30 million and include the following:

Tax Increment	\$ 5,154,932
Taxing Authorities Interlocal	3,300,000
Land Sales (Development Agmt)	1,475,000
Miscellaneous	89,947



Carryforward Fund Balance

General	15,026,345
Taxing Authorities Interlocal	5,200,000
Total:	\$30,246,224

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) and totals \$5,154,932 for FY 2022.

Property values within the District (June estimate) for FY 2022 increased 8% to \$1.3 billion. The residential market segment was the primary growth driver (12% growth).

Taxing Authorities Interlocal

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

- Project Funding: \$7 million (total) between fiscal years 2021-2022. (\$5.2 million which was collected in FY 2021 and reflected as Carryforward in the Plan); and
- 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.

Land Sales

Includes revenue from the Property Disposition and Development Agreement between the CRA and D.R. Horton Inc. (Hunters Manor Development). Specifically, compensation to the CRA for its sale of the underlying property includes \$25,000 per residential lot. Current plans indicate 59 residential lots which equates to \$1.475 million to the CRA.

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.	45,640
35 N. Dixie Hwy	11,807
Investment earnings	12,500
Total:	\$ 89,947



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 \$30 million and include the following:

<u>Operations</u>	<u>\$ 1,006,929</u>
<u>Debt Service</u>	<u>1,535,392</u>
<u>Redevelopment Projects</u>	<u>27,685,478</u>
Total:	\$30,227,799

Operations

Totals \$1,006,929 for FY 2022 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.).

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 service on the proposed Series 2021 Bank Loan (see detailed write-up under the *Plan Uses* section above).

Redevelopment Area Investment

Represents funding for redevelopment area investment and includes the following:

Infrastructure and Streetscape Initiatives

<u>Innovation District Drainage Design</u>	<u>\$ 3,000,000</u>
<u>Innovation District Infrastructure</u>	<u>2,662,872</u>
<u>Collier City Gateway Feature</u>	<u>250,000</u>
Sonata	
<u>Drainage Relocation</u>	<u>420,000</u>
<u>Infrastructure Improvements</u>	<u>300,000</u>
<u>11 NE 1st Street (Infrastructure Improvements)</u>	<u>700,000</u>
Dixie Hwy/Atlantic Blvd Improvements	
<u>CRA Funding</u>	<u>5,860,000</u>
<u>Taxing Authorities Interlocal</u>	<u>5,200,000</u>



Downtown District Infrastructure	
<u>Taxing Authorities Interlocal</u>	<u>3,300,000</u>
Public Parking/Capital Improvements	<u>1,000,000</u>
Total:	\$22,692,872
Vertical Project Development and Assistance	
Downtown Projects	
<u>Tenant Improvements</u>	<u>\$ 200,000</u>
<u>CRA Building Maintenance</u>	<u>250,000</u>
<u>Rentals & Leases</u>	<u>145,656</u>
Total:	\$ 595,656
Redevelopment Initiatives, Marketing and Special Events	
<u>Incentive Programs</u>	<u>\$ 400,000</u>
<u>Business Attraction and Development</u>	<u>100,000</u>
<u>Business Attraction and Marketing</u>	<u>75,000</u>
Total:	\$ 575,000
Housing and Neighborhood Stabilization	
<u>Security</u>	<u>\$ 324,450</u>
<u>Additional Safety/Security</u>	<u>100,000</u>
<u>Emergency Rehabilitation of Housing Stock</u>	<u>20,000</u>
Total:	\$ 444,450
Recreational, Educational and Cultural Initiatives	
Community Garden	\$ 50,000
Property Acquisition	
<u>Property Maintenance/Special Services</u>	<u>\$ 400,000</u>
<u>Miscellaneous Property Acquisition</u>	<u>2,587,500</u>
Total:	\$ 2,987,500
Consultants and Professional/Design Services	
<u>Demolition Services</u>	<u>\$ 40,000</u>
<u>Consultants/Professional Fees</u>	<u>300,000</u>
Total:	\$ 340,000
Total Redevelopment Area Investment:	<u>\$27,685,478</u>

Reserves



The FY 2022 budget includes an allocation to Reserve totalling \$18,425. 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.