Deerfield Beach Community Redevelopment Agency
SPECIAL MEETING MINUTES

Tuesday, August 21, 2012, 6:00 P.M.
City Commission Chambers, Deerfield Beach City Hall

The meeting was called to order by Chair Noland at 6:02 p.m. on the above date in the City Commission Chambers, City Hall.

ROLL CALL:

Present: Mr. Joseph Miller
Mr. Martin Popelsky
Mr. Ben Preston
Vice Chair Bill Ganz
Chair Peggy Noland

Also Present: Burgess Hanson, City Manager
Andrew Maurodis, City Attorney
Ada Graham-Johnson, MMC, City Clerk

Absent: None

APPROVAL OF THE MINUTES **DIGITAL TIME STAMP: 6:02:41**

May 29, 2012

MOTION was made by Mr. Miller and seconded by Vice Chair Ganz to approve the May 29, 2012 minutes as submitted.

Voice Vote: YEAS: Mr. Miller, Mr. Popelsky, Mr. Preston, Vice Chair Ganz and Chair Noland. NAYS: None.

APPROVAL OF THE AGENDA **DIGITAL TIME STAMP: 6:02:51**

August 21, 2012

MOTION was made by Mr. Preston and seconded by Vice Chair Ganz to approve the August 21, 2012 agenda as submitted.

Voice Vote: YEAS: Mr. Miller, Mr. Popelsky, Mr. Preston, Vice Chair Ganz and Chair Noland. NAYS: None.

GENERAL ITEMS

ITEM 1 DIGITAL TIME STAMP: 6:03:03

Presentation of Draft FY13 CRA Budget

Kris Mory, CRA Coordinator, presented the proposed FY2012/2013 budget and said that the final budget will be adopted on August 28, 2012; nevertheless, changes are required. Thereafter, Ms. Mory quoted the CRA mission statement.

CRA Revenue History - Ms. Mory said that tax revenues are down. She highlighted the PowerPoint graph that depicted the total tax revenues and investment revenues for the last four (4) years. There was a substantial decrease in FY 11 verses FY 12. She said that the last two (2) years are encouraging as they only differ by $27,000. With regard to Miscellaneous Revenue, last year the CRA made money from the interest by having TIF, tax increment funds, in the bank. However, because of the large projects, those funds are no longer in the bank; thus decreasing miscellaneous revenue. Ms. Mory outlined the CRA budget breakdown; with a major portion going toward capital projects, and smaller portions toward staffing and debt service.

FY 2013 CRA Priorities and Direction - Ms. Mory said that Staff will seek the Boards desired direction; because the Board previously indicated that they are interested in financing future projects to expedite them. She provided various alternatives for the Board; A) Pay as you go - no financing involved, living off tax revenue on an annual basis. B) Tax Increment Revenue (TIR) Generating Activities and C) Capital Improvements.

Financing Mechanisms - Ms. Mory outlined various financing mechanisms and said that based on the Board's direction, CRA Staff will continue to work with City Staff to determine what funding mechanism is most strategic. Each funding mechanism has pros and cons. 1) Bonding is used for public purpose uses, but is most expensive. 2) Bank loans are more flexible in terms of use and less expensive. 3) Tax Increment Revenue has been used historically and is the most flexible in use; and there are no finance charges.

Budget Breakdown - Option A - Ms. Mory outlined how the budget would change, if no debt is issued next year. There would be a significant decrease in capital projects and the debt expenditures would be greater than capital outlay. If the Board chose this option, it is recommended that the old debt be refinanced as it would save approximately $44,000 annually for the remaining life of the CRA.

Option A - "Pay As You Go" - Ms. Mory said that the largest expenditure would be Capital Improvements, $600,000. She suggested a continuation of the façade program and special events as well as a small budget for contractual services. However, based on the approved Five Year Capital Plan, one project that is logical and the highest ranked is the installation of the sidewalks for ADA Compliance. She further explained that two (2) years of CIP Programming can be condensed and have $600,000 worth of sidewalks next year.

GENERAL ITEMS - CONTINUED

Option A Considerations - Ms. Mory outlined the pros and cons of this option. She outlined the pros; achieving ADA Compliance, which is fiscally conservative, but it does not aggressively generate tax increment revenue for the CRA. There is also little impact on the neighborhoods. Unfortunately, some residents do not agree with the sidewalks being in their front yards.

Option C - Capital Projects - Ms. Mory outlined the budget breakdown based on capital projects; which majority of the funds would be spent on capital projects. In order to achieve this, the Board would have to bond; the portion of capital improvements represents $6 million in bond funds/bank loans to undertake projects.

Ms. Mory outlined the projects that are funded by bonds; bond funded capital projects of $6 million; funds for special events, and $480,000 in professional services to support the capital projects; i.e. environmental testing, surveying, etc. She explained that the backup includes budgets, but they do not show the bonded money, but debt service. If the Board decides to finance, the budget showing debt service and not income from bonding, will need to be approved. If blended options are selected, the budget will have to be amended at a later date to show the new income from bonding or financing. Ms. Mory said that to bond or finance $6 million will result in $1,050,000 of annual debt service, which includes refinancing the existing debt for the balance of the CRA.

Option C Projects - Ms. Mory outlined the projects that could be funded with bond money; Sullivan Park/Cove Maritime Village. She said funds would be appropriate for park expansion/redevelopment, the pedestrian boardwalk and any type of marine facility, at $4 million. Additionally, the Cove Gardens project is shovel ready and includes drainage, sidewalks, paving, landscaping, and lighting at $1.2 million. She said that both projects can be accomplished with a bond.

Option C Considerations - Ms. Mory outlined the pros and cons of each project. Cove Gardens can begin immediately. Further, Ms. Mory said that she received an e-mail from the Florida Inland Navigation District (FIND) today, indicating that the chances of having the project funded this year are very good. If funded, 50% of any money spent on the project would be recouped. When the reimbursement is received, three (3) years from now, $2 million will be able to go into a future project. She listed the benefits of the projects; Sullivan Park would be a regional attraction. The negative about capital projects lies in the difficulty to provide figures for the return on investment. Also, capital projects do not directly expand the tax base.

Option B - TIR Generating Redevelopment - Ms. Mory said that Option B is a blend of Option C and more tax increment revenue generating type projects. She outlined the budget breakdown which shows bonding; $3 million, half of the CRA's capacity which potentially keeps $500,000 in annual budgets of Tax Increment Revenue and allows the Board to decide how to spend it. Included in the Board's backup is a worksheet that shows how a public/private partnership might work. There are five (5) properties in the CRA; backup material outlines what each property is generating in tax revenue to the City and tax increment revenue to the CRA. Those properties are not generating much tax increment revenue at this time, possibly under $4,000 between five (5) commercial

GENERAL ITEMS – CONTINUED

and multi-family properties. If those properties were raised and redeveloped as a more intense development, they have the potential to generate over $65,000 annually in tax increment revenue. However, this type of activity cannot be undertaken with a bond; as it is not a public benefit, but there are areas where the CRA could piggy back bond funding with tax increment revenue with a bank loan. She said that the areas are not specified, but outlines the probable return on investment.

Option B - "TIR Generating" - Ms. Mory said that $3 million would be set aside for a bond funded project; $500,000 for infrastructure and capital improvements which the Board may decide how to use; special events and contractual services.

Option B Projects - With regard to Cove Gardens, Ms. Mory said that if the Board wanted to incentivize a private development along Hillsboro Boulevard to make the connection between Hillsboro Commons and the Cove, investment can still be made in the infrastructure in Cove Gardens area and money used to incentivize a private project along Hillsboro Boulevard. However, that would be determined as the project is unknown and what the level or area of participation may be. Ms. Mory highlighted areas where the CRA and/or City could participate above any financing provided to a developer or use to incentivize the project.

Continuing, Ms. Mory said that other options include Sullivan Park which could be used to leverage redevelopment south of the bridge in the Cove. She provided other options for the Board, increasing the bond up to $4 million for Sullivan Park, which would allow for additional funds to use elsewhere.

Option B Considerations - Ms. Mory outlined the pros and cons. She explained that it would likely expand the tax base and the potential return would be known before the check is signed. Also, there would be performance measures built into any type deal. In the case of Sullivan Park, if funds were recouped, it could fund future projects. In addition, when there is more tax increment revenue, in future years, it could also fund additional projects. Sullivan Park and Hillsboro Boulevard are very visible to the public and complete the street.

Moreover, Ms. Mory outlined the negatives that the CRA has not done public/private partnership; therefore, much education and communication regarding structuring the deal is recommended. Furthermore, the public's perception of how a private developer might profit from tax increment revenue must also be considered. These types of projects are hard because negotiations are done in the Sunshine, to some extent; as well as financing. She said these things can be overcome, but wanted to make the Board aware.

Lastly, Ms. Mory said that if Option C is chosen, we will be able to spend the $6 million within four (4) years; thereafter, we would not have the bond money and Option A would be the only choice.

Mr. Popelsky inquired about the bond cost.

GENERAL ITEMS - CONTINUED

Ms. Mory replied that the cost is unknown, but it would be market rate. She explained that the Board would have to identify the projects to get a proposal running in order for it to be tested in the market. Currently the rate is low, so maybe 3% - 4%; notwithstanding, we will not have an estimate until the projects are defined. When the existing debt of $7.1 million is refinanced, there is an approximate savings of 10%.

Mr. Miller asked if the projects have to be designated right away to use the $6 million for Option C.

Ms. Mory replied that in order to get good information from our financial analyst, it is better to have a well defined project to allow them to better determine the cost. If the Board changes its mind after that, changes can be made, but at an additional expense.

In response to Mr. Miller's question, Ms. Mory replied that if the Board moves forward with Sullivan Park and the Cove, it works because Cove Gardens is shovel ready, it is permitted. Once the project is bid out, it can commence immediately. Additionally, if the Board decides to move forward with the bond money, funds can be received within 90 days. Upon finalizing the direction, bidding can begin with the Cove Gardens. The Cove Gardens project will take less than a year and while under construction, the planning, designing, and engineering of Sullivan Park improvements, so that when Cove Gardens is completed, the permitting and construction phase of Sullivan Park can begin. Also, bond money must be used within three (3) years; more than three (3) years, there are penalties associated with the delay.

Mr. Miller asked for the specific street coordinates of Cove Gardens.

Ms. Mory replied that it is the boundary of the CRA, 4th Street, further south than the Cove Shopping Center.

Chair Noland suggested moving forward with the Cove Gardens which has been neglected due to lack of no money to maintain it. She also commented on the return on investment being an increased value to the home. Chair Noland expressed support for Sullivan Park; which has been underutilized for years.

Mr. Miller asked if this also includes the corner of Hillsboro Boulevard, near the gas station and cleaners; he asked if the boarder is 1st Street or Hillsboro Boulevard.

Ms. Mory replied that the boarder of the Cove Gardens improvements is the alleyway. However, preliminary work was done to bring in SE 15th Avenue to address the drainage properly.

Mr. Miller said that the whole area could use an upgrade.

Chair Noland said that the owner of the dry cleaners can use the façade funds to upgrade their property.

GENERAL ITEMS - CONTINUED

Mr. Miller commented on the Pal's old area; and asked if this precludes the CRA from doing something next to the Cove Restaurant.

Ms. Mory replied that in terms of direct funding, having the CRA financially incentivize something, yes, no funds would be left over. She suggested being more strategic in the timing of accepting money from FIND or holding off to include them in the project.

Vice Chair Ganz asked for Ms. Mory's opinion on the best direction.

Ms. Mory said that the CRA has already made a substantial investment in Sullivan Park; therefore, it makes sense to follow through. Otherwise, $2.2 million has gone into a property without a plan of action. Also, because of the City's Charter, it cannot be disposed of without having a large process; however, the CRA may not want to let it go either. Now that an investment has been made, it is important to follow through; especially with the FIND money. Any money put in, the CRA will get 50% back. Although the project may not generate direct TIF, tax increment fund, it may spun the redevelopment of the Pal site and will be a local, if not a regional attraction to draw people in. The benefit as far as the life style would be compelling.

Mr. Preston asked of the three (3) options, which poses the most risk.

Ms. Mory replied Option B.

Mr. Miller commented on Sullivan Park. Since the investment and having the potential of almost recouping 50%, that is almost a no brainer. He said that the attractiveness of Cove Gardens being shovel ready, if we don't bond now, it may never be repaired. There is no incentive to improve your apartment if no one wants to live there. He said that he supports C.

Mayor Noland also agreed with Option C.

Mr. Popelsky also agreed with Option C.

Andrew Maurodis, CRA Attorney, explained that a motion is not needed, but Staff will take the direction to proceed with Option C.

Mr. Popelsky said that based on a bond of $4 million at 4%, it's approximately $160,000. He asked if that is per year or the life of the bond.

Ms. Mory replied that it is $6 million, but referenced an amortization table, Bond Debt Service, in the backup. It shows the estimated annual payments. Lastly, she said that a final budget will be prepared for the Board's approval next week.

BOARD/ADMINISTRATION COMMENTS

Vice Chair Ganz - Preferential Treatment to Local Firms - Vice Chair Ganz commented on an article in the Observer wherein Mr. Steve Edwards, local architect,

BOARD/ADMINISTRATION COMMENTS - CONTINUED

made comments regarding the pier project. He explained that although a local firm was not chosen, a rule was included that allowed some preferential treatment to local businesses during the scoring process. However, it was not the case with this situation. Therefore, he expressed opposition to Mr. Edwards's comments suggesting that it was the case because it was not that they were not selected because they were local, as there were much more truly local firms in the process. However, he has not been happy with Garcia Stromberg in this entire process; even though he understands that Mr. Edwards' comments were made at a function where he was speaking. He said he does not care for what was said and would not want it repeated.

In response to Mr. Popelsky's question, Vice Chair Ganz said that it appeared in the Observer and it was an interview with Mr. Edwards regarding the pier project and some of the statements made were erroneous.

ADJOURNMENT:

There being no further business, the meeting adjourned at 6:41 PM.

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PEGGY NOLAND, CRA CHAIR

ATTEST:

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ADA GRAHAM-JOHNSON, MMC, CITY CLERK