



400 South Federal Hwy
Hallandale Beach, FL 33009

Hallandale Beach Community Redevelopment Agency

Board of Directors Meeting

Agenda Cover Memo

Meeting Date:	September 27, 2017		Item Type:	Resolution X	Ordinance	Other		
Fiscal Impact:	Yes	No	Ordinance Reading:		1st Reading		2nd Reading	
	X		Public Hearing:		Yes	No	Yes	
					X		X	
Funding Source:	Tax Increment Funding (TIF) - Broward County, City Of HB, South Broward Hospital District, Children's Services Council		Advertising Requirement:	Yes		No		
						X		
Account Balance:	N/A							
Project Number :	N/A		RFP/RFQ/Bid Number:	N/A				
Contract/P.O. Required:	Yes	No	Strategic Priority (Enter X in box):					
			<p>Capital Improvements <input type="checkbox"/></p> <p>Goal 1 - Undertake Total Improvements of Public Realm <input type="checkbox"/></p> <p>Goal 2 - Promote Public/Public and Public/Private Partnership <input type="checkbox"/></p> <p>Promote Projects with Large-Scale Impacts <input type="checkbox"/></p> <p>Goal 1 - Issue a Request for Proposals (RFP) for NW infill Housing <input type="checkbox"/></p> <p>Goal 2 - Issue a Request for Qualifications (RFQ) for Dixie Highway/Foster Road parcel <input type="checkbox"/></p> <p>Priority Area:</p> <p>North West Quadrant <input type="checkbox"/></p> <p>FEC Corridor <input type="checkbox"/></p> <p>Southwest Quadrant <input type="checkbox"/></p> <p>Northeast Quadrant <input type="checkbox"/></p> <p>Southeast Quadrant <input type="checkbox"/></p>					
Sponsor Name:	Roger M. Carlton, HBCRA Executive Director		Department:	HBCRA				



Short Title:

A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA; APPROVING THE FISCAL YEAR 2017-2018 BUDGET; AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL ACTION NECESSARY TO IMPLEMENT THE FISCAL YEAR 2017-2018 ANNUAL BUDGET; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

Background:

Florida Statutes 163.387 (1)(a) requires that an annual funding of the redevelopment trust fund shall be in an amount not less than that increment in the income, proceeds, revenues, and funds of each taxing authority derived from or held in connection with the undertaking and carrying out of community redevelopment under this provision. Such increment shall be determined annually and shall be that amount equal to 95 percent of the difference between:

1. The amount of ad valorem taxes levied each year by each taxing authority
2. The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority.

The Hallandale Beach Community Redevelopment Agency (HBCRA) and the City of Hallandale Beach (City) held two budget workshops on May 5th and June 13th, 2017 to discuss the FY17/18 proposed budget and the financial status of the HBCRA. During the May budget workshop the HBCRA projected estimated revenues of \$12.3 Million and estimated expenditures of \$15.3 Million, leaving the HBCRA with a shortfall of approximately \$2.9 Million. In order to assist with reducing the budget shortfall and assist with balancing the budget, the HBCRA Board of Directors instructed the HBCRA Executive Director and staff to remove the funding of the South West and South East Drainage Improvement Project from the budget.

In preparation for the second budget workshop staff made significant changes to decrease expenditures. On June 13, 2017 the HBCRA Board was presented with a budget where the proposed revenues totaled \$16.5 Million, comprised of a cash balance of \$5.6 Million and expenditures totaled \$13.4 Million.

In the past the HBCRA budget development process was arguably less than transparent, which made it difficult for staff to maintain a balanced budget because projected revenues were not received. The projected budget shortfall is comprised of one primary component: overcommitment of funding for Redevelopment Agreements.

Following the June 2017 workshop staff conducted a deeper analysis of the proposed budget in order to create a more transparent budget in which the cash balance would not be included in the projected revenues. The budget process included the creation of a "lean budget" (Exhibit A) that was designed to clearly ascertain the sources of revenues and expenditures and be able to identify any potential budget shortfalls. However, this process revealed a \$1.2 Million shortfall, which comes as a direct result of funds that were previously committed for Redevelopment Agreements.



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Current Situation:

Revenues:

CRA REVENUE	PROPOSED FY17/18 BUDGET	% TOTAL
TAX INCREMENT FINANCING	\$ 10,126,270	91.60%
INTEREST PAYMENT	\$ 75,000	0.68%
FDEM (RESIDENTIAL MITIGATION GRANT)	\$ 194,000	1.75%
LOAN APPLICATION FEES	\$ 5,000	0.05%
LOAN PAYMENT (INTEREST)	\$ 20,000	0.18%
LOAN REPAYMENT (PRINCIPAL)	\$ 190,000	1.72%
INFILL HOME	\$ 160,000	1.45%
UNSOLICITED PROPOSALS/LEGAL FEES	\$ 104,789	0.27%
AFFORDABLE HOUSING DEVELOPMENT AGREEMENTS	\$ 150,000	0.95%
RENT PAYMENT	\$ 30,000	1.36%
TOTAL CRA REVENUE	\$ 11,055,059	100%
* FOOTNOTES		
FY 16/17 ENDING CASH BALANCE	\$ 6,084,395.00	
SHORTFALL BASED ON "LEAN BUDGET " (EXHIBIT A)	\$ (1,208,127.00)	
CASH BALANCE AFTER APPLYING TO " LEAN BUDGET"	\$ 4,876,268.00	
REVENUE + ENDING FY 16/17 CASH BALANCE	\$ 17,139,454.00	



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Expenditures:

CRA EXPENDITURES	PROPOSED FY17/18 BUDGET	% TOTAL
PERSONNEL	\$ 870,064	5.14%
OPERATING	\$ 734,830	4.35%
CAPITAL PROJECTS	\$ 885,300	5.23%
LAND ACQUISITION	\$ 2,576,000	15.22%
REDEVELOPMENT AGREEMENTS	\$ 4,072,719	23.92%
INTERLOCAL AGREEMENTS	\$ 1,948,322	11.51%
PROGRAMS	\$ 3,007,269	16.63%
DEBT SERVICE	\$ 3,044,950	17.99%
TOTAL CRA EXPENDITURES	\$ 17,139,454	100%



Analysis:

In order to create a more accountable budget, the proposed FY 17/18 budget requires the HBCRA to utilize Tax Increment Financing (TIF) and Miscellaneous Revenues as the primary source for projected expenses. This new budget process revealed that our proposed expenses for FY 17/18 exceeded our revenues by \$1.2 Million. Staff made every effort to reduce as many programmatic expenses as possible in order to achieve a fiscally responsible budget. It is important to note that our various redevelopment agreements total \$3.1 Million dollars and contributes significantly to the budget shortfall. These redevelopment agreements include the following:

- A commercial loan to Ice box in the amount of \$455,000, Development Agreement executed in FY16/17.
- A commercial loan, unit subsidy and densification study to Mega Developers LLC, for the construction of four (4), two –bedroom condominiums (Foster Condominiums) in the amount of \$ 439,600. Development Agreement executed in FY 15/16.
- HBCRA contribution to Hallandale Commons (Donaldson –West Venture LLC) for the construction of ten townhomes in the amount of \$660, 00, development agreement executed FY16/17.
- A contribution to Arts Square for the NE 3rd Street improvements in the amount of \$1.6 Million. Development Agreement executed in FY 15/16.

At the end of FY16/17 the HBCRA will have an estimated cash balance of \$6 Million after all expenses have been paid. Per Florida Statute 163.387 (7) there are four things that CRAs may do at the end of each fiscal year with any cash remaining in the trust fund:

1. Return the funds to each tax authority
2. Use the funds to reduce debt
3. Deposit funds into an escrow account for the purpose of later reducing debt
4. Appropriate the funds to a specific redevelopment project

Of the \$6 Million in ending cash balance for FY16/17, \$1.2 million will be used to balance the FY 17/18 budget. The remaining \$4.8 Million cash balance will be allocated to specific programs and projects during the FY 17/8. These programs include land acquisition, affordable housing construction and economic development incentives. This allocation can be found in the Proposed Budget Exhibit B.

Fiscal Impact:

The fiscal impact is \$17,139,454

Why Action is Necessary:

Article 5-5.2 of the Hallandale Beach Community Redevelopment Agency By-Laws requires the Executive Director to prepare an annual budget and work program for the HBCRA Board's approval for each fiscal year, and such other budgets as the Board may determine. The HBCRA shall not expend any funds other than those in the budget or otherwise authorized by the Board, provided that the Directors shall have the power to amend its budget from time to time as necessary.



Proposed Action:

Staff recommends approval of the attached Resolution adopting the Hallandale Beach Community Redevelopment Agency proposed annual budget for the FY17/18

Staff also recommends approval for Amendment(s) to the FY17/18 HBCRA Adopted Budget and authorizing the Executive Director to make continued adjustment of the HBCRA Annual Adopted Budget once the previous Fiscal Year has closed. The FY 17/18 Budget is automatically amended to appropriate encumbrances, outstanding contracts, capital outlay of projects reserved or unexpected from the FY 16/17, said appropriation has been previously approved by the HBCRA Board of Directors. These adjustments do not create any new projects or change the allocation amount unless such changes are enumerated in the FY 17/18 Budget.

Staff also recommends authorizing the Executive Director to make adjustments of the HBCRA Annual Adopted Budget to amend the budget based upon receipt of grant funds. The budget shall be automatically amended upon the adoption of a resolution to accept a grant or donation. Such amendments shall be automatic only when such amendments are authorized in the resolution accepting the grant or donation.

Attachment(s):

Exhibit 1 – Resolution Adopting the Annual Budget for FY17/18

Exhibit A- "Lean Budget" Exercise FY 17/18

Exhibit B – Proposed Hallandale Beach CRA Budget FY 17/18

Roger M. Carlton, Executive Director

A blue ink signature of Roger M. Carlton, written over a horizontal line.

Jeremy Earle, Ph.D, AICP, Assistant City Manager

A blue ink signature of Jeremy Earle, written over a horizontal line.