



Hallandale Beach Community Redevelopment Agency Board of Directors Meeting Agenda Cover Memo

Meeting Date:	September 17, 2018		Item Type:	Resolution X	Ordinance	Other		
Fiscal Impact:	Yes	No	Ordinance Reading:		1st Reading		2nd Reading	
	X		Public Hearing:		Yes	No	Yes	No
						X		X
Funding Source:	130 Fund (Various Accounts)		Advertising Requirement:		Yes		No X	
Account Balance:								
Project Number:	N/A		RFP/RFQ/Bid Number:		N/A			
Contract/P.O. Required:	Yes	No	Strategic Priority (Enter X in box):					
		X	<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 <input type="checkbox"/></p> <p> 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 <input type="checkbox"/></p> <p> infill Housing</p> <p> Goal 2 - Issue a Request for Qualifications (RFQ) for Dixie <input type="checkbox"/></p> <p> Highway/Foster Road parcel</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:	Nydia Rafols Sallaberry, Interim 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 AN AMENDMENT TO THE FY 17/18 BUDGET IN ONGOING PROGRAMS AND PROJECTS; AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL ACTION NECESSARY TO IMPLEMENT THE AMENDMENT TO THE FY17/18 BUDGET AND TO MAKE CONTINUED ADJUSTMENTS TO THE FY17/18 BUDGET; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

Background:

On February 20, 2018, the Hallandale Beach Community Redevelopment Agency (HBCRA) Board of Directors (the Board) approved the budget amendment for FY 17/18. The amendment increased the total budget from \$17,139,454 to \$19,492,343 (a \$2,352,889 increase). The increase was the result of higher revenue collections from FY 17/18 Tax Increment Financing (TIF) and proceeds from the sale of an infill home. Additionally, the HBCRA's overall fund balance from FY 16/17 increased once prior year(s) purchase orders and cash reappropriations tied to projects and programs were fully budgeted. Cash reappropriations represents the ending cash balance at September 30, 2017. The timing of payments resulted in a higher balance than initially projected.

Current Situation:

The HBCRA is proposing another budget amendment that will address the HBCRA Liabilities due to the City and unpaid FY 15/16 2007A debt service.

HBCRA Liabilities to The City

On June 4th, 2018 the City and HBCRA held a special joint meeting to discuss the City's Comprehensive Annual Financial Report (CAFR) and the forensic Audit. During the meeting, under City Manager's communications, City Manager Carlton mentioned to the Commission that a review committee would bring back recommendation pertaining to the forensic audit and any potential CRA resitution.

On August 20, 2018 the City and HBCRA held a special joint meeting which included the discussion of the FoodMan and Associates Forensic Audit. The Forensic Audit identified a number of fiscal concerns and a lack of financial transparency that significantly inhibited the ability to analyze programs and payments of the HBCRA. The Forensic Audit identified



\$11,098,110 as questionable costs paid by the HBCRA. The review committee recommended that the City repay the CRA \$7,066,056. At the August 27, 2018 City Commission Budget workshop, the Commission instructed staff to budget \$250,000 as an initial payment from the City to the CRA as a part of the recommended restitution of funds.

In conjunction with this recommended restitution and forensic audit, the HBCRA Finance team is proposing to decrease its liabilities, also called its "due to due froms." The reduction in liabilities will allow the HBCRA to clean up account issues from previous years, and allow it to start FY 18/19 with a clean slate. As of September 30, 2017 the amount owed to the City was \$4,974,708 million. This number is comprised of unpaid Interlocal agreements, payroll expenses, and administrative charges dating from FY12/13. Since September 30, 2017 the HBCRA has made some payments, the actual amount owed is \$4,928,113.64 (Exhibit 3). The HBCRA Finance team proposes, based on this budget amendment, that HBCRA pay the City the full amount. The proposed budget amendment is tied directly to the year-ending September 30, 2017 Comprehensive Annual Financial Report (CAFR), which reports that the HBCRA should have had a carryforward amount of \$2.7 million. Based on the Foodman Forensic Audit, and the information provided by the CAFR, the HBCRA is confident that once the budget amendment is approved, the CRA's financial accounts will be correct.

Village of Gulfstream TIF

The HBCRA FY 17/18 adopted budget included a payment to the Village of Gulfstream for FY16/17 due to negotiations by previous City Managers this payment was not included in the FY 16/17 budget. HBCRA staff proposes to amend the budget to include an additional payment for FY17/18 so that the agency can be up to date with its payments per the agreement with the Village of Gulfstream. The Village of Gulfstream Tax Increment Financing (TIF) budget line item will therefore increase from \$453,132 to \$954,021.

2007A Series Debt Service Payment from FY 15/16

The HBCRA's FY 15/16 adopted budget included a debt service payment in the amount of \$1,507,961 for the 2007A bond. After an analysis of the HBCRA's trust fund was performed, it was determined that the agency needed to amend the budget as a result of a discrepancy in the amount of assets held for resale. This amendment was in the form of a \$7,370,568 reduction of the budget and resulted in the removal of the FY 15/16 2007A debt service payment. Upon further review, the final amount that the HBCRA is due to reimburse the City is \$1,362,585 for the FY 15/16 debt service. The HBCRA has made its debt service payments for FY 16/17 and FY 17/18.



Expenditures Adjustments Over \$150k (Table A)

BUDGET LINE DESCRIPTION	FY 17/18 REVISED BUDGET	FY 17/18 PROPOSED BUDGET	CHANGE
PERSONNEL	\$ 938,714	\$ 639,500	\$ (299,214)
PROGRAMS	\$ 3,802,416	\$ 3,314,051	\$ (488,365)
LAND	\$ 2,755,662	\$ 1,274,999	\$ (1,480,663)
CAPITAL PROJECTS	\$ 1,513,269	\$ 1,062,326	\$ (450,943)
REDEVELOPMENT AGREEMENTS	\$ 4,536,253	\$ 831,730	\$ (3,704,523)
DEBT SERVICE	\$ 3,044,951	\$ 4,407,536	\$ 1,362,585

Personnel

During the budget process for FY 17/18, the HBCRA proposed that the estimated cost for personnel would be \$938,714. Based on budget amendments by both the HBCRA and City added in February and March 2018 respectively, two new positions were added during this fiscal year, the Economic Development Coordinator and Economic Development Manager. The Economic Development Coordinator and Economic Development Manager are part of the newly created office of Economic Development that was intended to be funded by both the City and the HBCRA since both individuals would operate citywide. During FY 17/18 the HBCRA also reclassified the following three positions due to staffing/organizational changes:

- Administrative Assistant – Office Manager
- Real Estate Coordinator – Project Manager
- Business Development Coordinator – Economic Development Coordinator

Due to increased CRA workload and ongoing training with existing staff, the HBCRA did not fill all these positions during this fiscal year, which has resulted in savings from the personnel budgeted line item. The HBCRA intends to fill these vacancies during FY 18/19. For FY 18/19 the positions budgeted of Economic Development Manager and Economic Development Coordinator will be fully funded by the HBCRA.

Programs

The approved amended budget for FY 17/18 allocated \$ 3,799,415 for programs the breakdown is as follows:

- Hurricane Loss Mitigation Program - \$ 191,235
- Paint Voucher Program - \$ 60,000



- Window/ Shutter Program- \$ 110,000
- Down payment Assistance Program- \$ 700,000
- Neighborhood Improvement Program- \$ 965,127
- The Village at Gulfstream Park- \$ 453,132
- Business Incentive Loan Program- \$ 500,000
- Commercial Investment Program- \$ 819,921

The HBCRA Finance team is proposing a reduction to programs such as the Business Incentive Loan, the Down Payment Assistance and the Neighborhood Improvement Program. Funds from these programs will be reallocated towards the Gulfstream TIF payment and the HBCRA liabilities, which are due to the City.

Land

The approved amended budget for FY17/18 allocated \$2,755,622 for land in an effort to acquire properties. During the fiscal year the HBCRA staff made every effort to acquire land however, many challenges arose delaying the acquisition or eliminating the possibility of acquiring land. Additionally, HBCRA staff made every effort to purchase property within the Southwest and Southeast quadrants of the City and has received no response from prospective sellers purchase. Accordingly, the HBCRA Finance team is recommending that \$1.6 million (Table A) be reallocated towards debt service.

Capital Projects

The approved amended budget for FY17/18 allocated \$ 1,513,269 for capital projects. During the fiscal year, the HBCRA Finance team was notified that the Atlantic Shores Blvd Improvements would not take place during FY 17/18. HBCRA staff will reappropriate those funds for FY 18/19.

Redevelopment Agreements

The approved amended budget for FY17/18 allocated \$4,536,253 for Redevelopment Agreements. The breakdown of the account is as follows:

- Targeted Industry Incentives- \$200,000
- Hallandale City Center -\$ 916,666
- Mega Developers -\$ 439,000
- Icebox Café- \$ 455,000
- Hallandale Commons- \$ 660,000



- ArtSquare/3rd Street Improvements- \$1,665,587
- Foster Dixie Site-\$ 200,000

The HBCRA Finance team has determined that \$400,000 from Targeted Industry incentives and the proposed Foster Dixie project should be reallocated towards debt service . The payment for the Hallandale City Center and the Hallandale Commons project will not occur this fiscal year and the HBCRA finance team proposes to reallocate these funds towards our liabilities and debt service.

Debt Service

After an analysis of the HBCRA debt service, Staff has concluded that the 2007A Series debt service payment for FY 15/16 was not made. The reason for the non-payment was due to a \$7.3 million budget amendment because the reclassification of the Asset Held for Resale. The City of Hallandale Beach makes this payment on behalf on the HBCRA, and the CRA is responsible for reimbursement. To rectify this, the HBCRA Finance Team has reallocated savings from personnel, land and redevelopment agreements to reimburse the City \$1.3 million for the 2007A series debt service payment.

Why Action is Necessary:

Pursuant to the By-Laws Section 5.2, 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 as may from time to time be necessary.

Proposed Action:

Staff recommends approval of the attached Resolution authorizing a Budget Amendment to the FY 17/18 HBCRA Adopted Budget.

Staff also recommends authorizing the Executive Director to make continued adjustment 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
Exhibit 2 – Proposed Amended FY 17/18 Budget
Exhibit 3- Statement from the City



400 South Federal Hwy
Hallandale Beach, FL 33009

A handwritten signature in blue ink, appearing to read "Nickens Remy".

Prepared by: Nickens Remy, Fiscal Operations Manager

A handwritten signature in blue ink, appearing to read "Faith Phinn".

Prepared by: Faith Phinn, Financial Management Analyst

A handwritten signature in blue ink, appearing to read "Jeremy Earle".

Reviewed by: Jeremy Earle, Ph.D., AICP, Assistant City Manager