

COMMUNITY REDEVELOPMENT AGENCY BOARD

WORKSHOP MEETING

August 20, 2018

MINUTES

Present:

Arlene Schwartz
Lesia Peerman
Joanne Simone
Anthony Caggiano, Vice Chair
Tommy Ruzzano, Chair

Also Present:

Samuel A. May, Executive Director
Brian Sherman, Goren, Cherof, Doody & Ezrol, P.A.
Robert Massarelli, Assistant Executive Director
Cotter Christian, Project Manager
Charles Michelson, Saltz Michelson Architects
James Nardi, Advanced Asset Management

The workshop meeting of the Margate Community Redevelopment Agency having been properly noticed was called to order at 6:34 p.m., on Monday, August 20, 2018, by Chair Tommy Ruzzano.

1. **DISCUSSION & POSSIBLE ACTION:** DISCUSSION OF PROPOSED MCRA BUDGET FOR FISCAL YEAR 2018-2019

Chair Ruzzano commented on changes that had been made to the proposed budget in recent days and he asked the Board Attorney if the reason was because a certain amount of funds needed to be allocated and held aside due to a contractual agreement with the developer.

Brian Sherman, Board Attorney, said it was their firm's position that the funding for prior projects should be maintained in light of the ongoing litigation.

A brief discussion ensued about the reasoning the funds needed to be earmarked and the current proposed projects that would not be able to be done due to a lack of available funds. Chair Ruzzano commented that the developer should be asked whether they had an associated line of credit and he asked the Board members for consensus to direct the Board Attorney to follow up. Attorney Sherman responded that it was a Workshop but he would pass their request on to attorney's Tolces and Doody to address.

Robert Massarelli, Assistant Executive Director, proceeded with a PowerPoint presentation. He explained that he would be providing the budget highlights and that the Board's direction was needed in three areas in order to finalize it; specifically, budgeting for the City Center; prioritization of the capital projects; and, the allocation of funds for the grant/façade improvement program because all three were inter-related.

He explained that Redevelopment Management Associates (RMA) had prepared the budget for the past several years and it had been a challenge trying to understand the details of the budget. He said it had been his understanding that the MCRA had a lot of funds that it needed to spend but the reality was that it had a lot of fixed expenses and there were limited funds available to spend.

Mr. Massarelli gave a brief overview of the various funds that made up the MCRA budget. In the 140 Operating Fund, he said there were revenues of \$7 million, operating expenses of approximately \$3 million, debt service of \$1.9 million, leaving a balance of \$2 million which the MCRA recommended allocating towards the grants/façade improvements and business incentive programs. He commented that it was a big increase over the current year's budget but there was a lot of interest in the revised commercial and industrial property improvement grant due to the increased threshold of up to \$750,000.

Highlights of the discussion on the 140 Operating Fund included the following:

- Location of salaries in the budget and how they compared to the costs associated with RMA running the MCRA. Mr. Massarelli explained that salaries were included in the City Offsets line item and previously RMA expenses were under the CRA Management Services line.
- Location and funding for the Sounds at Sundown. Mr. Massarelli explained that the expenses for Sounds at Sundown were combined with Margate Under the Moon and appear under the line for Summer and Fall Events.

- Explanation of City Offsets. Sam May, Executive Director, explained that the numbers were the result of a cost allocation study done through the Finance Department and represented costs paid to the City for services performed by City personnel. Ms. Schwartz suggested that the name "offset" be changed to "reimbursement" because it more accurately reflected what was being done.
- Explanation of MCRA's organizational chart. Mr. Massarelli named all of the positions and staff members.
- Chair Ruzzano requested that MCRA staff salaries be shown separately from City Offsets.
- Ms. Schwartz commented about the need to have a full time MCRA director.

Discussion ensued about the amount of money in the MCRA budget. Mr. Massarelli responded that there was \$23 million but that was only on paper and he explained that each year the MCRA had to spend the money or it got reallocated. He said the MCRA had approximately \$2 million a year of additional monies to work with that were not assigned to projects.

Mr. Massarelli showed a slide and provided an overview of the 240 Sinking Fund. Highlights of the discussion on the 240 Sinking Fund were as follows:

- Explained that it was for debt service repayment and the \$1.9 million amount was relatively fixed and would remain the same for the next four to five years, unless the debt was paid prior to 2022.
- Mr. May explained that money was initially borrowed to build the downtown area and the loan was refinanced in 2012. Mrs. Peerman commented that the funds were borrowed for land acquisition and to build the parking garage, community center, and band shelter.

Mr. Massarelli showed a slide and provided an overview of the 241 Escrow account fund. He explained that the funds continuously rolled forward each year with the interest earned.

Mr. Massarelli showed a slide and provided an overview of the 340 Capital Improvements fund. Highlights of the discussion were as follows:

- Funds of \$518,000 in Contingency could be increased or decreased as needed.
- Mr. Caggiano asked the reason for paying banking fees when the MCRA had \$8.9 million in the bank. Mr. May said the MCRA would need to obtain the reason from the Finance Department.
- Explanation of Fund Balance
- Summary of current year capital projects

Mr. Massarelli showed a slide of the 341 Loan Proceeds fund and he provided an explanation of how it worked.

Mr. Massarelli showed a slide with additional details on the Fund 140 Operating Expenses Revenues which totaled \$7,098,860 and included tax increment financing (TIF) revenues and rent from the shopping plazas. He explained that TIF revenues were fixed based on property values and city and county tax rates, but if the Board wished to increase revenues, it could consider increasing tenant rents.

Ms. Schwartz asked why the interest income amount was so low when interest rates were on the rise. Mr. Massarelli responded that the Finance Director suggested using conservative projections. Ms. Schwartz asked to see more reasonable projections.

Mr. Massarelli showed a slide with additional details on the Fund 140 Operating Expense appropriations. Some highlights of the discussion were as follows:

- Events were increased to allow for enhancing some of the events such as the Winter Festival. Also the budget reflected Groove and Green as a year round event. Several board members expressed their displeasure with the event including lack of produce, limited food trucks, expense for the tent, and no action on the garage sale option. Mr. May said that the MCRA was looking to get a tent and eventually the market would move to the Sports Complex. Additional discussion ensued amongst the Board members about the market's challenges.

Brian Sherman, Board Attorney, commented that the purpose of the Workshop was to discuss the budget and that staff should take their comments, review, and report back to them noting that no action could be taken that night. Mr. Massarelli stated that a contract for the Groove and Green event would be coming before them at the September MCRA meeting. He suggested holding a workshop prior to that meeting to discuss the event. Mrs. Peerman disagreed; she said Mr. Gaidry knew what they wanted but he was having difficulty getting it.

- Operating Expenses of \$63,000 included such items as advertising, postage, telecommunications, etc.
- Property Management of \$1.1 million included maintenance of the shopping plazas as well as the medians.
- Legal was budgeted at \$400,000 to include City Center legal expenses
- City Offsets of \$1,085,067 to reimburse the City for expenses of staff
- Marketing and Promotions was budgeted at \$50,000
- Redevelopment Plan Update was budgeted at \$50,000 and was in response to changes in the Transit Oriented Corridor and the Comprehensive Plan.

- Additional discussion ensued concerning the amount spent on property management services which included expenses for landscaping maintenance, property management, bus shelter maintenance, utilities, and property maintenance at the shopping plazas. The Board said they would like to have the details.

- Property Improvement grants of \$1.9 million and \$100,000 for economic development incentives was proposed. Mr. Massarelli asked the Board for direction on whether they wanted to fund grant programs or reallocate to capital projects. He explained that there had been a great deal of interest in the façade improvement program and the MCRA already had four businesses that wanted to participate at an estimated expense of \$1.2 million. Ms. Schwartz suggested a frontage size amount associated with a matching grant amount instead of an 80/20 split. Mr. Massarelli said there was a program for the smaller façade improvement program that might be applicable. He said MCRA's staff recommendation was to review the types of businesses and requests that were coming in to help determine the focus. He advised that there were parameters and the Board would have final approval on each. Mrs. Peerman said it was her understanding that the program was meant to help improve the appearance of shopping centers in the MCRA. Mr. Massarelli said staff would review the guidelines to see if size or frontage parameters could be included. Chair Ruzzano said it was his understanding that the \$750,000 grant would be available only if an entire shopping plaza was being redone, and not to individual businesses.

Mr. Massarelli showed a slide which provided additional details on the 340 Capital Improvement Projects which gave a break out of the City Center capital projects and Other capital projects. He said there was \$4.6 million allocated to the City Center which was about the same as the current year and was being done at the advice of legal counsel. He explained that even if the consultant selection, the design work, permitting, etc., were started October 1st, it would be unrealistic that capital expenditures would be utilized in the next fiscal year. He proposed an alternative budget scenario where funds would be allocated for only the design and permitting work which would free up about \$1.5 million (\$3.1 million versus \$4.6 million). Mr. May asked Attorney Sherman for an opinion on budgeting for design and permitting work. Attorney Sherman said that in his discussions with Attorney Doody, the recommendation was to leave the budget as it had been last year for the City Center project. Several of the Board members disagreed with some of the items that were being budgeted including the State Road 7 Greenways and Stormwater Improvements, as well as having to budget for projects that would not be happening for some time. It was suggested that \$2.3 million be moved from the City Center to other capital projects because the funds could be put back in the following year. Attorney Sherman reiterated that the funds should remain intact because moving them might have unintended consequences and affect the litigation.

Chair Ruzzano asked the Board Attorney what would happen if the monies that were specifically allocated were not spent within the required number of years and also what would happen to the funds if the MCRA was terminated. Attorney Sherman said he would need to look into it further.

Mr. Massarelli showed a list of other capital projects that had been discussed in the past. He pointed out five new projects that had not been discussed and were highlighted in blue:

- Southgate Neighborhood Sidewalk & Lighting Improvements (\$1 million)
- Margate Estates Neighborhood Sidewalk & Lighting Improvements (\$1 million)
- Lakeshore Drive Landscape and Façade Improvements (\$90,000)
- Ace Hardware Shopping Center Façade Improvements (\$8 million)
- Chevy Chase Shopping Center Façade Improvements (\$9 million)

In regards to the Lakeshore Drive project, he said the back of the commercial building and the landscaping were a detriment to the area. He explained that while Lakeshore Drive was outside the MCRA, but the commercial area was within it. He suggested getting an easement across the property and installing a wall and landscaping to enhance the corridor. He noted that it would be a future project but the MCRA was looking for direction on whether a smaller project such as this might be more desirable than some of the larger ones.

Chair Ruzzano commented that the amount budgeted for the neighborhood identification signs needed to increase substantially, and he said he would like to see 20 of the signs done during the year. There was a short discussion

about the process and Mr. Massarelli explained that it was unlikely the funds could be encumbered in the current fiscal year due to Purchasing's work load.

Mrs. Peerman suggested pulling \$500,000 from the Wayfinding signage and moving it to the Ace and Chevy Chase plaza improvements. Ms. Schwartz suggested not moving ahead with the phase two improvements to Coconut Creek Plaza thereby saving \$165,000. Chair Ruzzano commented that he would rather see monies spent on improving the MCRA owned plazas than on stand-alone buildings in the façade improvement program. Mrs. Peerman pointed out that the shopping plazas were going to be torn down at some point and she would rather not take the funds from the façade grants program.

Mr. Massarelli stated that there might be approximately \$1 million remaining in the 140 Operating Fund at year end that would need to be transferred in November.

Mrs. Schwartz asked about the additional \$450,000 that was being budgeted for Winfield Boulevard improvements. Mr. Massarelli explained that it was not additional funds; it was the cost of the project that was not able to be encumbered in the current fiscal year. Ms. Schwartz suggested putting off the project because she had not met anyone who wanted it. Mr. Caggiano agreed and suggested to put in speed humps instead.

Ms. Schwartz asked about the Colonial Drive improvements for \$30,000. Mr. Massarelli said the monies were for the lights in the pedestrian crosswalks which were not part of the original project. Chair Ruzzano disagreed. Cotter Christian, Project Manager, stated that the flashing beacons had always been part of the project but the in-road lighting was added. He said the issue was that Broward County standard had changed on the flashing signs and it had been difficult getting approval on them. He said rather than hold up the job, it was decided to move forward with the construction while waiting for the approval from Broward County. He said they had met with the County several times and they had blessed the plan. He said there had also been a patent infringement issue on the type of flashing beacon sign and the County specification for that sign changed in the middle of the process. Mr. Christian explained that the contract included solar lit in-road RPM's but they were in the approach lanes versus the crosswalk due to a miscommunication. He said the lit RPM's were bid items and they would be installed which he said would likely cost less than \$30,000. Mr. May assured the Board that the lights would be installed before the job was complete, and that the County was told that the MCRA or City would maintain them which he said would expedite the process.

Ms. Schwartz asked about the Coral Gate Park improvements budget item for \$52,000. Mr. Massarelli explained that the monies would be used to replace playground surface and playground equipment, and install lighting for basketball court and playground. He said \$52,000 was for design next year and \$850,000 in the following year.

Ms. Schwartz asked about the Margate Boulevard improvements budget for \$200,000. Mr. Massarelli explained that it was going to be spent on pedestrian crosswalks. It was discussed that the project could be pushed out to the future.

Mrs. Peerman asked about the differences in the costs for improvements to Coral Gate Park and Serino Park. Mr. Massarelli explained that the City had applied for a matching grant of \$250,000 through FRDAP (Florida Recreational Development Assistance Program) for Serino Park, so essentially the overall project cost would be comparable to Coral Gate Park.

Mr. Massarelli introduced Charles Michelson to explain the budget numbers associated with the plaza improvements.

Charles Michelson, Principal, Saltz Michelson Architects, explained that when he discussed the project improvements with MCRA staff, he was asked to provide the worst case scenario which would include not only improving the appearance of the plazas, but also fixing existing problems. He explained how when improvements such as a new roof, air conditioning, landscaping, plumbing, electrical, parking lot improvements, etc., were added, in addition to ensuring the improvements were up to Code, the budget increased significantly.

He said originally the façade design was just the canopies, the texture of the walls, the walkways, and the installation of impact glass was also discussed. He explained that it was important to go through the exercise of discussing the various options. He said limited improvements could be made to the façade with design elements to change the lighting, the walkways, the colors, and textures. He added that at some point the roof would need to be replaced, the plumbing fixed, and the electrical improved when it became necessary.

Mr. Michelson recommended sitting down with the Building Official to see what improvements could be made without triggering the need to make other changes. He commented that one of the problems with fixing up a piece of a project was that anything it touched made the rest look worse and older.

Mr. Michelson said his proposal for Ace Plaza included creating a formal walkway from the sidewalk across the parking lot to enter the plaza, as well removing two parking spaces at the corner restaurant to create a more formal outdoor sitting area. He said such improvements would need to be reviewed to determine whether they would require having the rest of the parking lot brought up to Code. He said the appearance of the plaza could be improved with a minimal investment of money, noting that it was all a matter of degrees. He estimated improvements would cost \$2 million to \$3 million per plaza.

Ms. Schwartz asked which plaza was in greater need of improvement. Mr. Michelson responded that Chevy Chase was worse because it was an old, bland shopping center on State Road 7 surrounded by a sea of asphalt. He suggested the money might be better spent by adding some beautiful landscaping in the parking lot and around the perimeter to hide the plaza. He commented about the new green walls that were available and were popular.

Mr. Michelson spoke about the Wayfinding budget. He said a signage package had been developed for the City but it was not necessary to do all of them. He said he was working on a map to identify the number, type, and location of the various signs.

Ms. Schwartz questioned the amounts budgeted for Wayfinding signs in 2018 and 2019. Mr. Massarelli referenced page 30 and explained that the cost was split between two years: \$500,000 in 2019 and \$223,250 in 2020. He said \$26,750 was spent for design work in 2018.

Chair Ruzzano asked whether the amount of \$2 million budgeted for the Sports Complex was realistic. Mr. Sam said the project was currently out to bid and due back on September 5, 2018, and then the MCRA would have a more accurate number. There was a back and forth discussion between Chair Ruzzano and Mr. Michelson about the project and the approval process.

A BRIEF RECESS WAS TAKEN. THE MEETING RESUMED AT 9:42 P.M.

Mrs. Peerman questioned the amounts being budgeted for the City Center. She said she did not recall that the contract (developer agreement) included specific dollar amounts. A brief discussion ensued about how the figures were determined and how much money needed to be appropriated.

Chair Ruzzano suggested reconvening the meeting on September 6, 2018, to discuss the concerns. Mrs. Peerman asked if the answers to questions about the items in the developer's agreement could be obtained for the MCRA meeting that was scheduled the following day, August 21st.

Mr. May summarized the budget changes discussed which included pushing out Winfield Boulevard, leaving Coconut Creek Parkway phase two, pushing out Margate Boulevard, pushing out Coral Gate Park, and revisiting the amounts proposed for the shopping plaza façade improvements. Mr. May said it was imperative that the sidewalks be addressed.

Ms. Simone referenced page 16 and asked about the figures shown for the Southgate Neighborhood Sidewalk & Lighting Improvements. Mr. Massarelli explained the scope of the proposed project as well as the plans for Margate Estates. He explained that the MCRA had looked to include some smaller projects such as those in the budget. Ms. Schwartz suggested being cautious about putting in sidewalks on Southgate because there were parking issues and the residents might be resistant to them. Several board members agreed that a parking solution was needed.

Chair Ruzzano confirmed that another workshop would be held on Thursday, September 6, 2018.

There being no additional business, the meeting adjourned at 10:04 p.m.

Respectfully submitted,

Transcribed by Rita Rodi, CRA Coordinator

Tommy Ruzzano, Chair