

COMMUNITY REDEVELOPMENT AGENCY BOARD

WORKSHOP MEETING September 6, 2018

MINUTES

Present:

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

Also Present:

Samuel A. May, Executive Director
David Tolces, Goren, Cherof, Doody & Ezrol, P.A.
Robert Massarelli, Assistant Executive Director
Kelly Schwartz, Assistant Finance Director

The workshop meeting of the Margate Community Redevelopment Agency having been properly noticed was called to order at 6:20 p.m., on Thursday, September 6, 2018, by Chair Tommy Ruzzano. Roll call was taken followed by a moment of silence, and the Pledge of Allegiance.

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

Robert Massarelli, Assistant Executive Director, led with a PowerPoint presentation. He explained that when he first started, he was told the MCRA had lots of money that needed to be spent so the focus had been on identifying new projects and grant programs. After delving into the budget, he realized that there were a lot of commitments to which funds needed to be assigned including fixed costs, staffing, loan debit, etc., and essentially there was about \$2 million in new revenue each year that was uncommitted and could be spent on new projects. He said the goal that evening would be to go through the two areas that had the most discretionary funds, i.e., grant programs and capital improvements, to determine spending. He distributed a worksheet handout which listed all the possible capital projects and their estimated costs to aid in the prioritization process.

Revenues--Fund 140

He showed a slide of the estimated revenues for fiscal year 2019, the sources of which included tax increment financing, rental receipts, interest income, event and rent fees, and transfer from fund balance.

Mr. Caggiano asked what interest rate the MCRA had been receiving. Kelly Schwartz, Assistant Finance Director, explained that MCRA monies were part of the City's monies, except for the loan proceeds. She said the City's money was invested in diversified areas at varying interest rates ranging from 1 percent to 2.4 percent. She said the City followed a very conservative investment policy. Ms. Schwartz explained the need for diversification and liquidity.

Mr. Massarelli said total revenues were projected to increase by \$400,000 over the current budget and there might be some funds remaining to move forward, but the actual amount would not be known until November.

Operating Expenditures--Fund 140

He showed a slide that provided a comparison of Fund 140 Operating Expenditures for fiscal years 2018 and 2019 and he explained each expense category.

Events

Chair Ruzzano commented that it would be appropriate to discuss which events would be taking place and how much should be budgeted. Discussion ensued about whether the Sounds at Sundown events should be combined with Margate Under the Moon or kept separate. Mrs. Peerman was in favor of keeping them separate, each for six months. Ms. Simone asked how much the MCRA paid for the vendor that operated the events prior to Chris Gaidry. Chair Ruzzano said the City supplied the music and the vendor, Jochen, supplied the food trucks and paid the MCRA. He suggested having the City supply the music and everything other than the food trucks. Mr. Caggiano commented about the need to hold the event consistently the same time each month. There was discussion about the MCRA purchasing a tent which should reduce the costs for Margate Under the Moon. Mr. Massarelli commented that this item was going to be on the following week's MCRA agenda. He said a decision was needed that evening on whether

they wanted two separate events so that the costs to reimburse the City could be determined and presented for Sounds at Sundown along with costs for Margate Under the Moon. Discussion continued about the purpose of the events and Mr. Massarelli asked whether the events were meant to attract people to come to Margate or if they were to serve the residents of Margate. Several Board members responded that both were wanted. There was discussion about the need to have vendors selling at the events. Ms. Simone said she supported the MCRA receiving payment from the food trucks and she was in favor of switching event management vendors. Chair Ruzzano agreed and suggested holding it the first Saturday of the month and following it up the next day with the Groove and Green market. He said there would be a band, coolers, and whatever food trucks were willing to pay. He suggested asking staff [MCRA] whether operation of the monthly event could be handled by City staff instead of paying an outside vendor.

Mr. Massarelli asked whether the Board wanted one or two types of music events, each for six month, and whether City staff or an outside vendor would run the events. Mrs. Peerman suggested having City staff handle the Sounds at Sundown and leaving Margate Under the Moon as it were. Chair Ruzzano recommended holding Sounds at Sundown every month with City staff running it instead of doing Margate Under the Moon. Discussion ensued about the difference in costs between having an outside vendor run the event versus City staff. Ms. Simone suggested reaching out to Jochen to see what he could provide in comparison to Mr. Gaidry's proposal.

Mr. Massarelli advised that due to the timing, it would be a challenge to put together an event for the first week of October. After some back and forth discussion about what would be needed, Mr. May said he would speak with Mike Jones, Parks and Recreation, about holding a Sounds at Sundown event with a band and food trucks. There was discussion about holding the Sounds at Sundown for six months, October through March, during which time other event promoters could be solicited for Margate Under the Moon.

There was a discussion about purchasing a tent. Mr. May said the company that had been providing the rental tent offered to sell it to the MCRA for \$12,000. Chair Ruzzano said the MCRA should purchase the tent and have it put up for the October event and he suggested the purchase include that the vendor would be willing to put up and take down the tent three times a year if needed due to inclement weather. There was general consensus from the Board to move ahead with purchasing the tent as had been previously discussed and approved by them. Mr. May said the vendor was a Margate business and that he would work with them to get a price on taking the tent up and down. Kelly Schwartz, speaking from the audience, advised that three quotes would be needed.

Mrs. Peerman commented that the event would be called Margate Under the Moon for October, November, December and then Sounds at Sundown, January through June. There was discussion about consistency and it was agreed an event would be held every month except July due to the July 4th celebration.

Marketing & Promotions

There was a short discussion about promotional items. There were several positive comments about the highlighter pen/phone holder giveaway. Mr. Caggiano suggested promoting other upcoming events. Mr. Massarelli said the intent of the promotions budget was to expand on the marketing plan and determine how to market Margate and how to sell it to the business community.

Property Maintenance

Mr. Massarelli showed a slide of the Property Maintenance budget and he explained that it included property management and general maintenance of CRA owned properties, landscape maintenance, property insurance and taxes, and holiday lights. He explained that the budget reflected an increase due to additional landscape median maintenance in the MCRA District being done in conjunction with interlocal agreements with the City. There was a short discussion about the current appearance of the landscaping and Mr. May said there had been recent improvements made but it still not at the standard he wanted.

Grants

Mr. Massarelli showed a slide of the Grant and Loan Programs. He said staff recommended \$1.5 million for the commercial and industrial façade improvement program and \$100,000 for economic development incentives. He said staff was working with six applicants for requested improvements of \$3.2 million. He said Bell Plaza might likely drop out because it was determined that the MCRA had the ability to legally back out of the agreement and they were not willing to take the risk.

Mrs. Peerman asked if the applicants were in locations that were highly visible versus locations that people just drove by. Mr. Massarelli said the majority of the applicants were single buildings that had good visibility. She asked if the single buildings would qualify for the \$750,000 to which Mr. Massarelli responded that one or two would qualify.

Several of the Board members indicated that it defeated the purpose and that their understanding was that the \$750,000 was for the larger plazas such as Carolina Springs. Chair Ruzzano said the program might need to be readdressed. Mr. May said the original intent was for major plazas but some single buildings had also expressed an interest. Mr. Massarelli clarified that the program was brought to the Board and that he had specifically had asked if the program was for plazas or for all commercial properties, and the unanimous response was for all commercial. Mrs. Peerman pointed out that if \$750,000 was committed to a single building, then there would not be funds available to give to a shopping plaza. She said the MCRA would get the most bang for its buck with the plazas and she suggested taking the bigger ones first. Mr. Massarelli said the direction had been first come, first served. She agreed and said sometimes the Board needed to give such things more thought. He explained that \$750,000 was not a great deal of money for renovations of a shopping plaza and it might not be enough of an incentive for a large plaza to make improvements. He said he originally had a higher number in the budget but he had to cut it for another project. She asked if additional funds could be taken from the capital projects budget.

Debt Service—Fund 240

Mr. Massarelli should a slide of the Debt Service Account-Fund 240/241 and he explained that the amounts shown were based on the amortization schedule and it would be essentially the same for the next few years until it was paid off in 2022.

Capital Expenditures/Revenues—Fund 340

He showed a slide of the Capital Projects – Fund 340 Account Revenues which showed a transfer of Fund Balance of \$8.8 million and Interest of \$50,000, a total of \$8.9 million to spend on capital projects. He showed a slide of the City Center Project expenses of \$3.1 million. He explained that the MCRA attorney had recommended that the program be funded at the same level as had been done in the current fiscal year. He said the slide reflected only the design costs because if an agreement were reached and the MCRA was able to move forward with the City Center project, the design work would be the most that could be done in the upcoming fiscal year. He said he was able to free up \$1.5 million to use for the other capital projects which was staff's recommendation but not that of the MCRA attorney.

Mr. Massarelli showed a slide of the other Capital Projects expenditures. He explained that he started with revenues of \$8.9 million, deducted \$3.1 million for the City Center projects, which left \$5.7 million for other capital projects. He showed a list of potential capital projects that totaled \$5.7 million which included: Winfield Boulevard roundabout at \$450,000; Sports Complex at \$2 million; Atlantic Boulevard improvements at \$1.2 million; a five percent Contingency of \$290,000 and the balance of \$1.8 million going into Ace and Chevy Chase plaza improvements. He explained that the plaza improvements were scaled down from the initial cost proposal. Mr. May reiterated that it included only the design and permitting phases for the City Center projects.

Mrs. Peerman commented that the Sports Complex had been already budgeted for in the current year. Mr. Massarelli agreed that it had been but explained that the funds had not been encumbered.

Kelly Schwartz clarified the \$8.9 million was considered 340 Fund Balance and was comprised of monies from tax increment finance revenue (TIF) over the years. She said once the money was spent, the only opportunity for additional funds in that account would be if funds were transferred from the 140 (Operating) fund or if the MCRA sold property. Chair Ruzzano asked how much money would be left if the MCRA spent everything in the budget. Ms. Schwartz explained that the MCRA had Fund Balance in three funds: Fund 241 (Debt Service Escrow) had \$973,000 which was available to pay down the debt; 340 Capital Improvements Fund had \$8.8 million at the end of 2017 and was earmarked mostly for the City Center project and a few other smaller projects such as Winfield Boulevard, and Copans Road Improvements; and Fund 341 which included money from the Loan Proceeds which as of September 30, had \$5.6 million in it. She said there would be about \$5 million left after the pending property purchase of \$700,000. She said it had been recommended that the debt be paid down because the interest rate was higher than what was being earned. She said if all the money were spent in the next year, the only new money that would be available would be that coming in from TIF revenues and the sale of land.

Ms. Simone asked whether the MCRA was able to determine the condition of the piping and the infrastructure under Ace Plaza. Mr. May said there was a crew doing an inspection last week but he had not received a report as of yet.

Mrs. Peerman commented that more funding for improvements should be put into the Chevy Chase plaza because it was located on U.S. 441 and was very visible versus the Ace Plaza. Chair Ruzzano commented that if the project went out to bid it would be very costly. He suggested determining the maximum amount the MCRA wished to spend and then put it out as a Design/Build project. He suggested it be for façade improvements and when it was done, then go out for paving and landscaping quotes. Discussion ensued about the appropriate budget split for the two plazas and it

was decided to flip the amounts where the majority of the funds, \$1.5 million, would be allocated to Chevy Chase and \$349,664 to Ace Plaza.

Mrs. Peerman asked what the Atlantic Boulevard Beautification project entailed and whether it included the wall. Mr. Massarelli said the improvements were planned from State Road 7 to N. W. 80th Terrace. She said she would prefer to have the wall finished and then go back in and do the landscaping because the landscaping was acceptable. Mr. Massarelli said the wall would be added to the project. Mr. May said there had been discussions about doing the wall project first, therefore it could still be part of the Atlantic Boulevard Improvements project. Mrs. Peerman commented that the wall needed to be finished on the east side of Rock Island Road and on the west side of Rock Island Road from N.W. 80th Terrace down. Chair Ruzzano said the budget amount seemed conservative for the landscaping and the wall, but if he needed to make a choice, the wall should be done first. It was discussed that the grass between the wall and sidewalk should be removed and paved to simplify maintenance.

Mr. Massarelli commented that lighting on Colonial Drive project might not be completed in the current fiscal year and he asked that \$30,000 be added to the new budget as contingency. It was agreed to move \$30,000 from Ace Plaza Improvements to Colonial Drive.

Mr. Massarelli said that the Public Art program which included the wrapping of the utility boxes was not funded. Ms. Simone said that project needed to move forward.

Chair Ruzzano asked how it was that David Park project was not funded. Mr. Massarelli said it was in the current year's budget but it had not been encumbered. Mrs. Peerman suggested taking \$50,000 for Public Art and \$275,000 for David Park from the Chevy Chase project.

Chair Ruzzano commented that there were funds available in the City Center projects. He questioned the cost increase of \$3.2 million for the Community Center. Mr. Massarelli said the estimated was raised due to the increased cost of materials as the original construction costs were three years old.

Ms. Simone said she was in a quandary about the Winfield Boulevard project. She commented that \$55,000 had already been spent and she did not want to see it go, but she really wanted to know whether residents were dead set against it. She said she had not heard from any resident one way or the other. She said she thought it would be a nice improvement to the City and a beautiful improvement to Winfield Boulevard. Mrs. Peerman commented that a water feature in the median off of State Road 7 would look better and be less costly than a roundabout. Chair Ruzzano agreed but he said the purpose of the project was to calm traffic. Mr. Caggiano commented that the only way to stop the problem was with a traffic circle or with the installation of speed humps. Mrs. Peerman suggested ticketing drivers.

Mr. Massarelli commented that the Neighborhood Identification Signs of \$100,000 and the Wayfinding Signage of \$723,250 projects were not funded. Mr. Caggiano suggested removing \$300,000 from the Winfield Boulevard project and leaving \$150,000 for the entranceway feature. Mr. Massarelli suggested leaving \$100,000 for the Winfield project and moving portions of the \$350,000 to the Neighborhood and Wayfinding Signs so that half would be funded for the upcoming year and the rest in the following year. Mrs. Peerman said the Winfield Boulevard needed to be done in the same year and not be done piecemeal. She suggested taking \$100,000 from the Winfield Boulevard improvement project for the Neighborhood Signs which left \$350,000 for the water feature and Winfield median. There was a short discussion about what neighborhoods might have signs and where they be might placed, and Chair Ruzzano commented that it would be nice to have a welcome sign into the neighborhood on Southgate Boulevard.

Ms. Simone commented that Wayfinding Signage was a good way to spruce up the City and other Board members agreed. Discussion ensued about reallocating funds from other projects. Mr. Caggiano suggested taking an additional \$150,000 from Winfield Boulevard project and moving it to the Wayfinding signage.

There was short discussion about the property improvement grant program. Chair Ruzzano commented that consideration should be given to going back to the previous program. He said the MCRA should have incentives to encourage businesses to come to Margate which should in turn motivate older businesses to improve their properties. Mrs. Peerman disagreed and she explained the benefit of having redeveloped plazas when one drove into the City. Chair Ruzzano said the guidelines did not indicate that the grants would be applicable only to the entranceways and he suggested having them changed. She suggested changing the first come, first served stipulation so that approval was up to the MCRA Board. David Tolces, Board Attorney, responded that everything came to the Board for their decision and that the Board set the policy. Mrs. Peerman said they would be less limited if they removed the first come, first served stipulation. Mr. Massarelli said they could also consider not giving the applicant as much as they requested.

There was brief discussion that the cost of \$1 million for the design and permitting of the City Center parking garage seemed high. Mrs. Peerman commented that the MCRA could save money by entering into an interlocal agreement with the City to build the parking garage. Chair Ruzzano commented that the national average for a parking garage was \$8.5 million, and the design fees factored at ten percent would be \$850,000. Mr. Caggiano suggested reducing the parking garage budget to \$900,000 which would free up \$284,739 to apply to Wayfinding Signs. He said the balance, \$290,261, could be moved from Grants to Wayfinding Signs.

Chair Ruzzano asked for a description of the State Road 7 Median Improvements project. Mr. Massarelli explained that it was for the area south of the canal where there were three medians without landscaping. After a short discussion, Chair Ruzzano suggested moving any excess funds into that project.

Mr. Caggiano commented that the projects needed to move forward before the prices increased. Mr. Massarelli said it was his and the Executive Director's priority. He said an updated PowerPoint presentation would be prepared for the public at the upcoming MCRA meeting.

David Tolces, Board Attorney, requested that the MCRA Board hold a shade session to discuss the New Urban Communities, LLC versus the Margate Community Redevelopment Agency litigation. He said the session would be held on September 12, 2018 at 6:00 p.m. prior to the regularly scheduled MCRA meeting, and he advised who would be in attendance. Chair Ruzzano asked the Board members if they were in agreement and all responded favorably.

There being no additional business, the meeting adjourned at 8:38 p.m.

Respectfully submitted,

Transcribed by Rita Rodi, CRA Coordinator

Tommy Ruzzano, Chair