



Florida's Dynamic
Waterfront Community

MEMORANDUM

TO: Honorable Chair and Members, CRA Board of Commissioners
City of Riviera Beach, Florida

FROM: Tony T. Brown, Executive Director, Riviera Beach CRA

DATE: January 20, 2016

SUBJECT: The Agency is requesting approval of an Interlocal Agreement with the City of Riviera Beach to receive an annual allocation of funds as a rebate for the Agency's investment of public improvements at the City Marina Upland Property

Request

The Agency is requesting that the CRA Board approves an Interlocal Agreement which requires the City to provide \$500,000 in annual funding on October 1st each year, to run concurrent with the earlier expected maturity date of the City's 2014 Revenue Bond Series ("2014 RBS Note") or the expiration of the CRA's statutory life. The annual payment from the City is a financial rebate due to the Agency's investment of public improvements at the City's Marina Upland Property, which improvements will inure to the benefit of the Utility District and City.

Purpose

In 2010, the Agency and the City began structuring several agreements for improving the Marina and Ocean Mall properties by assigning the CRA the responsibility to fund or repay infrastructure improvements designed to improve city-owned property, eliminate blight and expand the tax base. The analyses justifying these inter-local agreements assumed that the Agency's financial capacity would increase from the private investments attracted by these improvements as well as from the billion dollar improvements made by Florida Power & Light ("FPL") to its Riviera Beach Energy Center. The FPL revenue that was expected to inure to the sole benefit of the CRA was instead received by the City and County governments. The City's receipt of the major share of FPL tax revenues originally expected for the CRA, required the parties to restructure or introduce new financial instruments to balance cash flows and capital project responsibilities between the parties. The Interlocal Agreement for a Rebate of Public Investments made by the CRA is a proposed new financial instrument to achieve a more equitable balance.

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Purpose

In 2010, the Agency and the City began structuring several agreements for improving the Marina and Ocean Mall by assigning the CRA as the responsible party to fund or repay infrastructure improvements designed to improve city-owned property, eliminate blight and expand the tax base. The analyses justifying the inter-local agreements assumed that the Agency's financial capacity would increase as the primary beneficiary of the billion dollar improvements made by Florida Power & Light to its Riviera Beach Energy Center. The revenue that was expected to inure to the sole benefit of the CRA was instead received by the City and County governments.

The CRA Board of Commissioners and the City of Riviera Beach City Council assessed the Agency's cash flow and long term capital needs for redevelopment projects and directed the City to restructure repayment terms for the Ocean Mall, providing debt relief until the 2006 Note with Wachovia Bank is repaid. Thus, the terms requested below reflect the directive given to the City and CRA staffs at the time of the budget workshops.

Analysis

In FY 2016 (beginning 10/1/2015), the Agency's debt increased to \$44.6 million from \$38.6 million a year ago, due in part to the Marina Debt Service allocated to the Agency from the City's \$22 million Public Improvement Revenue Bond, Series 2014. The Marina Debt Service Allotment (\$463,905) is an additional payment to the Marina Upland Ground Lease payments of \$1,150,628. In FY 2014, we expected the FPL revenues to absorb these new commitments and thus the financial burden for the Marina's development was to be a sole responsibility of the CRA. As reported earlier, the tax benefits inured to the City and County, and not solely to the CRA as originally projected. The series of inter-local agreements under consideration by the CRA Board at its January 27, 2016 Board meeting is re-aligning the capital and program responsibilities between the City and CRA to ensure that the Agency has sufficient financial capacity to continue public improvements at the Marina and attract private development.

From the City's perspective, keeping these CRA loan agreements and Marina Ground Lease agreement in place allows the City to remain in compliance with Revenue Bond covenants to budget and appropriate from legally available non-ad valorem revenues of the City. The CRA proposes to maintain its commitment to lease and operate the Marina Upland properties, and approval of this item will reduce debt service by \$208,000 in FY 2016 and by \$985,100 each year from FY 2017 to FY 2023. The reduction in debt service requirements improves the Agency's cash flows to meet other operating obligations. The CRA will be the source of over \$2.2 million in non-ad valorem revenues to the City in FY 2016, inclusive with the approval of this request. Further, the CRA has projected operating losses of up to \$1.5 million associated with the upland Marina Enterprise, which if remained the responsibility of the City, the City would be required to absorb these losses and not the Agency.

Recommendation

Approval is recommended as requested.