




City of Naples Community Redevelopment Agency

FY 2016 Annual Report (October 1, 2015 – September 30, 2016)

TO: Honorable Mayor and Members of City Council
CC: Auditor General of the State of Florida
Collier County Government
Collier County Public Schools
Collier Mosquito Control District
Big Cypress Basin – South Florida Water Management District
FROM: A. William Moss, City Manager 
DATE: March 15, 2017
SUBJECT: Naples Community Redevelopment Agency
FY2016 Annual Report

Florida Community Redevelopment Agencies are required by law to file an annual report of activities and a financial statement for the preceding fiscal year. A copy of this report is provided to Auditor General of the State of Florida, Collier County Government, Collier County Public Schools, Collier Mosquito Control District, Big Cypress Basin – South Florida Water Management District and a copy is on file with the City Clerk of the City of Naples.

Mission and Governance

The mission of the Community Redevelopment Agency (CRA) is to implement the Community Redevelopment Plan as adopted by the Naples City Council pursuant to Chapter 163, Part III of the Florida Statutes, and to use tax increment financing (TIF) as the source of funding for capital improvement projects identified in the plan and to ensure that development within the CRA district meets the quality standards consistent with the community's vision for Naples.

The CRA is governed by a Board consisting of seven commissioners who are the same individuals as those serving as the City Council. The terms of office of the commissioners are concurrent with the terms of the Mayor and the members of the City Council.

The Chair and Vice-Chair are designated by majority vote of the City Council. The current commissioners are CRA Chair Ellen Seigel, Vice-Chair Sam J. Saad III, Mayor Bill Barnett, Reg Buxton, Doug Finlay, Linda Penniman, and Michelle McLeod.

An advisory board, Naples Community Redevelopment Agency Advisory Board (CRAAB), assists the Naples City Council in its role as the Community Redevelopment Agency Board. The CRAAB provides public input and technical advice, makes recommendations on issues including, but not limited to, land use, economic and cultural vitality and diversity, acquisition/condemnation/demolition of properties, funding alternatives, and manpower needs for the Community Redevelopment Agency.

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The members of the CRAAB during FY 2016 were Chair Robert DeCastro, Vice-Chair John Nocera, Jason Andis, David Bartley, William Frantz, Stephen Swain, and William Stephens.

CRA Purpose

Florida State Statute Chapter 163 allows a community redevelopment agency to be created for one or more of the following purposes: the elimination and prevention of blight; or the reduction or prevention of crime; or for the provision of affordable housing; or the rehabilitation and revitalization of coastal resort and tourist areas that are deteriorating and economically distressed.

Background

The Naples City Council created the CRA in 1994 by Resolutions 94-7098 and 94-7099. The boundaries of the CRA district were determined at the time and are shown on the map of the CRA (please see page 6 of this document). On January 15, 2014 Resolution 14-13401 was approved amending and modifying the Redevelopment Plan. The Plan amendment extends the sunset date of the CRA to September 30, 2044.

OPERATIONS SUMMARY FISCAL YEAR 2015-2016

Budgeted Revenues

Revenues were budgeted at \$2,836,152, which is \$645,282 (or 29%) more than the adopted FY 14-15 budget. The primary revenue earned by the CRA is Tax Increment. The Tax Increment is equivalent to the amount of taxes generated from increased property values within the District in excess of the base year. The CRA receives these revenues from the City and the County, based on the increase over the 1993 base property tax value (\$183,809,274). The taxable value of property in the District was \$743,245,359 for a tax incremental value of \$559,436,085. The FY 15-16 increment is an increase of 13.5% from the FY 14-15 increment revenue. The budget was developed using a tax rate of 1.1800 from the City and 3.5645 from the County, to bring in \$627,130 and \$1,894,450 respectively. In addition to the tax increment revenue, the fund was expected to receive approximately \$9,000 in interest income.

Budgeted Expenditures

The work program for the CRA is represented in the annual budget. Total expenditures in the FY 2015-16 budget were \$4,415,279, a \$2.39 million increase from the FY 2014-15 budget. This increase is primarily due to the Central Avenue streetscape, roadway, improvement project in collaboration with the Streets and Stormwater and Utilities Departments. The CRA budgeted \$1,933,000 for this project in FY15-16.

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Operating Costs

One of the goals for the CRA is to provide increased security and community policing in the District. To accomplish this, the CRA provided funding for three Community Police Officers who patrol on bicycles and on foot, as well as in patrol cars. They are responsible for enforcing State laws, City ordinances, responding to calls for service, solving problems, and engaging in preventive patrols in the CRA District. CRA Law Enforcement Operating Budget for FY 2016 was \$338,104, a decrease of \$14,668 from the prior year.

The CRA budgeted \$331,472, a decrease of \$1,659, for three Community Services Landscape Technicians, repair and maintenance activities, and operating expenses. These activities make sure the CRA district looks its best.

Non - Operating Costs

There are two bank loans related to infrastructure enhancements to the district. In FY 2010-11 the two debt obligations were refinanced at 2.18% for a savings in interest of almost \$1.4 million over the life of the debt. The annual debt service payment for the loan is budgeted at \$963,389. The CRA has also received several interfund loans related to improvements to infrastructure within the district. At the end of FY 13-14, the outstanding balance for the remaining two loans was \$42,878. Final payment was made in FY 2015-16.

2015-16 Department Accomplishments

- Retired the interfund loan debt used to fund improvements in the district.
- Engaged a consultant to design a comprehensive wayfinding program as part of a strategy to direct residents and visitors to key locations, support business, increase connectivity within the CRA, and enhance the efficiency of the multi-modal transportation system. Implementation of the program is budgeted in FY 2016-17.
- Initiated the Central Avenue streetscape, roadway, improvement project in collaboration with the Streets and Stormwater and Utilities Departments.
- Recommended a capital improvement program designed to increase public redevelopment efforts to coincide with private development, improve connectivity, and create a sense of place as envisioned for the Heart of Naples.
- Initiated process to obtain FDOT approval to include a traffic signal at 1st Avenue S and US41; the first step in design of this corridor.
- Initiated design for 3rd Avenue S corridor.
- Commenced a review of the D-Downtown zoning district regulations and boundaries, to identify specific regulatory changes desired and staff action required.
- Continued Community Policing throughout the CRA.
- Continued an enhanced level of right-of-way maintenance.

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BUDGET PREPARATION FISCAL YEAR 2016-2017

During the 2015-2016 fiscal year, the FY 2016-2017 budget was prepared. Highlights include:

Budgeted Revenues

Budgeted revenues are \$3,102,350, a \$266,198 increase (9%) over the adopted FY15-16 budget.

The taxable value of property in the District is \$873,809,714, \$129,403,572 (17%) more than the previous year. The tax increment value is \$690,000,440. This budget was developed using a tax rate of 1.1500 from the City and 3.5645 from the County, to bring in \$753,825 and \$2,336,525 respectively, totaling \$3,090,350. In addition to the tax increment revenue, the fund is budgeted to receive approximately \$12,000 in interest income.

Budgeted Expenditures

The work program for the CRA is represented in the budget. Total expenditures for the FY 2016-17 budget are \$4,228,236, which is a \$187,043 decrease from the FY 2015-16 budget. The CRA Board adopted an accelerated CIP, which has changed the expenditure outlook for the fund. Several projects are expected to be started and underway in the next two years. In addition, a transfer of \$1,000,000 was approved for the construction of Baker Park.

Debt Considerations

The five-year capital plan for the CRA shows a deficit of funds in future years. The CRA Advisory Board is recommending that this deficit be funded on an as needed basis via an interfund loan.

The following chart shows one spending plan that potentially creates a deficit until FY 2020. The CRA would need less than \$2 million at the peak of this deficit to remain fiscally viable, but with a short-term loan could be fully repaid within the five-year planning period. For this budget, no repayment schedule is included because it is possible that the project timing (or payment of expenditures) could be adjusted to coincide with available funds.

	FY16/17 2016-17	FY17/18 2017-18	FY18/19 2018-19	FY19/20 2019-20	FY20/21 2020-21
FUNDS AVAILABLE					
Fund Balance/Funds Available		\$ 104,419	\$ (1,408,785)	\$ (1,823,491)	\$ 82,703
Additional Projected (Revenues Minus Capital Expenditures)	\$ 1,093,779	\$ 1,256,792	\$ 1,585,298	\$ 1,906,194	\$ 2,295,516
Available Total	\$ 2,304,419	\$ 1,361,211	\$ 176,509	\$ 82,703	\$ 2,378,219
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PROJECT DESCRIPTION	FY16/17 2016-17	FY17/18 2017-18	FY18/19 2018-19	FY19/20 2019-20	FY20/21 2020-21
Wayfinding Design and Implementation	\$ 150,000				
1st Avenue South Improvements		\$ 370,000	\$ 2,000,000		
6th Avenue Garage Maintenance		\$ 100,000			
3rd Avenue South Improvements	\$ 650,000				
5th/4th Avenue North Interconnect		\$ 300,000			
8th Street Improvements	\$ 250,000	\$ 2,000,000			
River Park Improvements	\$ 150,000				
Baker Park	\$ 1,000,000				
TOTAL CAPITAL	\$ 2,200,000	\$ 2,770,000	\$ 2,000,000	\$ -	\$ -

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Operating Costs

One of the goals of the CRA is to provide increased security in the redevelopment area. To accomplish this, the CRA will continue to provide funding for three Community Police Officers who patrol on bicycles and on foot, as well as in patrol cars. They are responsible for enforcing State laws, City ordinances, responding to calls for service and preventive patrols in the CRA District. The CRA Law Enforcement Budget for FY2017 is \$358,937, an increase of \$20,833 from FY 2015-2016.

The CRA will provide \$347,334, an increase of \$15,862, to fund three Community Services Landscape Technicians, undertake repair and maintenance activities, and fund operating expenses. These activities make sure the CRA district looks its best.

Non - Operating Costs

There is one bank loan outstanding for the CRA. In FY 2013 the debt obligation was refinanced at 1.42% reduced from the prior interest rate of 2.18%. The annual debt service payment for the fund is budgeted at \$990,461. The CRA has also received several interfund loans related to improvements in the district. The interfund loans were retired in FY 2016.

2016-17 Goals and Objectives

As part of Vision Goal 3, maintain an extraordinary quality of life by maintaining and improving amenities for residents

- Complete construction of Central Avenue streetscape, roadway, and drainage improvements.
- Begin implementation of a uniform wayfinding signage program.
- Complete design of 8th Street improvements.
- Design 3rd Avenue South improvements and construct improvements to section between US41 and 10th Street.
- Identify and complete desired improvements in the River Park neighborhood.
- Ensure the redevelopment area is maintained to a high standard of aesthetics, code compliance, and public safety.
- Continue Community Policing throughout the CRA.

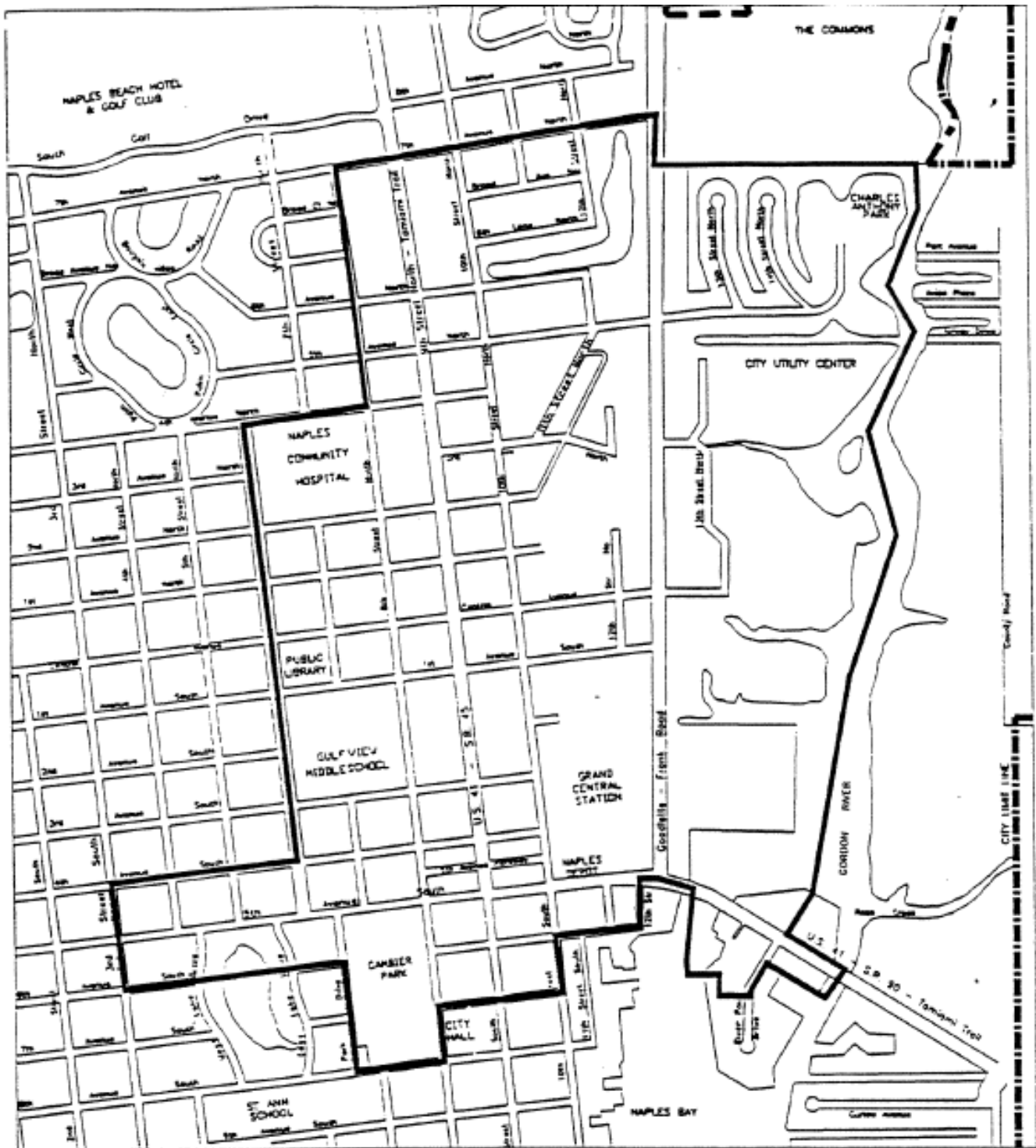
As part of Vision Goal 4, strengthen the economic health of the City

- Cooperate with the Fifth Avenue South Business Improvement District to stabilize and enhance the business district and ensure that budgets and reports are timely and appropriate.

As part of Vision Goal 5, maintain and enhance governance capacity for public service and leadership

- In conjunction with the City Planning Department, undertake a review of the D-Downtown zoning district regulations and boundaries, identifying specific regulatory changes and staff action required.

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REDEVELOPMENT AREA



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CITY OF NAPLES, FLORIDA
Community Redevelopment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Ad valorem	\$ 627,130	627,130	628,592	1,462
Intergovernmental	1,894,450	1,894,450	1,898,827	4,377
Interest	9,000	9,000	34,843	25,843
Miscellaneous	305,572	305,572	32,500	(273,072)
Total revenues	<u>2,836,152</u>	<u>2,836,152</u>	<u>2,594,762</u>	<u>(241,390)</u>
Expenditures				
Current				
Economic development	1,106,012	1,159,788	947,221	212,567
Capital outlay				
Economic development	2,303,000	2,609,340	277,680	2,331,660
Debt service				
Interest	-	-	921	(921)
Total expenditures	<u>3,409,012</u>	<u>3,769,128</u>	<u>1,225,822</u>	<u>2,543,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(572,860)</u>	<u>(932,976)</u>	<u>1,368,940</u>	<u>2,301,916</u>
Other financing sources (uses)				
Transfers in	-	235,000	540,572	305,572
Transfers out	(1,006,267)	(1,006,267)	(963,389)	42,878
Total other financing sources (uses)	<u>(1,006,267)</u>	<u>(771,267)</u>	<u>(422,817)</u>	<u>348,450</u>
Change in fund balance	(1,579,127)	(1,704,243)	946,123	2,650,366
Fund balance, beginning of year	2,484,775	2,484,775	2,484,775	-
Fund balance, end of year	<u>\$ 905,648</u>	<u>780,532</u>	<u>3,430,898</u>	<u>2,650,366</u>