

MINUTES

SPECIAL MEETING - COMMUNITY REDEVELOPMENT AGENCY BOARD (CRA)

September 7, 2016

Minutes of the Special Meeting of the Community Redevelopment Agency Board of The City of Daytona Beach, Florida, held on Wednesday September 7, 2016 at 6:00 p.m., in the Commission Chambers, City Hall, 301 South Ridgewood Avenue, Daytona Beach, Florida.

1. Roll Call.

Commissioner Kelly White	Present
Commissioner Robert Gilliland	Present
Commissioner Patrick Henry	Present
Commissioner Paula Reed	Present
Commissioner Ruth Trager	Present
Commissioner Pamela Woods	Present
Mayor Derrick Henry	Present

Also Present:

James V. Chisholm, City Manager
Robert Jagger, Acting City Attorney
Letitia LaMagna, City Clerk

2. Commissioner Reed led the invocation.

3. Commissioner White led the Pledge of Allegiance to the Flag.

4. Approval of the minutes of the June 15, 2016 Regular Meeting of the Community Redevelopment Agency Board.

It was moved by Commissioner Gilliland to approve the minutes. Seconded by Commissioner Henry. The motion passed 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Yea
Commissioner Woods	Yea
Mayor Henry	Yea

5. AGENDA APPROVAL

James V. Chisholm, City Manager, read the Agenda changes:

Added Addendum Item No. 6B - Midtown Lofts Redevelopment Incentive Agreement to the Agenda.

It was moved by Commissioner Gilliland to approve the Agenda. Seconded by Commissioner Henry. The motion passed 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Yea
Commissioner Woods	Yea
Mayor Henry	Yea

6. ADMINISTRATIVE ITEMS

- A. Adopted/Resolution CRA No. 16-09 adopting the tentative Budget for the fiscal year October 1, 2016, to September 30, 2017; prescribing estimated Revenue Sources of \$5,800,028 and setting forth Operating Expenditures, Capital Expenditures, and Transfers of \$5,800,028. A RESOLUTION TENTATIVELY ADOPTING THE BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2016, TO SEPTEMBER 30, 2017, FOR THE COMMUNITY REDEVELOPMENT AGENCY; PRESCRIBING THE NET SOURCES OF REVENUE IN THE ESTIMATED AMOUNT OF \$5,800,028; SETTING FORTH OPERATING EXPENDITURES AND TRANSFERS IN THE AMOUNT OF \$5,800,028; AND PROVIDING AN EFFECTIVE DATE.

John Nicholson, 413 N. Grandview Avenue, Daytona Beach stated he was having difficulty reconciling the dollar amounts between the City and the County. He stated his concerns about not having a project manager for Main Street.

Mike Pastore, 1508 Virginia Avenue, Daytona Beach stated his concerns with the CRA Budget and what the money is used for.

Commissioner Woods stated the money is used to try to improve the neighborhoods and we have used the money for the Streets Team for the homeless.

It was moved by Commissioner White to adopt the Resolution. Seconded by Commissioner Woods. The Resolution was adopted 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Yea
Commissioner Woods	Yea
Mayor Henry	Yea

- B. Adopted/Resolution CRA No. 16-10 approving the proposed Midtown Lofts Redevelopment Incentive Agreement with Heron Development Group Ltd, 200 E. Palmetto Park Road, Suite 103, Boca Raton, Florida 33432 and authorizing the use of CRA funds up to \$613,000 in the current fiscal and up to \$3.6 million for annual tax increment payments contingent on City Commission approval of the annual budget each year. A RESOLUTION APPROVING THE MIDTOWN LOFTS REDEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE CITY OF DAYTONA BEACH, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF DAYTONA BEACH AND HERON DEVELOPMENT GROUP, LTD, PROVIDING ECONOMIC INCENTIVES FOR REDEVELOPMENT OF PROPERTY GENERALLY LOCATED ON SOUTH MARTIN LUTHER KING BOULEVARD BETWEEN ELDORADO STREET AND ORANGE AVENUE IN THE MIDTOWN REDEVELOPMENT AREA; AUTHORIZING THE MAYOR, AS CRA CHAIR, AND CITY CLERK TO EXECUTE THE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

John Nicholson, 413 N. Grandview Avenue, Daytona Beach, stated his support of the project.

Gwendolyn Smith, 917 S. Dr. Martin Luther King Boulevard, Daytona Beach, spoke in support of the project.

Maxwell Murphy, 136 Park Avenue, Daytona Beach, stated he didn't support the project and questioned why it was added so late.

Sandy Murphy, 136 Park Avenue, Daytona Beach, stated she didn't support the project based on the data they provided and questioned why it had been added so late.

Anne Ruby, 137 Park Avenue, Daytona Beach, stated she feels the project is being pushed and rushed too fast.

Kim Brown Crawford, 376 Aleatha Drive, Daytona Beach, spoke in support of the project.

Mike Pastore, 508 Virginia Avenue, Daytona Beach questioned why it was added late.

Marjorie Johnson, 122 S. Keech Street, Daytona Beach, stated she felt the approval of this item was too rushed.

Linda Smiley, 357 Manhattan Avenue, Daytona Beach, stated she was not in support of the project because it too rushed.

Jim Morrison, representing the developer and the applicant, stated this is agreement deals with private property and private investment. This agreement is a TIF agreement. The only place the money comes from is from improved tax value. There are performance standards in this agreement. They have been working with staff for a long time to reach an agreement and they finally reached one. They have heard people that live in the community speak highly of it. Bethune-Cookman University is rapidly growing. They have to have a zoning agreement and they have to have community meetings. This is all money, if earned, is earned through tax incentive agreement by performance. The Redman Consulting Group was hired by the City to look at numbers and to do an analysis. They provided the

information to RCG that was asked of them. The agreements have been before the City and they were in the public record and none of this moves forward until his clients get the zoning approved. Then they have to build the project. This agreement is triggered by the Certificate of Occupancy. He has been working with the City Attorney's office for six to eight weeks on this agreement. There will be plenty of opportunity for public comment on the project.

Commissioner Woods stated the first incentive they asked for is something they have never done before, they are asking for waiving of the fees. They asking for over half a million in fee waivers. We normally do the TIF and not this. They are asking for \$75,000 for land acquisition. If we do this there will not be any money left in the Midtown CRA. This is a great project but she is not willing to move forward in the way it is written tonight. She is very concerned about their financing as well. This proposal is asking for hard and soft costs. We typically only do hard costs. She questions their ability to finance the project.

Commissioner White stated the only project plans they have seen is very conceptual. She asked if there is a more detailed site plan.

Robert Jagger, City Attorney, stated no.

Commissioner White stated there is \$75,000 in land acquisition and over half a million in fee waivers. She wants to encourage development in this area and she is okay with 100 percent of TIF, but questions these other items. We don't have a lot of information about the project. The construction value they have listed is not in any way a construction value the way she understands construction value. It includes acquisition costs. It included soft costs that were somewhat subjective. We need a little more firm definition of the costs. She believes they should delete the section on the \$75,000 economic incentive and the waiving of the impact fees. She has no problem with \$400,000 on stormwater improvements and the 100 percent TIF.

Commissioner Trager asked if the TIF would only be on this property.

Mr. Jagger stated that was correct. The justification for this agreement is that this project will increase the value on the surrounding area. That is the public purpose, as a catalyst for further development.

Commissioner Trager asked if there was a time limit on the project.

Mr. Jagger stated five years from the date of the agreement.

Commissioner Trager asked if they would be able to flip it.

Mr. Jagger stated there is an assignment clause that they could assign it to someone with the approval of the City Commission under certain conditions.

Commissioner Trager asked if the five year time limit was in effect even if they sold it.

Mr. Jagger stated yes the assignee would take all the conditions. The assignment would have to be approved by the City Commission and the Community Redevelopment Agency (CRA).

Commissioner Gilliland stated he had a serious problem with the assignability. When someone gets a package together, their intention was never to build, but to sell it. At \$5 million, this is the biggest incentive package ever for a project. This project is important to the area, as it needs outside dollars. Last week I stated I would not support this project if there was an assignability clause built in. Now I understand they do not plan on operating it, they plan on selling it, and have someone else operate it. We are making a significant commitment and we do not know who will operate this. I will not be supporting this.

Commissioner White asked if the assignability was after it was built.

Mr. Jagger answered that assignability can occur at any point.

Mr. Morrison addressed these issues and read from the development agreement, paragraph 7.2, page 7, and stated that assignability cannot be assigned at any time, only after the project was completed, and only with City Commission approval. He also stated that the developer has never stated that they would not operate this project.

Commissioner White asked Commissioner Gilliland if he was concerned that the project would be sold after it was completed.

Commissioner Gilliland answered once it has the certificate of occupancy, it can be sold. They can be marketing it prior to it being completed. The developer is insisting that this project be transferrable, they will not build the project unless they have the right to sell it. We do not know who will end up with the property, and that bothers me. If we are going to make the largest incentive ever, I need more assurances. We will deplete all of the money out of the Midtown CRA trust fund. He questioned whether there will be money left to do any improvements. He asked if this project was actually affordable.

Commissioner Henry asked if JLL has put anything on the table as an incentive; and whoever operates this project will need to have the financial backing in order to operate it, the City would have to agree to that clause.

Mr. Jagger answered that is correct, and read the corresponding statement in the agreement.

Commissioner Henry asked if they can sell it only when it was built.

Mr. Jagger answered that is correct.

Commissioner Reed stated we all want something to happen in Midtown. She stated this is a large amount of money, and exhausting the CRA money for Midtown is not what people want me to do. This should be an RFP and see if there is someone else who can provide this service. The economic impact is not that great, as it will only create about four jobs. We do not know if the surrounding properties will increase. She asked who will want to move into these nice lofts with a tire shop across the street. We should start with businesses first, and they will bring the housing. There is no site plan to show any community benefit. The only money the developer will probably bring forward is the purchase of the properties on the site location.

Mr. Jagger stated they will have to construct to the \$11 million evaluation.

Commissioner Reed stated however that could be delayed due to the closings being delayed.

Mr. Jagger stated they would need to close first on the properties, then obtain zoning.

Commissioner Reed stated we typically do not give so much, like the \$538,000 in soft costs from the Midtown CRA, which includes everything but sticks and bricks. And the developer wants \$75,000, in cash, to purchase a lot. For this project, the total from the CRA and City incentives totals \$4,623,000. I am the first to say something needs to be done in Midtown, but this is not the project. There are things that we need in Midtown, but housing is not one of them. These funds should be used for business start-ups.

Commissioner Trager asked if this project does not get built, then there would not be any extra TIF money. Is there any TIF money at all.

Commissioner Gilliland stated there is the \$600,000.

Commissioner White asked what TIF is generated right now, and what is the tax increment.

Commissioner Woods stated the budget has \$96,000 annually.

Mr. Chisholm asked Mr. Fred Coulter to come and answer what is the annual TIF.

Fred Coulter, Budget Officer, stated the Midtown gets approximately \$400,000 a year in TIF money from the City and the County.

Mr. Chisholm stated that is the total TIF money that comes back to the City, not the net. The net that is available to be used is about \$96,000.

Commissioner Woods stated the available to be spent is \$96,000.

Commissioner White stated the TIF that is currently generated from other properties, in that CRA, would not go to this project. Only the TIF that this project creates, would go to this project.

Mr. Chisholm stated that is correct.

Commissioner Woods asked where the requested up-front money is coming from.

Mr. Chisholm stated the money will come from the CRA capital accounts, where we are using it for capital purposes.

Commissioner Woods asked what the capital projects are.

Mr. Chisholm stated the MLK construction and others funds that were committed for other projects.

Commissioner Woods asked if those projects will not get completed.

Mr. Chisholm stated they will have to be funded elsewhere.

Commissioner Reed asked Mr. Chisholm what he meant by the MLK project, are you referring to Orange Avenue to Shady Grove or International Speedway Boulevard.

Mr. Chisholm answered Orange Avenue to International Speedway Boulevard.

Mayor Henry asked Commissioner Reed you would not support the project, only the \$400,000, and not the TIF that this project generates.

Commissioner Reed stated that is correct, I do not want to deplete the coffers of Zone 6.

Mayor Henry asked Commissioner Reed if she would support the future TIF money.

Commissioner Reed answered no, she would not support that.

Mayor Henry stated tonight, he anticipated his support for this project, but he respects the opinions of his colleagues. He is willing to do more for Midtown because it needs the most help. He will still embrace this project tonight. He is committed to give \$500,000 to Midtown for this project.

Commissioner Henry stated \$500,000 is not too much to give to the Midtown area. No one else is willing to build here. I think it is a great project.

Commissioner Trager asked if it was worth taking a leap of faith, and will it end up promoting growth.

Commissioner Henry stated growth spurs growth.

Mr. Ivey thanked the Commission, and stated the \$4.1 million is not coming from the CRA. The only funds that we are asking for is incentives to build in Midtown. The \$500,000 that we are asking for in incentives, will be paid in a month for water bills. There will be eighty-two more units of water bills coming into the City, generating more money. This project will spur more growth in the Midtown area. We are trying to build it, not sell it. We have had nothing in Midtown for over twenty years. He is asking the Commission tonight to take a leap of faith.

Commissioner Woods stated we have made significant investments in CRA's on A1A, and we were told this will spur growth on the west side of A1A, yet it has never happened. I am not going to support this project the way it is written.

Commissioner Gilliland stated he would support this if they drop the \$600,000 that they want up front and the 5.1 and 5.2, and include the transferability fees, but not the way it is currently written.

Commissioner White asked Commissioner Gilliland if he is comfortable with keeping the assignability, but not the 5.1 and 5.2. She asked Commissioner Henry if he was comfortable with this project the way it is written. She stated she would support this project without the 5.1 and 5.2.

Commissioner Gilliland stated that is still a \$4 million incentive, including the \$3.6 million in TIF.

Commissioner White stated the \$3.6 million in TIF is only an incentive if it is completed.

Commissioner Trager asked on page two, the verbiage regarding authorizing the CRA funds of up to \$613,000, how is that possible when there is only \$96,000.

Commissioner Gilliland stated that is money that exists in there today. It would take all the money in the bank, currently in the Midtown CRA.

Commissioner Trager stated we would not be given that money if we don't build it, and we would probably spend the \$400,000 in stormwater improvements anyway.

Commissioner Gilliland stated if this contract did not have the 5.1 and 5.2, I can support this. There would be money in the trust fund to get other projects done that we would like to do in that area. If we take that money out, there is only going to be \$96,000 left in that fund, and it will be years before this project is built and on the tax roll.

Commissioner Woods explained what Commissioner Gilliland stated, remove the two 5.1 and 5.2 clauses, and he will support it.

Commissioner Gilliland stated he would be ok with leaving the transferability clause in there, because our investment is \$400,000 for the future parking lot which we would need to do anyway, and the future TIF, which if it doesn't get generated, we do not lose it. I am comfortable with that.

Commissioner Woods stated with no money up front, then you do the TIF after.

Mr. Chisholm stated the TIF would be a normal development agreement TIF that we would do for any other developer in our City. The difference is 100 percent TIF based on the value of what is constructed, and that is for the life of that CRA, which would be 20 years or less.

Commissioner White stated that is the way it is written now.

Mr. Morris stated if we delete 5.1 and 5.2 that would ease the concerns that Commissioner Gilliland had.

Commissioner Gilliland stated you can keep 7.2 if you get rid of 5.1 and 5.2.

Mr. Morris stated with the permission of the Commission, they would delete 5.1 and 5.2.

Mayor Henry stated you might be on to something.

Commissioner Gilliland made a motion to the incentive agreement to delete 5.1 and 5.2.

Commissioner Reed restated the motion is taking out the \$538,000 in soft costs, and taking out the \$75,000 in cash to buy the lot. This TIF would stay with this project, and any new business generated would make its own TIF.

Commissioner Woods stated there would be no cash up front, we would do the stormwater improvements, and a release of the lien from one of the parcels. So we are back to what we would normally do, they have to build, the project goes online, and they generate more revenue from their taxes, and they get back the difference in what their project generates.

Mr. Chisholm stated that is correct. They are only getting back what is taxable value, soft costs are not included in that.

Mayor Henry stated we do not lose anything if they do not recuperate their investment.

Commissioner Woods stated if the value does not go up, there is not a payment to them.

A roll call vote was taken to approve the agreement without the 5.1 and 5.2.

It was moved by Commissioner Gilliland to adopt the Resolution as amended. Seconded by Commissioner White. Mayor Henry called for a roll call vote. The Resolution was adopted 7-to-0 with the breakdown as follows:

Commissioner White	Yea
Commissioner Gilliland	Yea
Commissioner Henry	Yea
Commissioner Reed	Yea
Commissioner Trager	Yea
Commissioner Woods	Yea
Mayor Henry	Yea

7. COMMENTS/INQUIRIES FROM THE COMMUNITY REDEVELOPMENT AGENCY - CITY MANAGER AND CITY ATTORNEY REPORT.

No comments.

8. ADJOURNMENT

There being no further discussion or comments the meeting was adjourned at 7:22 p.m.


DERRICK L. HENRY
Chair

ATTEST:


LETITIA LAMAGNA
City Clerk

Adopted: September 21, 2016

RECORD REQUIRED TO APPEAL: In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the Community Redevelopment Agency Board makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript, or you may buy a cd of the meeting for \$2.00 at the City Clerk's office. Copies of the cds are only made upon request. The City is not responsible for any mechanical failure of the recording equipment.