

Economic Development Advisory Committee Workshop
Saturday, September 27, 2003
9:00 AM

Florence K. Little Town Hall
12 Colomba Road DeBary, Florida 32713

MINUTES

I. Call to Order - Chair Carol Lawrence

II. Roll Call

Members Present; Carol Lawrence, Donald E. Kitner, Tom Donohoe, Betty Gigantino, and Tracy Good

Absent: Jane Wright, Dick Tosh, and Don Woodruff

Others Present: Vice Mayor George Coleman, City Manager Richard Diamond, and Assistant City Manager Maryann Yaskanich

III. Welcome/Purpose of Meeting
- Chair Carol Lawrence

IV. Presentation - Community Redevelopment Agencies (CRA's)
GAI Consultants-Southeast, Inc.

GAI Lead Planner Doug Kelly noted that there was a map available for review showing preliminary boundaries of the proposed study area; that a slide presentation would be given; that Economic Consultant Chris Jones would also provide comment on financial issues; and that input from the Committee and the public would be noted.

It was discussed that data had been collected from relevant sources; that the Finding of Necessity would outline the reasons for the County to allow property tax revenue to be reinvested in the City; that redevelopment and revitalization opportunities would be made possible if that occurred; and that CRA programs were regulated under State Statutes.

Mr. Kelly reviewed that City Manager Diamond was the contact for the City; that the project was under the guidance of the Economic Development Advisory Committee; that the Attorney on Staff was Lonnie Groot, a resident of Deltona who was familiar with similar projects in local communities; that Christy Fischer and Project Manager Dennis Smeltz were attending; that there was a civil engineering group on the project Staff. Mr. Kelly reviewed projects that the firm had worked on in other Central Florida communities.

Mr. Kelly noted that the guidelines were established by State Statute; that the first step was the Finding of Necessity to show that improvements were needed in specific areas; that Conditions of Blight had to be identified; that the County would have to provide approval; that the second step would be to create a Community Redevelopment Agency (CRA) that could be comprised by either the City Council or Committee appointments, consisting of five to nine persons; that members of the Agency had to be either residents or business owners in DeBary; that a Redevelopment Plan had to be assembled of projects to be considered; that Grant funds could become available for these types of projects; and that a Redevelopment Trust Fund would be established for bonding and funding opportunities.

It was discussed that taxing authorities would have to be notified that the Finding of Necessity was completed; that the School Board, Water Authority and the County would be involved; that the study areas would be compared with other areas of the City and the County to show where improvements were necessary; that the findings had to be legally defensible; and that the words “Slum” and “Blight” were terms included by the State and had specific definitions.

It was also noted that the Study would not be addressing the Comprehensive Plan or Land Use Codes; that items under study would be areas experiencing loss of taxable value, defective or inadequate street layout, lack of parking, unpaved roadways, lack of rights of way, inadequate or non-conforming lot sizes or uses and other conditions that would prevent commercial development. It was discussed that higher incidences of crime in certain areas and levels of public service as compared to other City or County areas would be other qualifying issues. It was discussed that documentation of decaying or dilapidated structures would be done and consistency of ownership would be reviewed in commercial areas. Other qualifying issues were discussed; that the project was to document and not for the purpose of imposing burdens on the public; that a CRA would provide the tools for funding improvements in the City; and that DeBary was being proactive in pursuing this study.

Chris Jones addressed the financial issues; that a CRA would not be a mechanism to increase taxes; and that existing resources would be utilized to enhance and capture future revenues. Mr. Jones noted that he was the President of Florida Economic Advisors, which is based in Tampa; that his firm had a great deal of experience in the State of Florida; and that the firm had assisted state government with economic research.

Mr. Jones discussed that Tax Increment Financing was a method of funding improvements within a specific area; that generation of revenues could also come from grants from federal and state programs; that Tax Increment Financing was the use of anticipated revenue growth from an improved area and the potential use of bond funds; that the non-exempt ad-valorem tax rate in the designated area would set the benchmark; that potential revenue from increased property values under that millage rate would provide the financing for improvements; that this would not cause increases to millage rates; that the tax revenue would come from the increased value of development; that the percentage of the increased value would be determined by the City; and that his firm's task would be to provide the estimated increase to value based on specific improvements.

Mr. Jones discussed further that the actions of the CRA would be based on State Statutes and Regulations; that a consensus would be required to determine desirable improvements; that a CRA could be the impetus for improvements that otherwise might take much longer to occur; that once the plan was implemented, the tax base and values of an area would increase and not to the tax rate; that up to 95% of the difference between the base value and the increased value could be used; that the official findings had to be completed in order to proceed; that bonding of future anticipated revenues would be a method to implement more immediate improvements; and that solid projections and sound financial estimates would be needed.

Mr. Kelly summarized that once the CRA approval was obtained; the Tax Increment Financing would include County taxes as well as City taxes which would be reinvested in the selected area; that the proposed Study area was from Dogwood Trail south to Highbanks, east along Highbanks, south along Amigos and Angeles Road to the corridor of US Highway 17-92 including the Industrial Park on the southeast side just north of Dirksen to the southeast corner of Dirksen to the County line; that business and property owners were encouraged to mark the location of their property on the map by the door; and that the boundaries would be fluid.

V. Public Comment

In the question and answer period, it was discussed that there would be documentation of buildings defined as dilapidated, under code violations or not in need of improvement; that the Study would not be determining any condemnation of buildings; and that DeBary did not appear to have a great percentage of buildings in need of improvement. It was further clarified that if an area was defined as blighted, it would allow the tax increment financing to be used for things such as infrastructure improvements but would not be used to identify buildings for demolition; and that there might be the opportunity for a property owner to obtain grant funds or low interest loans for façade improvements and the like.

Other questions were asked regarding grandfathering of residential properties in commercial areas and demolition of those properties and that Volusia County Planner Scott Ashley could advise on that matter.

The timeline for the Study was discussed; that the City would be provided with the information from the Study and the schedule of completion; and that there were also websites available where the public could gather information on State Statutes and Regulations.

It was questioned how much funding could be expected and what compensation GAI would receive; that available funding would depend on the amount of increased value that could be expected; that the Study would provide that information; that the Study was funded by the City at \$30,000; that the revenues could not be calculated until the area was determined and the type of development that could be supported; that it was not the purpose of the CRA to generate excess revenue, but sufficient to fund needed improvements; and that the period of time that the increment would be collected was flexible.

The floating of bonds was discussed; that the Agency could handle the bonds; that it could be at the discretion of the underwriter of the bond funds whether additional surety would be required from local government; and that annual report requirements would track financial issues.

It was asked how interest on the bonds would be paid; whether bonds could be purchased by local residents or businesses; and that if development did not occur in a timely fashion, what would happen with the bonds. It was answered that if bonds were usually issued as long-term municipal bonds, usually 20 years; that the fiscal responsibility of the City would be a factor in obtaining bonds; that the rate could possibly be in the 5% range; that the rate would be factored into the revenue generated by the CRA; that it would be at par value over time; that municipal bonds were usually purchased by institutional types of investors; that someone could invest in a fund that deals with bonds; that the interest rate would vary depending on the term of the bond; that a longer duration would generally be a lower rate; and that more than one issue could be done at different times. It was further discussed that the security provision for bonds was usually in the form of liens on the property involved; that exercising that type of lien rarely occurred in practical terms; and that historically, where development did not occur in a CRA, they were usually sold to a second investor, sometimes a developer that would improve the area at a lesser cost.

Another question concerned the issue of no growth occurring and revenue was not generated by a new development; whether the millage rate could be increased in that area; that no increases of that type had been made in other CRA's; that the City Council would have the option to increase millage rates; and that deficits that might be caused by the freezing of revenues in a CRA area should not occur if the CRA is researched and structured properly. It was discussed that the County would have an interest in the length of bond terms.

There was some discussion that condemnation options were rarely used and generally used only if there were a clear public purpose; that, historically, there had not been condemnation proceedings caused by CRA's in other areas; and that such a proceeding would not occur in order to favor a developer.

It was discussed that local government websites would provide information on their CRA's and that information could be obtained from the website for the Florida Redevelopment Association.

It was asked whether there was a location targeted for a City Center; that the City had a Village Center overlay in place under Development Standards; that there had not been any specific request to place it within the CRA area; that there would be public hearings for the Finding and for the Plan if a CRA was approved; and that the City Council would adopt a Resolution creating a CRA.

It was asked what the time frame would be; that the Finding and the recommended boundary would be approximately four months; that it would be a public document; that an update or newsletter could be sent out in the interim; and that the City would place information on the City website.

It was discussed that the storm water situation was a problem in the City and would meet some of the criteria; that land use, planning and zoning would be reviewed; that non-conforming lots, unpaved roads and other issues were part of the criteria; that this Workshop was being held to gather information to guide the Study; and that the City, being in a closed basin, would be looked at as well.

There was discussion that the CRA was being looked at for most of the US Highway 17-92 area; that it would not be a negative to be in the CRA area; that the area south of Benson Junction appeared to meet criteria but there were issues with areas north on US Highway 17-92 which might benefit from a CRA; that residential areas could also benefit; and that the boundary areas were fluid and could change once results were compiled.

It was discussed that there should not be any direct impact to areas outside of the CRA area; that development would help to revitalize the corridor; that the positive outcome would be an increase to property values in outside areas; that it would not cause any increase or tax burden to areas outside the CRA; and that ad-valorem revenue pledged by the City or the County could be as high as 95% of the increment, but was typically less.

There was further discussion that the increase of property values in the CRA would increase property values outside as well; that attractively landscaped and streetscaped downtown areas would attract residential homebuyers in the future; that the increased value to real estate was a positive; that forced sales of properties would not occur; and that a more likely scenario would be a desire to purchase properties at higher values. It was also discussed that commercial development would have to be supported by residential density; that projections would have to include appropriate ratios and sound future growth trends; that if a CRA did not seem appropriate to the area, information would also be provided with alternate options for appropriate development; and that sound financial advice would be crucial in analyzing the results of the Study.

It was also discussed that the Gateway Standards for the City would be taken into account; that the purpose of the Study was to determine whether a Finding of Necessity would meet state statutes; that the Gateway Standards would be a design issue once development in an area occurred; that the purpose of the Study was not to evaluate codes, but to determine where negatives issues were occurring and that the CRA could provide funds to meet the Gateway Standards. There was further discussion, after the Finding was completed, the timeframe for the process would probably take through the end of next year; that future land use and zoning would not be regulated by the Study; that it was an identification process only; and that improvements, if a CRA were implemented, would probably not start to occur until more than two years from this time.

There was further discussion of DeBary as a bedroom community for the Orlando area; that the Study was primarily concerned with the commercial development of the City, but that the residential component would be a factor; that continued population growth in Florida showed a need to control the development

that would occur in DeBary; and that strategic planning of commercial development was needed to meet the requirements of the residential component.

There was also discussion that the residential undeveloped land should be looked at as well; that appropriate infrastructure to increase residential areas would then support appropriate commercial development; that as much area should be included in the CRA Study as possible for inclusion when the plan was implemented; and that the gathering of information would allow for informed decision making on creating a balanced mix of commercial and residential and maintaining the vision of the City.

There was discussion of the requirements of the Gateway Standards; that incentives were not always available for smaller businesses; that the Finding of Necessity was only to determine the areas considered to be blighted; that the Gateway Standards would only affect existing businesses expanding past a 50% threshold; and that the Study was to look for a way to help to provide funding for those businesses desiring improvement and expansion.

Chair Lawrence noted that the Economic Development Advisory Committee met on the third Thursday of each month; that participation by the community was welcomed and encouraged; that a Business Roundtable was held in December of 2002 and there would be another Business Roundtable held sometime in December this year; and that the input of the business community was needed at these gatherings.

VI. Adjournment The meeting adjourned at 11:40 AM.

**APPROVED November 20, 2003
Economic Development Advisory Committee
CITY OF DeBARY**

Carol Lawrence, Chair