



**City of Gulf Breeze
Community Redevelopment Agency
Annual Report
Fiscal Year 2017**



FY2017 Community Redevelopment Agency Board

Pursuant to Resolution No. 18-89, the City Council of the City of Gulf Breeze serves as the Community Redevelopment Agency Board and is vested with all rights, powers, duties, privileges and immunities vested in a community redevelopment agency by the Community Redevelopment Act, FS § 163.330 et seq. The members of the Community Redevelopment Agency Board for FY 2017 (October 1, 2016 to September 30, 2017) were as follows:

Matt Dannheisser, Mayor

David G. Landfair, Mayor Pro Tem

Renee Bookout, Councilwoman

Cherry Fitch, Councilwoman

Tom Naile, Councilman

FY2017 Community Redevelopment Agency Staff

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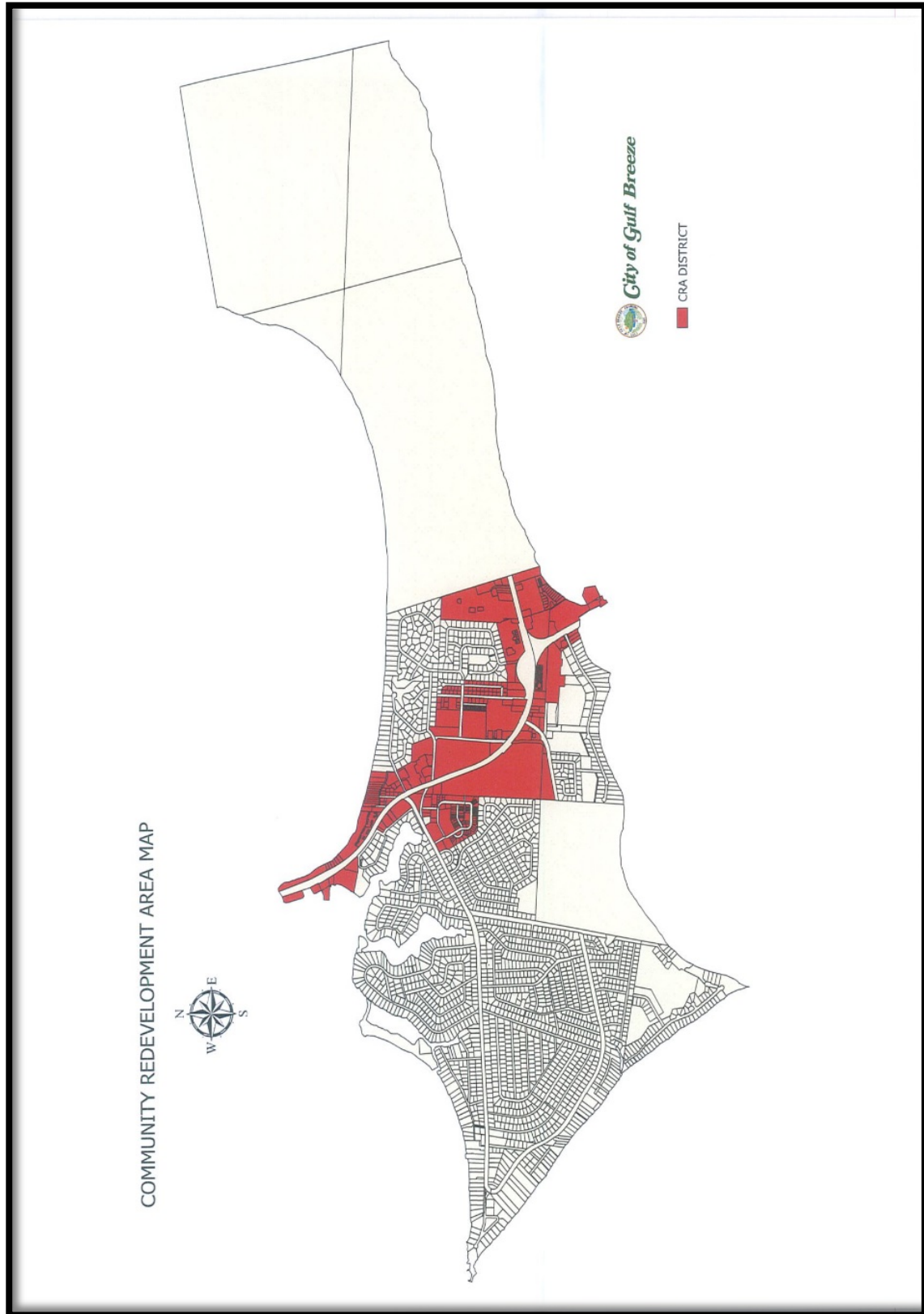
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Community Redevelopment Area Map



CRA Background

After Gulf Breeze was incorporated in 1961, it witnessed significant commercial growth and investment along US 98 (Gulf Breeze Parkway). This growth consisted of a variety of retail centers, service stations, office complexes, restaurants, and motels. There were no standards or guidelines in place to discourage the "strip commercial" pattern that resulted, nor was there an attempt to establish or nurture a "downtown" or "city center" identity.

In an effort to create a sustainable downtown community and to address high vacancy rates in retail and office units along Gulf Breeze Parkway, the City of Gulf Breeze proposed the delineation of a redevelopment area along this corridor, which served as the economic and, to some extent, social core of the City. To administer the activities and programs offered within the redevelopment area, the City created a Community Redevelopment Agency in December of 1989.

The Gulf Breeze CRA is approximately 393 acres in size, about 13% of the City's acreage, and is comprised of approximately 410 parcels. The CRA is located along the entire corridor of Gulf Breeze Parkway within the City limits, beginning at the south side of the Pensacola Bay Bridge and extending at various depths northeast and southwest of the highway to the City's eastern limits. The CRA also includes the Pensacola Beach Road corridor south of Gulf Breeze Parkway, which forms the approach to the Bob Sikes Bridge to Pensacola Beach.

The need for a CRA was established in 1989 based on the Finding of Necessity documentation required pursuant to Chapter 163, Florida Statutes. This document continues to act as the foundation for blight determination within the CRA and the elimination of these blighting characteristics remains the primary focus for redevelopment activities. Many of the blighting characteristics have been addressed to some degree since the time the CRA was established in 1989; however, since some issues have either not been addressed or not been fully addressed, the need continues to exist.

The City of Gulf Breeze adopted its first redevelopment plan in 1990 to "...assist the City with addressing the early signs of blight identified in 1989 and to stimulate economic development within the community redevelopment area." The City's 1990 comprehensive plan states that "...much of the commercial core suffers from underutilization and aesthetically poor architecture."

Concurrent with the Agency being created in 1989, the City Council was appointed as the Board of the Community Redevelopment Agency. Subsequently, a Redevelopment Plan was developed and adopted following several public hearings. The Redevelopment Plan established the goals for implementing revitalization of the core downtown area.

Since 1990, the CRA Plan has been updated in 2006 & 2009 with another update planned for 2018. The updated plan evaluates the CRA's physical and economic conditions and the challenges and opportunities facing the community.

Since 1989, the City has been proactive in addressing the issues in the Redevelopment Plan and several major initiatives have been completed over the past ten years. Most noticeable is the median landscaping, decorative fencing, establishment of the Community Redevelopment design guidelines and urban design standards, and designation of four major CRA Gateway Districts.

CRA Master Plan Implementation

Pursuant to the Community Redevelopment Act (Florida Statutes §163.387(1)(a)), no TIF revenues may be expended unless those funds are expended in accordance with an adopted Community Redevelopment Plan for the specific redevelopment area. The City has continued to implement the CRA Master Plan that identified a focus on the redevelopment of the public environment - primarily the treatment of the existing streets, school property and park property. Specific projects and programs identified in the plan included:

- Supporting and encouraging private investment;
- Creating a positive, healthy environment by effective public investments;
- Supporting business promotion initiatives by the Gulf Breeze Chamber of Commerce and other such groups;
- Identifying funding sources for public expenditures necessary for redevelopment activities;
- Increasing the tax base within the redevelopment area;
- Capitalizing on the City's waterfront (Wayside Park improvements, enhanced recreational access to surface water)
- Creating and implementing Urban Design Guidelines; and,
- Improving traffic flow.

Master Plan Update and Extension

In order to ensure that an orderly plan of growth would be followed, the Gulf Breeze Community Redevelopment Agency directed that the Gulf Breeze Community Redevelopment Plan be updated. As part of the update process the City continued their contract with Vanasse, Hagen, Brustlin, Inc. (VHB) to help develop redevelopment strategies and identify critical tasks that will enable the City to stimulate and encourage economic development, provide increased public amenities, improve pedestrian safety and effectively manage redevelopment within the CRA.

As the current redevelopment plan is set to expire in 2019 The City Council directed staff to begin the due diligence for extending the expiration of the CRA. Extending the plan

for 30 years ensures that the redevelopment of blighted areas and the preservation of quality of life by means of community policing, infrastructure upgrades and streetscape beautification projects, will continue in an area which is almost entirely built out.

2017 Projects Funded

\$300,000- The CRA continued to support law enforcement and code enforcement within the CRA boundary. US Hwy 98 has an average daily traffic count of 55,000 vehicles, yet the entire population of Gulf Breeze is only 5,800. Safety and narcotics intervention are major priorities for the CRA corridor.

\$50,745- The CRA continued to fund the administrative costs of managing the CRA, including staff time, professional memberships, advertisements and subscriptions, and other operating expenses. A Neighborhood Services / CRA Coordinator position was funded for the first time to ensure the dedication of expertise to projects, programing and reporting.

\$140,415- Professional & contractual services that implement and support programs and projects within the CRA include: planning services with VHB, design services with Rebol-Battle, legal services, landscape maintenance, holiday decorations and turf management.

\$38,458- The CRA continued to fund the operation of critical utilities such as traffic lights, lift stations, irrigation and backup generators.

\$23,286- Safe Streets Lighting Program funds street lighting in mixed use areas where commercial centers draw activity in close proximity to residential properties.

\$20,979- Maintenance & Operating expenses such as sprinkler repair, tree trimming, electrical repairs, reader board repairs and irrigation well repairs.

Reserve Funds

Underground Utilities - Like many urbanized areas, the CRA has highly visible utility poles and overhead transmission lines throughout. The City Council and citizens have made undergrounding these utilities a top priority for the CRA. Going forward, reserve funds and future CRA revenue may be used to relocate utilities within the CRA boundary.

FY2017 CRA Private Reinvestment

Four new commercial developments were either under construction or in the planning/design phase during 2017 within the CRA.

The Arbors

Located on a 5.25-acre parcel of land on Joachim Drive, The Arbors is a three-story, 132-unit, 133,000 square-foot 'Resort Style Senior Living' facility slated to open during the spring of 2018. The Arbors is expected to house up to 157 residents and provide 70 full-time and part-time jobs. Previously owned by a church, the land was tax-exempt until its sale in 2015; therefore, 100% of the property value will factor into the CRA's TIF. The property was valued at \$1,065,390 in 2017 and is expected to increase to \$11,600,000 by the end of 2018 to become one of the top four most valuable properties in the city.



Dairy Queen Grill & Chill

A building permit was issued in August 2017 for the construction of a new Dairy Queen restaurant on a 0.7-acre property on Daniel Drive, in the Publix shopping center. The property value is projected to increase from \$370,946 in 2017 to \$596,927 by 2018, adding approximately \$226,000 to the TIF base.



Sacred Heart MOB

In July 2017, Sacred Heart Health System opened a two-story, 8,000 square-foot medical office on a 1.3-acre property located at the corner of US 98 and Daniel Drive. The facility includes general and sub-specialty pediatric care; rehabilitation; physical, speech, and occupational therapy; and early steps for children under age three. Future plans include offering behavioral analysis therapy for children with autism. The property value was listed at \$833,625 in 2017 and is expected to increase to \$1,274,749 in 2018, contributing an estimated \$441,000 in taxable value to the TIF.



Henghold Skin Center



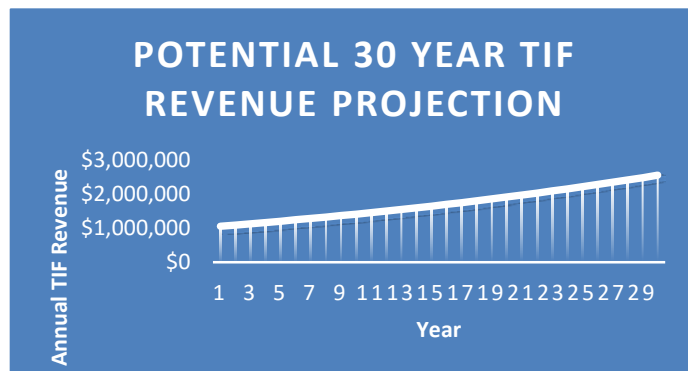
A vacant office building, Payton Plaza, previously occupied this 1.25-acre property along Gulf Breeze Pkwy. The city purchased the property in 2014 for \$425,000 and sold the land in 2016 for \$400,000 to be redeveloped. Payton Plaza was demolished within a year and construction of the new building broke ground in March 2017. The property value in 2013 was \$131,063 and is projected to reach \$1,008,680 by 2018 yielding \$870,000 of value for the TIF. This property is also part of the East Gate Catalyst Site in the master plan and was built in conformity with the site's strategic plan. The primary tenant, Henghold Skin Center is a regionally recognized provider of dermatology, surgeries, and screenings in the Pensacola area.

Total CRA Investment

The Gulf Breeze CRA has made a considerable financial investment in the implementation of the programs and projects identified in the Community Redevelopment Plan and subsequent capital improvement programs. These investments include, but are not limited to, strategic property acquisition, development grants, park improvements, streetscape and median improvements, amendments to the CRA plan and the creation of design guidelines. Total Community Redevelopment Agency investment through 2017 was \$9,279,398

Tax Increment Financing (TIF) Projections

The projected 30-year TIF revenue that is projected to be available for Community Redevelopment projects and programs is \$52,694,021. The estimated TIF revenues are conservative and based only on known and approved development projects and a 2.5% annual appreciation of property values. Future development within the CRA boundaries and projects that have not yet been approved or permitted will increase the potential TIF revenue.



FY 2017 CRA Expenditures

- In 2017, the CRA Urban Core Fund received \$718,889 as the County tax increment contribution and \$232,616 from the City's contribution for a total of \$951,505.
- \$400,000 was transferred to the Urban Core Fund for the sale of the Payton Building.
- Total CRA expenditures for 2017 are \$573,886
- End of FY 2017 UCR fund balance is \$1,336,489

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

Exhibit IV - A

	General	Urban Core Redevelopment	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,749,839	\$ 951,505	\$ 211,692	\$ 3,913,036
Licenses and permits	108,451	-	-	108,451
Intergovernmental	1,164,644	-	25,724	1,190,368
Charges for services	665,495	-	-	665,495
Fines and forfeitures	73,601	-	552,633	626,234
Investment earnings	56,261	-	-	56,261
Miscellaneous	774,836	-	9,927	784,763
Total revenues	<u>5,593,127</u>	<u>951,505</u>	<u>799,976</u>	<u>7,344,608</u>
Expenditures:				
Current				
General government	2,057,728	223,885	10	2,281,623
Public safety	2,590,360	-	298,424	2,888,784
Transportation	957,608	-	-	957,608
Economic environment	235,928	-	-	235,928
Culture and recreation	1,768,700	-	28,884	1,797,584
Capital outlay	304,709	-	29,744	334,453
Debt service				
Principal	206,800	-	-	206,800
Interest	350,023	-	-	350,023
Total expenditures	<u>8,471,856</u>	<u>223,885</u>	<u>357,062</u>	<u>9,052,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,878,729)</u>	<u>727,620</u>	<u>442,914</u>	<u>(1,708,195)</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	20,830	-	-	20,830
Transfers in	2,963,957	400,000	2,955	3,366,912
Transfers out	(400,000)	(350,000)	(752,241)	(1,502,241)
Total other financing sources (uses)	<u>2,584,787</u>	<u>50,000</u>	<u>(749,286)</u>	<u>1,885,501</u>
Net change in fund balances	(293,942)	777,620	(306,372)	177,306
Fund Balances:				
Beginning of year	<u>13,711,399</u>	<u>558,869</u>	<u>925,618</u>	<u>15,195,886</u>
End of year	<u>\$ 13,417,457</u>	<u>\$ 1,336,489</u>	<u>\$ 619,246</u>	<u>\$ 15,373,192</u>

The accompanying notes are an integral
part of these financial statements.

CITY OF GULF BREEZE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

Exhibit IV - B

Net change in fund balances - governmental funds (page 29) **\$ 177,306**

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated lives. The net effect of various miscellaneous transactions involving capital assets, including disposal, which decrease net position, are not reported in the governmental funds.

Expenditures for capital assets	334,453	
Less current year depreciation	<u>(1,632,297)</u>	(1,297,844)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Debt principal payments	206,800	
Change in accrued interest expense	<u>8,106</u>	214,906

Amortization of bond discounts, reported in the statement of activities, does not require the use of current financial resources, therefore, it is not reported as an expenditure in governmental funds.

(1,590)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences		15,907
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Governmental funds do not recognize expenditures for the change in the net pension liability from year to year.

Change in Florida Retirement System net pension liability	(4,687)	
Change in Health Insurance Subsidy Program net pension liability	7,911	
Change in Florida Municipal Pension Trust Fund net pension liability	<u>60,594</u>	<u>63,818</u>

Change in Net Position - Governmental Activities (page 26) **\$ (827,497)**

The accompanying notes are an integral
part of these financial statements.

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
URBAN CORE REDEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2017

Exhibit VI

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 843,665	\$ 843,665	\$ 951,505	\$ 107,840
Expenditures:				
Current				
Culture and recreation	273,500	273,500	223,885	49,615
Capital outlay	-	56,233	-	56,233
Total expenditures	273,500	329,733	223,885	105,848
Excess of revenues over expenditures	570,165	513,932	727,620	213,688
Other Financing Sources (Uses):				
Transfers in	-	-	400,000	400,000
Transfers out	(350,000)	(350,000)	(350,000)	-
Total other financing sources and (uses)	(350,000)	(350,000)	50,000	400,000
Net change in fund balance	\$ 220,165	\$ 163,932	777,620	\$ 613,688
Fund Balance:				
Beginning of year			558,869	
End of year			\$ 1,336,489	

The accompanying notes are an integral
part of these financial statements.