

COLEMAN COMMUNITY REDEVELOPMENT PLAN

Chapter VII Funding Element

CHAPTER VII

FUNDING ELEMENT

Downtown redevelopment is a joint effort between local government and local business and property owners. In large part, the Redevelopment Plan is implemented through private sector investment in property upgrades, business expansion, shared maintenance, agreement to volunteer for community related events and the provision of partial financial assistance towards public works type projects. However, the cost of implementing the redevelopment projects and activities exceeds the financial capabilities of local government and district business and property owners. Therefore this section identifies potential funding and technical assistance sources available to assist with the plan implementation. Further, this section includes an implementation schedule for completing all redevelopment related projects and activities.

The primary recipients of potential funding and technical assistance for implementing the Redevelopment Plan are the City of Coleman and the Community Redevelopment Agency (CRA). The CRA could utilize funds derived through fund raising events, festivals, promotional campaigns, donations, and could serve as the recipient of foundation grant funds. The CRA could also help to establish a local matching grants program or low interest loan program with local banking institutions to benefit district business and property owners as a means to implementing the Redevelopment Plan.

Existing Revenue Sources and Funding Mechanisms for Capital Improvement Financing:

The city obtains most of its revenues and funds for its operations and capital improvements from taxation, redistributed revenue sharing, user fees, license and permit fees, and fines and forfeitures. Also some State grants have been received for specific projects. Some revenue that is raised by taxes or licenses is collected by the State and/or county is redistributed to the city as intergovernmental shared revenue.

(1)

Local Revenue Sources

(1)

Ad Valorem Taxes

The city does not levy ad valorem taxes although Sumter County does levy ad valorem taxes on the non-exempted taxable values of property in the city. In 1989 the total taxable value (or base tax) was \$3,547,623 which by state law is assessed at 100 percent of full market value. If the city did levy ad valorem taxes, which may be levied up to the amount of 10 mills, the city could expect to collect approximately \$3,547.60 per mill which could yield from \$3,547.60 to \$35,476.20 annually. Ad valorem revenues may increase by either increasing the taxable value for property, or by increasing the assessment ratio, or millage rate. The potential value of ad valorem taxes is closely related to the valuation of property in the city. Much of the property in the city are residents that are exempt from ad valorem levies since the taxable value of many of these residences is less than or equal to \$25,000 (Florida Homestead Exemption Limit).

(2) Franchise Fees, Communication Tax, and Utility Service Tax

Franchise fees are paid to the city by providers of electricity, telephone, and cable television service, as payment of the easements that these companies use to provide service, and also for the right to be exclusive providers of a particular service. Revenues from these fees are part of the city's general fund. These fees amounted to \$25,748 in 2002. Franchise fees increase with the number of connections to each service, so they will increase in proportion to the increase in population and development in the city.

Communications taxes are also collected by the city, these fees amount to \$22,360 in 2002. Utility service taxes are also collected by the city on these same services, electricity, telephone, and cable television. Utility service taxes may be levied on electricity, metered or bottled gas, water services, fuel oil, and cable television in varying maximum percentages according to Florida Statutes. In 2002 the amount of revenue collected by the city from utility service taxes amounted to \$34,309.

(3) Licenses and Permits

The city requires that all businesses and professionals obtain a permit for operation. The city also issues zoning certifications. These various license and permits generated approximately \$1,200 in 1990 and are included in the city's general fund.

(4) User Fees

The city collects fees from its residents for solid waste collection services. User fee revenues can increase either through services rate increases or by the addition of users of the service. In 1989 user fees amounted to \$35,000 for collection service; these charges represent the sole source of operating revenues for the enterprise fund.

(5) Fines and Forfeitures

Fines, forfeitures, and penalties provide a source of revenue to the city's general fund. The majority of revenue in this category is from court fines for violations of law. In 1990 the combined revenues generated by these sources totaled \$13,025.

(2) Shared Revenues – State and County

Some revenue sources are from various taxes or licenses collected by the State of Florida or Sumter County which are then redistributed back to the city through apportioned distributions.

(1) State Revenue Sharing

State revenue sharing monies of distributions from the Municipal Assistance Trust Fund, Revenue Sharing Trust Fund, ½ cent on the tax on sales, cigarette tax, alcoholic beverage license fees, mobile home license fees, and motor fuel tax rebate. These revenues amounted to \$69,162 in 1990 and are revenues of the city's general fund.

(2) County Shared Revenue

The revenue the city receives from Sumter County includes a municipal share of the County Occupational License Fees, a fee for fire protection in the unincorporated area around the city, a 3.157 percent share of the Local Option Gas Tax. Total revenue from these sources in 1990 amounted to \$135,458; all are part of the city's general fund.

The City of Coleman could utilize general revenue funds, tax increment financing, special purpose local option sales tax, gas tax, special assessment, or the issuance of revenue bonds and a bond validation lawsuit process to cover partial costs associated with redevelopment. The City of Coleman could also serve as the recipient of both federal and state grant awards and could help downtown property owners establish a voluntary business improvement district. However, the primary mechanism used to implement the Redevelopment Plan will likely be the establishment of a Tax Increment Finance district and related trust fund, the description and potential earnings of which follow.

Tax Increment Financing:

Tax Increment Financing (TIF) F.S. 163.387 has been used throughout the United States since the 1950's to finance redevelopment projects and to provide necessary federal and state grant program matching funds. TIF utilizes the incremental increase in ad valorem tax revenue within the Community Redevelopment Area to finance redevelopment projects and activities within the area. A local government establishes the TIF by ordinance after Redevelopment Plan adoption. The amount of tax the TIF area generates is set as a "baseline". The taxing authorities which receive tax revenue generated in the area continue to receive that same amount during the life of the TIF. As vacant and dilapidated properties are redeveloped with TIF revenues property values increase, creating an incremental increase in revenue generated within the TIF district.

The increment created between the baseline and the new assessed value is captured and used solely for improvements within the district. This increment revenue can be used to pay back bonds, saved, or used to pay for implementing individual projects as they come up. Once the TIF expires, property tax revenues are again shared by all the different taxing authorities, but now based on a much higher property value due to redevelopment that would not have been possible otherwise. In other words, TIF is an investment for both the local government and affected taxing authorities. The local government temporarily retains an additional portion of those ad valorem revenues that would normally be retained by some other. The use of the TIF revenues will be in strict accord with the Redevelopment Plan, and cannot be used to construct or expand local government administrative buildings, police, or fire buildings unless each taxing authority agrees to such a method of financing.

The following section projects potential Primary and Secondary District TIF revenues. The following assumptions apply:

1. The City, County, and School Board total millage rate has remained constant for several years at approximately 18.5000. Therefore, for the purposes of the TIF schedule, the 2002 millage rate of 9.25 applies for all years considered. The Water Management District and School Board millage rates are exempt.

2. Figures used are approximate taxable values (including exemptions), are not the total assessed values. Property values include “real property” meaning land and improvements less tangible items such as furnishings and fixtures. The baseline values include the 2002 District Taxable Value at \$6,746,711.
3. The range of increase in taxable values considered ranges between 3% and 6%. While it is possible that property values could decline and therefore not increase the TIF revenues it is also possible that values could increase at a level greater than 6%. Consider that the total Citywide taxable values increase from \$3,547,623 in 1989 to \$6,746,711 in 2002, or about 4% per year without any redevelopment activities.

The methodology for determining TIF fund generation begins with applying the millage rate 9.25 on the 2002 taxable values which is \$6,746,711 (.00925) or \$62,407.07. The next step is to assume an increase in both taxable values at 3% per year, \$6,746,711 (.03) or a \$202,401.33 first year increase. Assuming the millage rate (9.25) on the new taxable value (\$6,746,711 + \$202,401) = \$6,949,112.33 which is \$6,949,112.33(.00925) or \$64,279.28. The final step is to determine the difference between new and previous ad valorem revenues (64,279.28-62,407.07) = \$1,872.21 of which 95% or \$1,778.59 first year funds to be deposited in the trust fund.

Table VII-1: Coleman Tax Increment Finance (TIF) Schedule
 (Based on 3% Annual Increase in Assessed Values)

Year	City Limits Taxable Values	Estimated Annual Funds Deposited
1	\$6,746,711	\$1,788
2	\$6,949,112	\$1,831
3	\$7,157,586	\$1,886
4	\$7,372,313	\$1,943
5	\$7,593,483	\$2,001
6	\$7,821,287	\$2,061
7	\$8,055,926	\$2,123
8	\$8,297,604	\$2,187
9	\$8,546,532	\$2,252
10	\$8,802,928	\$2,320
11	\$9,067,105	\$2,389
12	\$9,339,026	\$2,461
13	\$9,619,197	\$2,535
14	\$9,907,773	\$2,611
15	\$10,205,006	\$2,289
16	\$10,511,156	\$2,770
17	\$10,826,491	\$2,853
18	\$11,151,285	\$2,939
19	\$11,485,824	\$3,027
20	\$11,830,399	\$3,118
21	\$12,185,311	\$3,211
22	\$12,550,870	\$3,308
23	\$12,927,396	\$3,407
24	\$13,315,218	\$3,509
25	\$13,714,674	\$3,614
26	\$14,126,115	\$3,723
27	\$14,549,898	\$3,834
28	\$14,986,395	\$3,949
29	\$15,435,987	\$4,068
30	\$15,899,066	\$4,190
TOTAL	\$320,977,580.48	\$80,399.12

Table VII.2: Coleman Tax Increment Finance (TIF) Schedule
 (Based on 4% Annual Increase in Assessed Values)

Year	City Limits Taxable Value	Estimated Annual Funds Deposited
1	\$6,746,711	\$1,778
2	\$7,016,579	\$1,849
3	\$7,297,243	\$1,923
4	\$7,589,132	\$2,000
5	\$7,892,698	\$2,080
6	\$8,208,406	\$2,163
7	\$8,536,742	\$2,250
8	\$8,878,211	\$2,340
9	\$9,233,340	\$2,433
10	\$9,602,673	\$2,531
11	\$9,986,780	\$2,632
12	\$10,386,252	\$2,737
13	\$10,801,702	\$2,847
14	\$11,233,770	\$2,961
15	\$11,683,121	\$3,079
16	\$12,150,445	\$3,202
17	\$12,636,463	\$3,330
18	\$31,141,922	\$3,463
19	\$13,667,599	\$3,602
20	\$14,214,303	\$3,746
21	\$14,782,875	\$3,896
22	\$15,374,190	\$4,052
23	\$15,989,157	\$4,214
24	\$16,628,723	\$4,382
25	\$17,293,872	\$4,558
26	\$17,985,627	\$4,740
27	\$18,705,052	\$4,929
28	\$19,453,254	\$5,127
29	\$20,231,385	\$5,332
30	\$21,040,640	\$5,545
TOTAL	\$378,388,866.46	\$99,719.02

Table VII.3: Coleman Tax Increment Finance (TIF) Schedule
 (Based on 5% Annual Increase in Assessed Value)

Year	City Limits Taxable Value	Estimated Annual Funds Deposited
1	\$6,746,711	\$1,778
2	\$7,084,047	\$1,867
3	\$7,438,249	\$1,960
4	\$7,810,161	\$2,058
5	\$8,200,669	\$2,161
6	\$8,610,703	\$2,269
7	\$9,041,238	\$2,383
8	\$9,493,300	\$2,502
9	\$9,967,965	\$2,627
10	\$10,466,363	\$2,758
11	\$10,989,681	\$2,896
12	\$11,539,165	\$3,041
13	\$12,116,124	\$3,193
14	\$12,721,930	\$3,353
15	\$13,358,026	\$3,520
16	\$14,025,928	\$3,696
17	\$14,727,224	\$3,881
18	\$15,463,585	\$4,075
19	\$16,236,764	\$4,279
20	\$17,048,603	\$4,493
21	\$17,901,033	\$4,718
22	\$18,796,084	\$4,953
23	\$19,735,889	\$5,201
24	\$20,722,683	\$5,461
25	\$21,758,817	\$5,734
26	\$22,846,758	\$6,021
27	\$23,989,096	\$6,322
28	\$25,188,551	\$6,638
29	\$26,447,978	\$6,970
30	\$27,770,377	\$7,318
TOTAL	\$448,243,703.28	\$118,128.27

Table VII.4: Coleman Tax Increment Finance (TIF) Schedule
 (Based on 6% Annual Increase in Assessed Value)

Year	City Limits Taxable Value	Estimated Annual Funds Deposited
1	\$6,746,711	\$1,178
2	\$7,151,514	\$1,885
3	\$7,580,604	\$1,998
4	\$8,035,441	\$2,118
5	\$8,517,567	\$2,245
6	\$9,028,621	\$2,379
7	\$9,570,338	\$2,522
8	\$10,144,559	\$2,673
9	\$10,753,232	\$2,834
10	\$11,398,426	\$3,004
11	\$12,082,332	\$3,184
12	\$12,807,272	\$3,375
13	\$13,575,708	\$3,578
14	\$14,390,251	\$3,792
15	\$15,253,666	\$4,020
16	\$16,168,886	\$4,261
17	\$17,139,019	\$4,517
18	\$18,167,360	\$4,788
19	\$19,257,401	\$5,075
20	\$20,412,845	\$5,380
21	\$21,637,616	\$5,702
22	\$22,935,873	\$6,044
23	\$24,312,026	\$6,407
24	\$25,770,747	\$6,792
25	\$27,316,992	\$7,199
26	\$28,956,011	\$7,631
27	\$30,693,372	\$8,089
28	\$32,534,974	\$8,574
29	\$34,487,073	\$9,089
30	\$36,556,297	\$9,634
TOTAL	\$533,382,734.58	\$140,565.46

The following section identifies potential federal, state, and local grant, loan, and technical assistance programs available to the City of Coleman as applicant, to assist with Redevelopment Plan implementation. In most cases, these programs are made available to communities having under 10,000 population, low to moderate income (LMI) households, and having county-wide household per capita income at 80% the national average or a county-wide unemployment rate at one percentage point above the national average. The funding schedule provides general program information, addition research into program specific criteria is recommended prior to formal action.

Coleman Funding Schedule
(Public Improvement Projects, Infrastructure)

Program	Agency	Amount	Match Required	Eligibility Criteria	Application Due Date	Contact
PWEDA Section 201	EDA	Grant ±850,000	50/50	Job Creation	Open Cycle	(404) 730- 3032
CDBG Commercial Revitalization	HUD/ DCA	Grant ±600,000	N/A	LMI	Varies	(850) 922- 1892
CDBG Neighborhood Revitalization	HUD/ DCA	Grant ±600,000	N/A	LMI	Varies	(850) 922- 1892
CDBG Economic Development	HUD/ DCA	Grant ±600,000	N/A	Job Creation	Open Cycle	(850) 922- 1892
Rural Development	USDA	Grant/ Loan Varies	N/A	Public Health	Open Cycle	(352) 338- 3400
Community Facilities	USDA	Grant/ Loan Varies	N/A	Public Health	Open Cycle	(352) 338- 3400
SRF Drinking Water	Florida (DEP)	Loan Varies	N/A	Public Health	Enrollment 1/1 – 3/15	(850) 488- 8163
RBEG	USDA	Grant ±200,000	N/A	<50,000 Population	Open Cycle	(352) 338- 3482
Rural Infrastructure	Enterprise Florida	Grant Varies	50/50	Job Creation	Open Cycle	(850) 922- 8655

Acronyms:

Public Works and Economic Development Act (PWEDA), Community Development Block Grant (CDBG), State Revolving Loan Fund (SRF), Rural Business Enterprise Grant Program (RBEG)

Coleman Funding Schedule
(Public Improvement Projects, Landscaping and Acquisition)

Program	Agency	Amount	Match Required	Eligibility Criteria	Application Due Date	Contact
Urban Forestry	DACS	Grant ±25,000	50/50	Tree Planting	September	(850) 488-7552
Urban Park Recovery	Department of Interior	Grant Varies	50/50	Public Park	Varies	(202) 343-3700
FRDAP	FDEP	Grant ±200,000	Varies 50/50	Recreation	September	(850) 488-7896
LWCF	FDEP	Grant ±150,000	50/50	Recreation Trails	July	(850) 488-7896
FCT	Florida Forever	Grants Varies	25/75	Acquisition	August	(850) 922-1701
Recreational Trails	Greenways and Trails	Grants ±100,000	Varies 50/50	Recreation Trails	January	(850) 488-3701

Acronyms:

Florida Recreation Development Assistance Program (FRDAP), Land and Water Conservation Fund Program (LWCF), Department of Agriculture and Consumer Services (DACS), and Florida Department of Environmental Protection (FDEP).

Coleman Funding Schedule
(Public Improvement Projects, Historic Preservation)

Program	Agency	Amount	Match Required	Eligibility Criteria	Application Due Date	Contact
Grant In-aid	Department of State	Grant ±50,000	50/50	Historic District	December	(850)-487-2333
Special Category	Department of State	Grant ±50,000	50/50	Historic District	May	(850)-245-6333
Museum Program	Department of State	Grant ±35,000	50/50	Operating Support	December	(850)-487-1902
Main Street Program	Department of State	Grant ±10,000	±30,000	Main Street Manager	July	(850)-245-6333

Coleman Funding Schedule
(Public Improvement Projects, Transportation and Tourism)

Program	Agency	Amount	Match Required	Eligibility Criteria	Application Due Date	Contract
Enhance Program	FDOT	Grant ±50,000	Varies 25/75	Landscape	Refer to County	(850)-487- 3982
Wildflower Program	FDOT	Grant Varies	N/A	Landscape	Open Cycle	(850)-933- 7210
Advertising Program	Visit Florida	Grant \$2,500	50/50	Marketing	April	(850)-488- 5607
Community Tourism	Visit Florida	Grant \$3,000	N/A	ECO- Tourism	March	(850)-488- 5607

Acronyms:
Florida Department of Transportation (FDOT)

Coleman Funding Schedule
(Public Improvement Projects, Miscellaneous and Technical Assistance)

Program	Agency	Amount	Match Required	Eligibility Criteria	Application Due Date	Contact
Front Porch Program	DCA	Technical Assistance	Varies	Action Plan	Varies	(850)-487- 9556
Challenge Grant	Department of State	Grant ±\$75,000	N/A	Cultural Facilities	November	(850)-487- 2980
Advertising Program	Visit Florida	Grant \$2,500	50/50	Marketing	April	(850)-488- 5607
Brownfields Program	FDEP	Grants \$250,000	N/A	Site Recovery	Varies	(850)-488- 0190

Acronyms:
Department of Community Affairs (DCA) and Florida Department of Environmental Protection (FDEP).

Special Assessments:

Local governments can levy a special assessment on property owners within a specific geographic area as a source of revenue for funding public improvement projects within that same area. Eligible projects include but not limited to street paving, sidewalk and gutter construction, parking areas, and street lighting. Local governments typically work with property owners to establish the terms of the assessment which can include a one-time assessment or payment over a number of years. A special assessment must be enacted by ordinance, can be added to the tax rolls, and can be pledged as a revenue stream for bonding purposes.

Revenue Bonds:

In accord with F.S. 163.385 local governments can issue revenue bonds for financing public improvement projects. A local government can pledge anticipated tax increment finance funds as a revenue stream against the bond issuance. One of the benefits of revenue bond is that projects can be started and completed before waiting for tax increment finance funds to accumulate. Revenue bonds are one form of financing available, and must be enacted by resolution or ordinance and include the terms of maturation and interest due. In the event revenue bonds are issued, a successful bond validation lawsuit process will aid in legally validating that projects have been financed, planned, located, and carried out in accordance with the provisions of F.S. Chapter 163, Part III.

There are approximately \$150,000 worth of known public improvement projects identified in the plan. Approximately \$80,000 to \$150,000 or more is expected to be available for implementation through the Tax Increment Finance (TIF) mechanism. Approximately \$2,000,000 may be available to the City of Coleman through grant and loan program sources. The question is how best to utilize or leverage available funding sources to implement the Redevelopment Plan? In general, the TIF should be allowed to grow through the first ten years after inception so that adequate funds can be accrued. Federal and state grant programs should be utilized at first, as it is better to utilize grant monies rather than borrowing funds or solely utilizing general revenue funds. However, grant programs are not guaranteed, and applications and grant administration requires significant effort. Therefore, careful consideration should be taken in establishing a detailed implementation schedule and in determining which programs are to be pursued first so that they can be used as matching funds towards other grant programs. As a starting point, the following general project and activity implementation schedules should be followed.

General Project Implementation Schedule

<u>Year</u>	<u>Project</u>	<u>Funding Source</u>
1-3	Demolition of Dilapidated Structures	General Revenue
4-6	Code Enforcement	General Revenue
7-9	Street Lighting/Decorative Lighting	General Revenue/ DOT
10-12	Decorative/Directional Street Signs	General Revenue/Donations
	Farmers Market	General Revenue/Donations
13-15	Public Parking	General Revenue/Special Assessment
	Drainage Improvements	CDBG-Commercial Revitalization
16-18	Streetscaping	CDBG-Commercial Revitalization
	Commercial Façade Improvements	CDBG-Commercial Revitalization
19-21	Gateway Improvements	TIF Revenues
	U.S. Highway 301 Improvement	DOT Enhancement Program
22-24	Business Incubator	TIF Revenue
	Construction of Affordable Housing	CDBG-Housing Rehabilitation
25-27	Neighborhood Improvements	CDBG-Neighborhood Revitalization
	Establishing Historic Building Registry	Grant-in-aid
28-30	Ingress/Egress Improvements at CSX	General Revenue/DOT
	Mixed-Use Improvements	TIF Revenue

General Activity Implementation Schedule

<u>Priority</u>	<u>Project</u>	<u>Funding Source</u>
1	Establish TIF	General Revenue
2	Establish Low Interest Loan Fund	Local Banking Institutions
3	Implement Policing Innovations	General Revenue
4	District Marketing	Cooperative Advertising Program
5	Establish Community Pride Campaign	Volunteer
6	Establish Not-for-Profit Status	Donations
7	Main Street Manager (if needed)	Main Street Program
8	Market Residential Opportunities	Visit Florida/Florida Communities Trust
9	Establish Elder Ready Standards	Department of Community Affairs
10	Establish Historic District and Board	General Revenue