



**CITY OF PORT ST. LUCIE  
COMMUNITY REDEVELOPMENT  
AGENCY**

**FY 2011 ANNUAL REPORT  
(October 1, 2010 to September 30, 2011)**

Planning and Zoning Department  
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**FISCAL YEAR 2010-11 CITY COUNCIL SITTING AS THE  
COMMUNITY REDEVELOPMENT BOARD OF DIRECTORS**

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**Linda Bartz**  
Vice Mayor  
District 1



**Michelle Lee Berger**  
District 2



**JoAnn M. Faiella**  
Mayor



**Shannon M. Martin**  
District 3



**Jack Kelly**  
District 4

Fiscal Year 2010-2011 Staff

Jerry A. Bentrott, City Manager/Executive Director  
Gregory J. Oravec, Assistant City Manager/CRA Director  
Pam E. Booker, Counsel  
Karen A. Phillips, Secretary

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## **BACKGROUND**

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### **Introduction**

A Community Redevelopment Agency refers to a public entity created by a city or a county to implement the community redevelopment activities outlined under Chapter 163, Part III, Florida Statutes. The Florida Community Redevelopment Act of 1969 provides a vehicle for local communities to form a Community Redevelopment Agency (CRA) and create a Redevelopment Trust Fund through Tax Increment Financing (TIF) for financing improvements within a target area. A CRA may be governed by a separately appointed (by the city/county) board or the city council or county commission itself may act as the CRA. The CRA is established by the local government and functions within that local government.

Chapter 163, Part III, Florida Statutes outlines the physical, economic, and blight conditions that can support the creation of a Community Redevelopment Area. To document that the required conditions exist, the local government must survey the proposed redevelopment area and prepare a Finding of Necessity or field study that formally identifies conditions within the established boundaries of the area. If the Finding of Necessity determines that the required conditions exist, the local government develops and adopts a Community Redevelopment Plan that addresses the unique needs of the targeted area and includes overall goals and identifies programs and projects needed to foster and support redevelopment of the targeted area. The local government establishes a Redevelopment Trust Fund enabling the CRA Board to direct a percentage of property tax revenues to the target areas in order to implement the redevelopment plan. Once established, the CRA is able to carry out redevelopment and revitalization within the designated area.

### **Requirement for an Annual Report**

Pursuant to Section 163.356(3)(c), Florida Statutes, the City of Port St. Lucie Community Redevelopment Agency (Agency) is required to file with the governing body, on or before March 31 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. At the time of filing this report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the municipality and that the report is available for inspection during business hours in the office of the clerk of the city and in the office of the agency.

The City of Port St. Lucie Community Redevelopment Agency Annual Report for Fiscal Year 2010-11(FY 2010-11) covers all activities for the period October 1, 2010 to September 30, 2011. It includes a complete financial statement of the Agency's revenues and expenses, amount of tax increment funds collected, and a record of activities for the fiscal year.

## **History**

Incorporated in 1961, the City of Port St. Lucie, Florida (the "City") is a predominantly residential community located in St Lucie County in southeast Florida. The City experienced rapid growth from 2001 to 2007 and was named the fastest growing city in the United States in 2005 by the United States Census Bureau. The Great Recession and associated real estate bust that followed the boom have presented the City with many challenges.

The City is approximately 115.6 square miles in area and the estimated population in 2011 was 166,041 residents according to the University of Florida Bureau of Business and Research (BEBR) population estimates. Port St. Lucie is the largest municipality within St. Lucie County in both geographic area and population. Population projections indicate that the population could surpass 200,000 within the next decade and reach 343,000 by the year 2035. Several factors fuel the City's growth, including access to the Florida Turnpike and Interstate 95, the availability of vacant land, the near build-out conditions of South Florida, natural attractions such as the Atlantic Coast beaches, Indian River and St. Lucie River, the climate and the quality of the City's public services.

## **Community Redevelopment Agency**

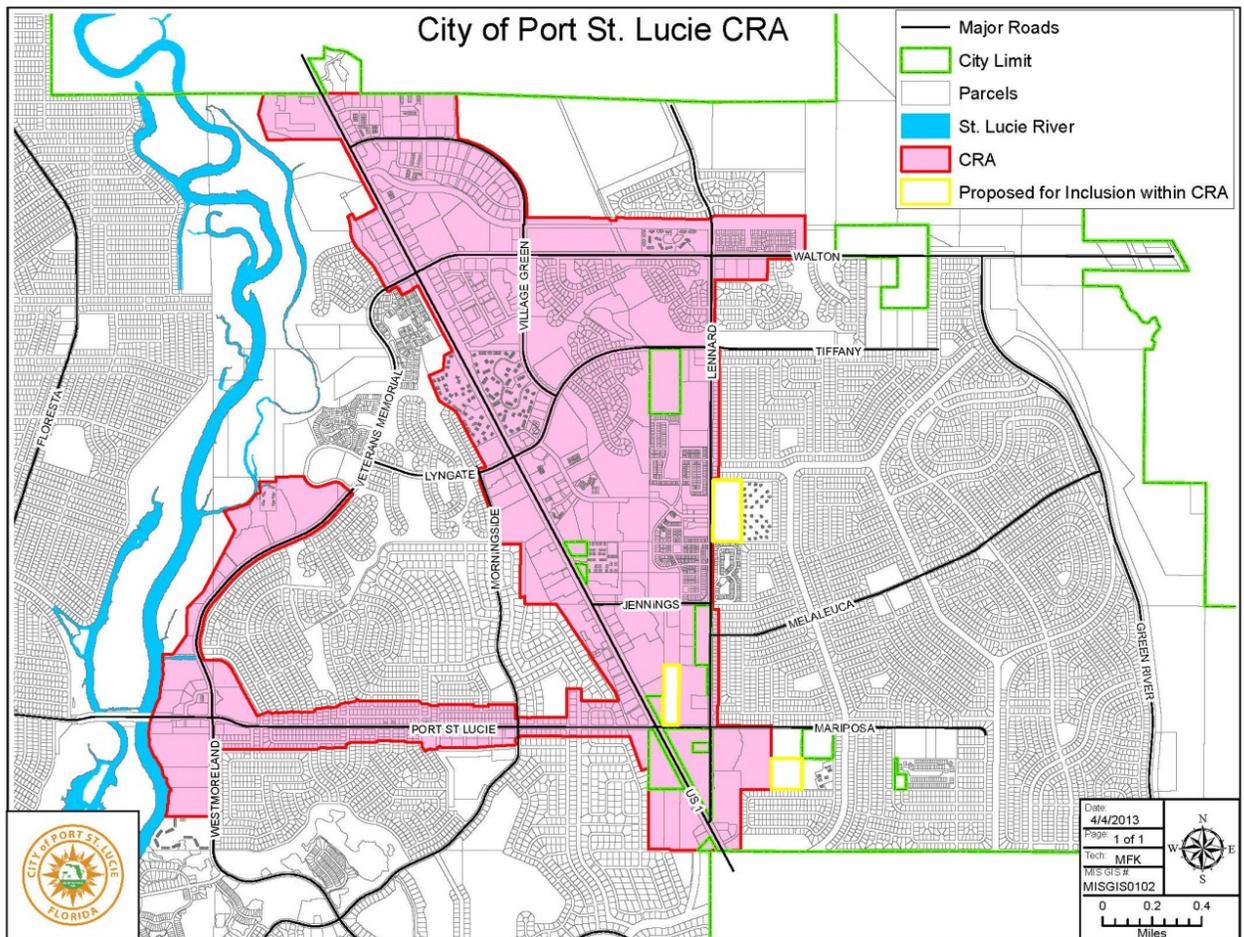
The City of Port St. Lucie Community Redevelopment Agency was created in 2001 by the City of Port St. Lucie City Council. The Agency was established to address the lack of land set aside for commercial uses to serve the projected population in the original platted development of the city. Under the original developer's plan, most of the land in Port St. Lucie was platted for low density single-family residential development. As a result, there is no central core or traditional downtown and many residents work, shop, and find entertainment outside of the City. This increases traffic, negatively impacts the City's tax base, hinders the City's ability to meet the service demands generated by growth, impedes the City's ability to efficiently utilize its resources, and detracts from the quality of life. The CRA is intended as a central gathering place that provides entertainment, employment, and other services.

In 2001, the City designated a Community Redevelopment Area (CRA) along U.S. 1 in eastern Port St. Lucie and formally adopted a community redevelopment plan on June 11, 2001. At the time, the CRA was approximately 1,700 acres or 2.7 square miles. The original CRA boundary includes the City's U.S. 1 corridor from just north of Village Green Drive and south to the St.

Lucie/Martin County line. Lennard Road forms most of the eastern boundary, and the western boundary is predominantly the rear property line of those properties fronting U.S. 1.

Since the CRA's creation in 2001, two additional areas have been formally designated as part of the CRA: Lentz Grove (now known as "East Lake Village") in 2003 and the Port St. Lucie Boulevard/Riverwalk District (the "CRA Expansion Area") in 2006. Lentz Grove was a part of the City's original CRA study area; however, it could not be formally included as part of the original CRA because it was an unincorporated St. Lucie County enclave at that time and, therefore, outside of the City's jurisdiction. The current CRA in its entirety is depicted in Figure 1.

**Figure 1**  
**Community Redevelopment Area**

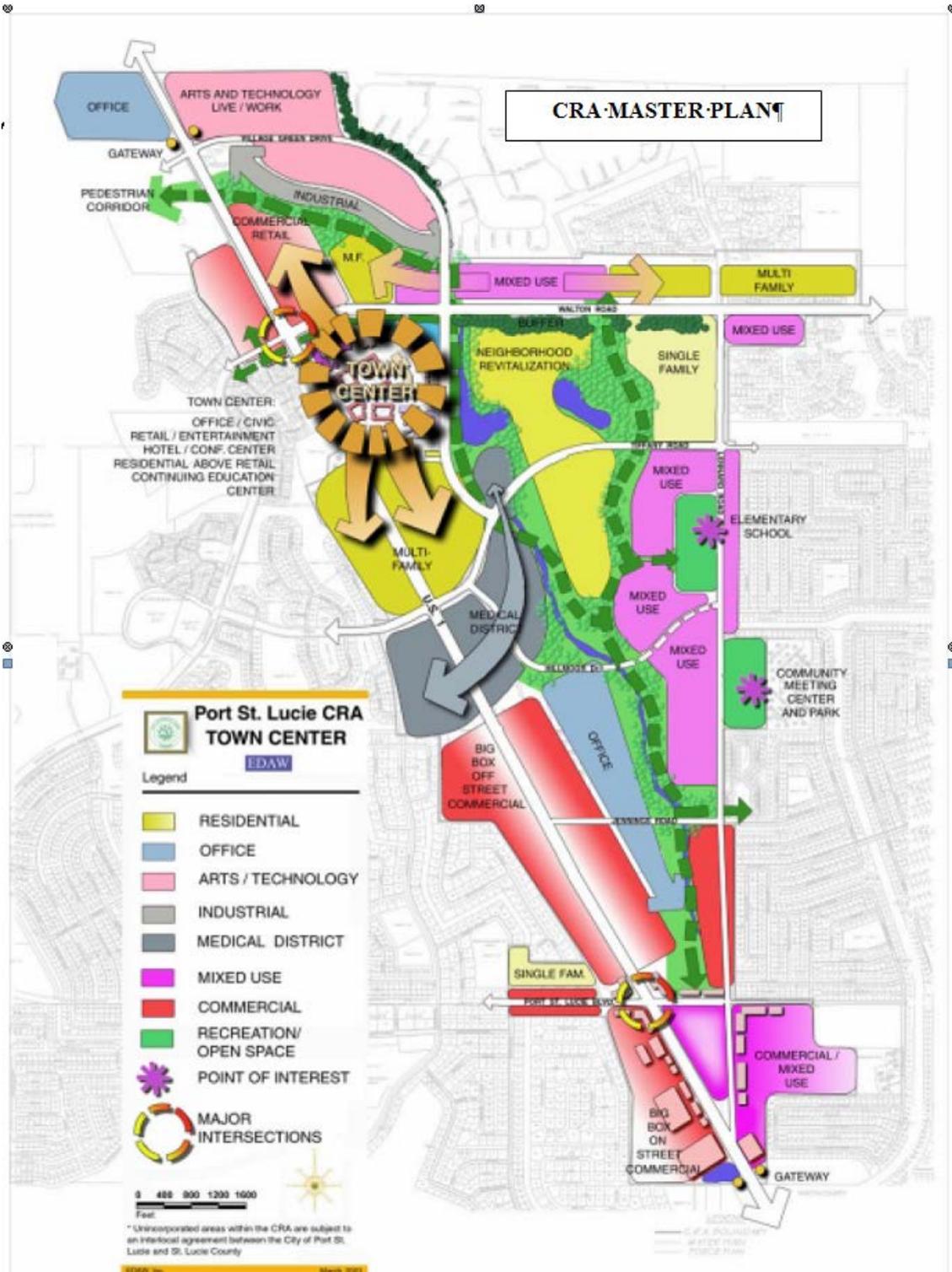


The governing body of the City of Port St. Lucie CRA is the City of Port St. Lucie City Council sitting as the CRA Board of Directors. The City Council is comprised of five (5) members. Under the State Statutes, the CRA has substantial powers and authority within the CRA area. These include the power to make and execute contracts, to acquire and dispose property, to approve development plans, to implement a program of voluntary or compulsory rehabilitation of buildings, to mortgage its property, to borrow and invest money, and to apply for and accept grants and contributions.

### **Redevelopment Plan**

The CRA represents a comprehensive long term approach to redevelopment that will span a twenty to thirty year period. The redevelopment strategy is to create a central business district or commercial town center along U.S. 1. The CRA Master Plan calls for the creation of a series of mixed use pedestrian and transit friendly districts. Figure 2 depicts the Master Plan for the original CRA.

Figure 2  
Original CRA Master Plan

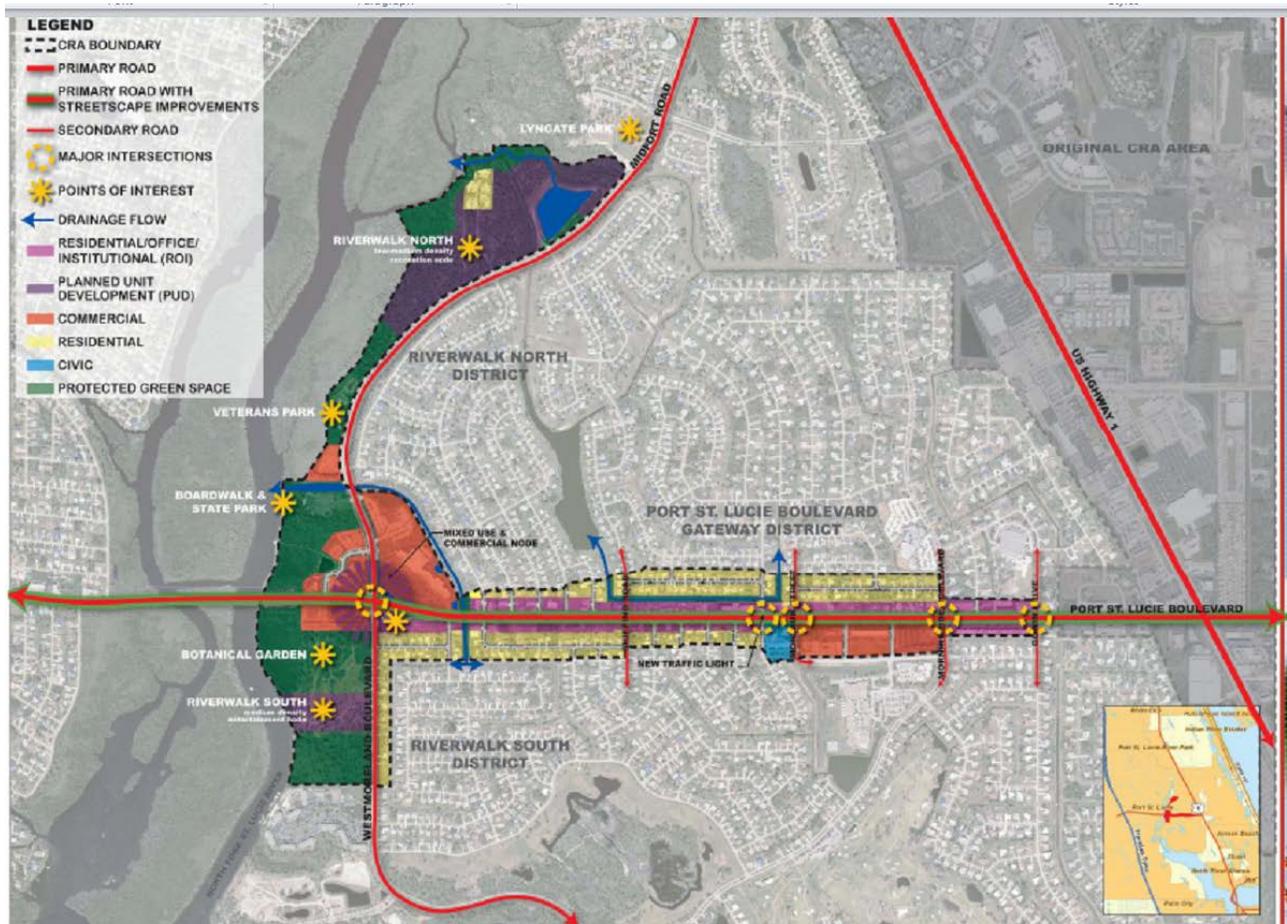


The CRA Expansion Area Master Plan is a stand-alone document that provides the redevelopment plan for the CRA Expansion Area. It sets forth a unique vision and separate goals and objectives for the Expansion Area. As stated in the master plan, the goals are to:

- protect residential neighborhoods;
- improve aesthetics of Port St. Lucie Boulevard;
- increase pedestrian and bicyclist safety;
- create additional recreation and open space; and
- increase residential options and affordability.

Figure 3 depicts the vision for the CRA Expansion Area Master Plan.

**Figure 3**  
**Expansion Area Master Plan**



## City Center

The focal point of the CRA plan is the creation of the 69 acre City Center. City Center is the town center or central meeting place of the CRA. Since the establishment of the CRA, the City has acquired property and completed streetscape and roadway improvements. In 2008, the City completed construction and opened a 100,000 square foot Civic Center on U.S. 1. It includes a gymnasium, twenty thousand square feet of meeting space, the Village Square public plaza and interactive fountain, and the City Center parking garage as shown in the following photos.



Port St. Lucie Civic Center  
Green Market



Port St. Lucie Civic Center  
Multi-cultural Parade



Village Square Interactive  
Fountain

## Wood Stork Trail

A central component of the CRA Master Plan is the inclusion of connective open spaces to promote pedestrian and bicycle travel. The Plan calls for the creation of a linear park and an enhanced stormwater drainage system that provides recreational opportunities and restores native vegetation and habitat. Construction of the Wood Stork Trail began in 2005. It includes a 1.5 mile trail around Hillmoor Lake, a paved trail in East Lake Village, a paved trail on Village Green Drive, and the paved trails around the stormwater treatment areas in City Center.



Wood Stork Trail at Hillmoor Lake



Wood Stork Trail Informational Sign



Wood Stork Trail at City Center

A number of key partners have contributed to the implementation of the Wood Stork Trail, including the City, Kodak Company Greenway Awards Program, the Conservation Fund, the Florida Department of Environmental Protection, the St. Lucie River Issues Team, and St. Lucie County.

### East Lake Village

East Lake Village is a planned community that utilizes traditional neighborhood development design concepts. It consists of a mix of residential housing types including rental apartments, attached single-family townhomes and detached single-family houses of varying size as well as a mixed use village center that allows for retail, restaurants, and office space. It was approved for 890 residential units and 82,000 square feet of non-residential units. To date, much of the residential development has been constructed as well as approximately 20,000 square feet of office space.



East Lake Village Entryway Sign



East Lake Village Neighborhood Playground



East Lake Village Residential Neighborhood

CRA Expansion Area

The CRA Expansion Area extends from U.S. 1 to the North Fork of the St. Lucie River along Port St. Lucie Boulevard. It includes the Port St. Lucie Boulevard Gateway District, the Riverwalk South District, and the Riverwalk North District. The master plan for the CRA Expansion Area was approved in 2006. Development in this area includes the Port St. Lucie Botanical Gardens, City Fountain Center, and the recently renovated Rivergate Plaza.



Riverwalk North  
Boardwalk



Riverwalk North  
Promenade



Riverwalk South  
City Fountain Center



Riverwalk South  
Botanical Gardens

## **Community Redevelopment Fund**

The major funding source for the Port St. Lucie CRA is tax increment revenue. Tax increment revenue is the increase in ad valorem (property) tax attributed to the increase in the assessed value over a base year for various jurisdictions in the redevelopment area. An increase in taxable value and/or an increase in the millage rate produces an increase in tax increment revenue. Decreases to either of these factors produce a decrease in tax increment revenue. The jurisdictions remitting tax increment revenue to the Port St. Lucie CRA include the City of Port St. Lucie, St. Lucie County, and the St. Lucie County Fine and Forfeiture Fund. Pursuant to an Interlocal Agreement between the City and St. Lucie County Fire District, the St. Lucie County Fire District stopped participating in FY 2007-2008.

### Tax Increment Revenue Calculation

The total tax increment revenue in the Port St. Lucie CRA is equal to the sum of the tax increment revenue generated in the Original CRA, East Lake Village, and the CRA Expansion Area. The regulations pertaining to the calculation of tax increment revenue within any community redevelopment area are set forth by Section 163.387 of Florida Statutes and further defined by local implementing ordinance. It is important to recognize that the state regulations have changed over time and, as a result, the regulations for calculating tax increment revenue for the CRA Expansion Area are different than those of the Original CRA and East Lake Village, as noted below.

In both the Original CRA and East Lake Village, the participating taxing authorities levying property taxes within the Original CRA and East Lake Village are required to annually deposit an amount equal to 95% of the incremental property tax revenues they receive from properties within those corresponding areas. In the CRA Expansion Area as with the Original CRA and East Lake Village, the participating taxing authorities are required to annually deposit an amount equal to 95% of the incremental property tax revenues they receive from properties within the CRA Expansion Area. However, for the CRA Expansion Area, this requirement is subject to the following major exception set forth by Section 163.387(1)(b)(1)(a) of Florida Statutes:

“If a taxing authority imposes a millage rate that exceeds the millage rate imposed by the governing body that created the trust fund, the amount of tax increment to be contributed by the taxing authority imposing the higher millage rate shall be calculated using the millage rate imposed by the governing body that created the trust fund.”

Based upon this exception, if the County's millage rate is higher than the City's, which it has been historically, the County shall calculate its tax increment payment for the CRA Expansion Area (only) by using the City's millage rate instead of its own higher rate.

The equations utilized to calculate Agency tax increment revenue are as follows:

Total Annual Tax Increment Revenue = Original CRA Annual Tax Increment Revenue + East Lake Village Annual Tax Increment Revenue + CRA Expansion Area Annual Tax Increment Revenue

Original CRA Annual Tax Increment Revenue = 95% X Incremental Property Taxes collected within the Original CRA by each Participating Taxing Authority

East Lake Village Annual Tax Increment Revenue = 95% X Incremental Property Taxes collected within East Lake Village by each Participating Taxing Authority

CRA Expansion Area Annual Tax Increment Revenue = 95% X Incremental Property Taxes collected within the CRA Expansion Area by the City + a contribution from the County in an amount equal to the City (due to the exception set forth by Florida Statutes)

Incremental Property Taxes = Increment X millage of Participating Taxing Authority

Millage of Participating Taxing Authority = The millage (tax rate) adopted by the governing body of the Participating Taxing Authority

Taxable value and tax increment revenue for Fiscal Year 2010-11 for the CRA are shown in Table 1. There was no tax increment revenue from the CRA Expansion Area in FY 2010-2011 due to the decline in property values as compared to the base year.

**Table 1: Community Redevelopment Agency FY 2010-11 Tax Increment Funding Values**

**Original CRA (U.S.1 established 2001)**

Taxing Authority	SLCBOCC	City of Port St. Lucie
2010 Taxable Value	\$ 339,659,480.00	\$ 341,274,200.00
Base Year Total Taxable Value (2001)	\$ (231,826,024.00)	\$ (231,826,024.00)
Increment for FY 2010-11	\$ 107,833,456.00	\$ 109,448,176.00
95% Increment for FY 2010-11	\$ 102,441,783.20	\$ 103,975,767.20

**Payment Amount**

Taxing Authority	Millage:		
SLCBOCC-Gen. Fund	0.0028707	\$ 294,079.63	
SLCBOCC-Fine and Forfeit Fund	0.0039699	\$ 406,683.64	
City of Port St. Lucie	0.0043098		\$ 448,114.76
<b>Total</b>		<b>\$ 700,763.27</b>	<b>\$ 448,114.76</b>

**East Lake Village (FKA Lentz Grove est. 2003)**

Taxing Authority	SLCBOCC	City of Port St. Lucie
2010 Taxable Value	\$ 43,182,900.00	43,227,900.00
Base Year Total Taxable Value (2003)	\$ (279,481.00)	\$ (279,481.00)
Increment	42,903,419.00	42,948,419.00
95% Increment	40,758,248.05	40,800,998.05

**Payment Amount**

Taxing Authority	Millage:		
SLCBOCC-Gen. Fund	0.0028707	\$ 117,004.70	
SLCBOCC-Fine and Forfeit Fund	0.0039699	\$ 161,806.17	
City of Port St. Lucie	0.0043098		\$ 175,844.14
<b>Total</b>		<b>\$ 278,810.87</b>	<b>\$ 175,844.14</b>

**CRA Expansion Area (Riverwalk and Port St. Lucie Boulevard est. 2006)**

Taxing Authority	SLCBOCC	City of Port St. Lucie
2010 Taxable Value	51,192,088.00	51,696,688.00
Base Year Total Taxable Value (2006)	\$ (67,616,925)	\$ (67,996,925)
Increment	\$ (16,424,837)	\$ (16,300,237)
95% Increment	-	-

Source: City of Port St. Lucie Finance Department

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## FINANCIAL REPORT

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### **Agency Activities in Fiscal Year 2010-2011**

In FY 2000-2001, the City began a multi-decade commitment to fundamentally improve and revitalize its U.S. 1 corridor by designating the CRA, appointing the Agency, creating the Fund and adopting the Plan. Since then, the Agency has implemented a number of successful large-scale redevelopment initiatives, including but not limited to: the demolition of the Village Green Shopping Center; completion of the City Center and East Lake Village Special Assessment Districts; construction of the Civic Center, Village Square and City Center Parking Garage; and completion of the Wood Stork Trail. Information regarding these and other important projects can be found in past annual reports. Unfortunately, the Agency has not been able to take on additional large scale projects due to the economic difficulties stemming from the Great Recession and associated real estate bust, which began impacting the CRA and Agency in earnest in FY 2008-2009 and worsened in FY 2009-2010. As a result, there was no significant development activity within the CRA in FY 2010-11. During this time period, emphasis was placed on continuing research, planning, and administrative aspects of the CRA.

Within the CRA boundaries, the City continued construction of the Howard's Creek Stormwater Treatment Area adjacent to Wal-Mart on U.S. 1 and began construction of the stormwater retention pond on the five acre Lennard Square property. Both projects are part of the Eastern Watershed Improvement Project (EWIP). The Lennard Square property was obtained by the City through an exchange with Cane Slough, LLC, for Lots 26 and 27 in City Center.

### **Agency Financial Profile and Statement**

Section 163.356(3)(C), Florida Statutes, requires the Annual Report to include a complete financial statement setting forth the Community Redevelopment Agency's assets, liabilities, income, and operating expenses. Pursuant to generally accepted accounting principles applicable to governmental units, the Community Redevelopment Agency is considered a blended component unit of the City. As a blended component unit, the Agency's operating fund and capital improvements funds are actually accounted for as major governmental funds of the City, and the Agency's financial statement is included as part of the City's financial statements.

Prior to the beginning of every fiscal year, the Community Redevelopment Agency prepares a budget which outlines its expected revenues, expenditures and priorities for the upcoming fiscal year. The City annually analyzes its combined financial statements and reports the findings of an independent audit

of those financial statements via the Comprehensive Annual Financial Report (the "CAFR"). Since the Community Redevelopment Agency's financial statement is part of the CAFR and the CAFR includes an audit, the Agency has typically awaited the adoption of the CAFR prior to issuing the Annual Report so that it could provide the applicable excerpts of the CAFR as its complete financial statement as required by Section 163.356 of Florida Statutes. Table 2 shows the actual and budgeted schedule of revenues, expenditures, and changes in fund balances for the CRA for FY 2010-11. The CAFR, in its entirety, is available for inspection in the Office of the City Clerk and the Finance Department.

**Table 2: Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Community Redevelopment Fund  
Year Ended September 30, 2011**

			Encumbrances		Actual on Budgetary Basis	Variance with Final Positive (Negative)	
	Original Budget	Final Budget	Actual	2010			2011
<b>Revenues</b>							
Intergovernmental (St. Lucie County ad valorem)	\$ 999,240	\$ 979,574	\$ 979,574	\$ -	\$ -	\$ 979,574	\$ -
Interest Income	1,500	1,500	6,537	-	-	6,537	5,037
Other	-	-	2,221	-	-	2,221	2,221
<b>Total Revenue</b>	<b>1,000,740</b>	<b>981,074</b>	<b>988,332</b>			<b>988,332</b>	<b>7,258</b>
<b>Expenditures</b>							
Downtown Development Operating Expenses	317,980	340,179	290,190	-	-	290,190	49,989
Total Downtown Development	317,980	340,179	290,190	-	-	290,190	49,989
Debt Service:							
Principial	1,255,000	1,320,000	1,320,000	-	-	1,320,000	-
Interest	2,627,082	2,562,082	2,505,719	-	-	2,505,719	56,363
<b>Total Debt Service</b>	<b>3,882,082</b>	<b>3,882,082</b>	<b>3,825,719</b>	<b>-</b>	<b>-</b>	<b>3,825,719</b>	<b>56,363</b>
<b>Total Expenditures</b>	<b>4,200,062</b>	<b>4,222,261</b>	<b>4,115,909</b>	<b>-</b>	<b>-</b>	<b>4,115,909</b>	<b>106,352</b>
<b>Excess of Revenues over (under) expenditures</b>	<b>(3,199,322)</b>	<b>(3,241,187)</b>	<b>(3,127,577)</b>	<b>-</b>	<b>-</b>	<b>(3,127,577)</b>	<b>113,610</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In (CRA Capital Fund and City of PSL ad valorem)	3,574,049	3,561,859	8,922,266	-	-	8,922,266	5,360,407
<b>Total Other Financing Sources (Uses)</b>	<b>3,574,049</b>	<b>3,561,859</b>	<b>8,922,266</b>	<b>-</b>	<b>-</b>	<b>8,922,266</b>	<b>5,360,407</b>
<b>Net Change in Fund Balance</b>	<b>\$ 374,727</b>	<b>\$ 320,672</b>	<b>5,794,689</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,794,689</b>	<b>\$ 5,474,017</b>
<b>Fund Balance - beginning</b>			12,735				
<b>Fund Balance - ending</b>			<u>\$ 5,807,424</u>				

Source: FY 2011 CAFR

As set forth in the CAFR, total revenue was approximately \$1.6 million. It includes the transfer of ad valorem revenue from the City and County, interest income, and other miscellaneous revenue. Total expenditures were approximately \$4.1 million. In 2011, the City transferred the remaining \$8,298,307 in the CRA capital project fund to the CRA trust fund. Table 3 depicts the fund balance sheet for the CRA redevelopment trust fund.

**Table 3: CRA Community Redevelopment Fund**  
Balance Sheet September 30, 2011

<b>Assets</b>	
Cash and Equivalents	\$ -
Equity in Pooled Cash	630,774
Investments	114,856
Receivables	530,125
Prepaid Items	96
Restricted Assets	
Equity in Pooled Investments	1,274,930
Investments	3,757,100
<b>Total Assets</b>	<b>\$ 6,307,881</b>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 457
Deferred Revenue	500,000
<b>Total Liabilities</b>	<b>\$ 500,457</b>
Fund Balance:	
Non-spendable	96
Assigned	5,807,328
<b>Total Fund Balances</b>	<b>\$ 5,807,424</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,307,881</b>

Source: FY 2011 CAFR

Debt service payment accounted for approximately 93 percent of the CRA expenditures in FY 2010-11. Debt service payments repay Series 2004 Bonds utilized to carry out the Agency's responsibilities under the East Lake Village Redevelopment Agreement and the Series 2006 Bonds utilized to carry out the Agency's responsibilities under the City Center Redevelopment Agreement. The remaining expenditures are for the Agency's operating expenses including maintenance of the Wood Stork Trail. Table 4 shows the revenues and expenditures for FY 2010-11.

**Table 4: CRA Revenues and Expenditures September 30, 2011**

**Revenues**

City of Port St. Lucie (Ad Valorem)	\$	623,959
St. Lucie County (Ad Valorem)		979,574
City of Port St. Lucie Utility Systems Department		2,221
Interest Earnings		6,537
Total Revenues	\$	<u>1,612,291</u>

**Expenditures**

Operating Expenses	\$	290,190
Debt Service:		
Principal		1,320,000
Interest		2,505,719
Total Expenditures	\$	<u>4,115,909</u>

CRA Capital Fund Transfer	\$	8,298,307
Fund Balance - beginning		12,735
Fund Balance - ending	\$	5,807,424

Source: FY2011 CAFR

Table 5 shows the outstanding CRA bonds debt service requirements as of September 30, 2011.

**Table 5: CRA Tax Increment Bonds**

<b>Principal and Interest on Indebtedness</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Series 2004 Bonds	\$ 8,825,000	\$ 2,418,089	\$ 11,243,089
Series 2006 Bonds	\$ 45,000,000	\$ 20,603,025	\$ 65,603,025
Total	\$ 53,825,000	\$ 23,021,114	\$ 76,846,114

*Source: FY 2011 CAFR*

The major budgetary challenge faced by the CRA in FY 2010-11 was that tax increment revenue was insufficient to cover debt service due to falling property tax value. It reflects the downturn in the economy and the collapse in the real estate market associated with the Great Recession. Although the CRA was able to cover the debt service with the transfer of the remaining balance in the capital improvement fund, the remaining fund balance will likely be exhausted by FY 2012-2013. The debt service will then be greater than the annual revenue and any available fund balance. Future increases in tax increment revenue remain doubtful over the next few years due to the stagnant real estate market, decreased construction activity, and lower property values.