



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

REDEVELOPMENT AGENCY MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: September 25, 2019

SUBJECT: **A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY, ADOPTING THE FINAL OPERATING BUDGETS FOR THE CITY CENTER REDEVELOPMENT AREA, THE ANCHOR SHOPS AND PARKING GARAGE, AND THE PENNSYLVANIA AVENUE SHOPS AND PARKING GARAGE FOR FISCAL YEAR 2020**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Chairperson and members of the Miami Beach Redevelopment Agency adopt the attached Resolution which establishes the final budgets for the City Center Redevelopment Area (RDA), the Anchor Shops and Parking Garage, and the Pennsylvania Avenue Shops and Parking Garage for Fiscal Year 2020.

BACKGROUND

On January 26, 1993, Miami-Dade County adopted Resolution No. R-14-93, which, among other things, found the area of Miami Beach bounded on the east by the Atlantic Ocean, on the north by 24th Street, on the west by West Avenue, and on the south by 14th Lane to be a "blighted area" within the meaning of Part III of Chapter 163, Florida Statutes, and delegated to the City of Miami Beach, pursuant to Section 163.410, Florida Statutes, certain powers conferred upon the County Commission as the governing body of Dade County by Part III of Chapter 163, Florida Statutes, with regard to the Redevelopment Area, so that the City Commission, either directly or through its duly designated community redevelopment agency, could exercise such powers.

On November 16, 1993, the County and the City approved and entered into an Interlocal Agreement, by which the County delegated to the City certain redevelopment powers, including but not limited to the creation of the Redevelopment Area and implementation of the Redevelopment Plan.

The First Amendment to the Interlocal Agreement, approved by the Miami-Dade Board of County Commissioners, through Resolution No. R-889-03, and approved by the City Commission, through Resolution No. 2003-25241, delegated to the City the power to develop and implement community policing initiatives.

The Second Amendment to the Interlocal Agreement, approved by the Miami-Dade Board of County Commissioners, through Resolution No. R-958-04, and approved by the City, through Resolution No. 2004-25560, allowed the Redevelopment Agency to refund certain bonds and provided for an annual fee of one and one-half percent to be paid to the County and City annually to

defray administrative costs after debt service and all other obligations related to the bonds or future indebtedness was satisfied for the fiscal year.

The Third Amendment to the Interlocal Agreement, approved by the Miami-Dade Board of County Commissioners, through Resolution No. R-1110-14, and approved by the City Commission, through Resolution No. 2014-28835, among other things, allowed the Miami Beach Redevelopment Agency to issue \$430 million in bonds to refund existing debt and partially fund the Miami Beach Convention Center expansion and renovation project; required that the use of tax increment revenues to fund the Miami Beach Redevelopment Agency's expenses for administration, community policing, and capital projects maintenance would not exceed the prior fiscal year's distribution for such expenses, adjusted by the lesser of the Miami Urban Area CPI or 3% annually to be calculated using the Miami Fort Lauderdale All Urban Consumers CPI from July to June for the prior year; and stipulated that any remaining funding would be used to retire debt early.

The Fourth Amendment to the Interlocal Agreement, approved by the Miami-Dade Board of County Commissioners, through Resolution No. R-644-18, and approved by the City Commission, through Resolution No. 2018-30288, provided for the following:

1. Added certain expenditures to the authorized expenditures of the City Center RDA.
2. Allowed the RDA to reimburse the City \$6,914,221 for construction delays and damages to the Convention Center renovation and expansion project resulting from Hurricane Irma.
3. Included proposed funding in an amount up to \$20.0 million to fund the Lincoln Road project, previously authorized as part of the Third Amendment, for a total project amount of up to \$40.0 million for the Lincoln Road project.
4. Distributed to both the County and the City, beginning in Fiscal Year 2018 and continuing until Fiscal Year 2023, a reimbursement based on each entity's proportionate share of previous year expenses for administration, community policing, and capital maintenance, and required that both set aside \$1.5 million of the annual reimbursement for beach renourishment that could be utilized to leverage State or Federal funding for beach renourishment projects.
5. Utilized any excess revenues, after the foregoing distributions, for the early prepayment of debt, as originally stipulated in the Third Amendment to the Interlocal Agreement.

The proposed budget for the City Center Redevelopment Area (RDA) for Fiscal Year 2020 has been prepared to coincide with the overall City budget process and is being presented to assist in providing a comprehensive overview of the City Center Redevelopment Area as set forth in the attached Exhibit A.

ANALYSIS

City Center Revenues

Based on the 2019 Certification of Taxable Value from the Property Appraiser's Office released on July 1st, the certified value of property in City Center increased by 4.4%, or \$0.3 billion, over the 2018 Certification of Taxable Value of \$6.0 billion to \$6.3 billion, marking the 9th year in a row that values are on the rise. The City portion of the tax increment totals \$32.5 million and the County's portion of the tax increment totals \$26.4 million. However, as in previous years, the City has received correspondence from the County advising of the finalization of the tax roll for the prior year, which in the case of 2017, reflects a decrease from the preliminary valuation for the same

year and will result in a corresponding adjustment/reduction of TIF revenues totaling a combined \$2.3 million for Fiscal Year 2020.

Additional sources of revenue include an estimated \$461,000 in interest income.

Use of \$12.7 million from prior year excess RDA Trust Fund revenues in accordance with the 4th Amendment of the RDA Interlocal Agreement to be allocated as follows for Fiscal Year 2020:

1. \$5.7 million reimbursement to Miami-Dade County for year three (Fiscal Year 2020) of six of the annual reimbursement equal to the County's proportionate share of prior year administration, community policing, and capital projects maintenance expenses incurred in the prior year
2. \$4.4 million contribution to the City's General Fund
3. \$1.5 million to be set aside for beach renourishment
4. \$1.1 million contribution to the City's Fleet Management Fund for replacement of General Fund vehicles in Fiscal Year 2020 with cash instead of debt financing

City Center Expenditures

Project-related expenditures account for approximately \$12.0 million, which include \$5.1 million allocated for community policing initiatives in City Center to continue to provide enhanced levels of staffing and services throughout the area, and \$6.9 million for maintenance of City Center projects. There is no additional funding for ongoing and/or planned capital projects in City Center in Fiscal Year 2020 budget due to the extension of the RDA for the recent renovation and expansion of the Miami Beach Convention Center.

Administrative expenditures account for \$773,000, which include a management fee of \$602,000 allocated to the General Fund to pay for direct and indirect staff support; \$24,000 for annual audit fees; and \$147,000 for internal services expenditures.

The budget also includes \$21.7 million in debt service payments to cover annual debt service costs related to the Convention Center bonds issued in 2015, as well as \$19.2 million set aside for additional debt service. Funds set aside for additional debt service over and above the annual debt service payment can be used to finance any potential shortfalls in the City Center RDA or pay down the Convention Center bonds early, but not prior to Fiscal Year 2024.

Other line-item expenditures include those items that, pursuant to the existing Bond Covenants, may only be expended once the annual debt service obligations have been met. These include a \$2.5 million transfer to the Miami Beach Convention Center Fund for Fiscal Year 2020; \$381,000 for the County's administration fee, which is equivalent to 1.5% of its respective Fiscal Year 2020 TIF payment; and \$469,000 for the City's administration fee, which is also equivalent to 1.5% of its respective Fiscal Year 2020 TIF payment.

Redevelopment Area Shops and Garages

The revenues and expenditures associated with operations of the City Center Redevelopment Area Shops and Garages are presented as separate schedules in order to eliminate any perception that proceeds from the facilities' operations are pooled with Tax Increment Financing and other City Center Trust Fund revenues.

Anchor Shops and Parking Garage

Garage revenues and expenditures at the Anchor Garage are projected at approximately \$3.6 million for Fiscal Year 2020. Revenues from operations are primarily derived from attended parking, month permits, and valet parking revenues of \$3.3 million, combined. An additional \$235,000 is estimated in interest income for Fiscal Year 2020. Operating expenditures, which include a contractual revenue-sharing obligation with the Loews, General Fund administrative fees, and a budgeted transfer to the Pennsylvania Avenue Garage, are approximately \$3.2 million, resulting in a projected transfer to reserves of \$413,000 for Fiscal Year 2020.

Shops revenues and expenditures at the Anchor Shops are projected at approximately \$1.4 million for Fiscal Year 2020. Revenues from operations are primarily derived from retail leasing and maintenance revenues of \$1.2 million. An additional \$173,000 is estimated in interest income for Fiscal Year 2020. Operating expenditures, which include General Fund administrative fees and a budgeted transfer to the Pennsylvania Avenue Shops, are \$599,000, resulting in a projected transfer to reserves of \$823,000 for Fiscal Year 2020.

The Anchor Garage and Shops funds are not constrained by the stipulations of the City Center RDA Interlocal Agreement.

Pennsylvania Avenue Shops and Garage

In consideration of the fact that the Pennsylvania Avenue Garage and Shops was built by the RDA on City-owned property, operation of the facility has been structured in the form of a ground lease between the City and the RDA, providing terms for both the garage and shops operations. The garage operations include base rent and an administrative fee, consistent with that of the Anchor Garage, Parking's operational fee, and revenue sharing between the City and the City Center RDA. The retail operations include a retail lease rate based on 2010 retail market cap rates. The retail operations also include revenue sharing between the City and the City Center RDA.

Overall, the facility is anticipated to generate approximately \$853,000 of operating revenues in Fiscal Year 2020, primarily from parking operations, since the retail component of the facility, which is approximately 7,655 square feet of ground floor retail, is being leased to the Visitor's Center of the Miami Beach Chamber of Commerce that was displaced due to the renovation of the Miami Beach Convention Center and Moonlighter Fablab, Inc. that is a non-profit organization that serves as a Science, Technology, Engineering, Arts and Math (STEAM) education center, co-working space, and digital fabrication lab.

As a result, the facility is anticipated to operate at a loss in Fiscal Year 2020; therefore, a transfer from the Anchor Garage and Shops of \$68,000 and \$297,000, respectively, is budgeted in Fiscal Year 2020 to subsidize the operations of the Pennsylvania Avenue Garage and Shops. Overall Fiscal Year 2020 expenditures for the facility are budgeted at approximately \$1.2 million and are comprised of \$920,000 in direct operating costs for the garage and \$322,000 in retail-related operations.

Similar to the Anchor Garage and Shops, the Pennsylvania Avenue Garage and Shops funds are not constrained by the stipulations of the City Center RDA Interlocal agreement.

CONCLUSION

The Fiscal Year 2020 City Center Redevelopment Area budget is \$69.7 million. The Anchor Parking Garage and Retail Shops budget is \$5.0 million, and the Pennsylvania Avenue Parking Garage and Retail Shops budget is \$1.2 million.

In order to address the existing and future obligations of the City Center Redevelopment Area, it is recommended that the Redevelopment Agency adopt the attached Resolution, which establishes the final budgets for the City Center Redevelopment Area (RDA), the Anchor Shops and Parking Garage, and the Pennsylvania Avenue Shops and Parking Garage for Fiscal Year 2020.

Attachment A – Fiscal Year 2020 RDA Operating Budget (Exhibit A)

JLM/JW/TOS

EXHIBIT A

Miami Beach Redevelopment Agency City Center Redevelopment Area Operating Budget

	FY 2017 Actual	FY 2018 Actuals	FY 2019 Adopted	FY 2020 Proposed	FY 2020 Prop to FY 2019 Adop
Revenues and Other Sources of Income					
Tax Increment - City	28,855,233	29,410,189	31,025,000	32,468,000	1,443,000
Proj Adjustment to City Increment	(1,722,849)	(1,912,241)	(1,726,000)	(1,266,000)	460,000
Tax Increment - County	23,587,278	23,985,462	25,253,000	26,429,000	1,176,000
Proj Adjustment to County Increment	(1,387,657)	(1,563,133)	(1,411,000)	(1,053,000)	358,000
1/2 Mill Children's Trust Contribution	2,511,086	0	0	0	0
Interest Income	238,984	855,648	360,000	461,000	101,000
Fund Balance/Retained Earnings	0	18,463,619	32,294,000	12,662,000	(19,632,000)
Other Income/Adjustments:	0	822,399	0	0	0
TOTAL REVENUES	\$ 52,082,075	\$ 70,061,942	\$ 85,795,000	\$ 69,701,000	\$ (16,094,000)
Admin/Operating Expenditures					
Management Fee	984,000	390,000	422,000	602,000	180,000
Audit fees	19,877	(179,900)	23,000	24,000	1,000
Professional & Related fees	0	6,133	0	0	0
Repairs and Maintenance	15,171	10,434	139,000	0	(139,000)
Internal Services	60,921	154,000	155,000	147,000	(8,000)
Total Admin/Operating Expenditures	\$ 1,079,969	\$ 380,667	\$ 739,000	\$ 773,000	\$ 34,000
Project Expenditures					
Community Policing:					
Police	4,330,794	4,453,401	4,531,000	4,866,000	335,000
Code Compliance	195,286	146,963	216,000	216,500	500
Capital Projects Maintenance:					
Property Mgmt	1,178,501	1,460,801	1,671,000	1,492,000	(179,000)
Sanitation	3,803,855	4,121,812	4,241,000	4,241,000	0
Greenspace	585,263	645,318	826,000	779,500	(46,500)
Parks Maintenance	375,991	416,596	438,000	446,000	8,000
Total Project Expenditures	\$ 10,469,690	\$ 11,244,892	\$ 11,923,000	\$ 12,041,000	\$ 118,000
Reserves, Debt Service and Other Obligations					
Debt Service Cost	21,666,333	21,665,092	21,683,000	21,686,000	3,000
Reserve for County Admin Fee	332,994	336,335	358,000	381,000	23,000
Reserve for CMB Contribution	405,986	412,469	440,000	469,000	29,000
Reserve for Children's Trust Contribution	2,511,086	0	0	0	0
Reserve for County Reimbursement:					
Transfer to County Reimbursement	0	3,697,398	4,022,000	4,181,000	159,000
Transfer to County Beach Renourishment Fund	0	1,500,000	1,500,000	1,500,000	0
Reserve for City Reimbursement:					
Transfer to General Fund	0	1,079,000	4,400,000	4,414,000	14,000
Transfer to PAYGO Capital Fund	0	3,773,000	872,000	0	(872,000)
Transfer to Beach Renourishment Fund	0	1,500,000	1,500,000	1,500,000	0
Transfer for RDA Capital Fund	0	6,914,221	20,000,000	0	(20,000,000)
Transfer to Fleet Management Fund	0	0	0	1,067,000	1,067,000
Transfer to Convention Center	0	1,000,000	1,750,000	2,500,000	750,000
Set-aside for Debt Payoff	15,616,017	16,558,868	16,608,000	19,189,000	2,581,000
Total Reserves, Debt Service & Other Obligations	\$ 40,532,417	\$ 58,436,383	\$ 73,133,000	\$ 56,887,000	\$ (16,246,000)
TOTAL EXPENDITURES AND OBLIGATIONS	\$ 52,082,075	\$ 70,061,942	\$ 85,795,000	\$ 69,701,000	\$ (16,094,000)
SURPLUS / (GAP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

EXHIBIT A

Anchor Shops and Anchor Garage Operating Budget

Anchor Parking Garage		FY 2017	FY 2018	FY 2019	FY 2020	FY 2020 Prop to
		Actual	Actuals	Adopted	Proposed	FY 2019 Adop
Revenues:						
Valet Parking		429,544	313,881	400,000	313,000	(87,000)
Monthly Permits		555,461	565,337	572,000	564,000	(8,000)
Attended Parking		2,853,113	2,645,486	3,586,000	2,457,000	(1,129,000)
Interest Income		84,487	189,088	152,000	235,000	83,000
Misc./ Other		1,320	(2,742)	1,000	0	(1,000)
Fund Balance - Retained Earnings		0	0	0	0	0
TOTAL REVENUES		\$ 3,923,925	\$ 3,711,050	\$ 4,711,000	\$ 3,569,000	\$ (1,142,000)
Operating Expenditures:						
Operating Expenditures		3,217,797	3,138,347	3,418,000	2,918,000	(500,000)
Transfer Out to Penn Garage		87,000	110,000	18,000	68,000	50,000
Internal Services		159,036	351,000	308,000	170,000	(138,000)
Capital		0	16,746	0	0	0
Contingency/Reserve		0	0	967,000	413,000	(554,000)
TOTAL EXPENDITURES		\$ 3,463,833	\$ 3,616,094	\$ 4,711,000	\$ 3,569,000	\$ (1,142,000)
Revenues Less Expenditures		\$ 460,092	\$ 94,956	\$ 0	\$ 0	\$ 0
Anchor Shops						
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2020 Prop to
		Actual	Actuals	Adopted	Proposed	FY 2019 Adop
Revenues:						
Retail Leasing		1,197,840	1,101,352	1,274,000	1,101,000	(173,000)
Capital & Maintenance		148,709	148,509	148,000	148,000	0
Interest Earned		55,430	119,213	98,000	173,000	75,000
Miscellaneous		0	54	0	0	0
TOTAL REVENUES		\$ 1,401,978	\$ 1,369,127	\$ 1,520,000	\$ 1,422,000	\$ (98,000)
Operating Expenditures:						
Operating Expenditures		156,750	73,027	213,000	222,000	9,000
Transfer Out to Penn Shops		313,000	490,000	460,000	297,000	(163,000)
Internal Services		29,000	30,000	31,000	80,000	49,000
Capital		14,954	0	0	0	0
Contingency/Reserve		0	0	816,000	823,000	7,000
TOTAL EXPENDITURES		\$ 513,704	\$ 593,027	\$ 1,520,000	\$ 1,422,000	\$ (98,000)
Revenues Less Expenditures		\$ 888,274	\$ 776,100	\$ 0	\$ 0	\$ 0
COMBINED REVENUES - EXPENDITURES		\$ 1,348,366	\$ 871,055	\$ 0	\$ 0	\$ 0

EXHIBIT A

Pennsylvania Avenue Shops and Pennsylvania Avenue Garage Operating Budget

Pennsylvania Parking Garage		FY 2017	FY 2018	FY 2019	FY 2020	FY 2020 Prop to
		Actual	Actuals	Adopted	Proposed	FY 2019 Adop
Revenues:						
Transient		519,359	494,304	632,000	541,000	(91,000)
Monthly		393,390	330,070	314,000	288,000	(26,000)
Miscellaneous		224	347	0	0	0
Interest Income		9,501	23,037	18,000	23,000	5,000
Transfer In from RDA (Anchor Garage)		87,000	110,000	18,000	68,000	50,000
Retained Earnings		0	0	0	0	0
TOTAL REVENUES		\$ 1,009,475	\$ 957,758	\$ 982,000	\$ 920,000	\$ (62,000)
Operating Expenses:						
Operating Expenditures		1,021,729	1,014,753	968,000	861,000	(107,000)
Internal Services		26,890	98,000	9,000	59,000	50,000
Capital		0	0	5,000	0	(5,000)
TOTAL EXPENDITURES		\$ 1,048,618	\$ 1,112,753	\$ 982,000	\$ 920,000	\$ (62,000)
Revenues Less Expenditures		\$ (39,144)	\$ (154,995)	\$ 0	\$ 0	\$ 0
Pennsylvania Shops						
Revenues:						
Retail Leasing		0	1	0	0	0
Capital & Maintenance		0	0	0	24,000	24,000
Interest Earned		462	1,472	1,000	1,000	0
Transfers In from RDA (Anchor Shops)		313,000	490,000	460,000	297,000	(163,000)
TOTAL REVENUES		\$ 313,462	\$ 491,473	\$ 461,000	\$ 322,000	\$ (139,000)
Operating Expenses:						
Operating Expenditures		330,213	353,438	461,000	322,000	(139,000)
TOTAL EXPENDITURES		\$ 330,213	\$ 353,438	\$ 461,000	\$ 322,000	\$ (139,000)
Revenues Less Expenditures		\$ (16,751)	\$ 138,035	\$ 0	\$ 0	\$ 0
COMBINED REVENUES - EXPENDITURES		\$ (55,895)	\$ (16,960)	\$ 0	\$ 0	\$ 0