



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

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: March 18, 2020

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, CREATING A NEW “MIAMI BEACH RESILIENCY FUND,” CONSISTING OF ALL UNCOMMITTED AMOUNTS IN FUND NOS. 320 AND 433, AND ALL FUTURE PAYMENTS RECEIVED BY THE CITY PURSUANT TO SECTION V.A OF THE AMENDED AND RESTATED INTERLOCAL COOPERATION AGREEMENT BETWEEN THE CITY AND MIAMI-DADE COUNTY, DATED JANUARY 20, 2015; FURTHER, UNTIL SUCH TIME AS THE CITY BEGINS TO RECEIVE MINIMUM FIXED RENT PAYMENTS PURSUANT TO THE CITY’S JULY 31, 2018 LEASE AGREEMENT FOR THE CONVENTION HEADQUARTER HOTEL, APPROVING THE ALLOCATION OF \$666,666.66 ANNUALLY FROM THE MIAMI BEACH RESILIENCY FUND, FOR A PRIVATE ADAPTATION RESILIENCE PROGRAM TO FUND PRIVATE FLOOD MITIGATION AND OTHER RESILIENCY-RELATED PROJECTS, WITH THE DETAILS OF THE PROGRAM TO BE SUBJECT TO THE PRIOR APPROVAL OF THE MAYOR AND CITY COMMISSION.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

STRATEGIC PLAN SUPPORTED

Environment and Infrastructure – Reduce Risk from Storms, High Tides, Groundwater, and Sea Level Rise

BACKGROUND

At the City Commission meeting on February 12, 2020, an item to explore the creation of a resiliency fund was referred to the Finance & Economic Resiliency Committee and Budget Advisory Committee. That item has been withdrawn and replaced with this item. In addition, a separate but related item for Private Property Resiliency Adaptation was heard at Land Use & Sustainability Committee on January 21, 2020 and various options for a private property resiliency adaptation program will be developed and brought back to the Land Use & Sustainability Committee.

ANALYSIS

The amended and restated Interlocal Cooperation Agreement with Miami-Dade County (Miami-Dade ILA) approved on November 19, 2014 (resolution #2014-28836) authorized a modification to the payments from the County to the City of funds that were restricted for capital projects within the former South Pointe Redevelopment Agency geographic area. The amended agreement removed

restrictions on the City's use of these funds, thus allowing the City to use the funding for sea level rise mitigation or other projects in the City.

The City Commission subsequently earmarked the Miami-Dade ILA fund for stormwater capital projects to offset the need for an additional stormwater rate increase needed for the third \$100 million in planned capital projects. The Financial Feasibility Report developed for the 2017 Stormwater Bonds (the second \$100 million) included an anticipated \$103 million from this funding source (actual amounts to be received are dependent on growth in property values). The Engineer's Report developed by AECOM for the 2017 Stormwater Bonds estimated the total cost of the Stormwater program at \$658.9 million.

Since the Miami-Dade ILA was amended and restated in 2014, this funding source (funds 320 and 433) has generated \$68 million, of which \$3.9 million has been spent, \$21.8 million is committed, and \$42.3 million is uncommitted. Between now and the last payment in 2022, the City currently estimates receiving an additional \$35 million (actual amounts to be received are dependent on growth in property values).

The attached resolution would create the City's new "Resiliency Fund" by allocating the \$42.3 million of uncommitted and \$35 million of anticipated Miami-Dade ILA revenue (funds 320 and 433) for a total of \$77.3 million. The intended use of the new Resiliency Fund would continue to be for stormwater, flooding, and resiliency projects. The resolution also proposes designating a portion of this fund for a new private property adaptation resilience program.

Generally, investment in private property is a personal expense, as opposed to the use of public dollars dedicated to public infrastructure. Some cities do have innovative financial approaches to help property owners reduce risk.

- The San Francisco Public Utilities Commission created the Floodwater Management Grant Assistance Program in 2013 to help private properties make property improvements to help protect against flooding. The program is funded with \$1 million annually from combined stormwater and wastewater operating revenues. The program has had forty potential applicants since 2013. The projects to date have been primarily small scale, assisting with efforts such as backflow valves and trench drains. The utility manages the projects and oversees a pool of contractors to design and construct the projects. The program has created database of project concepts.
- The City of Norfolk, Virginia is working towards a smarter solution to manage flooding by encouraging homeowners to use small-scale green infrastructure at home to hold rain water where it falls. By using rain barrels, bioswales, blue-green roofs, cisterns and more, property owners can reduce the amount of water that goes into the stormwater system, which floods streets and neighborhoods. The city provides a discount to residential property owners who install stormwater management facilities (SWMF) voluntarily on their property to aid in stormwater runoff and/or pollutant removal. The discount is based on the item installed on the residential property and the area treated. Once the SWMF has been approved and installed, homeowners are required to complete an annual inspection report on June 1st each year thereafter for continued fee reduction consideration. For example, property owners can install one rain garden for a 20% credit and two rain barrels for a 10% credit each, a total of a 40% fee reduction.

- The City of New Orleans, Louisiana participated in HUD's National Disaster Resilience Competition (NDRC) and proposed in its application the creation of the city's first comprehensive resilience district in Gentilly. New Orleans is working with partners to leverage existing investments and build on the experience of relevant pilot projects—from rain gardens to education programs—throughout the city. The Community Adaptation Program, or CAP, aims to connect low-and moderate-income homeowners with resources and labor to install features on their properties to reduce stormwater runoff.
- Washington, DC has a Stormwater Retention Credit Trading Program. Eligible properties can generate and sell Stormwater Retention Credits (SRCs) to earn revenue for projects that reduce harmful stormwater runoff by installing green infrastructure (GI) or by removing impervious surfaces.
- The City of Berkeley, California provides a partial rebate of the transfer tax on home sales to help fund seismic upgrades. To be eligible for a reduction in the real estate transfer tax, building permits submitted for qualifying seismic strengthening work must comply with technical guidelines and administrative procedures. While this is not flood-related, it is a program to reduce the risk of damages, in this case earthquakes. In addition to the tax refund, PACE Financing is an option available to qualifying property owners.

Private property adaptation is a key element to reduce flood risk from sea level rise, storms, tidal flooding and rainfall. Cities generally rebuild more resiliently after a disaster with the help of federal funding. However, cities and property owners can also be proactive through flood mitigation, the implementation of actions to reduce or eliminate the long-term risk of flood damage to buildings, other structures and infrastructure.

From the overall community perspective, the 2019 Community Satisfaction Survey shows that 43% of residents are satisfied, 33% neutral, and 24% dissatisfied with their buildings' flood risk protections. In addition, "efforts to manage stormwater drainage and flooding" was ranked in the top 3 priorities for the city. Being proactive makes significant financial sense- the National Institute of Building Sciences (NIBS) released a finding that every \$1 invested in disaster mitigation by three federal agencies saves society \$6. The Natural Hazard Mitigation Saves: 2017 Interim Report was the first part of the long-awaited update to a 2005 study that had identified a lower return on investment.

The results of the City's Business Case Analysis of the Stormwater Program were presented at the January 27th, 2020 Commission Workshop, illustrating significant benefits for both public and private resilience investments. Private adaptation was highlighted as a vital component of the City's overall resiliency and dry flood-proofing was identified as a cost-effective strategy for homeowners. For individual private properties, resiliency investments can increase home value, reduce the likelihood of flood damage, and lower insurance rates.

While South Florida leads the nation in efforts to reduce the risks from windstorm through the Florida Building Code and through programs such as the Property Assessed Clean Energy (PACE) financing platform, the area of flood risk mitigation for private property is not as well developed. This is particularly true for property owners who have not yet experienced damage but are at risk now and in the future due to our region's geographic location and sea level rise. The PACE program does not include flood mitigation at this time.

The City of Miami Beach leads in reducing flood risk for private properties through land development regulations for new construction and for substantial renovations. For example, a total

of 91 properties, either in construction or completion, are at an elevation higher than FEMA requirements. A full listing of these efforts is available at MB Rising Above, the City's website dedicated to building resilience and sustainability: <http://www.mbrisingabove.com/your-city-at-work/resilient-land-use-and-development/>.

The City also provides technical advice and awareness to private property owners through participating in the National Flood Insurance Program Community Rating System (CRS). As part of this, the Floodplain Manager is available to provide free onsite technical information upon request. This is publicized through Miami Beach Magazine quarterly and at neighborhood meetings through the "10 Steps to Flood Awareness" document. Another activity of the CRS is the creation of Fact Sheets to encourage the purchase of flood insurance and ways to increase resilience. Efforts such as this led to the City improving its FEMA score from a 6 to a 5, saving policy holders 25% or \$8.4 million annually in flood insurance premiums. This helps to offset increasing federal rates.

On November 6, 2018, the voters approved ballot question 2 by 79.5% regarding the use of rent payments received by the City from the proposed Convention Center Hotel Lease. This question requires the City Commission to adopt an ordinance dedicating all the guaranteed rent payments the City receives from the Convention Center Hotel lease to enhance funding, in equal portions annually, for City projects addressing the following areas:

- stormwater projects (in lieu of rate increases)
- traffic reduction measures, and
- education

To illustrate the proposed use of the Convention Center Hotel guaranteed rent payments, the Hotel's guaranteed rent to the City is fixed at \$2,000,000. Once this funding is available, the City would dedicate \$666,666.66 for each of the areas above, including stormwater projects.

Since it will be several years until this dedicated funding is available and there is currently a strong need to make public and private investments to enhance resiliency, the attached resolution proposes to allocate an annual amount of \$666,666.66 from the City's Resiliency Fund to create a private adaptation resilience program until the time the Convention Center Hotel guaranteed rent is available for this purpose.

The details of the proposed new private adaptation resilience program such as types of projects and eligibility criteria would be developed over the next few months and reviewed by the Land Use & Sustainability Committee prior to going to the full City Commission for approval in time to be implemented as part of the FY 2021 Budget.

CONCLUSION

This action would enhance the City's strong commitment to resiliency by: (1) reaffirming the City's intent to earmark \$77 million for resiliency efforts by creating a dedicated Resiliency Fund; (2) expanding our robust resiliency program to create an innovative property adaptation program; and (3) dedicating funding of \$666,666 annually to incentivize private property adaptation.

The Administration recommends that the Mayor and City Commission adopt the Resolution to create the City's new Resiliency Fund from uncommitted and anticipated revenue from the Miami-Dade ILA and approve the dedication of \$666,666.66 from the Resiliency Fund on an annual basis for a private adaptation resilience program until the Convention Center Hotel funding is available for this purpose.

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