



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

REDEVELOPMENT AGENCY MEMORANDUM

TO: Chairperson and Members of the Miami Beach Redevelopment Agency

FROM: Jimmy L. Morales, Executive Director

DATE: September 29, 2020

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 2021**

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 (FY) 2021.

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 FY 2018 and continuing until FY 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 FY 2021 budget for the City Center Redevelopment Area (RDA) 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 2020 Certification of Taxable Value provided by the Miami-Dade Property Appraiser's Office on July 1, 2020, the certified value of property in City Center decreased by approximately 0.9%, or \$54.0 million, compared to the 2019 Certification of Taxable Value of \$6.3 billion to \$6.2 billion. The City portion of the tax increment totals \$32.2 million and the County's portion of the tax increment totals \$26.2 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 2018, 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 \$1.9 million for FY 2021.

Additional sources of revenue include an estimated \$894,000 in interest income and the use of \$12.8 million of prior year excess RDA Trust Fund revenues in accordance with the 4th Amendment to the RDA Interlocal Agreement to be allocated as follows for FY 2021:

1. \$5.7 million reimbursement to Miami-Dade County for year four (FY 2021) 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. \$1.2 million contribution to the City's Fleet Management Fund for replacement of General Fund vehicles in FY 2021 with cash instead of debt financing

City Center Expenditures

Project-related expenditures account for approximately \$12.1 million, which include \$5.2 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 the FY 2021 budget due to the extension of the RDA for the recent renovation and expansion of the Miami Beach Convention Center.

Administrative expenditures account for \$731,000, which include a management fee of \$537,000 allocated to the General Fund for direct and indirect staff support; \$21,000 for annual audit fees; and \$173,000 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 \$18.6 million set aside for additional debt service coverage. 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 FY 2024.

Other 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 \$3.2 million transfer to the Miami Beach Convention Center Fund for FY 2021; \$380,000 for the County's administration fee, which is equivalent to 1.5% of the County's respective FY 2021 TIF payment; and \$467,000 for the City's administration fee, which is equivalent to 1.5% of the City's respective FY 2021 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 \$2.5 million for FY 2021. Revenues from operations are primarily derived from attended parking, monthly permits, and valet parking revenues of \$2.2 million, combined. An additional \$275,000 is projected in interest income for FY 2021. Operating expenditures, which include a contractual revenue-sharing obligation with the Loews, General Fund administrative fees, capital renewal and replacement projects under \$25,000, and a budgeted transfer to the Pennsylvania Avenue Garage Fund, are approximately \$2.5 million.

Shops revenues and expenditures at the Anchor Shops are projected at approximately \$1.3 million for FY 2021. Revenues from operations are primarily derived from retail leasing and maintenance revenues of \$1.1 million. An additional \$211,000 is projected in interest income for FY 2021. Operating expenditures, which include General Fund administrative fees and a budgeted transfer to the Pennsylvania Avenue Shops, are \$627,000, resulting in a projected transfer to reserves of \$675,000 for FY 2021.

It is important to note that 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 \$590,000 of operating revenues in FY 2021, primarily from parking operations, since the retail component of the facility, which is approximately 7,655 square feet of ground floor retail, has been 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 FY 2021; therefore, transfers from the Anchor Garage and Shops Funds of \$295,000 and \$321,000, respectively, are budgeted in FY 2021 to subsidize the operations of the Pennsylvania Avenue Garage and Shops. Overall, FY 2021 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 \$323,000 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 FY 2021 City Center Redevelopment Area budget is \$70.1 million. The Anchor Parking Garage and Retail Shops budgets are \$3.8 million, and the Pennsylvania Avenue Parking Garage and Retail Shops budget are \$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 FY 2021.

Attachment A – FY 2021 RDA Operating Budget (Exhibit A)

JLM/JW/TOS

EXHIBIT A

Miami Beach Redevelopment Agency City Center Redevelopment Area Operating Budget

	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Proposed	FY 2021 Prop to FY 2020 Adop
Revenues and Other Sources of Income					
Tax Increment - City	29,410,189	31,024,868	32,468,000	32,174,000	(294,000)
Proj Adjustment to City Increment	(1,912,241)	(1,725,556)	(1,266,000)	(1,064,000)	202,000
Tax Increment - County	23,985,462	25,253,296	26,429,000	26,190,000	(239,000)
Proj Adjustment to County Increment	(1,563,133)	(1,410,530)	(1,053,000)	(867,000)	186,000
Interest Income	855,648	1,193,108	461,000	894,000	433,000
Fund Balance/Retained Earnings	18,463,619	14,087,488	12,662,000	12,814,000	152,000
Other Income/Adjustments:	822,399	40,817	0	0	0
TOTAL REVENUES	\$ 70,061,942	\$ 68,463,491	\$ 69,701,000	\$ 70,141,000	\$ 440,000
Admin/Operating Expenditures					
Management Fee	390,000	422,000	602,000	537,000	(65,000)
Audit fees	(179,900)	20,700	24,000	21,000	(3,000)
Professional & Related fees	6,133	0	0	0	0
Repairs and Maintenance	10,434	87,036	0	0	0
Internal Services	154,000	155,000	147,000	173,000	26,000
Total Admin/Operating Expenditures	\$ 380,667	\$ 684,736	\$ 773,000	\$ 731,000	\$ (42,000)
Project Expenditures					
Community Policing:					
Police	4,453,401	4,481,000	4,866,000	5,030,000	164,000
Code Compliance	146,963	146,876	216,500	208,500	(8,000)
Capital Projects Maintenance:					
Property Mgmt	1,460,801	1,652,141	1,492,000	1,667,000	175,000
Sanitation	4,121,812	4,240,071	4,241,000	3,994,000	(247,000)
Greenspace	645,318	704,806	779,500	799,500	20,000
Parks Maintenance	416,596	341,139	446,000	474,000	28,000
Total Project Expenditures	\$ 11,244,892	\$ 11,566,032	\$ 12,041,000	\$ 12,173,000	\$ 132,000
Reserves, Debt Service and Other Obligations					
Debt Service Cost	21,665,092	21,671,823	21,686,000	21,709,000	23,000
Reserve for County Admin Fee	336,335	357,641	381,000	380,000	(1,000)
Reserve for CMB Contribution	412,469	439,490	469,000	467,000	(2,000)
Reserve for Children's Trust Contribution	0	0	0	0	0
Reserve for County Reimbursement:					
Transfer to County Reimbursement	3,697,398	3,721,768	4,181,000	4,248,000	67,000
Transfer to County Beach Renourishment Fund	1,500,000	1,500,000	1,500,000	1,500,000	0
Reserve for City Reimbursement:					
Transfer to General Fund	1,079,000	4,400,000	4,414,000	4,414,000	0
Transfer to PAYGO Capital Fund	3,773,000	872,000	0	0	0
Transfer to Beach Renourishment Fund	1,500,000	1,500,000	1,500,000	1,500,000	0
Transfer for RDA Capital Fund	6,914,221	20,000,000	0	0	0
Transfer to Fleet Management Fund	0	0	1,067,000	1,152,000	85,000
Transfer to Convention Center	1,000,000	1,750,000	2,500,000	3,250,000	750,000
Set-aside for Debt Payoff	16,558,868	0	19,189,000	18,617,000	(572,000)
Total Reserves, Debt, & Other Obligations	\$ 58,436,383	\$ 56,212,722	\$ 56,887,000	\$ 57,237,000	\$ 350,000
TOTAL EXPENDITURES AND OBLIGATIONS	\$ 70,061,942	\$ 68,463,491	\$ 69,701,000	\$ 70,141,000	\$ 440,000
SURPLUS / (GAP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

EXHIBIT A

Anchor Shops and Anchor Garage Operating Budget

Anchor Parking Garage	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Adopted	FY 2021 Proposed	FY 2021 Prop to FY 2020 Adop
Revenues:					
Valet Parking	313,881	334,534	313,000	255,000	(58,000)
Monthly Permits	565,337	579,660	564,000	379,000	(185,000)
Attended Parking	2,645,486	2,342,077	2,457,000	1,566,000	(891,000)
Interest Income	189,088	282,928	235,000	275,000	40,000
Misc./ Other	(2,742)	(15,997)	0	0	0
TOTAL REVENUES	\$ 3,711,050	\$ 3,523,202	\$ 3,569,000	\$ 2,475,000	\$ (1,094,000)
Expenditures:					
Operating Expenditures	3,138,347	2,443,216	2,918,000	1,786,000	(1,132,000)
Transfer Out to Penn Garage	110,000	0	68,000	295,000	227,000
Internal Services	351,000	308,000	170,000	384,000	214,000
Capital	16,746	0	0	10,000	10,000
Contingency/Reserve	0	0	413,000	0	(413,000)
TOTAL EXPENDITURES	\$ 3,616,094	\$ 2,751,216	\$ 3,569,000	\$ 2,475,000	\$ (1,094,000)
Revenues Less Expenditures	\$ 94,956	\$ 771,986	\$ 0	\$ 0	\$ 0
Anchor Shops					
Revenues:					
Retail Leasing	1,101,352	1,013,861	1,101,000	957,000	(144,000)
Capital & Maintenance	148,509	144,993	148,000	134,000	(14,000)
Interest Earned	119,213	202,607	173,000	211,000	38,000
Miscellaneous	54	81	0	0	0
TOTAL REVENUES	\$ 1,369,127	\$ 1,361,542	\$ 1,422,000	\$ 1,302,000	\$ (120,000)
Expenditures:					
Operating Expenditures	73,027	75,196	222,000	219,000	(3,000)
Transfer Out to Penn Shops	490,000	334,000	297,000	321,000	24,000
Internal Services	30,000	31,000	80,000	87,000	7,000
Contingency/Reserve	0	0	823,000	675,000	(148,000)
TOTAL EXPENDITURES	\$ 593,027	\$ 440,196	\$ 1,422,000	\$ 1,302,000	\$ (120,000)
Revenues Less Expenditures	\$ 776,100	\$ 921,346	\$ 0	\$ 0	\$ 0
COMBINED REVENUES - EXPENDITURES	\$ 871,055	\$ 1,693,332	\$ 0	\$ 0	\$ 0

EXHIBIT A

Pennsylvania Avenue Shops and Pennsylvania Avenue Garage Operating Budget

Pennsylvania Parking Garage		FY 2018	FY 2019	FY 2020	FY 2021	FY 2021 Prop to
Revenues:		Actuals	Actuals	Adopted	Proposed	FY 2020 Adop
Transient		494,304	554,995	541,000	401,000	(140,000)
Monthly		330,070	315,133	288,000	189,000	(99,000)
Miscellaneous		347	1,400	0	0	0
Interest Income		23,037	29,721	23,000	35,000	12,000
Transfer In from RDA (Anchor Garage)		110,000	0	68,000	295,000	227,000
TOTAL REVENUES		\$ 957,758	\$ 901,249	\$ 920,000	\$ 920,000	\$ 0
Expenditures:						
Operating Expenditures		1,014,753	963,766	861,000	779,000	(82,000)
Internal Services		98,000	9,000	59,000	141,000	82,000
Capital		0	0	0	0	0
TOTAL EXPENDITURES		\$ 1,112,753	\$ 972,766	\$ 920,000	\$ 920,000	\$ 0
Revenues Less Expenditures		\$ (154,995)	\$ (71,517)	\$ 0	\$ 0	\$ 0

Pennsylvania Shops		FY 2018	FY 2019	FY 2020	FY 2021	FY 2021 Prop to
Revenues:		Actuals	Actuals	Adopted	Proposed	FY 2020 Adop
Retail Leasing		1	1	0	0	0
Capital & Maintenance		0	0	24,000	0	(24,000)
Interest Earned		1,472	1,602	1,000	2,000	1,000
Transfers In from RDA (Anchor Shops)		490,000	334,000	297,000	321,000	24,000
TOTAL REVENUES		\$ 491,473	\$ 335,603	\$ 322,000	\$ 323,000	\$ 1,000
Expenditures:						
Operating Expenditures		353,438	337,999	322,000	322,000	0
Internal Services		0	0	0	1,000	1,000
TOTAL EXPENDITURES		\$ 353,438	\$ 337,999	\$ 322,000	\$ 323,000	\$ 1,000
Revenues Less Expenditures		\$ 138,035	\$ (2,395)	\$ 0	\$ 0	\$ 0

COMBINED REVENUES - EXPENDITURES		\$ (16,960)	\$ (73,912)	\$ 0	\$ 0	\$ 0
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