



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: Alina T. Hudak, Executive Director

DATE: September 30, 2021

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, THE PENNSYLVANIA AVENUE SHOPS AND PARKING GARAGE, AND THE COLLINS PARK PARKING GARAGE FOR FISCAL YEAR 2022.**

STRATEGIC PLAN SUPPORTED

Organizational Innovation – Ensure strong fiscal stewardship

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, the Pennsylvania Avenue Shops and Parking Garage, and Collins Park Parking Garage for Fiscal Year (FY) 2022.

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 City Center 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 2022 budget for the City Center 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 2021 Certification of Taxable Value provided by the Miami-Dade Property Appraiser's Office on July 1, 2021, property values in the City Center RDA decreased by approximately 3.7%, or \$226.5 million, compared to the 2020 Certification of Taxable Value of \$6.2 billion to \$6.0 billion.

For FY 2022, the City portion of the tax increment totals \$31.1 million, and the County portion of the tax increment totals \$25.2 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 2019, reflects a decrease from the preliminary valuation for the same year and will result in a corresponding adjustment/reduction of tax increment revenues totaling a combined \$2.4 million for FY 2022.

Additional sources of revenue include an estimated \$429,000 in interest income and the use of \$12.9 million of prior year excess City Center RDA Trust Fund revenues in accordance with the 4th Amendment to the City Center RDA Interlocal Agreement recommended to be allocated as follows for FY 2022:

1. \$5.8 million reimbursement to Miami-Dade County for year five (FY 2022) 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. \$1.5 million to be set aside for Beach Renourishment
3. \$5.6 million contribution to the City's Fleet Management Fund for replacement of General Fund vehicles in FY 2022 with cash instead of debt financing

City Center Expenditures

Project-related expenditures for FY 2022 account for approximately \$12.4 million, which include \$5.2 million allocated for community policing initiatives in the City Center RDA to continue to provide enhanced levels of staffing and services throughout the area, and \$7.2 million for maintenance of existing City Center RDA projects. There is no additional funding for ongoing and/or planned capital projects in the City Center RDA in the FY 2022 operating budget due to the extension of the City Center RDA for the recently completed renovation and expansion of the Miami Beach Convention Center.

Administrative expenditures account for \$918,000, which include a management fee of \$564,000 allocated to the General Fund for direct and indirect staff support; \$22,000 for annual audit fees; and \$332,000 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 \$14.5 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 \$4.0 million transfer to the Miami Beach Convention Center Fund for FY 2022; \$362,000 for the County's administration fee, which is equivalent to 1.5% of the County's respective FY 2022 TIF payment; and \$448,000 for the contribution to the City, which is equivalent to 1.5% of the City's respective FY 2022 TIF payment.

Redevelopment Area Garages and Shops

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 (TIF) and other City Center Trust Fund revenues.

Anchor Shops and Parking Garage

Revenues and expenditures at the Anchor Garage are projected at approximately \$3.2 million for FY 2022. Revenues from operations are primarily derived from attended parking, monthly permits, and valet parking revenues of \$3.1 million, combined. An additional \$22,000 is projected in interest income for FY 2022. 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 Fund, are approximately \$3.2 million.

Revenues and expenditures at the Anchor Shops are projected at approximately \$512,000 for FY 2022. Revenues from operations are primarily derived from retail leasing and common area maintenance revenues of \$450,000. An additional \$22,000 is projected in interest income for FY 2022, as well as \$40,000 in use of prior year fund balance. Operating expenditures, which include General Fund administrative fees and a budgeted transfer to the Pennsylvania Avenue Shops, are \$512,000 for FY 2022.

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 Parking Garage

Revenues and expenditures at the Pennsylvania Avenue Garage are projected at \$844,000 for FY 2022. Revenues from operations are primarily derived from transient parking and monthly permits revenues of \$814,000, combined. An additional \$3,000 is projected in interest income for FY 2022, as well as a budgeted subsidy from the Anchor Garage Fund of \$27,000 to fully fund anticipated garage operations. Operating expenditures, which include General Fund and Parking administrative fees, are approximately \$844,000.

Revenues and expenditures at the Pennsylvania Avenue Shops are projected at approximately \$323,000 for FY 2022. The retail component of this facility comprising approximately 7,655 square feet is occupied by Moonlighter Fablab, Inc., which 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. Revenues from operations are minimal (base rent of \$1.00 per year) based on the lease agreement, therefore, requiring an annual budgeted subsidy from the Anchor Shops totaling \$323,000 for FY 2022 to fund operations. Operating expenditures, which include a General Fund management fee, are \$323,000 for FY 2022.

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.

Collins Park Parking Garage

During FY 2021, the Collins Park Garage was completed, and operations commenced. The facility is a seven-story structure comprised of a six-level parking garage with approximately 513 parking spaces and 15,000 square feet of retail space on the ground level. It also includes a pedestrian plaza that will provide a strong connection from the parking structure to Collins Park, the Miami City Ballet, and the public library while also including decorative lighting and landscaping.

Revenues and expenditures at the Collins Park Parking Garage are projected at approximately \$1.0 million for FY 2022. Revenues from operations are primarily derived from transient parking and monthly permit revenues of approximately \$1.0 million. Operating expenditures, which include projected costs for security, utilities, and maintenance, are \$1.0 million for FY 2022.

CONCLUSION

The FY 2022 City Center RDA budget is \$67.3 million. The Anchor Parking Garage and Shops budgets are \$3.7 million, the Pennsylvania Avenue Parking Garage and Shops budgets are \$1.2 million, and the Collins Park Parking Garage budget is \$1.0 million.

In order to address the existing and future obligations of the City Center RDA, 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, the Pennsylvania Avenue Shops and Parking Garage, and the Collins Park Parking Garage for FY 2022.

Attachment A – FY 2022 RDA Operating Budgets (Exhibit A)

ATH/JW/TOS

EXHIBIT A

Miami Beach Redevelopment Agency City Center Redevelopment Area Operating Budget

	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted	FY 2022 Proposed	FY 2022 Prop to FY 2021 Adop
Revenues and Other Sources of Income					
Tax Increment - City	31,024,868	32,468,034	32,174,000	31,123,000	(1,051,000)
Proj Adjustment to City Increment	(1,725,556)	(1,266,155)	(1,064,000)	(1,318,000)	(254,000)
Tax Increment - County	25,253,296	26,428,954	26,190,000	25,185,000	(1,005,000)
Proj Adjustment to County Increment	(1,410,530)	(1,053,362)	(867,000)	(1,075,000)	(208,000)
Interest Income	1,193,108	522,746	894,000	429,000	(465,000)
Fund Balance/Retained Earnings	14,087,488	12,477,439	12,814,000	12,904,000	90,000
Other Income/Adjustments:	40,817	(14,022)	0	0	0
TOTAL REVENUES	\$ 68,463,491	\$ 69,563,634	\$ 70,141,000	\$ 67,248,000	\$ (2,893,000)
Admin/Operating Expenditures					
Management Fee	422,000	602,000	537,000	564,000	27,000
Audit fees	20,700	21,000	21,000	22,000	1,000
Repairs and Maintenance	87,036	0	0	0	0
Internal Services	155,000	147,000	173,000	332,000	159,000
Total Admin/Operating Expenditures	\$ 684,736	\$ 770,000	\$ 731,000	\$ 918,000	\$ 187,000
Project Expenditures					
Community Policing:					
Police	4,481,000	4,729,926	5,030,000	4,969,000	(61,000)
Code Compliance	146,876	168,744	208,500	259,500	51,000
Capital Projects Maintenance:					
Property Mgmt.	1,652,141	1,377,102	1,667,000	1,865,000	198,000
Sanitation	4,240,071	4,243,537	3,994,000	3,789,500	(204,500)
Greenspace	704,806	567,638	799,500	1,006,000	206,500
Parks Maintenance	341,139	298,663	474,000	484,000	10,000
Total Project Expenditures	\$ 11,566,032	\$ 11,385,610	\$ 12,173,000	\$ 12,373,000	\$ 200,000
Reserves, Debt Service and Other Obligations					
Debt Service Cost	21,671,823	21,683,597	21,709,000	21,715,000	6,000
Reserve for County Admin Fee	357,641	380,634	380,000	362,000	(18,000)
Reserve for CMB Contribution	439,490	468,028	467,000	448,000	(19,000)
Reserve for County Reimbursement:					
Transfer to County Reimbursement	3,721,768	3,996,439	4,248,000	4,291,000	43,000
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	4,400,000	4,414,000	4,414,000	0	(4,414,000)
Transfer to PAYGO Capital Fund	872,000	0	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	20,000,000	0	0	0	0
Transfer to Fleet Management Fund	0	1,067,000	1,152,000	5,613,000	4,461,000
Transfer to Convention Center	1,750,000	2,500,000	3,250,000	4,000,000	750,000
Set-aside for Debt Payoff	0	19,898,325	18,617,000	14,528,000	(4,089,000)
Total Reserves, Debt, & Other Obligations	\$ 56,212,722	\$ 57,408,024	\$ 57,237,000	\$ 53,957,000	\$ (3,280,000)
TOTAL EXPENDITURES AND OBLIGATIONS	\$ 68,463,491	\$ 69,563,634	\$ 70,141,000	\$ 67,248,000	\$ (2,893,000)
SURPLUS / (GAP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

EXHIBIT A

Anchor Garage and Anchor Shops Operating Budget

Anchor Parking Garage		FY 2019	FY 2020	FY 2021	FY 2022	FY 2022 Prop to
Revenues:		Actuals	Actuals	Adopted	Proposed	FY 2021 Adop
Valet Parking		334,534	145,768	255,000	325,000	70,000
Monthly Permits		579,660	414,937	379,000	509,000	130,000
Attended Parking		2,342,077	1,189,332	1,566,000	2,312,000	746,000
Interest Income		282,928	180,661	275,000	22,000	(253,000)
Misc./ Other		(15,997)	519	0	0	0
TOTAL REVENUES		\$ 3,523,202	\$ 1,931,218	\$ 2,475,000	\$ 3,168,000	\$ 693,000
Expenditures:						
Operating Expenditures		2,443,216	1,929,177	1,786,000	2,423,000	637,000
Transfer Out to Penn Garage		0	0	295,000	27,000	(268,000)
Internal Services		308,000	170,000	384,000	368,000	(16,000)
Capital		0	0	10,000	0	(10,000)
Contingency/Reserve		0	0	0	350,000	350,000
TOTAL EXPENDITURES		\$ 2,751,216	\$ 2,099,177	\$ 2,475,000	\$ 3,168,000	\$ 693,000
Revenues Less Expenditures		\$ 771,986	\$ (167,958)	\$ 0	\$ 0	\$ 0
Anchor Shops		FY 2019	FY 2020	FY 2021	FY 2022	FY 2022 Prop to
Revenues:		Actuals	Actuals	Adopted	Proposed	FY 2021 Adop
Retail Leasing		1,013,861	502,204	957,000	406,000	(551,000)
Capital & Maintenance		144,993	69,913	134,000	44,000	(90,000)
Interest Earned		202,607	145,836	211,000	22,000	(189,000)
Miscellaneous		81	55	0	0	0
Contingency/Reserve		0	0	0	40,000	40,000
TOTAL REVENUES		\$ 1,361,542	\$ 718,008	\$ 1,302,000	\$ 512,000	\$ (790,000)
Expenditures:						
Operating Expenditures		75,196	128,825	219,000	152,000	(67,000)
Transfer Out to Penn Shops		334,000	281,000	321,000	323,000	2,000
Internal Services		31,000	80,000	87,000	37,000	(50,000)
Contingency/Reserve		0	0	675,000	0	(675,000)
TOTAL EXPENDITURES		\$ 440,196	\$ 489,825	\$ 1,302,000	\$ 512,000	\$ (790,000)
Revenues Less Expenditures		\$ 921,346	\$ 228,183	\$ 0	\$ 0	\$ 0
COMBINED REVENUES - EXPENDITURES		\$ 1,693,332	\$ 60,224	\$ 0	\$ 0	\$ 0

EXHIBIT A

Pennsylvania Avenue Garage and Pennsylvania Avenue Shops Operating Budget

Pennsylvania Avenue Parking Garage					
Revenues:	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted	FY 2022 Proposed	FY 2022 Prop to FY 2021 Adop
Transient	554,995	504,619	401,000	511,000	110,000
Monthly	315,133	268,800	189,000	303,000	114,000
Miscellaneous	1,400	431	0	0	0
Interest Income	29,721	26,072	35,000	3,000	(32,000)
Transfer In from Anchor Garage	0	0	295,000	27,000	(268,000)
TOTAL REVENUES	\$ 901,249	\$ 799,921	\$ 920,000	\$ 844,000	\$ (76,000)
Expenditures:					
Operating Expenditures	963,766	876,110	603,000	730,000	127,000
Internal Services	9,000	59,000	141,000	114,000	(27,000)
Capital	0	0	0	0	0
Contingency/Reserve	0	0	176,000	0	(176,000)
TOTAL EXPENDITURES	\$ 972,766	\$ 935,110	\$ 920,000	\$ 844,000	\$ (76,000)
Revenues Less Expenditures	\$ (71,517)	\$ (135,188)	\$ 0	\$ 0	\$ 0
Pennsylvania Avenue Shops					
Revenues:	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Adopted	FY 2022 Proposed	FY 2022 Prop to FY 2021 Adop
Retail Leasing	1	39,625	0	0	0
Capital & Maintenance	0	0	0	0	0
Interest Earned	1,602	1,270	2,000	0	(2,000)
Transfers In from Anchor Shops	334,000	281,000	321,000	323,000	2,000
TOTAL REVENUES	\$ 335,603	\$ 321,895	\$ 323,000	\$ 323,000	\$ 0
Expenditures:					
Operating Expenditures	337,999	321,732	322,000	321,000	(1,000)
Internal Services	0	0	1,000	2,000	1,000
TOTAL EXPENDITURES	\$ 337,999	\$ 321,732	\$ 323,000	\$ 323,000	\$ 0
Revenues Less Expenditures	\$ (2,395)	\$ 163	\$ 0	\$ 0	\$ 0
COMBINED REVENUES - EXPENDITURES	\$ (73,912)	\$ (135,025)	\$ 0	\$ 0	\$ 0

EXHIBIT A

Collins Park Garage Operating Budget

Collins Park Garage		FY 2019	FY 2020	FY 2021	FY 2022	FY 2022 Prop to
		Actuals	Actuals	Adopted	Proposed	FY 2021 Adop
Revenues:						
Transient		0	0	0	816,000	816,000
Monthly		0	0	0	190,000	190,000
TOTAL REVENUES		\$ 0	\$ 0	\$ 0	\$ 1,006,000	\$ 1,006,000
Expenditures:						
Operating Expenditures		0	0	0	1,006,000	1,006,000
Contingency/Reserve		0	0	0	0	0
TOTAL EXPENDITURES		\$ 0	\$ 0	\$ 0	\$ 1,006,000	\$ 1,006,000
Revenues Less Expenditures		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0