



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 27, 2023

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 2024**

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 (RDA) adopt the attached Resolution which adopts the final 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 (FY) 2024.

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" as defined by 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 Miami-Dade County by Part III of Chapter 163, Florida Statutes, with regard to the Redevelopment Area, so that the Miami Beach 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 City Center/Historic Convention Village Redevelopment Area ("City Center RDA") and implementation of the Redevelopment Plan.

The First Amendment to the Interlocal Agreement, approved by the Miami-Dade County Board of County Commissioners, through Resolution No. R-889-03, and approved by the City Commission,

through Resolution No. 2003-25241, delegated to the RDA the power to develop and implement community policing initiatives.

The Second Amendment to the Interlocal Agreement, approved by the Miami-Dade County Board of County Commissioners, through Resolution No. R-958-04, and approved by the City, through Resolution No. 2004-25560, allowed the RDA 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 County 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 RDA'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 Consumer Price Index (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 County 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 related to the Convention Center renovation and expansion project resulting from Hurricane Irma
3. Included proposed funding in an amount up to \$20 million to fund the Lincoln Road project, previously authorized as part of the Third Amendment, for a total project amount of up to \$40 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 Fifth Amendment to the Interlocal Agreement, approved by the Miami-Dade County Board of County Commissioners, through Resolution No. R-256-22, and approved by the City Commission, through Resolution No. 2022-32014, provided in material part that:

1. Until FY 2023, the County shall set aside \$1.5 million per year of the excess Trust Fund revenue payments received from the City Center RDA for the purpose of funding beach renourishment for any beaches within Miami-Dade County, as opposed to only beaches within or adjacent to the City of Miami Beach, at the County's sole discretion

2. The City Center RDA shall distribute \$27.1 million to the City for the limited purpose of funding and reimbursing the City for the remaining project costs in connection with the Convention Center Project, including payments to the Contractor pursuant to the Final Settlement Agreement approved by the City Commission on September 30, 2021 through Resolution No. 2021-31870

Pursuant to Section 189.016(3), Florida Statutes, the governing body of special districts such as the Miami Beach Redevelopment Agency, must adopt a budget resolution each fiscal year. As noted in Section 163.387, Florida Statutes, moneys in the Trust Fund may be expended for undertakings of the City Center RDA as described in the Redevelopment Plan pursuant to an annual budget adopted by the City Center RDA Board.

The FY 2024 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.

CITY CENTER RDA ANALYSIS

Revenues

Based on the 2023 Certification of Taxable Value provided by the Miami-Dade County Property Appraiser on July 1, 2023, property values in the City Center RDA increased by 2.7%, or \$164.8 million, over the 2022 Certification of Taxable Value.. For FY 2024, the City portion of the tax increment totals \$32.6 million, and the County portion of the tax increment totals \$25.6 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 2021, 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 \$2.8 million for FY 2024.

Additional sources of revenue include an estimated \$288,000 in interest income and the use of approximately \$6.05 million of prior year excess City Center RDA Trust Fund revenues in accordance with the 3rd Amendment to the Interlocal Agreement that is recommended to be allocated as follows for FY 2024:

1. \$6.05 million reimbursement to Miami-Dade County equal to the County's proportionate share of prior year administration, community policing, and capital projects maintenance expenses incurred in the prior year

Expenditures

Project-related expenditures for FY 2024 account for approximately \$13.2 million, which include \$5.3 million allocated for community policing initiatives to continue to provide enhanced levels of staffing and services throughout the area, and \$7.9 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 2024 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 \$892,000, which include a management fee of \$658,000 allocated to the General Fund for direct and indirect staff support, \$23,000 for annual audit fees, and \$211,000 for internal services expenditures.

The budget also includes \$20.9 million in debt service payments to cover annual debt service costs related to the Convention Center bonds issued in 2015, as well as a \$15.8 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 2024; \$366,000 for the County's administrative fee, which is equivalent to 1.5% of the County's respective FY 2024 tax increment financing (TIF) payment; and \$466,000 contribution to the City, which is equivalent to 1.5% of the City's respective FY 2024 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 the proceeds from the facilities' operations are pooled with TIF revenues and other City Center Trust Fund revenues.

Anchor Shops and Parking Garage

Revenues and expenditures at the Anchor Garage are projected at approximately \$2.9 million for FY 2024. Revenues are primarily derived from attended parking, monthly permits, and valet parking revenues operations totaling approximately \$2.8 million combined. An additional \$123,000 is projected in interest income and other miscellaneous revenues for FY 2024. Operating expenditures, which include a contractual revenue-sharing obligation with the Loews, General Fund administrative fees, and a budgeted subsidy to the Pennsylvania Avenue Garage Fund, total approximately \$2.9 million.

Revenues and expenditures at the Anchor Shops are projected at approximately \$714,000 for FY 2024. Revenues are derived primarily from retail leasing and common area maintenance operations totaling approximately \$594,000, as well as an additional \$120,000 projected in interest income for FY 2024. Operating expenditures include a General Fund administrative fee combined with internal services, contingency/reserves, and a budgeted subsidy of \$296,000 to the Pennsylvania Avenue Shops, which total approximately \$714,000 for FY 2024 expenditures.

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 \$948,000 for FY 2024. Revenues are primarily derived from transient parking and monthly permits operations

totaling \$720,000 combined. An additional \$17,000 is projected in interest income for FY 2024, as well as a budgeted subsidy from the Anchor Garage Fund of \$211,000 to fully fund anticipated garage operations. Operating expenditures, which include General Fund and Parking administrative fees, as well as capital expenditures for renewal and replacement projects under \$25,000, total \$948,000.

Revenues and expenditures at the Pennsylvania Avenue Shops are projected at approximately \$296,000 for FY 2024. The retail component of this facility comprising approximately 7,655 square feet is occupied by Moonlighter Fablab, Inc., which is a not-for-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 nominal (base rent of \$1.00 per year) based on the current lease agreement, therefore, requiring an annual budgeted subsidy from the Anchor Shops of \$296,000 for FY 2024 to fund operations. Operating expenditures, which include a General Fund administrative fee, combined with internal services, total \$296,000 for FY 2024.

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, operations of the Collins Park Garage commenced. The facility is a seven-story structure comprised of a six-level parking garage with approximately 513 parking spaces, as well as approximately 15,000 square feet of retail space on the ground level which is not yet built-out and occupied.

Revenues and expenditures at the Collins Park Parking Garage for FY 2024 are projected at approximately \$1.4 million. Revenues are derived primarily from transient parking and monthly permit revenues totaling approximately \$1.4 million, as well as an additional \$13,000 from projected interest income for FY 2024. Operating expenditures, which include General Fund and Parking administrative fees, combined with internal services, total \$1.4 million for FY 2024.

CONCLUSION

The FY 2024 City Center RDA budget totals \$61.7 million. The Anchor Parking Garage and Shops budgets total \$3.6 million, combined. The Pennsylvania Avenue Parking Garage and Shops budgets total \$1.2 million, combined, and the Collins Park Parking Garage budget is \$1.4 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 adopts 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 2024.

Attachment A – FY 2024 RDA Operating Budgets (Exhibit A)
Attachment B – FY 2024 RDA Work Plan

ATH/RW/HS/LW