



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 26, 2018

SUBJECT: **A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY, ADOPTING AND APPROPRIATING THE OPERATING BUDGETS FOR THE CITY CENTER REDEVELOPMENT AREA THE ANCHOR SHOPS AND PARKING GARAGE AND THE PENNSYLVANIA AVENUE SHOPS AND GARAGE FOR FISCAL YEAR (FY) 2018/19**

ADMINISTRATION RECOMMENDATION

The Administration recommends that the Chairperson and members of the Miami Beach Redevelopment Agency adopt the attached Resolution which establishes the final budget for the City Center Redevelopment Agency (RDA), the Anchor Shops and Garage, and the Pennsylvania Avenue Shops and Garage for Fiscal Year 2018/19.

ANALYSIS

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 County Commission, 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 County Commission, 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 County Commission, 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 and delineated the annual administrative and operating expenditures for the Redevelopment Agency and any remaining funding to be used to retire debt early.

The Fourth Amendment to the Interlocal Agreement, recently approved by the County Commission on June 19, 2018, through Resolution No. R-644-18, and approved by the City on April 25, 2018, through Resolution No. 2018-30288, provided for the following:

1. Add certain expenditures to the authorized expenditures of the RDA.
2. Allow 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. Include 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. Distribute to both the County and the City, beginning in FY 2017/18 and continuing until FY 2022/23, a reimbursement based on each entity's proportionate share of previous year expenses for administration, community policing, and capital maintenance, and require that both set aside \$1.5 million of the annual reimbursement for beach renourishment that can be utilized to leverage State or Federal funding for beach renourishment projects.
5. Utilize 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 2018/19 has been prepared to coincide with the overall City budget process and is being presented to assist in providing a comprehensive overview of the district as set forth in the attached Exhibit A.

Revenues

Based on the 2018 Certificate of Taxable Value from the Property Appraiser's Office released July 1, 2018, the certified value of property in the RDA increased by \$290.6 million, or 5.1%, over the 2017 certified value to \$6.0 billion, marking the 8th year in a row that values are on the rise. The City portion of the tax increment totals \$31.0 million and \$25.3 million for the County portion of the tax increment. 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 2016, reflects a decrease from the preliminary valuation for the same year and will result in a corresponding adjustment/reduction in TIF revenues totaling a combined \$3.1 million for Fiscal Year 2018/19.

Additional sources of revenue include an estimated \$360,000 in interest income.

Use of \$32.294 million from prior year excess RDA Trust Fund revenues pursuant to the 4th Amendment of the RDA Interlocal Agreement to be allocated as follows for FY 2018/19:

- Additional funding up to \$20.0 million for 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
- \$5.5 million reimbursement to Miami-Dade County for year two (FY 2018/19) 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
- \$4.4 million contribution to the City's General Fund
- \$1.5 million to be set aside for beach renourishment
- \$872,000 contribution to the City's Capital Pay-As-You-Go (PAYGO) Fund

Expenditures

Project-related expenditures account for approximately \$11.9 million, which include \$4.7 million allocated for community policing initiatives in City Center to continue to provide enhanced levels of staffing and services throughout the area, and \$7.2 million for maintenance of RDA projects. There is no additional funding for on-going and planned capital projects in City Center in the budget due to the RDA extension for the renovation and expansion of the Miami Beach Convention Center.

Administrative expenditures total \$739,000, which include a management fee of \$422,000 allocated to the General Fund to pay for direct and indirect staff support; \$23,000 for auditing fees; \$155,000 for internal services; and \$139,000 for general repairs and maintenance.

The budget includes \$21.7 million in debt service payments to cover debt service costs related to the Convention Center bonds, which were issued in 2015, as well as \$16.6 million in reserve for additional debt service. Funds in the reserve over and above the annual debt payment can be used to finance any potential shortfalls in the RDA Fund or pay down the Convention Center bonds early, but not prior to FY 2023/24.

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 \$1.75 million transfer to the Miami Beach Convention Center Fund, \$358,000 for the County's administrative fees, which are equivalent to 1.5% of its respective TIF payment, and the corresponding \$440,000 contribution to the City's General Fund, which is equivalent to 1.5% of the City's share of its TIF payment.

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 Trust Fund revenues.

Anchor Shops and Parking Garage

Garage revenues at the Anchor Garage are projected at approximately \$4.7million, with operating expenditures, including contractual revenue-sharing obligations with the Loews and General Fund administrative fees of approximately \$4.7 million. Retail revenues at the Anchor Shops operation is expected to generate approximately \$1.5 million in revenues, with operating expenditures totaling approximately \$704,000, resulting in a projected reserve of \$816,000, after accounting for a

\$460,000 budgeted transfer to the retail operation of the Pennsylvania Avenue Shops to offset the RDA's estimated costs associated with the retail operations. Anchor Garage and Shops funds are not constrained by the stipulations of the 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 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 RDA. The Pennsylvania Avenue Garage and Shops funds are not constrained by the stipulations of the RDA interlocal agreement.

The facility is anticipated to generate \$946,000 in revenues from operations in FY 2018/19, comprising totally of parking revenues. In light of the fact that the retail space is currently not rented, a conservative approach of not projecting retail rental income has been taken. The facility is still anticipated to operate at a loss in FY 2018/19; therefore, the Anchor Garage/Shops plans to subsidize operations through a transfer of \$478,000 to the Pennsylvania Avenue Garage/Shops. Expenditures for the facility are budgeted at \$1.4 Million, comprising \$982,000 in direct operating costs for the garage and \$461,000 in retail-related operations.

CONCLUSION

The FY 2018/19 City Center Redevelopment Area budget is \$85,795,000. The Anchor Garage and Shops budget is \$6,231,000 and the Pennsylvania Avenue Garage and Shops budget is \$1,443,000.

In order to address the existing and future obligations of the Redevelopment Area, it is recommended that the Redevelopment Agency adopt the attached Resolution, which establishes the final operating budgets for the City Center Redevelopment Area, the Anchor Garage and Shops, and the Pennsylvania Avenue Garage and Shops for FY 2018/19.

Attachment A – FY 2018/19 RDA Operating Budget (Exhibit A)

JLM/KGB/HS

EXHIBIT A

Miami Beach Redevelopment Agency City Center Redevelopment Area Adopted FY 2018/19 Operating Budget

	2016 Actual	2017 Actual	2018 Adopted	2019 Adopted	2019 to 2018 Variance
Revenues and Other Sources of Income					
Tax Increment - City	24,564,503	28,855,233	29,411,000	31,025,000	1,614,000
Proj Adjustment to City Increment	(1,451,209)	(1,722,849)	(1,913,000)	(1,726,000)	187,000
Tax Increment - County	20,079,885	23,587,278	23,986,000	25,253,000	1,267,000
Proj Adjustment to County Increment	(1,164,130)	(1,387,657)	(1,563,000)	(1,411,000)	152,000
1/2 Mill Children's Trust Contribution	2,146,798	2,511,086	2,570,000	0	(2,570,000)
Interest Income	126,980	238,984	150,000	360,000	210,000
Fund Balance Retained Earnings	0	0	0	32,294,000	32,294,000
Other Income/Adjustments:	4,413	0	0	0	0
TOTAL REVENUES	44,307,241	52,082,075	52,641,000	85,795,000	33,154,000
Admin/Operating Expenditures					
Management fee	981,996	984,000	390,000	422,000	32,000
Office supplies & equipment	0	0	0	0	0
Other Operating	0	0	0	0	0
Dues & subscriptions	175	0	0	0	0
Audit fees	34,077	19,500	23,000	23,000	0
Professional & related fees	0	377	0	0	0
Repairs and Maintenance	52,000	15,171	151,000	139,000	(12,000)
Internal Services	98,499	60,921	154,000	155,000	1,000
Total Admin/Operating Expenditures	1,166,747	1,079,969	718,000	739,000	21,000
Project Expenditures					
Community Policing:					
Police	4,239,564	4,330,794	4,581,000	4,531,000	(50,000)
Code Compliance	194,215	195,286	201,000	216,000	15,000
Capital Projects Maintenance:	0	0	0	0	0
Property Mgmt	1,467,541	1,178,501	1,553,000	1,671,000	118,000
Sanitation	3,339,000	3,803,855	3,914,000	4,241,000	327,000
Greenspace	615,413	585,263	828,000	826,000	(2,000)
Parks Maintenance	282,458	375,991	499,000	438,000	(61,000)
Total Project Expenditures	10,138,191	10,469,690	11,576,000	11,923,000	347,000
Reserves, Debt Service and Other Obligations					
Debt Service Cost	27,067,937	21,666,333	21,676,000	21,683,000	7,000
City Debt Service - Lincoln Rd Project	516,000	0	0	0	0
City Debt Service - Bass Museum	806,000	0	0	0	0
Reserve for County Admin Fee	283,736	332,994	337,000	358,000	21,000
Reserve for CMB Contribution	346,699	405,986	414,000	440,000	26,000
Reserve for Children's Trust Contribution	2,146,798	2,511,086	2,570,000	0	(2,570,000)
Reserve for County Reimbursement:					
Transfer to County - Reimbursement	0	0	0	4,022,000	4,022,000
Transfer to County for Beach Renourishment	0	0	0	1,500,000	1,500,000
Fund Reserve for City Reimbursement:					
Transfer to General Fund	0	0	0	4,400,000	4,400,000
Transfer to PAYGO Capital Fund	0	0	0	872,000	872,000
Transfer to Beach Renourishment Fund	0	0	0	1,500,000	1,500,000
Transfer to RDA Capital Fund	0	0	0	20,000,000	20,000,000
Transfer to Convention Center	0	0	1,000,000	1,750,000	750,000
Set-aside for Debt Payoff	1,835,132	15,616,017	14,350,000	16,608,000	2,258,000
Total Reserves, Debt Service & Other Obligations	33,002,302	40,532,417	40,347,000	73,133,000	32,786,000
TOTAL EXPENDITURES AND OBLIGATIONS	44,307,241	52,082,075	52,641,000	85,795,000	33,154,000
SURPLUS / (GAP)	0	0	0	0	0

EXHIBIT A

Adopted FY 2018/19 Anchor Shops and Anchor Garage Operating Budget

Anchor Parking Garage	2016	2017	2018	2019	2019 to 2018
Revenues:	Actual	Actual	Adopted	Adopted	Variance
Valet Parking	215,693	429,544	387,000	400,000	13,000
Monthly Permits	430,110	555,461	538,000	572,000	34,000
Attended Parking	2,893,965	2,853,113	2,892,000	3,586,000	694,000
Interest Income	47,721	84,487	72,000	152,000	80,000
Misc./ Other	29,598	1,320	17,000	1,000	(16,000)
Fund Balance - Retained Earnings	0	0	0	0	0
TOTAL REVENUES	3,617,088	3,923,925	3,906,000	4,711,000	805,000
Operating Expenditures:					
Salaries & Benefits	0	0	0	0	0
Operating Expenditures	2,808,944	3,217,797	3,297,000	3,418,000	121,000
Transfer Out to RDA (Penn Garage)	107,000	87,000	110,000	18,000	(92,000)
Internal Services	176,918	159,036	351,000	308,000	(43,000)
Capital	0	0	58,000	0	(58,000)
Contingency/Reserve	0	0	90,000	967,000	877,000
TOTAL EXPENDITURES	3,092,861	3,463,833	3,906,000	4,711,000	805,000
Revenues Less Expenditures	524,226	460,092	0	0	0
Anchor Shops					
Revenues:					
Retail Leasing	864,198	1,197,840	1,255,000	1,274,000	19,000
Capital & Maintenance	93,776	148,709	148,000	148,000	0
Interest Earned	32,926	55,430	30,000	98,000	68,000
TOTAL REVENUES	990,900	1,401,978	1,433,000	1,520,000	87,000
Operating Expenditures:					
Salaries & Benefits	0	0	0	0	0
Operating Expenditures	118,533	156,750	192,000	213,000	21,000
Transfer Out to RDA (Penn Shops)	449,000	313,000	490,000	460,000	(30,000)
Internal Services	25,000	29,000	30,000	31,000	1,000
Capital	0	14,954	0	0	0
Contingency/Reserve	0	0	721,000	816,000	95,000
TOTAL EXPENDITURES	592,533	513,704	1,433,000	1,520,000	87,000
Revenues Less Expenditures	398,366	888,274	0	0	0
COMBINED REVENUES - EXPENDITURES	922,593	1,348,366	0	0	0

EXHIBIT A

Adopted FY 2018/19 Pennsylvania Avenue Shops and Pennsylvania Avenue Garage Operating Budget

Pennsylvania Parking Garage	2016	2017	2018	2019	2019 to 2018
Revenues:	Actual	Actual	Adopted	Adopted	Variance
Transient	626,747	519,359	599,000	632,000	33,000
Monthly	296,336	393,390	372,000	314,000	(58,000)
Miscellaneous	224	224	0	0	0
Interest Income	5,336	9,501	3,000	18,000	15,000
Transfer In from RDA (Anchor Garage)	107,000	87,000	110,000	18,000	(92,000)
Retained Earnings	0	0	0	0	0
TOTAL REVENUES	1,035,644	1,009,475	1,084,000	982,000	(102,000)
Operating Expenses:					
Salaries & Benefits	0	0	0	0	0
Operating Expenditures	994,575	1,021,729	986,000	968,000	(18,000)
Internal Services	58,546	26,890	98,000	9,000	(89,000)
Capital	0	0	0	5,000	5,000
TOTAL EXPENDITURES	1,053,121	1,048,618	1,084,000	982,000	(102,000)
Revenues Less Expenditures	(17,478)	(39,144)	0	0	0
Pennsylvania Shops	2016	2017	2018	2019	2019 to 2018
Revenues:	Actual	Actual	Adopted	Adopted	Variance
Retail Leasing	(50,758)	0	0	0	0
Capital & Maintenance	(8,474)	0	0	0	0
Interest Earned	245	462	0	1,000	1,000
Miscellaneous	0	0	0	0	0
Prior Years' Adjustment	0	0	0	0	0
Transfers In from RDA (Anchor Shops)	449,000	313,000	490,000	460,000	(30,000)
TOTAL REVENUES	390,014	313,462	490,000	461,000	(29,000)
Operating Expenses:					
Salaries & Benefits	0	0	0	0	0
Operating Expenditures	358,867	330,213	490,000	461,000	(29,000)
Internal Services	0	0	0	0	0
Capital	0	0	0	0	0
TOTAL EXPENDITURES	358,867	330,213	490,000	461,000	(29,000)
Revenues Less Expenditures	31,146	(16,751)	0	0	0
COMBINED REVENUES - EXPENDITURES	13,669	(55,895)	0	0	0