EXHIBIT C

ECONOMIC IMPACT ASSESSMENT

Memorandum

To:	Mark Milisits, City of Miami Beach
From:	Lambert Advisory
Date:	March 19, 2019
Subject:	North Beach Town Center – Economic Impact Assessment

EXECUTIVE SUMMARY (Introduction and Headline Findings)

Lambert Advisory (Lambert) has completed an assessment of the economic benefits to the local economy of the public and private sector expenditures associated with the proposed North Beach Town Center (NBTC) Public-Private Partnership Development. Our assessment is oriented to providing directed analysis to City of Miami Beach (City) residents, elected officials, and staff so they are able to draw their own informed conclusion if the relative benefits of the expenditures which will result from an approved NBTC development are worth the City's proposed land swap and capital contribution. This memorandum provides an overview of the methodology, research, analysis, and findings to date, which may be subject to modifications following City staff review, as well as additional information provided by North Beach Town Center. LLC (Developer).

There are two critical elements of the proposed NBTC development that underly this analysis:

1.) the development includes the two major anchors (grocer and Target store) indicated within the Developer's plan; and

2.) construction of the NBTC development commences within approximately 24 months of execution of the Development Agreement, and the development is provided a Certificate of Occupancy (CO) within approximately 24 to 30 months thereafter.

Importantly, any modifications to the assumptions herein may have notable affect on this study's findings.

The economic impact assessment has been completed on the basis of information contained within the *71st Street Town Center Development Term Sheet (dated 01/03/2019)*. There is also additional input from generalized development and performance information (i.e., development program by use, development timing, development costs, residential and commercial sales/rental rates, parking revenue, absorption/occupancy, and other operating performance measures) that is estimated based upon information provided by North Beach Town Center, LLC (Developer) and/or the City. Importantly, this document is governed by the *Methodology Notes and Limiting Conditions* at the end of this section.

As planned, the NBTC development is a relatively large-scale mixed-use redevelopment that is the result of the planning effort set forth in the North Beach Master Plan (2016). It covers two-city blocks, including two designated lots referred to as: West Lot (also referred to as Town Center Garage that will incorporate retail and public access parking; and, East Lot, which includes the Developers proposed retail, office, residential and garage parking – and is highlighted in the table below. The NBTC concept represents the aggregation of numerous parcels by the Developer, and requires the utilization of City-owned property to accommodate the proposed programming which is the basis for the proposed land swap as set forth in the Term Sheet.

The North Beach Master Plan was completed in the effort to establish a basis of public policy for physical development within the North Beach area of Miami Beach. Key among the policies is the need to encourage economic incentives; namely, prioritizing and promoting public/private partnerships (P3). The NBTC development represents among the most significant P3 efforts within the City during the past several years, and by far the most ambitious within the North Beach area. The development is envisioned to vastly improve the aesthetics of the surrounding area, provide enhancements to mobility and streetscape, and provide an investment/economic contribution within an area that has not experienced nearly this level of capital spending in many years.

There are two potential development concepts for the NBTC development (East and West Lots), with the only differential being the number of parking spaces to be built within the Town Center Garage structure as summarized in the following table.

Figure 1: North Beach Town Center Proposed Development Program (East and West Lots)
Source: NBTC, LLC and City

	Scenario 1		Scenario 2	
Town Center Garage (West Lot):				
Use	Units	Sq.Ft.	Units	Sq.Ft.
Retail A - Ground Floor Grocer		30,151		30,151
Retail B - Ground Floor - Storefront		9,143		9,143
Retail C - Second Level - Store		8,295		8,295
Retail D - Second Level - Big Box		32,789		32,789
Parking/Common Area	***358***		***479***	
Total - Commercial Area		80,378		80,378
Town Center Mixed Use (East Lot)				
Use	Units	Sq.Ft.	Units	Sq.Ft.
Office		62,814		62,814
Ground Floor Retail		33,297		33,297
Residential (Rental)	150		150	
Parking/Common Area	256		256	
Total - Commercial Area		96,111		96,111
Total - Commercial Area		176,489		176,489

As detailed within the Term Sheet, the City will be participating in a land swap with developer valued at approximately $9.2 million (net), as well as provide an additional $6.0 million in capital investment for 247 parking spaces (of the total 358 parking spaces in Scenario 1); or, a total $16.2 million contribution to the development accounting for funding and credits associated with the purchase of condominiumized parking areas. For Scenario 2, the City's contribution totals $21.5 million as a result of the additional capital investment in the City's 368 public access spaces (ie. 121 additional public access spaces). The following table provides a summary of the development cost breakdown/investment for the Developer and City.

Figure 2: NBTC Development Summary (Developer and City Investment)
Source: NBTC, LLC; City of Miami Beach

	Scenario 1	Scenario 2
Town Center Funding (per P3 Entity)	***Item***	***Item***
Developer (Unleveraged)		
Developer Consideration for Swap	$800,000	$800,000
Developer Funding for ***"Air Rights"*** (Ground Retail - 19,633 sf)	$1,570,640	$1,570,640
Developer Funding for ***"Air Rights"*** (2nd FL Retail - 14,065 sf)	$914,225	$914,225
Developer Funding for ***"Air Rights"*** (3rd FL Parking - 25,038 sf)	$1,001,520	$1,001,520
Developer "***Credit***" from City (4th FL Parking - 53,016 sf)	($2,120,644)	($2,120,644)
Developer Funding (Public Art Contribution)	$222,000	$222,000
Sub Total - Land/Air Rights	**$2,387,741**	**$2,387,741**
Land Purchase	$30,250,000	$30,250,000
TDC TC Garage (West)	$38,318,868	$42,432,868
Town Center Mixed Use - East (Hard Costs)	$53,617,216	$53,617,216
Total Soft Costs	$10,978,437	$11,252,898
City's Capital Contribution to Owned Parking (247/368 spaces)	($8,398,000)	($12,512,000)
Total Development Contribution - Developer	**$124,766,521**	**$125,040,982**
City		
Land Contribution	$10,000,000	$10,000,000
Developer Consideration for Swap	($800,000)	($800,000)
Developer Funding for ***"Air Rights"*** (Ground Retail - 19,633 sf)	($1,570,640)	($1,570,640)
Developer Funding for ***"Air Rights"*** (2nd FL Retail - 14,065 sf)	($914,225)	($914,225)
Developer Funding for ***"Air Rights"*** (3rd FL Parking - 25,038 sf)	($1,001,520)	($1,001,520)
Developer "***Credit***" from City (4th FL Parking - 53,016 sf)	$2,120,644	$2,120,644
Developer "***Credit***" from City (5th FL Parking - 53,016 sf)	$0	$1,105,000
City's Capital Contribution to Owned Parking (247/368 spaces)	$8,398,000	$12,512,000
Total Development Contribution - City	**$16,232,259**	**$21,451,259**

There are two primary types of economic benefit which this report measures that will result from the expenditure of approximately $105± million in development/capital improvements (not including land value). First, there are short-term benefits from construction of these projects. The City hires contractors, those contractors in turn higher staff and subcontractors and purchase materials, and those staff earn wages and material suppliers earn profits, a measurable portion of which are spent in the local economy. While some expenditure leaks out of the community (i.e. the purchase of steel from Jacksonville) our model of the economic benefits to the local economy detailed below accounts for this leakage.

Second, are the recurring benefits resulting from the investment year-after-year. In terms of public sector investment in infrastructure or facilities, these economic benefits are often difficult to immediately identify or isolate. However, in a private sector context (or even measuring public incentives for private companies), the local economic benefits from jobs, expenditures, and fiscal benefits – including potential value enhancement for properties immediately surrounding the development.

The following sections of this memorandum provide the detailed analysis supporting the Short-term Benefits (Section 1) and Long-term/Recurring Benefits (Section 2). A summary of key findings from each of these sections is provided in the Headline Findings below:

Headline Findings

1.) <u>Short-term Economic Benefits</u>

As illustrated below, the construction and capital improvements from NBTC will create significant short-term economic benefits including an average **600 direct and indirect/induced construction (and related) jobs** annually during the proposed two-year construction period. This generates a total of **$60 million in direct and indirect/induced labor income** during the construction period that will flow to the local and regional economy; or an average annual wage of approximately $50,000. These benefits will be created regionally (Countywide), and from which the City will capture its share of employment, labor income and economic output. Additionally, there is an estimated **$3.2 million in impact/connection fees** that flow directly to the City.

Figure 3: Summary of Short-Term Economic Impacts from Construction of NBTC – 358 Total Parking Spaces (2-Year Timeline) (Source: IMPLAN; US Census)

Impact Type	Employment	Labor Income	Output
Direct Effect	**819**	40,519,760	102,999,995
Indirect Effect	**126**	7,394,126	22,122,487
Induced Effect	**259**	11,297,203	35,217,653
Total Effect	**1,204**	**59,211,089**	**160,340,135**

As summarized in Section 1 below, the short-term impacts from the larger 479 parking space garage provides a modest 3 to 4 percent increase to these benefits noted above.

2. <u>Long-term/Recurring Economic Benefits</u>

As detailed in the following sections, there are three main areas of recurring economic benefit resulting from the proposed NBTC development, including: 1.) Net New Job and Wage Creation; 2.) Marginal Ad Valorem Tax Revenue; 3.) Incremental Enhancement to Surrounding Property Values; and 4.) Potential Parking Revenue to City.

<u>*Net New Job and Wage Creation:*</u>

The NBTC development is estimated to create net new FTE jobs created by NBTC, the following table provides a summary of total wages based upon wage data from Florida Department of Economic Opportunity (FDEO):

Figure 4: Summary of Estimated Annual Wages from Net New FTE Jobs
(Source: IMPLAN; US Census)

Impact Type	Employment	Avg. Annul. Wage	Total Wages
Retail	**300**	$32,668	$9,800,400
Office	**115**	$60,336	$6,938,640
Residential	**6**	$50,380	$302,280
Parking	**5**	$33,780	$168,900
Total Effect	**426**	**$40,400**	**$17,210,220**

As illustrated above, the net new FTE jobs from NBTC generates annual wages totaling **$17.2 million** (2019 $'s) and averaging $40,400 per annum that will be expended within the City and surrounding region. In addition, these direct jobs will create an additional **300± indirect and induced jobs** throughout the region.

Marginal Ad Valorem Tax Revenue from NBTC:

The development of NBTC will provide significant benefit to the City and County by way of real property and personal property (ad valorem) taxes. The **incremental ad valorem tax revenue to the City from NBTC is approximately $590,000** upon stabilized operations – assuming the 358 space Town Center Garage. Based upon this stabilized incremental tax revenue, the following table provides a summary of the net present value (NPV) of this revenue (upon stabilization) during a 30-year timeframe, which assumes a 7.0 percent discount rate and 3.0 percent average annual growth rate.[1]

Figure 5: Incremental Ad Valorem Tax Revenue from NBTC (358 Parking Space) – 30 Year NPV

Stabilized Year Incremental Tax Revenue (2019 $'s)	$590,000
Total Incremental Tax Revenue (30 years)	$28,000,000
NPV Incremental Tax Revenue	**$10,100,000**

For the larger 479 parking space program on the Town Center Garage property, a 3 to 4 percent proportional cost/value increase is applied, indicating an NPV of approximately $10.5 million.

Incremental Enhancement on Surrounding Property Values:

As part of this analysis, a comprehensive literature review of articles and case studies was undertaken to address the potential positive impacts that certain large-scale development/capital improvement projects could have on neighborhood areas, including increased values of residential and commercial properties – and the methodology of which is detailed in Section 2c. below. Based upon applicable residential, office and retail parcel data extrapolated from an analysis of the MDCPA property database, the table below provides a summary of the total assessed value of the impacted properties, with a highlight of incremental increase in assessment based upon lower and upper value premium resulting from the proposed improvements. Furthermore, the table provides a summary of the annual incremental real estate tax from these properties that will accrue to the City of Miami Beach based upon current millage rates:

Figure 6 : City of Miami Beach – Estimated Annual Incremental Value and Tax Revenue Analysis on Surrounding Properties (from NBTC Development)

	Total Building Sq.ft.	Current Total Taxable Value	Incremental Assessed Value (lower/upper)	Increment Tax Revenue to City (lower/upper)
NBTC (surrounding properties)	**3.75 million**	**$955 million**	**$19M to $47M**	**$112,000 to $280,000**

[1] All estimates of NPV herein are based upon these primary input assumptions.

Based upon the premium value increments outlined above, the total assessed value of the properties affected by the NBTC improvements increases by $28.5 million to $57 million, resulting in an estimated **$112,000 to $280,000 in additional annual tax revenue** to the City of Miami Beach.

Figure 7: Incremental Ad Valorem Tax Revenue from NBTC (Lower and Upper Scenarios)

	Lower	Upper
Stabilized Year Incremental Tax Revenue (2019 $'s)	$112,000	$280,000
Total Incremental Tax Revenue (30 years)	$5,300,000	$13,300,000
NPV Incremental Tax Revenue	**$1,900,000**	**$4,800,000**

Parking Revenue to City

As we understand it, there are currently 83 surface lots on the City-owned parcels that will be eliminated as a result of the NBTC development. These spaces currently generate roughly $60,000 in annual net revenue to the City.

Given the need for parking associated with retail, office and residential components of the overall NBTC development plan, there will be a net loss of 26 public access spaces should the Town Center Garage be built with 358 spaces. However, under the 479 space Town Center Garage program, there will be a net gain of 95 public access spaces.

Although the analysis herein does not evaluate the underlying basis for parking demand for either the West Lot (Town Center Garage) or East Lot (Retail, Office and Residential Uses), it is our general observation that the 256 spaces proposed for the East Lot is seemingly low for the proposed development density and warrants further assessment by the City's planning department.

From a revenue perspective, and accordance with preliminary budget estimates provided by the City, the 358 space garage is effectively revenue neutral upon stabilized operations.[2] This would indicate a net loss of $25,000± in annual revenue. Under the 479 space development program, the City would generate an estimated $150,000 in annual revenue under stabilized operations (2019 's), which would generate a incremental parking revenue of approximately $90,000 per annum.

As set forth above, the proposed NBTC development provides significant short-term and long-term/recurring benefits in the form of jobs, impact/connection fees, fiscal impacts directly related to the development, as well as value enhancements to surrounding properties.

Specific to long-term/recurring impacts, there are direct potential fiscal benefits in the form of revenue associated with the City's investment (and for either program). In the effort to monetize these benefits, the analysis considers the net present value (NPV) of the potential incremental revenue to the City over a 30-year timeframe and utilizing a 7.0 percent discount factor. Accordingly, it also considers one additional factor: at the end of the 30-year evaluation timeline, the City still retains its condominium ownership of 247/368 parking spaces in the Town Center Garage (depending upon the 358 space or 479 space scenario). Assuming these

[2] This represents the proposed operating scenario allowing for 1 free hour of parking and 50% reduction in rates after 6p.

two floors remain as parking over the long-term, then the value of the City's condominium spaces would be based upon the underlying value created through the net revenue generated. For the 358 space garage, the $54,165 in stabilized net revenue is estimated to represent $900,000 in capitalized value (using a 5.0 percent capitalization rate); and, $3.0 million for the 479 space garage based upon $177,000 in stabilized net revenue.[3]

It is very important to note, though, that we do recognize the long-term possibility that the parking spaces could be converted to a more valuable residential and/or commercial use; and/or, that at some point in the future the City may elect to further increase density allowances and, therefore, enhance the property's overall value. Given the variability of these alternative conditions, the capitalization approach outlined above has been utilized herein.

Based upon the evaluation factors outlined above, the following table provides a highlight of the NPV from the various potential revenue streams outlined above:

Figure 8: Summary of Key Long-term Economic Benefits from NBTC Development

	358 Space TC Garage ($16.2M City Investment)	479 Space TC Garage ($21.5 City Investment)
NPV of Incremental Ad Valorem Tax from NBTC Property	**$10,100,000**	**$10,500,000**
NPV of Incremental Ad Valorem Tax from Surrounding Properties[4]	**$3,350,000**	**$3,350,000**
NPV of Incremental Parking Revenue to City	**($425,000)**	**$1,500,000**
City's Air Rights (Town Center Garage)	**$900,000**	**$3,000,000**
NPV of Total Incremental Revenue to City	**$13,925,000**	**$18,350,000**

Importantly, and in addition to the benefits outline above, there are likely to be other broader direct and indirect community and economic benefits from NBTC in the form of new development overtime as a result of this level of investment that has not been seen in this area in more than 40 years. This in addition to recognizing the Developer's effort and associated risk with assembling the adequate amount of land needed to support this level of development.

Methodology Notes and Limiting Conditions

There are several key principals that underlie the methodology, analysis and findings within this document: First, the basis for deriving select long-term/recurring benefit assumptions and economic modeling inputs is founded upon a literature review of more than fifteen independent documents which are listed in the Appendix (Bibliography) to this memorandum. However, there are always variations that exist between the investment programming, physical composition, regulatory environment, economic conditions and other factors that underlie the comparison between any two areas such as Miami Beach and other communities observed as part of this process. Therefore, a detailed comparison of similarities and/or differences between these communities was not conducted as part of this analysis; rather, the studies and analysis were utilized to provide a base understanding of impacts from which to draw rational conclusions. Second, Lambert has not independently

[3] Based upon the long-term scenario whereby Transactions after 6p. will be reduced 50%
[4] Based upon the mid-point of the lower and upper valuation scenarios

verified the market demand, development costs, and/or revenue/expense (operating) assumptions associated with the proposed NBTC development, and any change in these program assumptions may have a material impact on the findings herein.

The remainder of this memorandum comprises the methodology and detailed analysis of economic benefit for the NBTC development in the two sections referenced above.

Section 1. Overview of Short-Term Economic Impacts (and the IMPLAN Model)

The impact from short-term construction employment and expenditure is directly associated with the development, modification, and/or enhancement of uses proposed on both the East and West Lots of the NBTC project. This construction activity results in significant economic impacts. Accordingly, these improvements primarily represent one-time investments and, therefore, deemed *short-term* in nature. As it pertains to the development program set forth above, the estimated construction costs are based upon information provided by the NBTC, LLC, and estimated to total approximately $103 million to $107 million (depending upon the number of parking spaces built). Although a definitive timeline for completion of select improvements has not yet been confirmed, the analysis herein assumes that all facets of the development should be completed within approximately two (2) years from project/funding commencement.

Economic impacts are calculated as measures of direct spending, total output, personal earnings and employment. There are several input-output models commonly used by economists to estimate indirect and induced economic impacts. Because of the difficulty of measuring these effects, nearly all models have limitations. However, economists generally agree that the models can provide an approximate measure of the indirect and induced spending, jobs, and personal income generated by a given amount of direct spending in a particular geographic area. For applicable short-term and long-term (recurring) benefits evaluated herein, we used an input-output model developed by IMPLAN, one of the most recognized economic impact modeling systems in the US providing complete and extremely detailed Social Accounting Matrices (SAM) and Multiplier Models of local economies. IMPLAN is an economic input-output model originally created for the U.S. Department of Agriculture (Forest Services), in conjunction with FEMA to assist in land management planning. In 1988, the University of Minnesota offered the IMPLAN software, data, and technical support to non-Forest Service users and is one of the most recognized economic impact modeling systems in the US.

The IMPLAN model organizes the economy into more than 500 separate industries and has comprehensive data on every area of the United States. The IMPLAN model is based on incorporating regional purchase coefficients, which measure trade flows, i.e., the proportion of local demand purchased from local producers. Simulation models, like the ones used here, have been used to examine regional economic impacts associated with a variety of economic events such as the relocation or expansion of an economic enterprise, an exogenous migration of population, and the expenditures by out-of-town visitors.

These models explicitly recognize the inter-industry (or "supply chain") linkages among industries, as well as the consumer spending induced by changes in local labor income. As a firm or industry experiences an increase in the demand for its product or services, it in turn needs goods and services from suppliers, and it must increase its purchases from other firms in the economy. The effect on regional production resulting from successive rounds of inter-industry linkages is called the *indirect effect*. The resulting increases in regional production also lead to expansions in employment and labor income, and the increases in labor income lead to increases in household spending, further expanding sales and production throughout the regional economy (the *induced effect*).

The successive waves of production, spending and more production result in economic multiplier effects. Each successive wave of impact is smaller than the previous one, but the cumulative increase in regional production, income and employment is larger than the initial (or "direct") increase in production, income and employment.

In terms of modeling input, utilization of the IMPLAN model considers the direct expenditure; or, in this case, the total investment for each individual program proposed within the capital improvement program. For Short-term construction, the investment activity is supported by a NAISC Sector Codes (Codes) and, for purposes of this analysis, we have designated an all-encompassing category: Code 57 – Construction of New Commercial Structures.

Importantly, IMPLAN computes impacts at the National, State, Congressional District, County levels, and Zip Code level; however, the Zip Code models are not currently available for this area. Therefore, the benefits identified by the IMPLAN model herein represent County-wide (or regional) impacts, of which the City of Miami Beach will capture a fair share. The following tables provide a summary of the average annual employment and related labor income, along with the average annual economic output resulting from the short-term capital improvement (under both scenarios) during the estimated two-year period (in 2019 $'s):

Figure 9: Summary of Short-Term Economic Impacts from Construction of NBTC – 358 Space Garage (2-Year Timeline) (Source: IMPLAN; US Census)

ImpactType	Employment	Labor Income	Output
Direct Effect	**819**	40,519,760	102,999,995
Indirect Effect	**126**	7,394,126	22,122,487
Induced Effect	**259**	11,297,203	35,217,653
Total Effect	**1,204**	**59,211,089**	**160,340,135**

As outlined above, the construction and capital improvements within the City of Miami Beach will create significant short-term economic benefits including an average **600 direct and indirect/induced construction (and related) jobs** annually during the proposed improvement period, which generates a total of **$60 million in direct and indirect/induced labor income** during the construction period that will flow to the local and regional economy. Additionally, there is an estimated **$3.2 million in impact/connection fees** that flow directly to the City.

As shown in the following figure, the short-term impacts for Scenario 2 are modestly higher given the additional cost for 121 more parking spaces.

Figure 10: Summary of Short-Term Economic Impacts from Construction of NBTC – 479 Space Garage (2-Year Timeline) (Source: IMPLAN; US Census)

Impact Type	Employment	Labor Income	Output
Direct Effect	**851**	42,093,343	106,999,995
Indirect Effect	**131**	7,681,277	22,981,613
Induced Effect	**269**	11,735,930	36,585,329
Total Effect	**1,251**	**61,510,549**	**166,566,936**

2. Overview of Long-Term (Recurring) Economic Impacts

The capital improvements proposed for the NBTC development includes considerable amount of new retail space, enhanced office space, residential units, and a 358/479 space garage. However, in addition to these vertical improvements, the NBTC development will be aimed at enhancing mobility within its immediate surroundings, as well as contributing measurably to the area's overall beautification through streetscape improvements and upgrades to utilities.

Considering this, there are three primary aspects to the evaluation of long-term impacts including: 1.) Net New Job and Wage Creation; 2.) Marginal Ad Valorem Tax Revenue; 3.) Incremental Enhancement to Surrounding Property Values; and, 4.) Parking Revenue to City.

The following provides a summary of methodology, research, analysis, and findings associated with the four primary categories of long-term/recurring benefits from NBTC.

2a.) Net New Job and Wage Creation

The NBTC development will be adding approximately 114,000 square feet of retail space to the area, 150 residential units, and a 358 (or 479) space parking structure. Furthermore, the more than 60,000 square feet of existing office space, built more than 45 years ago, will be significantly improved.

Based upon these improvements, there will be numerous jobs (also referred to as full-time equivalent employees, FTE's) that will be created as part of the overall development, including:

Retail: The type of retail proposed for NBTC is presumed to include one big-box store (approximately 32,000± square feet), a grocer (30,000± square feet), a combination of fast casual and mid- to higher-end dining places, and general merchandise stores (ie. apparel). The average square foot per employee for full-service restaurants can be as low as 150 square feet of space/employee, while larger-format discount stores may have upward 500 square feet/employee (which is dependent upon sales volume, mix of product, etc.). In the absence of detailed tenant mix at this point, and from a conservative perspective, it is estimated that the NBTC retail will have an average 360 square feet/employee; or, 300 net new FTE retail jobs created (which accounts for a stabilized 5 percent vacancy factor).

Office: The NBTC office represents an improvement to existing space. Presently, it is reported that the 52,800 square feet at the 300 71st Street office building is 62 percent occupied, while the 10,000 square feet of office within 326 71st Street is entirely vacant. Therefore, in aggregate, the 62,000 square feet of office is 52 percent occupied (or, 32,000 square feet of occupied space). Based upon recent office market studies completed within the region, there is an average of approximately 220 square feet/office employee. With the proposed improvements and positioning within the newly developed mixed-use complex, the NBTC stabilized occupancy is estimated to be at least 92.5 percent. As a result, there will be an estimated 58,000 square feet of occupied space on average; or net new occupancy of 25,000 square feet, which yields 115 net new FTE office employees.

Residential and Parking: The operations associated with managing the residential development estimates 1 employee per unit, which includes positions such as manager, leasing, maintenance, and security. For parking, there is an estimated 1 FTE job per 120 spaces.

The following is a summary of net new direct FTE jobs created from the NBTC development, which for purposes of this analysis:

Figure 11: Scenario 1 and 2: Estimate of Net New FTE Jobs from NBTC Development

Use	Sq.Ft./Units	Avg. SF/Unit per Empl	Total FTE
Retail	113,675 sq.ft.	360 sf/empl	300
Office	62,000 sq.ft.	220 sf/empl	115
Residential	150 units	1 per 25 units	6
Parking	614 spaces	1 per 120 spaces	5
		Total	**426**

*FTE accounts for stabilized occupancy within retail and office components.

Based upon the estimated net new FTE jobs created by NBTC, the following table provides a summary of total wages based upon wage data from Florida Department of Economic Opportunity (FDEO):

Figure 12: Summary of Estimated Annual Wages from Net New Direct FTE Jobs
(Source: IMPLAN; US Census)

Impact Type	Employment	Avg. Annl. Wage	Total Wages
Retail	**300**	$32,668	$9,800,400
Office	**115**	$60,336	$6,938,640
Residential	**6**	$50,380	$302,280
Parking	**5**	$33,780	$168,900
Total Effect	**426**	**$40,400**	**$17,210,220**

As illustrated above, the net new FTE jobs from NBTC generates annual wages totaling **$17.2 million** (2019 $'s) that will be expended within the City and surrounding region. In addition, these direct jobs will create an additional **300± indirect and induced jobs** throughout the region.

2b.) Incremental Ad Valorem from NBTC

The development of NBTC will provide significant benefit to the City and County by way of real property and personal property (ad valorem) taxes. The tax amount is based upon the County Tax Collector's current millage rate of 19.0742 (per thousand dollars of value).

Real property is typically assessed at between 80 and 90 percent of Fair Market Value (FMV); or, for the purposes of this analysis, we calculate ad valorem taxes for NBTC based upon an estimated taxable value (including land) of approximately $125 million – and assuming the Town Center Garage component will be built to 358 spaces.[5] As a result, the development should generate approximately $2.6 million to in real property taxes upon stabilized operations (in 2019 $'s); or, a total of approximate $795,000 to the City of Miami Beach. Presently, the NBTC aggregated parcels indicate a taxable value of $24.6 million, with a current tax payment of $458,000; or, the City's current taxable portion being approximately $145,000. Therefore, the **incremental ad valorem tax revenue to the City from NBTC is approximately $590,000** upon stabilized operations.

[5] The analysis herein considers that the entire development will be assessed at Fair Market Value (FMV); however, there is uncertainty as to how the County will assess the City' public owned spaces. Nonetheless, it is assumed that the affect from any modified value associated with the public-owned spaces will have a marginal impact on the FMV estimated herein.

Figure 13: NBTC – Ad Valorem Tax Estimate (358 space Town Center Garage)
Source: Miami Dade County Property Appraiser; NBTC, LLC; Lambert Advisory

Item	*Millage*	*Annual Tax*
City of Miami Beach Operating	5.7288	$716,100
City of Miami Debt	0.160	$20,000
Miami Dade County Operating	4.6669	$583,363
Miami Dade County Debt	0.4644	$58,050
Miami Dade County Schools (State, Local)	6.774	$846,750
Miami Dade County School Debt	0.229	$28,625
South Florida Water Mgmt.	0.1209	$15,113
Okeechobee Basin	0.131	$16,375
Everaglade Construction	0.0417	$5,213
Library District	0.284	$35,500
Children's Services	0.442	$55,188
FIND	0.032	$4,000
TOTAL	**19.0742**	**$2,384,275**

Based upon this stabilized incremental tax revenue, the following table provides a summary of the net present value (NPV) of this revenue (upon stabilization) during a 30-year timeframe, which assumes a 7.0 percent discount rate and 3.0 percent average annual growth rate.

Figure 14: Incremental Ad Valorem Tax Revenue from NBTC (358 space Town Center Garage) – 30 Year NPV

	Upper
Stabilized Year Incremental Tax Revenue (2019 $'s)	$590,000
Total Incremental Tax Revenue (30 years)	$28,000,000
NPV Incremental Tax Revenue	**$10,100,000**

For the NBTC development with a 479 space Town Center Garage, the overall increase to NPV is estimated to be roughly 3 to 4 percent; or $10,500,00.

2c.) Incremental Enhancement to Surrounding Property Values

As previously noted, we conducted comprehensive literature review of articles and case studies addressing the potential positive impacts that certain large-scale development/capital improvement projects could have on neighborhood areas, including increased values of residential and commercial properties.

To evaluate and measure the impact of this investment, we have conducted a literature review of published documents, which are listed in the Appendix. In this particular case, the proposed NBTC development is envisioned to vastly improve the aesthetics of the surrounding area, as well as provide some enhancement to mobility and streetscape in an area that has not experienced nearly this level of investment in many years.

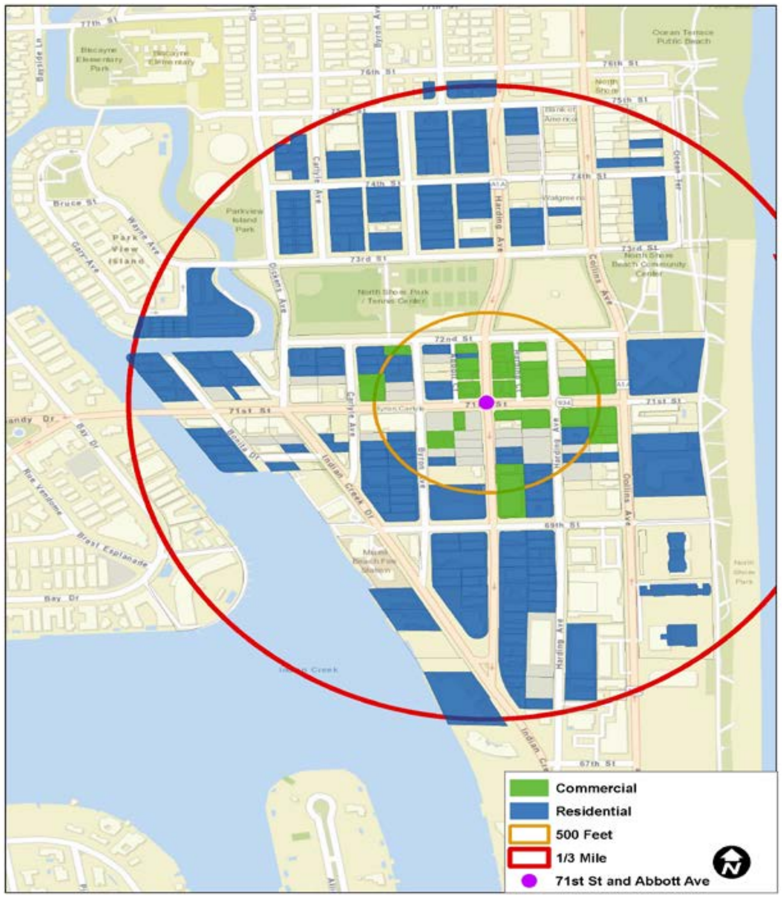
Information provided by Smart Growth America – an advocacy group that promotes creating and improving streets and streetscapes as a catalyst for "socially equitable, environmentally sustainable and economically prosperous communities" - provides discussion and examples of projects from around the country on creating and improving streets and streetscapes covering an array of projects, including, for example: improving transportation systems to improving the safety; circulation of pedestrians, bicyclists and vehicles; improving roadway aesthetics; and improvements to open space. Moreover, the analysis also considers the potential benefit of enhancing the scale and level business services, and public parking in the North Beach area. Based upon this research, the benefit of this scale of mixed-use development is derived from an incremental increase in property values surrounding the NBTC development. Accordingly, the incremental value is predominately captured by three property sectors: residential, office and retail. There are two key variables that drive the value increment:

1.) *Area of Impact*: The most significant radius of influence on residential properties extends roughly 1/3rd of a mile (1,760 feet) around the development, while a 500-foot boundary was established for office and retail incremental valuation; and,

2.) *Value Premium*: The literature research included herein previews numerous documents related to benefits derived from improvements to streetscape (streets and sidewalks) as well as from improvements to open space. As previously mentioned, it is extremely challenging to narrowly apply the literature study to a single development, as it illustrates a wide range from as low as 2 percent for commercial and as high as 28 percent for residential based upon varying levels of capital improvement and related investment. Furthermore, the improvements associated with the NBTC development is primarily occurring on privately owned land; however, there are improvements being made to public land (City-owned surface lots), as well as some level of street-front/streetscape improvement along two City blocks. Considering the challenges to quantify theses impacts, the analysis herein contemplates a relatively conservative approach, which assumes an estimated property value impact in the range of 2 percent (lower) to 5 percent (upper). These incremental values would apply to the existing residential parcels within 1/3rd mile radius (excluding a few parcels to the west on Normand Isles) and retail/office parcels within 500 feet.

Based upon the methodology and incremental value metrics outlined above, an incremental value analysis was completed for the residential, office and retail properties surrounding NMBTC. The following map outlines the affected parcels utilizing the Miami Dade County GIS Database and Parcel Data.

Figure 15: Map of Residential Parcels within 1/3 Mile & Retail/Office within 500 feet) of NBTC



Based upon applicable residential, office and retail parcel data extrapolated from MDCPA property database, the table below provides a summary of the total assessed value of the impacted properties, with a highlight of incremental increase in assessment based upon lower and upper value premium resulting from the proposed improvements. Furthermore, the table provides a summary of the annual incremental real estate tax from these properties that will accrue to the City of Miami Beach based upon current millage rates:

Figure 16: City of Miami Beach – Estimated Annual Incremental Value and Tax Revenue Analysis (from NBTC Development)

	Total Building Sq.ft.	Current Total Taxable Value	Incremental Assessed Value (lower/upper)	Increment Tax Revenue to City (lower/upper)
NBTC (surrounding properties)	3.75 million	$955 million	$19M to $47M	$112,000 to $280,000

As summarized above, the properties impacted by the proposed development totals 3.75± million square feet of built space, with a total taxable value of $955 million. Based upon the premium value increments outlined above, the total assessed value of the properties affected by the NBTC improvements increases by $28.5 million to $57 million, resulting in an estimated **$112,000 to $328,000 in additional annual tax revenue** to the City of Miami Beach.

Figure 17: Incremental Ad Valorem Tax Revenue from NBTC (Lower and Upper Scenarios)

	Lower	Upper
Stabilized Year Incremental Tax Revenue (2019 $'s)	$112,000	$280,000
Total Incremental Tax Revenue (30 years)	$5,300,000	$13,300,000
NPV Incremental Tax Revenue	**$1,900,000**	**$4,800,000**

2d. Parking Revenue to City

As we understand it, there are currently 83 surface lots on the City-owned parcels that will be eliminated as a result of the NBTC development. These spaces will be replaced by the Town Center Garage, with parking allocation for City-owned and Developer owned lots as follows:

Figure 18: Summary of Parking Allocation for NBTC Development (Developer and City Spaces)

	Scenario 1			Scenario 2		
Parking Allocation Summary	*Total*	*Developer*	*City*	*Total*	*Developer*	*City*
Town Center Garage	358	*111*	*247*	479	*111*	*368*
Mixed Use	256	*256*		256	*256*	
Total	614	*367*	*247*	735	*367*	*368*
less: Allocation to Town Center Garage Retail	(301)			(301)		
less: Allocation to Mixed Use	(256)			(256)		
less: Existing surface lot spaces	(83)			(83)		
Net Surplus/Gap Public Spaces	(26)			95		

Based upon the Developer and City provided parking utilization/need for the NBTC development (for both East and West Lots), and associated with the retail, office and residential components of the overall plan, there will actually be a net loss of 26 public spaces should the Town Center Garage be built with 358 spaces. However, under the 479 space Town Center Garage program, there will actually be a net gain of 95 public access spaces. Though the analysis herein does not evaluate the underlying basis for parking needs/requirements associated with either the West Lot (Town Center Garage) or East Lot (Retail, Office and Residential Uses), it is our general observation that the 256 spaces proposed for the East Lot is seemingly low for the proposed development density and warrants further assessment by the City's planning department.

Nonetheless, from a revenue perspective, the City's 83 existing spaces reportedly generate roughly $60,000 in annual net revenue to the City. However, in accordance with preliminary budget estimates provided by the City, the newly proposed 358 space Town Center Garage will be effectively revenue neutral upon stabilized operations;[6] or, a net loss of the $25,000 annually, with an NPV loss of $425,000 over a 30-year timeframe. Under the 479 space development program, however, the City receives an estimated $149,000

[6] This represents the proposed operating scenario allowing for 1 free hour of parking and 50% reduction in rates after 6p.

in annual revenue under stabilized operations (2019 ‘s), which would generate an incremental parking revenue of approximately $90,000 per annum; or, an NPV of $1.5 million over a 30-year timeframe.

APPENDIX

APPENDIX

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  - ✓ Lee's Summit, Missouri
  - ✓ Normal, Illinois