

## COMMISSION

### MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Alina T. Hudak, City Manager

DATE: March 9, 2022

SUBJECT: **REFERRAL TO THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE TO DISCUSS NEW MONEY PARKING REVENUE BONDS TO FUND THE PORTION OF THE PARKING GARAGE FOR THE 72<sup>ND</sup> STREET RECREATIONAL COMPLEX AND POTENTIAL REFINANCING OF A PORTION OF THE OUTSTANDING SERIES 2015 PARKING REVENUE BOND.**

#### **Background**

On November 6, 2018, Miami Beach voters approved a ballot measure which authorized the issuance of general obligation bonds (G.O. Bonds) for parks and recreational facility projects, including funding for the design, permitting, and construction of the 72nd Street Community Complex (the "Project"). In addition to the G.O. Bond funding allocation for the parks and recreational elements, the Project includes a 500 space parking garage (the "72nd Street Complex Parking Garage") which adds over \$30 million to the overall cost of the Project, requiring the City to identify parking funds and other funding sources to supplement the overall Project budget.

At the City Commission meeting on January 20, 2022, the Commission adopted a resolution which included the approval of the funding plan totaling \$101,742,327 for the Project, as provided in Exhibit "A". This funding plan includes approximately \$19.5 million in proceeds for the 72nd Street Complex Parking Garage from the issuance of Parking Revenue Bonds in 2022, and a refunding of Series 2015 Parking Bonds may be included with the new money issue as described below (together, the "Series 2022 Parking Bonds"). The borrowing for the 72nd Street Complex Parking Garage may be issued as tax-exempt or taxable depending on the City's plans for the parking garage and the opinion of Bond Counsel.

The Administration requests that the City Commission refer the issuance of the Series 2022 Parking Bonds to the Finance and Economic Resiliency Committee (the "FERC") for discussion as required by the following provisions of the Miami Beach City Code.

In November 2007, the Mayor and City Commission approved Ordinance 2007-3582 which amended the procedures that the City followed in connection with the approval of a bond issue and added the following Section to Chapter 2 of the Miami Beach City Code, entitled "Administration"; Article V entitled "Finance"; Sec. 2-278, entitled "Procedures governing the issuance of bonds".

*Sec. 2-278. Procedures governing the issuance of bonds.*

*(a) Prior to the adoption by the city commission of the final resolution approving the issuance of*

*any bonds by the city, the following requirements shall be complied with:*

- (1) In order for the city commission and the public to be fully informed on all matters relating to the proposed issuance of bonds, the city manager shall prepare, or cause to be prepared, a fiscal analysis of the economic impact of the proposed bond issuance using the following criteria:
  - a) The estimated cost of the project or projects on account of which such bonds are to be issued;*
  - b) The estimated annual revenues, if any, to be generated by such project or projects; and*
  - c) The estimated annual cost of maintaining, repairing and operating such project or projects.**
- (2) Upon completion of the fiscal analysis in subsection (a)(1), the proposed issuance of bonds shall be first considered and reviewed by the city's finance and citywide projects committee.*
- (3) The city commission shall hold two public hearings, each advertised not less than 15 days prior to the hearing, in order to obtain citizen input into the proposed bond issuance.*

At September 30, 2021, the City had \$90.8 million in outstanding Parking debt which was issued in 2015, and includes a portion of the City's Series 2020 Promissory Note which refunded the outstanding Series 2010 Parking Bonds. The Series 2020 Promissory Note is secured by a covenant to budget and appropriate from legally available non-ad valorem revenues but a portion is paid by Parking. Due to the COVID-19 pandemic in 2020, refunding the Series 2010 Bonds with a general governmental security enabled the Parking System to achieve significant refunding savings despite the decline in revenues.

In addition to funding of a portion of the 72nd Street Complex Parking Garage, the City has the opportunity to refinance a portion of its Series 2015 Parking Bonds which financed the parking garage for the Convention Center. The Parking Series 2015 Bonds have a call date of September 1, 2025. The City can combine a taxable advance refunding of a portion of the Series 2015 Parking Bonds with the new money borrowing for the 72nd Street Complex Parking Garage. Based on current market conditions, the net present value savings from refinancing portions of the Series 2015 Parking Bonds would be approximately \$4.9 million, which is 9% of bonds refunded. The total savings through 2045 would be approximately \$6.8 million.

### **Analysis**

In accordance with the provisions of Section 2-278 Procedures governing the issuance of bonds, the Administration prepared the required fiscal analysis for the proposed borrowing for the 72nd Street Complex Parking Garage.

#### **Sec. 2-278 (a) 1 (a) - estimated cost of the projects:**

The 72nd Street Parking Garage is approximately \$30 million of the total Project cost of \$101,742,327. The Series 2022 Parking Bonds will provide approximately \$19.5 million in proceeds for the 72nd Street Complex Parking Garage.

#### **Sec. 2-278 (a) 1 (b) - estimated revenues to be generated by the projects:**

It is anticipated that the 72nd Street Complex Parking Garage will charge user fees for parking commiserate with the City's Parking System rates.

#### **Sec. 2-278 (a) 1 (c) - estimated annual cost of maintaining, repairing and operating the projects:**

Operating and maintenance costs for the 72nd Street Complex Parking Garage will be included in the Parking System's budget similar to such costs for the System's other parking garages, which are paid

for by user fees.

If recommended by the FERC to the full City Commission, in accordance with Sec. 2-278 (a)(3), two public hearings will be held for the proposed Series 2022 Parking Bonds. The dates of the public hearings are to be determined and each date will be advertised at least fifteen (15) days prior to the public hearing date.

The Parking System must issue debt to provide proceeds in the amount of approximately \$19.5 million, plus issuance costs, in the coming months to cover a portion of the costs of the 72nd Street Complex Parking Garage. A refunding of a portion of the Series 2015 Parking Bonds will be combined with this issue if market conditions make such a refunding economical, or such refunding may occur at a later date if feasible.

### **Conclusion**

The Administration recommends that the Mayor and City Commission of the City of Miami Beach, Florida refer the issuance of the Series 2022 Parking Bonds to the FERC for discussion at the FERC meeting on March 30, 2022.

AH/JW

**Exhibit A**

**Analysis of 72nd Community Complex Costs and Potential Funding Sources**

**Section 1: CONSTRUCTION CONTRACT**

Construction Contract	84,900,000
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**Section 2: ADDITIONAL CONSTRUCTION COSTS**

FP&L Relocation Costs	1,333,945
Permitting Costs	948,573

<b>TOTAL CONSTRUCTION COSTS</b>	<b>87,182,518</b>
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**Section 3: NON-CONSTRUCTION BUDGET**

Professional Fees	843,250
Feasibility Study	484,268
Survey and Testing	232,832

<b>TOTAL NON-CONSTRUCTION</b>	<b>1,560,350</b>
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<b>Section 4: PROJECT CONTINGENCY 5%</b>	<b>4,427,047</b>
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**Section 5: OTHER/CITY ALLOCATIONS**

Art in Public Places (AIPP)	1,605,040
Capital Improvement Projects	6,160,372
GO Bond Management	807,000

<b>TOTAL OTHER/CITY ALLOCATIONS</b>	<b>8,572,412</b>
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<b>Section 6: PROJECT GRAND TOTAL</b>	<b>101,742,327</b>
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**Section 7: IDENTIFIED FUNDING**

GO Bond	53,800,000
Parking Funding Previously Allocated	10,600,000
Ocean Terrace Settlement	1,000,000
New Parking Bond	19,400,000
Feasibility Study and Professional Fees Funded Previously	823,708

<b>FUNDED or FUNDING IDENTIFIED</b>	<b>85,623,708</b>
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<b>Section 8: FUNDING GAP</b>	<b>16,118,619</b>
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**Section 9: POTENTIAL SOURCES OF FUNDING GAP**

7th Street Garage Funds	3,800,000
Resort Tax-Reserve Over Q3	5,900,000
Old County Library Fund	961,000
Apply AIPP to Construction	1,400,000
General Fund-Reserve Over Q3	3,500,000
Final Contract Negotiations/Other	557,619

<b>TOTAL POTENTIAL SOURCES OF FUNDING GAP</b>	<b>16,118,619</b>
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