

MIAMI BEACH

RDA MEMORANDUM

TO: Honorable Chair and Members of the Board of Directors

FROM: Eric Carpenter, Executive Director

DATE: September 25, 2024

TITLE: A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE BOARD 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 2025.

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) 2025.

BACKGROUND/HISTORY

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 necessitate redevelopment, 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 2025 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 REDEVELOPMENT AREA

Revenues

Based on the 2024 Certified Taxable Values that were provided by the Miami-Dade County Property Appraiser on July 1, 2024, property values within the City Center Redevelopment Area were approximately \$6.7 billion, which represents an increase of \$521.4 million, or 8.4%, over the 2023 Certified Taxable Values of \$6.2 billion. For FY 2025, the City portion of the tax increment totals \$35.7 million, and the County portion of the tax increment totals \$27.9 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 2022, 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 \$3.2 million for FY 2025.

Additional sources of revenue include \$373,000 in projected interest income and the use of approximately \$6.2 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 2025:

1. \$6.2 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 2025 account for approximately \$13.7 million, which include \$5.5 million allocated for community policing initiatives to continue to provide enhanced levels of staffing and services throughout the area, and \$8.2 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 2025 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 \$768,000, which include a management fee of \$640,000 allocated to the General Fund for indirect staff support services provided based on the updated cost allocation study that was completed during FY 2024, \$32,000 for annual audit fees, and \$96,000 for internal services expenditures.

The budget also includes \$20.9 million in debt service payments to cover the annual debt service costs related to the Convention Center bonds that were issued in 2015, as well as a \$20.4 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 2025.

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 2025; \$397,000 for the County's administrative fee, which is equivalent to 1.5% of the County's respective FY 2025 tax increment financing (TIF) payment; and a \$509,000 contribution to the City, which is equivalent to 1.5% of the City's respective FY 2025 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 the revenues from these facilities' operations and applicable operating expenditures are pooled with TIF revenues and other City Center Trust Fund revenues.

Anchor Shops and Parking Garage

Revenues and expenditures at the Anchor Shops are projected at approximately \$1.1 million for FY 2025. Revenues are derived primarily from retail leasing and common area maintenance operations totaling approximately \$929,000. An additional \$189,000 is projected in interest income for FY 2025. Operating expenditures, which include a budgeted transfer to reserve based on projected FY 2025 revenues in excess of expenditures of \$636,000, a budgeted subsidy of \$95,000 for the operations of the Pennsylvania Avenue Shops, and General Fund administrative fees for indirect staff support services provided of \$11,000, total approximately \$1.1 million.

Revenues and expenditures at the Anchor Garage are projected at approximately \$3.5 million for FY 2025. Revenues are primarily derived from attended parking, monthly permits, and valet parking operations totaling approximately \$3.3 million combined. An additional \$186,000 is projected in interest income and other miscellaneous revenues for FY 2025. Operating expenditures, which include a contractual revenue-sharing obligation with the Loews of \$562,000 projected for FY 2025, General Fund administrative fees for indirect staff support services provided of \$45,000, and a budgeted transfer to reserve based on projected FY 2025 revenues in excess of expenditures of \$92,000, total approximately \$3.5 million.

It is important to note that the Anchor Parking 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 Shops are projected at \$292,000 for FY 2025. 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 that is \$95,000 for FY 2025, plus \$197,000 from the use of prior year funding that is available for appropriation in FY 2025 and projected interest income. Operating expenditures, which include a General Fund management fee, total \$292,000 for FY 2025.

Revenues and expenditures at the Pennsylvania Avenue Garage are projected at approximately \$1.1 million for FY 2025. Revenues are primarily derived from transient parking and monthly parking permits totaling \$929,000 combined. An additional \$121,000 is from the use of prior year funding that is available for appropriation in FY 2025 and projected interest income. Operating expenditures, which include General Fund and Parking administrative fees for indirect staff support services provided of \$131,000, total \$1.1 million.

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

The Collins Park Parking Garage (G12) at 340 23rd Street is a seven-story parking structure that is situated above a 16,000 square foot ground floor commercial space. As authorized by Resolution No. 2021-31914, the City and Miami New Drama (MiND) have executed a lease agreement for the ground level to serve as a performance venue and headquarter facility for MiND.

Revenues and expenditures for the Collins Park Parking Garage for FY 2025 are projected at approximately \$1.6 million. Revenues are derived primarily from transient parking and monthly permits totaling approximately \$1.6 million. An additional \$33,000 is projected in interest income for FY 2025. Operating expenditures, which include a budgeted set aside for renewal and replacement of \$557,000 and General Fund and Parking administrative fees for indirect staff support services provided of \$227,000, total approximately \$1.6 million for FY 2025.

FISCAL IMPACT STATEMENT

See information provided above.

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

See information provided above.

CONCLUSION

The FY 2025 City Center RDA budget totals \$66.9 million. The Anchor Parking Garage and Shops budgets total \$4.6 million, combined. The Pennsylvania Avenue Parking Garage and Shops budgets total \$1.3 million, combined, and the Collins Park Parking Garage budget is \$1.6 million.

In order to address the existing and future obligations of the City Center RDA, it is recommended 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 (RDA), the Anchor Shops and Parking Garage, the Pennsylvania Avenue Shops and Parking Garage, and the Collins Park Parking Garage for FY 2025.

Attachment A – FY 2025 RDA Operating Budgets (Exhibit A)

Attachment B – FY 2025 RDA Work Plan

EC/JDG/TOS/RA

Applicable Area

Citywide

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

Is this item related to a G.O. Bond Project?

Yes

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Management and Budget

Sponsor(s)

Co-sponsor(s)

Condensed Title

Adopt Final City Center RDA Operating Budgets for FY 2025. OMB