

# **MIAMI BEACH REVELOPMENT AGENCY CITY CENTER REDEVELOPMENT AREA FY 2014/15 OPERATING BUDGET AND STATUS REPORT**

## **Mission/Purpose Statement**

- To assure continued economic viability of the City Center Redevelopment Area and the City as a whole, through the implementation of the objectives and projects defined in the Redevelopment Plan and the amendment thereto.
- To incur minimum relocation and condemnation.
- To involve community residents in the redevelopment process.
- To establish the necessary linkages to tie in the Convention Center, area hotels, cultural amenities, entertainment, residential and business uses in the district.
- To enhance diversity of form and activity through the use of established planning and design principles.
- To create a traffic system to serve local and through traffic needs.
- To recognize the historic structures and designations within the historic districts and facilitate development accordingly.

## **Status Report**

The 332-acre City Center/Historic Convention Village Redevelopment and Revitalization Area (CC/HCVRRRA or City Center) was established in 1993, in order to provide the funding mechanism to foster the development of new convention hotel development within proximity of the Miami Beach Convention Center and to establish the necessary linkages between the City's many core area civic, cultural and entertainment uses in order to create the fabric of a true urban downtown.

Since its inception, the City Center Redevelopment Area has undergone dynamic change through a combination of public and private investment initiatives.

Exciting projects which have transformed the area include:

- Two convention-quality hotels, both of which were the result of public/private partnerships between the Redevelopment Agency (RDA) and the respective Developers - the 800-room Loews Miami Beach Hotel and the 425-room Royal Palm



Crowne Plaza Hotel, the latter of which had the distinction of being the first African-American owned hotel in the United States;

- The development of an 800-space public parking garage (**Anchor Garage**) to accommodate the parking needs for the Loews Miami Beach Hotel, the Crowne Plaza Hotel and other service and retail businesses in the area;
- A \$20 million overhaul of Lincoln Road, partially funded with the participation of businesses on Lincoln Road;
- An award-winning Beachwalk extending from 21st Street to Lummus Park, comprising an at-grade, landscaped pedestrian walkway;
- Implementation of a Cultural Arts Campus Master Plan for the area east of the Miami Beach Convention Center, which includes a new regional library, the headquarters of the Miami City Ballet, the expansion and renovation of the Bass Museum of Art, the re-landscaping of Collins Park, including the restoration of the Rotunda and extensive streetscape improvements throughout the area.
- The completion of the much heralded New World Campus, including the new state-of-the-art Gehry-designed headquarters facility for the New World Symphony and two publicly-funded components, including a \$15 Million municipal Gehry-designed parking garage and a \$21 Million world-class park.



Other important projects include the 650-space mixed-use parking facility built on the surface parking lot on the west side of City Hall, which includes 35,000 square feet of municipal office space; the implementation of major street and infrastructure improvements throughout City Center, valued at more than \$26 Million; and the acquisition and renovation of three multi-family buildings (Barclay, Allen House, The London House) to maintain the stock of affordable housing in the area.



Tax Increment Financing (TIF) through the sale of bonds has been a major tool for financing redevelopment activities. To date, four bond issues have occurred in City Center: one in 1994 for \$25 million, to acquire land for the hotel development initiatives; one in 1996, in the amount of \$43.2 million to fund contractual obligations and capital improvements related to the Loews Hotel and Crowne Plaza Hotel projects; one in 1998, in the amount of \$38.2 million to finance capital expenditures related to the convention hotel projects, the Cultural Campus project and to repay the \$21.5 million debt obligation to the City; and the most recent, which occurred in 2005, in the amount of \$80.7 million to refinance the outstanding debt service on prior bond issues.



The City and Redevelopment Agency's commitment to upgrading and improving the area's infrastructure, addressing parking and circulation issues, and facilitating new development has fueled significant new private-sector investment in the area, evidenced by more than \$600 Million in new building permit activity since the area's inception.

## **Work Plan**

Since its success in attracting two convention-quality hotels, the Redevelopment Agency has been focusing its efforts on a number of initiatives aimed at upgrading the area's infrastructure, streets and parks, alleviating traffic and parking congestion and encouraging the production and presentation of arts and cultural activities in the area. In 2003, the Redevelopment Agency amended its Redevelopment Plan for City Center to specifically address these objectives in the context of the New World Symphony's expansion plans involving the 17<sup>th</sup> Street surface lots and the resulting impact to the Convention Center and businesses in the area.

To this end, the Redevelopment Agency's mission is to coordinate, implement and fund the Plan's objectives and to compliment the City's established vision:

- Cleaner and safer;

- Beautiful and vibrant;
- Mature, stable residential community with well improved infrastructure
- Cultural, entertainment and tourism capital; and International center for innovation culture and business; while
- Maximizing value to our community for the tax dollars paid.

The Redevelopment Agency's objective over the next five years shall focus on the planning and implementation of capital projects associated with, but not limited to the Master Plan for the expansion of the Convention Center, upgrading streetscapes and related infrastructure throughout City Center and increasing the inventory of parking facilities, including the pending construction of a new 450-space parking garage to be located on 23<sup>rd</sup> street and Collins Avenue, designed by world-renowned architect Zaha Hadid. The RDA shall also continue to fund public service enhancements provided for under the Community Policing Program as well as ensure the on-going maintenance of capital assets funded with TIF. It should be noted that that a majority of the capital enhancements set forth in the Redevelopment Plan and the 2002 Amendment thereto, have been completed and/or are currently underway, including the City Center Right-of-Way improvements, the City Hall Expansion Garage, the Collins Park improvements and the development of the 17<sup>th</sup> Street surface lots into the New World Campus.

### **Budget Highlights**

- Based on the 2014 Certification of Taxable Value from the Property Appraiser's Office, the preliminary value of property in City Center is \$4,186,683,074 an increase of 8.1% over 2013, marking the fourth year in a row values have increased; values seem to be back on the rise, following two years of decline. 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 FY 2012/13, reflects a decrease from the preliminary valuation for the same year and will result in a corresponding adjustment/reduction in TIF revenues totaling \$2,447,000 for 2014/15, versus \$168,000 for 2013/14 and \$3.5 million for 2012/13.
- Additional sources of revenue include a ½ mill levy in the amount of \$1.8 million, to be set aside for the Children's Trust pursuant to an Interlocal Agreement, dated August 16, 2004 between the RDA, the City of Miami Beach and Miami-Dade County; and an estimated \$25,000 in interest income.
- Project-related expenses account for approximately \$10.3 million, which includes \$4.5 million to be allocated for community policing initiatives in the City Center to continue providing enhanced levels of staffing and services throughout the area, and \$5.7 million for maintenance of RDA capital projects.
- Administrative Expenses total \$1,403,000 comprising a management fee of \$972,000 which is allocated to the General Fund to pay for direct and indirect staff support for the RDA; \$406,000 for actual operating expenses; and \$25,000 for

capital renewal and replacement projects under \$25,000. It should be noted that the Management Fee allocation is reflective of actual city resources applied to the operation of the RDA, as supported by the RSM McGladrey Cost Allocation Study, dated July 20, 2009. It should further be noted that Administrative and Operating expenses account for less than four percent (3.7%) of the total budget, which is well below the 20% threshold level established (and permitted) in the Interlocal Agreement between the City and the County.

- The current combined debt service on the 2005 Series Bonds and the Parity Bonds accounts for approximately \$8.55 Million annually. City Center also continues assuming debt service payments on the portion of the Gulf Breeze Loan used to pay for the Bass Museum expansion and renovation, and the portion of the Sunshine State Loan Program used for Lincoln Road improvements, which collectively account for approximately \$1.3 Million.
  
- Reserve 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 the County’s administrative fees, equivalent to 1.5% of its respective TIF payment; and the corresponding contribution to the City’s General Fund, equivalent to 1.5% of the City’s share of its TIF payment; and the remittance of the ½ mill tax levy back to the Children’s Trust.
  
- In addition, the proposed budget includes \$14,585,000 in funding towards the new debt service anticipated for the remaining projects in the City Center Capital Plan, as well as for \$274.3 million in debt for the Convention Center Expansion and Renovation Project, consistent with the terms being negotiated with Miami-Dade County. The remaining Capital Projects includes:

Bass Museum Interior Space Expansion	\$3,750,000
Convention Center Lincoln Rd Connectors & 17th St N. Improvement Penn Ave to Wash	\$12,000,000
Lincoln Rd / Washington Ave to Lenox Ave	\$20,000,000