

MIAMI BEACH

Special City Commission Meeting

City Hall, Commission Chambers, 3rd Floor, 1700 Convention Center Drive
June 27, 2014

Mayor Philip Levine
Vice-Mayor Micky Steinberg
Commissioner Michael Grieco
Commissioner Joy Malakoff
Commissioner Edward L. Tobin
Commissioner Deede Weithorn
Commissioner Jonah Wolfson

City Manager Jimmy L. Morales
City Attorney Raul Aguila
City Clerk Rafael E. Granado

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ATTENTION ALL LOBBYISTS

Chapter 2, Article VII, Division 3 of the City Code of Miami Beach, entitled "Lobbyists," requires the registration of all lobbyists with the City Clerk prior to engaging in any lobbying activity with the City Commission, any City Board or Committee, or any personnel as defined in the subject Code sections. Copies of the City Code sections on lobbyists laws are available in the City Clerk's office. Questions regarding the provisions of the Ordinance should be directed to the Office of the City Attorney.

Call to Order - 2:00 p.m.

REGULAR AGENDA

R7 - Resolutions

- R7A A Resolution Approving And Authorizing The Mayor And City Manager To Enter Into A Memorandum Of Intent Between The City And Miami-Dade County Regarding Funding For The City's Convention Center Expansion And Renovation Project.
(City Manager's Office)

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MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Phillip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: June 27, 2104

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AND AUTHORIZING THE MAYOR AND CITY MANAGER TO ENTER INTO A MEMORANDUM OF INTENT BETWEEN THE CITY AND MIAMI-DADE COUNTY REGARDING FUNDING FOR THE CITY'S CONVENTION CENTER EXPANSION AND RENOVATION PROJECT**

ADMINISTRATION RECOMMENDATION

Adopt the resolution approving and authorizing the Mayor and City Manager to enter into the Memorandum of Intent.

ANALYSIS

Over the past year, the staff from Miami-Dade County (County) and City of Miami Beach (City) have held discussions regarding the development and funding of a new and expanded Convention Center on Miami Beach so that our community can host larger conventions, which would be a major economic benefit. More recently, County and City staff have discussed other cash flow exchange concepts in order for: 1) the County to address near-term operational budgetary needs, and 2) the City to have the flexibility to fund longer-term capital needs, including partial funding for sea-level rise mitigation projects. Additionally, both administrations believe that funding flexibility should be planned and maintained to partially support operational costs for a possible future mass transit connection between Miami Beach and the mainland.

As a result, I am recommending the following items that would need to be incorporated into various agreements and plans over the summer:

- 1) A modification to the interlocal agreement between the County and City, which governs the payments from the County to the City of certain funds for projects within the former South Pointe Redevelopment Agency (South Pointe RDA), to defer payments with the practical estimated effect, based on projections, of deferring the estimated \$18 million payment due from the County in FY 2014/15 and deferring \$14 of the \$18 million due from the County in FY 2015/16.

Agenda Item RTA
Date 6/27/14

<u>Fiscal Year</u>	<u>Current Payments Due the City from the County</u>	<u>Deferred Payments Due the City from the County</u>
2014-15	\$ 18,000,000	\$ -
2015-16	18,500,000	4,625,000
2016-17	9,000,000	9,000,000
2017-18	9,400,000	16,150,000
2018-19	9,700,000	16,575,000
2019-20	10,100,000	10,100,000
2020-21	10,400,000	19,400,000
2021-22	-	9,250,000
Total	<u>\$ 85,100,000</u>	<u>\$ 85,100,000</u>

An additional modification to the interlocal agreement would be a clarification that the City may use these proceeds and unallocated proceeds from prior years received under this agreement in any manner that it sees fit. The current agreement provides for the use of this funding for South Pointe, Convention Development Tax, and Resort Tax eligible projects. The flexibility provided would be especially important in helping the City address stormwater, climate change and sea-level rise issues.

These modifications help address the County's near-term budgetary issues as well to partially address City's need for long-term capital funding flexibility.

- 2) Extend the life of the City Center Community Redevelopment Area (CRA) from FY 2022-23 to FY 2044/45 at the 95 percent tax increment funding level. This allows the CRA to fund, through the issuance of CRA bonds, the additional funding needed for construction costs of the new and expanded Convention Center as well as to fund \$36 million of previously approved City Center projects, and provide increased operating and maintenance for the facility. The \$36 million of previously planned City Center projects include \$20 million programmed for the Lincoln Road Improvement from Washington Avenue to Lennox Avenue which will be based on the Lincoln Road Master Plan currently underway, \$3.75 million for the second half of the funding for the Bass Museum Interior Expansion Project, and \$12 million for Improvements to 17th Street and Connectors to Lincoln Road. The issuance of CRA Bonds will be done through a public offering of debt. The marketplace will dictate the debt service coverage and debt service reserve requirements for those bonds which will have a direct impact on how long those bonds will be outstanding.

Since the expansion of the CRA is only for the purposes of providing funding for the Convention Center expansion, providing funding for previously approved City Center projects, and providing an adequate additional operating and maintenance subsidy for the facility, both the County and City administrations agree to recommend that the CRA would not need to seek prior approval of each year's budget from the Board of County Commissioners. However, County and City administrations agree that representation by one County Commissioner on the CRA Board would be appropriate.

- 3) Pursuant to an existing interlocal agreement, the City currently receives a flat \$4.5 million per year from Convention Development Taxes to operate and maintain the Convention Center and that funding will remain in place. The agreement will allow for an additional annual operating and maintenance subsidy starting at \$1 million in 2017 and growing to \$4 million by 2021, which will then escalate at 4 percent or CPI annually (whichever is less) starting in 2026 over the life of the Convention Center, funded either through CRA funds or through Convention Development Taxes, depending on the availability of the latter,
- 4) In addition, The County will allocate, from legally available Convention Development Taxes, up to \$1.5 million per year for 30 years toward eligible Convention Development Tax projects to incentivize the development of a new Convention Center Hotel at or near the Convention Center once the hotel is built and is generating new bed taxes. Both County and City administrations believe that \$1.5 million is a fair estimate of the bed taxes that a new Convention Center Hotel would generate.

The agreement also includes the potential for further recommendations for operating and maintenance costs of a mass transit connection between Miami Beach and the mainland from Convention Development Taxes on a subordinated basis to all existing agreements including the modified interlocal agreement between the County and the City. Both the County and City administrations agree that a transit connection link is necessary for the growth of our community and therefore will continue discussions on this matter.

In addition, the County and City administrations will actively work towards determining whether transferring the responsibility of beach maintenance to the City in exchange for the transfer to the City of the South Beach Local bus service (along with the related County funding) and permitting the City to operate a citywide trolley services, create economic and or operation benefits to both parties and if so, to recommend these items to their respective Boards for approval.

CONCLUSION

The administration recommends that the Mayor and City Commission adopt the resolution approving and authorizing the Mayor and City Manager to enter into the Memorandum of Intent subject to, and conditioned upon, subsequent actions and approvals to be taken by the City Commission and the Board of County Commissioners, respectively.

JLM\KGB

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AND AUTHORIZING THE MAYOR AND CITY MANAGER TO ENTER INTO A MEMORANDUM OF INTENT BETWEEN THE CITY AND MIAMI-DADE COUNTY REGARDING FUNDING FOR THE CITY'S CONVENTION CENTER EXPANSION AND RENOVATION PROJECT

WHEREAS, over the past year, staff from Miami-Dade County (County) and the City of Miami Beach (City) have held discussions regarding the City's Miami Beach Convention Center expansion and renovation project (the Project), which Project will result in the continued viability of the Convention Center and which will also generate a major economic benefit to the citizens of Miami-Dade County; and

WHEREAS, more recently, County and City staff have discussed other cash flow exchange concepts in order for: 1) the County to address near-term operational budgetary needs, and 2) the City to have the flexibility to fund longer-term capital needs including partial funding related to sea-level rise; and

WHEREAS, accordingly, the City and the County have negotiated the attached Memorandum of Intent (MOI); which MOI, if approved by the City Commission, will be executed by the County Manager on behalf of the County; and

WHEREAS, in order to be effectuated, the terms contained in the attached MOI shall be further subject to, and conditioned upon, subsequent actions and approvals to be taken by the City Commission and the Board of County Commissioners, respectively.

NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the City of Miami Beach hereby approves and authorizes the Mayor and City Manager to execute the Memorandum of Intent attached as Attachment "A" to this Resolution regarding funding for the City's Convention Center Expansion and Renovation Project.

PASSED and ADOPTED this 27th day of June, 2014.

MAYOR

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**

ATTEST:

CITY CLERK

J. L. O'Connell 6/26/14
City Attorney **Date**