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NO. LTC # 244-2006

LETTER TO COMMISSION

TO: Mayor David Dermer and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: October 13, 2006

SUBJECT: City Center Redevelopment Agency Financial and Capital Plan

The purpose of this LTC is to provide background information on the existing plans for the City Center Redevelopment Area (RDA), and to provide projections of the financial impacts of those existing plans in response to a request from the City Commission. With recent project development efforts contemplated including New World Symphony, Riviera Apartments, and future operation and management of the Jackie Gleason Theatre, questions have arisen regarding this issue. The status of the City Center RDA and its future revenues was discussed at the 2006 Commission retreat and raised at subsequent Commission meetings. A referral of this issue has been made to the Finance and Citywide Projects Committee, as well as referrals regarding the New World Symphony request for additional funds, an amendment to the City Center RDA Plan to provide workforce housing, and the future disposition of funds for workforce housing. These will be discussed at an upcoming Finance and Citywide Projects Committee meeting.

OVERVIEW

The 332-acre City Center/Historic Convention Village Redevelopment and Revitalization Area (City Center RDA) was established in 1993, to provide the funding mechanism to foster development of a new convention hotel 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. Appendix I contains a map of the City Center RDA.

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, encouraging the production and presentation of arts and cultural activities in the area, and community policing.

BACKGROUND

Chapter 163, Part III, Florida Statutes, also known as the "Community Redevelopment Act of 1969" (the Act), authorizes the creation of community redevelopment agencies and governs the use of monies in redevelopment trust funds created in accordance with the Act. These community redevelopment agencies (CRAs) are in turn empowered to designate certain slum or blighted neighborhoods as "redevelopment areas" for the purpose of redeveloping them according to approved plans. Under this authority, the Miami Beach Redevelopment Agency (RDA) was created in 1973. Currently, there is one community redevelopment district within the City of Miami Beach: the City Center/Historic Convention

Village Redevelopment Area, also known as the City Center RDA, established in 1993. The South Pointe RDA expired on September 30, 2005. The City now operates under an Interlocal Agreement with Miami-Dade County which ensures continued contributions of funds equal to the County portion of the Tax Increment revenues for the next several years.

As required by the Act, on January 26, 1993, pursuant to County Resolution No. R-14-93, the City Center RDA was declared a "blighted area" and the City Commission was delegated the authority to exercise certain redevelopment powers, including the development of a redevelopment plan, for final approval by the Miami-Dade County Commission. On March 30, 1993, pursuant to County Resolution No. 317-93, the County Commission finalized the establishment of the City Center RDA, adopting the following:

- Approving the City Center RDA Redevelopment and Revitalization Area Plan, as prepared by the City's Department of Development, Design and Historic Preservation Services, and dated February 1, 1993 (the Plan);

- Approving the delegation of redevelopment powers under the Act to the City (through the RDA) except those pertaining to the approval of annual budgets; the duration and purpose of bonds, notes, and other indebtedness for City Center funds; and amendments to the Plan; all which were reserved subject to the approval of the County; and

- Approving an Interlocal Cooperation Agreement between Miami-Dade County and the City of Miami Beach, establishing the County and City's respective responsibilities for the implementation of the Plan (which Agreement was executed between the parties on November 16, 1993, and amended on December 2, 2003).

In 2002, the City undertook an extensive process to refresh and update the City Center RDA Plan for a cost of approximately $252,000. After extensive discussion, the process culminated with a proposed master plan with projects in excess of $140 million in 2001 dollars. The resulting amendments to the RDA Plan sought to:

A) Incorporate by reference the September 21, 2001 Master Plan prepared by Zyscovich, Inc., addressing the needs of the Convention Center area and the New World Symphony expansion proposal;

B) Implement Community Policing innovations in accordance with the Chapter 163.36, Florida Statutes; and

C) Fund a Business Assistance/Retention Program.

On May 10, 2002, the City presented the proposed amendments to the County's TIF Committee, which voted in favor of the amendments. The proposed amendment pertaining to the Business Assistance Program was subsequently withdrawn based on discussions between the City and the County. On December 11, 2002, County Commissioner Bruno Barreiro addressed the City Commission, expressing concern that the Community Policing Program was going to fund existing as opposed to "enhanced" levels of police service, and suggested that if the County was to approve the Community Policing amendment, that two County Commissioners be added as voting members on the RDA Board, to provide oversight in the policy-making decisions of the Agency. The City Commission declined the suggestion.

On January 23, 2003, following a Public Hearing, the Board of County Commissioners (BCC) voted to approve the amendment referencing the Zyscovich Master Plan. Nine months later, and almost one and a half years after beginning the process, the BCC voted to approve the Community Policing amendments to City Center and South Pointe Plans (the South Pointe RDA has since been terminated) on September 9, 2003.

On December 2, 2004, the Loews Hotel exercised the purchase option to acquire the land, land improvements and the building for a total price of $27.5 million net of closing costs. Similarly, on February 16, 2005, after extensive renegotiation efforts to avoid potential litigation with RDP Royal Palm over alleged construction and environmental delay claims, the RDP Development Inc. exercised its right to purchase the land and improvements underlying the Royal Palm Hotel for $12.4 million. Together these resulted in one-time proceeds of almost $40 million to the City Center RDA. Since that time, the Miami City Ballet building has been purchased with these proceeds and appropriations made for capital projects to be repaid from Tax Increment Revenues in the near future. The projected cash balance at the end of FY 2005/06, net of appropriations, is $26.3 million.

PROJECTS IN THE CITY CENTER RDA PLAN

Completed Projects

Since its inception, the City Center RDA has undergone dynamic changes including:

- Two new convention-quality hotels, both of which were the result of public/private partnerships between the 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 convention center hotel in the United States;

- The development of an 800-space public parking garage to accommodate the parking needs for the Loews Miami Beach Hotel, the Royal Palm 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;

- The highly regarded Beachwalk project from 21st Street to Lummus Park, with an at-grade, landscaped pedestrian walkway ($4.8 million)

- Substantial completion of the City Center portion of the Washington Avenue Streetscape ($3.5 million); and,

- Implementation of a Cultural Arts Campus Master Plan for the area east of the Miami Beach Convention Center, which includes:
  - a new regional library (including demolition of the old library and construction of the new library, with $10.2 million funded by the RDA);
  - construction and purchase of the headquarters of the Miami City Ballet ($5.2 million in acquisition costs funded by the RDA);
  - the expansion and renovation of the Bass Museum of Art ($5.8 million of the $9 million project cost funded by the RDA); and
  - the re-landscaping of Collins Park, to include the restoration of the Rotunda and extensive streetscape improvements throughout the area.

Programmed Projects

Programmed projects for the City Center RDA are defined as those projects approved by the Commission, with funds appropriated, or planned to be appropriated as contained in the FY 2006/07 Capital Budget and FY 2006/07 – 2010/11 Capital Improvement Plan (CIP) adopted September 21, 2006.

Approximately $20.7 million in funds were appropriated prior to but were not yet complete as of September 30, 2006. With the adoption of the FY 2006/07 Capital Budget, an additional $20.9 million was appropriated for on-going projects. This $42 million in appropriations for on-going projects includes funding for the following:

- New beach front restrooms at 21 Street;
- Completion of Collins Park, including streetscape improvements and the renovation of the Rotunda;
- Neighborhood Right of Way Improvements, including water, sewer, and Stormwater infrastructure, in the City Center portion of the Flamingo Park neighborhood;
- Implementation of City Wayfinding Signage throughout the City Center RDA.
- The Little Acorn Theatre/Carl Fisher Clubhouse;
- The Collins Canal Project along Dade Boulevard;
- Streetscape improvements on both the east (Collins to Washington) and west (Lennox to Alton) portions of Lincoln Road;
- Alleyway Improvements;
- Traffic and transportation improvements including crosswalks, pedestrian countdown signals, etc.;
- Upgrading tree wells along Lincoln Road;
- Planning and design for the Multi-Purpose Parking Facility; and
- Planning and design for the right-of-way streetscape improvement projects in the Historic and Commercial Districts.

In the future years of the CIP, $40 million is programmed to be appropriated in 2007/08 for the completion of these projects, in addition to $35 million for the New World Symphony project in the following year.

Together with the $20.9 million appropriated this year, approximately $100 million in project appropriations are anticipated through FY 2008/09. While a 10% contingency has been included, it is important to keep in mind that the capital project estimates are often revised once the project is bid often due to the rapid escalation of construction costs for materials and labor in recent years. Typically the City's CIP and Capital Budget do not program these additional needs until they are known, and in the past, the RDA has had sufficient fund balance to be able to absorb these increases in scope or costs. However, in looking to the future and planning for additional projects, these contingency considerations need to be included.

Within the area, the 23rd Street Bridge is also programmed to be replaced by Miami-Dade County which could require some RDA funded enhancements to conform to the area's overall design standards.

CITY CENTER CAPITAL IMPROVEMENT PLAN FY 2006/07 - FY 2010/11						
Fiscal Year	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**5-YR TOTAL**
Planned Appropriations						
Collins Park Streetscape	$2,728,992	$14,055,000				$16,783,992
Collins Pk Art/Childrens Feature	$285,000					$285,000
Commercial ROW Imps.		$9,441,273				$9,441,273
Historic Dist. ROW Imps.		$8,012,357				$8,012,357
West Ave/Bay Rd ROW Imps.		$714,000				$714,000
Collins Canal Landscaping	$1,600,000					$1,600,000
Clubhouse/Little Acorn Theatre	$480,000	$3,520,000				$4,000,000
Lincoln Rd/Collins to Washington	$949,467	$15,720				$965,187
Lincoln Rd/Lennox to Alton	$550,000	$4,450,000				$5,000,000
Alleyway Improvements	$600,000					$600,000
Waste Receptacles/Dispensers	$50,000					$50,000
Bike Racks & Signage	$57,750					$57,750
Traffic Calming & Pedestrian Imps.	$78,500					$78,500
Direct Street Wiring Replacement	$30,000					$30,000
Tree Wells Pilot Project	$252,733					$252,733
Beachfront Restrooms	$72,009					$72,009
New World Symphony*						
Garage			$15,210,135			$15,210,135
Park & Infrastructure		$400,000	$19,600,000			$20,000,000
Multi-Purpose Municipal Pkg Fac.	$13,163,606					$13,163,606
Total Capital Budget and CIP	$20,898,057	$40,608,350	$34,810,135	TBD	TBD	$96,316,542
10% Contingency -Future Plan Years		$4,060,835	$3,481,014	TBD	TBD	$7,541,849
Total CIP Plus Contingency	$20,898,057	$44,669,185	$38,291,149	TBD	TBD	$103,858,391
* Actual future year appropriations will be subject to final negotiations with the New World Symphony						

Further, while the $20 million programmed for the New World Symphony Park includes $7 million in additional funding, we are not yet sure what additional funding requirements may be needed pursuant to the final negotiations on the Park and garage, if any.

Projects in Development

While not included as part of the CIP and the resulting Financial and Capital Plan, it is also important to note that several projects beyond those in the FY 2006/07 – 2010/11 CIP are already under development and already part of the City Center RDA Master Plan. These can significantly impact the availability of the funds not only through this 5-year time period but beyond.

These projects include*:

- Capital Improvements at the Jackie Gleason Theatre of the Performing Arts to support whichever alternative the City pursues (Cirque Du Soleil, Live Nation, AEG, etc.) ($ TDB)
- Acquisition of the Riviera Apartments for retention of existing affordable housing ($4.5 million)
- 17th Street Garage Façade and Pennsylvania Avenue Improvements ($2 million)
- Bass Museum Phase II expansion ($9 million cost for Phase I)
- Bus Zip Lane Washington Avenue ($TBD)
- 2,000-space Convention Center Parking Garage Structure ($40 million in 2001 dollars)
- Right-of-way Furniture Acquisition ($TBD)

- Potential additional contribution for the New World Symphony (Requested $30 million)

* All figures provided for these projects are very preliminary planning estimates only.

FINANCIAL AND CAPITAL PLAN

Projected Growth in Assessed Values

Clearly a significant component of any financial plan for the City Center RDA is the projected growth in revenues over the next 5 years. Projecting growth in property tax revenues is particularly challenging given current real estate market conditions. Recent reports by the National Association of Realtors and by industry experts have forecast decreases in housing prices anywhere from 3% over the next year to much more significant decreases lasting 5 to 10 years. Concerns have been particularly raised regarding high growth markets such as South Florida.

Since the inception of the City Center RDA in 1993, assessed values have grown from $293 million to over $3 billion as of January 1, 2006. However, annual growth has varied widely, with some years as low as 1%, and others, such as when the Lowe's Hotel came on line, as high as 47%. With the exception of the last two years, high growth years can be attributed to specific projects:

- In the early years: the National and the Delano; and
- In FY 1999/00: the impact of the Loews Hotel.

Growth in the last two years has been dramatic, as elsewhere in the City of Miami Beach and throughout the County, with increases of 39% and 32% respectively.

However, over the five years prior to these, excluding the one-time impact of the Loews hotel, growth has averaged approximately 13%. Even within this 13%, the primary source of increases in property values within the RDA has been due to new construction and renovations (Il Villagio, Royal Palm, Setai, Ritz, Carlton, etc.) rather than property appreciation. Given current real estate market conditions, even projections of 13% can be considered aggressive.

In projecting growth in assessed values in Miami Beach, there are three primary categories that should be considered:

- The 3 percent Save-Our-Homes limit on existing homesteaded properties
- Non-homesteaded properties re-assessed at market values and re-setting from sales of homesteaded properties
- New Development and Construction

3 Percent Growth on Existing Homesteaded Residential Properties

Increases in assessed values on homesteaded properties are capped at 3% per year or increase in the CPI from the prior year, whichever is less, based on State Statutes. As properties values have risen dramatically in the last few years, the difference between assessed values and market values on homesteaded properties have increased. The longer the home has been owned, the greater the differential. Based on prior analysis, approximately 7% of homesteaded properties turnover each year, and therefore, more than 40% of homes are estimated to have been purchased before 2000.

Two factors can impact growth in assessed values for existing homesteaded properties:

- If CPI increases over the prior year are less than 3% - which is not anticipated; and

- A decrease in home values more than the difference between market value and assessed values - On most homesteaded properties the differential is anticipated to provide sufficient cushion for continued increases in assessed values even under worst case conditions of a market decline.

As a result, we anticipate that growth in assessed values for homesteaded properties will continue at 3%. However, the majority of property value in the City Center RDA is non-homesteaded residential, so the overall growth impact would be significantly less than the 3%.

Non-homesteaded Residential Properties Re-assessed at Market Values and Re-setting from Sales of Homesteaded Properties

Both the re-assessment of non-homesteaded properties and re-setting of sales from homesteaded properties are tied to the real estate market.

The greater potential for increased assessments is the resetting of assessed values associated with sales from homesteaded properties as many are currently assessed significantly below market prices due the 3% Save Our Homes limit as described above. However, as the majority of property value in the City Center RDA is non-homesteaded, the overall impact is anticipated to be small.

Increases due to the re-assessment of non-homesteaded properties are more closely tied to market conditions. While increases in housing prices have in the last few years been dramatic, recent research has shown that these are generally less sustainable in the long term. Other than two periods since 1890 (after World War II and since 1998), real home prices have been mostly flat or declining. Moreover, the overall increase, including the booms, is not very impressive – 4% per year. An analysis of Miami market data that is available for the period of 1975 to 2005 is consistent with this nationwide trend.

In either condition, even if pricing holds, there is already a slowdown in volume of sales in Miami Beach. Therefore, growth in assessed values in this category is particularly uncertain. Based on year-to-date number of condo sales and associated dollar volumes in the South Beach area, prices appear to be leveling and volumes are declining.

Further, additional uncertainty is added due to various property tax reform discussions taking place in Florida, some of which may become proposals for either consideration by the 2007 Florida Legislature or as constitutional amendments. These discussions include issues that could negatively impact property tax revenues, including “portability,” expansion of limitations on both assessments and revenue caps, and alternative methods of property assessment.

New Development and Construction

New construction projects planned or under construction within the RDA such as the Regent, Arte Cite, the “W”, and the planned project at the site of the former “Wolfie's”, are anticipated to add between 2 and 4% increase in assessed values. Additional new development can be expected, particularly in the outer years, but the scope, scale and value of these is uncertain. Most major projects are already completed, and opportunities for new construction are declining.

Other Revenues

The 5-year financial projections for the City Center RDA were developed by analyzing various scenarios for revenue growth, recurring expenditures, and capital projects needs. While much has been accomplished, a significant portion of the capital projects from the 2001 Update remains.

Revenues and expenditures that have direct offsets were not considered in the projections, including Capital Renewal and Replacement, Anchor Garage and Shops, and the Children's Trust.

Resort tax contributions approved by referendum and used to pay a portion of the debt service on the Miami Beach Redevelopment Agency – City Center/Historic Convention Village Bonds also flow to the RDA.

In addition, interest earnings are earned on the fund balance.

5-Year Projected Revenues

The primary revenues for the City Center RDA are tax increment revenues (i.e. City and County property tax revenues derived from the difference between current assessed values and the assessed values at the time of inception of the RDA – the base year).

In developing the 5-year financial and capital plan, alternative property assessed value growth scenarios were projected:

- A conservative growth scenario of 2 percent per year increase in assessed values per year plus new anticipated construction projects coming on to the tax rolls, resulting in annual increases varying from 2% to 6% - in light of recent property sales trends this assumes that there will be minimal growth in assessed values other than the 3 percent increase on existing homesteaded properties, however additional growth is projected through properties coming on line such as the Regent, Arte Cite, the "W", the project at the former "Wolfie's" site, etc. ;

- A moderate assumed growth of 7.5% per year increase in assessed values (including new construction) similar to projection levels used in the General Fund; and

- An aggressive growth scenario of 13% per year increase in assessed values (including new construction) similar to more recent increases in assessed values but excluding the last 2 years.

The following table shows the resulting tax increment revenues for each of these scenarios as compared with historical revenues.

5-Year Period*	Tax Increment Revenues for the Period	Average Annual Tax Increment Revenues
FY 2006/07 - FY 2010/11 (2% - 6%)	$184,450,699	$36,890,140
FY 2006/07 - FY 2010/11 (7.5%)	194,365,202	38,873,040
FY 2006/07 - FY 2010/11 (13%)	219,049,619	43,809,924
FY 2001/02 - FY 2005/06	78,929,918	15,785,984
FY 1996/97 - FY 2000/01	26,566,019	5,313,204
FY 1993/94 - FY 1995/96 *(3 years)	6,344,276	2,114,759

Resort tax contributions are assumed to grow at 4% per year. This is lower than in prior years, given the high occupancy levels and room rates already achieved; on-going condo conversions of hotels; and room stock reductions from renovations and rehabs (e.g., Fontainebleau, Eden Roc. etc.)

The resulting revenues from each of these scenarios are summarized in Appendix II, growing from $36 million per year in FY 2006/07 to between $44 million and $60 million in FY 2010/11 per year, depending on the scenario.

In addition, interest earnings are projected based on average annual available funds and an interest rate of 3.75% consistent with projected General Fund interest earnings.

5-Year Projected Recurring Annual Expenditures

Approximately one-half of the operating revenues of the City Center RDA are used to fund expenditures that recur on an annual basis. These include:

- City and County administrative expenditures of between $1 million and $1.3 million per year. - Pursuant to the security (pledged funds) provisions in the 1988 series bond documents, City administrative expenses are capped at $500,000, comprising of a $414,000 management fee allocated to the general Fund to pay for direct and indirect staff support for the RDA, and $86,000 for actual operating expenses. In addition, City and County administrative fees are set at 1.5% of their respective tax increment revenues. These expenditures are based on a percent of total budget and, thus, increase as revenues increase;

- Debt service of approximately $10 million per year – This includes approximately $8.4 million annually for debt service issued to acquire the land for the convention center hotel development initiative, related contractual obligations and capital improvements, and the Cultural Campus project payable through December 2022 concurrent with the expiration of the RDA. An additional $1.7 million annually is programmed to repay the loan used for the reconstruction/renovation of Lincoln Road and the Bass Museum. payable through 2016;

- Community policing expenditures - These expenditures are assumed to grow at 7 percent per year consistent with expenditure trend scenarios previously projected for the General Fund, growing from $2.7 million to $3.4 million over the five years;

- Operating costs for maintaining assets built or improved with RDA funds - RDA capital projects maintenance growth reflects the 7% growth rate on current service levels in addition to an 8% annual increase as additional capital projects come on-line and also must be maintained, e.g. the Collins Canal project, Washington Park, 21st Street restrooms, enhanced streetscapes, etc. for a total growth of 15% per year. Further, major projects such as the New World Symphony SoundSpace Park, the Collins Park and the Little Stage Complex are anticipated to add to the RDA capital project maintenance expenditures beyond the 15% per year increase in the amounts of $2 million, $1 million, and $100,000, respectively, in FY 2010/11. As a result, cost of maintaining RDA assets are projected to grow from $2.3 million in FY 2006/07 to $7.5 million in FY 2010/11 as new projects come on line.

The projected recurring expenditures are summarized in Appendix III. Total recurring expenses are projected to increase from $16 million to $22 million per year over the next 5 years.

Net Revenues Available for Projects in Development

The results of five-year financial and capital plan scenarios are provided in Appendix IV and summarized below, all of which begin with a projected available balance as of September 30, 2006 of $26.3 million:

Scenario: 2% Growth in Assessed Values plus New Construction - Resulting in Annual Increases between 2% and 6%

Under this conservative assessment growth scenario, the projects already appropriated, programmed, or in development are projected to consume the bulk of the available funding, if not the entirety:

- Total projected revenues over the 5 years are approximately $200 million
- Total projected Interest earnings are $2.4 million over the same period
- Total projected recurring expenditures are approximately $90 million over the 5 years, and together with programmed project appropriations of $104 million results in a net potential for programming of $9 million at the end of the 5 year period
- Together with the projected available balance as of September 30, 2006, and projected interest earnings, this results in approximately $36 million for projects already in development and in the current city Center RDA Plan period (e.g. Riviera Affordable Housing, alternatives for the Jackie Gleason Theatre, etc.).
- There is a negative available cash balance projected by the end of FY 2008/09 which will either need to be advanced from other City sources or from short term loans under this scenario.

City Center Capital Plan based on 2% Growth plus New Construction	
Fiscal Year	**5-YR TOTAL FY 2006/07 - FY 2010/11**
Beginning Balance	$26,302,340
Revenues	$200,583,216
Interest Earnings	$2,423,522
Sub-total	$203,006,738
Recurring Expenditures	$89,691,497
Net Balance Available For Capital Projects	$139,617,581
Total CIP Plus Contingency	$103,858,391
Ending Balance	$35,759,190

Scenario: 7.5% Moderate Growth in Assessed Values

Under this moderate assessment growth scenario, the projects already appropriated, programmed, or in development also are projected to consume the bulk of the available funding, if not the entirety:

- This scenario provides only $10 million more in total net revenues over the 5-year period
- There is also a negative available cash balance at the end of FY 2008/09 in this scenario

City Center Capital Plan based on 7.5% Growth	
Fiscal Year	5-YR TOTAL FY 2006/07 - FY 2010/11
Beginning Balance	$26,302,340
Revenues	$210,497,719
Interest Earnings	$2,904,519
Sub-total	$213,402,238
Recurring Expenditures	$89,861,015
Net Balance Available For Capital Projects	$149,843,563
Total CIP Plus Contingency	$103,858,391
Ending Balance	$45,985,172

Scenario: 13% Aggressive Growth in Assessed Values

Under this more aggressive assessment growth scenario, the projects already appropriated, programmed, or in development are projected to consume the bulk of the available funding, and any potential additional funding is anticipated to be consumed by projects already in the plan:

- This scenario provides $26 million more in total net revenues over the 5-year period as compared to the moderate growth scenario
- Even this more aggressive growth scenario, projected funding is tight through FY 2008/09

City Center Capital Plan based on 13% Growth	
Fiscal Year	5-YR TOTAL FY 2006/07 - FY 2010/11
Beginning Balance	$26,302,340
Revenues	$235,182,136
Interest Earnings	$4,218,142
Sub-total	$239,400,278
Recurring Expenditures	$90,210,480
Net Balance Available For Capital Projects	$175,492,138
Total CIP Plus Contingency	$103,858,391
Ending Balance	$71,633,747

FUTURE AMENDMENTS TO THE CITY CENTER RDA PLAN

While it is difficult to project what actual growth in assessed value will be, the City must be cautious when allocating City Center resources beyond those already contained in the City Center RDA Plan.

Further, the Administration expects that any future application to amend the Redevelopment Plan could have potential adverse implications to the Interlocal Agreement, possibly including the percentage of Tax Increment Revenues, termination date, other eligible activities, and makeup of the Board. Additionally, given the previous agreement with Miami-Dade County regarding the termination of the South Pointe RDA, an amendment to the Redevelopment Plan could have potential consequences on the City's revenue stream derived pursuant to the Convention Development Tax agreement with Miami-Dade County.

The amendment process and these concerns are outlined further in Appendix V.

CONCLUSION

As one can see, the 2001 amendments to the City Center RDA Plan are being developed and are moving towards fruition. The resources required to complete these programmed projects are either allocated or are planned to be over the next few years.

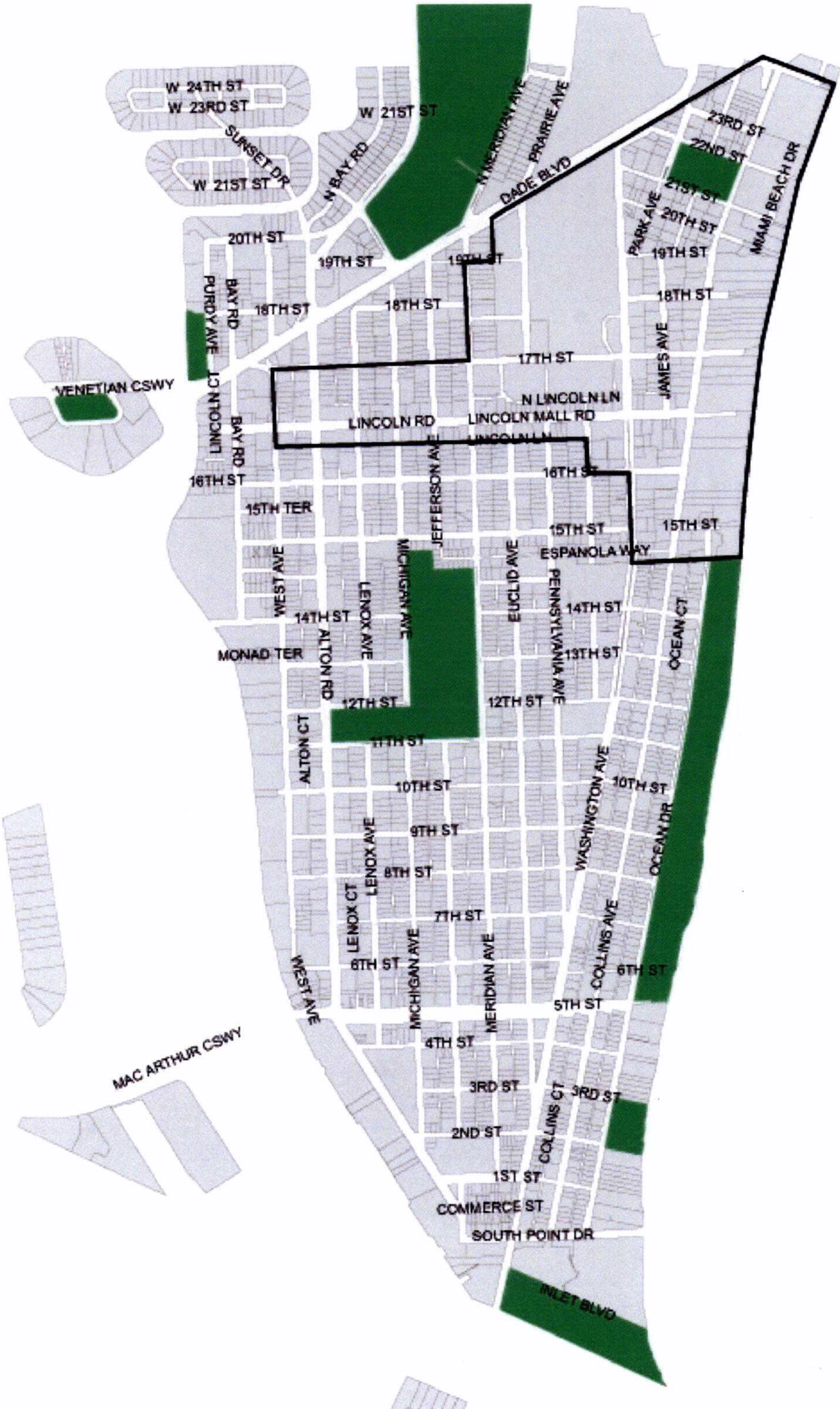
The range of growth scenarios that have been analyzed all indicate that the City will have additional resources to allocate for projects in the future. However, the amount and availability of these resources are what still remains uncertain, given the vagaries of projecting into the future and the changing market conditions in South Florida. What we can be reasonably sure of is that the availability of as yet unprogrammed City Center RDA resources is not likely in the next 5 years.

The City is fortunate to have two of the most successful RDA's in the State of Florida – prudent planning and management will allow us to continue this record of success.

JMG/TH/KB/KGB

CITY CENTER FINANCIAL AND CAPITAL PLAN
APPENDIX I

CITY CENTER REDEVELOPMENT DISTRICT



CITY CENTER FINANCIAL AND CAPITAL PLAN
APPENDIX II

PROJECTED REVENUES

Based on 2% Growth Plus New Construction - Resulting in Annual Increases between 2% and 5%*						
Fiscal Year	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**5-YR TOTAL**
Revenues						
City Tax Increment	$18,522,593	$19,746,324	$20,662,914	$22,086,352	$22,568,059	$103,586,242
County Tax Increment	$14,452,835	$15,416,519	$16,132,127	$17,243,447	$17,619,529	$80,864,457
Resort Tax (50% of 1% Tax)	$2,978,500	$3,097,640	$3,221,546	$3,350,407	$3,484,424	$16,132,517
Sub-total	$35,953,928	$38,260,483	$40,016,587	$42,680,206	$43,672,012	$200,583,216

Based on 7.5% Growth						
Fiscal Year	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**5-YR TOTAL**
Revenues						
City Tax Increment	$18,522,593	$20,054,147	$21,704,647	$23,480,770	$25,391,751	$109,153,908
County Tax Increment	$14,452,835	$15,656,846	$16,945,438	$18,332,109	$19,824,066	$85,211,294
Resort Tax (50% of 1% Tax)	$2,978,500	$3,097,640	$3,221,546	$3,350,407	$3,484,424	$16,132,517
Total	$35,953,928	$38,808,633	$41,871,631	$45,163,286	$48,700,241	$210,497,719

Based on 13% Growth						
Fiscal Year	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**5-YR TOTAL**
Revenues						
City Tax Increment	$18,522,593	$21,182,833	$24,214,516	$27,622,571	$31,473,371	$123,015,884
County Tax Increment	$14,452,835	$16,538,043	$18,904,965	$21,565,731	$24,572,161	$96,033,735
Resort Tax (50% of 1% Tax)	$2,978,500	$3,097,640	$3,221,546	$3,350,407	$3,484,424	$16,132,517
Total	$35,953,928	$40,818,516	$46,341,027	$52,538,709	$59,529,956	$235,182,136

* The resulting percent increase in tax increment revenues per year are slightly higher than the percentage increases in assessed values each year due to the base year assessed value subtracted to calculate tax increment revenues.

CITY CENTER FINANCIAL AND CAPITAL PLAN
APPENDIX III

RECURRING EXPENDITURES

Based on 2% Growth plus New Construction - Resulting in Annual Increases between 2% and 6%

Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	5-YR TOTAL
Recurring Expenditures						
City & County Admin Fees	$994,632	$1,027,443	$1,051,926	$1,089,947	$1,102,814	$5,266,762
Debt Service	$10,013,387	$10,045,145	$10,051,253	$10,081,759	$10,088,289	$50,279,833
Community Policing	$2,664,566	$2,851,086	$3,050,662	$3,264,208	$3,492,702	$15,323,224
Capital Projects Maintenance	$2,314,713	$2,661,920	$3,061,208	$3,620,389	$7,163,448	$18,821,678
Total	$15,987,298	$16,585,594	$17,215,049	$18,056,303	$21,847,253	$89,691,497

Based on 7.5% Growth

Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	5-YR TOTAL
Recurring Expenditures						
City & County Admin Fees	$994,632	$1,035,665	$1,100,552	$1,127,194	$1,178,237	$5,436,280
Debt Service	$10,013,387	$10,045,145	$10,051,253	$10,081,759	$10,088,289	$50,279,833
Community Policing	$2,664,566	$2,851,086	$3,050,662	$3,264,208	$3,492,702	$15,323,224
Capital Projects Maintenance	$2,314,713	$2,661,920	$3,061,208	$3,620,389	$7,163,448	$18,821,678
Total	$15,987,298	$16,593,816	$17,263,675	$18,093,550	$21,922,676	$89,861,015

Based on 13% Growth

Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	5-YR TOTAL
Recurring Expenditures						
City & County Admin Fees	$994,632	$1,065,813	$1,146,792	$1,237,825	$1,340,683	$5,785,745
Debt Service	$10,013,387	$10,045,145	$10,051,253	$10,081,759	$10,088,289	$50,279,833
Community Policing	$2,664,566	$2,851,086	$3,050,662	$3,264,208	$3,492,702	$15,323,224
Capital Projects Maintenance	$2,314,713	$2,661,920	$3,061,208	$3,620,389	$7,163,448	$18,821,678
Total	$15,987,298	$16,623,964	$17,309,915	$18,204,181	$22,085,122	$90,210,480

CITY CENTER FINANCIAL AND CAPITAL PLAN
APPENDIX IV

5-YEAR SCENARIOS

City Center Capital Plan based on 2% Growth plus New Construction

Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	5-YR TOTAL
Beginning Balance	$26,302,340	$26,449,309	$4,015,719	($11,613,733)	$13,036,353	$26,302,340
Revenues	$35,953,928	$38,260,483	$40,016,587	$42,680,206	$43,672,012	$200,583,216
Interest Earnings	$1,078,396	$560,706	($139,841)	$26,183	$898,077	$2,423,522
Sub-total	$37,032,324	$38,821,189	$39,876,746	$42,706,389	$44,570,089	$203,006,738
Recurring Expenditures	$15,987,298	$16,585,594	$17,215,049	$18,056,303	$21,847,253	$89,691,497
Net Balance Available For Capital Projects	$47,347,366	$48,684,904	$26,677,416	$13,036,353	$35,759,190	$139,617,581
Total CIP Plus Contingency	$20,898,057	$44,669,185	$38,291,149	TBD	TBD	$103,858,391
Ending Balance	$26,449,309	$4,015,719	($11,613,733)	$13,036,353	$35,759,190	$35,759,190

Financial Plan based on 7.5% Growth

Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	5-YR TOTAL
Beginning Balance	$26,302,340	$26,449,309	$4,565,771	($9,202,766)	$18,029,424	$26,302,340
Revenues	$35,953,928	$38,808,633	$41,871,631	$45,163,286	$48,700,241	$210,497,719
Interest Earnings	$1,078,396	$570,830	($85,343)	$162,454	$1,178,183	$2,904,519
Sub-total	$37,032,324	$39,379,463	$41,786,288	$45,325,740	$49,878,424	$213,402,238
Recurring Expenditures	$15,987,298	$16,593,816	$17,263,675	$18,093,550	$21,922,676	$89,861,015
Net Balance Available For Capital Projects	$47,347,366	$49,234,956	$29,088,383	$18,029,424	$45,985,172	$149,843,563
Total CIP Plus Contingency	$20,898,057	$44,669,185	$38,291,149	TBD	TBD	$103,858,391
Ending Balance	$26,449,309	$4,565,771	($9,202,766)	$18,029,424	$45,985,172	$45,985,172

Financial Plan based on 13% Growth

Fiscal Year	2006/07	2007/08	2008/09	2009/10	2010/11	5-YR TOTAL
Beginning Balance	$26,302,340	$26,449,309	$6,582,626	($2,604,189)	$32,276,455	$26,302,340
Revenues	$35,953,928	$40,818,516	$46,341,027	$52,538,709	$59,529,956	$235,182,136
Interest Earnings	$1,078,396	$607,950	$73,223	$546,115	$1,912,458	$4,218,142
Sub-total	$37,032,324	$41,426,466	$46,414,250	$53,084,824	$61,442,414	$239,400,278
Recurring Expenditures	$15,987,298	$16,623,964	$17,309,915	$18,204,181	$22,085,122	$90,210,480
Net Balance Available For Capital Projects	$47,347,366	$51,251,811	$35,686,960	$32,276,455	$71,633,747	$175,492,138
Total CIP Plus Contingency	$20,898,057	$44,669,185	$38,291,149	TBD	TBD	$103,858,391
Ending Balance	$26,449,309	$6,582,626	($2,604,189)	$32,276,455	$71,633,747	$71,633,747

CITY CENTER FINANCIAL AND CAPITAL PLAN
APPENDIX V

FUTURE CHANGES TO THE RDA PLAN

Any additions to the Plan require a prescribed process to be followed. Pursuant to the provisions of Chapter 163, Florida Statutes, and in accordance with the Interlocal Agreement between Miami-Dade County and the City of Miami Beach, dated March 30, 1993, as amended on December 2, 2003, the following steps are necessary to amend the City Center Redevelopment Plan:

1. Courtesy meeting with Miami-Dade County Tax Increment Financing (TIF) Committee to advise of proposed Plan amendment(s).

2. City Commission Referral to Finance and Citywide Projects Committee

3. Approval of proposed amendment(s) by Finance and Citywide Projects Committee.

4. City Commission to set Public Hearing to consider proposed amendment(s)

5. Public Hearing and approval of proposed amendment(s) by City Commission (if an amendment to the Interlocal Agreement is required, a resolution to this effect should be adopted by the City Commission as well).

6. Meeting with the County TIF Committee for formal approval and referral to the Board of County Commissioners (BCC's) Community Empowerment and Economic Revitalization Committee (CEERC).

7. Approval of proposed amendment(s) by County's CEERC Committee.

8. BCC sets Public Hearing to consider proposed amendment(s).

9. Public Hearing and approval of proposed amendment(s) by BCC (if an amendment to the Interlocal Agreement is required, a resolution to this effect should be adopted by BCC as well).

Any future amendment to the City Center Redevelopment Plan will require approval by the BCC, and potential amendments to the Interlocal Agreement. On July 7, 2005, during the BCC's discussion and approval of the South Pointe RDA annual budget, County Manager Burgess stated that the City of Miami Beach Community Redevelopment Agency (South Pointe), would be abolished in FY 2004/05, but that the County would continue making payments to the City until FY 2016/17 in accordance with an interlocal agreement to secure the a stream of revenues from the Convention Development Tax (CDT) for the Florida Marlins stadium project. Commissioners Moss and Gimenez asked that the County Manager develop and include in the Miami-Dade County Code, an exit strategy that provided for the termination of Community Redevelopment Agencies (CRA) once their prescribed redevelopment related activities were completed. Commissioner Gimenez expressed opposition to elected city officials serving as board members of a CRA since conflicts of interest usually developed between the two official responsibilities. Commissioner Carey-Shuler asked that the County Manager work with legal staff in drafting legislation providing that the City of Miami Beach Community Redevelopment Agency would no longer receive CDT dollars.