



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Board of County Commissioners

Legislative Analysis

March 6, 2012

9:30 A.M.

Commission Chamber

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Commission Auditor
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Miami, Florida 33128
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**Miami-Dade County Board of County Commissioners
Meeting Agenda**

March 6, 2011

Item Number(s)

5A
7G
7H
7I
8P2
11A6
11A7

Acknowledgements:

Bia Marsellos, Senior Legislative Analyst

Michael Amador-Gil, Senior Legislative Analyst

Elizabeth Owens, Legislative Analyst

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 5A, 11A6 and 11A7 (General Obligation Bond)

File Number: 120216, 120153, and 120172

Date of Analysis: February 27, 2012

Summary

BCC Agenda No.	5A 120216 Miami Hispanic Cultural Dance Center	11A6 120153 Senior Affordable Housing Project	11A7 120172 Multi-Family Affordable Housing Project
Sponsors	Commissioner Bruno A. Barreiro	Commissioner Dennis C. Moss	Commissioner Dennis C. Moss
BBC-GOB Project	265.1	249	249
BCC District & Location	District 5 111 SW 5TH Avenue, Miami, Florida 33130	District 9 11111 Pinkston Drive, Miami, Florida 33176	District 9 Corner of Lucy Street and SW 7th Court
Project Description	<p>This resolution approves the deletion of Project No. 265 “Hubbard-Alvarez Bungalow” and allocates unused funds in the amount of \$250,000 to the new Project No. 265.1 “Miami Hispanic Cultural Dance Center;” adds Project No. 265.1 to Exhibit A to R-134-11 as a project to be funded from the Series 2011 Building Better Communities General Obligation Bond (BBC-GOB) bond proceeds; and waives the requirements of Implementing Order 3-47 regarding the addition of new projects to the BCC GOB Program using surplus funds</p> <p>Funding will be provided to “the Miami Hispanic Ballet Corp. to adapt the historic Warner House to provide the performance and rehearsal studios, classrooms, storage, parking, administration and meeting areas necessary to operate a multi-disciplinary facility</p>	<p>This resolution approves an additional \$1 million in funding for the development of approximately 79 units of affordable housing for elderly persons. Pursuant to R-55-11, as amended, the Board of County Commissioners (BCC) previously allocated \$1 million to SBC Senior Housing, LLC., to fund a portion of the development of the Senior Housing Project.</p>	<p>This resolution approves \$1,092,308 from Project No. 249 to the City of Florida City to fund a portion of the development of the Housing Project.</p> <p>In an effort to revitalize the area, the City CRA proceeded to acquire parcels of land in the Snake Pit area pursuant to an approved acquisition plan. So far the City CRA has acquired twenty-two (22) of the thirty (30) parcels needed to assemble the site.</p> <p>The City CRA wishes to complete the acquisition of the balance of the parcels in order to market the entire four acre site to a developer for the development of multi-family affordable housing.</p>

BCC Agenda No.	5A 120216 Miami Hispanic Cultural Dance Center	11A6 120153 Senior Affordable Housing Project	11A7 120172 Multi-Family Affordable Housing Project
	<i>as the Miami Hispanic Cultural Dance Center to teach dance, offer theater productions, workshops and dance performances.</i>		
Funding Information	Approves the acceleration of Project No. 265.1 and its addition to Exhibit A to R-134-11 as a project to be funded from the Series 2011 BBC GOB bond proceeds.	Allocates an additional \$1 million to SBC Senior Housing, LLC from the \$137.7 million allocated for BBC Program Project No. 249 – “Preservation of Affordable Housing Units and Expansion of Home Ownership,” subject to BCC approval of all necessary agreements.	Allocates \$1,092,308 to the City from the \$137.7 million allocated for BBC Program Project No. 249 – “Preservation of Affordable Housing Units and Expansion of Home Ownership” subject to Board approval of all necessary agreements.

Background and Relevant Legislation

On July 11, 2010, the County Manager issued a memorandum on the BBC-GOB Bond Program Project List. The Memorandum provided three scenarios that illustrated the choices for the BBC Bond sales in the next two (2) fiscal years. In every scenario, the upcoming two sales are followed by a gap of nearly 24 months in which the County will not sell new bonds.

Furthermore, the Memorandum stated that uncertainty surrounding the County’s millage rates and property-tax roll have made useful projections almost impossible. The list of projects for the next two (2) bond sales was developed by the Office of Capital improvements and the Office of Management and Budget (OMB) in consultation with the County Executive Office, user departments and external stakeholders.

On December 23, 2010, the County Manager issued a Memorandum outlining the BBC Bond Program for the next 45 months and recommended the implementation of a commercial paper program in order to provide an additional financing vehicle to complete a list of projects.

Subsequently, on March 1, 2011, the Board of County Commissioners (BCC), through R-134-11, authorized the issuance of up to \$200 million in BBC Bonds for Series 2011A to be used to pay for various capital projects in the BBC Bond Program Projects List identified in the December 23, 2010 County Manager Memorandum.

On July 7, 2011, the BCC, through Ordinance 11-38, approved the issuance not to exceed, at any one time, \$400 million of Building Better Communities Commercial Paper Notes (CP Notes) in anticipation of the issuance of Miami-Dade County Building Better Communities Program General Obligation Bonds.

The implementation of a Commercial Paper Program (CP Program) by issuing the CP Notes provides a means of needed financing to meet the Building Better Communities General Obligation Bond Program’s (BBC Program’s) undertaking of eligible community projects in anticipation of the issuance of additional BBC Bonds.

According to OMB staff, creating a Commercial Paper Program for the BBC Program permits the County to more quickly respond to the pace of construction and changing financial market conditions, ultimately allowing more construction to take place while prices are favorable and minimizing the cost of financing.

Commercial Paper is similar to a line of credit:

- Commercial Paper proceeds are only used when there is a need for money, compared to bond proceeds that we receive all at once;

- The cost to use money from Commercial Paper is generally less expensive in the short-term than from issuing a bond; and
- Eventually Commercial Paper borrowings are replaced with long-term financing (i.e. a bond) or repaid from other sources.

Information for First Budget Hearing-FY 2011-12 Proposed Budget

A memo, dated, September 8, 2011, from the Mayor to the BCC states that as a result of the lowering of the proposed debt service millage rate to 0.285 or 36 percent from FY 2010-11 actual millage from 0.445, a number of capital projects anticipated to be funded with *Series 2011 A* bond proceeds and/or within the next 45 months will be impacted.

Information for Second Budget Hearing on BBC-GOB Projects

A memo, dated, September 22, 2011, from the Mayor to the BCC states that the appropriation schedule for BBC-GOB municipal projects was updated to reflect expenditures that were expected to be incurred in FY 2010-11 but are now anticipated to occur in FY 2011-12.

These adjustments did not increase the overall appropriation of the projects. In March 2011, the BCC adopted R-134-11, which listed the projects eligible for funding from the Series 2011 Bonds. That project list assumed a 0.445 millage rate in FY 2011-12, as well as a 45 month financing plan for the BBC-GOB Program, with funding for many projects timed to cash flow needs.

Recent Correspondence from the Administration to the Board of County Commissioners	
10/21/11 Memo	<p>A memo, dated, October 21, 2011, from the Mayor to the BCC states that pursuant to a request by the BCC at the October 4, 2011, BCC meeting, regarding the BBC-GOB projects list proposed for FY 2011-12, the Mayor provided an updated projects lists from the version received by the BCC on September 20, 2011, to reflect the adopted changes during the second budget hearing. According to the memo, all BBC-GOB projects remain in the multi-year capital plan as presented in the Capital Budget schedules.</p> <p><i>The memo further mentions that the Mayor, per BCC directive, given during the Second Budget Hearing, will not execute any new BBC-GOB contracts until the BCC has reached consensus on the final list of BBC-GOB project.</i></p>
12/12/11 Memo	<p>A memo, dated, December 12, 2011, from the Mayor to the BCC states that <i>pursuant to a request by the BCC members for additional information regarding the relative readiness of priority projects currently scheduled in future years as part of the BBC-GOB Program, as well as, updated information regarding projects for which funding has been appropriated in the current year, the Mayor provided a list of BCC-GOB projects for each district, and requested that each commissioner send a priority projects list to the Deputy Mayor no later than Friday, December 16, 2011.</i></p>
01/20/12 Report	<p>A report, dated January 20, 2012, from the Mayor to the BCC provides a list of BBC-GOB projects which are in jeopardy of losing matching funds should BBC-GOB funding not be available. The report shows the department, project title and number, source of grant funds and deadlines for obligation of those funds and timing of BBC-GOB funding allocation.</p>
02/6/12 Report	<p>A report, dated February 6, 2012, from the Mayor to the BCC, provides an update on the BBC-GOB Program for the period from July 1, 2011 through December 30, 2011. The report combines the 4th quarter of FY 2010-11 and the 1st quarter of FY 2011-12.</p> <p>The report highlights the following accomplishments during the reported period:</p> <ul style="list-style-type: none"> • \$851.8 million has been spent on all bond series (Series 2005A, Seaport Tunnel, Series 2008/B1, Marlins Ballpark and Series 2011A); • \$72.6 million has been spent during the reporting period; and • \$71.6 million of completed project sites were closed during the reporting period.

Recent Correspondence from the Administration to the Board of County Commissioners	
02/10/12 Memo	<p>A memo, dated, February 10, 2012, from the Mayor to the BCC states that at the December 6, 2011 BCC meeting, following the discussion of the BBC-GOB program, it was agreed that each Commissioner would submit a list of priority projects to the Administration.</p> <p><i>The memo details all the projects in each District, with the priority projects highlighted; shows realistic cash flows reflecting when funding is expected to be required; and shows the effect these changes would have on the millage rate with the assumed cash flows.</i></p>

Additional Information

On February 21, 2012, during the BCC discussion item 6B1, regarding the BBC-GOB projects list, the following was stated by staff:

- There is \$24.9 million worth of projects that have not been executed due to the BCC's directive not to execute new BBC-GOB contracts. *The projects areas include: Parks and Recreation; Public Works and Waste Management; municipal projects; and Community Based Organizations.*

However further discussion was deferred to the March 6, 2012 BCC meeting.

Prepared by: Michael Amador-Gil

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
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Legislative Notes

Agenda Item: 7G, 7H, and 7I
File Number: 112676, 112635, and 112634
Date of Analysis: March 2, 2012

Summary

These ordinances grant Enterprise Zone Ad Valorem Tax Exemptions to the following businesses:

- Agenda Item No. 7G (Legislative Item No. 112676) – Trujillo Oil Plant, Inc., providing a \$53,749 total exemption for the five (5) year period;
- Agenda Item No. 7H (Legislative Item No. 112635) – Miami River Associates, LLC., providing a \$181,205 total exemption for the five (5) year period; and
- Agenda Item No. 7I (Legislative Item No. 112634) – Springco, Inc., providing a \$11,328 total exemption for the five (5) year period.

Background and Relevant Legislation

Enterprise Zone Ad Valorem Tax Exemption

According to the Beacon Council¹, the State of Florida and Miami-Dade County established Enterprise Zones to encourage business development and expansion and job creation in economically distressed areas. Businesses which locate or expand in an Enterprise Zone and hire employees who live in the zone can reduce their State and Miami-Dade County tax liability.

In July 1995, the Miami-Dade Enterprise Zone was designated as E.Z. No. 1301. The original legislation, under Ordinance No. 88-27 (amended under Ordinance No. 96-74), has been reauthorized through 2015 with ten-year measurable Miami-Dade County goals to include:

- Promote private investment with the objective of \$186 million investment in business equipment and building materials;
- Job creation through tax abatement with the objective of 3,928 jobs created;
- Increase private investment through tax abatement with the objective of \$278.5 million in private investment; and
- Job creation through tax credits and refunds with the objective of 9,700 jobs created.

Pursuant to §29-87, Renewal Provisions, of the Miami-Dade County Code (Code) ad valorem tax exemptions will be renewable each year, for a total of five (5) years upon application by the taxpayer on or before March 1, of the year for which renewal is sought. Failure to file a renewal application with the County Property Appraiser by March 1, of any year will constitute a waiver of the exemption for the year. Businesses found not in compliance with the eligibility requirements will be required to make payment of the taxes exempted in addition to interest accrued.

The 53.1 square-mile Miami-Dade County Enterprise Zone is comprised of three parcels:

- *North Central Dade*
Encompasses a large portion of Northwest Miami, including Miami Gardens, Miami International and Opa-locka airports, parts of Hialeah, North Miami, and a large portion of Miami-Dade's Federal Enterprise Community.
- *South Dade*
Covers portions of the cities of Homestead and Florida City, as well as portions of the Town of Cutler Bay, community of Perrine, and Miami-Dade County's Federal Enterprise Community.

¹<http://www.beaconcouncil.com/Web/Content.aspx?Page=enterpriseZone>

- *Miami Beach*
Includes parts of South Beach, Collins Avenue, and parts of North Beach.

Enterprise Zone Financial Incentives²

Incentives offered to businesses located in or relocating to the Enterprise Zone include the following:

- Miami-Dade County Tax Incentive
 - Exemption of sales tax on electricity: 50% reduction in the sales tax on electricity for up to five (5) years.
 - Only available in the unincorporated areas of the Enterprise Zone.
- State of Florida Sales Tax Incentives
 - A Corporate Tax Credit of 20%, or 30% of wages paid for new jobs created for Enterprise Zone residents. 96% of Corporate Tax credit on ad valorem taxes not abated by local government.
 - 50% of contributions made to approve community organizations are credited against state corporate income taxes.
- State of Florida Corporate Income Tax Benefits
 - A corporate Tax Credit of 20%, or 30% wages paid for new jobs created for Enterprise Zone residents. 96% of Corporate Tax Credit on ad valorem taxes not abated by local government.
 - 50% of contributions made to approve community organizations are credited against state corporate income taxes.

Trujillo Oil Plant, Inc. (District 2)

Trujillo Oil Plant, Inc., located at 3325 N.W. 62nd Street, within the boundaries of the City of Miami and the Central Enterprise Zone area, manufactures plastic bottles. The Business, established in 1996, is not located in a Community Redevelopment Area (CRA). Trujillo Oil Plant, Inc. is requesting an exemption on the assessed value of new qualified tangible personal property improvements which were made prior to the creation of the new jobs.

Miami River Associates, LLC. (District 5)

Miami River and Associates, LLC is located at 333 South Miami Avenue, within the municipal boundaries of the City of Miami and the Central Enterprise Zone. The business activity is Real Estate Developer and it is not located in a CRA.

In April 2002, Miami River and Associates, LLC constructed a 165,000 square foot office building with retail and restaurant space. The US Department of Justice is leasing 131,000 square feet for its Executive Office for Immigration Review and the offices for the Miami Immigration Court. Miami River Associates, LLC is requesting an exemption on capital improvements to real property which was made prior to the creation of new jobs. The business is only eligible for fifty percent (50%) tax abatement because of the confidentiality policy of the US Department of Justice; it cannot verify that at least twenty percent (20%) of the new full-time jobs are residents of the Enterprise Zone.

Springco Inc. (District 13)

Springco Inc., located at 650 W. 20th Street, within the boundaries of the City of Hialeah and the Central Enterprise Zones, manufactures mattresses and box springs. The Business, incorporated in 1983, is not located in a CRA. Springco Inc. is requesting an exemption on the assessed value of new qualified tangible personal property improvements which were made prior to the creation of the new jobs.

Prepared by: Elizabeth N. Owens

² http://www.miamidade.gov/ced/ezone_incentives.asp

**MIAMI-DADE COUNTY
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Legislative Notes

Agenda Item: 8P2 (Change Orders for Poole & Kent Company)

File Number: 120160

Date of Analysis: February 28, 2012

Summary

This resolution ratifies the actions of the County Mayor or County Mayor's Designee as authorized by Section 2-8-2.11(2)(b) and (c) of the Code of Miami-Dade County in approving two (2) change orders for Poole and Kent of Florida Company (P &K):

- (1) Change Order No. 1 for Contract No. W-857(A) with P & K in the amount of \$461,670 for construction and installation of a chemical feed station at the South Miami Heights Plant Water Treatment Plant Reservoir and High Service Pump site and replenishment of the time allowance account of 55 days; and
- (2) A Deductive Change Order No. 1 for Contract No. S-817(A) with P &K in the amount of \$400,000 and a 45-day non-compensable time extension for the Effluent Pump Station Project at *South District Wastewater Treatment Plant*, High Level Disinfection Upgrade to 285 million gallons daily (MGD).

Change Order No. 1 for Contract No. W-857(A) is related to the *County's 20-Year Water Consumptive Use Permit*.

The Deductive Change Order No. 1 for Contract No. S-817(A) is related to the County's *High Level Disinfection Facility* located at the South District Wastewater Treatment Plant.

Acceleration of Various Water and Sewer Projects

On July 24, 2007, the Board of County Commissioners, through Ordinance 07-108, authorized the acceleration to process and procure contracts and agreements related to the design and construction of the improvements for Alternative Water Supply Projects required for the County's 20-Year Water Consumptive Use Permit (20-Year CUP) and High Level Disinfection Projects (HLD) required by the Florida Department of Environment Consent Decree for the South District Wastewater Treatment Plant.

Both contracts W-857 (A) and S-817 (A) are projects in a series of projects under the 20-Year CUP and the HLD program required to comply with federal, state and South Florida Water Management District consent orders, agreements, and executive orders.

This ordinance is subject to sunset review annually commencing one year from the date of adoption.

Additional Information

The proposed resolution states that there is a fiscal impact to the County's current budget until the scope of work under Contract No. S-857(A) is completed and final payment is made to the contractor.

Future funding will be determined during the annual budget approval process if the work is not completed by the end of this fiscal year.

According to the FY 2011-12 Adopted Budget, Volume 1, Page 108: *As stated in the March 30, 2011, Evaluation of MD-WASD Bond Capacity Report, without proposed future revenue increases, the Department may fail to meet its cash flow requirements, fall short of meeting its debt service requirements and experience major cash flow shortages.*

WASD will assess water and wastewater rate adjustments annually to accommodate increasing operating and maintenance expenditures and to fund unfunded capital projects. In addition, future revenue adjustments may be necessary to maintain adequate cash reserves as prescribed by the bond rating agencies and financial institutions.

- **What capacity will the County have to fund this and other future Water and Sewer projects?**

Previous Contracts with the County

The Capital Improvements Information System shows an average evaluation of 3.5 out of a possible 4.0.

BCC Action	Contract No.	Description	Project Totals
12.04.2007 R-1324-07	W-655	Execution of a Settlement Agreement between Poole and Kent and Miami-Dade County in the amount of \$939,388.74 to settle claims in connection with County Contract No. W-655.	\$7,214,000 (Original amount)
06.03.2008 R-668-08	S-805 (A)	Award of Contract No. S-805 (A) for the construction of a filter system for further treatment of effluent at the <i>High Level Disinfection Facility at the South District Wastewater Treatment Plant</i> in the amount of \$134,253,006.15 to Poole & Kent.	Ongoing
11.20.2008 R-1222-08	S-812(A)	Award of Construction Contract No. S-812 (A) to Poole & Kent in the amount of \$18,096,498.00 for a series of projects under the <i>High Level Disinfection Program</i> to comply with Consent Order No. 03-1376 negotiated by Miami-Dade County and the Florida Department of Environmental Protection.	\$18,096,498
11.17.2009 R-1310-09	S-817(A)	Award of construction Contract No. S-817 (A) to Poole & Kent in the amount of \$21,008,660. This project is one in a series of projects under the <i>High Level Disinfection Program</i> to comply with Consent Order No. 03-1376 negotiated by the County and Florida Department of Environmental Protection.	Ongoing
12.15.2009 R-1433-09	S-829(A)	Award of Construction Contract No. 3-829 (A) in the amount of \$11,364,490 for the construction of the septage receiving and solids process building at the <i>South District Wastewater Treatment Plant</i> .	\$11,364,490
12.15.09 R1432-09	W-857 (A)	Award construction Contract No. W-857 (A) to Poole & Kent in the amount of \$16,287,364.16. This project is one in a series of projects under the <i>20-Year Water Use Permit</i> issued by the South Florida Water Management District on November 15, 2007.	\$16,287,364.16
09.20.2011 R-746-11	DB09- WASD-05	Design-build services Contract No. DB09-WASD-05 ARRA in the amount of \$20,474,369.57 to Poole & Kent for improvements to the existing co-generation facility at the <i>South District Wastewater Treatment Plant</i> .	Ongoing

Prepared by: Michael Amador-Gil