



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Budget, Planning & Sustainability
Committee

June 8, 2010
2:00 P.M.
Commission Chamber

Charles Anderson, CPA
Commission Auditor
111 NW First Street, Suite 1030
Miami, Florida 33128
305-375-4354

**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

**Legislative Notes
Budget, Planning & Sustainability Committee
Meeting Agenda**

June 8, 2010

Written legislative analyses for the below listed items are attached for your consideration:

Item Number(s)

3(C) & 3(C) Sub.
3(D) & 3(D) Sub.

Written fiscal analysis for the below listed item is also attached for your consideration:

Item Number(s)

3(A)
3(C) & 3(C) Sub.
3(D) & 3(D) Sub.
4(A)

If you require further analysis of these or any other agenda items, please contact Guillermo Cuadra, Chief Legislative Analyst, at (305) 375-5469.

Acknowledgements--Analyses prepared by:
Elizabeth N. Owens, Legislative Analyst
Pamela Y. Williams, Budget Analyst

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



FISCAL IMPACT ANALYSIS

Agenda Item: 3A

File Number: 101261

Type of Item: Resolution

Committee(s)

of Reference: Budget, Planning and Sustainability

Date of Analysis: June 7, 2010

Funding Request:

<p>Operating <input type="checkbox"/></p> <p>Operating Funding Source(s):</p> <p>General Fund <input type="checkbox"/></p> <p>Federal <input type="checkbox"/></p> <p>State <input type="checkbox"/></p> <p>Proprietary <input type="checkbox"/></p> <p>Other (explain) <input checked="" type="checkbox"/></p> <p>_____</p> <p>Extension of MOU boundaries until 2020.</p> <p>_____</p>	<p>Capital <input checked="" type="checkbox"/> CIP page number _____</p> <p>Recurring Estimated Operating Cost \$ _____</p> <p>Capital Funding Source(s):</p>
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County Match required:

Yes \$ _____ % _____

No

ISSUES/COMMENTS None

The EEL program Interim Management Plan requires an annual work plan/budget. Attached is the chart, indicating the budget for this plan.

Prepared by: Pamela Y. Williams

D. BUDGET SUMMARY TABLE

RESPONSIBLE ENTITY	TYPE	Sub-TASK	DETAILS	TIME	EEL Funds	SAMP Funds	TOTAL COST
DERM	Administrative	Administrative	DERM staff	260	\$ 130,000.00		\$ 130,000.00
DERM	Administrative	Reports	Grant proposals	5	\$ 2,500.00		\$ 2,500.00
NAM	Administrative	Administrative	General supervision - NAM staff	5	\$ 3,000.00		\$ 3,000.00
DERM	Administrative	Planning	Technical support for SFWMD	6	\$ 3,000.00		\$ 3,000.00
SFWMD Contractor	Exotic Control	Initial - Mechanical	Triangle Mitigation Buffer Lands - SAMP Grant, Year 2 ****		\$ 74,000.00	\$ 222,000.00	\$ 296,000.00
NAM	Exotic Control	Follow-up treatment	Lygodium, mixed exotics - WTF Grant - Sites 16, 14 East, 15, 2 Phase I, Peterson South and Paulo's Landing	140	\$ 308,000.00		\$ 308,000.00
NAM	Exotic Control	Follow-up treatment	Other Sites - Plots 1, 2, 9, Sites 3, 17 North and 17 South	90	\$ 198,000.00		\$ 198,000.00
NAM	Fire Management	Burn preparation	Clearing firebreak - Site 16	5	\$ 11,000.00		\$ 11,000.00
FDOF	Fire Management	Prescribed Burn	Sites 1, 11, 16 and Site 15, total 900 acres at \$12 per acre		\$ 10,800.00		\$ 10,800.00
DERM	Fire Management	Prescribed Burn	Mop-up	6	\$ 13,200.00		\$ 13,200.00
NAM	Physical Management	Debris/solid waste removal	Standard reserve for solid waste removal	2	\$ 4,400.00		\$ 4,400.00
DERM	Physical Management	Signs	Sign inspection program	25	\$ 12,500.00		\$ 12,500.00
SFWMD Contractor	Other	Enforcement	FWC Patrols in Model Lands		\$ 15,000.00		\$ 15,000.00
MDPD	Other	Enforcement	Dumping sting		\$ 10,000.00		\$ 10,000.00
Grand total					\$ 770,400	\$ 222,000	\$ 992,400.00

NAM crew days (exotic control)	230
NAM crew days (other tasks)	13
Grand total	243

**** EEL Funds needed for Triangle Mitigation Buffer Lands may need to be increased - crews are still on site finishing up Year 1 work, and may not use all the money allocated, in which case there would be extra work to do in Year 2.

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



Legislative Notes

Agenda Item: 3(C) and 3(C) Substitute

File Number: 101091 and 101425

Committee(s) of Reference: Budget, Planning & Sustainability

Date of Analysis: June 4, 2010

Type of Item: Transit System Sales Surtax Revenue Bonds (Series 2010)

Summary

This resolution authorizes the Finance Director, as the Mayor's designee, to issue Transit System Sales Surtax Revenue Bonds in multiple sub-series, in an amount not to exceed \$217.26 million for 40 years in maturity; and to use Build America Bonds as a portion of the issuance (if advisable).

The corresponding substitute does the following:

- Revises the resolution.
 - Adds the maximum true interest allowed; and
 - Adds CITT authorization and reference to bond counsel.
- Revises the County Manager's memo.
 - Amends the Fiscal Impact section to include the description of how the bond proceeds would be spent;
 - Adds a new Track Record/Monitor section; and
 - Amends the Background section to include Table 1, a breakdown of the costs for the capital projects to be financed with bond proceeds.

Background and Relevant Legislation

In November 2002, the voters of Miami-Dade County authorized the levy and collection of 0.5% discretionary sales surtax along with a series of bond enabling ordinances enacted by the Board of County Commissioners (BCC) from 2005 through 2009, the BCC authorized the issuance of Transit Surtax bonds for the purpose of financing transportation and transit projects. This resolution implements the authority conferred under the voter referendum and enabling bond ordinances for the completion of transportation and transit projects, provided the issuance of additional bonds, as authorized, does not exceed \$217.26 million.

Policy Change and Implication

As noted above, the BCC has previously authorized the issuance of Transit System Sales Surtax Revenue Bonds; therefore, the proposed resolution does not constitute a new policy.

Budgetary Impact

Debt Service

In the May 11, 2010 memo, Administration reports that the estimated average annual debt service payment resulting from the issuance of the Series 2010 Bond is calculated at an estimated true interest cost of 4.41% after federal subsidy for a 30-year maturity term, based on April 2010 market conditions. Taking into consideration unexpected market volatility and without the federal subsidy, the true interest cost parameter is 6.74%.

The aggregate gross debt service in September 30, 2012, is estimated to be \$55.527 million. Once this item comes on line in 2013, the estimated gross debt service will increase to \$71.1 million. In 2040 it will be \$65.062 million.

An updated debt service schedule will be provided to the BCC for consideration prior to final approval.

Build America Bonds (BABs)

The American Recovery and Reinvestment Act (the "Act") created a new form of bonds known as Build America Bonds ("BABs"). BABs are taxable and, through federal subsidies or tax credits, are intended to reduce municipal borrowing costs.¹ If the County issues BABs, it intends to receive the cash subsidy from the U.S. Treasury equivalent to 35% interest on the BABs in lieu of providing the tax credits or direct payments to bond investors.

According to the County Administration, BABs are risky because failure to comply with the IRS rules may result in the loss of all or some of the federal subsidy. Moreover, a change in federal law may adversely impact the subsidy amount that the County receives in the future. The current economic benefit is estimated to be 7%. Economic benefits are assessed only at the time of sale.

The proceeds from the Series 2010 Bonds, are to be issued for the following purposes:

- Deposit to Construction Fund: \$182.19 million
 - Deposit to Transit Construction Account (\$136.64 million); and
 - Deposit to Public Works Construction Account (\$45.55 million).
- Capitalized Interest: \$24.5 million
- Deposit to Reserve Account (if no surety): \$11.43 million
- Other Costs of Issuance: \$1.96 million
- Original Issue Premium: \$2.82 million

Questions / Comments

According to County Administration, the pro forma for this project cannot be released until the proposed budget is released. However, it is the understanding of the Office of the Commission Auditor that a pro forma was shown to the bond rating agency.

Prepared by: Elizabeth N. Owens

¹ <http://www.munibondadvisor.com/BuildAmericaBonds.htm>

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



FISCAL IMPACT ANALYSIS

Agenda Item: 3C

File Number: 101091

Type of Item: Resolution authorizing sale of Transit System Sales Surtax Revenue Bonds

Committee(s) Budget, Planning and Sustainability
of Reference:

Date of Analysis: June 7, 2010

Funding Request: \$216,260,000

<p>Operating <input type="checkbox"/></p> <p>Operating Funding Source(s):</p> <p>General Fund <input type="checkbox"/></p> <p>Federal <input type="checkbox"/></p> <p>State <input type="checkbox"/></p> <p>Proprietary <input type="checkbox"/></p> <p>Other (explain) <input type="checkbox"/></p> <p>_____</p> <p>_____</p>	<p>Capital <input checked="" type="checkbox"/> CIP page number _____</p> <p>Recurring Estimated Operating Cost \$ _____</p> <p>Capital Funding Source(s):</p> <p>Transit System Sales Surtax Revenue Bonds (2010 Bonds)</p>
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County Match required:

Yes \$ _____ % _____

No

ISSUES/COMMENTS None

On Monday, June 7, 2010, the Office of the Commission Auditor (OCA) attended a financial briefing and discussion on Agenda Item No. 3C – Resolution Authorizing the Sale of \$217,260,000 in Transit System Sales Surtax Revenue Bonds.

OCA requested a financial pro forma for Miami-Dade Transit, however, we were informed that the document would be released at the same time the Proposed Budget for 2010-11 is issued.

The concern is that a financial pro forma of some type had to be submitted to the bond rating agency (ies) in order to obtain the bond rates and determine the scheduled principal and interest on the Series 2010 Bonds and Series 2010 Projects detailed in the resolution document.

Prepared by: Pamela Y. Williams

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



Legislative Notes

Agenda Item: 3(D) and 3(D) Substitute

File Number: 101094 and 101424

Committee(s) of Reference: Budget, Planning & Sustainability

Date of Analysis: June 4, 2010

Type of Item: Capital Asset Acquisition Special Obligation Bonds (Series 2010)

Summary

This resolution authorizes the Finance Director, as the Mayor's designee, to issue and negotiate the sale of Miami-Dade County Capital Asset Acquisition Special Obligation Bonds (Series 2010 Bonds) in multiple sub-series, in an amount not to exceed \$107 million for 40 years in maturity; and to use Build America Bonds (BABs) as a portion of the issuance (if advisable).

The corresponding substitute does the following:

- Revises the resolution.
 - Incorporates the flexibility to issue Recovery Zone Economic Development Bonds (RZEDs);
 - RZEDs are a form of BABs.
 - Adds a "make whole redemption provision" for the RZEDs and BABs recovery;
 - Renumbers sections; and
 - Corrects scrivener's errors.
- Revises the County Manager's memo.
 - Amends the Fiscal Impact section to update the financial information;
 - Adds a new Track Record/Monitor section; and
 - Amends the Background section to provide greater details on the capital projects financed by the Series 2010 Bonds.
- Deletes the Supplemental Report that accompanied Exhibit A.

Background and Relevant Legislation

In a series of bond enabling ordinances enacted by the Board of County Commissioners (BCC) from 2007 through 2010, the BCC authorized the issuance of Capital Asset Acquisition Special Obligation Bonds to finance the acquisition, construction and/or renovation of priority capital assets, including the purchase of the Overtown II building. This resolution implements the authority conferred under the Enabling

Bond Ordinances for specific projects, provided the issuance of additional bonds, as authorized, does not exceed \$107 million.

Principal and interest payments will be made solely from legally available non-Ad Valorem revenues as appropriated annually in the County's budget and from revenues otherwise available from authorized funds and debt service revenues. Revenues include but are not limited to causeway revenues from the Rickenbacker and Venetian Causeway projects and rental payments from other governmental agencies occupying the Overtown II building.

Policy Change and Implication

As noted above, the BCC has previously authorized the issuance of Capital Asset Acquisition Special Obligation Bonds; therefore, the proposed resolution does not constitute a new policy.

Budgetary Impact

Debt Service

According to the May 11, 2010 memo, the estimated average annual debt service payment resulting from the issuance of the Series 2010 Bond is calculated at an estimated true interest cost of 5.30% with federal subsidy for a 30-year maturity term, based on April 2010 market conditions. Taking into consideration unexpected market volatility and without the federal subsidy, the true interest cost parameter is 7.23%.

The aggregate gross debt service in 2010 is estimated to be \$45.536 million. Once this item comes on line in 2011, it will add to the existing debt service for the next 28 years approximately \$7.690 million.

An updated debt service schedule will be provided to the BCC for consideration prior to final approval.

Build America Bonds (BABs)

The American Recovery and Reinvestment Act (the "Act") created a new form of bonds known as Build America Bonds ("BABs"). BABs are taxable and, through federal subsidies or tax credits, are intended to reduce municipal borrowing costs.¹ If the County issues BABs, it intends to receive the cash subsidy from the U.S. Treasury equivalent to 35% interest on the BABs in lieu of providing the tax credits or direct payments to bond investors.

According to the County Administration, BABs are risky because failure to comply with the IRS rules may result in the loss of all or some of the federal subsidy. Moreover, a change in federal law may adversely impact the subsidy amount that the County receives in the future. The current economic benefit is estimated to be 7%. Economic benefits are assessed only at the time of sale.

Because the Overtown II building is located in a redevelopment zone, the County will issue approximately \$40 million in bonds as RZEDs.

The proceeds from the Series 2010 Bonds (assuming a true interest costs of 6.3%), are to be issued for the following purposes:

¹ <http://www.munibondadvisor.com/BuildAmericaBonds.htm>

- Deposit to the Acquisition Fund: \$95,033,023
 - Deposit to Acquisition Account (\$93.917 million); and
 - Cost of Issuance Account (\$1.116 million).
- Deposit to Reserve Account: \$7.691 million
- Original Issue Discount: \$3.616 million

Questions / Comments

According to a County Manager's memo dated July 30, 2009, the County has a total of 176 leases in non-County facilities, totaling over \$16.7 million in annual payments.

Overtown Station II office facilities (Overtown II)

According to the County Administration, the County has a legal obligation to either lease (estimated to cost the County \$9 million) or to buy (estimated to cost the County \$15 million) the Overtown II building. Due to the cost savings, the County is intending to purchase the building.

The Overtown II building will house the current tenants from the 140 W. Flagler building, along with the State Attorney's Child Support Enforcement Unit, the Miami-Dade Police Department, Clerk of the Court, Administrative Office of the Courts, Building Code Compliance, and Consumer Services.

Originally, the 140 W. Flagler building was identified for renovations; however, with estimates totaling around \$26 million, the renovations have been deemed too costly. Therefore, the next alternative is to move the current occupants into the Overtown II building and to close and sell or board up the 140 W. Flagler building.

In addition, there are three (3) floors in the Overtown II building without potential occupancy. Administration is assessing the current leases in non-County facilities including the lease by Jackson at the Dupont building, to determine which ones can be moved into this space. The building will be ready for occupancy within 1 to 1 ½ years.

Rickenbacker and Venetian Causeway Projects

The debt service payments will be funded from toll revenues. Tolls along the Rickenbacker and Venetian Causeway will remain constant until 2014.

Prepared by: Elizabeth N. Owens

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



FISCAL IMPACT ANALYSIS

Agenda Item: 3D

File Number: 101094

Type of Item: Resolution

Committee(s)

of Reference: Budget, Planning and Sustainability Committee

Date of Analysis: June 7, 2010

Funding Request: \$110,000,000.

<p>Operating <input type="checkbox"/></p> <p>Operating Funding Source(s):</p> <p>General Fund <input type="checkbox"/></p> <p>Federal <input type="checkbox"/></p> <p>State <input type="checkbox"/></p> <p>Proprietary <input type="checkbox"/></p> <p>Other (explain) <input type="checkbox"/></p> <p>_____</p> <p>_____</p>	<p>Capital <input checked="" type="checkbox"/> CIP page number _____</p> <p>Recurring Estimated Operating Cost \$ _____</p> <p>Capital Funding Source(s):</p> <p>Special Obligation Bonds, Series 2010</p>
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County Match required:

Yes \$ _____ % _____

No

ISSUES/COMMENTS None

On Monday, June 7, 2010, the Office of the Commission Auditor (OCA) attended a financial briefing and discussion on Agenda Item No. 3D – Resolution Authorizing Issuance of \$107 Million in Miami-Dade County Capital Asset Acquisition Special Obligation Bonds.

Various critical facts associated with this project were noted during the conversation:

- The County building located at 140 West Flagler will be vacated by all current residents upon fit up of Overtown II (est. 1.5 years after closing).
- The County department tenants currently in the 140 Building, which are expected to moved into Overtown II are: the State Attorney, Clerk of the Court, Administrative Office of the Courts, Building Code Compliance, Miami-Dade Police Department and Consumer Services.
- The renovations required to refurbish the 140 Building will cost approximately \$26 Million.

- The 140 Building will either be sold or “shuttered”
- Causeway fees for Rickenbacker and Venetian remain the same through 2014.

There are two concerns associated with this project:

- A portion of the rent at Overtown II will include debt service payments, therefore, the tenants chosen should be those who can afford to pay a rent that may have frequent or regular increases.
- The Rickenbacker and Venetian Causeways are bound by contract and will not be considering any fee increases prior to 2015.

Prepared by: Pamela Y. Williams

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



FISCAL IMPACT ANALYSIS

Agenda Item: 4A

File Number: 101245

Type of Item: Resolution for Cooperative Agreement with USA to purchase farm land

Committee(s) of Reference: Budget, Planning and Sustainability Committee

Date of Analysis: June 7, 2010

Funding Request: \$2.904 million

<p>Operating <input type="checkbox"/></p> <p>Operating Funding Source(s):</p> <p>General Fund <input type="checkbox"/></p> <p>Federal <input type="checkbox"/></p> <p>State <input type="checkbox"/></p> <p>Proprietary <input type="checkbox"/></p> <p>Other (explain) <input type="checkbox"/></p> <p>_____</p> <p>_____</p>	<p>Capital <input checked="" type="checkbox"/> CIP page number</p> <p>Recurring Estimated Operating Cost \$ Unknown</p> <p>Capital Funding Source(s):</p> <p>Building Better Communities GOB Program (Project 10)</p>
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County Match required:

Yes \$ 2.904 million % _____

No

ISSUES/COMMENTS None

According to CIIS database, after FY 2010-11 this project will not be allocated additional funding until FY 2016-17. The fiscal impact of a land acquisition will be evaluated upon initiating an easement acquisition. Impacts may include monitoring, enforcement, and other costs associated with the acquisition. Should the grant not be accepted there will be no acquisition; however upon acceptance of a grant an acquisition could be approved.

Prepared by: Pamela Y. Williams