



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Recreation, Culture & Tourism Committee

April 12, 2010

2:00 PM

Commission Chamber

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

**Legislative Analysis
Recreation, Culture and Tourism
Meeting Agenda**

April 12, 2010

Written analyses for the below listed items are attached for your consideration in this Legislative Analysis.

Item Number(s)

4(A)
4(B)
4(C)
4(D)
4(F)
4(G)
4(H)
4(I)

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:
Mia B. Marin, Legislative Analyst

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



Legislative Notes

Agenda Item: 4(A), 4(B), 4(C) and 4(D)

File Number: 100731, 100732, 100733 and 100734

Committee(s) of Reference: Recreation, Culture and Tourism

Date of Analysis: April 7, 2010

Type of Item: Resolution Authorizing Historic Preservation Ad Valorem Tax Exemption

Summary

The following resolutions authorizes Historic Preservation Ad Valorem Tax Exemptions for the following properties:

- 8315 S.W 153rd Terrace
- 1507 Columbus Blvd, Coral Gables
- 4041 Collins Avenue, Miami Beach
- 2535 Lake Avenue, Miami beach

Background and Relevant Legislation

In 1992, the Florida Legislature amended Article VII, Section 3(e) of the Florida Statutes that govern ad valorem tax exemptions to allow counties and municipalities to grant exemptions to owners of historic properties for improvements to such properties resulting from restoration, renovation and rehabilitation.

Miami-Dade County has a historic tax exemption program that offers exemptions to eligible properties listed on the National Register of Historic Places (as a historic site, structure or contributing property in a historic district) or locally designated as historic within a municipality.

The exemption amount only applies to the increase in assessed value resulting from the qualifying and eligible improvements to the historic property. The qualifying improvements must be determined by the Historic Preservation Board (HPB) or Department of Planning/Zoning staff (DPZ). The HPB and DPZ evaluate on a case by case basis each application to determine whether the property improvements are consistent with the Secretary of Interior's Standards for Rehabilitation (State) and Certificate of Appropriateness Criteria (County).

The exemption only applies to taxes levied by the County and some municipalities. The municipalities that offer exemptions are:

- City of Coral Gables
- City of Miami
- City of Miami Beach
- City of South Miami

An applicant may apply and receive abatements for both the city and county for the respective property.

The applicant continues to pay taxes at the rate of the assessed value on the property before the certified improvements during the period of the exemption. The exemption is only for a time period of ten years.

Once the exemption time period expires, the property will be assessed with the improvements and will be reflected in the subsequent taxes levied.

All of the properties that qualify are currently participating in the program are on a historic preservation list of projects. Enforcement is conducted by historic preservation officers (city or county) and by code enforcement officers (city or county).

According to the County's Historic Preservation Office, there have been few instances where a property will lose its exemption for failure to maintain the standards required by the abatement program. Since the inception of the program, less than 10% of the properties have lost this exemption.

Budgetary Impact

The fiscal impact of the tax exemptions for the following properties is as follows:

Item No.	Property	Estimated Total Cost of Renovations	Exemption Amount
4(A)	8315 S.W 153 rd Terrace	\$ 127,143	\$ 615
4(B)	1507 Columbus Blvd, Coral Gables	\$ 211,037	\$ 966
4(C)	4041 Collins Avenue, Miami Beach	\$7,585,000	\$ 34,736
4(D)	2535 Lake Avenue, Miami beach	\$ 1,449,010	\$ 7,010

A supplemental report dated March 3, 2009, included a five-year summary of the historical exemptions for the past five years ending in 2008 that provided the following information:

YEAR	TOTAL NUMBER OF PROPERTIES WITH EXEMPTIONS	TOTAL VALUE OF HIST. IMPROVEMENTS¹	COUNTY TAXES	CITY TAXES²
2004	98	25,096,106	153,473.01	36,120.75
2005	104	26,836,588	161,119.11	44,370.71
2006	156	31,913,524	183,721.99	44,886.44
2007	144	31,189,170	146,236.33	35,116.37
2008	140	30,178,504	149,347.34	33,154.63

Note:

1. Historic Preservation Exemption values are as reported on Final Certification for year 2004 to 2007 and Preliminary Values for 2008.

³ 2. City Taxes apply only in City of Coral Gables.

Source: Miami-Dade Property Appraiser – February 2009.

For 2008, 140 historic properties which used the exemption made investments worth \$30,178,504 resulting in a total of \$149,347.34 of County taxes exempted. At the end of the exemption, properties would be assessed as improved.

A request was made to the Office of Strategic Business and Management for an update of this summary to include figures for 2009; the updated report was not available at the time of printing this analysis.

Prepared by: Mia B. Marin

**MIAMI-DADE COUNTY
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Legislative Notes

Agenda Item: 4(F), 4(G), 4(H) and 4(I)
File Number: 100836, 100837, 100838 and 100840
Committee(s) of Reference: Recreation, Culture and Tourism
Date of Analysis: April 7, 2010
Type of Item: Retroactive Waiver of the Art in Public Places Program

Summary

The following resolutions authorize retroactive waivers of the Art in Public Places Program for the following projects:

- City of Hialeah Projects (Walker Park and West Okeechobee;
- Villa Aurora Housing Development;
- Village of Palmetto Bay Projects (Palmetto Bay Park, Coral Reef Park, Ludovici aka Bayfront Park, and Palmetto Bay Library); and
- City of Miami Beach Projects (Beachfront Restrooms and Fire Station #4).

Background and Relevant Legislation

The Art in Public Places (APP) Program Appropriation, Implementation and Fund Transfer Procedures are defined under Ordinance 94-12 and Administrative Order 3-11 (AO 3-11). The ordinance also establishes an APP Trust. AO 3-11 defines the program implementation and funds transfer procedure.

Waiver requirements under 94-12 may be approved by the Board of County Commissioners (BCC) when it appears that the construction project covered is not appropriate for application of the APP requirements. Appropriation requirements include the following:

- Construction of new governmental buildings only (building must be habitable and no renovations);
- Appropriation value is not less than one and one-half percent (1 ½ %) of the construction cost;
- Remainder of appropriation funds can be used for program administrative costs, insurance costs for the repair and maintenance of any works of art acquired, or to supplement other appropriations for the acquisition of works of art, or to place works of art in or near governmental facilities which have been already constructed.

A0 3-11 defines the APP program implementation and funds transfer procedure to include the following components:

- Allow for a review committee, to review new capital projects and their eligibility for the contribution to the APP program;
- Recommendations to the BCC for a waiver if a facility does not conform to the definition of “new governmental building”;
- Waivers must be secured prior to the award of the construction contract;
- All contract award recommendations submitted for approval by the BCC must include a line item “Art in Public Places Contribution”;
- Upon award of a construction contract by the BCC, the Finance Department will transfer by journal entry the APP funds to the Art in Public Places Trust Fund (APPTF) and these transfers must occur prior to the execution of the contract by the County Manager;
- Projects constructed by Departments require the Department Director for the agency executing the construction project responsible for the transfer of the APP funds;
- The County’s internal auditing staff will randomly check those agencies which engage in in-house construction projects to ensure compliance; and
- Allow for a professional advisory committee to be responsible for recommending new selections of art to the full APP Trust.

In FY 2007-08, APP was transferred to the Department of Cultural Affairs (CA). During that same year, an audit report on APP (APP Audit Report) issued by the Audit and Management Services Department in February 2008 revealed that the current procedures for APP appropriation were not in place to ensure timely identification of all eligible construction projects subject to the APP Ordinance (94-12).

The APP Audit Report revealed various projects where the APP appropriation was omitted including: Overtown Transit Project, WASD Douglas Road Administrative Headquarters Facility and MDAD Central Collection Parking Plaza.

On July 17, 2008, the BCC approved R-860-08, requiring the County Mayor or designee to study the APP program and provide a subsequent report. The County Manager responded on September 4, 2008, with a status report that included background of the APP Program, APP’s program direction, APP’s accomplishments under the new leadership of the CA Department, APP project qualifications/expenses, assessment of current APP program conditions, accountability and sustainability of APP program.

In early 2009, CA and the Office of Capital Improvements (OCI) collaboratively compiled a list identifying any outstanding GOB projects (where applicable) omitting this APP appropriation.

The items (4F, 4G, 4H and 4I) on the April 12, 2010, Recreation, Culture and Tourism Committee agenda are the direct result of the collaborative effort with OCI to review the list of General Obligation Bonds (GOB) and Safe Neighborhood Parks (SNP) funded projects for compliance with the APP program requirements.

Policy Change and Implication

On February 25, 2010, the APP Review Committee recommended waiver of APP requirement for the above-mentioned projects included in the RCT agenda. On March 9, 2010, the Art in Public Places Trust also approved these recommendations. The APP Review Committee and the APP Trust consider these one-time waivers based on the specific circumstances associated with the under calculation of APP allocations for these projects.

According to the CA, since assuming responsibility for the APP program several measures have been incorporated to ensure that all current and future capital projects that are APP eligible comply with the APP program requirements.

The measures implemented by CA (in cooperation with OCI and the Office of Strategic Business and Management) to ensure APP program compliance include the following:

- Workshops with County departments throughout the year;
- Creation of a system to ensure that the APP allocation is calculated and planned at the outset of all eligible capital projects resulting in a budget line item built into the capital budgets; and
- APP program Training Sessions for Municipalities.

Budgetary Impact

The table below reflects the fiscal impact for each project to include the amount of APP allocation that was not included initially, the amount that is being recaptured and remediated for future projects.

Project	Original APP Amount	New APP Amount
Walker Park & West Okeechobee	$\$67,530 + \$367,500 = \mathbf{\$435,030}$	\$448,000
Villa Aurora Housing Development	\$164,000	Work in Progress
Village of Palmetto Bay Projects	$\$14,125 + \$1,469 + \$446 + \$46,835 = \mathbf{\$62,875}$	Work in Progress
City of Miami Beach Projects	$\$8,051 + \$19,437 = \mathbf{\$27,488}$	Exceed County APP requirements by \$945,778

Prepared By: Mia B. Marin