

Memorandum

MIAMI-DADE
COUNTY

Date:

April 17, 2008

To:

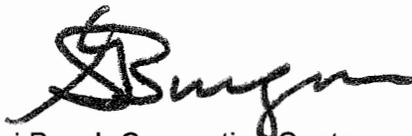
Honorable Chairman Bruno Barreiro
and Members, Board of County Commissioners

ATC

Agenda Item No. 7(D)

From:

George M. Burgess
County Manager



Subject:

Funding for the Miami Beach Convention Center

At the March 13, 2008 Airport and Tourism Committee meeting during discussions related to the departmental budget presentations, questions were raised relating to Convention Development Tax (CDT) funding for the Miami Beach Convention Center. Commissioner Diaz requested a report be presented with the details of the funding for the Convention Center.

The Miami Beach Convention Center was expanded in 1989 with funding generated by bond proceeds utilizing the 2/3 portion of the CDT. Subsequently, the County entered into an Interlocal Agreement with the City of Miami Beach dated June 21, 1996, whereby the County defeased (paid off) the bonds issued to finance the convention center so that adequate funding could be allocated to the construction of the Performing Arts Center.

The Series 1996 Bonds provided the following funding:

- Refund of Miami Beach Convention Center Series 1987 & 1989 \$ 51,349,608
- Grant to City of Miami Beach \$ 46,500,000
Grant fund to be used for capital improvements related to the Miami Beach Convention Center and the Theatre of Performing Arts (TOPA)

The interlocal provided that the CDT tax was to be allocated to support (capital and operating support) of the convention center as follows:

- For operating subsidy to cover cost of operations and maintenance of Convention Center and TOPA at \$1.5 million per year from April 1, 1996 through March 31, 2002
- For capital replacement costs at \$1.1 million per year which may be reduced to \$1 million per year commencing with April 1, 2013 after conferring with the County plus that actual cash operating deficit for operating and maintaining the MB Convention Center complex, provided that the aggregate shall not exceed \$4.5 million per year commencing on April 1, 2002 and ending on March 31, 2026.

In April 2001 the Board approved an amendment to the Miami Beach Interlocal whereby the annual payments to the City of Miami Beach were changed to a fixed payment of \$4.5 million per year starting with 2003 for the term of the contract, and an additional net capital contribution was made in the amount of \$15 million. Further revenue sharing arrangements were agreed upon to share CDT revenues after they reach certain thresholds. Unfortunately, just after the adoption of the interlocal, the tourist revenues were negatively impacted due to the 9/11 events, and the revenue sharing criteria did not materialize. However, based on current projections, we believe that the revenue thresholds will be met this year.

In addition, it should be noted that the Building Better Communities (GOB) bond program includes \$55 million to renovate the Miami Beach Convention Center.



Assistant County Manager