

# Memorandum



**Date:** July 9, 2014

**To:** Honorable Chairwoman Rebeca Sosa  
and Members, Board of County Commissioners

**From:** Carlos A. Gimenez  
Mayor 

**Subject:** Report on Status of Negotiations with Southeast Overtown/Park West Community  
Redevelopment Agency

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This memorandum is being issued pursuant to Resolution R-153-14, adopted by the Board of County Commissioners (Board) at its February 4, 2014 meeting, which directs the County to negotiate with the Southeast Overtown/Park West Community Redevelopment Agency (Agency), and the City of Miami (City) relating to tax increment revenues appropriated by the County to the Agency.

## **History on the Agency**

On January 20, 1981, the Board approved the establishment of the Agency when it declared the Southeast Overtown/Park West Area (Area) to be slum and blighted through Resolution R-39-81. The Board approved the Agency's Community Redevelopment Plan (Plan) pursuant to Resolution R-1677-82, and funded the Plan on December 21, 1982 when it enacted Ordinance No. 82-115, which was codified into the County Code of Ordinances (Code). An Interlocal Agreement (1983 Interlocal Agreement) between the County and the City was approved by the Board on March 31, 1983, requiring the Agency to submit an annual budget for County approval.

On December 31, 2007, the Board adopted Resolution R-1372-07 approving the Interlocal Agreement between the County, the City, the Omni Community Redevelopment Agency and the Agency (Global Agreement), which, among other things, amended the 1983 Interlocal Agreement to authorize the Agency to prepare a finding of necessity to expand the boundaries of the Area, amend the Plan and subject to approval of the Plan, extend the life of the Agency until March 31, 2030. On July 23, 2009, the Board adopted Resolution R-1038-09, which declared an additional 391 acres as slum or blighted, as well as Resolution R-1039-09, which amended the Plan to expand the boundaries of the Agency and extend its life through March 31, 2030. Additionally, pursuant to Resolution R-1039-09, the Board approved an amendment to the 1983 Interlocal Agreement, which was executed on January 22, 2010, to include additional projects.

The Agency's revenue source is tax increment financing, which is generated through the incremental growth of ad valorem revenues beyond an established base year, as defined in Section 163.387 of the Florida State Statutes. The County's payment to the Agency is based on 95 percent of the TIF revenue payment for the Area. However, Ordinance No. 82-115, which created the trust fund, included a provision that limited the tax increment financing payment from the County. The ordinance states that the revenue deposited into the trust fund will not be more than the amount paid in the 19th year after the bond issuance (Cap). The 19th year after the bond issuance was 2012.

Pursuant to the limit of tax increment financing payment required by the Code, the County deposited \$3,995,532 into the Agency's Trust Fund for fiscal year 2013-14. Subsequently, the Agency transmitted a letter dated January 21, 2014 objecting to the County's appropriation and demanding that the County remit the entire amount of the tax increment financing revenues generated in the Area plus penalties and interest.

Because the Agency raised the concern that the Cap would limit its ability to issue \$60 million in bond proceeds for certain eligible redevelopment projects, approved by the Board through Resolution R-480-13, my Administration began working with Commissioner Audrey M. Edmonson to propose a funding alternative, which retains the cap amount and allows the agency to fund the following:

- Continue its commitment to fund Camillus House at \$2 million annually through 2015;
- Fund its administration and ongoing operations in the amount of \$3.8 million annually;
- Fund existing debt service related to the redevelopment of Gibson Park (this commitment was not previously approved by the Board); and
- Provide additional revenue sharing of approximately \$26 million to the Agency through its expiration in 2030.

**Direction from Board Resolution**

Pursuant to Resolution R-153-14, my staff and Commissioner Audrey M. Edmonson have met with members of the Agency's Board of Commissioners, and the City's Mayor and Administration to discuss the funding alternative.

The Agency's Board of Commissioners has directed its staff to attempt to mediate the dispute. The County is amenable to mediating as long as the County does not waive its rights to require the Agency and the City to participate in the dispute resolution process set forth in the Florida Governmental Conflict Resolution Act. Therefore, the County, City, and the Agency's respective administrations and legal counsel are working to select and agree upon a mediator and the date and time of such mediation. Some of the points to be mediated by the parties are:

- County approval of the Agency's budget prior to the Agency expending funds;
- Representation of a County Commissioner on the Agency's Board pursuant to legislation adopted by the Board;
- Gibson Park Loan payments currently being made by the Agency without Board approval;
- Clarification of the projects in Exhibit C of the Global Agreement to provide funding for major projects for the benefit of all parties;
- Extension of the life of the Agency; and
- Adjustment of Agency administrative expenses.

We look forward to a successful resolution to this matter that benefits the Overtown community and protects Miami-Dade County and its residents.

Should you have any questions, please contact Deputy Mayor Edward Marquez at (305)375-1451.

c: Robert A. Cuevas, Jr., County Attorney  
Office of the Mayor Senior Staff  
Jennifer Moon, Director, Office of Management and Budget  
Charles Anderson, Commission Auditor