

Memorandum



Date: August 28, 2014
To: Honorable Chairwoman Lynda Bell and Members,
Economic Development and PortMiami Committee
From: Carlos A. Gimenez, Mayor 
Subject: Economic Development Fund Projects

This memorandum is provided to the Economic Development and PortMiami Committee (EDPC) to address concerns raised at the July 10, 2014 committee meeting regarding recommended project allocations for Building Better Communities General Obligations Bond (BBC GOB) Economic Development Fund (EDF) Project 124 and Project 320.

The EDF is divided into two segments, Project 124, totaling \$75 million, and Project 320 totaling, \$15 million. Project 124 funds were focused on stimulating economic growth Countywide, and Project 320 funds were aimed at projects within the County's Targeted Urban Areas. Issues and concerns were brought up during the EDPC meeting that the committee felt that Project 124 allocations did not meet the game-changer requirement set forth by the Administrative Rules. Given the concerns raised by committee members, the Administration respectfully requests deferral of all Project 124 items on the August 28, 2014 EDPC agenda which are listed below:

Legistar # 141866	Beach Re-Nourishment
Legistar # 141515	Carrie Meek International Business Park
Legistar # 141535	Ave Aviation Commerce Center
Legistar # 141536	Aviation Corporate Hangar
Legistar # 141537	Orion Jet Center
Legistar # 141543	Larkin Health Science Education Campus

Staff will work with the Chair of EDPC to schedule a committee workshop. At the committee workshop, I would like to further discuss the Board's vision for economic development and establish a viable plan with respect to Project 124 that will transcend Miami-Dade County. My Administration also expects to present a proposal committed to soliciting projects that will be transformational for Miami-Dade County similar to what was achieved in New York City with the \$100 million Applied Sciences NYC Competition. New York City's plan culminated in a historic partnership between Cornell University and Technion-Israel Institute of Technology to build a \$2 billion, two-million-square-foot applied science and engineering campus on Roosevelt Island in New York City. With over \$50 million dollars available with Project 124, we can work toward identifying a project that will truly be a game changer for Miami-Dade County.

However, the Administration would like to move forward with Project 320 allocations in the Targeted Urban Areas (TUA) on the August 28, 2014 EDPC agenda. The recommended developments listed below satisfy the intended purpose of Project 320 which is to enhance economic development and attract new businesses in order to create jobs in the Targeted Urban Areas (TUAs). It is expected that each recommended Project 320 allocation will benefit the residents and business within the respective TUA. The TUA EDF Projects recommended for allocations include:

Legistar # 141534	St. James Smokehouse (Empowerment Zone, District 2)
Legistar # 141538	Wynwood Plaza (Empowerment Zone, District 3)
Legistar # 141518	Grove Village on Grand (Coconut Grove TUA, District 7)
Legistar # 141524	Regional Health and Wellness and Culinary Enterprise Centers (Opa-Locka TUA, District 1)
Legistar # 141531	Sunshine Plaza 79 (West Little River TUA, District 2)
Legistar # 141577	Miami Design District 2 nd Ave Project (Little Haiti TUA, District 3).

Attachment A provides a brief summary of each project's proposed development, the use of EDF Project 320 allocations, the private capital investment, the grantee's estimate of new jobs directly created by the project, the amount of EDF funds recommended, and the amount of EDF fund requested per new and recurring job created directly. These recommended projects total \$11.2 million of the \$15 million allocated for Project 320.

The Administrative Rules amended by the Board on June 15, 2010 through Resolution R-668-10 limited grants from Project 320 to \$3,000,000.00 in a TUA. However, the Administration is recommending two projects in the Empowerment Zone TUA with a combined allocation of \$3,200,000 and therefore a waiver of the rules if both grant agreements are brought before the Board.

It is important to note that these items allow the Administration to negotiate grant agreements. These grant agreements must be brought back to the Board for approval. The grant awards will be disbursed as reimbursements of eligible expenditures paid by the grantees and approved by the Administration in accordance with established administrative rules and the Internal Revenue Service (IRS) rules governing tax-exempt status of the General Obligation Bond Program. The disbursement of grant funds are also contingent upon the grantee achieving performance milestones for job creation, private investment, average salaries and all other performance measures that have been agreed to in the respective grant agreements. If the allocation to a project is greater than the amount of eligible public infrastructure expenditures needed, the difference will be available for reallocation by the Board. If an agreement for a recommended project cannot be finalized, the funding may also be reallocated by the Board. In the event that IRS rules require grant funds to be disbursed before performance milestones can be met, a claw back provision will be included in the grant agreement allowing the County to recover part or all of the grant funds disbursed when performance milestones are not achieved.

Background

In November 2004, Miami-Dade County voters approved the issuance of \$352.182 million in general obligation bonds to, among other things, construct and improve bridges, public infrastructure, and neighborhood improvements as part of the BBC GOB Program. Of these funds, \$90 million was allocated to develop EDF Project 124 and EDF Project 320 limited to financing expenditures for certain public infrastructure improvements as identified in Resolution R-914-04, on a reimbursement basis. Project 124 has a total of \$75 million available toward projects of county-wide significance. Project 320 has a total of \$15 million available for Targeted Urban Areas. Funding from grant awards under EDF Projects must be used for public infrastructure, which includes road improvements, water and sewer networks, public parking structures, public facilities and other improvements subject to certain limitations and evaluated on a case-by-case basis. Ineligible uses of the grant awards from the EDF

Honorable Chairwoman Lynda Bell
and Members, Economic Development and PortMiami Committee
Page 3

include, but are not limited to, working capital, furniture and fixtures, business equipment, and non-capital related expenses.

Economic development opportunities likely to have significant positive impacts in terms of jobs and private investments in Miami-Dade County require a streamlined process for evaluating proposals in a timely fashion. On June 15, 2010, the Board approved the Administrative Rules through Resolution R-668-10, allowing market conditions and economic factors to drive the selection of projects for the Board's consideration without a lengthy process of soliciting Request for Proposals. The evaluation criteria described in the Administrative Rules provide a guide for the Administration to evaluate unsolicited investment projects and negotiate grant agreements with private sector partners that are consistent with Miami-Dade's long-term goals for economic growth and job creation.

Since 2011, EDF applications for Project 124 and Project 320 have been available and posted on the County website. The Department of Regulatory and Economic Resources (RER) has accepted applications for EDF allocations on a rolling basis. Additionally, the Beacon Council has actively directed businesses that may be eligible to submit an application. Submitted applications were reviewed by RER staff, my senior staff, and legal counsel from the County Attorney's Office.

Economic development has always been and continues to be a top priority for my Administration. We look forward to working with the EDPC and the Board with respect to Project 124 to identify viable options that will serve as a catalyst for economic development projects of county-wide significance to

cc: Jack Osterholt, Deputy Mayor
Josh Gelfman, Deputy Director, Economic Development (RER)
Lourdes Gomez, Deputy Director (RER)

Attachment A

Recommended Projects in the Targeted Urban Areas
(Funding from EDF Project 320): Summary Sheet

Project Name	District	Project Description	Proposed use of EDF Funds	Total Private Investment	Proposed job creation	Recommended EDF Funding	EDF \$s per job
St James Smokehouse	Dist. 2, Empowerment Zone TUA	Renovation of existing building to accommodate a new food processing facility that will export 90% of its output beyond Miami-Dade.	Sewers, curbs, sidewalks, resurfacing public parking and power upgrades.	\$2.7m	87	\$200,000	\$2,299
Wynwood Plaza	Dist. 3, Empowerment Zone TUA	Construction of a 348,700 sf mixed used facility consisting of 2 towers of rental housing, commercial and retail space.	Public parking garage, street, water and sewer improvements.	\$40m	310	\$3.0m	\$8,242
Miami Design District Mixed-Use Development	District 3, Little Haiti Target Urban Area	New construction of 1,100,000 SF of facilities to house high-end retail fashion designers, art galleries, design and culture studios in the Miami Design District. Application refers to new hotel and residences, that will spur additional retail, commercial and exhibition space. The development will occur in 3 phases.	Roadways, drainage, underground utilities, crosswalks, pavers, street lights, traffic signals and signage, and street furniture and fixtures.	\$270m	433	\$1.0	\$2,039
Grove Village on Grand (Ave)	Dist. 7, Coconut Grove TUA	Six (6) city blocks of urban in-fill development consisting of housing, retail, office and parking	Offsite water main extension, FPL duct bank extension, gas main extension, ATT/Comcast duct bank extension.	\$160m	247	\$3.0	\$12,146
Opal-Locke Regional Health and Wellness Center and Culinary Enterprise Center	Dist. 1, Opal-Locke TUA	Renovation of Hurt Bldg accommodating and new Children's Wellness Center, and construction of shared use commercial kitchen business incubator (separate locations)	To be identified during grant negotiations.	\$6.2m	145	\$3.0	\$20,700

Sunshine Plaza 79/Miami Merchants Mart	Dist. 2 West Little River TUA	Renovation and expansion of an existing shopping center located at NW 79 th Ave and 30 th St. The shopping center will be focused on national and regional branded retail and service tenants.	Necessary road improvements, lighting, landscaping and utility upgrades.	\$9.0m	100	\$2.0	\$20,000
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