

Memorandum



Date: September 15, 2015

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Report on Results of Negotiations of Grant Agreements for Building Better Communities
General Obligation Bonds, Economic Development in Targeted Urban Areas Fund
Project No. 320 recipients

On August 26, 2015, Commissioner Audrey M. Edmonson requested the Administration to prepare and submit a report detailing results of negotiations for Better Building Communities, General Obligation Bond, Economic Development in Targeted Urban Areas Fund Project No. 320 (EDF Project 320).

During discussions at several Board meetings regarding the allocation of funds for EDF Project 320 infrastructure projects listed below, three (3) major policies were adopted by the Board:

1. Before a grant payment can be made to a grantee, the entire project, including the infrastructure work for which funds were allocated, must be complete.
2. Before a grant payment can be made to a grantee, all permanent jobs indicated in the allocation memorandum/grant application approved by the Board, must be in place for a minimum of 365 days.
3. Once a grant payment has been made, the grantee must post a letter of credit in the amount of the payment for a period of five (5) additional years to assure the County that all the permanent jobs indicated in the allocation memorandum remain in place for a minimum five-year period.

Staff has not negotiated any deviation from these three (3) conditions. Subsequent to all project allocations, staff met with each grantee to discuss their projects. All grant recipients received a draft grant agreement on April 3, 2015 and a revised draft grant agreement on June 19, 2015. However, every one of the six (6) grantees has changed one (1) or more of these conditions to suit their specific needs. The County Attorney's Office prepared a standard Grant Agreement, which included these three (3) non-negotiable conditions and other requirements of the Building Better Communities General Obligation Bond program.

For the Board's information, the format of this report has been developed to provide information on each project in the following way:

- the name of the project;
- the conditions of the Allocation Memorandum/Grant Application approved by the Board;
- the conditions of the Grant Agreement changed by the grantee when submitting their signed Grant Agreement; and
- general comment from staff including an assessment of how much the project has changed and how close the grantee is to meeting the County's Grant Agreement terms.

One of the most requested changes was to the "New Job" requirement. As set forth in the Grant Agreement, New Jobs, "are defined as permanent full-time equivalent positions (36 hours per week) from: (i) new businesses located in the Project, (ii) existing businesses relocating to the Project or to the area as a result of the Project, and/or (iii) local business expansions, and excludes construction jobs and jobs existing as of the commencement date of the construction of the Project, unless such jobs are permanent jobs created in connection with, and in anticipation of, the operation and

management of the Project after the Project is completed, provided, however, such new permanent full time jobs shall be net of any permanent jobs eliminated as a result of the Project.”

Another common challenge was the alteration or deletion of the Clawback provision. Other change requests ranged from major alterations to the scope of the development project (not the infrastructure portion) and projects requesting time extensions because they do not have site control.

It should be noted that the list of discrepancies between each project’s Allocation Memorandum and the draft Grant Agreement submitted by the grantees is not all inclusive. It does, however, contain those differences that are critical to the intent of this program. Prior to any one of these Grant Agreements being presented to the Board for approval, it will require additional discussion and input from the County Attorney’s office. The tables below compare the details of the project based on the Board resolution that allocated funds versus what is in the draft Grant Agreement.

Finally, staff believes that some of the Grant Agreements require little negotiation to complete while others require more extensive discussion. Staff has listed the projects in three (3) categories: (1) those requiring little additional negotiation; (2) those requiring significant additional negotiation; and, (3) those requiring significant additional negotiation and a County lease for site control.

ST. JAMES SMOKEHOUSE: PROJECTS WITHDRAWN

Allocation:

Allocation Resolution	Resolution R-904-14 on October 7, 2014
Amount of Allocation	\$200,000.00
Project Description	The Grantee shall renovate an existing building to accommodate a new food processing facility located at 5850 NW 32 Avenue Miami, Florida 33142.
GOB Project Description	Upgrade drainage system, curbs, new sidewalks, resurfacing public parking and power upgrades.
New permanent full-time Jobs	87
Average Annual Salary	\$36,000.00

Draft Grant Agreement:

General Comment from Staff	On July 3, 2015 an email was received by the grantee stating they would not be pursuing the grant since construction was in the completion stage and they would not be able to hire for the jobs identified in the application.
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GROVE VILLAGE ON GRAND (AVE):

Allocation:

Allocation Resolution	Resolution R-905-14 on October 7, 2014
Amount of Allocation	\$3,000,000.00
Project Description	The Grantee shall construct a mixed-use project consisting of apartments, townhomes, retail and office space located at 3364 – 3428 – 3520 Grand Avenue, Miami, Florida 33133.
GOB Project Description	Upgrade water and sewer, underground utilities, and bringing gas to the area.
New permanent full-time Jobs	288
Average Annual Salary	\$39,000.00

Draft Grant Agreement:

Project Description	Unchanged
GOB Project Description	Unchanged
New Permanent full-time Jobs	Unchanged
Average Annual Salary	Unchanged
General Comment from Staff	On August 27, 2015 at the Economic Prosperity Committee meeting, Commissioner Suarez sponsored a Resolution rescinding the allocated \$3 million on the bases that the applicant does not have control of the proposed site on which the project is to be developed and therefore does not meet the requirements of the Bond Program.

CATEGORY 1: PROJECTS REQUIRING LITTLE ADDITIONAL NEGOTIATION

URBAN HEALTH AND WELLNESS GROUP:

Allocation:

Allocation Resolution	Resolution R-432-15 on May 5, 2015
Amount of Allocation	\$2,800,000.00
Project Description	The Grantee shall establish and operate a primary care unit for adult and pediatric patients, a senior wellness facility, an acute care center; a total wellness spa and a mental health unit. Located at 14701 NW 27 Avenue Opa-locka, Florida 33054.
GOB Project Description	Paving, drainage, and other Eligible Capital Costs
New permanent full-time Jobs	40
Average Annual Salary	\$72,250.00

Draft Grant Agreement:

Project Description	Unchanged
GOB Project Description	Added sidewalks
New Permanent full-time Jobs	Unchanged but wants to keep jobs for two (2) years rather than five (5).
Average Annual Salary (No projection based on new method of calculation)	Unchanged
General Comment from Staff	Other changes are minor in nature. This Grant Agreement should require little additional negotiation. Based on the Allocation Resolution, staff is required to complete the negotiation of the terms of this Grant Agreement by November 4, 2015.

CATEGORY 2: PROJECTS REQUIRING SIGNIFICANT ADDITIONAL NEGOTIATION

SUNSHINE PLAZA 79/MIAMI MERCHANTS MART:

Allocation:

Allocation Resolution	Resolution R-903-14 on October 7, 2014
Amount of Allocation	\$2,000,000.00
Project Description	The Grantee shall renovate and expand an existing shopping center to transform an underutilized site to accommodate national and regional branded retail and service tenants. located at 3015 NW 79 Street Miami, Florida 33147.
GOB Project Description	Necessary road improvements, lighting, landscaping and utility upgrades.
New permanent full-time Jobs	100
Average Annual Salary	\$10.00 per hour or higher

Draft Grant Agreement:

Project Description	Unchanged
GOB Project Description	Unchanged
New Permanent full-time Jobs	Ninety (90) new permanent full-time jobs. Grantee proposes altered language for assessing the number of new jobs by creating certain "Leasing and Operating" conditions that would provide the basis for the employees being certified.
Average Annual Salary	Hourly rate of \$10.00 or higher is proposed.
General Comment from Staff	Several sections of the Grant Agreement have been altered to reflect new terms such as the clawback provision being dependent on space rather than jobs; the grant to be paid to the grantee in installments based on this revised provision. Other changes will require further discussion with staff and review by the County Attorney's Office. This Grant Agreement still requires significant negotiation.

MIAMI DESIGN DISTRICT N.E. 2ND AVENUE PROJECT:

Allocation:

Allocation Resolution	Resolution R-901-14 on October 7, 2014
Amount of Allocation	\$2,000,000.00
Project Description	The Grantee shall construct 1,000,000 square feet of facilities to house retail fashion designers, art galleries, design and culture studios. In addition a hotel and residential units located at NE 2 Avenue from NE 38 Street to the south and NE 42 Street to the north in the City of Miami, Florida.
GOB Project Description	Roadway construction, drainage, underground utilities, crosswalks, pavement markers, pavers and concrete work, traffic signals and signage, street lights, landscaping and irrigation, and street furniture and amenities.
New permanent full-time Jobs	433
Average Annual Salary	\$47,000.00

Draft Grant Agreement:

Project Description	Changes made are acceptable based on the scope of the project already completed.
GOB Project Description	Unchanged
New Permanent full-time Jobs	Unchanged
Average Annual Salary (No projection based on new method of calculation)	Unchanged
General Comment from Staff	The Grantee has been changed from Dacra Design Moore (Del) LLC to Oak Plaza Associates (Del.) LLC (successor by merger). The clawback provision has been deleted. Other changes will require further discussion with staff and review by the County Attorney's Office. This Grant Agreement still requires significant negotiation.

WYNWOOD PLAZA:

Allocation:

Allocation Resolution	Resolution R-900-14 on October 7, 2014
Amount of Allocation	\$3,000,000.00
Project Description	The Grantee shall construct 348,700 square feet mixed use facility consisting of two (2) towers of rental housing, commercial, and retail space located at 240 – 292 NW 25 Street and 215 – 339 NW 24 Street, Miami, Florida 33127.
GOB Project Description	A parking garage plus an additional 30 street parking spaces, improving pedestrian walkways, improving car flow by allowing two-way traffic, expanding the NW 24 Street water main laterals, repair and stop water leaks in the sewer on NW 25 Street, connect the water main on NW 2 Avenue, and convert existing FPL poles to underground connections.
New permanent full-time Jobs	257
Average Annual Salary	\$26,863.00

Draft Grant Agreement:

Project Description	Specific reference to square footage and number of towers has been deleted.
GOB Project Description	Unchanged
New Permanent full time Jobs	Eighty-six 86 new permanent full-time jobs and grantee has deleted the annual certification provision to once at the end of the fifth year from CO.
Average Annual Salary	Unchanged
General Comment from Staff	Other changes will require further discussion with staff and review by the County Attorney's Office. This Grant Agreement still requires significant negotiation.

CATEGORY 3: PROJECTS REQUIRING SIGNIFICANT ADDITIONAL NEGOTIATION AND A COUNTY LEASE

SEVENTH AVENUE TRANSIT VILLAGE:

Allocation:

Allocation Resolution	Resolution R-427-15 on May 5, 2015
Amount of Allocation	\$2,000,000.00

Project Description	A mixed-use, Transit Oriented development. It will consist of 76 residential apartments, a 5-bay bus transit hub, including a 1,600 square feet Miami-Dade Transit facility; a 22,000 square feet "black box" theater presenting work by local artists and nonprofits; 2,400 square feet of studio and gallery space for the visual arts; a 152-space parking garage; and 1,700 square feet of ground floor commercial space.
GOB Project Description	Utilities including storm drainage, potable water and sanitary sewer systems and other off-site improvements.
New permanent full-time Jobs	18
Average Annual Salary	\$35,374.00

Draft Grant Agreement:

Project Description	Unchanged
GOB Project Description	Unchanged
New Permanent full time Jobs	Five (5) new permanent full-time jobs. Grantee has changed to certification procedure to once at 60 days and once at the end of five (5) years and is basing job compliance on an average of a period of time referred to by the Grantee as "job months". (12 months per year x 5 jobs x 60 months = 300 job months).
Average Annual Salary	\$30,000.00
General Comment from Staff	Grantee has changed the entity to receive the initial Grant funding due to the fact that this is primarily an affordable housing development being done by a not-for-profit corporation. Additionally, the Grantee has requested major changes to the number of jobs, method of computing the number of jobs, and the clawback provisions. Other changes will require further discussion with staff and review by the County Attorney's Office. This Grant Agreement still requires significant negotiation. Based on the Allocation Resolution, staff is required to complete the negotiation of the terms of this Grant Agreement by November 4, 2015.

Pursuant to Ordinance 14-65, this item will be placed on the next available Board meeting agenda.

Should you have any questions concerning the above, please contact Leland Salomon, Deputy Director, Regulatory and Economic Resources, at 305-375-4421.

- c: R.A. Cuevas, Jr. County Attorney
 Office of the Mayor Senior Staff
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