

June 27, 2013

Mr. Jack Osterholt
Director,
Department of Regulatory and Economic Resources
Miami, FL 33128

**Re: Application to Amend the CDMP Amendment
Property abutting the west side of the Homestead Extension of the Florida
Turnpike (HEFT) at NW 41 Street**

Dear Mr. Osterholt:

Miami Economic Associates, Inc. (MEAI) has performed an analysis with respect to the above-captioned application to amend the Miami-Dade County Comprehensive Development Master Plan (CDMP), which was filed on behalf of Turnberry/Doral Development, Limited Partnership. The proposed amendment, if adopted, would: 1) expand the County's Urban Development Boundary (UDB) to include approximately 81.3 net acres of land situated at the location indicated above (the "subject property"); 2) re-designate the subject property from Open Land to Business and Office; and 3) amend the text of Land Use Policy 8F to allow for expansion of the UDB into Northwest Wellfield Protection Area for property located adjacent to the HEFT and NW 41st Street. The amendment is being proposed to facilitate the development of a major retail/entertainment project comprised of retail space inclusive of designer boutiques, restaurants, an IMAX theater and a water park. Our analysis evaluated the following:

- Whether the need exists for additional commercially-designated land in the portion of the County in which the subject property is located; and
- The extent to which re-designation of the property would produce economic and fiscal benefits for Miami-Dade County and/or its residents.

The materials that follow, which are organized as shown below, summarize the findings of our analysis.

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Summary of Findings

MEAI believes that the proposed amendment as described in the introductory paragraph of this letter report should be adopted. We base this belief on the findings of our analysis presented below.

Needs Analysis

- The purpose of the proposed amendment to the CDMP with respect to the subject property is to facilitate the development of a major retail/entertainment project comprised of retail space inclusive of designer boutiques, restaurants, an IMAX theater and a water park. The proposed project in concept is based on the findings of Lambert Advisory, an economic consulting firm that was retained by the Miami-Dade County Planning Department to implement a 2009 resolution of the Board of County Commissioners which called for a study of the opportunity to designate and promote a Retail/Entertainment District (RED) in the area west of Miami International Airport. In a document entitled *Miami Dade-County Retail/Entertainment District Assessment* in 2011, Lambert Advisory concluded the following:
 - Retail demand will be a bright spot over the next five years in the Miami-Dade economy. Demand is estimated to grow from 94.5 million square feet of retail space in 2011 to 112.1 million in 2016. The 2016 estimated demand for 112.1 million square feet of space is greater than the estimated 107.2 million square feet of existing retail space. Additionally, the estimated demand for an additional 17.6 million square feet of space between 2011 and 2016 is in excess of the amount which can be absorbed by well-located vacant retail space in the County.
 - Visitors to Miami spend substantially more on shopping per person per day than in almost any other major tourist destination in the country including New York City, Honolulu, Las Vegas, and Los Angeles.
 - Miami-Dade is lacking in its variety of options for family entertainment, and this plays itself out in visitor expenditures on entertainment and potentially length-of-stay. Beyond visitors, the lack of product translates into a lack of opportunity to capture local expenditures as well, particularly as it relates to family entertainment.
 - The study area is one of the strongest major retail nodes in the County largely as a result of the investment made by two major mall developers, the area's central location, and terrific access due to its proximity to three major highways.
 - Population within a 20 minute drive time of the study area is in excess of 1.8 million residents with an average household income of \$61,500;

- As it relates to visitors, the Miami International Airport hotel submarket in which the RED Study Area is located has the most rooms of any submarket in the County and has the highest occupancy. In 2010, the submarket had over 11,000 hotel rooms and nearly 80 percent occupancy for a total of more than 3.0 million visitor-nights in the area. The area is a hub for international visitors.
- The area is well positioned to attract retailers that have yet to stake out a presence in the area as well as restaurants and clubs to secure the large population and visitor base, as well as one more stand-alone entertainment activity center, such as a ride or water themed venue that will enhance the area's draw.
- One of the principal challenges in the area is traffic congestion. Expansion or construction of any substantial new retail in the area is only going to exacerbate the problem.
- The retail/entertainment project currently envisioned by the Applicant on the subject property would be comprised of: 1) approximately 611,000 square feet of retail space inclusive of boutique shops; 2) an entertainment zone on 8 acres that would contain a 20,000 square foot IMAX theater, 50,000 square feet of restaurant space and a 4.5 acre water park with various rides; and 3) the necessary at grade parking to support the retail and entertainment uses proposed. The Applicant believes --- and MEAI concurs --- that a project of this size, which will fully utilize the subject property's 81.3 net acres, is required to create the critical mass required to capitalize on the regional market opportunity outlined in the report issued by Lambert Advisory. We also concur with the Applicant that the parking needs to be at grade in order for the proposed project to achieve financial feasibility.
- The RED study area that Lambert Advisory considered is in the area which the Miami-Dade County Planning Department defines as MSA 3.2. The area extends from SW 8th Street north to Okeechobee Road and from a line that parallels the west boundary of the Airport west to Krome Avenue (177th Avenue). However, significant portions of MSA 3.2 are located outside the UDB.

Data contained Appendix B, which was entitled *Planning Considerations* (Appendix B), to the initial recommendations report that the Miami-Dade County Department of Regulatory and Economic Resources (the Department) issued with respect to the 2013 EAR-based applications to amend the CDMP shows that MSA 3.2 contained 1,847.6 acres of commercially-designated land in 2012 inclusive of 377.1 vacant acres. It further indicated that the ratio of commercially-designated acreage to population in 2020 would approximate 11 acres/1,000 residents, or more than twice the countywide ratio. It should be noted that this ratio does not take into account the demand for retail goods within MSA 3.2 by the area's workforce during business hours or visitors staying in the area's hotels. It also does not recognize the following attributes that affect the use of commercially-designated land in MSA 3.2:

- MSA 3.2 is the only one of Miami-Dade County's 32 MSA's that is traversed by three major highways, which are as follows: 1) the HEFT; 2) State Road 836; and 3) the Palmetto Expressway (State Road 826). By virtue of MSA 3.2's exceptional highway accessibility, its proximity to Miami International, and the fact, as determined by Lambert Advisory, that it is within a 20-minute drive time of 1.8 million, or nearly 75 percent, of Miami-Dade County residents, it has emerged as the County's largest employment center, with approximately 150,000 people --- perhaps more --- employed within it. As also pointed out by Lambert Advisory, the area also accounts for more than 3.0 million visitor-nights annually in its more than 11,000 hotel rooms.
- Over 36 percent of the 1,470.5 developed commercial acres in MSA 3.2 in 2012 were occupied by office buildings, the preponderance of which were tenanted by entities not involved in activities that are not typically defined as community-serving. There is no other MSA, with the possible exception of MSA 5.2 which contains Downtown Miami, in which office use represents such a high proportion of its commercial development. Further, there are many small vacant parcels in the area bounded by NW 25th Street on the north, NW 107th Avenue on the east, NW 12th Street on the south and HEFT on the west that are designated for Industrial and Office Use but considered by the Planning Department as the future sites for office use, hence considered commercial acreage.
- MSA 3.2 is the only MSA within Miami-Dade County with three regional malls, which are as follows: 1) International Mall; 2) Dolphin Mall; and 3) Mall of the Americas. While the market areas of these projects somewhat different in terms of their configuration and Dolphin Mall draws from a wider area than the other two, all three draw their primary market support from not only MSA 3.2 but also MSA's 4.4, 5.3, 5.4 and 6.1 and secondary market support from MSA's 4.2, 4.6, 5.1 and 6.2 to varying degrees. The three malls in combination and the retail space that was constructed immediately adjacent to them to capitalize on their regional drawing power occupy more than 360 acres.
- Not included in the estimate of the acreage occupied by the malls and the retail space that was constructed immediately adjacent to them are nearly 50 acres of land occupied by automobile dealerships in the vicinity of Mall of the Americas and International Mall. These dealerships have also located in MSA 3.2 to capitalize on the regional drawing power of the malls as well as MSA 3.2's exceptional highway accessibility.

It is further noted that other portions of MSA 3.2, most notably the area the area north of NW 54th Street between the Palmetto Expressway and NW 97th Avenue, have a number of companies involved in truck and heavy equipment sales and repairs. The properties occupied by these entities are classified

commercial by the County's Planning Department; however, the focus on the businesses that occupy them is to serve other businesses not individual consumers. As such, the activities of these businesses are distinctly different from the gas stations and repair shops that occupy commercially-designated land in most of the County's other MSA's.

Based on the information presented above, MEAI believes that MSA 3.2 needs to be considered as a unique environment relative to the other MSA's with respect to commercial development.

- The subject property is not located within the RED study area considered by Lambert Advisory because it is currently situated outside the UDB. It is, however, immediately adjacent to the study area, being separated from it by the right-of-way of the HEFT. Further, it is already accessible from HEFT by at an interchange at NW 41st Street, which allows vehicles to travel west to rock mining operations as well as County and State correctional facilities. It is also noted that construction of NW 122nd Avenue along the western boundary of the subject property is already scheduled to occur. However, the primary attribute of the subject property is that it is the only property available in the vicinity of the RED study area is that is of sufficient size to accommodate the proposed retail/entertainment project and with highway accessibility which is not part of the inventory of vacant industrially-designated land that the County needs for future industrial uses.
- As discussed above, at the time the 2010 EAR was prepared, MSA 3.2 contained 476.9 acres of vacant commercially-designated land, portions of which are more likely to be developed with office rather than retail uses due to parcel size and lack of frontage on major traffic arteries. With respect to vacant land within MSA 3.2 that is likely to be used for commercial use, MEAI was only able to identify three sites of that are even 30 acres, including the following:
 - A site approximately 38.5 acres in size which is located on the northwest corner of W. Flagler Street and NW 102nd Avenue. Development of this property, which is the subject of another amendment in the April 2013 Cycle of proposed CDMP amendments, is expected to commence before the end of the current calendar year with a retail center anchored by Target. Given the size of the site, it could not accommodate a project the size envisioned of the retail/entertainment complex. Further, such use would not be compatible with the primarily residential area in which it is situated. Finally, this property lacks the highway access that the proposed retail/entertainment project requires and Flagler Street would likely not be able to handle the traffic it would generate.
 - A site of approximately 45.6 acres which is located in the southwest corner of the Beacon Lakes Industrial Park at NW 137th Avenue and NW 14th Street. At this location, it is just east of the UDB. This property is immediately adjacent to a highway, State Road 836; however, it is at the western end of that

roadway as it is currently configured and the exit there would likely need to be modified to better facilitate northbound traffic. More importantly, the property is not of sufficient size to create the critical mass that would be required by the proposed retail/entertainment project to attract the regional market it seeks to penetrate. Having a critical mass at this location would be particularly vital because the site is miles away from the 11,000 hotel rooms that comprise the MIA lodging submarket in an area that tourists would only rarely have reason to visit otherwise.

- A site of 55 acres, which is located in the northwest corner of the intersection of NW 107th Avenue and NW 12th Street, immediately north of and at an exit from State Road 836. The site, which is already smaller than necessary to accommodate the retail/entertainment project the Applicant is proposing may be further limited in terms of its utility by an existing body of water at its center. As discussed above, Lambert Advisory indicated that one of the challenges that will confront development of a Retail/Entertainment District in the study area it considered would be traffic congestion. That could be a particularly difficult issue at this location given that this site is situated between two existing regional retail facilities, International Mall and Dolphin Mall. It should also be noted that this site was the subject of an amendment to the CDMP in the April 2007 Cycle at which time it was designated for Business and Office use to allow for the development of mixed-use project that could include up to 1,000 residential units. Accordingly, use of this site for a retail/entertainment project of the type described above would potentially reduce the County's residential capacity.
- Based on the preceding information, MEAI believes that the Board of County Commissioners should adopt the proposed amendment if it continues to support creation of a RED west of Miami International Airport. The subject property is the only site available on which that can occur both in terms and accessibility, thereby achieving both market and financial feasibility. It is also the only site on which it can be accomplished without reducing the remaining inventory of vacant land to accommodate future industrial uses.

Economic and Fiscal Benefits

- Adoption of the proposed amendment with regard to the subject property would not only facilitate development of a major retail/entertainment project consistent with the findings of the Lambert Advisory report, it would also generate economic and fiscal benefits for Miami-Dade County and/or its residents. The bulleted paragraphs that follow describe the most significant of these benefits:
 - The term "economic benefits" refers to the positive impact that a project such as the retail/entertainment development that the Applicant is proposing would have on the overall economy of Miami-Dade County. Development of the proposed project is expected to cost \$262.9 million in terms of the hard cost

of construction and will provide a basis for approximately 2,090 man-years of direct construction employment during the development period as well as approximately 1,850 indirect and induced jobs¹.

It is anticipated once the proposed retail facility is completed, the permanent workforce on-site would total 1,352 people on a full-time equivalent basis, who will earn an average of between \$20,000 and \$25,000 annually.² Finally, it is estimated that the operations of the proposed retail facility would provide support for approximately 1,500 indirect and induced jobs.³

- The term “fiscal benefits” refers to the positive impacts that a project such as the proposed retail facility would have on the finances of Miami-Dade County and the other governmental jurisdictions in which it would be located. MEAL estimates that during the development period of the proposed commercial facility, impact fees in an amount greater than \$7,072,775 will be paid for roads, police and fire and general building permit fees in the amount greater than \$77,865 will be paid. It should be noted that these estimates do not include the impact fees and building permit fees that will be paid for the IMAX theater and the water park. They also do not include the fees that will be paid by the various trades involved in the construction, which cannot currently be estimated because the construction plans for the project have not been finalized.⁴

When construction is completed, the proposed retail/entertainment project will generate ad valorem taxes for Miami-Dade County on an annual recurring basis in the amount of \$2,680,291 and for the Miami-Dade County Public School District in the amount of \$2,244,239. The amount the County will collect will be more than \$2.2 million more than it will collect this year. It will also generate occupational license fees and utility taxes and franchise fees on an annual recurring basis for Miami-Dade County.⁵

¹ The estimate of direct construction employment assumes that 45 percent of the moneys expended on hard construction would be spent on labor that the average worker on a non-residential construction project would earn approximately \$56,900. The estimate of average earnings is based on the QCEW reports compiled by the Florida Department of Economic Opportunity for 2012.

² The estimate of employment assumes 2 FTE per 1,000 square of retail and restaurant space. It also assumes 50 people on a full time equivalent basis are employed to operate the IMAX theater and water park and for property operations and maintenance. The estimate of earnings is based on the QCEW reports compiled by the Florida Department of Economic Opportunity for 2012.

³ The estimates of indirect and induced employment were developed using the Regional Input-Output (I-O) Modeling System (RIMS) developed by the U.S. Commerce Department

⁴ The fees estimated above are based on the current fee schedules of Miami-Dade County.

⁵ The amount of revenues that will be generated in the form of occupational license fee and utility taxes and franchise fees cannot be estimated at this time based on the information that is currently available. To estimate the occupational fees that will be collected on a recurring annual basis would require knowing number and mix of tenants by type of retailer and the size of each. To estimate utility taxes and franchise would require knowing the extent to the levels of usage of water, electricity and telecommunications services of the prospective tenants of the proposed retail facility

The Applicant recognizes that it will be responsible for payment of the costs associated with any improvements required to County infrastructure at the time of development although it may seek to have such expenditures, when appropriate, credited against impact fees it is obligated to pay. It is expected that once construction has been completed, the amount paid in ad valorem taxes will more than cover the incremental costs, if any, associated with providing the project with County services, which would primarily be police and fire protection. It is, therefore, anticipated that the proposed project would be at least revenue neutral, potentially revenue positive. We base this conclusion on the following considerations.

- While the subject parcel is currently located outside the UDB, it is highly proximate to areas that are being provided with police and fire service including the area immediately east the HEFT right-of-way and the area west of the HEFT right-of-way that is bounded by that roadway and NW 137th Avenue on the east and west, respectively, and by NW 25th Street and NW 12th Street on the north and south, respectively. The proposed retail/rentertainment project is substantial size; however, it is dwarfed by the quantities of development found in the nearby areas just mentioned, particularly in the area east of the HEFT. It is also believed that County police and fire services would be provided to the County and State corrections facilities located west of the subject property, if required.
- The cost of police and investigative services is primarily paid for out of ad valorem tax collections made by the County for its General Fund and its UMSA Fund. Review of the County's 2012-13 Budget shows that only about 40 percent of the tax revenues collected for the General and UMSA funds would be used to pay for police and investigative services. The remainder of the funds collected in the two funds identified were expected to be used either for governmental activities that are not likely to increase because of the proposed commercial project such as general administration or not be impacted by it such as parks. Further, portions of the amounts spent on police and investigative services were expended on the operations of specialized police units such as the organized crime and domestic violence units that are not likely to be expanded because of the proposed project.⁶
- The cost of providing fire services is paid for out of the ad valorem tax collections made by the County for its Fire-Rescue Fund. Review of the County's 2012-13 Budget shows that the County expected that the ad valorem tax revenues collected in that fund would exceed the

⁶ In calculating the percentage of ad valorem revenues spent for police and investigative services, MEAI did not include the amounts spent on departmental administration and support services. We do not believe that those costs are likely to increase because of the proposed project.

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amount to be expended on suppression and rescue activities with the surplus being used to fund activities that would likely not increase directly as a result of the proposed commercial project.

Closing

MEAI believes that the proposed amendment to the CDMP regarding the subject property should be adopted. We base this belief on the following factors:

- The subject property is the only site within the vicinity of the area that the County seek to develop a RED that is appropriate for that use in terms of size and accessibility; and
- The proposed retail/entertainment project will provide a significant number of jobs on both a non-recurring basis during the development period and on a permanent basis thereafter. It will also generate significant revenues for Miami-Dade County on both a non-recurring and recurring basis and is likely to be at least revenue neutral, potentially revenue positive.

Sincerely,
Miami Economic Associates, Inc.



Andrew Dolkart
President