

Economic and Fiscal Impact Analysis

Green City Miami, Miami-Dade County, Florida

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1.0 Economic and Fiscal Impact Executive Summary

This study represents a detailed economic analysis associated with the proposed **Green City Miami** project located in Miami-Dade County, Florida. This analysis explores some of the fundamental economic transactional relationships involved in creating a self-sustainable solution addressing environmental, economical, and social issues within a new master planned community.

Economic Impacts

- **Green City Miami** will create substantive direct **economic benefits** for the local and regional economy. *Continuing* activities stemming from creation of employment centers directly contributes **\$889 million** in gross economic income annually.
- This annual gross economic income is associated with more than **7,681** and **\$447 million** direct, indirect and induced jobs and wages, respectively.
- The direct continuing economic activities stemming from creation of employment centers will stimulate indirect and induced demand contributing to a total impact of **\$1.6 billion** in gross economic income annually.
- This annual gross economic income is associated with more than **12,922** and **\$707 million** direct, indirect and induced jobs and wages, respectively.
- The initial *one-time* impacts from the investment in the construction of **Green City Miami** are also substantive. Average annual one-time investment in developing and constructing facilities over an illustrative ten-year period is expected to generate a total **\$290 million** in gross economic income and **2,061** total jobs providing **\$113 million** in wages and salaries.
- The top ten employment sectors ranked by total output account for **8,167** jobs with the leading sector representing Management, scientific, and technical consulting.

"Green City Miami represents a self-sustainable solution addressing environmental, economical, and social issues within a new master planned community."

Fiscal Impacts

- **Green City Miami** will also create substantive **fiscal benefits** for Miami-Dade County. Gains in net fiscal benefits directly from the proposed development are estimated to contribute between **\$8 million** and **\$13 million**, annually.
- On balance, we believe the estimates described in this report are reasonable based on appropriate planning information.

2.0 Green City Miami Overview

The **Green City Miami** study area consists of approximately 860 acres stretching from SW 167th Avenue on the East to Krome Avenue on the West and SW 64th Street on the North to Kendall Drive on the South. Nearly 95% of the land is currently used for agricultural farming, however, the area is within the Miami-Dade Urban Expansion Area (UEA). The UEA is the area designated for potential future expansion of the Urban Development Boundary (UDB). The UDB was first created in 1975 as Miami-Dade's key growth management tool. The land within the UDB has been increased by only 15% over the last 36 years. **Green City Miami** is intended to respond to population growth and the need for job creation and economic diversification through a well thoughtout expansion of the UDB.



The **Green City Miami** development would represent nearly 26,000 new residents based on a self-sustainable solution addressing environmental, economical, and social issues within a new master planned community. The proposal celebrates natural, cultural, and regional resources offering a high quality of life experience.

The master plan is divided into six distinct neighborhoods. These distinct neighborhoods include 1) Downtown, 2) Mid-town, 3) Park Village, 4) Sports Village, 5) East Village, and 6) the Preserve.

The following is a summary of the master plan across the six distinct neighborhoods:

- 11,400 households
- 26,000 total resident population
- 4,400 school-age population
- 3,512,000 non-residential square feet
- 7,600 jobs

These various metrics comprise the high level framework for the economic analysis.

3.0 Miami-Dade County Economy

The Miami-Dade economy is estimated to represent \$130 billion in output in 2013, up from \$85 billion in 2001. The current level of economic activity supports more than 1,550,000 total jobs located within the County earning nearly \$77 billion in wages and income. Growth in economic activity between 2001 and 2013 accounted for more than \$15 billion in output creating opportunity for slightly less than 250,000 new jobs.

Table 3.1. Miami-Dade GRP Cause of Change 2001-13

| | |
|---------------------------------------|-------------------|
| Nominal GRP in 2001 (\$, mils) | \$ 85,300 |
| <i>Cause of change:</i> | |
| Economic growth (activity, jobs) | 15,839 |
| Growth in prices (GRP deflator) | 29,879 |
| Rate of output (productivity) | (1,112) |
| Rate of output on growth | (206) |
| <i>Subtotal: Change in GRP</i> | <i>44,400</i> |
| Nominal GRP in 2013 (\$, mils) | \$ 129,700 |

Note: GRP deflator accounts for increases in the measure of economic activity due to inflation. Productivity reflects the rate of economic activity per job.

Based on this estimated cause of change between 2001 and 2013, each new job created supported slightly more than \$65,000 in nominal output (Gross Regional Product) on average. Compounding average output contribution by the growth in prices results in average output change per job of more than \$83,000 today.

4.0 Economic impact concepts, methodology and approach

Using a specialized economic Input-Output (I-O) model, this study quantifies, or evaluates, the value of **Green City Miami** in terms of:

- Economic activity and revenue of employment centers
- Permanent and temporary job creation
- Earnings, wages and salaries, or income received
- Economic impacts on local community
- Supplier impacts of businesses on related local industries (banking, construction, retail)

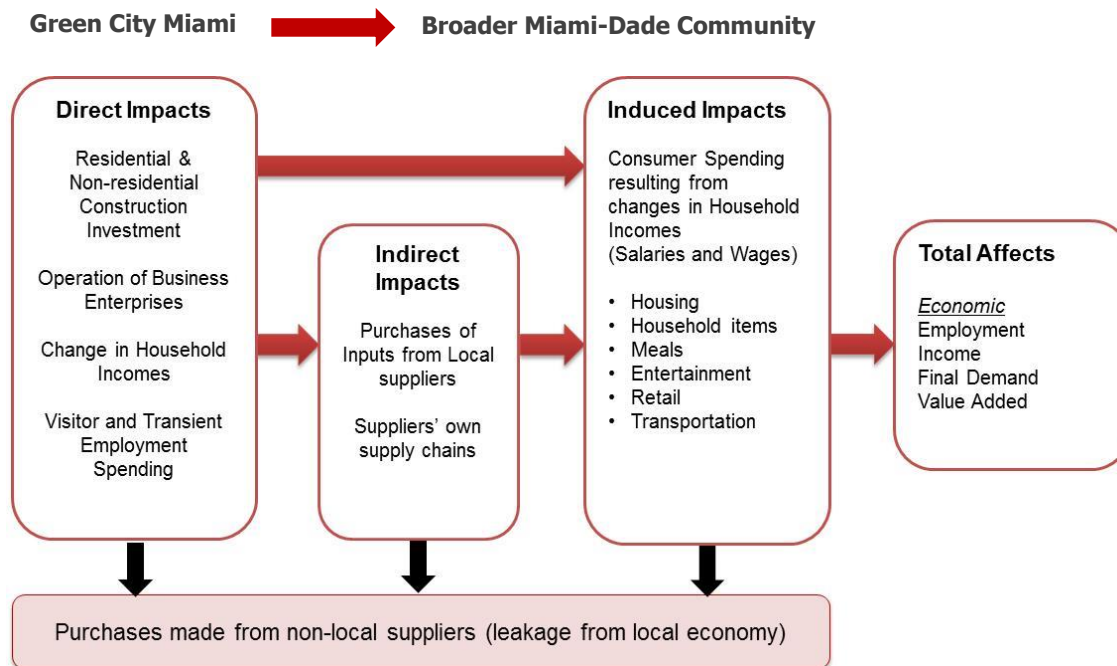
I-O models such as IMPLAN, used in this case, trace the economic effects stemming from various transactional events which can occur on a non-recurring (one time) or recurring (continuing) basis. Non-recurring transactions and their effects are often associated with construction or extraordinary infusions of capital for highly specialized or narrowly defined activities. Recurring transactions tend to reflect the ongoing and routine operations of a business enterprise or venture. The measure of these activities or events can be expressed in terms of consumer expenditures or sales (revenues). The ultimate economic effects take many forms but here the analysis focuses on the connections between certain transactional activities and job creation.

Consistent with the broad conceptualizations of business revenue and activity modeled elsewhere, the business or transactional relationships of interest created by **Green City Miami** stem from investment, spending or receipts tied to design, execution, and ultimate operation of a variety of non-residential uses as well as the creation of household income from that same activity. Those involved in this network of activity include businesses, professional and technical staff, other employees, customers, and direct and indirect businesses and their employees with links to each business and its people in the construction effort and the longer term operational effort.

The analysis of economic impact takes into consideration the inter-industry relationships among many businesses within a region and the capacity of a regional economy to respond to project and program changes. IMPLAN utilizes input-output data for more about 500 national industrial and commodity sectors to derive industry-specific multipliers for states and counties. The input-output data come from federal government sources including the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics (BLS), the BEA, and other federal, state, and local sources.

Following this basic structure, a typical economic analysis estimates the total impact of a change in economic activity as the sum of direct, indirect and induced effects and dictates the choice of multipliers applied to the analysis.

- Direct impacts or effects are those most substantively attributable to the undertaking and relate to revenues generated or expenditures made in the local economy during the years of construction and operation. Here, these direct economic benefits stem from the activities associated with the construction and operation of business enterprises.
- Indirect and induced impacts or effects are those stimulated by subsequent or secondary rounds of expenditures such as businesses and/or employees or others that have some link to individual business operations.



With annual gross revenue in excess of \$1.3 billion created within the employment centers, **Green City Miami** will contribute to economic activity and employ a substantive number of both local and non-local residents. A significant portion of the individual business enterprises' receipts and expenditures stem from capturing localized economic activity and constitute an otherwise unrealized stimulus to the regional economy. Those items represent the *direct effects* created by the developments presence. The employment centers are expected to hire a significant number of area residents and purchases a sizeable amount of goods and services from local businesses. This series of hiring and transactions lead to the *indirect effects*. A large portion of the money spent by business enterprises locally will subsequently be distributed or spent within many of the area's other businesses. This spending yields increases in household income which, along with other business enterprise related expenditures, increases total local transactions or spending. The increase in local sales stemming from consumer spending out of this source of income is the *induced effect*. The total impact of the initial direct dollars includes both the direct effects along with the indirect and induced effects. These effects will vary by location and intensity following accepted relationships which exist between and among industry groups and their suppliers, more simply between and among individual business enterprises and their many customers, vendors, suppliers, or allied businesses.

5.0 Detailed Economic impact

The **Green City Miami** project is expected to annually contribute to local economic activity, employment, and total regional household income through wages and salaries. The total annual value of **Green City Miami** at build-out is summarized in **Table 5.1**.

Table 5.1. Total Economic Impacts (2015 dollars)

| | Employment | Wages | Output |
|--------------|---------------|----------------|------------------|
| Direct | 7,681 | \$ 447M | \$ 889M |
| Indirect | 2,185 | 115M | 300M |
| Induced | 3,056 | 145M | 400M |
| TOTAL | 12,922 | \$ 707M | \$ 1,588M |



The total value of continuing activity from the economic activity within **Green City Miami** is a product of more than \$889 million in direct output contributed to the local economy supporting

7,681 direct jobs earning \$447 million annually. As described earlier, the multiplier effect of indirect economic activity along with household income results in a total regional economic contribution of \$1.6 billion in output supporting 12,992 jobs earning \$707 million annually. This represents a regional output change of \$123,000 per job.

The top ten job sectors (ranked by output) impacted by the annual economic activity within **Green City Miami** are summarized in **Table 5.2**. These sectors represent the top subset of the larger total number of jobs.

Table 5.2. Top Ten Employment Sectors

| Sector | Description | Jobs | Wages |
|--------|--|-------|---------|
| 374 | Management, scientific, and technical consulting | 2,747 | \$ 216M |
| 397 | Private hospitals and related medical | 927 | 73.0M |
| 327 | Retail Stores – Specialty | 1,563 | 46.0M |
| 432 | State and local government enterprises | 325 | 50.0M |
| 329 | Retail Stores - General merchandise | 1,676 | 53.0M |
| 360 | Real estate establishments | 368 | 6.9M |
| 207 | Industrial machinery manufacturing | 148 | 9.0M |
| 354 | Monetary authorities and depository credit intermediation activities | 126 | 9.7M |
| 411 | Hotels and motels | 288 | 12.5M |

The planned construction of residential and non-residential uses would add incremental annual economic value to the local and regional economy along with a one-time economic impact during construction. While one-time construction impacts are temporary and occur over multiple years, they are a key component to supporting a continued flow of economic value through this industry and supporting a long-term, permanent non-residential construction sector. Based on the construction of 11,400 housing units and 2,787,000 non-residential square feet, **Table 5.3** provides a summary of total continuing and one-time impacts.



Table 5.3. Construction Economic Impacts (2015 dollars)

| | Employment | Wages | Output |
|--|---------------|------------------|------------------|
| <i>One-time, 10 year (illustrative) average annual</i> | | | |
| Direct | 1,068 | \$ 63M | \$ 159M |
| Indirect | 503 | 27M | 66M |
| Induced | 491 | 23M | 64M |
| TOTAL | 2,061 | \$ 113M | \$ 290M |
| <i>One-time</i> | | | |
| Direct | 10,680 | \$ 632M | \$ 1,594M |
| Indirect | 5,026 | 268M | 662M |
| Induced | 4,906 | 233M | 641M |
| TOTAL | 20,612 | \$ 1,133M | \$ 2,897M |

One-time total construction spending for this analysis is estimated at \$1.7 billion in 2015 dollars. As a result, the one-time impacts would be equivalent to, at minimum, \$159 million in annual output and 2,061 annual jobs earning \$113 million over a ten (10) year period (illustrative).

6.0 Fiscal Impact Analysis

6.1 Concepts, Methodology, and Approach

A Fiscal Impact Analysis identifies the relative gain or loss associated with the provision of public services tied to an identifiable event such as new development. This relative net impact is expressed in terms of expected or estimated revenues less costs generated by new development or some other identifiable event, in this case **Green City Miami**. Positive fiscal impacts reflect revenues in excess of costs and conversely, negative fiscal impacts reflect cost in excess of revenues.

The following represents a summary of the major steps of this analysis:

1. Collected data and information relevant to this effort from current planning, budget documents, financial reports, and other information prepared by the State of Florida, Dade County, relevant articles, briefing materials, books, and other information sources.
2. Studied and evaluated budgets and finance materials specifically in terms of their relevance as to average or marginal costs and their implications in terms of operating or capital items.
3. Developed detail for each major component of the proposed project so that its respective valuation and/or impact in the larger analysis can be isolated with some level of reasonableness.
4. Summarized the County's fiscal requirements in terms of its various operating or departmental functions.
5. Created per capita and per developed acre equivalents for allocating the costs of these operating or departmental functions.
6. Developed detail for each major component of the proposed project in terms of relevant operating and capital items along with the overall project's contributions or costs to the County's financial position.
7. Allocated these items in terms of developed acres and per capita, as suited to the combination of program and data.
8. Summarized the final results in terms of net fiscal gains or losses.
9. Validated the reasonableness and appropriateness of the results by comparing them with fiscal requirements on a similar basis for selected jurisdictions in Miami-Dade County.

The main challenge in developing estimates of costs and revenues is determining the most appropriate metric to reflect a reasonable allocation of current financial conditions. Statistically, where a sample is representative of a population, utilizing different metrics to relate known conditions to that sample result in relatively the same outcome. For example, estimating cost and revenues using population or households would generate the same relative outcome as long as the ratio of persons per household is consistent between a subset of population and total population. It is therefore not necessary in this case to create artifacts such as full-time equivalent (FTE) populations based on employees and other transient populations if there is nothing unique about the inter-relationships among population, employment, and transient populations between the subset of population and total population. Under this scenario, either ratio of per capita or per household effectively considers the relationship of FTE populations as well.

The proposed development of **Green City Miami** is consistent with existing attributes in Miami-Dade County allowing a statistical comparison for the current analytical purpose. **Table 6.1** provides a summary of the ratios of developed land area and market value between residential and commercial property.

Table 6.1. Residential to Commercial Land Uses

| Residential to Commercial Ratios | Miami-Dade | Green City |
|----------------------------------|---------------|---------------|
| Developed land area (acres) | 2.89 to 1 | 2.61 to 1 |
| Market value (\$) | \$3.17 to \$1 | \$3.24 to \$1 |

Source: Miami-Dade County 2014 Final NAL Tax Roll, GAI Consultants. Market value reflects Just Value according to 2014 Final NAL Tax Roll.

As proposed, **Green City Miami** would create market value between residential and commercial at a ratio of \$3.24 to \$1 compared with \$3.17 to \$1 across Miami-Dade County. In addition, developed land area as proposed reflects a ratio of 2.61 residential acres to 1 commercial acre compared with 2.89 residential acre to 1 commercial acre across Miami-Dade County. Based on the consistency between **Green City Miami** (population subset) and Miami-Dade County (total population), fiscal impacts would be appropriately allocated using per capita or per developed acre methods.

The provision of public goods and service by Miami-Dade County can be summarized on a pro forma basis and distinguished between *Governmental Activities* and *Business-type Activities*. The main difference between the two is from the direct and indirect nature of revenue to support these activities. Governmental Activities have *some* direct revenue

sources off-setting specific expenses, but the majority of activity is funded indirectly and non-specifically through general revenues. With minor exceptions, Business-type Activities are funded almost exclusively with direct revenue sources and are self-sustained. In this analysis, we look at each separately because of their discrete character. In addition, we also illustrate how Business-type Activities have essentially no impact on gains or losses associated with an identifiable event because of their self-supporting nature.

Table 6.2 provides a summary of gross and net Miami-Dade Governmental Activities as presented in the FY 2014 Comprehensive Annual Financial Report (CAFR).

Table 6.2. Miami-Dade Governmental Activities, Net Expenses (2014 dollars)

| Governmental Activities: (\$, mils) | Expenses | Program Revenues | | | Net (Expense)/ Revenue |
|--|-------------------|-------------------------|---------------------------------------|-------------------------------------|------------------------------|
| | | Charges for Services | Operating Grants/ Contributions | Capital Grants/ Contributions | |
| Policy formulation and general government | \$ 396.0 | \$ 79.7 | \$ 14.3 | \$ 8.4 | \$ (293.7) |
| Protection of people and property | 1,322.8 | 282.7 | 19.8 | 9.5 | (1,010.8) |
| Physical environment | 89.2 | 96.0 | 3.4 | 0.3 | 10.6 |
| Transportation | 172.1 | 14.4 | 20.4 | 86.4 | (50.9) |
| Health | 74.2 | 10.6 | 2.5 | - | (61.2) |
| Human services | 153.1 | 0.5 | 129.2 | - | (23.4) |
| Socio-economic environment | 424.8 | 36.3 | 245.7 | - | (142.8) |
| Culture and recreation | 306.2 | 63.2 | 14.2 | 12.2 | (216.6) |
| Interest on long-term debt | 184.2 | - | - | - | (184.2) |
| Transfer to balance Business-type activities | 579.3 | - | - | - | (579.3) |
| TOTAL | \$ 3,701.9 | \$ 583.3 | \$ 449.5 | \$ 116.8 | \$(2,552.3) |

Source: Miami-Dade County 2014 CAFR. A comprehensive list of departments included in Governmental Activities is included in Appendix A.

In 2014, Governmental Activities represented \$2.6B in *net expenses* (expenses less revenues) required to be funded from general revenues. The main categories of net expenditures include the protection of people and property, a transfer to balance deficiency in Business-type Activities, and policy formation and general government. These amounts represent all annual expenditures, including those associated with capital needs.

Using Miami-Dade population counts provided by the US Census (2013 ACS estimates) and developed land area provided by property records, **Table 6.3** provides a summary of Governmental Activities on a gross and net basis.

Table 6.3. Miami-Dade Governmental Activities, Gross and Net Expenses (2014 dollars)

| Governmental Activities: (\$, mils) | Gross (Expense)/Revenue | | Net (Expense)/Revenue | |
|--|-------------------------|--------------------|-----------------------|--------------------|
| | Per Capita | Per Acre | Per Capita | Per Acre |
| Policy formation and general government | \$ (149) | \$ (2,598) | \$ (110) | \$ (1,927) |
| Protection of people and property | (497) | (8,679) | (380) | (6,632) |
| Physical environment | (34) | (585) | 4 | 69 |
| Transportation | (65) | (1,129) | (19) | (334) |
| Health | (28) | (487) | (23) | (401) |
| Human services | (58) | (1,005) | (9) | (154) |
| Socio-economic environment | (160) | (2,787) | (54) | (937) |
| Culture and recreation | (115) | (2,009) | (81) | (1,421) |
| Interest on long-term debt | (69) | (1,209) | (69) | (1,209) |
| Transfer to balance Business-type activities | (218) | (3,801) | (218) | (3,801) |
| TOTAL | \$ (1,392) | \$ (24,289) | \$ (960) | \$ (16,746) |

In 2014, Governmental Activities reflected gross and net expenditures of \$1,392 and \$960 per capita, respectively. On a per developed acre basis, gross expenditures reflected \$24,289 per acre and net expenditure demand of \$16,746 per acre.

This analysis assumes that future Governmental Activities will increase at the same gross and net levels as the averages summarized in Table 6.3. A constant increase at the average rate using per capita or per developed acres does not take into account the potential for marginal changes in expenses that may be less than average. Lower marginal costs result

from “fixed” cost components that don’t increase with increased provision of goods or services. In effect, per capita analysis is likely to yield the most conservative outlook.

Expenditure demand for Business-type Activities nets to zero as a result of direct revenues supporting those activities and by a specific transfer from General Government Activities to balance this category. **Table 6.4** provides a summary of Business-type Activities with a net expenditure of zero.

Table 6.4. Miami-Dade Business-type Activities, Net Expenses (2014 dollars)

| Business-type Activities: (\$, mils) | Expenses | Program Revenues | | | Net (Expense)/ Revenue |
|--|---------------------|-------------------------|---------------------------------------|-------------------------------------|------------------------------|
| | | Charges for Services | Operating Grants/ Contributions | Capital Grants/ Contributions | |
| Mass Transit | \$ 627.5 | \$ 126.0 | \$ 123.7 | \$ 17.9 | \$ (359.9) |
| Solid waste collection | 101.8 | 144.6 | - | 0.7 | 43.6 |
| Solid waste disposal | 137.5 | 116.7 | - | - | (20.7) |
| Seaport | 133.1 | 126.1 | 0.7 | 87.3 | 80.9 |
| Aviation | 954.2 | 795.9 | 83.0 | 34.7 | (40.6) |
| Water | 242.8 | 263.6 | 9.9 | 28.6 | 59.3 |
| Sewer | 389.8 | 315.2 | 7.7 | 38.4 | (28.5) |
| Public health | 1,530.5 | 1,173.2 | 34.3 | - | (323.0) |
| Other | 30.1 | 27.0 | 0.7 | 12.1 | 9.7 |
| Transfer to balance Business-type activities | (579.3) | - | - | - | 579.3 |
| TOTAL | \$ (3,568.0) | \$ 3,088.4 | \$ 260.0 | \$ 219.7 | \$ - |

Source: Miami-Dade County 2014 CAFR

The impact of expenses for Business-type Activities is therefore captured in the specific transfer from Governmental Activities to balance this category. As a result, per capita or per developed acre costs specifically for these activities are not necessary for this analysis.

The \$2.6B of net Governmental Activities identified in Table 6.2 is funded through a program of general revenues predominately resulting from value and consumption based taxes. **Table 6.5** provides a summary of general revenues used to meet the \$2.6B in expenditure demand for Governmental Activities.

Table 6.5. Miami-Dade General Revenues (2014 dollars)

| General revenues: (\$, mils) | Property Tax Rates (mills) | Governmental Activities | Per Capita | Per Acre |
|--|----------------------------|-------------------------|---------------|------------------|
| Property taxes, general | 4.95 | \$ 974.5 | \$ 336 | \$ 6,394 |
| Property taxes, for debt service | 0.42 | 82.9 | 31 | 544 |
| Property taxes, for fire protection | 1.34 | 264.5 | 99 | 1,735 |
| Property taxes, for library | 0.15 | 29.4 | 11 | 193 |
| County hospital ½% sales surtax | | 228.0 | 86 | 1,496 |
| Transportation ½% sales surtax | | 228.0 | 86 | 1,496 |
| Utility taxes | | 88.7 | 33 | 582 |
| Local option gas taxes | | 55.9 | 21 | 367 |
| Communication tax | | 37.4 | 14 | 245 |
| Other taxes | | 185.8 | 70 | 1,219 |
| Intergovernmental revenues, unrestricted | | 332.1 | 125 | 2,179 |
| Franchise fees | | 24.9 | 9 | 164 |
| Earnings on investment | | 8.3 | 3 | 55 |
| Miscellaneous | | 14.8 | 6 | 97 |
| TOTAL | | \$ 2,555.3 | \$ 961 | \$ 16,766 |

Source: Miami-Dade County 2014 CAFR

While the provision of goods and services by governmental organizations is governed by the characteristics of public goods, the “political” market for these can be explained in terms of a typical market economy. Market equilibrium is achieved in a market for private goods when the level of goods and services, which both consumers and suppliers are *willing* and *able* to consume and supply (respectively), is equal. Likewise, the public sector also achieves equilibrium – political equilibrium based on willingness to achieve and pay for a specific level of demanded services. **Table 6.6** illustrates the concept of political equilibrium given net expenditure demand for Governmental Activities and the general revenue required to meet those needs.

Table 6.6. Miami-Dade Existing Net Fiscal Position (2014 dollars)

| General revenues: (\$, mils) | Governmental Activities | Per Capita | Per Acre |
|------------------------------|-------------------------|-------------|--------------|
| Net Expense | \$ (2,552.3) | \$ (960) | \$ (16,746) |
| Revenue | 2,555.3 | 961 | 16,766 |
| TOTAL NET FISCAL | \$ 3.0 | \$ 1 | \$ 20 |

Source: GAI Consultants (Table 6.2, Table 6.3, and Table 6.5)

The main point illustrated is that the political process always creates political equilibrium. If there were no federal, state, and local mandates, there would be no negative fiscal impacts because the process would always reflect what is *willing* and *able* to be provided. Even with mandates that may require public goods and services that the system is not willing to or unable to provide, the local choices made within the process to reduce non-mandated spending or not raise additional revenues reflects the trade-offs required to remain in equilibrium. Regardless, this fiscal impact construct in this case has the benefit of an initial assumption of “equilibrium” between expenditure demand and revenue requirements. *There is no existing deficiency that would be required to be covered by new development and, more importantly, any fiscal surplus estimated is a result of the direct revenue created by the proposed development.*

6.2 Municipal-type Goods and Services Comparison

Meeting the needs for public goods and services in Florida is accomplished with multiple layers of governmental jurisdictions. Counties form the first-tier of administrative division of the state and provision of goods and services above the state level. All states are generally divided into counties for *administrative purposes* and the *provision of services* to each discrete county population. These services vary across the state depending on the nature of the population base (e.g. rural, urban), but are generally consistent in scope. In urban counties, the provision of goods and services between municipal areas and unincorporated county areas is highly similar as a result of the density and intensity of development.

Municipal governments are organized local governments also authorized in state constitutions and statutes. This tier of local government is established to provide a *higher* level of general government for a defined area, generally corresponding to a population center (density and intensity) or special public need rather than simply a division of state land area. This category includes those governments designated as cities, towns, and villages. This concept corresponds roughly to "incorporated places" recognized in Census Bureau reporting of population and housing data. Municipalities range in size from the very small to the very large. This size difference and the representative needs are reflected in the range of types of municipal governments that exist in different areas. County and municipal government exist side-by-side and some services flow between these tiers benefitting both populations between county and municipal boundaries. The main distinction between county- and municipal-type services is derived by the population center or special public need creating the desire or perceived need for an incorporated area. *Generally, municipal-type services are complementary to county-type services but reflect a higher intensity, driven by greater levels of density in population and non-residential development.*

Governmental Activity spending at the municipal level provides a reasonable basis for comparing expenditures required to support a future increase in density and intensity. It is not important to match the character (e.g. beachfront, inter-city, etc.) of these communities as much as the relative size and population density of the area being served. The premise is that the results should yield a financial situation comparable to that modeled for **Green City Miami**. Our analysis represents an *estimate* of the cost of adding a *higher* level of provision of goods and services to a defined area of Miami-Dade County. The provision of this higher level of goods and services is a direct result of the future increase in density and intensity than exists today. Municipalities providing a fully-loaded complement of goods and services (e.g. policy formation, general government, public safety, public work, etc.) reflect, in fact, actual costs to serve populations and areas rather than estimated costs. Thus, municipalities of comparable size and density provide a reasonable proof of potential costs for the provision of goods and services.

Table 6.7 provides a summary comparison of gross and net Governmental Activities per capita and per developed acre for selected municipal areas in Miami-Dade County.

Table 6.7. Governmental Activities, Net Expense Comparison (2014 dollars)

| Governmental Activities: (\$, mils) | Gross Expense | | Net Expense | |
|-------------------------------------|---------------|-----------|-------------|-----------|
| | Per Capita | Per Acre | Per Capita | Per Acre |
| Miami-Dade County | \$ 1,392 | \$ 24,289 | \$ 960 | \$ 16,746 |
| | | | | |
| Sunny Isles Beach | 1,422 | 29,595 | 822 | 17,108 |
| South Miami | 1,604 | 18,416 | 945 | 10,858 |
| Sweetwater | 815 | 23,406 | 343 | 9,844 |

Sources: Miami-Dade 2014 Final NAL Tax Roll, local 2013-14 CAFRs, GAI Consultants

Chosen for similarity in land area and density, gross and net Governmental Activity spending within Sunny Isle Beach, South Miami, and Sweetwater reflect reasonably consistent levels of expenditure per capita and per developed acre. Again, differences between spending per capita or spending per developed acre is partly a reflection of local choices and ability to provide certain levels of goods and services. Most importantly, as these areas developed in density and intensity sufficient to create a need for higher levels of goods and services, those actual costs are reflected on a per capita and per acre basis regardless of the differences in property value and local choices for the types and levels of services provided. It would be reasonable to expect that the level of municipal goods and services required to meet the demands and needs of these municipal locations would be much greater than an unincorporated area. The fact that the fiscal impact construct utilized in this analysis reflects higher levels of cost should be considered as validation as to the conservative nature of the results.

7.0 Fiscal Impact Estimate

The total annual net expense estimated to be created by or attributed to **Green City Miami** at build-out is summarized in **Table 7.1**.

Table 7.1. Total Net Expense Impacts (2014 dollars)

| (\$, 000's) | Per Capita Basis | Per Acre Basis |
|--|--------------------|--------------------|
| Policy formation | \$ (2,854) | \$ (1,638) |
| Protection of people/property | (9,823) | (5,637) |
| Physical environment | 103 | 59 |
| Transportation | (495) | (284) |
| Health | (594) | (341) |
| Human services | (228) | (131) |
| Socio-economic environment | (1,388) | (796) |
| Culture and recreation | (2,105) | (1,208) |
| Interest on long-term debt | (1,790) | (1,027) |
| Transfer to balance Business-type activities | (5,629) | (3,231) |
| TOTAL | \$ (24,802) | \$ (14,234) |

Per capita and per developed acre cost allocation bases estimated total annual cost created by **Green City Miami** at \$24.8M and \$14.2M, respectively. The two main categories of program costs include the protection of people and property and the current transfer required to correct an existing revenue deficiency among business-type activities.

Annual revenue estimates to off-set net expenses generated by **Green City Miami** are summarized in **Table 7.2**.

Table 7.2. Total Revenue Impact (2014 dollars)

| (\$, 000's) | Per Capita Basis | Per Acre Basis |
|----------------------------|------------------|------------------|
| Property taxes, general | \$ 20,809 | \$ 20,809 |
| County hospital surtax | 2,216 | 1,272 |
| Transportation surtax | 2,216 | 1,272 |
| Utility taxes | 862 | 494 |
| Local option gas taxes | 543 | 312 |
| Communication tax | 363 | 208 |
| Other taxes | 1,805 | 1,036 |
| Intergovernmental revenues | 3,227 | 1,852 |
| Franchise fees | 242 | 139 |
| Earnings on investment | 81 | 46 |
| Miscellaneous | 144 | 83 |
| TOTAL | \$ 32,508 | \$ 27,602 |

Revenue generated from property value represents the majority of funds collected annually to off-set estimated increases in net expenses. Approximately \$16.4M annually is estimated to be generated at build-out based on current tax rates. In total, the combination of direct property tax revenue plus other revenues

estimated from the per capita and per developed acre bases estimate total annual revenue created by **Green City Miami** at \$28.1M and \$23.8M, respectively.

The combined estimated net expenses and revenue depicted in Tables 7.1 and 7.2 are summarized in **Table 7.3**. On an annual basis, the development of **Green City Miami** is estimated to create a fiscal surplus for Miami-Dade County in the range of \$7.7M to \$13.2M.

Table 7.3. Net Fiscal Impacts (2014 dollars)

| (\$, 000's) | Per Capita | Per Acre |
|-------------------------|-----------------|------------------|
| Net Expense | \$ (24,802) | \$ (14,234) |
| Revenue | 32,508 | 27,602 |
| TOTAL NET FISCAL | \$ 7,706 | \$ 13,202 |



8.0 Appendix A

| Miami-Dade Functions and Departments | |
|---|--|
| <p><i>Policy formulation and general government</i></p> <ul style="list-style-type: none"> Office of the Mayor County Commission Management and Budget Personnel Finance Audit and Management Services Property Appraiser Clerk of Circuit and County Court Information Technology Department Elections County Attorney Judicial Administration Regulatory and Economic Resources Office of the Inspector General Commission on Ethics Internal Service Department Community Information and Outreach <p><i>Protection of people and property</i></p> <ul style="list-style-type: none"> Police Fire Corrections and rehabilitation Medical examiner Regulatory & Economic Resources Juvenile assessment | <p><i>Physical environment</i></p> <ul style="list-style-type: none"> Environmentally Endangered Lands Public Works and Waste Management Regulatory and Economic Resources <p><i>Transportation</i></p> <ul style="list-style-type: none"> Transportation Public Works and Waste Management <p><i>Health</i></p> <ul style="list-style-type: none"> Health Development Public Works and Waste Management Animal Services <p><i>Human Services</i></p> <ul style="list-style-type: none"> Community and Social Development <p><i>Socio-economic environment</i></p> <ul style="list-style-type: none"> State and Other Housing Programs Miami Dade Economic Advisory Trust Regulatory and Economic Resources Management and Budget <p><i>Culture and Recreation</i></p> <ul style="list-style-type: none"> Cultural Affairs Coordination Park and Recreation Library Regulatory and Economic Resources |