Memorandum

MIAMI-DADE COUNTY

Date: September 10, 2026

To: Honorable Chairman Anthony Rodriguez
and Members, Board of County Commissioners

From: Daniella Levine Cava
Mayor

Daniella Levine Cava

IITC
Supplement to
Agenda Item. 1(G)1

Subject: Fiscal Impact and Social Equity Statement for Ordinance Relating to Environmental Remediation and Utility Service Fee; Amending Section 24-34 of the Code of Miami-Dade County, Florida; Establishing a Loan Program for Environmental Remediation; and Providing Severability, Inclusion in the Code, and an Effective Date

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The proposed ordinance amends Section 24-34 of the Code of Miami-Dade County (Code) to establish a Loan Program using certain legally available and unencumbered funds from the existing Utility Service Fee (USF) Fund. The program would provide zero-interest loans for the environmental remediation of qualifying County-owned properties and properties formerly owned by County as of January 1, 2025, provided that each property is at least 10 acres in size and the proposed remediation protects the drinking water supply and provides a specific benefit to the Miami-Dade Water and Sewer Department.

The ordinance establishes the minimum eligibility requirements, allowable uses consistent with all requirements in section 24-34 of the Code, repayment terms, security requirements, and funding parameters for the Loan Program. It also requires that at least 20 percent of the USF Fund balance as of September 30, 2026, and at least 20 percent of the annual collection of all unencumbered USF monies remain in the USF Fund and be unavailable for the Loan Program. Accordingly, the ordinance could make up to 80 percent of the qualifying fund balance and up to 80 percent of qualifying annual collections available for loans, subject to administrative discretion and Board approval of individual loans.

The ordinance relates to environmental services involving the Department of Regulatory and Economic Resources (RER), the Department of Environmental Resources Management (DERM), the Miami-Dade Water and Sewer Department (WASD), and the Department of Solid Waste Management (DSWM). These services include environmental monitoring and regulation, drinking water supply protection, landfill closure, environmental remediation at landfill sites, and other activities eligible for funding under Section 24-34 of the Code.

Social Equity Statement

The proposed ordinance may provide environmental and social benefits by establishing a loan program to fund environmental remediation of certain properties to protect drinking water supplies. Depending on the location and ultimate use of an eligible property, remediation may also support redevelopment, reduce exposure to environmental hazards, and improve surrounding community conditions. At the same time, the proposed ordinance would create a formal mechanism through which private property owners and tenants may obtain access to USF revenues that have historically supported the County's regulatory responsibilities and public projects associated with water supply protection. These responsibilities include environmental monitoring, permitting, enforcement, scientific studies, landfill closure, and capital remediation projects historically undertaken by County departments.

Making a substantial portion of the USF Fund available for long-term private loans may reduce the funding and liquidity available for planned or emerging public needs. As a result, County projects may need to be deferred, reduced in scope, or supported through other limited revenues. The administration already anticipates that an increase in USF fee rates may be necessary within the next three to four years to sustain projected activities. For example, the County's Resource Recovery Facility (RRF) site is anticipated to require substantial environmental remediation in the near-term; although the exact amount is currently undetermined, this will require a significant amount of the USF Fund to be expended. To the extent that USF revenues are committed to long-term goals, a fee increase or another funding solution may be required sooner or in a greater amount than would otherwise be necessary. Because the USF is collected from water and sewer customers, any resulting fee increase would ultimately be borne by ratepayers.

While County departments are also eligible applicants under this proposed ordinance, a loan program is not necessary for County departments to receive USF support under the existing framework. Eligible County projects may currently be funded through the annual budget process using established staffing, accounting, and oversight mechanisms. The Administration is preparing a detailed list of pending and anticipated County projects expected to utilize currently available USF funds, for distribution to the Board. Expansion of the use of these funds to non-County entities will require the establishment of additional processes and supporting staff to properly monitor the loans. Provisions in the ordinance around subordination of these loans may also result in loss of funds altogether to the County to the extent that private entities receiving these funds may ultimately default on said loans or become subject to foreclosure actions. By offering a zero-interest loan, even if repaid over this duration of time, the county is losing significant value of those dollars. The value of the money will depreciate over time significantly even if the County is repaid.

<u>Fiscal Impact</u>
The proposed ordinance does not impose a new fee or increase the existing USF fee rate. Instead, it establishes a mechanism through which certain legally available and unencumbered USF monies may be loaned for qualifying remediation projects.

The amount available for the Loan Program will depend on the Fee Fund balance at the end of each fiscal year. The ordinance requires that at least 20 percent of the Fund Balance and at least 20 percent of each annual collection remain in the Fee Fund and unavailable for the Loan Fund. **It is important to note that withdrawing USF funds may have a material impact on solid waste system's operational and financial position. Potential effects include changes to revenues, expenses, liquidity, and other factors essential to maintaining adequate reserves for debt-service coverage and preserving the system's credit strength for future bond issuances.** The proposed ordinance does not expressly establish an aggregate dollar cap for the program, a maximum amount for an individual loan, or a higher minimum liquidity reserve based on projected operating and capital needs.

The ordinance is expected to have a fiscal impact although the specific impact cannot be determined at this time because it will depend on the amount of funds ultimately allocated to the Loan Program; the number, size, and duration of loans approved; the timing of loan repayments; and the number of staff necessary to implement and monitor the aforementioned activities.

Although loans to non-County entities will be interest-free and repaid over a period not exceeding 35 years, with repayments returned to the USF Fund, there is a risk of default by non-County parties. Terms in the proposed ordinance that allow subordination of these loans will increase the risk that the County could find itself with no recovery of funds in instances of bankruptcy or foreclosure actions. In addition, committing USF monies to long-term loans may affect the availability of funding for DSWM's anticipated landfill closure, post-closure care, and environmental remediation obligations, which are estimated to cost approximately $132.5 million. If USF support is unavailable when those obligations arise, DSWM may need to adjust rates and charges, which will ultimately be passed on to ratepayers. Depending on the extent of this potential shortfall, this could affect debt service coverage, reserves, and the metrics considered in connection with future solid waste system financing.

Because the loans in the proposed Loan Program bear no interest, repayment of the stated principal will not restore the original economic value of the funds. Inflation will reduce the purchasing power of repayments over time, and the County will forgo any investment earnings or other financial return that could have been generated while the funds remain outstanding. The zero-interest feature therefore represents an economic subsidy to borrowers and a corresponding opportunity cost to the USF Funds.

As noted above, implementation of a loan program will require additional dedicated County staff time to evaluate applications, administer loan agreements, monitor remediation activities, review invoicing, liaise with the County Attorney's Office as necessary, and track repayments, which would be additional functions outside of the traditional administrative services activities performed by existing staff. Any additional administrative costs are indeterminate at this time and will depend on the number and dollar amount of loans issued and program utilization. Such costs will detract from availability of funds for other operational or capital investments in public property.

It is worth noting that while the intent of the loan program proffered under this ordinance is to remediate environmentally challenged County-owned and former County properties, there are existing mechanisms to support these actions for private parties.

Private Remediation Incentives
Although the USF revenue has historically supported public environmental and regulatory purposes, private parties may have access to other non-USF programs that incentivize the assessment, cleanup, and redevelopment of contaminated properties protect our water supply on private property.

RER manages a portfolio of incentive programs, such as the Brownfield Redevelopment Program. Once a site has been approved by the Board of County Commissioners as a Brownfield Designated Area, businesses may apply for state funding to clean up and redevelop contaminated or perceived-contaminated properties. Available state-funded resources under the program may include economic development incentives, tax credits, low-interest loans, and waivers of certain contamination assessment report review fees. Businesses seeking to establish a new operation or expand an existing business within a Brownfield area may also qualify for financial assistance through the State of Florida.

The County also has other economic incentives that are not necessarily targeted towards environmental remediation, but commercial or industrial projects planning to develop on an environmentally challenged site can also leverage, such as Targeted Jobs Incentive Fund, Urban High-Crime Area Job Tax Credit Program, and the Miami-Dade County Relocation and Expansion Incentive Program.

It is typical in the development process that private owners become responsible for all site obligations and improvements resulting from their development proposals. To the extent that a private improvement would occur on County property or former County property, site conditions would likely have become known through the surplus process and may have been a factor in the sale price or may have been considered through other conditions established through the negotiation process.

Roy Coley

Roy Coley
Deputy Mayor