

Memorandum



Date: March 7, 2017

To: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

From: Carlos A. Gimenez
County Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez". The signature is fluid and cursive, written over the printed name.

Subject: Report Analyzing Utilizing Tax Increment Financing for Strategic Miami Area Rapid Transit Plan and Transportation Infrastructure for American Dream Miami Mall

This report is being provided to the Board of County Commissioners (Board) pursuant to Resolution R-1040-16, adopted by the Board on November 1, 2016. The resolution directed the administration prepare a report for consideration by the Board analyzing the feasibility and effectiveness of utilizing tax increment financing to help fund the Strategic Miami Area Rapid Transit (SMART) Plan transportation infrastructure and potential infrastructure projects in the Northwest section of the County near the American Dream Miami Mall. Tax Increment Financing (TIF) is one of many possible alternatives that can be used to fund future capital projects, as well as operational and maintenance costs of the SMART Plan. This report will provide a response to the directives included in the resolution, provide the Board with issues to consider whether to utilize TIF district(s), and offer possible alternatives for funding the transportation projects in the resolution.

At this time, the County's Department of Transportation and Public Works (DTPW) and the Metropolitan Planning Organization (MPO) are still in the preliminary stages of implementing the studies that will produce a detail plan from which a formal assessment can be used to create a TIF. Therefore, this report provides no recommendations on the use of TIF districts for transportation purposes. Recommendations on using a TIF district to fund transportation improvements will be provided once the report has been presented and the information studied.

While TIF districts could be a dedicated funding source to support the SMART plan, it is important to keep in mind that the revenues that would be directed to the projects from those districts are utilized to support current operations of the County in our five year financial forecast. By creating a TIF district, and restricting future incremental growth to the general fund, we limit our ability to utilize future revenues to support public safety services, recreational and cultural programming, social services, and roadway and neighborhood services. Additionally, we limit the County's flexibility to address future fiscal challenges or emergency events, such as the recent Zika outbreak. Furthermore, the County's general fund will not benefit from the incremental revenue generated by these large scale projects, but the County will required to provide services to the area thereby compounding the effect on the County's budget. In addition, bonds issued with TIF revenues are viewed with greater risk from the investment community, and have higher interest rates than bonds backed by the County's full faith and credit (i.e. general obligation). If TIF bonds are backed by a covenant to budget and appropriate, then general fund revenues will be responsible if the TIF district revenues fall short. Finally, along some of the proposed corridors for the Smart Plan, the County and some municipalities have established Community Redevelopment Agencies (CRA) along the proposed rapid transit corridors. If TIF districts are created within a CRA boundary, then incremental revenues cannot be collected as they are being utilized by the CRA.

Each of these concerns may be addressed. TIF districts could be established to exclude the County's anticipated future revenues and the growth above the County's anticipated future revenues can be deposited into the TIF district for transportation purposes. The Administration could work with existing

CRA's and their municipalities to use CRA TIF funding for a transportation project; however this would only be possible if the CRA's redevelopment plan allows for that use. If the County decides the TIF districts are a viable option, there are a number of alternatives to funding the district: 1 – Include only countywide funding; 2- Include only a portion of countywide funding (i.e. 50% of the increment); 3 – Include countywide and municipal/UMSA funding.

As discussed at the Chairman's Policy council, the County is still developing and refining its capital and operating expense assumptions for the SMART plan. Preliminary capital cost estimates greatly surpass the estimated net present value of the current 40-year Transit and PTP pro-forma developed for FY 2016-17. Additionally, the estimated operating cost to implement the new and existing system and maintain it in a state of good repair will create a substantial budgetary gap in the PTP pro-forma. Given the significant amount of resources required to implement the SMART plan, which will most likely exceed any incremental revenue generated by an individual or unified TIF district, we may want to consider enhancing the revenues available by dedicating a higher Countywide millage rate, and/or assessing another half-penny for transportation purposes.

In conclusion, the funding requirements of building and operating the SMART plan will involve more than one source of funding. As the strategies to fund this plan are developed and analyzed, TIF district(s) may be used as one of the funding sources to address this priority. Traditionally, TIF districts have been utilized by local governments to encourage and promote economic development and redevelopment in distressed neighborhoods, however Florida State Statute does allow for the creation of TIF districts for transportation purposes. For these tools to be successful, the proper zoning framework in the immediate and surrounding areas must be in place to allow for the appropriate density which will increase ridership and TIF revenues as well. Therefore, utilization of TIF district should be considered as part of larger approach for revitalizing neighborhoods, attracting new development in conjunction with providing the public alternative transportation options. I am committed to work with the Board, Federal Transportation Administration, Florida Department of Transportation, Citizens Independent Transportation Trust, Miami-Dade Expressway Authority, Metropolitan Planning Organization, our municipalities and all of our transportation partners to make a resilient Miami-Dade's transportation system for all of our residents and visitors.

If you have any questions, please contact Deputy Mayor Edward Marquez, at 305-375-1451. Per Ordinance 14-65, this memorandum will be placed on the next available applicable Committee Meeting agenda and subsequently placed on the next available Board of County Commissioners meeting agenda.

c: Abigail Price-Williams, County Attorney
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