

# Memorandum



**Date:** June 15, 2010

**To:** Honorable Chairman Dennis C. Moss  
and Members, Board of County Commissioners

Agenda Item No. 12(A)(2)

**From:** George M. Burgess  
County Manager

**Subject:** Recommended Policy for the use of Economic Development Funds under the Building Better Communities General Obligation Bond Program Project No. 124 – “Economic Development Fund” and Project No. 320 – “Economic Development in Targeted Urban Areas” and Amending the Administrative Rules

**This item was amended by the Housing and Community Development Committee at its May 10, 2010 meeting to do the following: 1) adjust the cap on the reimbursement amount allocated within any one strategic area under BBC GOB Program Project No. 124 from \$30 million to \$15 million; 2) adjust the cap for each project specific grant under BBC GOB Program Project No. 124 from \$25 million to \$15 million; 3) include language under BBC GOB Program Project No. 124 that the County Mayor or the County Mayor's designee shall consult with specific entities in the review of projects; and 4) specify that County Mayor or the County Mayor's designee shall convene a committee of members of the Task Force on Urban Economic Revitalization, community leaders and/or economic development experts to assist in the review of BBC GOB Project No. 320 grant applications.**

## **Recommendation**

It is recommended that the Board of County Commissioners (Board) adopt the attached resolution which: 1) establishes policy on the criteria for projects to be funded by the Building Better Communities General Obligation Bond Program's (BBC GOB Program) Project No. 124 – “Economic Development Fund” (Project No. 124) and Project No. 320 – “Economic Development in the Targeted Urban Areas” (Project No. 320); and 2) amends the GOB Administrative Rules accordingly. Pursuant to the BBC GOB Program's Administrative Rules, the funds allocated to Project No. 124 and Project No. 320 are collectively referred to as the Economic Development Fund. In addition, this item also corrects minor scrivener's errors, and amends the Administrative Rules with respect to soft costs eligible under the Sustainable Buildings Ordinance and expands the ownership of properties funded under the BBC GOB Program to include active and duly registered Florida for-profit corporations or other recognized business entities.

## **Scope**

The Economic Development Fund must be used to spur economic development and attract new businesses to the community in order to create jobs. Of the \$90 million allocated, \$75 million is available countywide and the remaining \$15 million is set aside to target economic development activities within the County's Targeted Urban Areas. Targeted Urban Areas are identified under the County Code of Ordinances Article VI Section 30A-129(2) as those geographical areas commonly known as: Liberty City/Model City, Carol City, Goulds, Overtown, Little Haiti, Brownsville, Opa-Locka, Richmond Heights, Homestead/Florida City, Coconut Grove, Northwest 27th Avenue Corridor, Northwest 183rd Street Corridor, West Little River, Princeton/Naranja, Leisure City, South Miami, Perrine, and the City of North Miami's 7th Avenue District, Downtown District, West Dixie Highway District and Biscayne Boulevard District.

## **Fiscal Impact**

There will be no fiscal impact to the County with the approval of this item which simply sets policy on the use of \$90 million in GOB funds set for economic development.

## **Background**

In November 2004, Miami-Dade County voters approved the issuance of \$352.182 million in general obligation bonds to, among other things, construct and improve bridges, public infrastructure, and

neighborhood improvements as part of the BBC GOB Program. Within that amount, a total of \$90 million was allocated towards the Economic Development Fund for which the eligible uses are, but are not limited to:

- infrastructure funding for road construction, water and sewer lines, fencing, sidewalks, entryways, lighting, and handicap accessibility;
- acquisition of land or buildings, subject to certain limitations and to be evaluated on a case by case basis;
- new construction or renovation of buildings, subject to certain limitations and to be evaluated on a case by case basis; and
- construction or acquisition of parking lots and structures, subject to certain limitations and to be evaluated on a case by case basis.

Ineligible uses of the funds on deposit in the Economic Development Fund include, but are not limited to, working capital, furniture and fixtures, office equipment, and other non-capital related expenses.

Staff has developed criteria for two separate programs under the Economic Development Fund (as detailed further below) to: a) spur economic development and attract new businesses to the community in order to create jobs; b) stimulate private sector investment in key strategic locations that strengthen the local economic base for long-term growth; and c) provide a significant economic return on the investment of BBC GOB Program dollars.

Economic Development Grant Fund – Project No. 124

Staff proposes that \$75 million from the Economic Development Fund be used to not only accomplish the goals of private sector development, accelerate job creation, and provide a significant return on investment, but more importantly to develop projects with the potential to transform the regional economy and produce a significant number of jobs. More specifically, the County wishes to use these funds in ways that strengthen the economy's capacity for innovation and commercialization of scientific advancements, and expand leadership in local industry clusters such as Aviation and Aerospace, Financial and Professional Services, Homeland Security and Defense, Information Technology, Life Sciences, and International Trade and Global Commerce.

The recommended use of these funds is a shift from the County's current economic development incentive programs as it focuses on the building of institutions that serve as catalysts for such new investments, productivity growth, and the foundation for long-term regional competitive advantage. Using BBC GOB Program Project No. 124 funds, the County can move quickly to take advantage of “**game-changing**” economic development opportunities likely to have very significant impacts on the entire County and/or South Florida region, rather than specific neighborhoods or sections of the County.

This portion of the Economic Development Fund will fund new public infrastructure projects that incentivize real property investments by innovative businesses willing to relocate to Miami-Dade County that are unlikely to occur without such incentive. The innovative businesses sought are businesses likely to be catalysts for the growth of an existing or emerging high technology cluster or likely to have a significant impact on long term regional growth. Eligible projects should be located within important strategic locations that are consistent with established land use planning and transportation goals. Five *strategic areas* have been identified as (see Exhibit L to the Administrative Rules):

- Opa-locka Executive Airport area defined on the north by the airport property line from NW 37 Avenue on the east to NW 57 Avenue on the west, south along NW 57 Avenue to NW 135 Street, then east along NW 135 Street to NW 42 Avenue and south along NW 42 Avenue to East 56 Street, east along East 56 Street to NW 37 Avenue, and then north along NW 37 Avenue to the northeast corner of the airport property;

- Civic Center/Medical District defined by the area bounded on the north by NW 28th Street, on the east by Interstate 95, on the south by the Miami River, and on the west by NW 17th Avenue;
- Port of Miami defined as the combination of Dodge Island and Lummus Island;
- Kendall-Tamiami Executive Airport area defined by SW 120th Street on the north, SW137 Avenue on the east, the CSX railroad line on the south, and SW 157 Avenue on the west; and
- Homestead Air Reserve Base area defined by the irregular boundaries shown on Exhibit L of the Administrative Rules.

This program would provide \$75 million in grant funds to reimburse projects for the cost of public infrastructure investments associated with private development. These private capital investments must support long term economic development and create a significant number of jobs. Reimbursement for infrastructure investment will be contingent upon the private entity having secured total project capital investment from non-County government sources as required under a Grant Agreement.

The Economic Development Grant Fund requirements listed below establish guidelines to identify qualified projects. This list of general qualifications and requirements reflects the County's intent to move forward with projects that will have a significant, and lasting, impact on future economic development and job creation.

Project No. 124 requirements include:

- The funds must be used to provide infrastructure improvements to spur economic development and attract new businesses to the community in order to create jobs.
- The funds must be used for public infrastructure, including parking structures and public facilities, along with other infrastructure improvements, subject to certain limitations and to be evaluated on a case by case basis.
- These infrastructure improvements must support economic development activities that have the potential to create a significant number of permanent new jobs in Miami-Dade County that benefit the community at-large.
- The project must leverage public bond monies with other funding sources to yield a significant economic impact and return on public incentive investments, and demonstrate the financial capacity and financial commitment to complete the economic development project.
- The project must demonstrate long-term benefits to the County in spurring future economic growth through an analysis of local economic and County fiscal impacts over a 20-year time period using a Miami-Dade County REMI model or an equivalent model that is widely available and professionally accepted among economists.
- No more than \$15 million of reimbursements can be allocated within any one strategic area.
- A project-specific grant would reimburse up to 100 percent of public infrastructure costs per project, but subject to the cap of the lesser of \$15 million or the amount of grant funding available within such strategic area.
- Actual grant funds would be disbursed on a reimbursement basis only after verified completion of the public infrastructure project upon receipt of an audited financial accounting of infrastructure development costs and subject to funding and compliance with federal tax laws.
- Grants in excess of \$5 million would be disbursed over no more than a 5 year period from the date the public infrastructure improvements are completed when taxable bonds are issued to fund such public infrastructure improvements. If tax-exempt bonds are issued for the public infrastructure improvements reimbursements for such public infrastructure improvements will be disbursed over no more than a three year period from the date of the expenditure but in no case later than 18 months from the date the public infrastructure project is placed in service.

- Annual benchmarks for required private sector capital investments in a project would be established and disbursement of grant funds would be subject to attainment of said benchmarks. A prorated grant disbursement may be allowed when actual project investment falls short of benchmarks.

Development projects that are LEED certified will receive additional consideration in the evaluation process commensurate with the level of LEED certification in order to provide an incentive to build energy efficient facilities and reduce CO<sub>2</sub> emissions.

*Economic Development in Targeted Urban Areas Fund – Project No. 320*

Staff proposes policies that will facilitate utilization of the \$15 million allocated to Project No. 320 to support projects that provide a significant return on the investment of BBC GOB Program dollars in Targeted Urban Areas. The County needs to be able to move quickly when economic development opportunities, with significant private sector participation, present themselves in the Targeted Urban Areas. Project No. 320, like Project No. 124, is intended to support private sector development and job creation through public infrastructure improvements. This may be achieved by encouraging new businesses to relocate specifically to Miami-Dade County's Targeted Urban Areas.

Project No. 320 requirements:

- The funds must be used for public infrastructure, including parking structures and public facilities, along with other infrastructure improvements located within the boundaries of the County's 19 Targeted Urban Areas, subject to certain limitations and to be evaluated on a case by case basis.
- The infrastructure improvements must spur economic development and attract new businesses to the community in order to create jobs.
- The project must benefit the residents and businesses within the individual Target Urban Areas.
- The project must include private sector investment and leverage public bond monies with other funding sources, and demonstrate the financial capacity and financial commitment to complete the economic development project.
- The project must create a significant number of jobs that are available to residents of a Targeted Urban Area.
- No more than \$3 million of reimbursements can be allocated within any one Targeted Urban Area. The grant would reimburse up to 100 percent of public infrastructure costs per project, but subject to a cap of the lesser of \$3 million or the total amount of grant funding available.
- Actual grant funds would be disbursed on a reimbursement basis only after verified completion of the public infrastructure project upon receipt of an audited financial accounting of infrastructure development costs and subject to funding and compliance with federal tax laws.
- Grants would be disbursed over no more than a 5 year period from the date the public infrastructure improvements are completed when taxable bonds are issued to fund such public infrastructure improvements. If tax-exempt bonds are issued for the public infrastructure improvements reimbursements for such public infrastructure improvements will be disbursed over no more than a three year period from the date of the expenditure but in no case later than 18 months from the date the public infrastructure project is placed in service.
- Benchmarks for required private sector capital investments in a project would be established and disbursement of grant funds would be subject to attainment of said benchmarks. A prorated grant disbursement may be allowed when actual project investment falls short of benchmarks.

While the construction of infrastructure will have an immediate impact on employment levels within the County, the intent of Project Nos. 124 and 320 is to create sustainable long term economic development and job growth. Each proposed project must be evaluated primarily according to the

“permanent” new jobs directly and indirectly created, but consideration will also be given to the directly and indirectly created jobs during the project’s development phase. Once a proposed project is approved by the Board, actual funding is dependent upon the availability of BCC GOB Program bond proceeds.

The proposed resolution authorizes the County Mayor or the County Mayor’s designee to consider economic development projects in accordance with the policy set forth herein and submit them to the Board for approval at any time with the understanding that the amount of the grant and schedule of disbursements will depend upon the availability of funds in the BCC GOB Program and subject to compliance with federal tax laws.

While the marketplace and economic conditions will determine the specific projects presented to the Board for consideration, the criteria above provide the mechanism for the County Mayor or the County Mayor’s designee, to negotiate with private sector partners on potential projects that meet Miami-Dade’s long-term goals for economic growth and job creation. The need to move quickly to take advantage of economic development opportunities likely to have very significant impacts in terms of jobs and investments in Miami-Dade County or in our Targeted Urban Areas, requires that the County streamline the process of analyzing and evaluating economic development proposals and have the authority to negotiate the terms of public incentives on a case by case basis. Community involvement, through the Task Force on Urban Economic Revitalization, in evaluation of projects applying for funding under Project 320 is preserved in the amended Administrative Rules. The actual grant award and approval of the terms of each grant agreement under BBC GOB Program Project No. 124 and Project No. 320 shall be subject to approval by the Board.

Additional changes recommended for Board approval are described below.

*Increase on Soft Costs to Address the County’s Sustainable Buildings Ordinance*

For BBC GOB projects to effectively comply with the Sustainable Buildings Ordinance, the amount eligible for reimbursement for project soft costs will be increased from 17 percent to 20 percent to accommodate both the costs of green building design, commissioning and pre-certification services in accordance with the Sustainable Buildings Ordinance No. 07-65 and Implementing Order 8-8. For those projects where it is not practical to attain certification, design services can be employed to implement design interventions that on the average will result in an estimated payback of up to 10 years. Typical categories of payback include but are not limited to energy efficiency, water efficiency, productivity and operations and maintenance.

*Ownership of Property*

Currently, title to land acquired with BBC GOB Program funds or facilities constructed/developed with BBC GOB funds shall vest with a Public Agency, or a legally incorporated 501(c)(3) not-for-profit Community-Based Organization. The recommended change will allow for an active and duly registered Florida for-profit corporation or other recognized business entity to own property for which BBC GOB funds will be used to construct or develop facilities.

Attachment

  
Assistant County Manager