



MEMORANDUM

TO: Ms. Cynthia Birdsill, Acting Assistant City Manager Operations
Ms. Diana Gomez, Finance Director
City of Coral Gables

FROM: Hank Fishkind, Ph.D. **Henry H. Fishkind, Ph.D.**

SUBJECT: Streetscape Workshop July 22, 2014 Follow Up Analysis

DATE: August 8, 2014

VIA: Email Only to cbirdsill@coralgables.com; dgomez@coralgables.com

Digitally signed by Henry H. Fishkind, Ph.D.
DN: cn=Henry H. Fishkind, Ph.D., o=Fishkind &
Associates, Inc., ou, email=hankf@fishkind.com, c=US
Date: 2014.08.08 16:25:26 -04'00'

- 1.0 During the Workshop the City Commission requested additional research on two questions: (1) effects of assessing City property included in the benefit areas and (2) financial structure and contribution by local government to other recent streetscape projects in South Florida. These are addressed below.
- 2.0 Assessing City Properties Included in the Benefit Areas
 - 2.1 The proposed financial structure for the streetscape projects includes a City contribution of 50% of the net cost of the project and excludes City property in the benefit area from special assessment.
 - 2.2 To analyze the effect of assessing City property I re-ran the assessment calculations: (1) excluding the City's 50% cost contribution to the projects and (2) assessing the City's property in the benefit areas according to the assessment methodology.
 - 2.3 The results of the analysis are displayed in Table 1 for Miracle Mile and in Table 2 for Giralda. The results are discussed below.

**Table 1. Analysis of Assessing City Properties
Miracle Mile Streetscape**

<i>PIN</i>	<i>Name</i>	<i>Par Assessment</i>
0341170050400	CITY OF CORAL GABLES (Andalusia)	\$399,853
0341170050150	CITY OF CORAL GABLES (Andalusia)	\$134,518
0341080063420	CITY OF CORAL GABLES (Lot 3 & 18)	\$19,514
0341080063440	CITY OF CORAL GABLES (Lot 3 & 18)	\$19,410
0341081110030	CITY OF CORAL GABLES (Garage 2)	\$40,602
0341081110040	CITY OF CORAL GABLES (Garage 2)	\$632,118
0341170050290	CITY OF CORAL GABLES (Miracle Mile)	\$251,663
		=====
Total		\$1,497,678
City Contribution	Calculated at 50% of Net Project Cost	\$7,602,500
		=====
Net Impact		\$6,104,822

**Table 2. Analysis of Assessing City Properties
Giralda Streetscape**

<i>Name</i>	<i>Par Assessment</i>
City Parking Lot near Garage 6	\$66,127
City Contribution at 50% of Net Project Cost	\$1,702,500
	=====
Net Impact	\$1,636,373

- 2.4 There are seven City properties located in the Miracle Mile benefit area. Based on the proposed assessment methodology, these properties would be assessed a total of \$1,497,678. Under the proposed financing plan the City would contribute \$7,602,500. Therefore, should the City decide to assess its properties in lieu of contributing 50% of the project cost, assessments would be \$6,104,822 higher on the private property owners.
- 2.5 Another way to look at the City's contribution toward the Miracle Mile portion of the project is to note that under the proposed plan the City contributes 50% of the project cost. If the City were to forgo its contribution and assess its properties in the Miracle Mile benefit area the City would contribute only 9.8% to cost (ie. \$1,497,678/\$15,205,000).
- 2.6 There is only one City property located in the Giralda benefit area. If the City were to decide to assess its property in lieu of contributing 50% of the project cost on Giralda, assessments on the private property owners would increase by \$1,636,373.

- 2.7 Stated differently, for the Giralda project if the City decided not to contribute 50% of the cost of the project and instead to assess its property, the City would only contribute 2% of the cost.
 - 2.8 I recommend that the City not assess its properties, but instead contribute 50% of the project costs. This is more equitable and the contribution more than covers the assessments that would otherwise be imposed on the City's properties.
- 3.0 Financial Structure of Comparable Streetscape Projects in South Florida
- 3.1 During the workshop other comparable streetscape projects were identified for further research. Subsequently, the City's BID nominated some additional projects they deemed comparable. The list includes: (1) Worth Avenue in Palm Beach, (2) Lincoln Road in Miami Beach, (3) Coconut Grove BID in Miami, (4) Flagler Street in Miami, (5) Naples 5th Avenue BID, and (6) Ft. Myers.
 - 3.2 Of these six projects only one is directly comparable to the streetscape projects under consideration in Coral Gables, Worth Avenue.
 - 3.3 Each of these will be discussed below. However, it is useful to first distinguish the other assessment projects from Miracle Mile or Worth Avenue.
 - 3.4 The Coconut Grove BID and the Naples BID are focused exclusively on marketing and promoting the area's retail shopping. Neither are streetscape projects and neither assessment program funds any major capital improvements.
 - 3.5 The Ft. Myers project was part of a much larger utilities redevelopment project, but more importantly the Ft. Myers project is in a Community Redevelopment Areas ("CRA"). In a CRA funding is available through the incremental increase in property taxes occurring subsequent to the installation of the capital improvements. The Ft. Myers project located in a CRA is not comparable to the situation in Coral Gables.
 - 3.6 Lincoln Road is in the City of Miami Beach's RDA which is the same as a CRA. The Lincoln Road project was funded in the mid-1990s when Lincoln Road was a blighted area.
 - 3.7 CRA's are formed only in blighted areas as defined under Chapter 163.340, F.S. Neither Miracle Mile nor Worth Avenue could qualify.
 - 3.8 The Flagler Street project area is blighted and could probably qualify as such. However, the area is fairly small, so it would be inefficient for the City of Miami to go through the process of declaring it blighted and establishing a CRA or expanding the existing CRA to include this area.

- 3.9 Table 3 presents an overview of the comparable projects and the sharing of costs between the public and the private sectors. As Table 3 shows contributions by private owners for blighted areas between 8% and 27% compared to the contributions by private owners for non-blighted areas which ranges from 50% to 100%.

Table 3. Recent Streetscape Projects and Cost Sharing

<i>Project</i>	<i>Amount</i>	<i>Government Share</i>	<i>Private Share</i>
Worth Avenue	\$14,770,000	0%	100%
Flagler Street	\$12,000,000	92%	8%
Lincoln Road	\$17,800,000	73%	27%
Miracle Mile Proposed	\$15,205,000	50%	50%
Giralda Proposed	\$3,480,000	50%	50%

- 3.10 The most comparable project is Worth Avenue. Like Miracle Mile Worth Avenue is a premier shopping/dining destination. Flagler Street is described by the City of Miami as a blighted area in need of redevelopment. Similarly, at the time the City of Miami Beach made its improvements to Lincoln Road many years ago (+/- 1993) the City characterized the area as blighted and in need of redevelopment including the area in its 1993 reconstitution of its CRA.
- 3.11 When an areas is blighted, governments often form CRAs. When areas are in need of and a CRA is not formed, such as the situations it is necessary for the local government to limit the assessments on an already blighted area. Therefore, in these circumstances the local government contribution to a streetscape project is large.
- 3.12 Based on these facts, it is my opinion that the City's proposed contribution to the streetscape projects at 50% of their cost is generous.