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Miami-Dade County's grand makeover will take decades – and billions – to pay off

A host of long-planned county projects, from greenways along Miami River to mundane drainage pipes, would take a back burner if the county commission agrees to slow spending amid lean times.

BY MARTHA BRANNIGAN

As the political debate in Washington, D.C., zeroes in on the nation's mounting debt, Miami-Dade County leaders also are rethinking plans that would further mortgage the county's future.

Since the boom days of 2004, when Miami-Dade embarked on an ambitious civic makeover, its total debt has more than doubled to \$28.07 billion.

And since last year, the Standard & Poor's credit rating agency, citing concerns about Miami-Dade's "weakened economic and financial indicators," has kept a "negative outlook" on the county's debt ratings. S&P reiterated that negative view in its latest report Aug. 4.

With the county's outlook darkened, new Mayor Carlos Gimenez is scrutinizing borrowing plans with an eye toward slowing debt spending.

"I had concerns about it [debt] walking in the door," said Gimenez, who took office July 1 on a pledge to reverse the controversial property tax rate hike that spurred his predecessor's recall. "One thing you never heard around here was 'No.' Commissioners said 'I want this. I want that.' No one ever heard 'No.'"

Gimenez says he wants to prioritize projects that will fuel economic growth — not just during construction, but when they're finished. And he supports postponing projects that require county funds to operate once they're built.

Under the Building Better Communities program, a turbocharged \$2.93 billion borrowing plan heartily approved by voters in 2004, there are literally hundreds of projects, large and small, sexy and mundane, that rely in part or all on county bonds, which are sold over many years as funds are needed.

They include renovating the decrepit county jail, making public buildings and walkways accessible to the disabled, paving bike paths along Metrorail, building affordable housing for families and the elderly, and improving flood drainage.

The Port of Miami, a key engine of commerce, is getting major updates too, including a tunnel to ease downtown traffic.

But lean times mean Greater Miami faces tough choices on which improvements get the green light and which are put on the back burner.

Some priorities for Gimenez: Speeding up the flow of funding for the Miami Art Museum, which is going up along Biscayne Bay. Instead of the \$18 million originally earmarked for the coming year, the architecturally stunning project would get \$30 million.

And the new Miami Museum of Science, which recently clinched a major donation from the Phillip and Patricia Frost Foundation, also would get more of its county funding sooner: \$30 million in the coming year instead of \$11.2 million as construction is fast-tracked.

But other projects — ranging from an equestrian center at Tropical Park to a Florida Exhibit at Zoo Miami to dull-but-important drainage improvements — would have to wait longer under the mayor's plan, which reflects a lower tax rate for debt.

The changes hinge on approval by county commissioners, an independent-minded bunch with their own priorities and constituencies. But the commission already committed to slowing spending on Building Better Communities projects when it agreed in July to lower the property tax rate to 2009-'10 levels, including the debt tax rate collected to pay for general obligation bonds.

"We're now at a point in the economy where we have to make choices," said Miami attorney Aaron Podhurst, chairman of the board of the Miami Art Museum, which has raised about \$58 million of the \$100 million in private funding needed to match the county's \$100-million contribution.

"But we have to follow through with projects that are already started, or the projects that generate jobs. I see a balancing act that has to be done to continue job creation. And culture is very important."

Others see different priorities.

"The mayor and the commission have a very tough balancing act, because they have a challenging budget," says Kenneth Naylor, chief operating officer of Carlisle Development Group, which will build some affordable housing with county funding in the coming year, though some other plans would have to hold. "At the same time, the county has a tremendous need for affordable housing."

Naylor cites an April 2011 Harvard study that found Greater Miami had the highest percentage of "heavily burdened" renters, who spend half or more of their income for rent and utilities.

At County Hall Thursday, a citizen's panel overseeing the Building Better Communities program learned that funding for a list of projects would be delayed at least two years under the mayor's plan. The Cuban Museum at the former Florida Grand Opera building at 1200 Coral Way, which is slated to get \$5 million in the coming year, instead would get zip for two more years, as would the Miami River Greenway project to spruce up the river banks, which has been scheduled to receive \$3.8 million.

"These are projects that were promised to voters, and they're now being deferred," because the commission is lowering next year's tax rates, including the portion levied to pay for debt, former Commissioner Katy Sorenson, who chairs the citizens' panel, told colleagues. "[We should] encourage them next year to *not* reduce millage rates so that projects can get done and we can get the economy moving forward."

According to county estimates, if program spending goes forward at the pace envisioned when Gimenez took office, the county for more than two decades to come would have to charge a debt tax rate above the maximum level of 0.39 mills, or 39 cents per \$1,000 of taxable value, that voters were promised.

The reason: Miami-Dade is a far different place than it was in those heady days of November 2004, when voters endorsed the grand borrowing plan for an ambitious county makeover. The unemployment rate now vs. then: 13 percent, not 5.1 percent.

Three years of spiraling declines in property values have chopped 24 percent from the county's tax base. It's like an economic hurricane swept away \$55 billion of taxable real estate value. How bad is that? Consider that in the year after Hurricane Andrew hit in August 1992, the tax base shrunk by \$1.9 billion.

Facing yawning budget shortfalls over the past three years, the county has sheered \$1.4 billion from its operating budget. Gimenez is pressing employees to swallow major pay cuts to close a \$409 million budget gap. Some 1,300 county jobs, including 800 currently filled slots, are slated to be cut.

And besides the Building Better Communities program, Miami-Dade has added another \$10 billion in debt since 2004 through various other bonds that it plans to pay off using sales and tourist taxes, tolls and user fees, among other sources.

During the period Miami-Dade doubled its debt load – a combination of principal and interest -- neighboring Broward County, by contrast, boosted its total debt by 11 percent to \$3.61 billion between 2004 and 2010.

Without a doubt, there is visible – and sometimes controversial — evidence of Miami-Dade’s investments.

With \$6.29 billion in borrowed money, the county is finally completing a dramatically expanded airport — albeit one of the nation’s costliest for airlines to use.

An air-conditioned baseball stadium, built on the county’s dime and touted as “the Coolest Ballpark Ever,” opens next year. But the county will be paying for the Marlins Stadium taking shape on the grounds of the Orange Bowl in Little Havana for another 38 years. By the time the ballpark bonds are scheduled to be paid off, Hanley Ramirez, the 27-year-old star shortstop, will be 65.

In July, at his first commission meeting as mayor, Gimenez assured commissioners — who decide on bond sales and spending plans for projects — that he plans to make sure they get plenty of financial information about each project before they vote on it, including how a project will affect the debt tax rate they have to set each September.

Commissioners said they welcome such a change under the new mayor. In the past, they have complained that the previous mayor and his administration kept them in the dark.

And some commissioners share the mayor’s caution about future borrowing.

“I am concerned our debt will eventually become unsustainable, and that’s dangerous,” said Commissioner Lynda Bell, who was elected in 2010 to the District 8 seat formerly held by Sorenson.

Bell, who chairs the commission’s Internal Management and Fiscal Responsibility Committee, said she plans to encourage the board to strengthen the county’s reserves and to hold down the tax rate. That will mean delaying some plans.

In March, when the commission approved a \$200 million bond sale as part of the Building Better Communities program, Commission Chairman Joe Martinez joined Gimenez, then a commissioner, and Commissioner Rebeca Sosa in voting against the proposal.

“Do you want to get more into debt?” asked Martinez, who plans to run for mayor in 2012. “Will you be able to pay it off? We’re getting another \$200 million.”

County officials point to the public mandate for the projects. But they also acknowledge that the county’s outlook has changed dramatically since then.

“I think now the voters wouldn’t approve it,” Mayor Gimenez said. “These are different times.”

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