

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager 

DATE: September 11, 2024

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING AMENDMENT NO. 6 TO THE MANAGEMENT AGREEMENT DATED OCTOBER 7, 2013 BETWEEN THE CITY OF MIAMI BEACH AND GLOBAL SPECTRUM LP. D/B/A OVG360 FOR THE MIAMI BEACH CONVENTION CENTER (EXISTING AGREEMENT) TO EXTEND THE TERM OF THE EXISTING AGREEMENT ON A MONTH TO MONTH BASIS FOR AN ADDITIONAL THREE (3) MONTHS, COMMENCING ON OCTOBER 1, 2024 AND EXPIRING NO LATER THAN DECEMBER 31, 2024, TO ALLOW THE PARTIES ADDITIONAL TIME TO FINALIZE THE KEY TERMS OF THE NEW AGREEMENT; APPROVING THE WAIVER, BY 5/7TH VOTE, OF THE FORMAL COMPETITIVE BIDDING REQUIREMENT IN SECTION 2-367 OF THE CITY CODE; AND FURTHER, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AMENDMENT NO. 6.

RECOMMENDATION

It is recommended that the Mayor and City Commission adopt the resolution approving Amendment No. 6 to the Management Agreement dated October 7, 2013 between the City and Global Spectrum L.P. d/b/a/ OVG360 for the management of the Miami Beach Convention Center on a month to month basis, not to exceed an extended term of three (3) months, expiring no later than December 31, 2024.

BACKGROUND/HISTORY

On July 17, 2013, the Mayor and City Commission adopted Resolution No. 2013-28276, authorizing the City and Global Spectrum, L.P. ("Global") to negotiate and execute a Management Agreement for the management of the Miami Beach Convention Center ("MBCC") and the Colony Theater, (as amended and modified, and referred to herein as the "Management Agreement" or "Agreement").

On October 7, 2013, the Administration entered into a Management Agreement with Global with an initial term of three (3) years commencing on October 1, 2013 and expiring on September 30, 2016, with two (2) one-year renewal options.

Pursuant to Resolution No. 2015-29191, the Mayor and City Commission approved Amendment No. 1 to the Agreement, extending the term through September 30, 2020.

Pursuant to a letter dated September 23, 2016, the City and Global confirmed the City's termination for convenience of Global's responsibilities as manager and operator of the Colony Theatre, as permitted in subsection 12.2(c) of the Agreement. Global's management responsibilities for the Miami Beach Convention Center did not change.

In October 2018, the City and Global executed Amendment No. 2 (authorized by Resolution No. 2018-30508), extending the term of the Agreement for an additional two (2) years, commencing on October 1, 2020 and expiring on September 30, 2022, for a total term of nine (9) years, including all prior renewals and extensions.

In September 2019, pursuant to Resolution No. 2019-30986, Amendment No. 3 to the Agreement increased Global's monthly imprest amount and established a Global-funded annual internship contribution.

On June 23, 2021, the Mayor and City Commission adopted Resolution No. 2021-31754, approving Amendment No. 4 to the Agreement providing for the management and maintenance, by Global, of Collins Canal Park, the two (2) clubhouse buildings formerly known as the Carl Fisher Clubhouse and Little Stage Theaters, and Pride Park, including the mangroves along Collins Canal within the footprint of the park. The amendment also provided for an additional annual fee of seventy-five thousand dollars (\$75,000) in consideration of the additional scope, and extended the term of the Agreement to March 31, 2024. Because the agreement was extended for 18 months, this extension resulted in the misalignment of the term of the Agreement with the City's fiscal year.

In June 2022, Global notified the City of a merger between Global and Oak View Group and in August 2022, Global notified the City of its intent to operate and manage the Miami Beach Convention Center under the name "OVG360".

On February 21, 2024, via Resolution No. 2024-32912, the Mayor and City Commission approved Amendment No. 5 to the Agreement which extended the term by six (6) months, from April 1, 2024, through September 30, 2024, to align with the related Sodexo Live! and Greater Miami Convention and Visitors Bureau (GMCVB) agreements.

ANALYSIS

International and domestic conventions, conferences and destination meetings are returning to pre-COVID-19 pandemic levels. To ensure continuity of the management and oversight of the Miami Beach Convention Center campus, particularly in view of the anticipated construction and opening of the convention center hotel, it is critical to create symmetry amongst the convention center-related management, operations and sales agreements during the upcoming critical period of reputation growth. Among its various responsibilities, OVG360 is charged with marketing, promoting, and booking clients at the Miami Beach Convention Center, often in collaboration with the GMCVB.

Tangentially, following a competitive solicitation process (ITN 2023-338-ND) and pursuant to Resolution No. 2023-32722 adopted on September 13, 2023, the Administration is currently negotiating an agreement with OVG360 for management and operation of the Miami Beach Convention Center campus. The Administration intends to bring forward for consideration by the Mayor and City Commission a new management agreement with OVG360. It is the Administration's recommendation to approve Amendment No. 6 to the Agreement to extend the term on a month to month basis by up to three (3) months, until such time as the new agreement is approved and executed. Accordingly, the amended term of the month to month Agreement will

commence on October 1, 2024 and expire no later than December 31, 2024, pending approval of the new management agreement.

Although OVG360 was the sole proposer pursuant to Invitation to Negotiate (ITN) 2023-338-ND for management of the Miami Beach Convention Center campus, given the proposed extension contemplated by Amendment No. 6 is not pursuant to the solicitation, the Administration recommends a waiver, by 5/7th vote of the competitive bidding requirement in Section 2-367(e) of the City Code.

LOBBYIST DISCLOSURE

In accordance with Resolution No. 2023-32857, adopted by the City Commission on December 13, 2023, the following information has been provided by the Administration as it relates to the subject resolution.

1. Was the Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No
2. If so, specify name of lobbyist(s) and principal(s): N/A

FINANCIAL INFORMATION

Nationally, convention centers typically operate with a financial subsidy while providing a broader indirect economic impact to the community through tourism and hospitality-related visitor spending. The MBCC is supported and funded by revenue generated by the MBCC (including rentals, food, and beverage sales), Resort Tax (Convention Development Tax), and Miami Beach Redevelopment Agency (RDA) tax increment revenue. The management fee (currently at approximately \$373,000 annually) is subject to annual increases based on the lesser of three (3) percent or the consumer price index (CPI). Operating expenses related to managing, maintaining, promoting, and marketing the MBCC (including personnel expenses) are funded by the City. Operating revenues offset operating expenses.

This amendment does not contemplate any changes to the existing financial terms of the Management Agreement. Funding is currently budgeted and allocated for this purpose. The forthcoming MBCC management agreement, to be presented at a later date, is intended to continue generating revenue for the City, with the selected management firm, OVG360, compensated on an agreed-upon, fixed management fee with incentive fees based on performance.

CONCLUSION

The Administration recommends that the City Commission approve Amendment No. 6 to the Agreement. As set forth above, Amendment No. 6 shall require a waiver of the competitive bidding requirement in Section 2-367(e) of the City Code, finding such waiver to be in the best interest of the City.

STRATEGIC CONNECTION

Prosperity – Develop the Convention Center campus

