

# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Rickelle Williams, Interim City Manager

DATE: June 26, 2024

TITLE: DISCUSS/TAKE ACTION ON THE PROGRAMMING FOR THE NEW BYRON CARLYLE G.O. BOND PROJECT FOR A MULTI-PURPOSE CULTURAL ARTS SPACE AND POSSIBLY WORKFORCE HOUSING AND/OR OTHER USES THAT ARE COMPATIBLE WITH A CULTURAL ARTS CENTER AND THE SURROUNDING NEIGHBORHOOD AND TO CONSIDER THE VARIOUS OPTIONS FOR FINANCIAL AND FUNDING MODELS FOR THE PROJECT.

### **BACKGROUND/HISTORY**

The Byron Carlyle Theater complex is located at 500 71st Street, between Byron Avenue and Carlyle Avenue, where it opened in 1968 as Twin Cinemas hosting first-run movies. The City purchased the Byron Carlyle Theater (the Theater) from the WBC Broadcasting Corporation in 2001 and partially renovated it to spur economic development and bolster North Beach arts and culture. In 2014, the City executed a Management Agreement with Living Arts Trust d/b/a O Cinema, who occupied the Theater's western portion. The remaining eastern portion remained vacant and unutilized. The poor condition of the building required it to be permanently closed and has remained so since October 31, 2019.

Since its closure, there have been several discussions held regarding the future of the Byron Carlyle. In January of 2019, a Request for Proposals (RFP) was issued to develop a mixed-use project with a cultural component. Two (2) respondents initially returned proposals. One (1) of the respondents withdrew their proposal upon commencement of the first round of negotiations. Following preliminary negotiations, at the February 24, 2021, City Commission meeting, the single remaining proposal was presented to the City Commission. During public comment, a large majority of the comments opposed the sale and private development of the property. The Mayor and City Commission deliberated on the item and the motion to approve the RFP proposal from the developer failed 4-2.

On September 13, 2021, a citywide survey was issued to better understand the community's desire for the future of the Byron Carlyle. On October 26, 2021, the results were published via LTC 452-2021, which indicated a strong preference to moderately or fully renovate the existing theater (59% of respondents).

Subsequently, on September 17, 2021, the Mayor and City Commission made a referral to the Finance and Economic Resiliency Committee (FERC) to discuss ways to move forward with the Byron Carlyle Theater. At the September 24, 2021, FERC meeting, the Administration presented a cost estimate for developing conceptual design options (Conceptual Design). FERC's recommendation was transmitted to the City Commission, and on September 30, 2021, at the request of Commissioner Mark Samuelian, the Mayor and City Commission approved the allocation of \$400,000 to fund the development of conceptual designs and charettes for the Byron Carlyle Theater cultural center project (the Project). Subsequently, at the December 8, 2021, City Commission meeting, a discussion was held regarding the future steps to help move the Project

forward. And on January 20, 2022, the Mayor and Commission adopted Resolution No. 2022-32021 directing the Administration to immediately initiate the conceptual design options process for the Project, to be informed by community outreach, survey remits, and input of industry professionals, using funds previously appropriated from the City's FY 2022 Budget. The City then engaged Shulman + Associates (Shulman) to facilitate the charettes and develop the Conceptual Design plan.

On April 27-28, 2022, the City held two (2) publicly noticed meetings to obtain community input regarding the future use or redevelopment of the Theater. Shulman compiled the findings of these meetings and prepared a Conceptual Design plan (Exhibit A) for review and comment during a final community input session.

On November 8, 2022, the City's voters approved a \$159 million General Obligation (G.O.) Bond for Arts and Culture that included \$30,570,000 (split over two tranches) for the redevelopment of the Byron Carlyle Theater.

On December 14, 2022, in response to item R7 E, the Mayor and City Commission directed the Administration to seek expressions of interest from cultural institutions to occupy and/or activate the proposed cultural center. On January 25, 2023, the Administration issued Request for Letters of Interest (RFLI) 2023-261-KB for Cultural Partners for Byron Carlyle Theater. The RFLI was developed with input gathered from the City's Cultural Arts Council and Michael Spring, then Director of Miami-Dade County Department of Cultural Affairs. On February 22, 2023, responses to the RFLI were received and published via LTC 106-2023.

Additionally, on January 27, 2023, the FERC discussed the Project and recommended the Administration engage with a cultural arts consultant to guide the City with regard to the redevelopment of the Theater, help refine the vision for the space and, ultimately, advise the City Commission on the industry's "best practices" for developing innovative cultural facilities. This additional input would provide technical advice and models for developing an innovative cultural arts center (the Cultural Arts Center). In April 2023, of three (3) submissions received, AMS Planning and Research (AMS) were the consultants recommended by the Administration and approved by the City Commission.

At the April 28, 2023, City Commission Meeting, member of the Friends of the Byron Carlyle, David Sexton and architect Roberto Espejo, presented a concept and massing study for the Byron Carlyle (Exhibit B). This presentation illustrated that a well thought out, multidisciplinary cultural arts center could be accommodated on this site, with or without 72 workforce housing units. During discussions, Commissioner Richardson stated that the inclusion of workforce housing would present opportunities for additional funding from the state and the G.O. Bond for Arts and Culture. Mayor Gelber requested financial modeling of a cultural center with the additional funding and revenue provided by the workforce housing.

At the October 18, 2023 City Commission meeting, a motion was made by Vice-Mayor Richardson to direct the Administration to develop a RFP, which must come back to the City Commission for discussion and approval before issuance, for the development of the Byron Carlyle to accommodate multiple potential partners, with or without a workforce housing component, with the City to retain ownership of the property, and utilizing the financial structure used for the Collins Park Workforce Housing Project. This motion passed 5-2.

At the March 13, 2024, City Commission meeting, before all information could be gathered for the draft of the requested RFP, the Mayor and City Commission approved at the request of Commissioner Bhatt, the referral of item (C4 D) to the FERC to discuss the programming for the new Byron Carlyle G.O. Bond project for a multi-purpose cultural arts space and possibly workforce housing and/or other uses that are compatible with a cultural arts center and the surrounding neighborhood and to consider the various options for financing construction and funding models for the project. Additionally, on April 3, 2024, the Mayor and City Commission approved a dual referral of item C4 H to FERC and the Land Use and Sustainability Committee



(LUSC) to conduct a detailed review of the two (2) different models for the proposed Byron Carlyle cultural center.

This item was presented and discussed at the May 1, 2024, LUSC meeting. A motion was made to recommend moving forward with the Cultural Arts Center with some level of workforce housing. Two board members voted in favor of the motion and two against, citing they would like to have more information on the impact of the workforce housing. Some questions considered were how the Project could affect parking and traffic, as well as if there are ways to ensure residents of the building work in the area to avoid additional congestion. The item moves to the June 26, 2024, Commission meeting with an unfavorable recommendation from LUSC.

At the G.O. Bond Oversight Committee meeting held on May 9, 2024, the Committee moved with a 7/0 vote to include workforce housing, including artist housing, as part of the Byron Carlyle Theater Project, utilizing \$4 million of G.O. Bond funds available in Tranche 2 (for workforce housing) (LTC# 184-2024).

Subsequently, the North Beach CRA Advisory Committee adopted at their May 14, 2024, meeting, a unanimous motion, supporting, in concept, the Byron Carlyle redevelopment incorporating the workforce housing component, prioritizing artistic and cultural workers, provided that there are no short-term rentals and/or micro-units (LTC # 199-2024). The Committee also discussed the CRA's requirement to use a minimum 10% of its budget toward the creation of workforce housing and identified the Byron Carlyle project as a way to do so without the added burden of purchasing additional land.

On May 24, 2024, the FERC discussed this item and recommended in favor of proceeding with the project incorporating workforce housing with no micro-units and no short-term rentals. It was also discussed that there should be further deliberation on the qualifications for those seeking to live in the workforce housing created. The FERC further recommended to return this item to Commission for discussion.

## **ANALYSIS**

### **Programming**

Beginning in June 2023, AMS has worked with the Administration and local arts presenters to understand the artistic and cultural landscape and offerings of Miami Beach and the surrounding areas. AMS met with City staff to understand the objectives of the City and, through surveys and interviews, compiled the offerings and needs of local cultural organizations. They have synthesized the data gathered into a final report received on April 8, 2024 (Exhibit C).

This report provides a list of numerous local, established arts organizations that could utilize the proposed Cultural Arts Center and what these presenters would need to support their programming.

AMS also explores governance structures to consider for the long-term successful operation of the facilities. With direction from the Administration, AMS looked into how the City may choose to operate the Center on its own or explore other options as the details of the project are settled. The best choice of model will be informed by the nature of the project: a standalone Cultural Arts Center or a Cultural Arts Center with workforce housing.

### **Standalone Cultural Arts Center**

Under the standalone model, a Cultural Arts Center similar to that presented at the April 28, 2023, City Commission meeting can be built for approximately \$30.5M. Currently there are no other funding sources identified for this option so the project would have to be designed to budget. The City would likely choose to self-operate the facilities to serve as "host", ensuring balanced programming among the interested arts organizations and development of community programs. The Cultural Arts Center's revenue would depend on rentals and/or ticket sales from the arts organizations that use the space, the possible inclusion of retail space, philanthropy, and City funding. In this instance, the City would likely need to budget for the ongoing operational subsidy of the Cultural Arts Center.

### Cultural Arts Center with Workforce Housing

The second building program under consideration would include workforce or “artforce” housing. With the inclusion of workforce housing, new financing options become available to the project. In this scenario, the City could procure and contract a 501c(3), similar to that used in the Collins Park Artist Workforce Housing development or create a 501c(3) in the form of a Trust, to manage the delivery of the project and subsequent operation of the facilities. The exact nature of the City agreement with the 501c(3) (the Operator) still needs to be explored. This can potentially be done with the guidance of AMS, as a natural continuation of their work on the project. The non-profit Operator would enter into an agreement with terms drafted by the City’s Administration. The agreement would give the Operator a ground lease, and the funding available through G.O. Bond for Art and Culture, for the construction of the Cultural Arts Center. Additional funds may be available for workforce housing projects through the G.O. Bond for Art and Culture, the North Beach Community Redevelopment Agency (CRA), and the State. The Operator, under the City’s terms, would take on a construction bond for the incremental cost of developing the workforce housing. This bond will be serviced from the future rent revenues. The net revenues, after the bond is serviced, would go towards the operation and maintenance of the Cultural Arts Center and the residential units. The City will always retain ownership of the land and may exercise the right to reclaim the building at any time by paying off the balance of the bond. The cashflows for this scenario have been modeled by Servitas, the developer working on the Collins Park project and are included here (Exhibit D). As the modeled cashflows illustrate, the net revenues could mostly or wholly cover the operating costs of the Cultural Arts Center in the first years. This model has been characterized by the developer as “moderately conservative” and allows for some adjustment to meet objectives such as cost of rent, unit mix, and number of units. As the bond is paid down, rent revenue will give the Cultural Arts Center a significant funding source that would allow for expanded programming, commissioning of artistic works and subsidies for all manner of community programs.

The Administration has taken into consideration 1) the analysis by AMS of available artistic programming, 2) two architectural concepts, and 3) a model of future cashflows. Based on these factors, it is determined that a project with workforce housing offers a greater value. This option provides anywhere from 72 to 160 workforce housing units, potential for additional funding sources, and ongoing operational funding for the Cultural Arts Center. The workforce housing inventory could also serve to enhance opportunities for artists and workers that support Cultural Arts Center programming and operations.

### **FISCAL IMPACT STATEMENT**

### **FINANCIAL INFORMATION**

The 2022 G.O. Bond for Arts and Culture has appropriated \$30,570,000 (split over two tranches) for the redevelopment of the Byron Carlyle Theater: \$10,590,000 in tranche 1 and \$19,980,000 in tranche 2.

### **CONCLUSION**

Based on the foregoing, the Administration recommends the Commission discuss and consider the two options for the Cultural Arts Center as provided herein.

If the Cultural Arts Center with workforce housing option is selected, the Administration’s next steps would be to:

1. Explore the process and benefits of creating a managing non-profit intermediary versus procuring and contracting an existing non-profit intermediary for the financing and operation of the proposed Center.
2. Seek expert recommendation on the structure of a managing Non-Profit entity and development of an operating plan and proforma for the Cultural Arts Center, based on the AMS report and the chosen governing structure.
3. Draft a Request for Proposals (RFP) using the information gathered in steps 1 and 2 for the delivery of the Cultural Arts Center Project that will be contracted between the builder and the non-profit intermediary.

If the standalone Cultural Arts Center is selected, the Administration's next steps would be to:

1. Present the "host" model from the AMS report to Commission for adoption.
2. Draft a Request for Qualifications (RFQ) for a design firm based upon the information gathered to date.

**Applicable Area**

North Beach

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?**

Yes

**Is this item related to a G.O. Bond Project?**

Yes

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

**Department**

Facilities and Fleet Management

**Sponsor(s)**

Commissioner Tanya K. Bhatt

**Co-sponsor(s)**

EC