

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members
FROM: Eric Carpenter, City Manager
DATE: January 24, 2025
TITLE: DISCUSS THE STATUS OF THE BYRON CARLYLE PROJECT AND THE STRUCTURE FOR THE CONTEMPLATED RFP(S)

RECOMMENDATION

The Administration suggests the Committee refer the AMS recommendation for Operating Partner of the Byron Carlyle to Commission for discussion.

The Administration also recommends that the Committee discuss the three (3) sample building programs described herein and give the Administration feedback as to whether the Committee agrees with the recommendation of using Scenario #2 to model the operating pro forma.

BACKGROUND/HISTORY

The Byron Carlyle Theater complex is located at 500 71 st 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 0 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.

At the March 13, 2024, City Commission meeting, 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 (L TC # 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.

At the June 26, 2024, Commission meeting, the Mayor and City Commission unanimously approved the Byron Carlyle Project to proceed with the inclusion of workforce housing. Additionally, the body authorized the continued engagement of AMS Planning and Research for the additional amount of \$160,000.00, waiving by a 5/7ths vote the formal competitive bidding requirement, finding such waive to be in the City's best interest.

At the Commission meeting held on Dec 11, 2024, a Referral (C4 U) was made to FERC to discuss the status of the Byron Carlyle Project and the structure for the contemplated RFP.

The following topics were identified for discussion in the Dec 11th referral (C4 U).

ANALYSIS

Below are listed the topics for discussion in the referral and an accompanying "Update" from the Administration.

1. Project Overview and Status Update:

a. Review the current status of the Byron Carlyle Project, including the inclusion of workforce housing and other potential uses, as well as the progress made in conceptual designs and planning.

UPDATE:

While the inclusion of workforce housing has been decided, the building program for the residential component of the project will be part of the proposal that results from the RFP process, therefore the details of the residential building program are still undetermined. It is anticipated that the number of units may have a wide range. This number will depend on the developers' ability to optimize their floor plans for a given number of units within the prescribed lot size, height and FAR.

In creating a concept building program and cost estimation, AMS has compiled the operational needs and wants from the various Arts organizations that would be utilizing the Byron Carlyle Cultural Center. Working with Fisher Dachs Theater Planners and Cost Plus, a firm specializing in forecasting project costs of cultural facilities, AMS has created three (3) building programs and potential project cost models (Exhibit 1, pp.7-10)

These three (3) scenarios were presented and discussed with the administration.

Scenario #1 would meet the expressed needs of the users in a facility with the exception of available dates. This version would only accommodate one event/user at a time, along with some limited ancillary activity. This is due to having a single dedicated performance space, a Studio Theater with a flexible seating capacity of 250. The programming for this facility would be sequential, needing to allow dark days between events to turn the space around.

-This project would have a gross square footage of 27,270 sq. ft. and an estimated total project cost of \$38.7M

Scenario #2 builds on Scenario 1 with the addition of a screening room and an increased maximum flexible capacity of 350 in the Studio Theater. The addition of the 75-seat screening room would allow the cultural center to present film, lectures, and other small presentations while they hold performances or turn over the studio theater.

-This scenario has a gross square footage of approximately 32,820 sq. ft. and a total project cost of \$45.6M

Scenario #3 delivers all the needs and wants requested by the arts organizations that were interviewed. The inclusion of a second flexible 150 seat studio theater and a second 150 seat screening room ensures availability of space to almost satisfy the anticipated future demand, as communicated by the arts organizations.

-This version of the project has a square footage of 54,435 sq. ft. and a total project cost of \$73.7M.

Next Steps:

The Administration debated the value of each of these scenarios, weighing the demand and operational limitations for each building program against the project cost. The group arrived at the recommendation that AMS proceed with Scenario #2 for the development of the operating pro forma and the group work to identify ways to fund the potential \$15.6M funding gap, beyond the \$30M budgeted in the GO Bond.

b. Discuss the timeline outlined by AMS for the completion of the remaining tasks, including the development of an operating model, creation of an operating pro forma, and the issuance of an RFP

UPDATE:

With the selection of a building program, AMS will deliver a pro forma operating forecast for the base year of operations in February 2025. The forecast will include projected income from operations including program fees, rentals, leases, concessions, and contributed revenue (as applicable). Operating expenses to be forecast include staffing level with associated salaries and wages, occupancy costs, administrative and marketing costs, presentation costs, and an analysis of net gain/loss. This forecast will identify necessary operating subsidies without taking into consideration the benefit of potential revenue from the workforce housing or private contributions.

The Administration has begun drafting an RFP for a Development Partner in this project. The terms of this RFP will be informed by all the insights gathered from the work of AMS, guidance from Public Financial Management Group (PFM) on potential financing models, and the decisions made by Commission. The work from AMS and PFM is expected to be substantially completed in February. It is the intent of the Administration to issue the RFP in the third quarter of fiscal year 2025.

2. Contemplated RFP Structure:

a. Review the structure and scope of the anticipated RFP(s) for the project, focusing on the selection process for the development/operating partner, as well as the procurement of a workforce housing developer/builder.

UPDATE:

It is the objective of the Administration to be thorough and specific with the City's critical parameters for a successful bid when crafting the RFP for Development Partner(s). It is equally important to give the bidders sufficient freedom to exercise their judgement and leverage their strengths to bring the best value to the City in the resulting proposals. The following considerations are in various stages of examination to determine which aspects will be more prescriptive and which may be allowed room for variance.

-Desired Financing Model: The Administration has engaged with Public Financial Management Group (PFM) to identify the various financial models for delivery of the project, weigh the benefits of each model, and recommend the one(s) that may best serve the project. The recommendation will influence the relationship between the Development Partners and the terms sought in the RFP. This work has commenced and is expected to conclude in February.

-Building Parameters: Identify the requirements and constraints to be included in the RFP to ensure the proposals that the City will receive are aligned with the objectives of the project and deliver a building with maximum value to the City and its residents. These may include

- Minimum size of Cultural Center
- Proposed building program for cultural spaces
- Design conducive to acoustical isolation
- Minimum number and mix of Workforce Housing units
- Allowance of Affordable Housing units for grants or tax credits
- Green space and common areas
- Maximum height or FAR
- Other considerations that may inform potential proposals.

b. Consider the governance structure for the new cultural arts space, including options such as a not-for-profit organization (NPO), city trust, or other appropriate models, and the potential impact of each on the procurement process.

AMS Research and Planning was first engaged by the City to recommend potential governance structures and an operating partner best suited for the Byron Carlyle Cultural Center. While the nature of the project and scope of their work over the last two years has expanded, that critical underlying objective has remained.

At the January 8, 2024, project update meeting, AMS made the recommendation to the Administration that the City engage the Friends of the Byron Carlyle to be the Operating Partner for the Byron Carlyle Project (Exhibit 1, pp. 12-13)

Friends of the Byron is a non-profit 501c3 (NPO) rooted in the North Beach community. It's Board of Directors (Exhibit 1, p.13) bring professional experience in the arts, land development, municipal planning, real estate law and community engagement.

AMS supports its recommendations with key learning from its examination of comparable projects. First was that project sustainability was enhanced by partnering with "committed local stakeholders". Secondly, AMS found that a mix of public and private funding sources are often needed to deliver cultural project such as this one. The inclusion of a private non-profit to fundraise towards the project offers an additional source of capital to cover gaps in available

funds. Additionally, having the Operating Partner be an unbiased manager of the asset allows all arts organizations to be served in an equitable fashion.

While the Operating role of the NPO Partner is more predictable, the role of the NPO as a Development Partner is dependent on the various financing models currently being explored. Below are just 3 of the possible variations of this Development relationship.

i. NPO as Cultural Center Operator: In this scenario, the NPO would remain part of the project in an advisory and advocacy capacity through the building phase, then entering into an agreement with the Developer's management organization to operate the Cultural Center.

ii. NPO as Development Partner for only the Cultural Center: In this model the NPO may partner with the City to secure funding to cover any capital shortfall of the project and serve as the "Owner" of the project under a development/management agreement.

iii. NPO as the P3 "Owner/Borrower": In this model, the NPO could serve as the owner/borrower in the P3 agreement and stays on as the Operator and Bond Holder until the bond is satisfied. This NPO would contract a property management firm for the management of the residences.

c. Discuss the desired qualifications for the workforce housing component, ensuring it aligns with the City's goals of providing affordable housing for cultural and artistic workers while maintaining compatibility with the surrounding neighborhood

In Miami-Dade County, workforce housing is defined as housing that is affordable for families whose incomes are within 60 to 140 percent of the County's area median income as reported by the United States Department of Housing and Urban Development and adjusted to family size (\$42,600 to \$99,400, respectively, for a family of four). Workforce housing can be targeted to specific groups, such as teachers, first responders, or artists, based on criteria other than income, and these can be defined by the city or local authority. This type of housing is often aimed at helping middle-income workers who may not qualify for typical affordable housing programs but still struggle with rising housing costs.

When discussing what professions to prioritize, the Committee could take into consideration the North Beach CRA Advisory Committee's unanimously support to incorporate the workforce housing component, prioritizing artistic and cultural workers, provided that there are no short-term rentals and/or micro-units.

As an example of what the City has done previously, the Collins Park workforce housing project utilizes four (4) tiers when considering the applications of potential residents. The first tier includes veterans, local educators, City of Miami Beach employees and first responders. The second tier are individuals who work in the hospitality and entertainment industries. Third tier is anyone employed in Miami-Dade County. After a period of time, the remaining units are opened to the general population.

The Administration welcomes any guidance the Committee may want to offer on what industries and occupations the City would like to prioritize.

3. Potential Challenges and Opportunities:

a. Identify any challenges in the current planning and procurement process, particularly regarding the integration of workforce housing and cultural spaces within the same project.

UPDATE:

There are numerous interrelated variables in this stage of planning. As the team narrows down options to those that best serve of the project, it will continue to identify possible conflicts or

bottlenecks. Below are a few of the steps being taken to expedite the process and topics being deliberated.

-In anticipation of receiving the necessary information in February, the Administration has already begun a draft RFP based on a previous solicitation. The necessary language will be updated to reflect the results of the AMS and PFM recommendations. This should expedite the process of creating the document and routing for approval.

-Conflating the financing of two distinct building programs with separate managing partners adds complexity to a project and could pose challenges in negotiating the interests of the various parties involved. The team will clearly outline the City's priorities while selectively leaving room for negotiation on terms that may be less critical to the success and sustainability of the project.

-Deciding on a financing model that best balances expediency with optimal long-term financial outcomes.

b. Explore opportunities to streamline the timeline, including the possibility of utilizing a Public-Private Partnership (P3) to expedite the development process, as well as ways to align the project with broader city goals for arts and culture, workforce housing, and economic resilience

UPDATE:

As part of their contract, PFM will explore financing models. These financing models include Private Public Partnerships (P3). One of the parameters discussed in conversation with PFM is the affect of the models on the timeline of the project. The Administration anticipates having these recommendations to review in February. Once the financing and associated delivery options are reviewed, the Administration will make a recommendation on which would bring the most value to the project with respect to schedule and other priorities the City may want to consider.

4. Next Steps and Timeline:

a. Discuss the next steps for the City in advancing the Byron Carlyle Project, including any further coordination required between AMS, the City administration, and potential developers or partners.

UPDATE:

The Administration suggests the Committee refer the AMS recommendation for Operating Partner to full Commission for discussion.

With an estimated project cost for the cultural component of the project, the project team is currently focused on further exploring financing and delivery models that may best serve the project.

It is anticipated that the remaining data needed to complete the RFP will be received in February.

b. Review the projected timeline for completing the planning, procurement, and construction phases of the project, and the potential for reducing delays through efficient planning and partnerships.

· The pre-planning work for AMS, which commenced August 2024, is estimated to take six (6) months from the start date. Another three (3) months have been allotted for the results to make their way through Committees as deemed necessary by the City Commission. These include preliminary building program, preliminary cost estimate, recommendation(s) of operating partner, activity profile, revenue/expense forecast, and support documents for the development of a Request for Proposal ("RFP"),

- On City managed project, the procurement process may take six (6) to eight (8) months, once the RFP is finalized. This includes advertising of the RFP, 60-day post period, evaluation of submissions, selection of firm, vetting of negotiated agreement, and award of contract.
- The pre-construction period, which includes contract execution, design, and permitting, may take an additional 12 to 18 months before commencement of construction.
- Using the Collins Park Workforce Housing Project construction schedule of 18 months as a model and adjusting the schedule to account for the technical complexity of the Cultural spaces, the build time could take four (4) to six (6) months longer.
- In aggregate, the pre-planning, procurement, design, and construction of this Cultural Center by the City could take as long as five (5) years from the start date of August 2024. This roughly estimates the opening round fall of 2029. A preliminary timeline has been included as Exhibit 2.

FISCAL IMPACT STATEMENT

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.

This project also qualifies to receive part or all of an additional \$4,000,000 available for workforce housing through the 2022 G.O. Bond for Art and Culture.

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on .
See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

CONCLUSION

The Administration suggests the Committee refer the AMS recommendation for Operating Partner of the Byron Carlyle to Commission for discussion.

In addition, the Committee may choose to discuss the three (3) sample building programs described herein and give the Administration feedback as to whether the Committee agrees with the recommendation of using Scenario #2 to model the operating pro forma.

Applicable Area

North Beach

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

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

No

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)

Condensed Title

Discuss the Status of the Byron Carlyle Project and the Structure for the Contemplated RFP(s)