

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: May 21, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE LAND USE AND SUSTAINABILITY COMMITTEE AT ITS APRIL 15, 2025 MEETING (1) TO DIRECT THE ADMINISTRATION TO IDENTIFY, AS PART OF THE FY 2026 BUDGET PROCESS, LEGALLY AVAILABLE FUNDING SOURCES, INCLUDING BUT NOT LIMITED TO THE GENERAL FUND, TO ENABLE THE CITY TO ACQUIRE THE PROPERTY LOCATED AT 7605 COLLINS AVENUE (PROPERTY) FOR \$6.53 MILLION FROM THE CITY'S BUILDING FUND, WHICH ORIGINALLY ACQUIRED THE PROPERTY, TO CREATE A MARINE SCIENCE EDUCATION CENTER AND MUSEUM AT THE PROPERTY INSTEAD OF A SATELLITE BUILDING DEPARTMENT OFFICE AS ORIGINALLY CONTEMPLATED AT THE TIME OF PURCHASE AND (2) TO DIRECT THE ADMINISTRATION TO SEEK A UNIVERSITY PARTNER TO FUND THE RENOVATION AND OPERATION OF THE FACILITY.

RECOMMENDATION

The City Administration recommends that the City Commission discuss the resolution.

The Administration recommends that while the City Commission evaluates the conversion of 7605 Collins Avenue into a Marine Science Education Center and it also carefully considers several critical factors that will significantly impact the General Fund budget, beginning in FY 2026:

1. The City's increasing unfunded capital improvement program
2. Long-term General Fund financial projections indicating a potential shortfall in upcoming fiscal years
3. The passage of Amendment 5 in November 2024, which increases the homestead exemption and further constrains the growth of taxable property values

These considerations are essential to ensure that decisions regarding conversion of 7605 Collins Avenue into a Marine Science Education Center and Museum align with the City's broader long-term financial stability and strategic priorities. If the City Commission approves funding a conversion of 7605 Collins Avenue into a Marine Science Education Center and Museum, the Administration recommends it be considered as part of the FY 2026 budget process.

BACKGROUND/HISTORY

The property located at 7605 Collins Avenue (the Property) was a privately-owned, single-family residence of Rudy and Elizabeth Perez (Property owners). The Property is nestled in Altos del Mar Park to the north, bounded by a RM-1 zoning district to the west, the North Shore Library to the south, and Collins Avenue to the east. At the October 18, 2023, City Commission meeting, the Mayor and City Commission considered the viability of purchasing the Property and directed the Administration: i) to meet with the property owner and explore the opportunity to purchase the property at its true fair market value; ii) to obtain two additional appraisals for the property; iii) to

explore a purchase of the property with a purchase price not to exceed \$10 million; and iv) to report back to the City Commission.

At the January 31, 2024 meeting of the City Commission, the Administration presented item R9 Y to the Mayor and City Commission relating to the City's potential purchase of the subject site. The Administration presented three (3) valuation studies commissioned by the City (\$4.2 million; \$2.1 million; and \$3.75 million) and a fourth appraisal provided by the Property owners (value of \$7.25 million).

Following deliberations on the item, the Mayor and City Commission voted in favor of purchasing the Property at \$6.5 million price, with direction to the Administration and the Office of the City Attorney to negotiate a purchase and sale agreement and a referral to the Finance and Economic Resiliency Committee (FERC) to discuss funding for the purchase.

On February 23, 2024, the Finance and Economic Resiliency Committee discussed the City's acquisition of Property. The Administration presented various potential funding sources including, PayGo Capital Fund, Building Department Fund, Parking Fund and General Fund Reserves.

The Committee recommended utilizing reserves from the Building Department Fund to acquire the Property. While the Property's main purpose would be for Building Department activities, other departments could utilize portions of the building for ancillary purposes, with the costs covered by rental payments.

This acquisition was an unbudgeted expenditure not part of the City's FY 2024-2028 Capital Improvement Plan nor the FY 2024 Operating Budget. In considering the purchase of the subject site and allocation of funding, the City considered all other expenses associated with this real estate acquisition, including title insurance, survey(s), inspections, recording and other customary closing costs. The total cost associated with this purchase was approximately \$6,530,000, inclusive of costs of title insurance, survey(s), inspections, recording and other customary closing costs.

At the March 13, 2024 meeting of the City Commission Resolution 2024-32945 was approved in which the Mayor and City Commission approve the purchase of the property located at 7605 Collins Avenue and legally described as Lot 6, Block 10, Altos del Mar No. 1, Plat Book 31, Page 40 of the public records in and for Miami- Dade County (Purchase) at a total transaction cost not to exceed \$6,530,000. This purchase was funded by the City's Building Fund for the purpose of creating a North Beach Permitting Center with possible associated City services such as cashiering for parking and utility bills, and Code Compliance and/or Parking staffing.

As part of the FY 2025 Capital Budget, the Commission appropriated \$1.0 million in Building department funds to initiate the renovation process including known structural repairs. Additional funding to complete the structural repairs and renovation may be needed when the planning and design phase are completed. The Building Department has been ready to engage an architect for approximately six months but has been on hold pending various Commission referrals to continue to discuss the property.

At the April 15, 2025 Land Use and Sustainability Committee ("LUSC"), the Committee discussed the use of the facility as a Marine Science Education Center and Museum including the funding necessary to acquire it from the City's Building Fund. The Committee recommended the Commission consider funding the \$6.53 million acquisition by the City utilizing any legally available funding source including but not limited to the General Fund, from the Building Fund, which originally acquired the property, to create a Marine Science Education Center and Museum as part of the FY 2026 budget process and to direct the Administration to seek a university partner to fund the renovation and operation of the facility.

ANALYSIS

As the City's Building Fund paid approximately \$7.53 million to purchase and partially fund renovations including structural repairs, the Building Fund would have to be repaid, or funding switched in the case of the renovation/repair budget, if the building was to be used as a Marine Science Education Center and Museum. If the Commission decided to utilize this space as a Marine Science Education Center, the City's General Fund reserves would be the most likely source of funding, however, through the FY 2026 budget process other possible funding sources would be explored. If the City is unable to secure a university partner to fund the renovation and operation of the facility, the cost to operate a Marine Science Education Center which could run in the \$500,000-\$1.0 million range annually plus site build-out, utilities, supplies, and programming in the first year. Also, the building requires renovations including structural repairs which would require funding from the City if the potential university partner could not be secured.

If the Commission is interested in the development of a Marine Science Education Center, the Administration would like to recommend an alternative location. With the upcoming GO Bond project to reconstruct the Log Cabin, which would be in North Beach Oceanside Park, the Committee might consider this location as ideal for the operation of a new Marine Science Education Center. The Log Cabin currently has no programming plan currently.

City of Miami Beach History with a Marine Science Education Center

In the early 1990's Miami-Dade County utilized a small building inside what was North Shore Open Space Park for its sea turtle program. Two county employees and one city employee over time turned the building into a small nature center where they had reptiles, aquariums, and small birds. As part of Miami-Dade County's sea turtle conservation program, schools and camps would come visit the center for educational trips.

In the mid to late 1990's the building was in total disrepair, and at some point, was demolished. The nature center was then moved to an area within South Pointe Park that was operated by the City, where it also hosted educational field trips and a nature camp. The center stayed open for a few years until the onset of the renovation of the park in the early 2000's.

FISCAL IMPACT STATEMENT

\$6.53 million for acquisition of the property. Estimated \$1.0-2.0 million additional for renovation including structural repairs. Estimated at \$500,000 to \$1.0 million for first year operations if the City were to operate. Acquisition funding of \$6.53 million would be determined through the FY 2026 budget process.

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

If applicable, 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 recommends that the Commission discuss the resolution to determine if this aligns with the City's broader long-term financial stability and strategic priorities.

Applicable Area

North Beach

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

No

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

No

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

Finance

Sponsor(s)

Commissioner David Suarez

Co-sponsor(s)

Commissioner Alex Fernandez

Condensed Title

Accept Rec/Convert Bldg at 7605 Collins Ave, Marine Science Education Center & Museum.
(DS/AF) FN

Previous Action (For City Clerk Use Only)