

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: September 11, 2024

TITLE: REFERRAL TO THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE TO DISCUSS NEXT STEPS FOR THE COLLINS PARK PERFORMING ARTS CENTER.

RECOMMENDATION

The Administration recommends the Mayor and City Commission refer a discussion item to the Finance and Economic Resiliency Committee regarding next steps for the Collins Park Performing Arts Center Project and Lease term modifications requested by Miami New Drama.

BACKGROUND/HISTORY

On January 27, 2021, the Mayor and City Commission waived competitive bidding in favor of Miami New Drama, Inc.'s (MiND) unsolicited proposal for the approximately 16,000 square-foot ground floor space at the City-owned Collins Park Garage at 340 23rd Street. The proposal aimed to develop MiND's primary performance venue and headquarters, which includes a 200-seat black box theater, rehearsal space, dressing rooms, and administrative offices, as well as ancillary commercial uses, such as a standalone restaurant/café (the "Project").

On October 27, 2021, through Resolution No. 2021-31914, the Mayor and City Commission authorized a Ground Lease for the development and construction of the Project. MiND (Tenant) was tasked with funding and preparing the design and architectural services, while the City (Landlord) was responsible for funding and constructing all buildout improvements. At the time, the Project was unfunded, and the Resolution required MiND to raise \$250,000 within 12 months for design and architectural services (the "Tenant Contribution"). Per its terms, the Ground Lease, executed April 18, 2022, would become null and void if the City Commission did not appropriate \$4.75 million for the buildout improvements ("Landlord Contribution") by October 1, 2024.

During negotiations in 2021, estimated buildout costs totaled roughly \$4.75 million. However, in 2022, during the process of estimating project costs for the then-proposed General Obligation Bond for Arts and Culture (GOBAC), it was determined that the Project would require an allocation of \$7.67 million. On November 8, 2022, Miami Beach residents approved the \$159 million GOBAC. On July 26, 2023, the Mayor and City Commission approved Resolution No. 2023-32713, allocating \$7.67 million for the Project, thereby fulfilling the City's Lease obligation to fund the \$4.75 million Landlord Contribution.

ANALYSIS

Since February 2024, the Administration has met with MiND representatives to discuss the Project's status. Discussion topics have included MiND's desire to modify the Project delivery structure, MiND's engagement of a new architect, and MiND's pending obligation to fund the design and architectural services. Additionally, the City has requested MiND's collaboration in designing exterior window coverings to beautify the vacant space.

The Administration requests that the Finance and Economic Resiliency Committee (FERC) review the Project, and specifically, MiND's request to amend the Lease terms. MiND is suggesting modifications to the project management structure and the possible conversion of the dedicated General Obligation Bond (G.O. Bond) program funds into a grant for the Project buildout. Alternatively, rather than a grant, the Lease could require an amendment to allow MiND control of the construction, with City's oversight. Note that potential modifications to the Lease would be contingent upon guidance provided by bond counsel, and will be further discussed at FERC.

FISCAL IMPACT STATEMENT

The City Commission has allocated \$7.67 million for the Project through the GOBAC program, as approved by the Miami Beach electorate, which exceeds the initial budgeted amount of \$4.75 million for the buildout improvements. It is unclear at this time how any proposed amendments to the Lease terms, including a conversion of the G.O. Bond funds into a grant, would further impact the City's financial commitments. A comprehensive analysis is required to evaluate these potential changes and ensure all elements align with the City's budgetary constraints, financial policies, and bond covenants.

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-notice/>

FINANCIAL INFORMATION

CONCLUSION

The Administration, and the community, is eager to proceed with the City's long-standing plans for the Project, which present a valuable opportunity to activate the Collins Park Cultural District with community-focused cultural programming.

The City fulfilled its contractual requirement to fund the Buildout Improvements and is otherwise in compliance with its obligations under the Lease. The Administration seeks input on addressing project modifications requested by the Tenant.

Applicable Area

South 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?

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

Economic Development

Sponsor(s)

Co-sponsor(s)

Condensed Title

Ref: FERC - Collins Park Performing Arts Center Next Steps. ED