



# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez

DATE: May 17, 2012

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for May 17, 2012, at 3:00 P.M. in the City Manager's Large Conference Room.

The agenda is as follows:

### OLD BUSINESS

1. **Discussion regarding new recycling bins throughout the ROW on the beach** (*October 19, 2011 Commission Item R9J*) (10)

Fred Beckman – Public Works Director

2. **Discussion regarding a renewal of the current management agreement between the City of Miami Beach and The Miami Beach Garden Conservancy for the management and operation of the Botanical Garden; as well as a proposal to increase the rental rates for use of the facility.**

Anna Parekh – Director of Real Estate Housing and Community Development

### NEW BUSINESS

3. **Discussion regarding the issuance of a Request for Proposals (RFP) for the management and operation of street markets in Miami Beach at various locations** (*April 11, 2012 Commission Item C4A*) (55)

Hilda Fernandez – Assistant City Manager

4. **A discussion regarding approving a second amendment to the retail lease agreement by and between the City of Miami Beach, The Miami Beach Redevelopment Agency (RDA) and Penn 17, LLC (Lessee), involving the lease of ground floor retail space at the Pennsylvania Avenue Garage**

Anna Parekh – Director of Real Estate Housing and Community Development

5. **Discussion regarding a resolution authorizing the City Manager to solicit the services of a qualified firm(s) to audit the processes of certain regulatory departments or divisions** (*May 9, 2012 Commission Item R7J*) (58)

**Finance and Citywide Projects Committee Meetings for 2012:**

**June 21, 2012**

**July 26, 2012**

**September 20, 2012**

**November 29, 2012**

**December 20, 2012**

JMG/PDW/rs/th

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Cc. Mayor and Members of the City Commission  
Management Team

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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jorge M. Gonzalez, City Manager 

DATE: May 17, 2012

SUBJECT: Discussion of Establishing New Recycling Bins

### **BACKGROUND**

At the October 19, 2011 Commission Meeting, Commissioner Michael Gongora referred the discussion of new recycling bins throughout the Right-of-Way (ROW) to the Finance and Citywide Projects Committee (FCWPC). On December 6, 2011, the FCWPC recommended that a pilot proposal be brought to the FCWPC for discussion. On April 19, 2012 the FCWPC recommended that one GoGreen Eco-bin and one Big Belly Solar unit be installed in the ROW to compare the two models. These bins along with the City's current silver recycling bin and the proposed Coca-Cola sponsored bin have been placed at Euclid Circle on Lincoln Road. Coca-Cola provided the uniform messaging panels for the GoGreen Eco-bin and Big Belly Solar. (Attachment A provides photographs of these bins at Euclid Circle.)

### **ISSUE FOR DISCUSSION**

The issue for the Committee's consideration and discussion is the purchasing of new recycling bins.

#### Current Right-of-Way Recycling Program

Since 2009, the City installed 74 dual recycling bins and 74 silver urban style standalone recycling bins throughout the City's ROW, beach entrances, and in select parks (Attachment B). The bins were financed through negotiations with the City's franchise waste haulers. Through these negotiations, the City's franchise waste haulers provide in-kind solid waste and recycling pick-up. Waste haulers service the ROW waste receptacles on a regular schedule to ensure a high level of service in City parks, beach entrances and ROW locations.

The City is still in discussions with Coca-Cola for ROW recycling bins as part of the Coca-Cola partnership agreement. As part of this agreement, Coca-Cola is developing signage and wraps for existing recycling bins to improve recycling rates. All future recycling receptacles purchased by the City would include this updated message to create a uniform design throughout the City. In addition, Coca-Cola has proposed a new silver bin to be installed along Lincoln Road and has agreed to purchase nineteen (19) new recycling bins once a style and design has been approved by the City.

#### Proposed Recycling Pilot Programs

The Sustainability Committee believes that the City should consider improving the design of the recycling receptacles currently deployed throughout the City. A number of companies have presented dual trash and recycling receptacle products to the Sustainability Committee, including GoGreen Eco-Bin and Big Belly Solar.

The company GoGreen Eco-Bin has patented a waste receptacle design that is made from stainless steel with solar powered LED panels that generate 4-6 hours of light for advertising. The funds generated through bin advertisements are used to cover the cost of the dual bins. In addition, Eco-Bin is responsible for maintaining, repairing, collecting and cleaning the bins.

GoGreen Eco-Bin has proposed to install three (3) Eco Bins for a 3 to 6 month test period either in Lummus Park or on Lincoln Road. During this trial period, the City would choose the content on the front, back, and side display faces of the bins. GoGreen Eco-Bins would track the usage of both trash and recyclables. It would use its own crews to empty and clean the units during the pilot period. After the pilot period, the City would have the following options (Attachment C):

1. **Capital Purchase:** \$2,750 per bin. City would own and operate the bins. The total estimated cost per bin over 5 years is \$6,000, which includes the cost of installation, maintenance, and panel replacement.
2. **Capital Lease:** \$3,700 per bin (pricing is based on leasing 16) for 60 months total lease cost with fair market value purchase option at lease end; or \$3,900 for 60 months total lease cost with \$1 purchase option at the lease end. The total estimated cost per bin over five years is \$7,200, which includes the cost of installation, maintenance, and panel replacement.
3. **City Sponsorship:** GoGreen supplies and services the bins, and GoGreen leases the four panel spaces to the City for \$250 per month, allowing the City to post public service messages on the panels. The City would be responsible for paying for the production cost for the panel space. This proposal entails a minimum two-year term agreement.
4. **Partial Corporate Sponsorship:** A corporate sponsor provides funds to offset Capital Purchase costs in exchange for branding and promotional equity.
5. **Advertising-Supported Model:** The cost of the bins, maintenance and collection funded by advertising.

Big Belly Solar offers solar powered dual trash and recycling compactors that are monitored wirelessly allowing tailored pick-up service that the waste hauler would monitor using its software. Big Belly Solar has proposed a pilot program (Attachment D) that deploys 125 stations throughout Lincoln Road (38), Lummus Park (62) and Flamingo Park (25). Big Belly has proposed the following funding mechanisms for this program:

1. **Capital Purchase:** \$693,000 for a five-year software service agreement for 125 bins (\$812,000 for an 8-year service agreement). The total estimated cost per bin over five years is \$9,500, which includes the cost of installation, maintenance, and panel replacement.
2. **Capital Lease:** Five (5) annual payments of \$144,000 and five-year software service agreement (\$169,000 for an 8-year agreement and 8-year software service agreement). Per bin, this option has a \$8,125 60 months total lease cost. The total estimated cost per bin over five years is \$9,700, which includes the cost of installation, maintenance, and panel replacement.
3. **Partial Corporate Sponsorship:** A corporate sponsor provides funds to offset Capital Purchase costs in exchange for branding and promotional equity.
4. **Advertising-Supported Model:** The cost of the bins and software funded by advertising. Collection funded by the City.

Both of these companies' business models include an option to use advertising to offset the cost of providing these public facilities. An ordinance was adopted by the City in 2001, codified in Section 82-414 (Attachment D) in the City Code, which addresses directory signs, bus shelters, and the bike sharing program, which are supported by advertisement. Section 82-414 would

need to be amended to permit advertisement on waste receptacles. It is not anticipated that the City's Historic Preservation Board will be in favor of adding additional advertising in the public ROW.

Other concerns that have been identified with selecting new recycling receptacles include size constraints in the ROW, uniformity with current receptacles, and odor problems associated with the compacting models. Many of the high pedestrian areas such as Lincoln Road, Ocean Drive, and Washington Avenue have limited ROW space available. Both the GoGreen Eco-Bin and Big Belly Solar's dimensions will make it difficult to identify enough suitable locations in the high pedestrian commercial districts to provide an adequate level of service. Neither the GoGreen Eco-Bin nor the Big Belly Solar bin could be installed in our standard five-foot wide sidewalks as they would not leave enough space to provide compliance with ADA standards.

It should also be noted that both the GoGreen Eco-Bin and the Big Belly Solar design would require a concrete slab foundation. The Florida Department of Environmental Protection regulates construction activities east of the Coastal Construction Control Line (CCCL) and would require the City to obtain a CCCL Permit to move forward with installing receptacles adjacent to the beach.

### **COST-BENEFIT ANALYSIS**

Attachments F and G provide a cost comparison per bin of the City's current recycling program to the capital purchase options and capital lease options proposed by GoGreen Eco-Bin and Big Belly. Both options were evaluated over (5) year period and include initial capital cost, installation, maintenance, refurbishment and panel customization.

Currently, it costs the City approximately \$400 to operate a bin over a five year period. The City negotiated with the franchise waste haulers to finance the bins and in-kind solid waste and recycling pick-up. Waste haulers service the ROW waste receptacles on a regular schedule to ensure a high level of service in City parks, beach entrances, and ROW locations.

Based on the proposals submitted, the cost (per bin, over five years) for the City to own and operate the GoGreen Eco-Bin would be approximately \$6,000, and the cost to own and operate the Big Belly Solar unit would be approximately \$9,500. The per bin cost for the City to lease the bins and advertising/community messaging space over five years is approximately \$7,200 for the GoGreen Eco-Bin, and is approximately \$9,700 for the Big Belly Solar unit.

### **CONCLUSION**

The Euclid Circle ROW recycling bin demonstration, the above information, and the attachments are provided to facilitate the discussion by members of the committee.

Attachments:

- A: ROW Recycling Bin Examples
- B: Miami Beach Recycling & Dual Can Locations
- C: GoGreen Eco-Bin Proposal
- D: Big Belly Solar Pilot Program Proposal
- E: Section 82-414 of the City Code
- F: Cost Comparison – Capital Purchase
- G: Cost Comparison – Capital Lease

  
JGG/FHB/JJF/RWS/ESW



City of Miami Beach Current Bin



Coca-Cola Sponsored Recycling Bin



Big Belly Solar



GoGreen Eco-Bin

# Miami Beach Recycling & Dual Can Locations

## Legend

### TRASH CANS

- Dual Bins-74
- Gray Bin-74



2012

Go Green Eco-Bins Proposal for  
the City of Miami Beach

Go  Green  
eco-bins

Bruce Renard, President

Go Green Eco-Bins, LLC

4/30/2012

# About Go Green Eco-Bins

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Go Green Eco-Bins is pleased to present the City of Miami Beach with this proposal for new state of the art recycling bins throughout Miami Beach. This proposal is respectfully submitted for your review and consideration.

## **Go Green Eco-Bins will benefit the City in a number of ways:**

- Our recycling centers fit well with the character of the City
- Each Eco-Bins unit provides both recycling and trash disposal in a secure container
- The area footprint of an Eco-Bin is smaller than the footprint of the current recycling and trash bins (when placed next to one another)
- Attractive and inviting receptacle which will promote recycling in Miami Beach
- The Eco-Bins are made of durable, eco-friendly stainless steel construction with LED-illuminated displays powered by solar energy

## **About the Company**

The Go Green Eco-Bins program and our Company were both born and raised right here in South Florida. We are part of an affiliated group of companies that have been involved in providing public communications and outdoor media services to our South Florida communities for over two decades. During this time we have also dedicated ourselves to the design and development of a unique line of ecologically responsible and innovative products, including our Go Green Eco-Bins, which offer Green functionality and attractive aesthetics – all in a unified platform.

## **About our Green Public Recycling Centers**

The newly developed Go Green Eco-Bins will promote recycling and trash disposal in the City by providing a highly visible, attractive and inviting receptacle - that is constructed from recyclable materials - and employs solar-powered static LED technology to illuminate -four display panels and the recycling symbol.

## **Features:**

- 100% stainless steel construction—providing extreme durability and easy maintenance
- Two separate 40 gallon bins (Recyclables, Non-Recyclables). This ensures that the bins will be emptied frequently enough so not to allow trash/waste to decompose
- Bright, eye pleasing, LED light strips rated at 50,000-100,000 hours. Highly energy efficient
- Four large displays protected by tempered glass, perfect for communication of City events and raising Green awareness

- Fully powered by a large state-of-the-art solar panel providing free renewable energy.
- As manufacturers of the unit, we can customize the design upon request. (I.e. recycling only or trash and recycling, ash tray deposit, green color top, etc.)
- Hygienically designed for user to use trash/recyclables to push in the “deposit slot”, avoiding hand contact, rather than forcing the user to grab and hold open the deposit door

**Access by the public to the receptacle bins is secure and locked.** Access to the disposal chutes for depositing recyclables and trash is simple and clean - no handles to pull and hold. Designed with spring loaded “deposit slot covers” that keeps odors inside and are just the right size & proper tension to be easy to use (and hard for critters to get in).



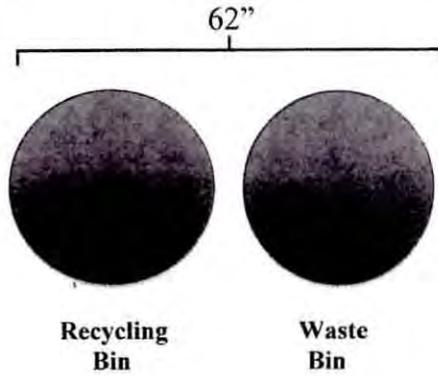
Hydraulic arm

Illuminated recycling logo



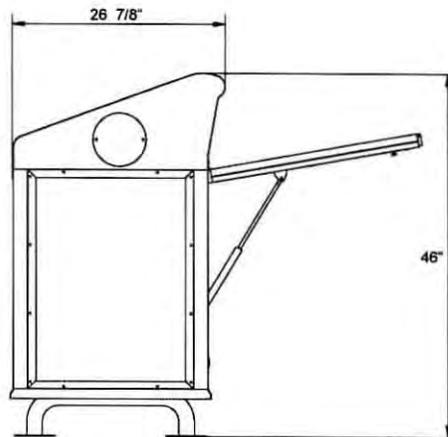
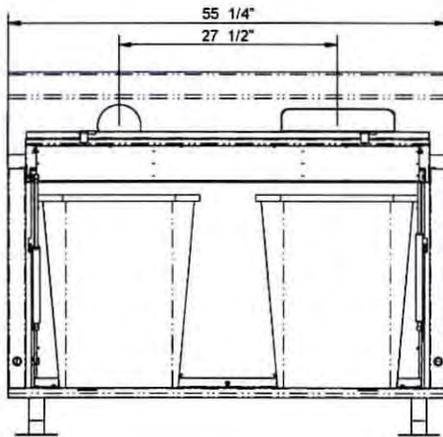
- The Go Green Eco-Bins units are only 55" ¼' wide, and therefore occupy even less space than is used by today's separate trash and recycling receptacles.

## CMB RECYCLING + WASTE BINS = 62"



Front&Back poster dimension is 2"(W) X 4"(H).

Both sides poster dimension is 18 7/8"(W) X 25 3/4"(H).



## **A Successful Debut in the City of Wilton Manors-**

Our initial redeployment of the Go-Green ECO-BINS program in Wilton Manors, FL has been a resounding success! We have received extensive positive feedback from the City regarding the performance of the program and the overall attractiveness of the ECO-BINS. Most important, the ECO-BINS are being used heavily by the public for their intended purpose—to provide a convenient, attractive and easy-to-use public recycling/waste station. This pilot has demonstrated unequivocally that people out in public will take the time & effort to deposit their recyclables in the proper receptacle—if one is provided for their use!

[Please see the attached correspondence from the City of Wilton Manors regarding the Go Green Eco-Bins program.]

# Proposal: Public Recycling Stations for The City of Miami Beach

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## 1. Capital Purchase:

Eco-Bins	1-100 Units:	\$2750+tax
	100+ Units:	\$2650+tax

## 2. Lease Purchase:

**60 Month Lease - [pricing based on 16 Eco-Bins - lease price will be lower for larger quantities]**

**-\$3696/Eco-Bin (FMV end-of-lease buyout)**

**-\$3910/Eco-bin (\$1 end-of-lease buyout)**

## 3. City Sponsorship:

**Eco Bins provided at no charge to the City. The City leases all four lighted display panels for Miami Beach's use, for a total cost of \$250/month/bin. (We will clean and maintain the exterior of the Eco Bins and install City posters at our cost. The City pays for production costs of artwork--and collects/retains any revenues from recycling deposits. [Requires a minimum two-year term.]**

GO GREEN ECO-BINS SINCERELY APPRECIATES THIS OPPORTUNITY TO SUBMIT OUR PUBLIC RECYCLING PROPOSAL TO THE CITY OF MIAMI BEACH. THANK YOU FOR YOUR CONSIDERATION.

For Additional Information, please contact:

Bruce W. Renard, President-Go Green Eco-Bins, LLC

At: [bruce@gogreen-ecobins.com](mailto:bruce@gogreen-ecobins.com)

Or, by phone: (904) 710-3522



ATTACHMENT I



City of Wilton Manors • Leisure Services Department  
2020 Wilton Drive, Wilton Manors, FL 33305  
954-390-2130 • Fax 954-390-2138  
WiltonManors.com/parks

Certified Community  
Wildlife Habitat



December 6, 2011

Go-Green Eco-Bins, LLC  
1800 West Broward Blvd.  
Fort Lauderdale, FL 33312

**Subject: Eco Bin Contract with the City of Wilton Manors**

Dear Mr. Bruce Renard:

I would like to extend sincere congratulations to you and your team for doing an excellent job providing eco bin service to the City of Wilton Manors for the past year and a half. The green initiative has been viewed as very favorable to our community by providing recycle stations at various locations throughout the City of Wilton Manors. The solar technology, which displays information at night, is another favorable attribute that promotes a unique and creative brand of green technology.

Especially noted by our community are the aesthetically pleasing eco-bins that are odorless and have been maintained impeccably. The eco-bins are being utilized for recycled material along with trash collection at each location and have contributed to the green initiative here in the City. This collaboration has also provided a new revenue stream to the City with no added costs.

I want to personally thank you for your continued professionalism and support with the new Go-Green Eco-Bins. Your team has done an outstanding job with community outreach, amenity support and overall communication. I greatly appreciate your support and the partnership that has contributed to greater community awareness and pride.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Cann".

Patrick Cann, Director  
Leisure Services Department

## Municipal Lease Proposal – Miami Beach Eco-Bins

The following proposal involves a municipal, tax exempt lease subject to annual appropriation. This is not a firm offer but rather an illustrative estimate of what Miami Beach can expect in the way of lease terms for procuring the Go Green Eco-Bins (pricing example is based upon a 4-19-12 closing date). Financing is contingent upon the lessee's compliance with customary terms and conditions established by our Leasing representative. The precise interest rate will be based upon credit worthiness and market conditions at closing.

Example: 5 Year Lease Term for 100 Eco-Bins @ \$2750/ea.:

Term	Principal	Fee	Total Leased	APR	Annual Payment in Arrears	Total Paid Over Term	Interest and Fees Paid over Term	Effective Interest Rate on Declining Balance
5 years paid annually in arrears	\$275,000	\$2,063	\$277,063	2.45%	\$59,552	\$297,756	\$22,760	1.66%

**Payment Schedule: First payment due on first anniversary of closing:**

Fy2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18
0	\$59,552	\$59,552	\$59,552	\$59,552	\$59,552

Notes:

1. **First annual payment is only due one year from contract signing.** Subsequent annual payments are due on each contract anniversary through term.
2. **The effective rate, 1.66% is the actual interest rate paid over term.**
3. Payment plans with monthly or quarterly schedules are available at slightly reduced rates.
4. Early payment is permitted after an agreed upon date with a penalty based on a mark-to-market assessment.
5. **Sales taxes can be included in the lease principal, as applicable.**

### **Tax-Exempt Municipal Leasing - "The Biggest Bang for Limited Bucks"**

As local governments scramble to afford technology in a difficult economy, traditional fiscal strategies may need revision. Cash and carry, bond financing and conventional loans can still work, but an old friend, "tax-exempt municipal leasing", may need dusting off. Tax-exempts offer several important advantages:

1. Terms can vary (five years is common), payments can be made monthly, quarterly or annually and can be paid in arrears. A five-year lease, paid annually, requires no initial payment for one year.
2. A lessee immediately takes ownership of any leased property. This can put an important asset on a community's balance sheet. Since lease payments are operational expenses, a corresponding liability is not created. This can enhance bond ratings.
3. Leases can include the system design, programs and components, the cost of installation, personnel training, extended maintenance and other associated costs.
4. At closing, the bank places all the funds required to install and support a leased project in an escrow the lessee controls. That agency can then pay vendors in accordance with almost any schedule. That creates leverage that can be used to reduce overall cost. For example, one community agreed to pay for five years of extended maintenance upfront in exchange for an 18% discount in the cost of those services. Normally, extended support is paid in annual increments over term, and this county would have paid \$20,000 per year for five years. But the \$82,000 it paid upfront would actually be worth more than \$102,000 by the end of the lease to the supplier (if invested at 4% compounded quarterly). Thus, the lessee enjoyed substantial savings and the vendor actually made a bit more money than expected.
5. Interest is charged on a declining balance making the "effective" interest rate (The actual interest paid over term) the key factor in a leasing decision. The effective rate is not the rate indicated on the face of the lease. For example, a five-year lease paid in arrears with a face rate of 2.54% actually has an effective rate of 1.71% including fees. If an agency has an opportunity to use its cash to produce a return greater than 1.71% (or avoid costs exceeding that return), a lease makes especially good sense.
6. All leases contain an "appropriation" clause complying with local ordinances that limit the abilities of a council to commit funds beyond its term.

Only government agencies or 501(C)(3) corporations are eligible to use tax-exempt leases and only banks can originate them.

The first step in obtaining a tax-exempt lease is to ask your vendor to introduce you to a bank provider. Leasing is normally provided at a bank's corporate level and usually by a division known as the Bank of X Leasing Corporation. Your vendor or his banking partner should provide an estimate of what your lease would cost if it were closing on the day the estimate is prepared. This will not be an offer but it does give you some idea of price. A creation fee will be included and that fee should never exceed 1% of the principal. Local banks can also participate but often need some advice on how to structure the lease. Once a potential lessee indicates interest, the bank makes a offer contingent on credit worthiness. This offer will require closing by a certain date to fix the interest rate. After completing the required credit checks, the lease is approved, the contract signed and the escrow account is created.

# **INTELLIGENT WASTE & RECYCLING COLLECTION FOR A CLEANER & GREENER MIAMI BEACH**

*Presented by Robert F. Criste*

*1/27/2012*

This custom solution has been developed for the City of Miami Beach based on the information you have provided. Any pricing mentioned herein is valid for 60 days upon receipt.

**BigBelly**

# INTELLIGENT WASTE & RECYCLING COLLECTION FOR A CLEANER & GREENER MIAMI BEACH

Dear Mr. Beckman,

Thank you for the opportunity to present the BigBelly Solar Intelligent Waste & Recycling Collection System. The City of Miami Beach enjoys a world-renowned reputation for its beauty and hospitality. As you and other city officials have mentioned to us, there remain opportunities to make this great city even greater. Among these opportunities:

- An affordable and highly visible introduction of public space recycling
- Cleaner streets, sidewalks and beaches by cutting litter and overflows with high predictability and auditability
- Clear and visible messaging of the city's commitment to sustainability
- A smaller carbon footprint by limiting fuel consumption and increasing recycling
- Less trash vehicle traffic on the city's streets, reducing street "wear and tear", traffic congestion, and the unnecessary trash trips during prime hours
- A "smart grid" for your entire waste & recycling operation, providing transparency and visibility for the operational control and accountability of collection operations
- The creation of dramatically more efficient collection operations, which has the opportunity to create economic benefits for multiple stakeholders

The BigBelly Solar "Smart Grid for Waste & Recycling™" ensures that you can maintain and enhance high levels of citizen service but at a dramatically lower resource expenditure and environmental impact. Our solution provides a unique opportunity to achieve several goals important to the city, its residents and its businesses. Within this proposal you will receive more details about our award-winning solution that is saving cities millions of dollars a year and cutting thousands of tons of CO2 from polluting our atmosphere, as well as a customized solution for your community's needs.

We look forward to helping your community realize the potential of intelligent waste & recycling collection and visibly advance the cause of sustainability in Miami Beach.

Best Regards,

Robert Criste, Regional Director

85 Wells Ave | Suite 305 | Newton, MA 02459 | [rcriste@bigbellysolar.com](mailto:rcriste@bigbellysolar.com) | 678.457.6775

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## A CUSTOM PROPOSAL FOR MIAMI BEACH

After consulting with multiple city officials, BigBelly Solar has created a custom solution for your public space waste & recycling collection needs.

For the initial pilot deployment, the City of Miami Beach has identified three discreet “hot spot” locations that will receive the maximum benefit from the introduction of BigBelly+SmartBelly Double Stations, which will add public space recycling options and waste compactors for a total of 125 locations:

- **Lincoln Mall Road – 38 stations**
- **Lummus Park/Ocean Boulevard – 62 stations**
- **Flamingo Park – 25 stations**

There are several possible funding mechanisms for this deployment:

- **Capital Purchase – one-time acquisition cost:**
  - \$692,750 including shipping, messaging panels for public service communications, with an integral 5-year of software services agreement
  - \$811,750 including shipping, messaging panels and an expanded 8-year software services agreement
- **Capital Lease<sup>1</sup> – annual payments:**
  - Five annual payments of \$144,092 including shipping, messaging panels and integral 5-year software services agreement
  - Five annual payments of \$168,844 including shipping, messaging panels and expanded 8-year software services agreement
- **Partial Corporate Sponsorship** – a local or national company providing funds to offset Capital Purchase costs in exchange for branding and promotional equity
  - For example, City net outlay of \$492,750 for the 5-year Capital Purchase option above, after City receipt of a separately negotiated \$200,000 (projected) corporate sponsorship. Examples of corporate sponsorship “softball sized” branding provided later in this document.
- **Advertising-Supported Model** – 100% funded by advertising with ad sourcing and management provided by Vector Media, the provider of your bus wrap advertising. No capital outlay for the City and creation of ad revenue stream.

*Full quotation, terms and conditions available upon request.*

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<sup>1</sup> Annual payments are estimated. Actual payments and interest rate determined based on city credit rating and other criteria at the time of the agreement.

## THE BENEFITS OF PUBLIC SPACE RECYCLING

While citizen demands for expanded recycling options are often among top voter priorities, the “dark secret” of recycling is that it can be incredibly expensive to add this new collection burden to city or contracted operations. BigBelly Solar enables cities to add this valuable service in a way that is highly efficient, that generates high compliance, and that engages the community in more sustainable behaviors. There are multiple environmental benefits in adding and/or expanding this capability, as well as the financial advantages of reduced tipping fees and revenue streams created by selling off recyclable materials.

Many cities start by launching recycling in residential and commercial areas where collection is more cost-effective, but send the contradictory message of having no options for recycling in the public space. BigBelly Solar allows cities to correct this approach, by offering cost-effective and verifiable recycling options in the public space that have generated proven success rivaling industry benchmarks. By

leveraging dramatic collection efficiencies for both waste and recycling, BigBelly Solar has consistently created the ability for cities to self-fund the new recycling collection burden within its existing resource pool.

Anticipating usage and collecting recyclables on an efficient schedule will ensure your community is meeting the demand without running additional collection routes that counteract the positive impact on your community’s carbon

footprint that recycling brings.

**“This technology will save taxpayers money, introduce sidewalk recycling and keep our streets clean. This is one more important step towards achieving our sustainability goals.”**

**Michael Nutter,  
Mayor of  
Philadelphia**

## Getting to Zero Waste

A study conducted on the Halifax Waterfront measured the effectiveness of the BigBelly System at diverting recyclables from the waste stream.

“The public spaces recycling program along the Halifax Harbourwalk has been highly successful and we are proud to engage in this progressive, green initiative,” said Colin MacLean, President & CEO, Waterfront Development Corp. “The visitor experience has improved and recycling makes our waste management incredibly efficient.”

“Recycling rates, especially for beverage containers, were significant at 95% diversion after just three months,” explained John Zupo, President, Nestlé Waters Canada. “The combined diversion rate for the container and paper streams was also impressive, with a diversion rate of 83% of total containers and paper generated.”

## INSPIRING CITIZENS AND COMMUNICATING YOUR SUSTAINABILITY COMMITMENT TO STAKEHOLDERS

BigBelly Solar has hundreds of municipal customers ranging from small towns to some of the biggest cities in the United States and beyond, such as Chicago, Philadelphia, Boston and

**“This system is helping to save on the carbon footprint of Albany. Our goal is that hopefully more people walking down the streets with empty bottles and cans will put them in the recycling bins as opposed to the trash.”**

**Frank Zeoli, Director of Recycling, Albany, New York**

El Paso. While each customer is different in their own way, we consistently hear one common theme from all of our municipal customers - that they need to reduce resources and/or better allocate resource expenditures while not compromising on critical citizen services. In the area of public space waste & recycling, BigBelly Solar has consistently shown itself to be a reliable and highly effective management tool for achieving this desired

outcome, which has goals that are otherwise in conflict.

### Reallocating resources to infrastructure improvements and maintenance

Decades of deferred maintenance are catching up with cities throughout the world, and at a particularly bad time when tax receipts are off and budgets are incredibly tight. In the City of Philadelphia, for example, BigBelly Solar helped free up over 70% of the labor hours that had traditionally been devoted to collection of public space trash. These labor hours were reallocated to the staffing of the brand-new public space recycling program and to other important infrastructure and maintenance tasks within the Public Works department, such as roads and parks refurbishment.

## The Philadelphia Recycling Story

In 2009 The City of Philadelphia installed 210 recycling components as part of their city wide BigBelly Solar System deployment. Results from the city’s Center City recycling initiative include:

- On average, each recycling component generates 225 lbs of recyclable commodities per month.
- Per month, a total of 23.5 tons of material are being diverted from landfills and recycled.
- The city is receiving \$50 per ton by recycling this material and avoiding \$63 in landfill tipping fees.
- The total benefit to the city is estimated at \$113 per ton, or \$2600 per month.

Although the city initially deployed the BigBelly System to reduce operation costs, they are seeing additional benefits from the introduction of public space recycling – reduced costs, cleaner streets and increased citizen engagement.

## Reducing Your Carbon Footprint

Trash collection vehicles are notorious gas guzzlers and polluters. Running them 80% more than required substantially aggravates this problem. In tandem with the impact of introducing public space recycling, the BigBelly Solar System enables cities to slash the net CO2 produced by your community in its waste collection operations. These reductions are not speculative or anecdotal; the BigBelly Solar software allows you to track reduced collection activity and quantitatively assess your carbon reductions.

The BigBelly Solar System has been recognized by the C40 organization as a global best practice for large cities.

## A Public Space Communication Channel

Public officials often decry the fact that many of their sustainability initiatives are not visible to or appreciated by the voting public. Lighting change outs, HVAC improvements and solar rooftops can be “out of sight and out of mind”. Conversely, BigBelly Solar deployments involve pervasive, eye-level solar panels that are “eyeball magnets”, providing a highly visible means of reinforcing your sustainability commitment.

Messaging panels on BigBelly Solar waste and recycling stations further provide an opportunity to engage with your community. Inserts can be exchanged easily and used to promote recycling and educate citizens about sustainable behaviors, keep citizens and visitors up to date on community events and initiatives, or deliver other desired public service or tourist-targeted messages and imagery.

BigBelly Solar deployments, because of the proven results generated and the visibility of an innovative application of renewable technology, often represent a key “early win” in city sustainability initiatives, creating the results and

## Keeping Pests Out

Now in their third generation, BigBelly Solar stations have been designed to deliver the optimal performance for our customers.

In addition to the labor and fuel savings that come from optimized collection operations, our customers have realized one of the other key benefits of the solution – keeping trash in and animals out.

The enclosed design eradicates many animal-related issues. Seagulls and other birds are not extracting trash and rodents of all kinds, from squirrels to rats, are barred access from the containers, which has been proven to reduce their populations in areas where the BigBelly Solar solution have been deployed.

momentum to extend support to other sustainability programs.

## THE SYSTEMATIC APPROACH – SMART GRID FOR WASTE & RECYCLING™

Without the real-time information tools provided by BigBelly Solar, the supervisors of trash collection operations have historically been “flying blind”. Over many decades, in

**“The monitoring system has made it very easy to manage our inventory all across Center City. The ability to sort through historical data by collection route and discover collection patterns gives us valuable and actionable information.”**

Scott McGrath, Recycling Coordinator, City of Philadelphia

order to minimize overflow litter and reduce citizen complaints as best possible in the absence of real-time information, departments of public works have thrown more trucks, more bins and more crews at the problem until the volume of angry phone calls fell to an acceptable level. What else could they do?

Cities can no longer afford the massive overcapacities and information voids that have led to the buildup of the current inefficient operational approach. BigBelly Solar enables cities to tackle these inefficiencies in a proven, transparent and reliable way that yields better results and better resource allocation. The visibility and transparency of these tools have proven tremendously empowering to operational managers and allows them to dramatically reduce overcapacity and inefficiency without risk. In outsourced operations, city officials now have real tools to monitor and audit supplier performance.

## THE POWER OF DATA

The true cost of maintaining a public space waste receptacle is often woefully misunderstood. While capital planning may peg the price tag at the price of the actual bin, the total cost for a community is multiples of that cost every year. In fact, collection costs typically dwarf traditional bin capital costs. Misunderstandings of true collection operations costs can also be aggravated if management responsibilities for street assets, for fleets, and for personnel are siloed into different departments, masking the overall “system view”.

Every single collection incurs labor costs, fuel costs and vehicle wear & tear, not to mention overflow litter clean-up tasks that use even more human capital. In aggregate, collection costs associated with servicing public space waste receptacles can exceed **\$2,000** per year per bin<sup>2</sup>.

**“It has a ton of benefits – it will save the city time and money, keep litter from overflowing, and discourage illegal dumping of trash. This will save us a lot of time for guys to fill potholes, fix sidewalks, and do other things.”**

**Tim McCarthy, Principal Assistant to Commissioner of Public Works, City of Boston**

When you sum these bin-level costs across an entire city bin population, the costs can be staggering. These are costs and resources that could be better allocated during these financially challenging times. Even in an outsourced situation, these are real costs that are being incurred, whether they are passed back directly or indirectly to the city.

To ensure that your bins are not overflowing, your crews and/or outsourced haulers are running collection operations

to account for the “peak” loads of your operation. The net result is that the majority of your collections are addressing

<sup>2</sup> Based on BigBelly Solar collection studies conducted with hundreds of municipalities.

## **Extend the Lifespan of Your Streets**

Seldom considered is the burden garbage trucks place on your municipality’s infrastructure. Not only do they add significant CO2 emissions, burn excessive amounts of fuel at < 3 MPG, and create traffic congestion, but they also accelerate the wear-and-tear on your streets.

When full, a typical garbage truck places the equivalent stress of 8,400-14,700 passenger vehicles on the road. That means cutting two collection trips a week is the equivalent of removing 1 million passenger vehicle trips per year!

“In general, it’s acknowledged that garbage trucks beat the \*\*\*\* out of streets,” said City Councilman Gary Wysocky of Santa Rosa, California, a city that spends \$2.2 million per year on road repairs attributed to garbage trucks

Given that the cost of repaving roads has increased to \$300,000 per mile, cutting back on collection trips will save you even more money in infrastructure costs over time.

bins not even close full – which is a massive waste of resources.

The answer isn't more bins/trucks/crews and it isn't mandating specific collection frequencies that leave no room for innovation. There is now a better way, a way that marries the expanded capacities of compaction powered by renewable energy and the incredible power of information monitoring and management tools – the BigBelly Solar Intelligent Waste & Recycling Collection System. For example, in the area of litter reduction, imagine the power of being able to monitor and visualize a waste station as it fills and be able to anticipate and head off an overflow before it happens? The BigBelly Solar System does this in an automated way across a network of stations locations and delivers alerts to the desktop or handheld device.

BigBelly System provides both real-time and historical data on every BigBelly Solar waste and recycling station in your community. Armed with this knowledge, you can immediately begin realizing the benefits of our solution while keeping your streets cleaner than ever.

And if your organization employs trash bags or liners, you will also be reducing the cost and consumption of those as well thanks to dramatically reduced collection frequency.

## MAXIMIZING CAPACITY VIA COMPACTION

You already know that merely understanding which locations require attention can drastically reduce your collection operational expenses and create new efficiencies. But bringing BigBelly solar compactors and compacting recyclers to your *high traffic* or remote areas adds another dimension to your savings and productivity.

Using 100% solar power, BigBelly solar compactors increase the capacity for waste disposal at each location by up to 500%. Each compactor can hold 160 gallons of waste and features a completely enclosed design that keeps odors and

## A Solution for Every Corner

The BigBelly Solar System provides modular waste and recycling components that map to the volumes and waste streams of each location in your community. Each component is powered by and networked to the BigBelly Solar Command Center, and both real-time and historical collection data can be accessed via the web-based CLEAN Management Console.

For each waste stream at each location, customers can opt for BigBelly components, which provide on-site compaction of trash or single-stream recycling to add 5X capacity while reporting fullness and collection data – or SmartBelly components which provide fullness sensing for trash or various recycling options in less-trafficked areas, without compaction.

litter in while keeping pests and vermin out. Whether you want to minimize your collection trips or are plagued with overflow issues your operation simply cannot keep up with, BigBelly solar compactors are uniquely suited to the task.

The ability to right-size capacity for each location can help organizations shrink collection frequency by 70-80+% in a fiscally responsible way while ensuring every corner is included in the BigBelly Solar System.

## LEVERAGING THE CLOUD



Every BigBelly Solar component is connected to our cloud-based monitoring and control system via wireless data communication. Using the same technology that powers smartphones across the world, you will be able to access reams of data about your waste and recycling collection operation while optimizing the performance of your street-level waste and recycling stations

from any web-enabled computer or device.

Our management console and tools are revolutionizing the waste collection industry. Each waste and recycling station is monitored remotely to determine its fullness status in real time. This powerful monitoring and management solution gives access to real-time and historical collection data, reports and analytics from any web browser, enabling your operational management or outsourced haulers to dispatch on an as-needed basis. It also means litter and overflow will become a distant memory. Additionally, this solution empowers you to look at your collections, capacities and routes over time to further optimize your operations.

### Operational Accountability

An additional advantage to using data to inform and optimize your collection activity is the transparency it brings to every level of the organization and those of your hauling partners. With information about individual collections as well as measurable progress

made against pre-set benchmarks, the BigBelly System provides a reporting infrastructure that enables everyone from City Hall to the dispatching desk to have access to appropriate information to ensure efficient and thorough execution of the public space waste and recycling collection process.

## SOFTWARE SERVICE BENEFITS & TERMS

BigBelly Solar software provides the key functionality that fuels your community's optimized operations and reduced waste collection frequency.

The software service provides the following functionality:

- **CLEAN Management Console** – Get real-time data and historical analysis of your entire deployment of BigBelly Solar waste stations. Manage inventory, change settings remotely and provide complete transparency and accountability for your organization.
- **Command Center** – Provides network connectivity to each of your waste stations, enabling data analysis and reporting, remote software distribution and troubleshooting, and delivery of operating instructions and parameters to the stations.
- **Waste & Recycling Station Functionality** – The software powers compaction functionality, on-site and remote fullness-level indication, and collection activity reporting.

An active software service contract enables access to the CLEAN Management Console, communication with the Command Center, Waste & Recycling Station functionality, and Help Desk software support. Active service contracts also enable on-site and remote fullness indication services for BigBelly and SmartBelly components and enables BigBelly solar compactor components to provide optimized, as-required compaction services – without which they will instead provide a single, daily compaction.

BigBelly Solar software service contracts may be extended or renewed at any time during an active contract period with no additional activation fee. After software service contracts have expired, a per-station re-activation fee will be required.

## A PLAN FOR SUCCESS

Your purchase of the BigBelly System is only the beginning of our shared journey to deliver savings and environmental benefits to your community. The project outline below details the recommended milestones and actions for your organization and the BigBelly Solar team to ensure you are making the most of your investment.

Event	Date	Notes
Purchase Order Received	3/01/2012	Lease or purchase paperwork is signed and executed, and purchase order is submitted to BigBelly Solar for equipment configuration proposed
Organizational Structure Received	3/15/2012	Miami Beach to provide BigBelly with primary contacts for receipt of product, day-to-day operations, & marketing / communications
BigBelly Solar/CLEAN Wireless Training & Installation Strategy	3/20/2012	BigBelly to conduct Webinar with all stakeholders at Miami Beach Receipt of Product, Day-To-Day Operations, & Marketing / Communications
BigBelly Solar Stations Received	4/15/2012	BigBelly System delivered by this date
All BigBelly Solar Stations Installed	4/30/2012	Previous waste receptacles in specified zone are removed, BigBelly System is installed and all appropriate information is entered into the CLEAN Wireless dashboard
Marketing / Media Coordination	5/10/2012	BigBelly and Miami Beach confirm press release content and media outreach plan
Ribbon Cutting and Press Event / 30-Day Follow Up Meeting	5/15/2012	In coordination with the Marketing / Communications contacts from the organizational structure provided, a ribbon-cutting and press event will occur with media outreach to local media outlets to bring attention to the BigBelly platform and other sustainability programs on campus. A 30-day follow up meeting will also occur with key Miami Beach stakeholders to ensure seamless adoption of system to date
Standard 90-Day Audit	8/15/2012	BigBelly Solar will present a 90-day audit of new system operations in comparison to previously conducted waste and recycling collection, and discuss the operational, financial, environmental and public relations implications of deployment, in addition to recommendations of how operations could be improved based on objective historical data

## CUSTOMIZING THE BIGBELLY SOLAR SOLUTION FOR YOUR COMMUNITY

By using messaging panels or wraps, you can customize your BigBelly Solar waste and recycling stations to fit the feel of your community and communicate your sustainability message. From the hippest arts districts to historic areas, BigBelly Solar customers have employed a variety of tactics to match the look-and-feel with their overall neighborhood visual identity.



## CORPORATE SPONSORSHIP EXAMPLES

### BALTIMORE INNER HARBOR – UNDER AMOUR SPONSORSHIP



### SEDONA ARIZONA DOWNTOWN – LOCAL HOTEL SPONSORSHIP



### VECTOR ADVERTISING CONCEPT ALTERNATIVE



**VECTOR**  
MEDIA

# AERIAL REPRESENTATION OF THE BIGBELLY SOLAR SOLUTION FOR MIAMI BEACH

*Flamingo Park* – 25 BigBelly Solar Waste/Recycling Kiosks



*Lincoln Road Mall* – 38 BigBelly Solar Waste/Recycling Kiosks





## Attachment E

**Sec. 82-414. - Permitted signs, shelters and advertising in public rights-of-way.**

Notwithstanding any other prohibitions in this Code to the contrary, the city may place, or contract to place, directory signs and bus shelters in the public rights-of-way, or bicycles as part of a city-sponsored bicycle rental and sharing program, with advertising thereon. Such signs, shelters, and bicycles shall be subject to all applicable permitting requirements and design reviews as provided for in the Land Development Regulations.

*(Ord. No. 2001-3318, § 1, 9-5-01; Ord. No. 2010-3674, § 1, 3-10-10)*

## ROW Recycling Cost Comparison - Capital Purchase

City of Miami Beach  
Current Recycling Program



	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital Cost						
Installation Cost (per bin)						
Yearly Maintenance Cost (per bin)		\$150		\$150		
Refurbishment (per bin)		\$50		\$50		<b>TOTAL COST</b>
<b>TOTAL</b>	<b>\$0</b>	<b>\$200</b>	<b>\$0</b>	<b>\$200</b>	<b>\$0</b>	<b>\$400</b>

GoGreen Eco-Bin  
Capital Purchase



	Year 2	Year 3	Year 4	Year 5		
Capital Cost (per bin)	\$2,750					
Installation Cost (per bin)	\$175					
Estimated Maintenance Cost (per bin)		\$300		\$300		
Refurbishment (per bin)		\$100		\$100		
Custom Panels ( \$130 per panel)	\$780		\$780		\$780	
<b>TOTAL</b>	<b>\$3,705</b>	<b>\$400</b>	<b>\$780</b>	<b>\$400</b>	<b>\$780</b>	<b>TOTAL COST</b>
						<b>\$6,065</b>

Big Belly Solar  
Capital Purchase



	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital Cost (per bin) Includes bin, panel and wrap.	\$5,750					
Installation Cost (per bin)	\$175					
Estimated Maintenance Cost (per bin)		\$530	\$260	\$530	\$230	
Refurbishment (per bin)		\$100	\$100	\$100	\$100	
Custom Panels ( \$130 per panel)		\$780		\$780		<b>TOTAL COST</b>
<b>TOTAL</b>	<b>\$5,925</b>	<b>\$1,410</b>	<b>\$360</b>	<b>\$1,410</b>	<b>\$330</b>	<b>\$9,435</b>

## ROW Recycling Cost Comparison - Capital Lease

ATTACHMENT G

City of Miami Beach  
Current Recycling Program



	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital Cost						
Installation Cost (per bin)						
Yearly Maintenance Cost (per bin)		\$150		\$150		
Refurbishment (per bin)		\$50		\$50		<b>TOTAL COST</b>
<b>TOTAL</b>	<b>\$0</b>	<b>\$200</b>	<b>\$0</b>	<b>\$200</b>	<b>\$0</b>	<b>\$400</b>

GoGreen Eco-Bin  
Capital Lease



	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital Cost to Lease Panels	\$780	\$780	\$780	\$780	\$780	
Installation Cost (per bin)	\$175					
Yearly Maintenance Cost (per bin)		\$300		\$300		
Refurbishment (per bin)		\$100		\$100		
Custom Panels	\$780		\$780		\$780	<b>TOTAL COST</b>
<b>TOTAL</b>	<b>\$1,735</b>	<b>\$1,180</b>	<b>\$1,560</b>	<b>\$1,180</b>	<b>\$1,560</b>	<b>\$7,215</b>

Big Belly Solar  
Capital Lease



	Year 1	Year 2	Year 3	Year 4	Year 5	
Capital Cost (per bin) Includes bin, panel and wrap.	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	
Installation Cost (per bin)	\$175					
Yearly Maintenance Cost (per bin)		\$530	\$260	\$530	\$230	
Refurbishment (per bin)		\$100	\$100	\$100	\$100	
Custom Panels ( \$130 per panel)		\$780		\$780		<b>TOTAL COST</b>
<b>TOTAL</b>	<b>\$1,375</b>	<b>\$2,610</b>	<b>\$1,560</b>	<b>\$2,610</b>	<b>\$1,530</b>	<b>\$9,685</b>

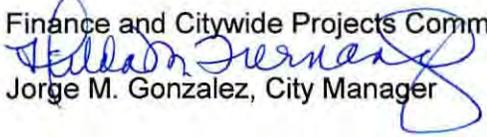
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## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM:   
Jorge M. Gonzalez, City Manager

DATE: May 17, 2012

SUBJECT: **DISCUSSION REGARDING: 1) A RENEWAL OF THE CURRENT MANAGEMENT AGREEMENT BETWEEN THE CITY OF MIAMI BEACH AND THE MIAMI BEACH GARDEN CONSERVANCY FOR THE MANAGEMENT AND OPERATION OF THE BOTANICAL GARDEN; 2) A PROPOSAL TO INCREASE THE RENTAL RATES FOR USE OF THE FACILITY; AND 3) A REQUEST FOR AN ADDITIONAL RENEWAL OPTION TO BE AVAILABLE IN 2017.**

This item was considered at the April 19, 2012 meeting of the Finance and Citywide Projects Committee. At that time, the item was deferred to be considered during the Committee's Budget meeting(s) in June/July. However, the current term of the Management Agreement with the Miami Beach Garden Conservancy is set to expire on June 30, 2012. As such, should the Committee only wish to discuss the renewal of the Management Agreement at the Committee's Budget meeting(s), then a month-to-month extension of the Management Agreement will be necessary at this time.

### **BACKGROUND**

On January 17, 2007, the Mayor and City Commission approved a Management Agreement with the Miami Beach Garden Conservancy (the Conservancy) for the operation of the Botanical Garden, with an initial term of five (5) years, commencing on July 1, 2007 and ending on June 30, 2012, with an option, at the City's sole discretion, to renew and extend the Agreement for an additional five (5) year term.

Since taking over the operations of the Botanical Garden in July, 1999, the Conservancy has initiated extensive public outreach initiatives, educational programming, and has played an important role in working with the City to plan and implement the recently completed and much acclaimed renovation of the Botanical Garden, which included extensive new landscaping, a new water feature, refurbishment of the existing fountain and a new entryway. In addition and in order to offset costs associated with future phases of the Master Plan that was approved by the City Commission on January 13, 2010, the City Commission approved an amendment to the Management Agreement on June 1, 2011, to allow the Conservancy to award naming rights to interior portions of the Garden, in exchange for monetary contributions from private donors to fund the improvements.

In order to see the Master Plan through to completion and to continue its mission of providing quality horticultural, educational and volunteer-based programming initiatives, the Conservancy is asking to exercise its renewal option for an additional five years. Also, in light of the recent improvements to the premises and in order to be more competitive with comparable venues in South Florida, the Conservancy is proposing to increase the rental rates at the Botanical Garden, which also requires the City's approval.

Additionally, the Conservancy is asking the City to consider amending the Management Agreement to provide for an additional renewal option for an additional five (5) years, at the City's sole and absolute discretion. It should be noted that this is separate and in addition to the one renewal option

in the current Management Agreement.

## **ANALYSIS**

### **1) Renewal Option**

The Conservancy has operated the Botanical Gardens since 1999, when it assumed responsibility from the City's Parks and Recreation Department. Since that time, the Conservancy has increased the facility's cash flow and monetary reserves, established a loyal group of active volunteers and members, fostered good public relations, and as noted earlier, played a significant role in planning and coordinating the extensive renovations to the Garden.

The Conservancy's primary mission is to promote the Garden as a public amenity. This strategy has proven effective. Today the Garden has achieved greater visibility, has developed a strong base of members and supporters and is valued as a community partner with dozens of organizations. The Conservancy's goal of increasing awareness and providing free public access to the Garden has been a key ingredient in its approach to welcoming community service organizations including, but not limited to, the Kiwanis, Rotary, Toastmasters, Surfrider Foundation, ECOMB, Ability Explosion, the City's Beautification Committee, the Miami Beach Women's Conference, MBCDC, the Jewish Film Festival, Save Dade, Miami Beach Chamber of Commerce, the Women's Film Festival, the annual AIDS Walk and dozens of others. The Conservancy also conducts free daily tours, hosts dozens of school group visits, accommodates arts organizations for music, dance, art exhibits and theater and also hosts a children's art camp, which is keeping with the City's objective of making the Garden available to as many people and programs as possible.

Historically, the City' annual contribution to the Garden Conservancy comprises approximately 33% of the Conservancy's income, with the balance derived from grants, donations, memberships, event functions, and gift shop sales. It should be noted that since taking over the Garden's operation, the Conservancy has also used its best efforts to increase its public/private funding contributions towards the operation and maintenance of the facility, resulting in City being able to reduce its annual contribution by approximately 32% (from \$200,500 in FY 01/02 to \$137,228 as of FY 10/11).

	<b>FY 08/09</b>	<b>FY 09/10</b>	<b>FY 10/11</b>	<b>FY 11/12 Budget</b>
Conservancy Income	\$212,450	\$204,247	\$250,727	\$279,649
City Contribution	\$152,475	\$152,475	\$137,228	\$137,228
<b>Total Income</b>	<b>\$364,925</b>	<b>\$356,722</b>	<b>\$387,955</b>	<b>\$416,877</b>
Expenses	(\$386,109)	(\$355,805)	(\$332,602)	(\$416,877)
<b>Net Income</b>	<b>(\$ 21,184)</b>	<b>\$ 917</b>	<b>\$ 55,353</b>	<b>-\$0-</b>

It should further be noted that after several years of being subject to a series of destructive weather events and the fact that insurance doesn't cover storm-related damage to landscaping, the Conservancy has established a hurricane reserve account, which is particularly timely and beneficial in light of the City's \$1.2 Million investment in renovating the Garden and will certainly offset any costs associated with having to replace downed trees and any other damage to the property.

### **2) Proposed Rate Increase**

During the time the Botanical Garden was closed for construction, Conservancy staff conducted extensive market research and visited other facilities in Miami-Dade and Broward counties, to learn about their respective rental policies, pricing and amenities. The results of this research are

summarized in the side-by-side comparison matrix attached as Exhibit A, which includes the current and proposed rental rate structures for the Botanical Garden. It should be noted that the rates reflected for each of the venues is strictly limited to rental of their respective facilities and does not include catering or any additional services.

Based on the attached schedule, the Conservancy is proposing to increase the rate for rental of the Banyan Room, which can accommodate up to 120 people, from \$850 for a period of up to four hours, to \$2,500 for non-City residents and/or business and \$1,500 for City residents. Each additional hour would be charged at a rate of \$200 per hour, reflecting an increase of \$25 from the current plan. Also, under the new plan, the rental rate would also include access to the Great Lawn, which previously was mostly reserved for stand-alone events for up to 600 people. However, since the renovations have converted much of the area occupied by the Great Lawn into a signature water feature, it is now included as an additional amenity for renting the Banyan Room.

For the remaining areas of the Garden that can still be rented out for smaller events, including the Palm Grove and the Japanese Garden, the rents under the new plan would also remain the same. Additional charges including state sales tax and insurance; an annual family membership fee of \$50.00 for non-members; \$25 per hour for a garden attendant and \$125 per hour for janitorial services, shall also still apply under the new plan. Copies of the current and proposed rate plans for the Botanical Garden are included as Exhibit B to this Memorandum.

It should be noted that compared to the rates charged by venues like Fairchild Tropical Garden in Coral Gables, the Deering Estate in Miami, the Bonnet House and Gardens in Ft. Lauderdale and the Shane Rowing Center and Bass Museum in Miami Beach, the rates being proposed for the Botanical Garden are reasonable and certainly viable. In addition, increased rental revenues may assist in reducing the need and/or level of the City's subsidy funding for the Garden.

In light of the results of the market analysis, the proposed rates appear reasonable.

### **3) Proposed Amendment to the Management Agreement**

The Conservancy has also approached staff about the possibility of amending the Management Agreement to provide for one additional renewal option, at the City's sole and absolute discretion for an additional five (5) years. If approved, this additional renewal option would commence on July 1, 2017, upon expiration of the current and only renewal term. The Administration seeks the Committee's direction with respect to granting the Conservancy's request.

### **RECOMMENDATION**

In consideration of the Conservancy's efforts in establishing the Botanical Garden as a popular year-round cultural, educational and recreational resource, as well as its track record of fiscal and operational stability, Staff is supportive of approving the Conservancy's remaining renewal option for an additional five (5) year term and of the proposed new rental rates, which will allow the Botanical Garden to compete in the same league as the other first class facilities identified in the attached matrix.

The Administration further seeks the Committee's direction with respect to granting the Conservancy's request to amend the Management Agreement to provide for one additional renewal option at the City's sole and absolute discretion for an additional five (5) years.

As previously noted, the current term of the Management Agreement with the Miami Beach Garden Conservancy is set to expire on June 30, 2012. As such, should the Committee only wish to discuss the renewal of the Management Agreement at the Committee's Budget meeting(s), then a month-to-month extension of the Management Agreement will be necessary at this time. Should the Committee wish to extend on a month-to-month, then an agenda item would be prepared for the June 6, 2012 City Commission meeting.

Included to facilitate the Finance Committee's consideration of the Conservancy's requests, are the following documents:

- *Exhibit A - Pricing Comparison Matrix*
- *Exhibit B – Current and Proposed Rental Rate Plans*

JMG/HMF/AP/KOB

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**Exhibit A**

**Pricing Comparison Event Rental Properties in Miami & Ft. Lauderdale**

Pg. 1

	1	1	2	3	4
Facility	Miami Beach Botanical Garden (Current)	Miami Beach Botanical Garden (Proposed)	Bonnet House & Gardens	Fairchild Tropical Garden	Pinecrest Gardens
Address:	2000 Convention Center Dr. Miami Beach, FL 33139		900 North Birch Rd. Ft. Lauderdale, FL 33301	10901 Old Cutler Road Coral Gables, FL 33156	1100 Red Road Pinecrest, FL 331356
Phone:	305.673.7256		954.563.5393	305.667.1651	305.669.6990
Website:	<a href="http://www.mbgarden.org">www.mbgarden.org</a>		<a href="http://www.bonnethouse.org">www.bonnethouse.org</a>	<a href="http://www.fairchildgarden.com">www.fairchildgarden.com</a>	<a href="http://www.pinecrest-fl.com">www.pinecrest-fl.com</a>
Main Venue Name:	<b>Banyan Room</b>	<b>Banyan Room</b>	<b>Veranda Lawn</b>	<b>Main room</b>	<b>Main room</b>
Base Rental Rate Only:	<b>\$850.00</b>	<b>\$2,500 - Non-resident rate</b> <b>\$1,500 - MB resident rate</b>	<b>\$6,000 (+ 6%tax)</b>	<b>\$7,000.00</b>	<b>\$750.00</b>
# of Guests:	120 guests	NC (No change)	up to 150 guests	150 guests	90 guests
Rental Period:	4 hrs	NC	4 hrs	1 event per day	1 event per day
Add'l hourly charge:	\$175.00/hr	\$200.00/hr	\$500.00/hr		
Comments:	indoor/outdoor		(Schedule in advance)	Indoor only	Indoor only
Included in Price:	100 white chairs 12(8') rectangular banquet tables.	NC	nothing included	valet parking guests paid \$5.00	200 chairs and 20 round tables
Additional Costs:	\$50.00 - Annual Membership Fee Garden Attendant Fee: \$25/hr Janitorial Fee: \$125/event	NC NC NC	\$150 to hire an off-duty police officer per event  \$250 per hr rehearsal fee	\$600 cleaning deposit \$30/hr to hire a security officer per event	
Application Fee (Non Refundable):	\$100.00	NC			
Security/Damage Deposit: (Refundable):	\$ 300 security dep.	\$ 800 security dep.	\$ 1,000.00 damage dep.	\$2,000.00	\$540.00
Comments	Fri & Sat until 1am other days 11 pm	NC	Open until midnight 30% discount on summer use	Fri and Sat. 6pm-12am other days 6pm-11pm	Open until 6pm daytime venue only Event done by 5pm
Security, Staffing and Catering Notes:	Facility attendant supervises and ensures caterer cleans up thoroughly	NC			Caterer in charge to clean up and remove garbage

EXHIBIT A

Exhibit A

Pricing Comparison Event Rental Properties in Miami & Ft. Lauderdale

Pg. 2

	5	6	7	8	9
Facility	Coral Gables Women's Club	Spanish Monastery	Shane Center Rowing Center	Deering Estate	Bass Museum
Address	1001 East Ponce de Leon Blvd. Coral Gables, FL 33134	16711 West Dixie Highway, NMB, FL 33160	6500 Indian Creek MB, FL 33141	16701 SW 72 Av. Miami, FL 33133	2100 Collins Ave, MB, FL 33139
Phone:	305.639.4749	305.945.1461	305.861.8837/8876	305.235.1668	305-673-7530
Website:	<a href="http://www.coralgablesjuniors.org">www.coralgablesjuniors.org</a>	<a href="http://www.spanishmonastery.com">www.spanishmonastery.com</a>	<a href="http://www.rowmiamibeach.com">www.rowmiamibeach.com</a>	<a href="http://www.deeringestate.com">www.deeringestate.com</a>	<a href="http://www.bassmuseum.org">www.bassmuseum.org</a>
Main Venue Name:	<b>Main room</b>	<b>Main room/Cloisters</b>	<b>Main room</b>	<b>1st Floor of stone house</b>	<b>Room &amp; Outdoor terrace</b>
Base Rental Rate Only:	<b>\$2,400.00</b>	<b>\$2,250</b>	<b>\$2,400.00</b>	<b>\$7,220.00</b>	<b>\$2,700.00</b>
# of Guests:	200 guests	300 guests	120 guests	120 guests	80 guests
Rental Period:	1 event/day	3 hours			2 hours
Add'l hourly charge:		\$250.00			
Comments:			indoor/outdoor		
Included in Price:	200 metal chairs, 20 round tables, cake table bathroom attendant	nothing included	20 (60") round tables 225 banquet chairs 8 (6') banquet tables	nothing included	nothing included
Additional Costs:			\$210 to hire off-duty police officer per event	\$400.- to hire two security guards for events up to 120 people	\$ 500.00 admin fee \$ 200.00 cleaning fee
Application Fee (Non Refundable):	N/A	N/A	N/A	N/A	\$500.00
Security/Damage Deposit: (Refundable):	\$500.00	\$400.00	\$900.00	\$1,246.00	Included above
Comments	Open until 1am No restaurant or home food accepted.	No events past 12am	\$ 400.penalty for any garbage left behind taken out of the sec. deposit.	11pm music has to go off and guests completely gone by midnight	Monday-Sunday 7pm- 2am
Security, Staffing and Catering:	No security required Caterer responsible for clean up and remove garbage	Caterer responsible for clean up and remove garbage.	Caterer is responsible to supply all materials to clean up		Museum security and building manager are mandatory, all costs are billed to the User. User is responsible for all cleaning

**Miami Beach Botanical Garden  
Proposal New Rental Rates**

AREA	DESCRIPTION	INCLUDES	RENTAL RATE	ADD HOURS
<b>Butterfly Room</b>	Size- 18' X 35' Venue for 40 People	3 Tables and 40 Chairs	<b>\$350.00 / 04 Hours Event And A Security Deposit: \$ 250.00</b> (From this deposit we will retain a non- refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 100.00 Per Add Hour</b>
<b>Banyan Room, Terrace &amp; Great Lawn</b>	Room Size 30' x 50' Venue for 100-300 People	(12) 8 ft rectangular banquet tables & 100 folding chairs	<b>\$ 2,500.00 / 04 Hours Event And A Security Deposit: \$800.00</b> (From this deposit we will retain a non- refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 200.00 Per add Hour</b> <i>(includes facility attendant fee)</i>
<b>Japanese Garden</b>	Venue for 50 People Landscaped Area	For Ceremonies and Cocktails receptions ONLY	<b>\$550.00 / 04 Hours Event And A Security Deposit: \$250.00</b> (From this deposit we will retain a non- refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 125.00 Per Add Hour</b> <i>(includes facility attendant fee)</i>
<b>The Entire Garden</b>	All areas Venue for 500 People	(12) 8 ft rectangular banquet tables & (12) 60" round tables & 200 folding chairs	<b>\$ 4,500.00 / 4 Hours Event And A Security Deposit: \$2000.00</b> (From this deposit we will retain a non- refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 500.00 Per Add Hour</b> <i>(includes facility attendant fee)</i>

**Please Note: Additional fees to the base rental fee and security deposit will be charge:**

- ▶ Annual Membership fee of \$50.00. If not yet a member of the garden.
- ▶ 7% Sales Tax to all rental amounts due Miami Beach Botanical Garden.
- ▶ Fee for Garden Attendant is \$25.00 an hour and \$125.00 fee for janitorial services.
- ▶ Insurance premium(s) charge \$ 1.00 per expected number of participants/projected number of people in attendance and liquor sold, if any, upon Miami Beach Botanical Garden premises.

Miami Beach Resident Rate \$ 1,500.00 plus additional  
fees.

(Please provide ID proof or utility bills)

## 2012 Facility Rental Rates

AREA	DESCRIPTION	INCLUDES	RENTAL RATE	ADD HOURS
<b>Butterfly Room</b>	Size- 18' X 35' Venue for 40 People	3 Tables and 40 Chairs	<b>\$350.00 / 04 Hours Event And A Security Deposit: \$ 250.00</b> (From this deposit we will retain a non-refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 100.00/ Hour</b>
<b>Banyan Room and Terrace</b>	Size 30' x 50' Venue 175 People	(12) 8 ft rectangular banquet tables & 100 folding chairs	<b>\$ 850.00 / 04 Hours Event And A Security Deposit: \$400.00</b> (From this deposit we will retain a non-refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 175.00 / Hour</b> (includes facility attendant fee)
<b>Great Lawn &amp; Courtyard</b>	Venue for 300 People Landscaped Area	A 40 x 60 Tent (12) 8 ft rectangular banquet tables & 100 folding chairs	<b>\$2500/ 04 Hours Event And A Security Deposit: \$1000.00</b> (From this deposit we will retain a non-refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 225.00 / Hour</b> (includes facility attendant fee)
<b>Japanese Garden</b>	Venue for 50 People Landscaped Area	<b>For Ceremonies and Cocktails receptions ONLY</b>	<b>\$550.00 / 04 Hours Event And A Security Deposit: \$250.00</b> (From this deposit we will retain a non-refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 125.00 / Hour</b> (includes facility attendant fee)
<b>The Entire Garden</b>	All areas Venue for 500 People	(12) 8 ft rectangular banquet tables & (12) 60" round tables & 200 folding chairs	<b>\$ 4,500.00 / 4 Hours Event And A Security Deposit: \$2000.00</b> (From this deposit we will retain a non-refundable application fee of \$ 100.00 that won't be refunded)	<b>\$ 500.00 / Hour</b> (includes facility attendant fee)

**Please Note: Additional fees to the rental fee and security deposit will be charge:**

- ▶ Annual Membership fee of \$50.00. If not yet a member of the garden.
- ▶ 7% Sales Tax to all rental amounts due Miami Beach Botanical Garden.
- ▶ Fee for Garden Attendant is \$25.00 an hour and \$125.00 fee for janitorial services.
- ▶ Insurance premium(s) charge \$ 1.00 per expected number of participants/projected number of people in attendance and liquor sold, if any, upon Miami Beach Botanical Garden premises.

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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Members of the Finance and Citywide Projects Committee

FROM: *Hilda M. Fernandez*  
Jorge M. Gonzalez, City Manager

DATE: May 17, 2012

SUBJECT: **DISCUSSION REGARDING THE ISSUANCE OF A REQUEST FOR PROPOSALS (RFP) FOR THE MANAGEMENT AND OPERATION OF STREET MARKETS IN MIAMI BEACH AT VARIOUS LOCATIONS.**

### **BACKGROUND**

On September 6, 2006, the Mayor and City Commission adopted Resolution No. 2006-26281, awarding, pursuant to RFP 30-05/06, the operation and management of the Green Markets on Lincoln Road, Espanola Way and Normandy Isle to the Market Company and the operation and management for the Antique and Collectibles Market on Lincoln Road to Production Sud, Inc.

The permitted uses for each market are as follows:

Lincoln Road Green Market: includes fruits, vegetables, juices, nuts and other related products; plants and cut flowers;

Espanola Way Street Market: included arts and crafts; cut flowers and plants; fruits, juices, nuts, and other related products;

Normandy Village Street Market: includes arts and crafts; fruits, vegetables, cut flowers, orchids and other related green market products; tropical fruit preserves, dressings, dried fruits and nuts, honey and organic produce;

Antiques and Collectibles Market: includes antiques; vintage goods; and collectibles.

The City entered into four separate Management and Operating Agreements governing each of the Markets, each commencing on October 1, 2006 and terminating on September 9, 2009. The Agreements provided for an extension of the respective terms for an additional three (3) years, which was approved by the City on July 1<sup>st</sup>, 2009. It should be noted that shortly after the renewal options were approved, the Espanola Way Market was closed due to lack of interest by the vendors. With no additional renewal options remaining and the current terms set to expire on September 30, 2012, the Administration seeks input on whether to initiate a new competitive bid process to solicit interest in managing and operating street markets in multiple locations on Miami Beach.

### **ANALYSIS**

Since October 1, 2006, The Market Company has been operating its Green (Farmers) Markets on Lincoln Road, Normandy Isle and until August, 2009, on Espanola Way. As noted above, The Market Company's markets are generally engaged in the sale of cut flowers and plants, fruits, vegetables and other edible products, including fresh fruits, dried fruits, vegetables, nuts, preserves, pickled items, jams, jellies, juices, smoothies and other non-alcoholic beverages. The "Green Market" concept was specifically adopted for Lincoln Road so as not to compete with merchants in the area. During the same period, Production Sud has operated its Antiques and Collectibles Market on Lincoln Road, engaging in the sale of antiques, vintage goods and collectibles, including but not limited to, jewelry, bric-a-brac, reproductions, memorabilia, art, and creative uses of recycled components. For allowing the Markets to operate in their respective locations, the City receives rent

equivalent to the greater of a fixed percentage of concessionaire's gross receipts (PG) or an established minimum guarantee (MG) as follows:

Market:	PG%	MG	- Rent Received -		
			FY 08/09	FY 09/10	FY 10/11
Lincoln Road Green Mkt	15.0%	\$ 8,820	\$ 9,530	\$10,338	\$13,111
Normandy Isle Mkt	15.0%	\$ 3,675	\$ 4,213	\$ 4,262	\$ 4,258
Antiques & Collectibles Mkt	12.5%	\$29,400	\$35,128	\$29,450	\$34,608

The City also receives certain additional rent from the Concessionaires to cover the cost of field monitoring at \$19.85/hour for a maximum of 2 hours per event; \$100.00 paid in four equal quarterly installments of \$25.00 each to cover the cost of pressure cleaning; and \$4.00 per market day for each vendor that requires electrical service.

A summary of terms for each of the Markets is included as "Exhibit A" to this report.

Lincoln Road Green Market

The Lincoln Road Green Market is held every Sunday on the Lincoln Road Mall from Washington Avenue to Meridian Avenue with an average of 20 vendors; operating between the hours of 9:00 a.m. until 6:30 p.m.

As noted in the table above, the Lincoln Road Green Market has consistently exceeded its annual MG remittal to the City and continues to be a viable event for both the Concessionaire and the City. It should be noted however, that due to the significant increase in the number of sidewalk café permits issued on Lincoln Road since the inception of the Markets, there has been, on occasion, friction between the restaurants and the Markets over the displacement of some of their vendors.

Normandy Village (Isle) Market

The Normandy Market operates every Saturday on Rue Vendome with an average of 13 vendors. The street is closed to traffic during the Market's operation. The Market Company continues to manage and operate this market as it has over the past few years with little change in vendors or emphasis. Although not a high profit return to the City, this market is primarily frequented by the surrounding community.

Antiques & Collectibles Market

The Antiques & Collectibles Market, operated by Production Sud, is held on Sunday with operating hours of 9:00 a.m. until 6:00 p.m, twice a month from October through May. The Market currently operates on Lincoln Road between Meridian Avenue and Michigan Avenue; Michigan Avenue between South Lincoln Lane and North Lincoln Lane; and the west side of Jefferson Avenue, between South Lincoln Lane and North Lincoln Lane, with an average of 128 vendors (+/-).

It should be noted that due to the renovations and modifications to the 1100 block of Lincoln Road that were completed in November, 2009, the Antiques and Collectibles Market was not permitted to return to the block, resulting in the loss of approximately 30 vendor locations. To compensate for the reduction in space, the Antiques & Collectibles Market was allowed to expand from two rows to three rows of tents on Michigan Avenue. Even so, the Market was reduced from approximately 130 spaces to 110 spaces, resulting in a loss of revenues and requiring staff to explore various options to add the spaces back without conflicting with

the Lincoln Road Green Market and without creating circulatory, parking and/or life-safety issues. In August, 2011, Staff was able to secure the west side of Jefferson Avenue between South Lincoln Lane and North Lincoln Lane, which was able to accommodate an additional 18 vendors. This new location has since made up for the concessionaire's loss of the 1100 block.

### Collins Park Market

On October 14, 2009, pursuant to a request from the Collins Park Neighborhood Association (CPNA), the City Commission approved a temporary Management and Operating Agreement with the Market Company to operate a farmer's market adjacent to Collins Park on a trial basis for a period of one (1) year, commencing on January 1, 2010 and ending on December 31, 2010. The Market was located on 22<sup>nd</sup> Street between Collins Avenue and Liberty Avenue, which was not the location of choice for the CPNA or the Concessionaire, who would have preferred a location in the Park itself. It should be noted that an exhaustive amount of time was spent at a staff and Committee level in identifying and agreeing to the approved location for the Market. The Park and the Central Boulevard located on the east side of Collins Avenue were firmly ruled out due to a variety of concerns involving accessibility/ADA issues, maintenance-related impacts, Historic Preservation issues, and parking and circulatory impediments. Staff also looked at Park Avenue and Liberty Avenue as potential locations, but ruled them out on account of their lack of visibility from public areas, which in effect would hide the market instead of activating the Park. The 22<sup>nd</sup> Street location was deemed the most viable on account of its high degree of visibility adjacent to the Park, the minimum impact to traffic circulation and the minimal loss of parking spaces during market days.

The Collins Park Market started operations on January 3, 2010, and was scheduled to run every Sunday from 9:00 a.m. to 6:00 p.m. However, the construction of Collins Park and surrounding streetscape areas (including 22<sup>nd</sup> Street), had not been completed and was running behind schedule. Also, abnormally cold and windy conditions prevailed in the area for most of the first two months of operation, discouraging both pedestrian traffic as well as vendors from attending. Furthermore, an inadequate power supply to provide electricity for some of the vendors resulted in frequent electrical outages due to overloading of the circuits. For these reasons, the Market Company elected to terminate its Agreement with the City on March 31, 2010.

It should be noted however, that despite the Market Company's experience with this location, it is still determined to be the most viable and functional for the Collins Park neighborhood, particularly since it is no longer subject to the mostly construction-related interruptions it was affected by before. Furthermore, on account of the few restaurants in the area, no sidewalk cafes and no local grocery store, a new market in this location could potentially be expanded to allow for a broader spectrum of products to be sold, including, but not limited to, prepared foods, arts and crafts, and the inclusion of live entertainment.

Also, while the electrical supply along this section of 22<sup>nd</sup> Street is still limited to Christmas tree lighting outlets located atop the light poles along the north sidewalk, staff would recommend allowing the use of quiet (whisper) generators by those vendors needing to operate electrical equipment, such as blenders and toaster ovens. The agreements governing the Green Markets currently preclude the use of generators so as to mitigate any chance of noise disturbances as well as to minimize opportunities for vendors to engage in the production and sale of certain prohibited items such as prepared foods. While this provision may still apply to future market agreements involving Lincoln Road and Normandy Isle, an exception should be considered for Collins Park.

### CONCLUSION AND RECOMMENDATION

The original intent of bringing the Markets to Miami Beach was to establish an ancillary activity to attract new business for the merchants in the areas in which they are located, particularly during the

summer and off-season months. However, since the number of vendors participating in the Green Markets is significantly reduced during the summer and off-season and the Antiques and Collectibles Market only operates from October through May, the Markets have not been a significant source of new business for area merchants. On the other hand, they continue to be a popular draw on weekends for local area residents and visitors and for which reason staff recommends considering a new Request for Proposals (RFP) process to solicit interest in managing and operating street markets on Miami Beach in one or more of the four locations identified above. Staff would also recommend expanding the scope of the RFP to include other areas of the City, provided however, the locations involved have the support of the respective neighborhood and/or neighborhood association, do not interfere with traffic circulation and parking and don't pose any life-safety and/or other code-related problems. It should be noted that staff has also explored the concept of rotating markets throughout the City, but has determined they are not financially viable due to the inconsistency and the increased need for marketing. Furthermore, depending on the timing of an RFP process as well as the timing involved in the negotiation and approval of one or more market agreements, staff recommends allowing the current markets to continue operating on a month-to-month basis beyond their respective expiration dates, until such time that such new agreements are executed.

In order to assist the Committee in its deliberations concerning the issuance of an RFP, a proposed Scope of Services been included for its consideration as "Exhibit B" to the memorandum.

JMG\HMF\AP\KOB  
Attachments

Cc: Hilda M. Fernandez, Assistant City Manager  
Anna Parekh, Director REH&CD

**Exhibit A**  
**CURRENT MARKET AGREEMENT TERMS**

Lincoln Road Green Market

Operator: The Market Company, Inc.

Use: Open Air Street Market, Plants and Cut Flowers, Fruits, vegetables, and other edible products and related food items.

Schedule of Operation: Days: Sundays only  
Time: Sunday 9:00am to 6:00pm

Commencement Date: October 1<sup>st</sup>, 2006  
Initial Term Ending Date: September 30<sup>th</sup>, 2009  
Renewal Term Ending Date: September 30<sup>th</sup>, 2012

Term:

- Initial Term: Three (3) years
- Renewal Term: Option to renew three (3) additional years. Exercised – Exercised on July 1, 2009.

Security Deposit: \$1,400.00  
Rent Amount: MG \$8,820.00 or 15 % percent of gross receipts, whichever is greater.

- Additional Rent: Field Monitor \$19.85 per hour. Reflects renewal term, increase of 5% per contract year; Pressure cleaning on a quarterly basis paid to the City in the amount of \$100 annually; Electricity @ \$4.00 per market day per vendor requiring the use of electricity

Normandy Village (Isle) Street Market

Operator: The Market Company, Inc.

Use: Open Air Street Market, Arts and Crafts Merchandise, Plants and Cut Flowers, Fruits, vegetables, and other edible foods, Live Entertainment

Schedule of Operation: Days: Saturdays Only  
Time: Saturday 9:00am to 5:00 pm

Commencement Date: October 1<sup>st</sup>, 2006  
Rent Commencement Date: October 1<sup>st</sup>, 2006  
Initial Term Ending Date: September 30<sup>th</sup>, 2009  
Renewal Term Ending Date: September 30<sup>th</sup>, 2012

Term:

- Initial Term: Three (3) years
- Renewal Term: Option to renew three (3) additional years. Exercised – Exercised on July 1, 2009.

Security Deposit: \$1,400.00  
Rent Amount: MG \$3,675.00 or 15 % percent of gross receipts, whichever is greater.

- Additional Rent: Field Monitor \$19.85 per hour. Reflects renewal term, increase of 5% per contract year; Pressure cleaning on a quarterly basis paid to the City in the amount of \$100 annually; Electricity @ \$4.00 per market day per vendor requiring the use of electricity.

Antiques and Collectibles Market

Operator: Production Sud, Inc.

Use: Open Air Street Market - Antiques, Vintage Goods, and/or Collectibles  
Schedule of Operation: Days: Sundays only  
Time: Sunday 9:00am to 6:00pm  
Commencement Date: October 1<sup>st</sup>, 2006  
Initial Term Ending Date: September 30, 2009  
Renewal Term Ending Date: September 20, 2012  
Term:  
• Initial Term: Three (3) years  
• Renewal Term: Option to renew three (3) additional years. Exercised – Exercised on July 1, 2009.  
Security Deposit: \$2,500.00  
Rent Amount: MG \$29,400 or 12.5 % gross receipts whichever is greater  
• Additional Rent: Field Monitor \$19.85 Dollars per hour. Reflects renewal term increase of 5% per contract year; Pressure cleaning on a quarterly basis paid to the City in the amount of \$100 annually; Electricity @ \$4.00 per market day per vendor requiring the use of electricity.

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**Exhibit B**  
**PROPOSED SCOPE OF SERVICES**

It is the City's intent to enter into Agreements, by means of this RFP process, for the management and operation of the street markets (collectively referred to as "Markets"). Any or all Agreements entered into by the City, will be for a period of three (3) years with the sole option and discretion of the City, to renew for one (1) additional two (2)-year term.

The City will grant to the successful proposer(s), the exclusive right, during the term of an Agreement, to operate a concession for an open air street market, as described herein, in the following area(s) (hereinafter referred to collectively as the "Concession Area"). Proposers may submit a proposal response for any, or all, of the four (4) Markets outlined in this Scope of Services

**LINCOLN ROAD STREET MARKET**

Operate and manage an open air street market, commonly known and referred to herein as the "Lincoln Road Green Market" (the Market), which shall provide a venue for vendors to sell and/or provide the following (as each is more specifically defined in the Agreement:

- a) Plants and Cut Flowers; and
- b) Fruits, vegetables, and other edible products and related food items.

This shall also generally include the rental of booths, tents, tables, signs or space(s).

Interaction and Coordination with Other Lincoln Road Operations and Events:

Successful proposer will agree and understand that there are other businesses, establishments, operations and events which are ongoing, or may occur from time to time within or in close proximity to, the Concession Area. As such, successful proposer agrees that it will use its best efforts to cooperate and coordinate with said businesses, establishments, operations and events so as to minimize the impact to the respective parties.

**SCHEDULE OF OPERATION**

Successful proposer's operations shall be open on the Concession Area, in accordance with the schedule outlined below, weather or events of force majeure permitting.

Day(s) of Operation: Sundays only

Operating Hours:

Set-Up:

Must not begin earlier than 6:00 AM and end by 10:00 AM

Market operating hours:

Daylight Savings Time: 9:00 AM to 7:00 PM

Eastern Standard Time: 9:00 AM to 6:00 PM

Move-Out:

Daylight Savings Time: 7:00 PM to 8:00 PM

Eastern Standard Time: 6:00 PM to 7:00 PM

### **NORMANDY VILLAGE STREET MARKET**

Successful proposer shall operate and manage an open air street market, commonly known and referred to herein as the "Normandy Village Street Market" (the Market), which shall provide a venue for vendors to sell and/or provide the following:

- a) Arts and Crafts Merchandise;
- b) Plants and Cut Flowers;
- c) Fruits, vegetables, and other edible products and related food items;  
and
- d) Live Entertainment (non-amplified)

This shall also generally include the rental of booths, tents, tables, signs, or space(s).

### **SCHEDULE OF OPERATION**

Successful proposer's operations shall be open on the Concession Area, in accordance with the schedule outlined below, weather or events of force majeure permitting.

Day(s) of Operation: Saturdays only  
Operating Hours:  
Set-Up:  
    Must not begin earlier than 7:00 AM and end by 8:00 AM  
Market operating hours:  
    Daylight Savings Time: 8:00 AM to 7:00 PM  
    Eastern Standard Time: 8:00 AM to 6:00 PM  
Move-Out:  
    Daylight Savings Time: 7:00 PM to 8:00 PM  
    Eastern Standard Time: 6:00 PM to 7:00 PM

Any change in the days or hours of operation require the prior written consent of the City Manager including, but not limited to, change in the days and hours of operation requested pursuant to the Agreement.

### **ANTIQUES AND COLLECTIBLES MARKETS**

Operate and manage an open air street market, commonly known and referred to herein as the "Lincoln Road Antique and Collectibles Market" (the Market), which shall provide a venue for vendors to sell and/or provide the following:

- a) Antiques;
- b) Vintage Goods; and
- c) Collectibles.

This shall also generally include the rental of booths, tents, tables, signs or space(s).

Interaction and Coordination with Other Lincoln Road Operations and Events:

Successful proposer will agree and understand that there are other businesses, establishments, operations and events which are ongoing, or may occur from time to time within, or in close proximity to the Concession Area. As such, successful proposer agrees that it will use its best efforts to cooperate and coordinate with said businesses, establishments, operations and events so as to minimize the impact to the respective parties.

**SCHEDULE OF OPERATION**

Successful proposer's operations shall be open on the Concession Area, in accordance with the schedule outlined below, weather or events of force majeure permitting.

Day(s) of Operation: Sundays only

In the event the City exercises its option to extend this Agreement for an additional one year term, successful proposer day(s) of operation shall continue to be on Sundays only. Successful proposer shall provide the City with said dates of operation, prior to City authorizing any extension of the term.

Operating Hours:

Set-Up:

Must not begin earlier than 12:01 AM and end by 9:00 AM

Market operating hours: 9:00 AM to 6:00 PM

Move-Out: 6:00 PM to 11:30 PM

Any change in the days or hours of operation requires the prior written consent of the City Manager.

**COLLINS PARK MARKET**

Successful proposer shall operate and manage an open air street market, commonly known and referred to herein as the "Collins Park Street Market" (the Market), which shall provide a venue for vendors to sell and/or provide the following:

- a) Arts and crafts merchandise;
- b) Plants and cut flowers;
- c) Fruits, vegetables, and other edible products and related food items;
- d) Prepared food items; and
- e) Live entertainment (non-amplified).

Any live entertainment that is provided by successful proposer shall be limited to: solo, duo and/or trio performers, unless otherwise approved, in writing, by the City Manager or his designee.

For purposes of this Agreement, the term "performers" shall include individuals who provide live entertainment by means of no amplified music with musical instruments, singing, dancing, theatrical and dramatic interpretation, mimes, etc. Notwithstanding, the foregoing, successful proposer, must comply with City and Miami-Dade County Noise Ordinance(s), and any other applicable regulation, at all times.

This shall also generally include the rental of booths, tents, tables, signs, or space(s).

**SCHEDULE OF OPERATION**

Successful proposer's operations shall be open on the Concession Area, in accordance with the schedule outlined below, weather or events of force majeure permitting.

Day(s) of Operation: Sundays only

In the event the City exercises its option to extend this Agreement for an additional one year term, successful proposer day(s) of operation shall continue to be on Sundays only.

Successful proposer shall provide the City with said dates of operation, prior to City authorizing any extension of the term.

Operating Hours:

Set-Up:

Must not begin earlier than 6:30 AM and end by 9:00 AM

Market operating hours: 9:00 AM to 6:00 PM

Move-Out: 6:00 PM to 7:00 PM

Any change in the days or hours of operation requires the prior written consent of the City Manager.

#### Vendor Selection / First Priority to Miami Beach Merchants

Within thirty (30) days from the Commencement Date of the Concession Agreement, and for a period of thirty (30) days thereafter, the successful proposer shall offer Miami Beach licensed merchants the opportunity to participate (a booth space in the Market) as vendors before opening its search to the general public or other networks. The successful proposer will establish this "pool" and will also serve as the clearinghouse for booth availability and vendor applicants. The successful proposer shall commit to use this clearinghouse during the initial availability of booth space before expanding its search to other networks.

The successful proposer, will use best efforts to ensure that all Miami Beach licensed merchants are contacted and that announcements regarding booth availability are disseminated throughout the City of Miami Beach, as quickly as possible so as to take optimum advantage of the thirty (30) day availability period, including but not limited to, advertising in a local newspaper, placing information on the Market or other websites, or other similar efforts.

#### Rental Fee Schedule

Respondents shall plan to submit a proposed Rental Fee Schedule, outlining the proposed rents to be collected from merchants.

#### Facilities Design

Respondents shall plan to submit a proposed Facilities Design for their Market set-up, taking into consideration the Site Plan(s) included in the sample Agreements, attached hereto.

#### Product List

Respondents shall plan to submit a proposed Product List of items to be featured in their Market(s).

### **CONCESSION FEES**

#### Security Deposit

Upon execution of this Agreement, successful proposer shall furnish the City with a Security Deposit, as agreed by the City. Said Security Deposit shall serve to secure successful proposer's performance in accordance with the provisions of this Agreement. In the event the successful proposer, fails to perform in accordance with said provisions, the City may retain said Security Deposit, as well as pursue any and all other legal remedies provided herein, or as may be provided by applicable law.

Percentage of Gross (PG)

During the initial term, and any renewal term, of the Agreement, successful proposer, shall pay the City, on a monthly basis, and within thirty (30) calendar days from the end of each month during the term herein, as negotiated, a percentage of successful proposer's gross receipts (PG).

Minimum Guarantee (MG)

Notwithstanding the PG payment required, successful proposer, shall pay to the City a Minimum Guaranteed Annual Concession Fee (MG).

Additional Fees

Additionally, the successful proposer agrees and understands that a Field Monitor, who will report to and be under the direction of the City, is required for a minimum of two (2) hours daily on Saturday mornings in order to assist and facilitate during set-up times. Proposer further agrees and understands that any and all costs associated with said Field Monitor shall be borne by Concessionaire and reimbursed to the City on a monthly basis at an initial rate of \$19.85 per hour.

Proposer should also factor in remitting to the City an amount equal to four dollars (\$4.00) per Market day, plus applicable sales and use tax, for each vendor location that proposes to use electricity,

Proposer shall also be responsible, at its sole cost and expense, for the pressure cleaning of the Concession Area, including all abutting sidewalks and public right-of-way adjacent thereto, at least once every three (3) months, or on an as needed basis, as deemed by the City, in its sole discretion at a current annual cost of \$100, payable in lump sum or in equal monthly installments throughout the course of the year.

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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee  
FROM: *Jorge M. Gonzalez*  
Jorge M. Gonzalez, City Manager  
DATE: May 17, 2012

SUBJECT: **A DISCUSSION REGARDING APPROVING A SECOND AMENDMENT TO THE RETAIL LEASE AGREEMENT (LEASE), BY AND BETWEEN THE CITY OF MIAMI BEACH, THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA) AND PENN 17, LLC. (TENANT), DATED SEPTEMBER 16, 2011, AS FIRST AMENDED ON FEBRUARY 8, 2012, INVOLVING THE LEASE OF 7,655 SQUARE FEET OF GROUND FLOOR RETAIL SPACE AT THE PENNSYLVANIA AVENUE GARAGE, 1661 PENNSYLVANIA AVENUE, MIAMI BEACH, FLORIDA; SAID SECOND AMENDMENT PROVIDING FOR THE FOLLOWING: 1) EXTENDING THE RENT COMMENCEMENT DATE BY AN ADDITIONAL THIRTY (30) DAYS AND DEFERRING AN ADDITIONAL SIXTY (60) DAYS RENT TO BE REPAYED BY THE LESSEE IN EQUAL MONTHLY INSTALLMENTS, TOGETHER WITH REGULAR PAYMENTS OF RENT, TAXES AND COMMON AREA (CAM) COSTS COMMENCING ON THE FIRST DAY OF THE THIRD YEAR OF THE LEASE TERM; 2) INCREASING THE SIZE OF THE TENANT'S ADDITIONAL AREA (STORAGE SPACE), AS DEFINED IN SECTION 3.11 OF THE LEASE, TO INCLUDE AN ADDITIONAL 284 SQUARE FEET CURRENTLY DESIGNATED FOR STORAGE OF THE BUILDING'S FLOOD PANELS; 3) INCREASING THE CHARGE FOR COMMON AREA MAINTENANCE (CAM) FROM \$98,850 PER YEAR TO \$101,690 TO REFLECT THE INCREASE IN THE SIZE OF THE STORAGE SPACE; AND 4) CONSTRUCTING A NEW REPLACEMENT ENCLOSURE, AT THE TENANT'S SOLE COST AND EXPENSE, A NEW REPLACEMENT ENCLOSURE FOR THE STORAGE OF FLOOD PANELS, SUBJECT AND PURSUANT TO THE COMPLETE SATISFACTION AND APPROVAL OF THE RDA.**

### **BACKGROUND (PROJECT STATUS)**

On April 13, 2011, the Mayor and City Commission passed Resolution No. 2011-27647, approving a Lease Agreement (the Lease), having a term of nine (9) years and 364 days, between the City, the RDA and Penn 17, LLC (Tenant), for use of approximately 7,807 square feet of ground level retail space at the Pennsylvania Avenue Garage, 1661 Pennsylvania Avenue, Miami Beach, Florida, for a restaurant (primary use), with ancillary uses for a bakery, a bar/café, and a book and gift shop.

The space was initially built to be able to be subdivided to accommodate up to seven tenants. However, since the opening of the facility in October, 2010, the City's Broker, Koniver Stern, received very little interest from retail tenants. Instead, most inquires came from three food and beverage businesses, one of which from Aroma Café culminated in an initial offer for the space. However, the offer was almost as soon withdrawn once the prospective tenant realized the extensive challenges and costs associated with re-engineering the space for use as a restaurant, as well as the architectural impediments to venting the kitchen exhaust.

In February, 2011, the City's Broker was able to secure the interest of the current approved Tenant, whose background in the restaurant industry is well suited to taking on the cost of building out the space, which at the very least would have to include the installation of a grease trap, additional sub-grade plumbing and, as noted above, venting of the kitchen exhaust, none of which were provided for in the design of the space.

For this reason, the Resolution approving the Lease with Penn 17, LLC also approved the execution of a Pre-Lease Due Diligence Review Agreement, granting the Tenant a maximum of six (6) months following approval of the Lease, in which to reserve its leasing rights while advancing design and plan development, and consulting with the City's Planning and Building Departments in order to ascertain the feasibility of obtaining a full building permit prior to actual commencement of the Lease. The Pre-Lease Agreement expired on October 13, 2011. It contained two milestones: requiring the Tenant to have a) entered into a contract with a licensed architect/engineer; and, b) to have submitted a complete application for a building permit, evidenced by the issuance of a building permit process number by August 13, 2011. However, due to the aggressiveness of the schedule involved, as well as the complexity associated with addressing some of the design issues, including, but not limited to, the installation of grease traps, additional sub-grade plumbing and kitchen exhaust venting, the Tenant was unable to meet this deadline. Consequently, the Tenant was faced with two options, automatic termination of the Lease and forfeiture of its \$25,000 Pre-Lease deposit to the City, or electing to execute the Lease and crediting the \$25,000 towards its security deposit, albeit without the benefit of a building permit in place. On August 29, 2011, in accordance with the provisions of the Pre-Lease Agreement, the Tenant elected to proceed with the execution of the Lease, committing to an October 13, 2011 Commencement Date as well as establishing a \$1,000,000 escrow construction fund. Shortly after the execution of the Lease, the Tenant formally engaged Design 3 Architects (Architect) to further develop and finalize the plans for permitting.

The execution of the Lease also provided the Tenant with legal control of the site and the ability to formally commence the permitting process. However, since plan development was still in process, the Building Department allowed the Tenant to start off by submitting partial plans for review and approval. In order to expedite work at the Premises and in consideration of the extensive and delicate scope involved in the demolition and sub-grade work that needs to precede the interior build-out, the Tenant's Contractor, Halloran Construction, applied for a separate permit for partial interior demolition of the space, which was approved by the Building Department on January 19, 2012. Demolition of the slab began the week of January 23, 2012, in preparation for the installation of additional plumbing fixtures, grease trap structures and other utilities necessary for restaurant's operation. The Master Permit for the interior build-out of the space was finally issued on March 23, 2012, based on which the Contractor estimates substantial completion by mid-July, 2012.

On February 8, 2012, unrelated to the plan development and permitting process, the City and the RDA approved a First Amendment to the Lease Agreement, adjusting the square footage of the Premises from 7,807 square feet to 7,655 square feet, in response to a formal survey of the space that was conducted as part of City's condominiumization process to preserve the tax exempt status of the municipal parking garage portion of the building. The Amendment further reduced the Tenant's annual base rent from \$585,525 to \$574,125, as well as the Common Area Maintenance (CAM) costs from \$100,370 per year to \$98,850 per year. The monthly rent is currently \$47,843 plus CAM in the amount of \$8,237.

## **ANALYSIS**

### **1) Proposed Additional Rent Credit and Deferral of Rent**

As noted earlier, the Pre-Lease Agreement committed the Tenant to an aggressively ambitious schedule by which to submit plans for permitting, especially given the uncertainty associated with some of the unknown design and structural issues involved in converting a space not built for use as a restaurant. Clearly, in electing to proceed with the Lease, the Tenant had some level of assurance that these challenges could in fact be resolved, but couldn't be sure of the timing involved since the Architect was only formally engaged upon execution of the Lease.

As plan development progressed, it became apparent that some of the challenges in converting the space proved considerably more complex and time-consuming than originally anticipated, particularly related, but not limited to, the engineering and permitting of the venting for the kitchen exhaust; installing not one but a system of multiple grease traps; the build-out of the storage room and particularly the design of the structural slab; restoration of the existing structural slab in the retail space following partial demolition to install the plumbing; and addressing additional flood-proofing criteria. The plans have also undergone extensive revisions to address comments and concerns raised by the Building Department, as well as certain other regulatory agencies, as part of the permitting review process.

As a result of these delays, it is anticipated that the opening date, originally planned for April, 2012, is now pushed back to late July or August. However, the Lease Agreement, in acknowledgement of the Tenant's originally anticipated schedule and level of investment, currently provides a six-month rent credit, with rent payments that formally commenced on April 13, 2012. It bears noting that in addition to the unanticipated delays associated with the permitting process, the Tenant has stated that it also anticipates a corresponding increase in the cost of the project. Additionally, in anticipation of the April opening date, the Tenant already proceeded to hire the restaurant's executive staff and started its payroll on March 1st. Based on the foregoing, the Tenant is requesting an additional three-month rent credit to offset these additional and unforeseen expenses.

In considering the Tenant's request, the Administration does not believe that difficulties associated with the actual permitting review process should be a factor for consideration, particularly since: 1) the City has already granted the Tenant a 12-month period in which to preempt and address these very issues; and, 2) the issues encountered aren't necessarily uncommon for a project of this nature on Miami Beach. However, based on the chronology of events since the approval of the Lease and Pre-Lease by the City Commission on April 14, 2011, the Tenant's claim concerning the extensive amount of additional time involved in addressing and permitting some of the larger, unanticipated regulatory requirements may provide justification for granting a portion of the additional rent credit.

Out of consideration of the Tenant's ongoing commitment and level of investment in the Premises, staff supports an additional one-month rent credit, together with a deferral of an additional two months' rent, to be repaid in equal monthly installments together with the Tenant's regular payments of rent, taxes and Common Area Maintenance (CAM), commencing on the first day of the third year of the lease term.

## **2) Modification of Tenant's Additional Area (Storage Space)**

The Tenant's Lease currently provides for use of an area located beneath the garage ramp comprising approximately 2,230 square feet of unfinished, and until recently, inaccessible space (as reflected in the floor plan included as *Exhibits "A" and "A-1"* to this memorandum). Pursuant to the Lease, the Tenant is in the process of building out this area to render it usable for walk-in refrigerated food and beverage storage, dry storage, certain food preparation and for general deliveries. The Tenant's work includes creating an access door, installing lighting, electricity, plumbing, life-safety systems, pouring floor slab and installing refrigerators and storage enclosures. Immediately adjacent to this area is an existing 284 square foot storage room used to store the building's flood barrier panels. In order to properly level and tie in with the existing slab under the panel storage room, the Tenant's work mandated the removal of the interior walls in this space, which in effect squares off the entire space beneath the ramp as one contiguous area. While the Tenant's plans provide for restoration of the City's storage panel room in the same location, the Tenant is instead proposing to retain and incorporate this space as part its storage area and to construct, at its sole cost and expense, a new floor-to-ceiling enclosure for the City in an alternate and unused space located on the ground floor of the garage (reflected in the attached floor plan). The proposed modification of the storage area not only improves its overall functionality, but also greatly compensates for the loss of headroom towards the back of the space where the slope of the ramp meets the new slab. The proposal was welcomed by both Parking and Property Management since the new flood panel storage would not only be significantly more accessible than its current location, but would also preclude interfering with deliveries and restaurant staff going about its work in the storage area. The Building Department has also conceptually approved this modification.

Pursuant the Lease, the Tenant currently pays the established Common Area (CAM) rate of \$10.00 per square foot for use of the storage space. The additional 284 square feet will increase CAM by \$2,840, from \$98,850 to \$101,690 annually. In acknowledgment of the significant added value created by the Tenant's build-out of this previously unusable area of the garage, staff supports and would recommend approving this minimal modification and amending the Lease accordingly.

## **CONCLUSION AND RECOMMENDATION**

Subject to the Committee's approval of the foregoing recommendations, staff would further recommend approving a Second Amendment to the Lease Agreement between the Tenant and the RDA to reflect such recommendations as follows:

- 1) Extending the Rent Commencement Date by an additional thirty (30) days and deferring an additional sixty (60) days rent to be repaid by the Tenant in equal monthly installments from year three to five of the Lease, together with regular payments of rent, taxes and Common Area Maintenance (CAM) costs, commencing in the first day of the third Lease Year of the Lease Term;

- 2) Increasing the size of the Tenant's Additional Area (Storage Space), as defined in section 3.11 of the Lease, to include an additional 284 square feet, currently designated for storage of the building's flood panels;
- 3) Increasing the charge for Common Area Maintenance (CAM) from \$98,850 per year to \$101,690 to reflect the increase in size of the Additional Area; and
- 4) Constructing, at the Tenant's sole cost and expense, a new replacement enclosure for the storage of flood panels, subject and pursuant to the satisfaction and approval of the RDA.

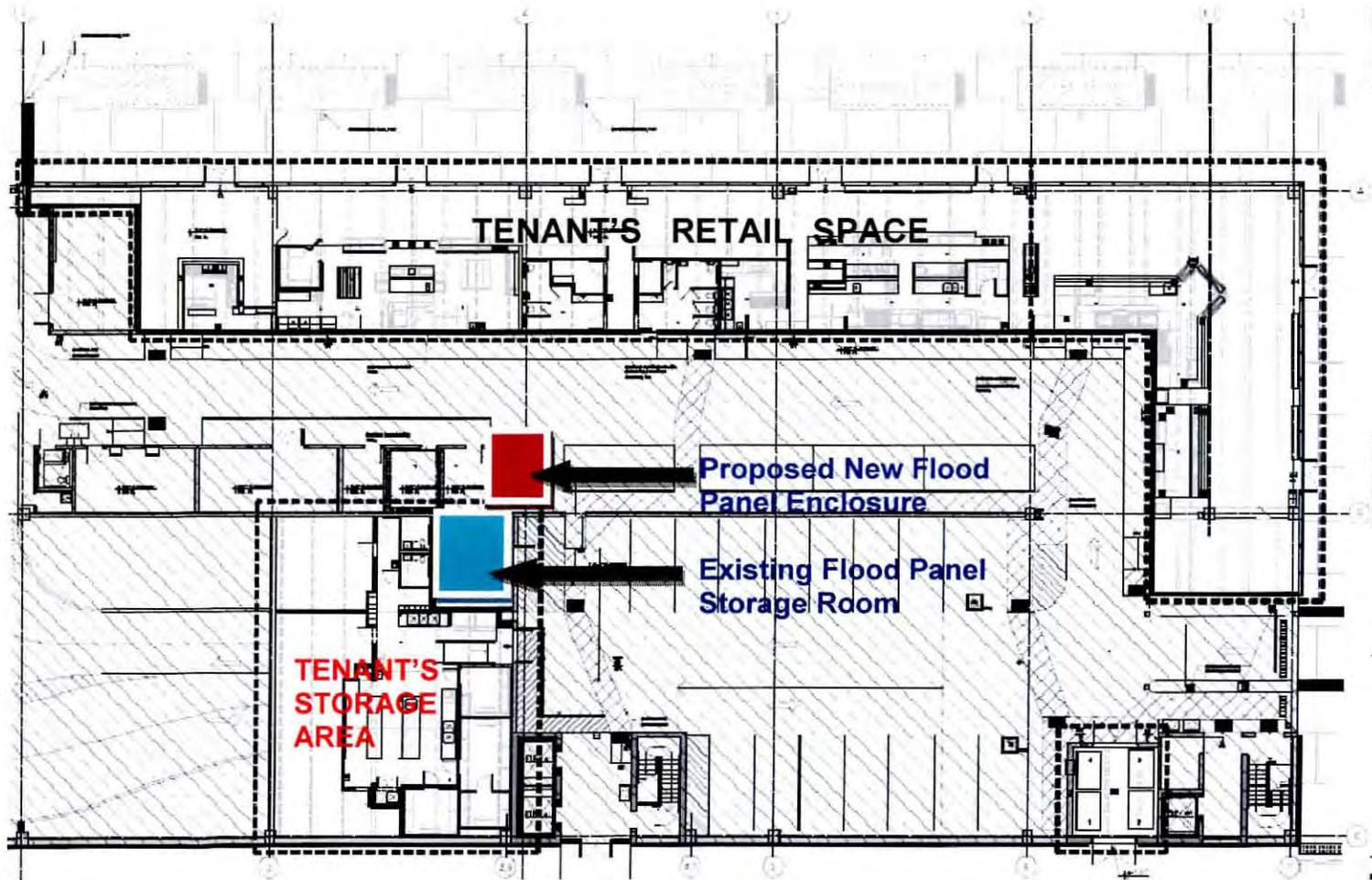
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#### Attachments

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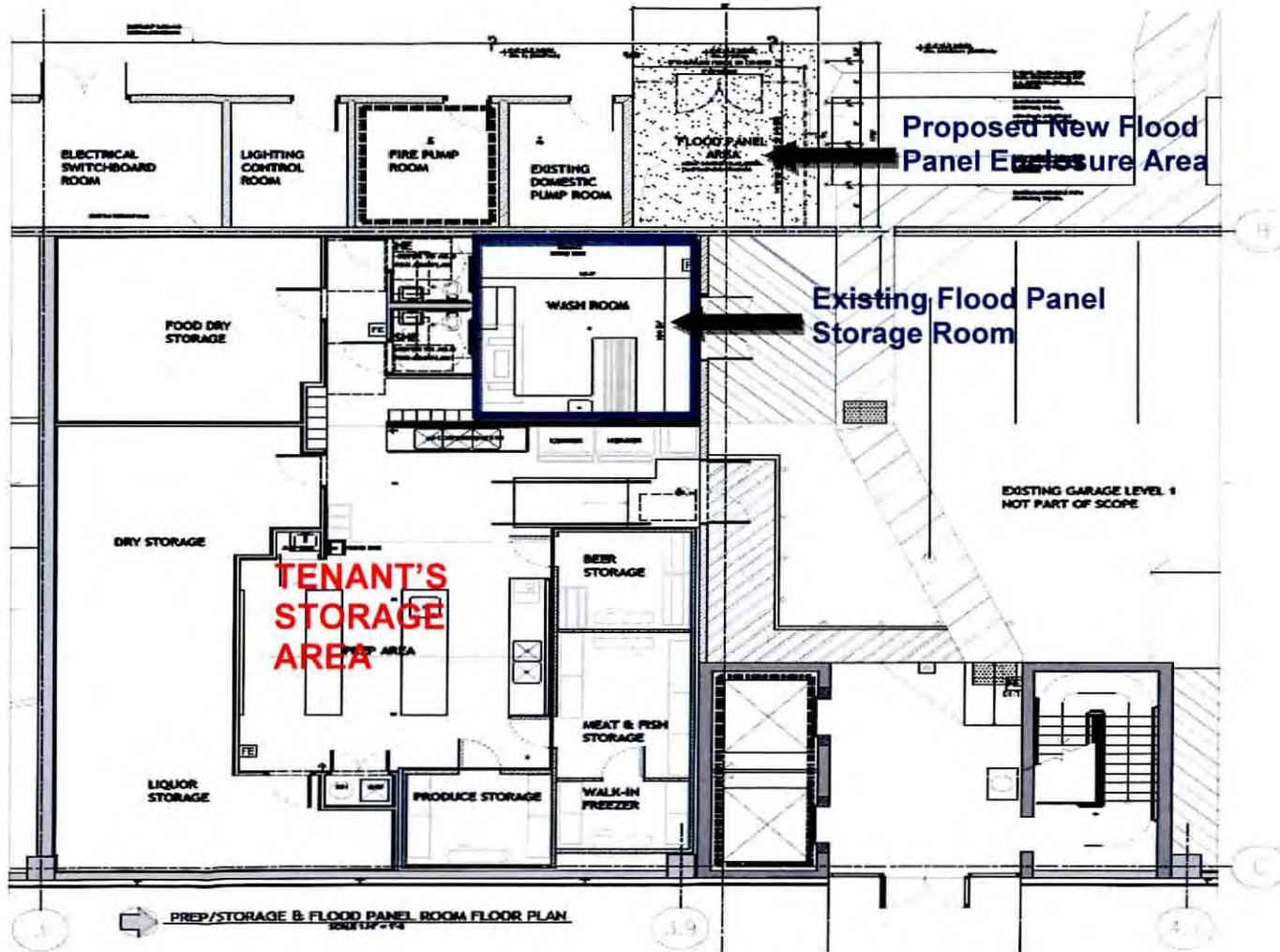
EXHIBIT "A"

PENN 17, LLC  
ADDITIONAL AREA (STORAGE SPACE)



# EXHIBIT "A-1"

## PENN 17, LLC ADDITIONAL AREA (STORAGE SPACE) DETAIL FLOOR PLAN



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prepared to design, conduct and conclude the initial training within six months.

The proposed sessions include the following over the six month period:

1. Introduction to Ethics – Interactive lecture and discussion led by staff from the Commission on Ethics on public service ethics, governmental organizational culture and professionalism.
2. Provide a detailed presentation on the code of ethics requirements for public employees emphasizing issues such as gifts, conflict of interest, and exploitation provisions particularly relevant to employees engaged in a regulatory role. These will be illustrated with case examples.
3. Presentation and discussion of legal and administrative consequences of illegal and unethical activity by public servants, including the participation of former public employees whose conduct led to termination.
4. Presentation on the laws that govern bribery, including a discussion of illustrative criminal cases from Miami-Dade County and elsewhere.
5. Presentation and discussion on the special integrity challenges presented by the regulatory environment in the City of Miami Beach, including presentations by a retired management-level employee of a local government municipality.
6. Interactive group discussion led by staff from the Commission on Ethics on six hypothetical scenarios directly relevant to issues confronting regulatory personnel.
7. Design and implement a “train the trainer” program for supervisory level staff which addresses the need for an on-going strategy necessary for building an ethical organizational culture with oversight controls and in-service ethics training throughout city departments.
8. Private and confidential one-on-one sessions to be conducted with all regulatory employees by staff from the Commission on Ethics to discuss and address past and future ethical concerns raised by their personal and professional experiences and providing each of them with an opportunity to suggest changes and/or improvements in the workplace that could help create a stronger ethical climate.
9. The Commission on Ethics will issue a final report summarizing all the training sessions and include recommendations for follow-up training and implementation of long-term management strategies to help prevent future corruption.

The cost estimate for the proposed training by the Commission on Ethics is \$45,000. Given that there are approximately 230 employees that would participate in all of the trainings described above, the per-person cost for the six month period would be approximately \$200 per employee.

#### **4. NEGOTIATION AND EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH A QUALIFIED FIRM FOR SERVICES RELATED TO AUDITING THE PROCESSES OF CERTAIN REGULATORY DEPARTMENTS OR DIVISIONS.**

As you may recall, at the April 16, 2008 City Commission Meeting, the Commission authorized the hiring of an outside auditor to perform an audit of the operations and processes of our Building Department. At that meeting, the Commission appointed Commissioner Deede Weithorn to work with the administration to develop the scope of work for this process, and to assist the administration in identifying/selecting a firm and negotiating an agreement for services. After meetings with various consultants, Watson Rice was subsequently selected to perform the organizational review and operational analysis; their report provided specific recommendations to improve the operations of our building development process. Similar audits for other City departments and divisions have been discussed since then, including for the Capital Improvements Projects Office, Code Compliance Division and Parking Enforcement.

I am recommending that we immediately initiate a similar external audit of the Code Compliance Division; Fire Inspection process; Parking Enforcement Division; Fire Prevention Division; Public Works Department (permitting processes only); Planning Department (permitting process, concurrency fees,

impact fees and other related areas); and Special Master Process. While all of these reviews are important, we will be asking them to prioritize and complete the audits of the Code Compliance Division, Fire Inspection process and Parking Enforcement Division first.

In order to expedite this process, an initial meeting was convened on April 23, 2012 to discuss the potential scope of such an audit. The attendees included Commissioner Weithorn and Dr. Morris Sunshine (both of whom offered their assistance); Hilda Fernandez, Assistant City Manager; Kathie Brooks, Director of the Office of Budget and Performance Improvement; Patricia Walker, Chief Financial Officer; Stephen Scott, Building Director; Kristin Tigner, Assistant Building Director; Robert Santos-Alborna, Code Compliance Division Director; and Hernan Cardeno, Division Commander assigned to the Code Compliance Division.

Based on the input from the participants in this meeting, it was concluded that the minimum criteria necessary for a firm to conduct these audits would include the following:

- experience with similar regulatory systems, including dispatch-based processes;
- that it be a Florida Firm (registered in the State of Florida), preferably with a South Florida office; and
- that Staff assigned to the project from the successful firm must have at least one of the following certifications:
  - certified public accountant;
  - certified fraud examiner;
  - certified fraud specialists; or
  - certified public auditor.

An expedited timeline is envisioned for the component of the review relating to the Code Compliance Division, Fire inspections and Parking enforcement. Ideally, we would like to see the selected firm complete their review of these three areas within 120 days of contract execution, with separate final reports to follow on each individual area of review within 30 days. The balance of the areas for review would follow a timeline to be determined at the time of Agreement execution. If a contract is successfully negotiated by the end of June, field work on the first three audit areas could take place between July and October, with final reports for those three areas due in November. A timeline for the completion of the external audit of all other areas would be developed with the selected firm.

Please refer to **ATTACHMENT 4** for the DRAFT scope of services.

A preliminary list of potential consultants to perform these external audits was also developed at the initial meeting. It would be recommended that a process similar to that used in the selection of Watson Rice be initiated for this process, designating Commissioner Weithorn to assist the administration in developing the short list of questions that the interested firms would respond to; reviewing and selecting the firm; negotiating the engagement agreement; and serving as a liaison to the administration during the audit process. The fees for the agreement would be negotiated, at a not to exceed amount of \$150,000.

### **CONCLUSION**

As you know, I have, in the past, initiated investigations of criminal misconduct whenever any information has come to my attention. I have sought out assistance from the State Attorney's Office and the Miami Beach Police Department, and even allocated investigative resources to ensure that criminal behavior is rooted out and removed from our organization. I have spoken with U.S. Attorney for the Southern District of Florida, Wifredo Ferrer, and assured him that we will continue to give our full support to his office and the FBI as the investigation continues. I and others from the City have met with representatives from the FBI on several occasions since April 11<sup>th</sup> to assist in their investigation and provide any information they have requested.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, WAIVING, BY 5/7THS VOTE, THE COMPETITIVE BIDDING REQUIREMENT, FINDING SUCH WAIVER TO BE IN THE BEST INTEREST OF THE CITY, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A PROFESSIONAL SERVICES AGREEMENT, IN AN AMOUNT NOT TO EXCEED \$150,000, WITH A QUALIFIED FIRM FOR SERVICES RELATED TO AUDITING THE PROCESSES OF CERTAIN REGULATORY DEPARTMENTS OR DIVISIONS.**

**WHEREAS**, at the April 16, 2008 City Commission Meeting, the Commission authorized the hiring of an outside auditor to perform an audit of the operations and processes of the Building Department; and

**WHEREAS**, at that meeting, the Commission appointed Commissioner Deede Weithorn to work with the Administration to develop the scope of work for this process, and to assist the Administration in identifying/selecting a firm and negotiating an agreement for services; and

**WHEREAS**, after meeting with various consultants, Watson Rice was subsequently selected to perform the organizational review and operational analysis, which resulted in a report that provided specific recommendations to improve the operations of the building development process; and

**WHEREAS**, similar audits for other City departments and divisions have been discussed since then, including for the Capital Improvements Projects Office, Code Compliance Division and Parking Enforcement; and

**WHEREAS**, based on the recent arrests of Code Compliance and Fire Inspection employees, the Administration is recommending that the City immediately initiate a similar process for selecting and entering into a professional services agreement with a consultant to conduct an external audit of the processes, internal controls, organizational structure and operations of the Code Compliance Division, Fire Inspection process, Parking Enforcement Division, as well as the Fire Prevention Division, Public Works Department (permitting processes only), Planning Department (permitting process, concurrency fees, impact fees and other related areas), and Special Master Process.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA**, that the Mayor and City Commission waive, by 5/7ths vote, the competitive bidding requirement, finding such waiver to be in the best interest of the City, and authorize the City Manger to negotiate and execute a professional services agreement, in an amount not to exceed \$150,000, with a qualified firm for services related to auditing the processes, internal controls, organizational structure and operations of certain regulatory departments or divisions.

**PASSED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2012.**

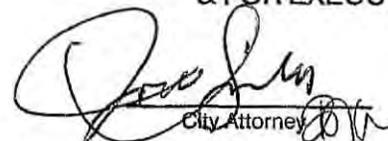
**ATTEST:**

\_\_\_\_\_  
**CITY CLERK**

\_\_\_\_\_  
**MAYOR**

APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION

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City Attorney

5-7-12  
Date

## DRAFT SCOPE OF SERVICES **PROFESSIONAL SERVICES AGREEMENT (PSA) FOR SERVICES RELATED TO THE EXTERNAL AUDITING THE PROCESSES OF CERTAIN REGULATORY DEPARTMENTS OR DIVISIONS**

**TERM:** One (1) year from date of execution by all parties;  
Completion of first phase of reviews within 120 days of contract execution, with separate final reports to follow on each individual area of review within 30 days.

**TERMINATION:** PSA may be terminated for any reason, including convenience, by either party by thirty (30) days' written notice to the other party.

**SCOPE:**

- Review organizational structure and functions
- Review internal controls
- Review department/division processes (including uses of technology)
- Review department/division operations
- Development recommendation: process improvement, internal controls, efficiencies, etc.

Audit focus:

- Code Compliance Division\*
- Fire Inspection process\*
- Parking Enforcement Division\*
- Fire Prevention Division (permitting processes only)
- Public Works Department (permitting processes only)
- Planning Department (permitting process, concurrency fees, impact fees and other related areas),
- Special Master Process

*\*to be completed within the first 150 days following engagement; timeline for balance of areas*

**FEES:** Fee to be negotiated; not to exceed \$150,000.00.