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COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission
FROM: Interim City Manager Kathie G. Brooks 
DATE: December 12, 2012
SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS
COMMITTEE MEETING ON NOVEMBER 9, 2012**

The agenda is as follows:

EMERGENCY ITEM

1. Discussion regarding a resolution authorizing: 1) an amendment to the NSP 1 Agreement between the City and the State of Florida Department of Economic Opportunity (DEO) and the related Agreement between the City of Miami Beach Community Development Corporation (MBCDC) to extend the expiration date of both agreements to February 15, 2013; 2) to utilize unspent administration funds in the amount of approximately \$248,000 to reduce the debt service at the Neptune Apartments in order to reduce the rents, to modify the project budgets; and 3) to modify the corresponding mortgages.

ACTION

To execute the aforementioned tasks, the Administration requests extensions to both the City's Agreement with the State, and the City's Agreement with MBCDC to reflect a new expiration date of February 15, 2013, and further recommends that the Mayor and City Commission authorize 1.) Amendment No. 4 to the Subgrant Agreement between the State of Florida DEC and the City modifying the expiration date of the Subgrant Agreement from November 23, 2012 to February 15, 2013; 2.) authorize Amendment No. 8 to the related NSP1 Agreement between the City and MBCDC to extend the expiration date the NSP1 Agreement from November 23, 2012 to February 15, 2013; 3.) further authorize the City Manager or her designee to take such actions as may be required with regard to preparing and having the Mayor and City Clerk execute modifications of mortgages for the following NSP1 projects: The Neptune Apartments, and the Lottie Apartments, to reflect the current budgeted amounts for each project, and to show the allocation of unspent Administration funds towards the debt service

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at the Neptune Apartments, increasing the project development allocation of the NSP1 Program by approximately \$248,000; and further authorize the Mayor and the City Clerk to execute any documentation necessary to effectuate the amendments to the agreements.

The Finance and Citywide Projects Committee (FCWPC) began with Chairperson Deede Weithorn stating she wanted to add an emergency item so that it can be taken to the Commission with a recommendation from the Finance Committee. Commissioner Michael Gongora approved to add the item.

Real Estate, Housing & Community Development Director Anna Parekh presented the item. The State Department of Economic Opportunity's (DEO) contract with U.S. Housing and Urban Development (HUD) for Neighborhood Stabilization Program (NSP) funding expires on March 19, 2013. The City's contract with the State DEO and the City's concurrent contract with the Miami Beach Development Corporation (MBCDC) expires on November 23, 2012. The State DEO has requested that both Miami Beach contracts be extended through February 15, 2013, in order to close out the grant and resolve the pending issue of the City's unspent administrative funding. Of the available \$632,758 NSP1 administrative funding allocated to the City, as of September 30, 2012, remaining unexpended administrative funds were \$300,947.93. The Administration did not budget and did not anticipate expending any NSP1 administrative funds after November 23, 2012, which is when the current contract with the State expires. However, extending the State Agreement, as requested by DEO, will enable the Administration to continue to expend grant funding while staff monitors the rent-ups of the sixty units, and complies with any NPS1 close-out instructions. This will also free up \$53,643.88 of budgeted general fund dollars to pay for administrative expenses from November 24 through February 15, 2013. Based on current administrative expenditure rates, the projected balance of unspent administrative funds, as of February 15, 2013, will be approximately \$247,304.05.

In the meantime, the Administration has had extensive discussions with the State DEO representatives regarding the eligible uses of the unspent administrative funds. DEO has informed the City that the unexpended administrative funds should be loaned to MBCDC for either debt reduction on The Neptune Apartments, or to establish an operating reserves account for the 60 units.

MBCDC has requested that the City utilize the unspent administrative funds to provide assistance in covering its current construction budget gap in the amount of \$82,506, and/or that the City allocate the unspent administrative funds to reduce its debt service on The Neptune Apartments.

While two of the three NSP1 projects were 100% NSP1-funded, The Neptune's acquisition, closing costs, and rehabilitation required additional funding sources. The purchase price of The Neptune was \$5,657,850, which met the NSP1 purchase requirement of 1% below appraised value. In order to facilitate MBCDC's acquisition and anticipated rehabilitation costs, on May 12,

2010, the City Commission approved Resolution No. 2010-27390, authorizing the following actions:

- Reallocation of NSP1 funds in the amount of \$246,898.53 from The Madeleine project to The Neptune;
- Utilizing the second NSP1 allocation in the amount of \$4,432,328.24;
- Utilizing FY2009/10 US HUD HOME funds in the amount of \$650,000;
- Subordination of the City's first lien position to private bank financing acquired by MBCDC in the amount of \$700,000.

MBCDC's resulting annual debt service to International Finance Bank (IFB) on The Neptune is \$53,613. As of November 2, 2012, the loan balance was \$686,132.52. Rents are currently \$558 for very low income residents who earn 50% or less of the Area Median Income of \$52,600 ("AMI"); and \$722 per month for residents earning 60% or less of the AMI. The City and MBCDC committed to DEO that half of the units at The Neptune would be reserved for very-low income residents (those earning 50% or below of the AMI), and the other half of the units could be for low to moderate income residents (who earn between 60 to 120% of the AMI). MBCDC had hoped to command the above-stated rents as approved by U.S. HUD for our intended income-eligible residents, however, some eligible residents have expressed an unwillingness or inability to pay the requested rents. Consequently, only 26 of the 35 units are occupied.

Pursuant to the Miami Association of Realtors' Multiple Listing Service, comparable fair market rents for similar residential units within walking distance of Lincoln Road cost between \$1,000 to \$1,900 per month. Other similar size units are available in the \$750 range; however, they are not of comparable value.

Therefore, after conferring with the State DEO and conducting an analysis of the benefit to the residents of Miami Beach, the Administration recommends that unspent administrative funds be allocated towards The Neptune's debt reduction under the following circumstances:

Current rents, albeit being kept "affordable" pursuant to HUD and NSP1 guidelines, exceed the capability of some low to moderate income residents. However, if the current debt service is reduced, a further reduction of rent can be achieved so that 18 rental units may be rented for \$620 per month, instead of the HUD-approved maximum rent of \$722. This reduction in rent equals an annual savings of \$1,224 per unit or \$22,032 annual savings for all 18 units.

Commissioner Gongora asked for clarification in understanding why all 17 unit prices do not change. Real Estate, Housing & Community Development Director Anna Parekh stated when the City received the funds, they committed to keeping 50% of the building for residence that are very low income which by definition make 50% of the area's median income. Assistant City Manager Max Sklar stated the City can also choose to go down \$50 on each category of rent instead of \$100 on just the low income rent.

Commissioner Gongora made a motion to place the item on the November Agenda and it was seconded by Chairperson Weithorn. To execute the aforementioned tasks, that the Administration request extensions to both the City's Agreement with the State, and the City's Agreement with MBCDC to reflect a new expiration date of February 15, 2013, and further recommend that the Mayor and City Commission authorize 1.) Amendment No. 4 to the Subgrant Agreement between the State of Florida DEC and the City modifying the expiration date of the Subgrant Agreement from November 23, 2012 to February 15, 2013; 2.) authorizing Amendment No. 8 to the related NSP1 Agreement between the City and MBCDC to extend the expiration date the NSP1 Agreement from November 23, 2012 to February 15, 2013; 3.) further authorize the City Manager or her designee to take such actions as may be required with regard to preparing and having the Mayor and City Clerk execute modifications of mortgages for the following NSP1 projects: The Neptune Apartments, and the Lottie Apartments, to reflect the current budgeted amounts for each project, and to show the allocation of unspent Administration funds towards the debt service at the Neptune Apartments, increasing the project development allocation of the NSP1 Program by approximately \$248,000; and further authorize the Mayor and the City Clerk to execute any documentation necessary to effectuate the amendments to the agreements.

OLD BUSINESS

- 1. Update on proposed municipal marketing program for South Pointe Park and other potential municipal marketing partnerships.**

ACTION

The Committee recommended not moving forward with the naming rights and for Superlative Group to bring back more information on the license for the Sunscreen product and to look into the Conservancy concept to restore, manage and enhance the Parks in partnership with the public, for the enjoyment of present and future generations.

Assistant City Manager Max Sklar presented this item.

As you are aware, the City has been involved in efforts to maximize its strong brand presence by partnering with corporate entities in a manner that generates good publicity and marketing for the City, while at the same time generating revenue or providing savings to the City. The City's municipal marketing (also known as "corporate sponsorship") consultant, The Superlative Group (TSG), has identified priorities for their efforts, while other activities have been identified to be pursued internally with the City's Development Coordinator. The City's Development Coordinator serves as the contract support staff for TSG.

Efforts have focused on identifying potential municipal marketing partners and opportunities for partnership, and reaching out to these potential partners to gauge interest. The current economic conditions have impacted the marketing budgets for many large corporations with histories of engaging in these types of partnerships; municipal marketing efforts are funded principally from marketing budgets, as they serve the primary purpose of promoting the corporation's brand and/or product. Not surprisingly, corporate marketing budgets have been impacted and are often the first affected when cost-cutting measures are initiated. While we continued to pursue various efforts in municipal marketing, as you know, we made considerable progress in the area of an Exclusive/Official citywide beverage partner, resulting in the ten-year exclusive, non-alcoholic beverage sponsorship with Coca-Cola Refreshments.

This was first presented to the Finance and Citywide Projects Committee (FCWPC) at its July 26, 2012 meeting. TSG explained that they initiated discussions with a large corporate entity interested in partnering with the City on naming rights for South Pointe Park. At that time, this anonymous company proposed to support the City of Miami Beach by enhancing and updating South Pointe Park. It was further explained that the anonymous company stated they will support the City to offer an enjoyable, inclusive and accessible experience that will strengthen awareness and reinforce the core values of the City of Miami Beach and that of the brand.

The terms presented at that time included a \$4 million cash contribution over 20 years, or \$200,000 annually, with a potential additional contribution toward the maintenance of the park. The Committee recommended TSG negotiate further with the anonymous company and return to the FCWPC. The Committee also stated that the \$200,000 annually was not sufficient and TSG should negotiate additional annual support to offset the City's annual maintenance costs. The anonymous company was subsequently identified to be Carnival Corp.

The concept was later presented to the South of Fifth Neighborhoods Association (SOFNA) and Miami Beach United. Both organizations passed similar motions against selling public land for naming rights or using public land for commercial purposes. SOFNA also stated the city should instead consider forming a park conservancy.

On August 30, 2012, TSG advised the City that Carnival Corp withdrew their proposal and was no longer interested in pursuing naming rights for South Pointe Park.

The Parks and Recreation Department has begun researching the option of establishing a foundation or a conservancy that would be dedicated to augmenting the funding sources now supporting the City's parks and recreation system.

Assistant City Manager Max Sklar stated they will not move forward in the intermediate with naming rights since there is no interest and introduced the sunscreen product.

Licensed Sunscreen Product ("Official Miami Beach Sunscreen")

Since the July 26, 2012 FCWPC meeting, TSG has continued negotiations for a licensed sunscreen product. TSG advised prospective proposers of the City's interest in an Exclusive Sunscreen Partner and the availability of opportunities from this partnership. In addition to information on volumes, venues, current pricing, etc., TSG also advised the prospective proposers of our interest in securing a partner that provided a minimum annual guarantee, as well as a percentage of net wholesale sales to be credited against the minimum guarantee. TSG recommended a minimum ten-year term for the partnership which is not only consistent with typical exclusive partnerships, but also creates an incentive for the prospective proposer – as the selected partner will have exclusive rights for an extended time – sufficient to amortize any capital investment, and to establish the new brand's presence in the market.

Proposed Terms:

Terms have been proposed by TSG as a result of their negotiations with Energizer (Banana Boat / Hawaiian Tropic) and a summary of these terms delineate the responsibilities of each party during the term of the Agreement.

Estimated total value:

The estimated total value of the proposed Exclusive Sunscreen Partnership with Energizer over the term of the agreement is, at a minimum, \$1,500,000, inclusive of an annual sponsorship fee (\$150,000), 4% licensing fee to be credited against annual sponsorship fee, marketing program to promote product and the City of Miami Beach brand, and potential contribution of apparel to Ocean Rescue. There have been no other offers from competing brands to the City at this time.

Pursuant to the terms of the City's Agreement with TSG, TSG is entitled to 45% commission on licensing agreements (to include contract monitoring). The total amount to be paid to TSG will be calculated once the payment schedule is determined for the cash components of the agreement above.

Requirements of City:

As is common in these types of partnerships, there are certain expectations of the City's role. In addition to supporting the efforts of expanding the sales of the products through our concession locations and in our venues – something that is mutually beneficial – Banana Boat/ Hawaiian Tropic identified in their proposal certain areas of support that would be required from the City. Other components include: recognition of the partnership as the official sunscreen of Miami Beach; waiver of certain permit and application fees for a limited number of special events and sampling events on public property (mutually agreed upon); provision of tickets for events at City venues to the sponsor for their use (as may be available); rounds of

golf (mutually agreed upon), recognition on all Ocean Rescue vehicles (trucks, ATV's, jet skis) as an Official Product of Miami Beach Ocean Rescue, as well as advertising in MB Magazine and at the City's Alton Road Billboard.

Sponsor will have the opportunity to replace towels at beach concession locations (at Sponsors cost), Opportunity to replace and/or provide umbrellas at pool and tennis locations with Sponsor logo (at Sponsor cost), Opportunity to provide towels to staff at City pool locations with Sponsor logo (at Sponsor cost), Opportunity to replace Ocean Rescue stand up paddle boards including Sponsor logo (at Sponsor cost)

Commissioner Exposito stated that the concessioners the City currently does business with need to be contacted in advance of a decision to advise them of what's going on due to these potential changes having an immediate impact on the services they are currently offering. He also requested to see some actual figures of what the City would be making. Chairperson Weithorn stated that there is a lot of information in the term sheet that isn't understandable and needs to be reworded and the sunscreen product needs to be better defined before it is brought before the Commission.

Kyle Kantor of Superlatives Group stated that they have stopped pursuing naming rights and will only move forward with the direction the City has requested. Chairperson Weithorn opened the floor to discussion. Miami Beach resident Frank Del Vecchio stated the citizens don't want to consider naming rights. Commissioner Gongora stated that he agrees with not moving forward with the naming rights especially since it's something he's against. Chairperson Weithorn stated she has an issue with the conservancy approach and likes the foundation concept which allows broader options. A motion was made by Commissioner Exposito to bring this item back to the next meeting with more details regarding the sunscreen product and to not move forward with the naming rights. Motion was second by Commissioner Gongora.

NEW BUSINESS

2. Discussion regarding The Issuance of Request for Proposals (RFP) for Catering and Concession services for the Miami Beach Convention Center

ACTION

The Committee recommended issuing the Request for Proposal (RFP) under Option 2 that states the management agreement expires September 30, 2013 where a new RFP could be issued for Management and Catering/Concession Services combined. In an effort to provide the City with maximum flexibility, the Administration recommends allowing bidders to submit proposals for both or any

portion (Management or Catering/Concession Services) of the RFP.

Assistant City Manager Max Sklar gave a brief history of the item and stated that the current Management Agreement for the Convention Center with Global Spectrum expires September 30, 2013. There are currently two (2) convention center management companies in the United States: Global Spectrum and SMG. Which for eighteen (18) years (1990 – 2008) SMG managed the Miami Beach Convention Center for the City. In 2008 Global Spectrum was awarded the contract following a competitive bid process and has managed the convention center since October 2008. The current agreement between the City and Global Spectrum does not have any additional renewal provisions.

It should also be noted that currently SMG has a ten (10) year management agreement with Broward County for the Broward County Convention Center. The current term of their agreement with Broward County expires December 31, 2019, with an additional 10 year renewal term at Broward County's sole discretion. The agreement includes a provision that restricts SMG from submitting a proposal or entering into a similar management agreement for the operation of a similar type facility within a one hundred (100) mile radius of Fort Lauderdale unless the agreement is with Broward County or agreed to by Broward County.

Assistant City Manager Max Sklar stated that Option 1 is to issue a new RFP for food and beverage (catering and concession) services. If this option is desired the City would also need to issue an RFP for convention center management with sufficient time to have an agreement in place prior to September 30, 2013. In light of the 100 mile radius restriction that SMG has with Broward County, the Administration recommends issuance of a Request for Letters of Interest (RFLI) for management of the convention center to determine if both SMG and Global Spectrum would both be interested in bidding on this contract. If both companies express interest the Administration recommends issuance of the RFP. However, if only one firm expresses interest the City Commission could consider waiver of competitive bids before proceeding with a lengthy RFP process. Option 2 states the management agreement expires September 30, 2013 a new RFP could be issued for Management and Catering / Concession Services combined. In an effort to provide the City with maximum flexibility, the Administration recommends allowing bidders to submit proposals for both or any portion (Management OR Catering/Concession Services) of the RFP. Attached is a draft of an RFP for your review and consideration.

Mr. Sklar went on to state the biggest change in the RFP was the Scope of Services. This RFP consists of two (2) Scopes of Services: The Management and Operations of the Convention Center and the Food and Beverage of the Convention Center. Proposers can submit proposals for both or only one of the aforementioned Scope of Services. The City has the right to separately award for each Scope of Services or awards both Scope of Services to one proposer if it is deemed to be in the best interest of the City. Separate evaluation criteria and processes are specified for each scope.

Chairperson Weithorn opened the floor for comments. John Page Chief Operating Officer of Global Spectrum stated they have been pleased with the results they have achieved over the last 4 years and that they were able to turn a profit last year. With respect to the RFP options, there might be another consideration for an in house food and beverage operation that Global Spectrum offers to others were Global Spectrum

hires staff that flows through the existing operations. It would be a standalone entity not involved in the contractual negotiations with the City that would be interested in bidding. Bobby Sanchez of Aramark stated the importance issuing the RFP immediately. Commissioner Gongora made a motion to move forward with Option 2 and was seconded by Chairperson Weithorn. Option 2 states the management agreement expires September 30, 2013 where a new RFP could be issued for Management and Catering/Concession Services combined. In an effort to provide the City with maximum flexibility, the Administration recommends allowing bidders to submit proposals for both or any portion (Management or Catering/Concession Services) of the RFP.

3. Discussion regarding disposition of surplus equipment

ACTION

The Committee recommended bidding the equipment out to municipalities with a minimum price and using an e-procurement online option. If the item is donated, it is to be brought before the Commission to determine the value and get approval for the transaction.

Public Works Director Fred Beckman presented this item.

Pursuant to Section 2-315(c) of the Miami Beach City Code, the City Manager or his/her designee shall have the authority to sell all surplus stock that has become unsuitable for public use. Additionally, the City Manager or his/her designee shall have the authority to donate surplus stock to another governmental entity, agency, or not-for-profit organization without placing the surplus stock for public sale if the donation serves a charitable or public purpose, the donation is in the best interest of the city, and the value does not exceed a replacement value of \$25,000.

The City manager put a policy in place in March 2010 which outlines the process for handling surplus equipment as it pertains to an auction (Attachment A). It basically states that as new replacement vehicles arrive, the older ones are returned to Fleet Management who in conjunction with Procurement, contacts an auctioneer to facilitate disposing of the equipment resulting in revenue for the City. Such was the case with an auction of vehicles and equipment held on September 29, 2012 which generated \$426,420.

The City Commission has on a number of occasions voted to donate vehicles to other governmental agencies and causes. Most recently in 2010, the Commission voted to donate a surplus ambulance to Peru and two (2) others as part of the City's Haiti Relief efforts.

As part of each fiscal year's budgeting process, a replacement list of vehicles and equipment is prepared and included.

Once a number of vehicles are replaced, an auction is planned to generate revenue and free up needed storage space. A vehicle/equipment auction involves completing a wide range of tasks that starts weeks in advance of the actual auction day. Pre-auction activities include: preparation of final list of vehicle/equipment to be auctioned; special

packaging/palletizing of surplus or obsolete parts and equipment; collection and verification of all serial and equipment numbers; transportation of all inoperable or non-road rated equipment to the auction site; and complete vehicle/equipment decommissioning work which can be extensive:

- Removal of safety equipment from Police vehicles such as: light bars, flashing lights, gun rack, prisoner partition, siren, security device, gun rack, radio equipment, etc.
- Removal of rear plastic prisoner transport seat in police interceptors
- Re-installation of original manufacturer rear seat in Police interceptors
- Re-connect horn in Police interceptors
- Removal of graphics from vehicles and equipment (city seal)
- Removal of fuel management system hardware and wiring
- Removal of license plate

Additional resources are required with other entities including coordination with the Parking Department for vehicle storage and auction site, Procurement for an auctioneer, Miami Beach Auto Tag Agency for collection of taxes, and the Police Department for security purposes. There is also a meeting with the auctioneer on site the previous day to coordinate vehicle identification, auction sequence, arranging and storing all vehicle keys and titles in the auction sequence.

On the day of the auction, staff is present and tasked with:

- Starting & moving equipment
- Title / purchase documents management
- Vehicle / equipment keys management
- Equipment security
- Assistance with loading equipment on buyer trucks
- Verify that VIN number of vehicle matches number on purchase documents

The final step is the issuance of “Retired from inventory” form for each vehicle or piece of equipment to Finance – Fixed Assets. The overall process is labor intensive

Procurement has been working with The Public Group, LLC to provide for an online alternative to a public auction. Equipment is posted on the company’s website: www.publicsurplus.com and bidding is performed in real time. Photographs as well as descriptions are posted with a deadline for bids. Automatic auction extensions are built into their Public Purchase product. If a bid is placed within 3 minutes of the designate end time, the end time will extend for an additional 3 minutes. This ensures a true “auction” environment and guarantees that every vendor has the opportunity to place his or her best bid. Detailed reports are also produced and provide an audit trail of each bid. This process may prove more advantageous for specialty or emergency equipment as well as odd items such as surplus obsolete parts.

In some instances, a piece of equipment is traded in during the acquisition of a replacement.

The vendor provides a quoted price for the trade-in. The price quote is compared with

the values from on-line auction sites for the same equipment in like condition. If the values are similar, the equipment is used as a trade-in. If the values are not comparable, the auction company is consulted to determine the typical pricing that might be received at a live auction. The best return on the original investment is targeted.

In the past, the City has gotten request for donations to acquire some of the City's vehicles from other municipalities. Commissioner Exposito stated that the City is one of the biggest benefactors of reciprocal agreements with other municipalities and that he had discussed with the Chief of Police how to donate a vehicle to a smaller municipality that always assist the City. Interim City Manager Kathie G. Brooks added that if it is donated it should be taken to Commission for approval. Commissioner Exposito stated they would want to limit this to the smaller municipalities that provide in kind services to the City and Commissioner Weithorn added that the City should limit the number of vehicles it wants to donate.

Public Works Director Fred Beckman stated that they have been looking into the online sales options. This would allow other municipalities to bid on the equipment. If other municipalities bid on the items and purchase the items the City would not have to strip the vehicles. Interim City Manager Kathie G. Brooks stated that before disposing of a vehicle they look at the useful life of the equipment and determine if it can be used as a standby or back up piece of equipment. Chief Financial Officer Patricia Walker asked for clarification as to who the equipment would be offered to first because it was not clear. Interim City Manager Kathie G. Brooks stated we should offer the equipment with a minimum price to municipalities. Commissioner Exposito stated that perhaps some equipment could be offered to smaller municipalities that assist the City with in kind services. Public Works Director Fred Beckman stated they will reach out to municipalities providing them with the information of what is to be auctioned. Commissioner Weithorn stated that the equipment should be bid out to other municipalities with a minimum price. Chief Financial Officer Walker stated they will be using an e-procurement online option that allows everyone to see the bids making the process more transparent and as competitive as possible.

4. Discussion regarding a resolution approving funding, in an amount not to exceed \$250,000, to address the relocation of the kitchen exhaust venting system installed by the Pennsylvania Avenue garage retail tenant, Penn 17, LLC D/B/A Cooper Avenue

ACTION

The Committee recommended adopting a resolution appropriating an amount not to exceed \$250,000 to provide the greatest amount of flexibility to remedy the situation.

Real Estate, Housing & Community Director Anna Parekh presented the item.

Subsequent to the opening of the Cooper Avenue restaurant it has been determined that there is odor in the alleyway between the garage and concert hall. While it is not known if the odors do permeate the inside of the performance hall, the Administration is exploring options for the relocation of the vents.

Therefore, on September 21, 2012 the Tenant's Architect, Design 3 Architecture, (Architect) presented two options for redirecting the Tenant's exhaust in order of feasibility, complexity and cost as follows:

Option 1 – Total Estimated Minimum Cost: \$59,000

The most feasible, the least complex and most cost-effective approach provides for maintaining the existing location of the exhaust fans on the cover slab over the garbage room. This provides for a stable working platform by which to maintain and service the fans and duct work. The ducting and exhaust vent leading to the exterior of the building facing the New World Symphony's loading dock, would be rerouted 90 degrees to the north and discharge directly above the garage entrance located on 17th Street.

Option 2 – Total Estimated Minimum Cost: \$181,000

The most complex and costliest of the solutions and the least feasible, (primarily in terms of the anticipated operational disruption for the Tenant due to the construction involved), involves the complete relocation and re-engineering of the exhaust ducting, extending it south and then west to discharge over the garage exit on Pennsylvania Avenue. This would also require the construction of an elevated concrete pad over the flood panel storage enclosure, to relocate and support the exhaust fans needed to drive the exhaust through the ducting.

It should be noted that the New World Symphony views Option 2 as the only choice, as it extends the exhaust discharge the furthest away from the service alley.

In the event the City opts to contribute financially to the re-direction of the vents, the Administration has identified savings from the original construction budget of the Pennsylvania Avenue Garage (RDA Fund 365) that can be made available to proceed with either Option.

At the Commission Meeting on October 24, 2012, the Administration recommended adopting a resolution appropriating an amount not to exceed \$250,000 to provide the greatest amount of flexibility to remedy this issue in the most feasible manner. The Administration also recommended that the City Commission authorize the Interim City Manager to negotiate an agreement with the Tenant to proceed with the design, permitting and construction of the modifications, based on either Option 1 or 2.

Staff is also working on conducting a peer review of Options 1 and 2 in order to determine their respective viability and effectiveness as well as verify and possibly value-engineer the cost estimates associated with each option. The analysis will also explore other available solutions, if any, including, but not limited to, options for the New World Symphony to consider, such as the installation of a commercial air curtain over its loading dock door.

Commissioner Exposito stated that he is concerned with there being ongoing cost and wants to make sure if its' done that it's done the right way to insure it's not a problem that continues to persist in the future. Chairperson Weithorn stated it needs to be a solution with the best way to disperse the exhaust and recommended a do not exceed number for the engineers and experts to present a cost analysis so that it is fixed the

right way. Commissioner Exposito made a motion to allow the \$250,000 and was second by Commissioner Gongora.

5. Discussion regarding amending Ordinance No. 1605, The unclassified Employees Salary Ordinances of the City of Miami Beach, Florida (The "Ordinance"), by amending the salary ranges and establishing compensation provisions for the City Manager and the Attorney; Discussion regarding creating a new subsection for Pay Grade 26

ACTION

The Committee recommended sending the item to the December Commission with both versions of the contract to include the salary range and not include it for the compensation provision for the City Attorney and City Manager.

City Attorney Jose Smith presented this item.

City Attorney Jose Smith stated that Consistent with Articles III and IV of the City Charter, the attached Ordinance amends and sets forth compensation provisions for the City Manager and City Attorney.

Pursuant to Section 3.01, Article III of the City Charter, the "compensation for the City Attorney" shall be fixed by the City Commission by ordinance. As similarly provided in Article IV, Section 4.01 of the City Charter, the "City Manager's compensation shall be fixed by the City Commission by ordinance".

In Ordinance No. 2002-3356 adopted in 2002, the City Manager and the City Attorney salary provisions for Grade 26 were amended to provide a minimum salary of \$122,655 and a maximum salary of \$198,100 for both positions.

In 2002, in Ordinance No. 2002-3383, salary Grade 26 for the City Manager and City Attorney was amended to reflect that minimum and maximum salary ranges would be "as Determined by City Commission".

The proposed Ordinance sets the base salary range between \$162,916 to \$263,126 per year along with benefits and incentives to be determined.

Commissioner Gongora asked if the City's pay was in line with other municipalities and requested data on making sure the incentives are proper. Interim City Manager Kathie G. Brooks stated that it is not uncommon for some City Managers to get term life, full medical and full health for their family as part of their compensation package. City Attorney Smith will provide both versions of the contract with and without Commission options. A motion was made by Commissioner Gongora to send it back to the December meeting with both versions of the contract and seconded by Commissioner Exposito.

6. Discussion regarding the issuance of RFP for Call Centers and including a local preference so as to provide the highest level of service possible

ACTION

The Administration recommends the issuance of the RFP for Call Center Services.

Chief Financial Officer Patricia Walker presented the item. That the City of Miami Beach (the City) would like to solicit responses from qualified firms to provide Call Center services to various departments of the City of Miami Beach. The City wishes to hire a company that provide a fully equipped offsite call center to receive calls for the Finance, Parking, Emergency Operation Center (EOC) and other departments, as needed. This service should include all the necessary resources required to achieve a low abandonment rate.

It is anticipated that the successful proposer will negotiate with the City for a term contract with an initial term of three (3) years, with an option to renew for an additional two (2), one-year extensions at the Administration's sole discretion.

Chief Financial Officer Patricia Walker then went on to state that Commissioner Wolfson pulled the item from the September 12, 2012 Commission Agenda and also placed a discussion item on this RFP on the October 12, 2012 Commission Agenda which was referred to the Finance and Citywide Projects Committee. In a subsequent conversation he suggested that the selected firm be required to be located in Miami-Dade County. Chairperson Weithorn stated that options might be limited if that decision is made. She stated that the Local Preference Ordinance should address any of these concerns as will existing language in the RFP that indicates a preference for the selected firms to be located in the Miami area. Commissioner Gongora made a motion to move this item as is and it was accepted unanimously.

7. Discussion regarding an amendment to the lease between the City and Massage Partners, Inc. located at 767 17th Street, said amendment regarding a proposed additional use of the leased premises, a proposal to grant necessary access to additional restroom facilities; and a corresponding rent adjustment

ACTION

The Committee asked that a standby letter of credit be issued for the contractor's liens which have been filed. To determine a proportionate share for use of the restroom and determine the appropriate CAM fees to be charged and bring it back to the Finance and Citywide Committee with the methodology used to calculate the fees.

Real Estate, Housing & Community Director Anna Parekh presented this item.

On September 15, 2010, the Mayor and City Commission passed Resolution

No. 2010-27488, approving a Lease Agreement between the City and Massage Partners, Inc. ("Tenant") for the use of approximately 1802.89 square feet of City-owned property, located at 1701 Meridian Avenue, Unit 2 (a/k/a 767 17th Street), Miami Beach, Florida (Leased Premises) as stated in Section 7 of the Lease Agreement, the Leased Premises shall be used by the Tenant only for the purpose(s) of providing therapeutic massage services, facials, and any other products or services authorized pursuant to Tenant's Franchise Agreement with Massage Envy Franchising, LLC ("the Franchisor"). Any additional uses shall be subject to the prior written approval of the City Manager, in his sole and reasonable discretion. Furthermore, pursuant to Subsection 8.C.2 of Tenant's Franchise Agreement, the Tenant shall not offer, sell, give away or otherwise provide any services or products not authorized by the Franchisor.

The Tenant has requested permission from the City to expand the use of the Leased Premises to include nail salon services in a small portion of space ("Proposed Nail Salon Space") located at the front of the Leased Premises and separated by partition walls from the space from which the Tenant currently provides massage services.

The Franchisor has stated it cannot approve the sharing of signage, entryways or bathrooms by its franchisees with other businesses. The Leased Premises contains a separate entryway for the Proposed Nail Salon Space as well as a separate area for exterior signage. However, the Leased Premises do not contain a separate restroom which can be utilized by the nail salon customers. Subsequent to numerous discussions between the Administration and the Tenant, it was determined that a separate restroom is also required by the City in order for the Proposed Nail Salon Space to obtain the applicable business licenses.

The Tenant has requested the use of additional restroom facilities located in the 1701 Meridian Avenue office building in order to comply with both the Franchisor's stipulations and the requirements of the City. The Administration is agreeable to amending the Lease to allow an additional use and to also provide the Tenant the non-exclusive, revocable use of the common area restrooms located on the 2nd Floor of the 1701 Meridian Avenue office building, subject to reaching an agreement with the Tenant regarding rent, as well as subject to the resolution of outstanding contractors' liens, and any other permitting issues.

After conferring with Koniver Stern Group, the brokerage firm which represented the City in the lease transaction with the Tenant, the Administration determined that compensation for the expanded use and additional space requested by Tenant is in order. Tenant currently pays a base rental rate of \$27.60 per square foot for the Leased Premises, plus operating/maintenance (CAM) expenses at \$4.00 per square foot, and also escrows funds for real estate taxes for the retail space monthly, at the current rate of \$7.78 per square foot, and insurance costs at a rate of .90 per square foot. In order to determine the additional rent for use of the restrooms on the second floor of 1701 Meridian Avenue, the cost may be calculated based upon the size of the restrooms, which is 104 square feet for

the men's room and 144 square feet for the women's room. The combined square footage of 248 square feet would be subject to base rent plus CAM, but would not be subject to real estate taxes or insurance costs. Accordingly, the rent for the expanded use and additional square footage would be \$7,837 per year (248 sf x \$31.60), payable in monthly installments of \$653.

The Tenant performed extensive renovations to the space, and in consideration of the Tenant's improvements, the City delayed rent commencement for one year after Lease commencement. The Tenant improvements were conducted by Tenant's contractors, one of whom filed two Claims of Lien against the leasehold interest in \$66,300.67 by the Tenant. The City placed the Tenant on notice of default. The Tenant in turn filed a Contest of Lien. The City, pursuant to Section 15 of the Lease Agreement, requested the Tenant to provide the City with security in the amount of \$99,451.00 immediately in connection with the Claim of Lien. On October 31, 2012, the contractor informed the Administration that negotiations are ongoing with Massage Partners and that the Tenant has offered to pay \$40,000 of the \$66,300.67. As of the date of writing of this memorandum, this issue remains outstanding. The Tenant has not paid the contractor and has not posted the required security with the City.

Real Estate, Housing & Community Director Anna Parekh stated they are recommending to authorize the tenant to expand the use of the demised premises, non-exclusive use of the common area restrooms located on the 2nd floor of the 1701 Meridian Avenue office building and increase the rent per the additional square feet for the use of the restroom. After conferring with Koniver Stern Group, the brokerage firm which represented the City in the lease transaction with the Tenant, they stated that the combined square footage of 248 square feet would be subject to base rent plus CAM, but it should not be subject to real estate taxes or insurance costs. Accordingly, the rent for the expanded use and additional square footage would be \$7,837 per year (248 sf x \$31.60), payable in monthly installments of \$653. City Attorney Jose Smith stated that multiple contractors have filed liens for work done on the premises and the tenant has filed an action in circuit court in which the Tenant stated the 60 days have expired. If the lien has expired, an issue still exists on the nature of the litigation between the contractor and tenant. Chairperson Weithorn stated the tenant should get a stand by letter of credit and determine a proportionate share for use of the restroom to determine the appropriate CAM use. Commissioner Exposito requested it be brought back to the FCWP meeting with a recommendation as to how to determine the fees. City Attorney Smith also stated that the City needs to speak to the Tenants insurance to make sure it covers any individual in case of an accident.