



MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission
FROM: Interim City Manager Kathie G. Brooks 
DATE: December 20, 2012

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for December 20, 2012, at 3:00 P.M. in the City Manager's Large Conference Room.

The agenda is as follows:

OLD BUSINESS

1. **Discussion regarding a proposed marketing program for Sunscreen and an update on other potential marketing partnerships** (*June 6, 2012 Commission Item C4I*)(97)

Max Sklar — Acting Assistant City Manger

NEW BUSINESS

2. **Discussion regarding the motions made by the Quality of Education Committee during their September meeting** (*October 24, 2012 Commission Item R9N*) (88)

Leslie Rosenfeld – Organizational Development & Training Specialist

3. **Discussion concerning the Lease for the Miami-Dade Gay and Lesbian Chamber of Commerce Foundation located at Historic City Hall at 1130 Washington Avenue** (*November 14, 2012 Commission Item C4C*) (89)

Anna Parekh – Real Estate, Housing & Community Development Director

- 4. Discussion regarding to consider A Request for Rent Relief from Penn 17, LLC., regarding the retail space at the Pennsylvania Avenue parking garage (December 12, 2012 Commission Item C4B) (90)**

Anna Parekh – Real Estate, Housing & Community Development
Director

- 5. Discussion to consider two lease agreements: one lease with State Representative David Richardson for 690 Square Feet of office space consisting of Suites 402A and 402B located at 1701 Meridian Avenue; And another lease with Commissioner Bruno Barreiro for 412 Square Feet of office space located on The Ground Floor of City Hall; Said discussion to include the Setting and Advertising of Public Hearings for the January 16, 2013, Commission Meeting (December 12, 2012 Commission Item C4C) (91)**

Anna Parekh – Real Estate, Housing & Community Development
Director

- 6. Discussion regarding the issuance of a request for proposals for the Installation and Operation of Citywide automated teller machines at various City-Owned properties and facilities, approved by the City Commission on March 21, 2012 (December 12, 2012 Commission Item C4D) (92)**

Anna Parekh – Real Estate, Housing & Community Development
Director

- 7. Discussion of the current management and operations of the City of Miami Beach golf courses, clubhouses and related facilities and options/direction for the future management agreement (February 8, 2012 Commission Item C4C)**

Kevin Smith – Parks and Recreation Director

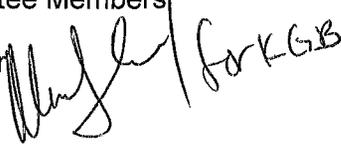
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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members
FROM: Kathie G. Brooks, Interim City Manager  for KGB
DATE: December 20, 2012
SUBJECT: **Update on Municipal Marketing Partnership for Sunscreen Licensing**

The Finance and Citywide Projects Committee (FCWPC) met on November 9, 2012 and was provided an update on the City's efforts, in conjunction with the City's municipal marketing (also known as "corporate sponsorship") consultant, The Superlative Group (TSG), to identify potential municipal marketing partners and opportunities. During the November 9, 2012, FCWPC City staff considered naming rights, as well as a potential sunscreen licensing agreement. The Committee unanimously passed a motion to no longer pursue naming rights of our parks and to research development of a park foundation for consideration by the City Commission. Additionally, the Committee directed staff to provide more details on the proposed Sunscreen Licensing agreement at the December meeting.

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. Attached is a detailed Term Sheet for your review and consideration and the following is a summary of the terms:

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.

The following chart provides a breakdown of the value of the proposed partnership between the City of Miami Beach and Energizer (cash and non-cash):

	1st Year		Over 10-Year Term
Annual Guaranteed Minimum	\$ 150,000		\$ 1,500,000
TSG Annual Commission (45%)	\$ (67,500)	Commission includes monitoring	\$ (675,000)
Subtotal - Annual Revenue to City	\$ 82,500		\$ 825,000
4 Golf Rounds Annually	\$ (1,600)	Value of golf rounds	\$ (16,000)
5 Special Event Permits Annually	\$ (2,500)	Capped at a total value of \$,2500	\$ (25,000)
Advertising (5th & Alton Signs) Annually	\$ (4,200)	Value of ads sold by CMB	\$ (42,000)
Net Minimum Annual Revenue to CMB	\$ 74,200		\$ 742,000

Potential Additional Benefits to CMB

Boucher Bros. Annual Towel Replacement	\$ 8,000	Boucher is required to purchase new towels annually	\$ 80,000
Pool/Tennis Umbrella Replacement	\$ 30,000	Umbrellas are not replaces annually	\$ 60,000
Staff Towel Annual Replacement	\$ 2,500	10% Commission to be paid to TSG on budgeted cost avoidance measures, potential for add'l \$4,250 in Commission. (Paddleboards would not be replaces annually.)	\$ 25,000
Paddleboard Replacement	\$ 20,000		\$ 40,000
Ocean Rescue Annual Uniform Replacement	\$ 20,000		\$ 200,000
	\$ 80,500		\$ 405,000

Potential Additional Annual Benefits to Energizer

Logo Placement Ocean Rescue Vehicles	\$ 520,000	Value of impressions	\$ 5,200,000
Annual Sampling Permits Value	\$ 40,000	Energizer does not currently sample product in CMB, no loss of revenue.	\$ 400,000

*** Energizer to Pay CMB Annual License/Royalty Fee of 4% of Net Wholesale Sales**

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.

During the FCWPC meeting Commissioner Exposito also requested the Administration contact the Boucher Brothers as the City's beach concessionaire to determine any potential impact to their operation. City staff spoke to the Boucher Brothers about the agreement who expressed a concern with the agreement, because they are considering their own sunscreen line and this potential agreement would prohibit their development of this. The existing Concession Agreement with Boucher Brothers requires the Concessionaire to remit to the City a minimum guaranteed concession payment of \$686,562.73. If Boucher's sundries and beach equipment gross receipts (20%), exceeded the minimum guarantee, then the Concessionaire pays the City the difference between the two (Percentage of Gross).

It is important to note that the goal of this sunscreen licensing agreement is for the City to partner with Energizer to develop, produce, distribute and market a Miami Beach Sunscreen globally. Energizer would pay the City an annual license fee of 4% of net wholesale sales, which has the potential to significantly exceed the annual guaranteed minimum being proposed. The global distribution of the product has an additional marketing value to the City's brand.

CONCLUSION:

Banana Boat and Hawaiian Tropic are excellent, well-established sunscreen brands that would be excellent partners for the City. In reviewing the proposal submitted, TSG evaluated the short and long term benefits to the City of the partnership – both financial and in other intangibles. They recommend the selection of Banana Boat / Hawaiian Tropic as the City's exclusive sunscreen partner. The concept of an Exclusive Sunscreen partner provides an opportunity for the City to partner with a well-established brand in an effort to generate marketing opportunities for the City, in addition to added revenues. In reviewing other partnership packages in place or that have been negotiated in the past in other cities or public institutions, it is difficult to find a similar contract to compare. For example, we have not found agreements for cities for similar proposals.

The Administration is seeking direction from the FCWPC before proceeding.

KGB/MAS

TERM SHEET

EXCLUSIVE SUNSCREEN LICENSING & SPONSORSHIP AGREEMENT

CITY OF MIAMI BEACH AND ENERGIZER HOLDINGS, INC.

1. DEFINITIONS:

Company: ENERGIZER HOLDINGS, INC.

Sponsor: "Company"

City: City of Miami Beach

Agreement: Exclusive Sunscreen Licensing & Sponsorship Agreement

Facilities: Includes the following Miami Beach property, including any land, building, structures and/or other facilities thereon: Miami Beach Golf Club; the Normandy Shores Golf Club; The Fillmore Miami Beach at the Jackie Gleason Theater the Miami Beach Convention Center; all currently existing City of Miami Beach owned parks and recreational facilities; all currently existing City of Miami Beach owned public parking garages which are either directly operated by the City, through its Parking System, or by a third party who, pursuant to a management or concession agreement with the City, is contractually authorized to operate and manage such garage on behalf of the City; all currently existing public beachfront concessions which are either directly operated by the City or by a third party who, pursuant to a concession or management agreement with the City, is contractually authorized to operate and manage such concession on behalf of the City; and any additional future Facilities or expansion of existing or future Facilities, including but not limited to, the concession facilities at 21st and 46th street and at South Pointe Park and the Miami Beach Convention Center facility expansion, except as may be otherwise be excluded in the Agreement.

Skincare: all skincare products of any kind including but not limited to sunscreen lotion, tanning lotion, tanning oil, after sun skincare products, lip care and indoor/sunless skincare/tanning products.

Products: Skincare products purchased directly from Sponsor, or with written Sponsor approval from, or

	<p>Sponsor's authorized distributor, or sold through vending machines owned and stocked exclusively by Sponsor.</p> <p><u>Competitive Products:</u> Skincare products which are not Sponsor Products.</p>
2. AGREEMENT TERM:	<p>The Term shall begin November 1, 2012 and will continue until December 31, 2022 (the "Term"). When used in this Term Sheet, the term "Agreement Year" means a calendar year during the Term, except the first agreement year beginning November 1, 2012 and ending December 31, 2013.</p>
3. EFFECTIVE DATE:	<p>November 1, 2012</p>
4. EXPIRATION DATE:	<p>December 31, 2022 as to all Facilities</p>
5. ANNUAL GUARANTEED FEE:	<p>\$1,500,000 for the Term of the Agreement.</p> <ul style="list-style-type: none"> • First Annual Guaranteed Fee of \$150,000 will be paid upon execution of the Agreement by all parties (applicable to first agreement year). • \$150,000 annual Guaranteed Fee due January 1st of each Year thereafter. • Annual Guaranteed Fee for each agreement year will be credited against royalties payable on sales during that agreement year. (No carry forward or carry backward)
6. LICENSING FEE:	<p>Licensing Fee to be paid yearly in arrears by Sponsor to City at the rate of 4% of Net Wholesale Sales of Miami Beach Brand products. (Exhibit X)</p>
7. COMMUNITY: SUPPORT/ COMPLIMENTARY PRODUCT:	<p>Sponsor shall provide City, upon City's request, with up to TBD complimentary Product per Agreement year to be used by the City. If City does not request complimentary Product by the end of each year, any remaining complimentary Product shall be retained by Sponsor with no further obligation to City. Sponsor will provide complimentary Product donation report upon City's request.</p>

<p>8. ADVERTISING & SPONSORSHIP:</p>	<p>Sponsor has the exclusive right to advertise Products (i) at the Facilities and (ii) in connection with the Facilities. No permanent or temporary advertising, signage or trademark visibility for Competitive Products are permitted anywhere at the Facilities, except as permitted pursuant to the Agreement. Advertising rights are further delineated in Exhibit X. Sponsor has the exclusive right to advertise the Products as the “Official” or “Exclusive” sunscreen lotion, tanning lotion, tanning oil, after sun skincare products, lip care and indoor/sunless skincare/tanning products of the Facilities, of the City of Miami Beach and of South Beach. Sponsor will be the exclusive advertiser of Products associated with the Facilities.</p>
<p>9. PRODUCT RIGHTS:</p>	<p>Sponsor has the exclusive right to sell or distribute Products at the Facilities. No Competitive Products may be sold, dispensed or sampled anywhere at the Facilities, or on the City’s public rights-of-ways, except as may otherwise be provided for in this Agreement.</p>
<p>10. EXCEPTIONS:</p>	<p>Except for those Facilities specifically enumerated in Section 1., “Facilities” shall NOT include any City of Miami Beach property (including any City-owned land, buildings, structures, and/or other facilities thereon) which—as of the Effective Date—is used, occupied, controlled, and/or managed and operated by a third party (or parties) pursuant to any of the following agreements between the City and such third party(ies): (i) lease agreement; (ii) concession agreement; (iii) operation and management agreement; (iv) development agreement; (v) easement agreement; (vi) license and/or use agreement; (vii) revocable permit; and/or (viii) any other written instrument between the City and such third party(ies) which establishes a contractual right on behalf of such third party(ies) for the use and/or occupancy of City property. This shall include, but not be limited to, any City property occupied by a tenant through a lease or rental agreement (including, without limitation, leases or rental agreements for office, retail, and/or commercial uses(s) in City-owned buildings); any City property managed and operated, and/or otherwise used, by a third party(ies) pursuant to a management agreement or concession agreement; private upland owner beachfront concessions which are issued a permit by the City (and which are neither operated directly by the City, nor by a third party on behalf of and pursuant to a contract with the City); sidewalk</p>

cafes which are issued a permit to operated pursuant to the City's Sidewalk Café Ordinance, as may be amended from time to time; "public-private" projects developed and constructed pursuant to a Development Agreement (pursuant to the requirements of the Florida Local Government Development Agreement Act under Chapter 163, Florida Statutes); any hotel or retail development related to the expansion of the Miami Beach Convention Center that is not managed as part of the Convention Center operations (e.g. adjacent commercial retail, hotel, etc.); public bus shelter advertising managed by a third party under contract with the City; and advertising permitted pursuant to the City's current agreement for the public bike-share concession. Notwithstanding the preceding, the City will: i) make reasonable good faith efforts to meet with the bike-share concessionaire and negotiate an amendment to the existing bike-share concession agreement, which must also be subject to agreement by the bike-share concessionaire, to prohibit the bike-share concessionaire from advertising Competitive Products; ii) if City renews the bike-share concession agreement with the bike-share concessionaire, then, as a condition to such renewal, the City Manager will recommend that such renewal be conditioned that such renewal include a term prohibiting the bike-share concessionaire from advertising Competitive Products; and iii) no advertising of Competitive Products shall be permitted on bike-share station kiosks during the Term should the City, after the Effective Date, approve advertising for placement on bike-share kiosks. Should the City enter into any new bike-share agreements during the Term, no advertising of Competitive Products shall be permitted on the bicycles used for that bike-share agreement (s).

City agrees that it will not knowingly permit any Competitive Products to be sold, distributed, sampled, marketed, advertised or promoted at the Facilities, or in association with City, except, and as further explained, in Exhibit X:

- Third party exhibitor set ups at Facilities or during City-Permitted Special Events in accordance with the City's Special Event Permit Guidelines, as same may be amended from time to time.
- Charitable events at Facilities or at City-Permitted Special Events where Competitive Product are donated to the charitable event;

	<ul style="list-style-type: none"> • Availability at City-Permitted Special Events only within Special Event Permit Area (as such term is defined in the City’s Special Event Permit Guidelines, as same may be amended from time to time). • Up to four (4) sponsorship events at the Miami Beach Golf Club, and up to four (4) sponsorship events at the Normandy Shores Golf Club each Agreement year; • up to three (3) sponsorship events at the Miami Beach Convention Center each Agreement Year (the number limitation for the sponsorship events at the Miami Beach Convention Center is subject to a review after three (3) Agreement Years); • a mutually agreed upon number of sponsorship events at the Fillmore Miami Beach at the Jackie Gleason Theater (upon expiration of the existing management agreement); and • up to four (4) City-issued Special Event Permits for a “City Approved Major Sponsorship Public Event”, each Agreement Year, which includes an event sponsored by a manufacturer, distributor, or marketer of Competitive Products under a master sponsorship agreement with the owner or operator of the sponsorship event; an event conducted on a national or regional multi-market basis; and/or an event where a competitor is the presenting, title or other primary sponsor of the event. The number limitation for City-Issued Special Events is subject to a review after three (3) Agreement Years. <p>Whenever possible, City will make reasonable good faith efforts to encourage third party users of the Golf Courses and Convention Center, and Special Event organizers, to use Sponsor’s Products for their skincare needs. Since third party organizers who apply for Special Event Permits will be permitted to sell only Sponsor’s Products, unless otherwise approved by Sponsor, City will amend City’s Special Events Permit Application and City will provide Sponsor contact information through the City’s Special Events Permit Application process.</p>
11. VENDING PROGRAM/OTHER EQUIPMENT	TBD
12. CITY SUPPORT:	<ul style="list-style-type: none"> • In consideration of the partnership, City grants to Sponsor: Four (4) rounds of golf for four people each Agreement Year. Benefit does not roll over.

	<ul style="list-style-type: none"> • In consideration of the partnership, City grants to Sponsor: Twenty (20) sampling permits each Agreement Year. Benefit does not roll over. • In consideration of the partnership, City grants to Sponsor: Five (5) event permits each Agreement Year. Benefit does not roll over. • In consideration of the partnership, City grants to Sponsor: Opportunity to replace towels distributed at beach concession locations with Sponsor logo (at Sponsor cost). • In consideration of the partnership, City grants to Sponsor: Opportunity to replace and/or provide umbrellas at pool and tennis locations with Sponsor logo (at Sponsor cost). • In consideration of the partnership, City grants to Sponsor: Opportunity to provide towels to staff at City pool locations with Sponsor logo (at Sponsor cost). • In consideration of the partnership, City grants to Sponsor: Recognition on all Ocean Rescue vehicles (trucks, ATV's, jet skis) as an Official Product of Miami Beach Ocean Rescue. • In consideration of the partnership, City grants to Sponsor: <ul style="list-style-type: none"> ○ 1 Alton Billboard during first quarter of each Agreement Year (Jan, Feb, March) ○ 1 Alton Billboard during second quarter of each Agreement Year (April, May, June) ○ 1 Full Page Ad in MB Magazine first quarter of each Agreement Year (Jan, Feb, March) ○ 1 Full Page Ad in MB Magazine second quarter of each Agreement Year (April, May, June) • In consideration of the partnership, City grants to Sponsor: Opportunity to replace Ocean Rescue stand up paddle boards including Sponsor logo (at Sponsor cost). • In consideration of the partnership, City grants to Sponsor: Recognition on all Ocean Rescue uniforms that are paid for by Sponsor. By example, Should Sponsor choose to pay for the cost of Ocean Rescue Short Sleeved T-Shirts, Sponsor would be recognized on all Short Sleeved T-Shirts.
13. PRICING:	Product Pricing: City is entitled to purchase Products from Sponsor in accordance with Sponsors then current terms

	<p>and conditions made available to Sponsors preferred accounts.</p> <p>Purchasing: All Product shall be purchased directly from Sponsor, except for those Products that Sponsor identifies can be purchased from an authorized Sponsor distributor.</p>
<p>14. TERMINATION:</p>	<p>If City breaches any of its material obligations set forth in this Agreement, and fails to cure such breach within thirty (30) days following written notice of same from Sponsor, then, Sponsor may terminate this Agreement, and City shall (i) return any Equipment, and (ii) pay to Sponsor the unearned portion of any pre-paid Guaranteed Fees for the Agreement Year in which the termination occurs (pro-rated through the date of termination).</p> <p>If Sponsor breaches any of its material obligations set forth in this Agreement, and fails to cure such breach within thirty (30) days following written notice of same from City, then, City may terminate this Agreement, and Sponsor shall (i) remove any Equipment, and (ii) pay to City the earned portion of any pre-paid Guaranteed Fees or other fees or payments due for the Agreement year in which the termination occurs (pro-rated through the date of termination).</p> <p>City shall not be in default in the event of any claim filed in relation to City's restriction on Competitive Product sampling; provided, however, the Sponsor shall have the following remedies: 1) ability to renegotiate financial terms, as appropriate, within a specified time (e.g. 90 days); or, 2) failing to negotiate terms acceptable to both parties within specified time, Sponsor may terminate the Agreement, and City shall (i) return any Equipment, and (ii) pay to Sponsor the unearned portion of any pre-paid Guaranteed Fees for the Agreement Year in which the termination occurs (pro-rated through the date of termination). Nothing in this section shall operate to restrict either party's other remedies in the event of a material breach by the other.</p>
<p>15. REPORTS/AUDITING:</p>	<p>Sponsor will provide an annual business review report within 90 days following each Agreement Year during the Term. The format of such reports shall be mutually agreed upon. City has the right to audit/inspect account statements with reasonable prior notice to Sponsor and during normal business hours. If City requests an audit, City agrees to pay for such audit. Account records must be</p>

	retained for a minimum of two (2) Agreement Years after the payment of the annual Guaranteed Fee is paid, in addition to the current Agreement Year of the Term, and for two (2) Agreement Years following expiration or termination of the Agreement.
16.	

City of Miami Beach and Energizer Holdings agree to the above-listed essential terms and conditions of our agreement, and further agree that during the next ninety (90) days the parties will reduce these terms and conditions, and such other terms as may be agreed, to a final and binding written agreement between the parties.

Energizer Holdings, Inc.

City of Miami Beach

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

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MIAMI BEACH

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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Kathie G. Brooks, Interim City Manager

DATE: December 20, 2012

[Handwritten signature: K. Brooks (for KGB)]

SUBJECT: Discussion Regarding Motions Made By the Quality of Education Committee During Their September Meeting

On October 24, 2012, Commissioner Libbin requested the motion made by the Committee for Quality Education regarding health care in feeder pattern public schools be referred to the Finance and Citywide Projects Committee to discuss consideration of the request to strengthen Education Compact activities as they relate to health and well-being. The Committee for Quality Education made the following motion at the September 24, 2012, meeting regarding health care in our public schools:

The health and well-being of our children is of paramount importance and should be considered a community priority and responsibility. Therefore, the Committee for Quality Education recommends the Mayor and City Commission review the Health and Well-being activities in the Education Compact to strengthen them and consider funding support.

The Education Compact with Miami-Dade County Public Schools (M-DCPS), established on January 16, 2008, includes the outcome to increase the health and well-being of students in Miami Beach public schools. The activities included in the agreement to support this outcome include the following:

- The school District will maintain health clinics (nurse practitioners and/or registered nurses) at Fienberg-Fisher, Biscayne, Nautilus, and Miami Beach Senior High, subject to continued available funding, and will work with all Miami Beach schools to coordinate visits from the Health Connect on Wheels service (as available) or similar service to schools and/or Miami Beach recreation centers;
- The District and the City will collaborate to deliver information regarding health and wellness education, prevention and intervention strategies regarding nutrition, physical activity levels, and health maintenance in accordance with the District's Wellness Initiative;
- The City will explore the development of a middle school-level after-school program. The District will collaborate with the City by assisting with the recruitment of students, including providing space within District-owned facilities as needed, and exploring expanded transportation options for participating students; and,
- District will explore the expansion of full-time nurse practitioners and/or registered nurses at schools without health clinics, subject to available funding.

Of the eight Miami Dade County Public Schools that fall within the City of Miami Beach feeder pattern, there is Health Connect in Our Schools (HCIOS) Suites in five of them: Biscayne Elementary, South Pointe Elementary, Fienberg-Fisher K-8 Center, Nautilus Middle School, and Miami Beach Senior High School. For students that do not require routine medications, the HCIOS is used for nursing assessments, administration of first aide, consulting with parents and caregivers, etc. These are considered Non-Routine Medication visits and they account for over 90% of all the services provided amongst the HCIOS health suites. During the 2011-12 school year, there were 12,798 visits to the health suites of the five HCIOS schools. This represents roughly 4.6% of the over 275,000 visits that occurred in all 157 HCIOS sites. Nautilus Middle accounted for nearly 1/3 of all visits, although based on enrollment; it only represented 20% of the student population of the five schools. The two elementary schools accounted for another 30% of all visits. Conversely, Miami Beach Senior High School accounts for over 40% of the student population, but only 15% of the health suite visits.

Each of the schools above with health services has one health aide on site full-time to provide the day-to-day services in the health suites. The equivalent of two full time higher-level nurses provides services to all five schools. Additionally, a social worker serves each school, however, MDCPS provides this portion at Biscayne Elementary, South Pointe Elementary, and Miami Beach Senior High School. The remaining schools have HCIOS social workers.

The Children's Trust contracts with nine providers to deliver health services via school based health suites to approximately 5,793 students at five schools in Miami Beach currently receiving services. The three remaining schools in the Miami Beach feeder pattern that do not have full-time onsite services are North Beach Elementary (1,024 students), Treasure Island (683 students), and Ruth K. Broad Bay Harbor Elementary (1,265 students), of which approximately 1,297 reside within City of Miami Beach limits and attend either North Beach Elementary or Treasure Island Elementary. Approximately 40 % of students at Treasure Island reside within City of Miami Beach limits, while no students at Ruth K. Broad Bay Harbor K-8 reside within Miami Beach.

Currently, the three school above are considered "Satellite" schools. Satellite (Basic) Schools Health Services was implemented to ensure that some level of basic health services are provided in all Miami-Dade County Public Schools by a registered professional nurse. Nurses are available to address on-call requests and consultations in Satellite (Basic) schools. These schools also receive the following health services from the Miami Dade County Health Department (per Pamela Toomer, Assitant Community Health Nursing Director):

- School site visits throughout the year
- School needs assessments with principal input
- Tracking of students opting out of health services
- Monitor immunization compliance
- Monitor documented Temporary Medical Exemptions/Immunization Records
- Consultation with school staff as needed
- Consultation with parent/guardians as needed
- Individual (Student) Health Care Plans
- Provide child specific trainings

Additionally, per Wilma Steiner, Director Comprehensive Health Service MDCPS, mandated school health services for every public school include preventive dental programs, vision screenings, hearing screenings, scoliosis screenings, growth and development screening/BMI, health counseling, referral and follow up of suspected or confirmed health problems, medication administration, prevention of communicable diseases, and health education curriculum. Complete optometric exams and lenses are offered to low income

students through the Miami- Lighthouse, Children's Vision Program, available at the school site.

Historically, the City of Miami Beach has partnered with Health Connect on Wheels to provide pediatric services to youth at City owned recreational facilities. Recently, the City partnered with the University of Miami Miller School of Medicine Pediatric Mobile Clinic to provide comprehensive health care services free-of-charge to youth in our community who do not have medical insurance up to twice per month at City recreational facilities. The City's responsibilities for the partnership include scheduling of visits, arranging access at recreational facilities, providing space for consultations, and promoting the clinic. Visits have been scheduled through the month of April 2013, and additional visits will be scheduled for the remainder of 2013. Separately, the City is evaluating a potential program through the Fire Department that would support Youth Outreach to provide health and wellness education, prevention and intervention strategies regarding safety, physical activity levels, nutrition, health maintenance, basic first aid assistance, and consulting with parents/caregivers, after-school at City owned recreational facilities using Fire Rescue personnel during regular working hours once per month and is seeking direction from the committee members.

In addition to these existing efforts, Miami Beach Community Health Center, our City's Federally Qualified Health Center (FQHC), has been in preliminary talks with Barry University, Physician Assistant Program, to explore collaborative mobile health services. If pursued, the Center will be able to provide citywide health services using specially equipped vehicles and staffed by physician assistant students completing clinical rotations. Under such a delivery model, youth, the elderly and healthcare challenged populations would be able to access health care within a sustainable service model that would utilize insurance reimbursements, FQHC reimbursement rates for indigent care, and user co-pays, as appropriate, to fund services. In addition to obtaining service under the umbrella of Miami Beach Community Health Center and its provider network (which includes Jackson Memorial Hospital), patients served by the mobile program will be able to access special pricing for pharmacy services. This added feature is critical to ensuring that residents with ongoing medical conditions obtain needed medicines to manage their conditions. Additional information regarding this effort will be shared as progress is made.

The full HealthConnect suite has an estimated annual cost per ranging from \$95,000-125,000), which includes \$62,000 for a full time Registered Nurse (with benefits), and \$30,000 for a full time medical assistant (with benefits). The Children's Trust is working to find the means and the method to expand their school-based healthcare system, known as HealthConnect in Our Schools, into a comprehensive set of services accessible to all students in the Miami-Dade Public Schools throughout our county.

KGB/LDR

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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Kathie Brooks, Interim City Manager

Kathie Brooks
for KGB

DATE: December 20, 2012

SUBJECT: **A DISCUSSION REGARDING AN AMENDMENT TO THE LEASE AGREEMENT BETWEEN THE CITY AND MDGLCC FOUNDATION, INC., DATED MARCH 10, 2010 ("LEASE"), INVOLVING THE USE OF APPROXIMATELY 2,543 SQUARE FEET OF OFFICE SPACE LOCATED AT HISTORIC CITY HALL, 1130 WASHINGTON AVENUE, 1ST FLOOR NORTH, MIAMI BEACH, FLORIDA**

BACKGROUND

On March 10, 2010, the Mayor and City Commission passed Resolution No. 2010-27354, approving a Lease Agreement between the City and MDGLCC Foundation, Inc. ("MDGLCC" or Tenant) for the use of approximately 2,543 square feet of City-owned property, located at 1130 Washington Avenue, 1st Floor North, Miami Beach, Florida ("Leased Premises"); said Lease having a term of three (3) years, commencing on April 1, 2010, and ending on March 31, 2013, with two (2) additional three (3) year renewal terms.

On October 30, 2012, Steven Adkins, President of MDGLCC, submitted a letter to Commissioner Michael Gongora, which is attached hereto and labeled "Attachment 1," wherein Mr. Adkins described certain problems with the building due to its age, as well as certain maintenance and repair issues. Mr. Adkins requested a rent reduction and a new ten (10) year lease.

On December 6, 2012, the Administration met with Mr. Adkins and Karen Brown, Executive Director of MDGLCC, to discuss the issues described in Mr. Adkins' letter. During the meeting, MDGLCC advised the City they had been communicating directly with Duane Knecht, former Director of Property Management, regarding various maintenance and repair issues related to their office and the building. It was determined that Property Management had been responding to MDGLCC's maintenance issues without consideration for the City's or the Tenant's obligations under the Lease. Few, if any, formal work orders had been placed. While it was acknowledged that Property Management attempted to remedy persistent rodent problems, the problem has not been eradicated. During the December 6th meeting, Property Management staff committed to continue to explore solutions to alleviate the circumstances, including concerns about leaks, which have affected the entire building, and problems with the air conditioning system, and fire alarm panel. Potential solutions for window treatments to block the heat were also discussed.

MDGLCC was provided additional contact information for Office of Real Estate, Housing & Community Development staff and both City staff and the Tenant committed to more closely tracking contractual obligations and work orders so that persistent problems may be addressed jointly and separately by both parties as necessary.

In the meantime, the Tenant has expressed a need for a rent reduction in order to offset the cost of hiring additional staff, increase its hours of operation, and broaden its advertising.

The Tenant also requested a new ten (10) year lease. As mentioned above, the current Lease term ends on March 31, 2013, but has two additional three (3) year renewal terms.

ANALYSIS

Rent Reduction:

MDGLCC requested that its rent be reduced to \$30,000 annually (\$11.80 per square foot) payable in monthly installments of \$2,500. MDGLCC currently pays annual rent in the amount of \$52,320 (\$20.57 per square foot) payable in monthly installments of \$4,360. Said monthly amount consists of \$2,065 for base rent (\$9.74 per square foot), \$1,950 for operating expenses (\$9.20 per square foot) and \$345 for insurance (\$1.63 per square foot).

As a comparison, Miami Beach Film Society, Inc. (d/b/a Miami Beach Cinematheque), also located on the 1st Floor of Historic City Hall, currently pays the same amount of rent as MDGLCC on a per square foot basis. With the exception of the Miami Dade County Clerk of the Courts, the remaining six tenants in the building currently pay a rental rate ranging from \$23.30 to \$26.07 per square foot for office space, which includes operating expenses of \$11.08 per square foot plus insurance charges of \$1.63 per square foot.

Comparable asking rent for office space on Washington Avenue is currently a weighted average of \$30.58 per square foot.

As previously indicated, the other ground floor tenant (Miami Beach Cinematheque) pays \$9.20 per square foot for operating expenses and \$1.63 per square foot for insurance, for a total of \$10.83 per square foot.

Lease Term:

MDGLCC's current lease is for a period of three (3) years expiring March 31, 2013, with two (2) additional three (3) year renewal terms, subject to approval by the City Manager. MDGLCC has requested a new lease for a period of ten (10) years.

Typically, tenants request long or longer term leases in connection with capital investments. MDGLCC is committed to staying in the leased space and has made improvements to the space, resulting in an attractive and functional space which is an amenity to the building and to the City. However, no capital improvement was required by the City, nor is there a commitment for a defined capital improvement from the Tenant. Nonetheless, the MDGLCC is a tenant in good standing and serves an important public purpose.

CONCLUSION AND RECOMMENDATION

The Tenant has requested a rent reduction from \$4,360 monthly to \$2,500 monthly, representing a reduction in rent from \$20.57/sf to \$11.80/sf, and a new ten (10) year lease term.

The Administration seeks the Committee's direction with respect to granting the MDGLCC's requests.


KAB/MAB/AP/MM

F:\RHCD\\$\ALL\ECON\\$\ALL\ASSET\Historic City Hall\MDCGLCC\MDGLCC F&CWPC MEMO (12-17-12).docx

ATTACHMENT 1



1130 Washington Ave.
1st Floor North
Miami Beach, FL 33139
EMAIL: mdglcc@bellsouth.net
WEB: www.gaybizmiami.com
OFFICE: 305-673-4440
FAX: 305-673-8883

A Not -For-Profit Corporation

October 30, 2012

Commissioner Michael Gongora
City of Miami Beach
1700 Convention Center Dr.
Miami Beach, FL 33139

RE: MDGLCC Foundation Lease – Historic City Hall

Dear Commissioner;

On behalf of the MDGLCC Foundation, Inc. which leases space from the City of Miami Beach in Historic City Hall, I would like to ask for your assistance in bringing before the -Mayor & Commission a request for lease reduction. As a refresher, the LGBT Visitor Center on Miami Beach:

- is the safe and welcoming gathering place of the LGBT community in Miami-Dade.
- serves tourists and community members through a variety of programs and services.
- offers warm hospitality and a friendly welcoming face to those visiting our city for the first time.
- provides educational outreach through community partnerships and community calendar.

Since moving into the space more formally known as Historic City Hall (1130 Washington Ave. – 1st Floor North, Miami Beach, FL 33139), we have found that being tenants of an older building brings with it many issues. While we think the location for our business in operating the LGBT Visitor Center is ideal, the condition of the building is less so. The problems we have encountered (and continue to face):

- The building is infested with rats – since early 2011, we have dealt with a severe rat problem. The City of Miami Beach property management group (specifically Duane Knecht and his team) have tried unsuccessfully to alter the situation. Traps have been placed around the property and, many rodents have been captured. However, the rodent droppings and urine cause an extremely unpleasant odor and, are by themselves very unhealthy (it is everywhere from air ducts to ceiling times to ventilation).
- The building alarm – Though, not as bad as it once was, the alarm will go off for no reason and, continues to do so.
- Heat in the offices – The dome portions of all east and west facing windows remain uncovered. Due to restrictions imposed by Design Preservation, we cannot place anything on the windows that might block the intense sun (and heat). Florida Power & Light did an energy assessment of the building a couple of years back and, determined that placing a film over the windows would make the space more efficient and, cut down on the direct sunlight. Nothing has transpired and, we have higher than normal energy costs, as a result.
- Leaks in the ceiling - During heavy rains, we have reported leaks in our ceiling in many areas. Again, property management has responded but, there are still areas affected.

Michael, we are committed to staying here and, have invested tens of thousands of dollars to make this space a premiere LGBT Visitor/Community Center...one we and the City/County can be proud of. We would like to request that the City grant MDGLCC Foundation Inc a new 10 year lease at \$2500/month, commencing as soon as can be approved. The roughly \$1,850 in monthly savings would be used as follows:

- Services – As a result of our location, we see a lot of traffic from the general public...not just the LGBT market. We have become a resource center for all travelers, homeless persons, unemployed, people looking for the New City Hall, etc. We just don't have the staff to properly address the needs of some of these people. Having an additional person(s) will allow us to solicit the proper training to handle these situations more adeptly.
 - Add an additional staff person. We are currently open Monday – Friday from 9 am to 6 pm. Our goal is to be open 7 days a week and, longer hours into the evenings.

Miami-Dade Gay & Lesbian Chamber of Commerce
EMAIL: mdglcc@bellsouth.net
OFFICE: 305-673-4440

- Advertising – The Foundation has a limited ad budget and, has secured assistance through grants to fund advertising placements in Passport, Wire and Hotspots Magazine. We believe that the additional cash flow support will allow us to look at more online opportunities and, broaden our market reach leading to more LGBT visitor traffic to Miami Beach.

We appreciate your assistance in this matter and, look forward to discussing any questions you might have. Please feel free to call me at your earliest convenience.

Kind regards,

Steven Adkins, President
MDGLC Foundation, Inc.

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MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Kathie G. Brooks, Interim City Manager

DATE: December 20, 2012

SUBJECT: **A DISCUSSION TO CONSIDER A REQUEST FOR RENT RELIEF FROM PENN 17, LLC., REGARDING THE RETAIL SPACE AT THE PENNSYLVANIA AVENUE PARKING GARAGE**

BACKGROUND

On April 13, 2011, the Mayor and City Commission passed Resolution No. 2011-27647, approving a Lease Agreement, as amended on February 8, 2012, and June 6, 2012, respectively (the Lease), having a term of nine (9) years and 364 days, between the City and Penn 17, LLC. (Tenant), for use of approximately 7,655 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.

On November 15, 2012, the City issued a letter putting the Tenant on notice of certain compliance-related issues, including non-payment of rent for the months of October and November. A copy of this letter is included as *Attachment A* to this memorandum.

On November 21, 2012, the City received a response letter from Tenant's Legal Counsel, Jeffrey Rynor, a copy of which is included as *Exhibit B*. According to letter, the Tenant is requesting rent relief in connection with operational complications resulting from the failure of its air conditioning system. The Tenant alleges that the current location of its air conditioning compressors located between the first and second floor of the garage alongside the entrance ramp is inadequate to support the size units required to cool a restaurant operation of the scale involved in Cooper Avenue. The Tenant further alleges that this issue was not caught or addressed during the permitting of the restaurant's plans and only became an issue once the restaurant became operational. They say that the only solution to resolving what has become a crisis situation for the Tenant, is to relocate all eight compressors to the roof of the garage. Initially, there was concern that the only way to do this was to penetrate the slabs through to the roof in order to run the condensate lines and other necessary conduit. The Architect has since determined that the vertical opening between the two shear walls at the center of the garage have enough room to run the air conditioning lines clear to the roof. It should further be noted that the compressors, because of their size and weight, as well as spacing requirements, will occupy five roof-top parking spaces.

Since resolving the air conditioning problem is critical to the restaurant's immediate operation, the Administration has been working with the Tenant to facilitate the planning and permitting for the relocation of the compressors. However, the Tenant believes the City should be responsible for sharing in the cost of relocating the compressors, as well as mitigating the impact to its business, citing that the current location for the units was designated by the architect of the garage and required as a location by the City during the permitting process.

The Administration and the City Attorney's Office's response to *Exhibit B* is also included as *Exhibit C*.

ANALYSIS

On December 12, 2012, the City Commission referred the matter to the City's Finance and Citywide Projects Committee (FCWPC) for discussion, subject to the Tenant remitting all outstanding rent amounts due for October, November and December. Subsequent to the Commission meeting, the Tenant informed staff that it wasn't in a position to remit rent for the three-month period and instead offered to pay one-month's rent in exchange for the Committee's consideration of its request for additional rent relief. This request was formally transmitted in writing from Tenant's Legal Counsel on December 14th, a copy of which is included as *Exhibit D*.

On December 17, 2012, the Tenant informed staff that it had temporarily closed operations with the intent of reopening in February, 2012 under a new name and new concept. The Tenant also informed staff that given the amount of money and time it had invested in the Premises, that it was fully committed to keeping its lease and was hopeful it could negotiate favorable terms with the City to do so.

The Administration is therefore requesting input and direction from the City's Finance and Citywide Projects Committee as to the Tenant's requests outlined in the attached correspondence.

KGB/MS/AP
Attachments



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

REAL ESTATE, HOUSING & COMMUNITY DEVELOPMENT

Tel: (305) 673-7193 – (305) 673-7033

BY CERTIFIED MAIL RETURN RECEIPT REQUESTED

November 15, 2012

Amir Ben Zion
 Managing Member
 Penn 17, LLC
 1661 Pennsylvania Avenue, Suite 6
 Miami Beach, FL 33139

Re: Lease Agreement between the City of Miami Beach, Florida, the Miami Beach Redevelopment Agency (hereinafter collectively referred to as "Landlord") and Penn 17, LLC (Tenant), involving the lease of approximately 7,655 square feet of ground floor retail space at the Pennsylvania Avenue Garage, 1661 Pennsylvania Avenue, Miami Beach, Florida (Premises).

Dear Mr. Ben-Zion:

The purpose of this letter is to make you aware of a number of issues requiring immediate attention concerning your Lease at the Pennsylvania Avenue Garage as follows:

1. *Rent Payment* – We have been informed by the Finance Department that the check you issued on October 8, 2012, in the amount of \$60,259.99, in payment for October's rent has been returned by the a bank due to a stop-payment order. Additionally, we have not received a rent payment for the month of November either. Please be aware that pursuant to Article 9.1 of the Lease, failure to remit Rent when due, whether or not any notice or demand for payment has been made by Landlord, places you in default of the Lease. The Article further provides that should Tenant fail to remedy such default within five (5) days of Landlord's written notice, the Landlord reserves its rights to pursue the remedies set forth in Section 9.2 of the Agreement. The current amount outstanding, including penalties and bank charges are provided in the following table.

	Date Due	Base Rent	CAM	Penalties (1)	Add'l Fees(2)	Sales Tax	Total Due
October	10/14/2012	\$ 47,843.75	\$ 8,474.00	\$ 3,660.65	\$ 25.00	\$ 4,198.49	\$ 64,201.89
November	11/14/2012	\$ 47,843.75	\$ 8,474.00	\$ -	\$ -	\$ 3,942.24	\$ 60,259.99
Total Due:		\$ 95,687.50	\$ 16,948.00	\$ 3,660.65	\$ 25.00	\$ 8,140.73	\$ 124,461.88

Note (1) - 5% of past due amount(s) plus 1.5% of any amount past due by more than 15 days

Note (2) - Bank fee for returned check

2. *Expiration of your Temporary Certificate of Occupancy (TCO)* – We have been notified by the Building Department that TCO #12278 that was issued on September 24, 2012 for your Lease Premises expired on November 8, 2012. It is critical that you take immediate action to apply for an extension or risk being shut down.

Amir Ben Zion
Penn 17, LLC
November 15, 2012
Page 2 of 2

Additionally, while not as critical as first two issues, I would like to take this opportunity to remind you that certain deliverables also remain outstanding concerning the close-out of construction at the Premises as follows:

3. *Tenant's Construction Obligations* – Section 5.2(j) of your Lease requires that upon "Substantial Completion" of Tenant's Work and approval of the Premises for use and occupancy by the appropriate governmental authorities, the Tenant shall furnish the Landlord with the following:

- a certificate of use and/or occupancy issued by the City and other evidence satisfactory to the Landlord that Tenant has obtained the governmental approvals necessary to permit occupancy;
- a notarized affidavit from Tenant's contractor(s) that all amounts due for work done and materials furnished in completing Tenant's work have been paid for;
- releases of lien from any subcontractor or material supplier that has given Landlord a Notice to Owner pursuant to Florida Law (Please see attached copy of one such Notice issued by Atlantic Shutters, Inc); and
- as-built drawing of the Premises, with a list and description of all work performed by the contractors, subcontractors and material suppliers.

4. *Tenant's Construction Deposit* – Section 5.2(n) of your Lease requires that the Construction Deposit, (as provided for in the Escrow Agreement included as Exhibit F to your Lease), shall not be reduced to less than \$50,000, until such time that the Tenant's work has been substantially completed, as determined by the Landlord, in its sole and reasonable discretion. The Agreement further provides that such remaining Construction Deposit balance shall not be released until the City has issued a final Certificate of Occupancy (CO), with proof that all permits have been closed, together with final lien waivers and contractor's affidavit reflecting that all contractors, subcontractors, laborers and material men have been paid in full.

Since time is of the essence, please remit payment of past due rent, penalties and additional fees in the amount of **\$124,461.88**, as determined in the above table, and provide us with responses to items 2 through 4 of this letter, by no later than end of business on **Wednesday, November 21, 2012**.

In the event that the Landlord does not receive payment and your responses by the due date, we will refer this matter to the Legal Department for further action.

Please govern yourself accordingly.

Sincerely,



Anna Parekh
Director

C: Kathie Brooks, Interim City Manager
Max Sklar, Acting Assistant City Manager
Raul Aguila, First Assistant City Attorney
Kent O. Bonde, Redevelopment Coordinator

Attachment

F:\\$A\RHCD\Asset\Pennsylvania Ave Garage Leases\Penn 17, LLC\Letter of Notice Nov 15.doc

We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.

NOTICE TO OWNER

ECONOMIC DEVELOPMENT
REDEVELOPMENT
ASSET

WARNING TO OWNER: UNDER FLORIDA LAW, YOUR FAILURE TO MAKE SURE THAT WE ARE PAID MAY RESULT IN A LIEN AGAINST YOUR PROPERTY AND PAYING TWICE. TO AVOID A LIEN AND PAYING TWICE, YOU MUST OBTAIN A WRITTEN RELEASE FROM THE UNDERSIGNED EVERY TIME YOU PAY YOUR CONTRACTOR.

NOTE: IF THERE IS A BONDING COMPANY, IT IS YOUR RESPONSIBILITY TO LET US KNOW AND TO FORWARD A COPY OF THIS NOTICE TO THEM IMMEDIATELY.

Dated: October 31, 2012

OWNER: CITY OF MIAMI BEACH, a Florida municipality, 1700 Convention Center Drive, Miami Beach, Florida 33139.

Certified Mail: 7007-0710-0003-0943-9626 / Fax: (305) 673-7096

TENANT: Amir Ben-Zion, 5700 Collins Ave., #PH-A, Miami Beach, FL 33140.

Certified Mail: 7007-0710-0003-0943-9626

GENERAL CONTRACTOR: Halloran Construction Corp., a Florida corporation, 804 N.W. 7th Street Road, Miami, FL 33136 and 6709 Biscayne Blvd., Suite 201, Miami, FL 33138.

Certified Mail: 7007-0710-0003-0943-9633 / Fax: (305) 324-3798

Please be informed that the undersigned is furnishing, or has furnished the following materials, labor and/or services:

FABRICATED AND INSTALLED FLOOD BARRIERS.

For the improvement of real property describe as: **34 53 42 PORTS OF E 1/4 OF SEC 34 DESC AS COMM NE CORNER OF LOT 7, BLOCK 3, OF LINCOLN ROAD SUB A OF PLAT BOOK 34, PAGE 65 THE S 89 DE A W 338.31 FEET N 07 DEGE, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.**

a/k/a 1661 Pennsylvania Avenue, Miami Beach, Florida 33139.

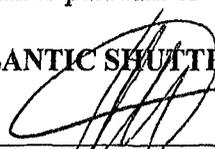
Under an order given by **Halloran Construction Corp.**

Important Information for your protection

Under Florida Law, those who work on your property or provide material and are not paid, have a right to enforce their claim for payment against your property. The claim is unknown as a construction item our contractors fail to pay sub-contractors material suppliers or neglects to make other legally required payment, **EVEN YOU HAVE PAID YOUR CONTRACTOR IN FULL. PROTECT YOURSELF. RECOGNIZE** that this Notice to Owner may be resulting in a lien against your property unless all those supplying a Notice to Owner have been paid. **Learn** more about the Construction Lien Law, Chapter 713, Part 1, Florida Statutes, and meaning of this notice by contacting an Attorney or the Florida Department of Professional Regulation. All demands pursuant to Chapter 713 Florida Statutes are to be directed to **Atlantic Shutters, Inc.**

ATLANTIC SHUTTERS, INC., a Florida corporation

By:



Maria I. Escoto-Castello, Esq., as Attorney
and Agent of Atlantic Shutters, Inc.

NOV - 8 AM 11:16
ECONOMIC DEVELOPMENT
REDEVELOPMENT
ASSET

ATLANTIC SHUTTERS, INC.

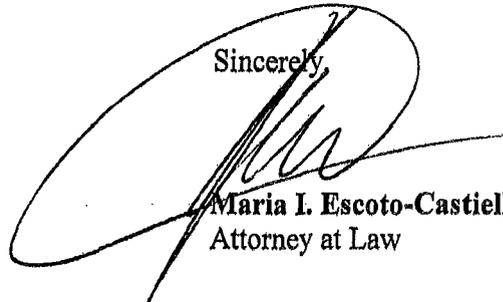
INTENTION TO LIEN

Let it be known that your account is seriously past due in the amount of **\$3,900.00** on job site **1661 Pennsylvania Avenue, Miami Beach, FL 33139**, owed to subcontractor, **Atlantic Shutters, Inc.**

If within five (5) working days we do not hear from you with an explanation for this delay the owner and general contractor of this property will be notified.

Please give this matter the proper attention in order to avoid a future Lien action.

Sincerely,



Maria I. Escoto-Castello
Attorney at Law

2012 NOV -8 AM 11:16
ECONOMIC DEVELOPMENT
FEDERAL OFFICE
ASSET MANAGEMENT

EXHIBIT B

MITRANI RYNOR
ADAMSKY TOLAND

ATTORNEYS



301 Arthur Godfrey Rd
Penthouse
Miami Beach FL 33140
T 305.358.0050
F 305.358.0550
www.mitrani.com

Fort Lauderdale Office
2400 N Commerce Pkwy
Suite 302
Weston FL 33326

Jeffrey A. Rynor
jrynor@mitrani.com

November 21, 2012

VIA FACSIMILE and REGULAR U.S. MAIL
305.673.7002

Kathie G. Brooks
City Manager
City of Miami Beach
1700 Convention Center Dr.
Miami Beach, FL 33139

Jorge Gomez
Asst. City Manager
jorgegomez@miamibeachfl.gov

Max Sklar
Acting Asst. City Manager
maxsklar@miamibeachfl.gov

Re: The Ben Zion Group – COOPER AVENUE RESTAURANT

Dear Ms. Books, Mr. Gomez and Mr. Sklar:

As you know, I represent The Ben Zion Group regarding the Cooper Avenue Restaurant adjacent to Lincoln Road.

The Ben Zion Group is an extremely successful and experienced restaurant/hotel operator that has achieved well recognized success in Miami and Miami Beach for over ten years. The Town House Hotel, Bond Street restaurant, Gigi restaurant, Bardot night club and South Street restaurant are a testament to the Group's creative genius. The Group's restaurant design concepts embrace functionality and are visually spectacular and complement their culinary artistry. Unfortunately, the opening of Cooper Avenue beginning on October 23, 2012 has been completely compromised due to very serious air conditioning problems.

We have reached out to the City of Miami Beach to facilitate solutions, whereby the air conditioning units can be re-positioned in the Garage, so that they can operate effectively. The issue is very time sensitive because large portions of the restaurant experience 82 to 85 degree temperatures. Thus eliminates the ability of the bakery to properly operate, compromises the working conditions in the kitchen and creates an uncomfortable environment for the patrons who may never



MITRANI RYNOR ADAMSKY TOLAND

ATTORNEYS

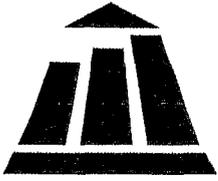
City Manager's Office
City of Miami Beach
Nov. 21, 2012
Page 2

return. Instead of the Restaurant focusing on the client experience, it is dealing with customer service issues, high employee turnover and exhaustion. It is axiomatic, that you never get a second chance to make a first impression. The Group's professional team, despite their best efforts, cannot make sweating while eating out, a pleasant experience.

Cooper Avenue is fully invested in the success of the restaurant. The original budget was \$3.4 million, but \$5 million was invested to build the best restaurant possible. During the due diligence period, Cooper Avenue conducted several meetings with the City of Miami Beach. The City made it very clear that the air conditioning units were required to be placed on the lower floor ramp and specifically were not approved to be set on the roof, due to the City's design restrictions. Today, although the City has agreed to fully cooperate and allow the movement of the air conditioning units, the process is still moving slowly. As a result, the same issues that were complained about in October are still present today and have continued to substantially undermine the success of the Restaurant. The air conditioning cannot handle more than a minimum of customers and therefore the initial opening, instead of providing a foundation for success has become an on-going saga of failure, through no fault of Cooper Avenue.

Cooper Avenue is trying very hard to survive, but the financial burden is being placed entirely on its shoulders. Cooper Avenue has been pouring significant amounts of money into operating expenses to overcome the air conditioning failure. We are also exploring the legal liability of all of our contractors. We are requesting that the City work with Cooper Avenue so that we can create a win-win situation. Therefore, we request the following:

- The security deposit be applied to the October, November and December rent. We are simply asking that the escrow deposit be expedited to cover these three months of rent. As you know, these funds are designated already to act as a credit at the end of the second and third year.
- Beginning January, 2013 that Cooper Avenue be provided a fifty percent (50%) rent abatement for twelve (12) months. This will allow the City to participate in ameliorating some of the issues associated with the air conditioning.



MITRANI RYNOR
ADAMSKY TOLAND

ATTORNEYS

City Manager's Office
City of Miami Beach
Nov. 21, 2012
Page 3

- The cost to move exhaust and air conditioning will be shared by the parties through good faith negotiations, and will help facilitate a resolution with the New World Symphony.

Given the length of the lease, the obvious upgrade the Restaurant provides to Lincoln Road and the favorable impression the Restaurant will make, once the air conditioning is fixed, its survival benefits everyone.

This is a **very urgent matter**. Therefore we are requesting to be placed on the City of Miami Beach December commission meeting agenda.

Kindly respond to me by Wednesday November 28, 2012. I look forward to hearing from you.

Very truly yours,

Jeffrey A. Rynor

Jeffrey A. Rynor

EXHIBIT C

OFFICE OF THE CITY ATTORNEY

City of Miami Beach

F L O R I D A



JOSE SMITH
City Attorney

Telephone: (305) 673-7470
Facsimile: (305) 673-7002

December 10, 2012

VIA E-MAIL AND REGULAR U.S. MAIL

Jeffrey A. Rynor, Esquire
Mitrani Rynor Adamsky Toland
301 Arthur Godfrey Road, Penthouse
Miami Beach, Florida 33140

Re: Lease Agreement (Lease) between the City of Miami Beach, Florida, the Miami Beach Redevelopment Agency (hereinafter collectively referred to as Landlord) and Penn 17, LLC (Tenant), involving the lease of approximately 7,665 square feet of ground floor retail space at the Pennsylvania Avenue Garage, 1661 Pennsylvania Avenue, Miami Beach, Florida (Premises)

Dear Mr. Rynor:

Although I understand that there was a subsequent meeting between City representatives and Mr. Ben Zion on December 6, 2012 to discuss the status of the above-referenced Lease, this letter shall address the requests made on behalf of Cooper Avenue, as set forth in your letter, dated November 21, 2012, to Interim City Manager Kathie Brooks, Assistant City Manager Jorge Gomez, and Acting Assistant City Manager Max Sklar.

While the City continues, in good faith, to work with Cooper Avenue with regard to its Lease, it **WOULD NOT** be in the City's best interest to apply the Tenant's Security Deposit to the outstanding rental amounts due to the City for the months of October, November, and December, 2012. Similarly, I have reviewed both the Lease and the sidebar agreements leading up to Lease execution and can find no reference in said documents in support of your argument that the Security Deposit was to be designated as a "credit" at the end of the second and third Lease years.

As to the issue of Cooper Avenue's request for a fifty percent (50%) rent abatement for a period of one year, commencing in January, 2013, the City Administration has agreed to refer your request to the City's Finance and Citywide Projects Committee. A referral item has been placed

1700 Convention Center Drive -- Fourth Floor -- Miami Beach, Florida 33139

for consideration on the agenda for the December 12, 2012 City Commission Meeting. If the referral is approved, then the request for rent abatement will likely be heard at the Committee's January 17, 2012 meeting.

As I said, while I believe the City has acted, and continues to act, in good faith with regard to the Lease, it is imperative that Cooper Avenue respond in kind. To that end, please consider this the City's SECOND REQUEST for payment of outstanding rent (the first request being made pursuant to our letter to Mr. Ben-Zion, dated, November 15, 2012, and attached as Exhibit "A" hereto).

At this time please note the following amounts as past due:

	Date Due	Base Rent	CAM	Penalties (1)	Add'l Fees(2)	Sales Tax	Total Due
October	10/14/2012	\$ 47,843.75	\$ 8,474.00	\$ 3,680.65	\$ 25.00	\$ 4,198.49	\$ 64,201.89
November	11/14/2012	\$ 47,843.75	\$ 8,474.00	\$ 3,680.65	\$ -	\$ 4,198.49	\$ 64,176.89
December	11/14/2012	\$ 47,843.75	\$ 8,474.00	\$ -	\$ -	\$ 3,942.24	\$ 60,259.99
Total Due:		\$ 143,531.25	\$ 25,422.00	\$ 7,321.31	\$ 25.00	\$ 12,339.22	\$ 188,638.78

Note (1) - 5% of past due amount(s) plus 1.5% of any amount past due by more than 15 days
Note (2) - Bank fee for returned check

Additionally, please also note that the City's request for other information (as also set forth in the 11/15/12 letter) have also not been responded to.

Again, since time is of the essence, please remit payment of past due rent, penalties, and additional fees (as set forth in the above table), in the amount of \$ 188,638.78, by no later than end of business on Thursday December 13, 2012.

Very truly yours,



Raul J. Aguila
Chief Deputy City Attorney

RJA/ed

cc: Kathie G. Brooks, Interim City Manager
 Jorge Gomez, Assistant City Manager
 Max Sklar, Acting Assistant City Manager
 Anna Parekh, Real Estate, Housing & Community Development Director
 Kent Bonde, Redevelopment Coordinator



MITRANI RYNOR
ADAMSKY TOLAND

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Jeffrey A. Rynor
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December 14, 2012

Raul J. Aguila
Chief Deputy City Attorney
1700 Convention Center Drive
Fourth Floor
Miami Beach, Florida 33139

Re: Lease Agreement (Lease) between the City of Miami Beach, Florida, The Miami Beach Redevelopment Agency (hereinafter collectively referred to as Landlord) and Penn 17, LLC (Tenant), involving the lease of approximately 7,665 square feet of ground floor retail space at Pennsylvania Avenue Garage, 1661 Pennsylvania Avenue, Miami Beach, Florida (Premises)

Dear Mr. Aguila:

Thank you for your letter of December 10, 2012.

I am sure you can appreciate that a properly cooled environment is crucial to the successful operation of a restaurant in South Florida. As recently as yesterday, it was 82 degrees in the restaurant and high profile patrons had to take off their suit jackets and eventually had to leave the restaurant because it was simply too hot.

As you know, Cooper Avenue has worked hard for the past three months with City officials to negotiate amendments to the lease that will allow the restaurant to survive and at the same time meet its financial obligations to the City of Miami Beach. The failure of the air conditioning has been a death sentence to the restaurant. Its reputation is compromised and it cannot function successfully with this air conditioning problem. The only possible solution is that after the air conditioner is fixed, the restaurant will have to reconfigure and rename itself and start anew to build a fresh reputation.

As a show of good faith, and despite being without fault, Penn 17 proposes to pay the rent for October today, as long as the City agrees that Penn 17 can meet with the finance committee during their December meeting. The purpose of the meeting is simply to give Penn 17 the opportunity to explore options that will



MITRANI RYNOR
ADAMSKY TOLAND

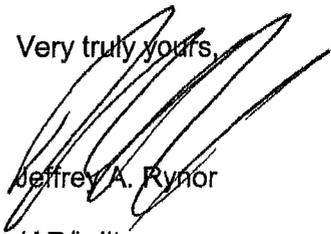
ATTORNEYS

allow the restaurant to survive, and at the same time satisfy its lease obligations. But for the air conditioning, this restaurant had the recipe for success, but no restaurant can survive without air conditioning in South Florida.

The demand that the restaurant pay for October, November and December rent in the face of this economic hardship caused in part by the City due to the air conditioning issues is simply not tenable, fair, or consistent with both parties' duties of good faith and other duties in this relationship.

This offer to pay October rent is of course without waiver of any of our respective clients' rights and claims. The hope is to find a win-win solution for this problem.

Very truly yours,



Jeffrey A. Rynor

JAR/bdl

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MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Members of the Finance and Citywide Projects Committee

FROM: Kathie G. Brooks, Interim City Manager

DATE: December 20, 2012

SUBJECT **DISCUSSION TO CONSIDER TWO LEASE AGREEMENTS: ONE LEASE WITH STATE REPRESENTATIVE DAVID RICHARDSON FOR 690 SQUARE FEET OF OFFICE SPACE CONSISTING OF SUITES 402A AND 402B LOCATED AT 1701 MERIDIAN AVENUE; AND ANOTHER LEASE WITH COMMISSIONER BRUNO BARREIRO FOR 412 SQUARE FEET OF OFFICE SPACE LOCATED ON THE GROUND FLOOR OF CITY HALL; SAID DISCUSSION TO INCLUDE THE SETTING AND ADVERTISING OF PUBLIC HEARINGS FOR THE JANUARY 16, 2013, COMMISSION MEETING**

BACKGROUND

State Representative David Richardson

On August 2012, David Richardson was elected by the voters to represent District 113 in the Florida House of Representatives, and he was sworn into office on November 20, 2012. Members of the Florida Legislature are each provided with a small budget to operate an office in the district that they represent.

The Miami Beach Visitors' and Convention Authority (VCA), which currently occupies approximately 541 square feet of space on the fourth floor of 1701 Meridian Avenue (hereinafter referred to as Suite 402A), intends to vacate the space in order to occupy a larger vacant space on the east side of the same floor. An additional 149 square foot space, adjacent to the current VCA office (hereinafter referred to as Suite 402B), is vacant and was previously used part-time on Tuesday mornings by staff from the office of Congresswoman Ileana Ros-Lehtinen. The Congresswoman no longer represents Miami Beach and does not need the space. Both spaces are depicted on the floor plan which is attached hereto and marked "Attachment 1."

Representative Richardson has viewed the current VCA space and the space vacated by Congresswoman Ros-Lehtinen and has determined that it meets his needs to serve as his district office.

The VCA is in the process of initiating the renovations for its future space and the VCA's contractor is currently in the permitting phase. Therefore, and until the VCA can vacate its currently occupied space, Representative Richardson has requested use of Suite 402B until the VCA vacates Suite 402A, and then will occupy both spaces. In the meantime, the temporary use of Suite 402B will allow Representative Richardson's office to begin to conduct its operations, install equipment, print business cards, and more importantly provides a space for constituents to meet with him.

Throughout Florida there is precedent for the provision of affordable municipal office space to State Representatives. For example, the City of Vero Beach leases office space to Representative Debbie Mayfield for \$185 per month; Representative Martin Kiar utilizes office space at Parkland City Hall; Senator Alan Hays leases space in Deland City Hall for

\$200 per month. Additionally, Congressman Alcee Hastings rents space at Delray Beach City Hall for \$300 per month.

Florida House District 113 includes all of the City of Miami Beach, North Bay Village, and part of Downtown Miami and East Little Havana. It is in the City's best interest to have Representative Richardson's district office centrally located and accessible to the majority of his constituents, and to the residents of Miami Beach. The City has provided low cost or free office space to other governmental entities in the past, such as County Commissioner Bruno Barreiro, the Miami-Dade Clerk of Courts, and Congresswoman Ileana Ros-Lehtinen's staff.

Miami-Dade County Commissioner Bruno Barreiro

The City will also work with County Commissioner Bruno Barreiro to enter into a lease agreement for the use of 412 square feet of space on the ground floor of City Hall. Commissioner Barreiro's staff indicated a lease had been approved at one time. However, the Administration is not able to locate a previous lease between the City and Commissioner Barreiro at this time. It is in the City's best interests to memorialize the terms of the use of City-owned space for the benefit of our residents.

Commissioner Barreiro was first elected as a Miami-Dade County Commissioner in 1998 and has been re-elected for subsequent terms to represent District 5, which includes portions of the City of Miami Beach. Soon after being first elected, Commissioner Barreiro began using City space known as the Answer Center (located between the main entrance elevators in City Hall and currently occupied by Community Services) to meet with City residents and attend to constituents' needs in a convenient and accessible government location. In approximately 2001, Commissioner Barreiro moved his City Hall office to the 412 square foot space on the ground floor of City Hall. Commissioner Barreiro was most recently re-elected in November 2012 and wishes to continue to occupy City space in order to continue serving Miami Beach residents with their constituent needs. Commissioner Barreiro's current rent is \$1 per year. The space occupied by Commissioner Barreiro's office is depicted on the floor plan which is attached hereto and marked "Attachment 2."

ANALYSIS

The 690 square foot space to be occupied by Representative Richardson could command, in an open market, approximately \$35 per square foot gross. The City currently leases space to a physician on the 4th floor, adjacent to the VCA space, at \$37.61/sf, which includes \$6.00 per square foot for operational expenses (utilities and common area maintenance expenses) and .90 per square foot for insurance. Cleaning and trash removal within the office/leased space is not included in the rent. The office space in the 1701 Meridian Avenue building is not assessed real estate taxes by Miami-Dade County. At fair market rent, the 690 square foot space could lease for approximately \$24,150 per year.

The 412 square foot space occupied by Commissioner Barreiro could command a similar or higher rent per square foot than the office space at 1701 Meridian Avenue because it is ground-floor space and is located in the City Hall building. However, the limited size may be a factor. The City does not currently charge rent for this space. The maintenance for this office is included in the City's janitorial contract and includes trash removal and vacuuming services. While we do not charge Common Area Maintenance or insurance charges to Commissioner Barreiro, our estimated CAM costs would be \$6.90/sf, which is what we are charging the doctor in the 1701 Meridian Avenue leased space. In an open market, Commissioner Barreiro's space could lease for approximately \$14,420 per year.

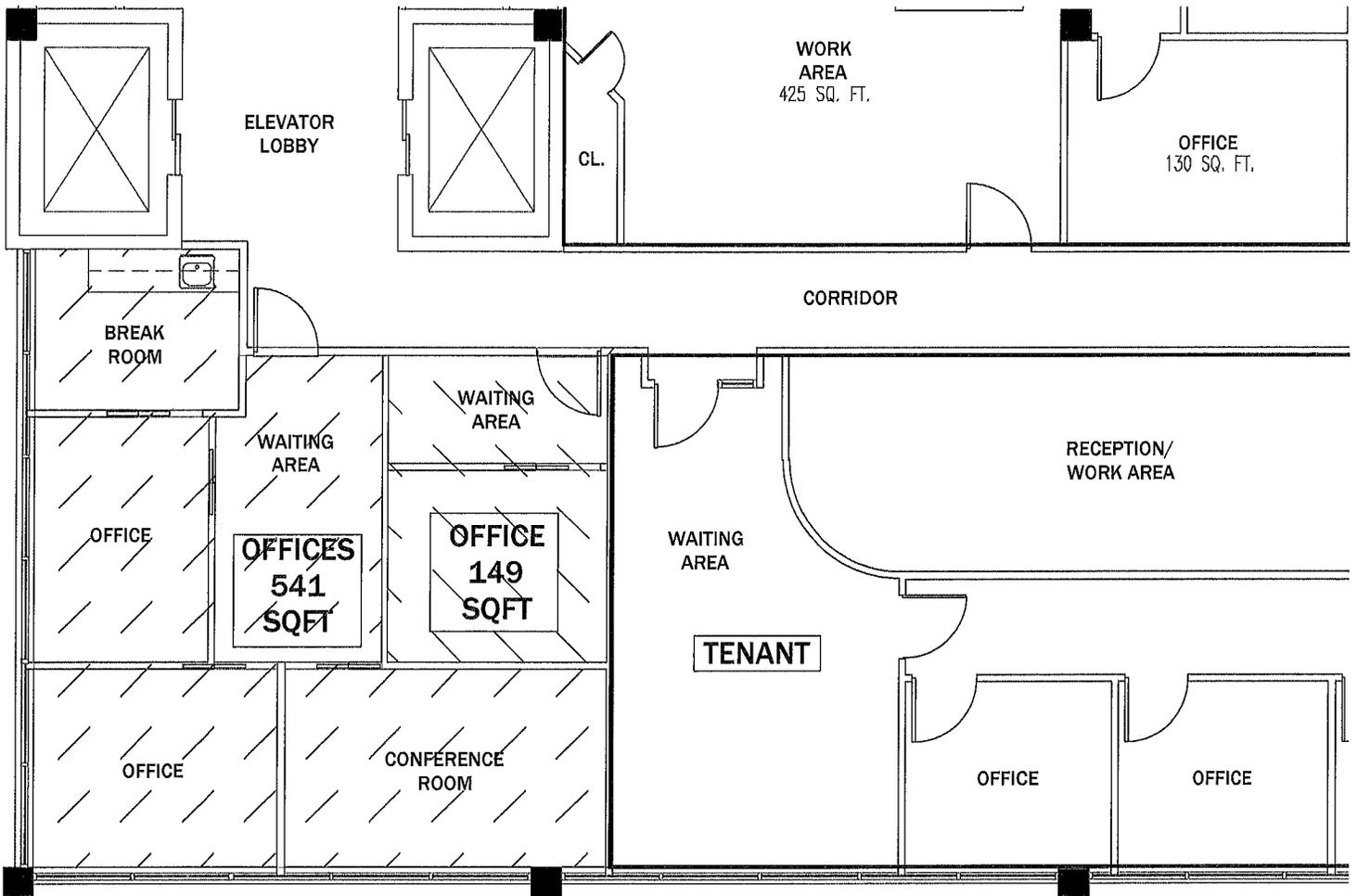
CONCLUSION AND RECOMMENDATION

While the City could command fair market rents for the use of the two spaces, the current use of ground floor space by Commissioner Barreiro, and the proposed use of office space on the 4th floor by Representative Richardson facilitate enhanced public service to constituents. The City's contribution in making City space available for Miami Beach residents to meet with their County and State elected officials outweighs the benefits of collecting fair market rent for these properties.

Therefore, the Administration recommends that the F&CWPC accept the Administration's following recommendations, which would be subject to the City Commission's approval:

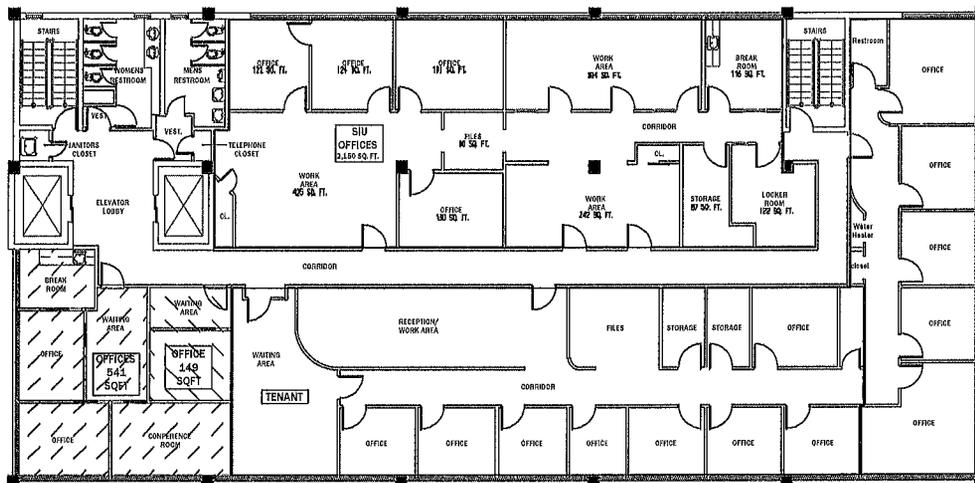
- Approve the City entering into a Lease Agreement with Representative David Richardson (and/or the Florida House of Representatives) for the use of 690 square feet of space located on the 4th floor of 1701 Meridian Avenue, for the total annual rent of \$4,761 (or \$397/mo). The recommended rent represents \$6.90 per square foot to cover the City's common area maintenance costs and insurance expenses.
- Approve the City entering into a Lease Agreement with Commissioner Bruno Barreiro (and/or the Miami-Dade Board of County Commissioners) for the use of 412 square feet of space currently occupied in the ground floor of City Hall, 1700 Convention Center Drive, for one dollar per year. The one dollar represents legal consideration and is intended to honor the previously agreed upon terms for the use of the space. The recommendation to enter into a formal Lease Agreement is intended for the purpose of memorializing the agreement for the use of the space.

KGB/MAS/AP 



OFFICE PLAN

SCALE: 1/8" = 1'-0"



FOURTH FLOOR PLAN

SCALE: NTS

1 of 1

REVISION LIST:
 12/1/2012
 DATE: 12/1/2012
 APPROVED BY:
 DRAWN BY:
 CHECKED BY:
 SHEET NO.:

PROJECT TITLE:
 4th Floor Office Space
 777 Building
 1701 Meridian Avenue

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MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Kathie Brooks, Interim City Manager

[Handwritten signature] for K.G.B.

DATE: December 20, 2012

SUBJECT: **A DISCUSSION REGARDING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR THE INSTALLATION AND OPERATION OF CITYWIDE AUTOMATED TELLER MACHINES AT VARIOUS CITY-OWNED PROPERTIES AND FACILITIES, APPROVED BY THE CITY COMMISSION ON MARCH 21, 2012**

BACKGROUND

On March 21, 2012, the City Commission approved the issuance of a Request for Proposals (RFP) to establish a contract for the installation, operation, maintenance, and management of automated teller machines (ATMs) to be located at various City-owned properties and facilities. The issuance and purpose of the RFP was intended to provide a service to the public while generating revenue for the City. At that time, 20 locations were contemplated, subject to further City approvals. The RFP was written and ready to be issued, however, the determination of the 20 locations proved to be burdensome due to several factors. The RFP was never issued and the Administration is unsure as to the feasibility of issuing the RFP in the foreseeable future.

ANALYSIS

Prior to issuing the RFP, several rapidly evolving business and industry factors should be taken into consideration, such as advances which have enabled commercial operators to accept debit cards, and which have facilitated the installation of debit card readers on most vending machines and in parking facilities. Also, ATM operators are trending towards generating a majority of their revenues from advertising and are therefore seeking highly visible locations. There may also be legally required lighting requirements which must be researched and taken into consideration prior to determining the preferred sites for the machines. Finally, the City should more closely consider the most suitable locations for the ATM machines with particular attention paid to regulatory requirements and restrictions, as well as the best options and feasibility from an end-user perspective.

RECOMMENDATION

In light of the stated concerns about proceeding with an RFP for ATM services, the Administration believes that an Industry or Peer Review process should be conducted prior to the issuance of an RFP and that until that process, or another course of action, is determined by the City Commission, that the direction to issue an RFP for ATMs be rescinded.

KAB/MAS/AP/MM

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MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Kathie G. Brooks, Interim City Manager *Kathie G. Brooks for KGB*

DATE: December 20, 2012

SUBJECT: **DISCUSSION OF THE CURRENT MANAGEMENT AND OPERATIONS OF THE CITY'S MIAMI BEACH GOLF COURSES, CLUBHOUSES AND RELATED FACILITIES AND OPTIONS/DIRECTION FOR THE FUTURE MANAGEMENT AGREEMENT**

INTRODUCTION

This matter was referred by the Mayor and Members of the City Commission at the February 8, 2012 Commission meeting. The item was included in the April 19, 2012 FCWPC agenda and following a brief discussion referred to the July 10th meeting for further discussion. Attached for your information is the July 10, 2012 agenda item.

BACKGROUND

The Finance and Citywide Projects Committee discussed the management of the City's golf courses at its July 10, 2012 meeting. More specifically, the members focused on the success of PCM has had in operating the City's golf courses and clubhouses since the initiation of the first full-service management agreement was implemented in 2003. It was stated that for the term of the management agreements, PCM has managed the City's golf clubs at high service levels, and has received positive comments from the City's residents, tourists and day guests with no complaints to the Commission or the Administration.

The Committee also discussed whether the City should prepare a Request for Proposals (RFP) to be issued with the intent of having a new management agreement presented to the City Commission as soon as possible, or to waive the competitive bidding process and enter into negotiations with PCM for the continued management and operations of the City's Golf Courses, Clubhouses and Related Facilities.

Chairperson Weithorn stated that PCM should give the City additional benefits in consideration of waving competitive bidding. Commissioner Tobin felt that the contract should go out to bid to see what the market is like. At the conclusion of the discussion the Committee recommended the contract be extended on a month-to-month basis, that the Administration meet with PCM to negotiate terms of a new agreement; simultaneously that staff provide more detailed information on the cost of other golf course management companies and how the golf courses are maintained and report the results of the negotiations and golf course comparisons back to the Committee for further direction.

On September 10, 2003, The Mayor and City Commission authorized the execution of a management agreement for the Miami Beach Golf course, clubhouse and related facilities. The term of the agreement was for an initial period of three (3) years, effective October 1, 2003 and expiring on September 30, 2006, with two (2) one year terms, on a year to year basis.

Subsequently the Mayor and City Commission approved to waive the competitive bidding process and approve a management agreement between Professional Course Management II, LTD., (PCM) and the City, which commenced on October 1, 2007 and expired on September 30, 2012. Currently, the City is on a month-to-month agreement with PCM.

ANALYSIS

Current Fee Structure vs. Proposed Option

The fee structure included in the previous management and operations agreements between the City of Miami Beach and Professional Course Management (PCM) was as based on an annual management fee of \$125,000 per golf course plus a 10% incentive fee earned only after revenue of \$1.875M is attained at each golf course individually, and the debt service at each golf course is addressed. The 10% incentive was subsequently modified in the summer of 2010 in the form of a voluntary reduction to 8%, by PCM. This represented a savings to the City in FY 2010-11 of approximately \$40,000 and \$36,000 in FY 2011-12. This goodwill gesture by PCM was in recognition of the challenges the City was facing in light of the financial crisis and recession we were in at that time and for consideration of the City agreeing to extend the current agreement for the remaining available time.

Attached for your review is a worksheet outlining the current terms of the agreement, including the voluntary reduction of incentive fee mentioned above, and the negotiated proposed terms agreed to by PCM for future years' management agreement, contemplated to be for 3 years, plus two (2) one year extensions. Additionally, we have also included a column outlining potential savings, based on historical averages of prior year actuals to the negotiated terms. The following points summarize the baseline management fee and the incentive fees paid to PCM since the inception of the initial agreement:

- The Management Fee for each golf course was established at \$125,000 annually. This fee has not increased over the past nine years;
- PCM is currently required to achieve minimum annual gross revenue of \$1.875 M at each golf club before the 10% Incentive Fee can be earned. The incentive fee is earned in full provided that the "net operating income before debt service equals or exceeds \$800,000 per year at the Miami Beach Golf Club and \$410,000 per year at the Normandy Shores Golf Club.
- The Incentive Fee at Normandy Shores Golf Club has never been earned for this club;
- Since re-opening (complete fiscal years 2004 – 2012) the average Incentive Fee earned at the Miami Beach Golf Club has been \$191,205.

Please see the attached Statement of Operations for the Miami Beach and Normandy Shores Golf Clubs for a comprehensive summary of revenues and expenditures.

The following is a summary of the key points that were discussed and negotiated:

- Yearly Management Fee charge per Golf Course (Miami Beach, Par 3 and Normandy)
- Incentive Fee percentage
- Incentive Fee Revenue thresholds
- Debt Service Provision (must cover Debt Service to earn full Incentive fee)
- A capped Incentive Fee
- Incentive Fee "pay-back" if Revenues are not met

<u>Yearly Management Fee:</u>	<u>Current</u>	<u>Proposed</u>
Miami Beach	\$ 125,000	\$ 125,000 plus CPI or 3% yearly
Normandy	\$ 125,000	\$ 125,000 no CPI or yearly adjustment
Par 3	-0-	-0-
<i>(Please note that the estimated fee to manage a new Par 3 golf course to be included at no cost by PCM is estimated between \$36,000 and \$48,000 annually.)</i>		

<u>Incentive Fee</u>	<u>Current</u>	<u>Proposed</u>
Miami Beach	8% over \$1.875M (after Debt Service)	Cap of \$ 125,000 to \$ 3.9M in Revenue plus 5% over \$ 4M in revenues
Normandy	8% over \$ 1.875M (After Debt Service)	7% over \$1.8M in revenues
Par 3	-0-	-0-
<u>Debt Service Provision</u>	<u>Current</u>	<u>Proposed</u>
Miami Beach	Must meet Debt Service (\$ 800,000)	Same
Normandy	Must meet Debt Service (\$ 400,000)	Eliminated
Par 3	n/a	n/a
<u>Incentive Fee "pay-back" Provision</u>		
Miami Beach	No	Approx. 8% of revenues below \$ 3.9M
Normandy	No	No
Par 3	No	No

Assuming a yearly revenue stream at the Miami Beach Golf Club of \$ 4 Million and yearly estimated revenue of \$ 1.8 Million at the Normandy Golf Club, the anticipated average yearly net savings to the City would amount to \$ 25,000 from the current agreement and approximately \$75,000 per year from the original agreement(s).

Additionally, as requested, attached please find comparison of a South Florida municipal golf course/clubhouse/related facilities management and operation agreements prepared by the administration which provides more detailed information on the cost of other golf course management companies, agreement terms and extensions etc.

CONCLUSION

Professional Course Management II, Ltd. has successfully managed and operated the City's golf courses and clubhouses since October 1, 2001. The current agreement expired on September 30, 2012 and we are now on a month-to-month with them as authorized by the City Commission on September 12, 2012. After extensive good faith efforts between the City and PCM to negotiate a new fee structure with additional benefits to the city in consideration of waving competitive bidding process, as directed by this Committee on July 10, 2012, the Administration and PCM have reached the following terms for a fee arrangement that:

- Caps the incentive paid to PCM when certain revenue thresholds are met;
- Provides for a "pay-back" provision when revenue thresholds are NOT met;
- Incentivizes PCM at a lower rate than the current agreement provides for on higher revenues collected;
- And based on historical averages, saves the City an average of:
 - \$ 25,000 per year based on the current fee structure with the voluntary reduction currently in place, or
 - \$ 75,000 per year based on the original Agreement.

The Administration is seeking the guidance and direction of the Finance and Citywide Projects Committee to assess and evaluate the success of this contractual relationship with Professional Course Management II, LTD., and to discuss the options and future actions for the on-going management and operations of the City's Golf Courses, Clubhouses and Related Facilities. At this time the options are to;

- Direct the Administration to prepare a Request For Proposals (RFP) for the Management and Operations of the City's Golf Courses, Clubhouses and Related Facilities to be issued as soon as possible; or

- Direct the Administration to prepare a Commission action recommending the waiving the competitive bidding process and prepare a new agreement with Professional Course Management for the continued management and operations of the City's Golf Courses, Clubhouses and Related Facilities based on the terms negotiated with the intention of having an agreement ready as soon as possible.

Attachments

KGB/MAS/KS/JEM

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MIAMI BEACH & NORMANDY GOLF CLUBS

Incentive Analysis/Comparisons

	<u>PROPOSAL</u>		<u>ACTUALS</u>				<u>SAVINGS (cost) FROM ACTUAL</u>			
	Normandy Shores	Miami Beach	Normandy Shores Fiscal Yrs 2004-2009	Normandy Shores Fiscal Yrs 2010-2012	Miami Beach Fiscal Yrs 2004-2009	Miami Beach Fiscal Yrs 2010-2012	Normandy Shores	Miami Beach	Miami Beach Fiscal Yrs 2004-2012	Miami Beach Fiscal Yrs 2010-2012
Debt Service Provision:	None	Incentive fee is earned in full according to schedule, provided the "net operating income per year before debt service equals or exceeds <u>\$800,000</u>	Incentive fee is earned in full according to schedule, provided the "net operating income per year before debt service equals or exceeds <u>\$400,000</u>		Same provision- at <u>\$ 800,000</u>					
										(Proposal Minus Actual)
Yearly Management Fee										
<u>Adjusted by CPI or 3%, whichever is less</u>	\$ 125,000 n/a	\$ 125,000 CPI/3%	\$ 125,000 n/a	\$ 125,000 n/a	\$ 125,000 n/a	\$ 125,000 n/a	n/a	Yr. 1 Yr. 2 Yr. 3 Yr. 4 Yr. 5 Net 5 yr Cost <u>Avg/yr</u> <u>Cost to City</u>	\$0 -\$3,750 -\$7,615 -\$11,600 -\$15,700 -\$38,665 -\$7,750	\$0 -\$3,750 -\$7,615 -\$11,600 -\$15,700 -\$38,665 -\$7,750
<u>Par 3 Included- No additional Fee</u>	\$ -	\$ -			\$ -	\$ -			\$ -	\$ -
Basis for Incentive										
Normandy - Revenues over \$ 1,800,000 *** Miami Beach - Revenues over \$ 4,000,000	7%	5%	10% (Revenues over \$ 1.875 M)	8%	10%	10% (2010) 8% (2011-12) (Revenues over \$ 1.875 M)	1%			3%
Basis for Incentive Cap										
	n/a	Based on Average of \$3,900,000 Incentive Bonus to \$ 3.9 M Capped (approx 6%) If Revenues of \$ 3.8M If Revenues of \$ 3.7M If Revenues of \$ 3.6M If Revenues of \$ 3.5M If Revenues of \$ 3.4M	\$ 125,000 \$ 115,500 \$ 107,500 \$ 99,500 \$ 91,500 \$ 83,500	\$0	\$0	\$ 207,695.00 (Average Incentive Paid)	\$ 158,225	n/a	\$82,695	\$33,225
								n/a	\$74,945	\$25,475
										(Average Yearly Net Savings to the City)
Average Revenues	Normandy Fiscal Yrs 2010-2012	Miami Beach Fiscal Yrs 2004-2012	Normandy Shores		Miami Beach Fiscal Yrs 2004-2009	Miami Beach Fiscal Yrs 2010-2012				
	\$ 1,700,979	\$ 3,888,802	Average	\$ 1,700,979	\$ 3,977,446	\$ 3,709,160				

Municipal Golf Course/Clubhouse/Related Facilities Management Operations Agreement Comparison

CATEGORY	CITY OF MIAMI BEACH	CITY OF CORAL GABLES	CITY OF MIAMI	CITY OF PEMBROKE PINES	CITY OF PLANTATION	CITY OF SUNRISE
GOLF COURSES/CLUBS MANAGED	Miami Beach (18 hole/ 6,813 yards/ Par 72) Golf Course and Clubhouse (w/Par 3) & Normandy Shores (18 hole/ 6,805 yards/ Par 71) Golf Course and Clubhouse	Biltmore (18 hole/ 6,742 yards/ Par 71) & Granada (9 hole/ 3001 yards/ Par 36) Public Golf Courses	International Links / Mel Reese Country Club (18 hole/7,173 yards/ Par 71) Golf Course & Clubhouse	Pembroke Lakes (18 hole/ 6,815 yards/ Par 72) Golf Course & Clubhouse	Plantation Preserve (18 hole/7,148 yards /Par 72) Golf Course & Clubhouse	Seven Bridges At Springtree (18 hole/ 4,042 yards/ Par 62) Executive Golf Course & Clubhouse
MANAGEMENT COMPANY	Professional Course Management II, LTD (PCM)	The Biltmore Hotel Management LLC.	DeLucca Enterprises, Inc.	Professional Course Management (PCM)	Guidant Management, Inc.	Guidant Management Group, LLC.
INITIAL MANAGEMENT TERM AND COMMISSION APPROVED EXTENSIONS	<u>Initial Term</u> - 10/1/2003 - 9/30/2006 with two (2) one year renewals on a year to year basis - City exercised 1st year renewal (Normandy Shores Golf Course was closed for construction at during this period). <u>9/5/2007</u> City Commission Approved Bid Waiver & approved a New Agreement with PCM 10/1/2007 - 9/30/2012. NOTE: PCM also was awarded the a concession agreement for the food and beverage and pro-shop merchandized sales at both city golf courses to coincide with the golf management agreements.	<u>Initial Term</u> 10/1/2003 - 10/1/2028	<u>Initial Term</u> 6/2004 - 12/2007 <u>1st Amendment</u> 12/31/2007 - 9/20/2008 <u>2nd Amendment</u> 1/1/2008 - 9/30/2011 <u>3rd Amendment</u> 10/1/2011 - 9/30/2021 (and may extend for an additional 5 years through 9/30/2026.)	<u>Initial Term</u> 10/2/1996 - 10/30/2001 <u>1st Renewal</u> 11/15/2001 - 11/15/2006 <u>2nd Renewal</u> 11/15/2006 - 11/15/2011 <u>3rd Renewal</u> 11/15/2011 - 11/15/2016 (with an option to renew for an additional five years upon mutual agreement of the parties.)	<u>Initial Term</u> 10/1/2003 - 9/30/2008 <u>1st Renewal</u> 10/1/2008 - 9/30/2013	<u>Initial Term</u> 9/1/2010 - 9/1/2014 with City's right to renew the contract for two (2) additional two (2) year periods under the same terms and conditions.
ANNUAL MANAGEMENT FEE & INCENTIVE FEE OR BONUS FOR CURRENT AGREEMENTS	<u>Management Fee:</u> \$125,000 per golf course + <u>Incentive Fee:</u> 10% on all gross revenues over \$1,875,000 at each golf course, separately, annually. Incentive fee is earned in full provided the "net operating income before debt service equals or exceeds \$800,00 per year at the Miami Beach Golf Club and \$410,000 at the Normandy Shores Golf Club. PCM has never attained the incentive benchmark at the Normandy Shores Golf Club. In 2010, PCM voluntarily proffered a 20% reduction in the contractually agreed upon Incentive Fee. This offer was made in recognition of the financial challenges facing the City and in consideration of the City agreeing to extend the current agreement for the two (2) remaining successive one (1) year renewals. In 2011, based on year-end financial statements this 20% reduction represented a cash value/ reduction in expenditures of \$40,363 less to the city. It is estimated this reduction will represent approximately \$35,000 in F.Y. 2012. PCM II, LTD., also has individual management agreements for Food and beverage (including the restaurant) and Pro Shop Merchandise sale at each golf club. The City is paid five percent (5%) of monthly gross revenues. <u>In F.Y. 2011-12 PCM earned the following fees and incentive payments:</u> <u>Miami Beach Golf Club</u> Management Fee: \$125,000 + Incentive Fee: \$140,809 <u>Normandy Shores Golf Club</u> Management Fee: \$125,000 + Incentive Fee: \$-0- Total Fees Paid to PCM in	<u>Basic Compensation: Biltmore Golf Course - The MANAGER PAYS THE CITY</u> an annual fee in a amount equal to Three Hundred Thousand Dollars (\$300,000) ("Base Fee") and amount equal to nine (9%) percent of annual revenue generated by the golf course ("Percentage Fee") to the extent such percentage fee is greater than the Base Fee. The Balance of any revenues derived from the Golf Course and the operation thereof, shall be retained by the <u>Manager</u> . <u>Granada Golf Course</u> - A one time payment will be made of two hundred fifty thousand dollars (\$250,000) to assist the City in the upgrading of the Granada Golf Course. The \$250,000 will be repaid by crediting to the <u>MANAGER</u> any percentage fee that may be earned by the City until <u>MANAGER</u> is fully repaid. <u>Granada Golf Course Pro-Shop</u> 5% of all Granada Pro-Shop revenues is paid to the City. <u>Granada Golf Course Management:</u> Agreement to be negotiated.	<u>Base Compensation:</u> As of the Effective Date, the annual compensation payable to DeLucca Enterprises shall be equal to Two Hundred Thousand Dollars (\$200,000) increased by an annual three (3%) during any Fiscal Year of the City in which the General Employees, Police Employees, Fire Rescue Employees, and Sanitation Employees of the City receive any cost of living or across-the-board increase ("Base Compensation"). The City shall also pay Provider additional incentive compensation (" <u>Incentive Compensation</u> ") for increased responsibilitiesincluding new clubhouse, restaurant, bar, retail golf pro-shop, tennis courts and family golf learning center, in an amount equal to thirty percent (30%) of any Net Operating Surplus derived from the operations of the Golf Course Facilities during each Fiscal Year of such operations... beginning with the Fiscal Year ending September 30, 2012. <u>Based on the terms of the current management agreement it is estimated that in F.Y. 2011-12 DeLucca Enterprises earned \$200,000 + undisclosed incentive compensation.</u>	<u>Management Agreement:</u> The current agreement is \$100,000 per year for the golf course management component. Additionally the City reimburses PCM \$317,279 for their staffing costs and \$625,467 for maintenance of the golf course. The agreement extension has no increase for maintenance and staffing for the first two years of the agreement and a 3% annual increase for years three through five. The staffing and maintenance expenditures include 15% for Overhead and Profit. There is no increase for the management component for the duration of the agreement. <u>Pro-Shop Management Fee:</u> PCM receives a fee of \$15,000 annually for the managing the Pro-Shop. Additionally, PCM manages the <u>Food & Beverages Concessions</u> (including a restaurant) paying the City five percent (5%) of the gross revenues. <u>Based on the above the total cost paid to PCM by the City of Pembroke Pines in F.Y. 2011-12 was approximately \$256,411.</u>	Monthly Management Service Base Periodic Fixed Fee and is reimbursed for its employees and equipment expenses in accordance with the CITY (Plantation) approved budget each year. The Contractor charges an additional 3% fee of total gross payroll expenditures for the expense of administering the Human Resources related activities such as payroll, insurances etc. This is estimated to be between \$35,000 - \$40,000 per year of which the contractor retains approximately 25% as P/OH. Additionally, a salary of the management company executive is paid in the city's reimbursement for employees. This is an estimated benefit of \$90,000. The current rate for October 2012 through September 2013 is \$9,750 per month/ \$117,000 per year. Productivity Award in addition to the monthly management fixed fee, GUIDANT shall be eligible receive a yearly productivity award contingent upon accomplishing specific goals/objectives established by the Mayor and Commission The annual award shall not exceed 15% of the sum of the monthly services basic fee and is payable at the City's sole discretion. According to Guidant Management, Inc., the Productivity Award has not been received in the past 3 budget years. <u>Based on the above information, it is estimated that Guidant Management, Inc., earned approximately \$217,000 in F.Y. 2011-12.</u>	<u>Monthly Management Fee</u> of \$89,978.00 - inclusive of all Contractor expenses, labor, overhead and profit. NOTE: not included in contractor expenses - The City of Sunrise pays for all capital expenditures as well as golf carts, golf course chemicals and fertilizers, fuel (gasoline), utilities - electric, water, sewer, natural gas and telephone and cable service. <u>Concession Services</u> (food & beverage and Pro Shop) and <u>Golf Pro Services:</u> (Golf lessons and clinics) - the Contractor receives 80% of monthly gross revenue (less charge-backs). This agreement also includes a <u>Financial Performance Incentive</u> - based on improving the actual revenues of the Springtree Golf Course, as compared to the Total Estimated Revenues in the adopted FY 2008/09 budget. The incentive is a sliding scale of 0% - 20% of the incremental improvement. (Monthly management fee is fixed for initial contract term. Additionally, Upon request of the Contractor, the Fee will be adjusted annually for any renewal periods... in an amount equal to the percentage change in the most recently released CPI.) <u>Based on the above information and information provided by the contractor, it is estimated that in F.Y. 2011-12 the Guidant Management Group, LLC., earned approximately \$150,000 + unstated proceeds from the 80% concession and golf pro services revenues.</u>

MIAMI BEACH GOLF CLUB

Summary Statement of Operation Fiscal Years 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012

REVENUES	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Totals
Golf Memberships	\$ 356,375.33	\$ 468,730.41	\$ 551,292.67	\$ 645,852.20	\$ 719,369.32	\$ 739,473.00	\$ 602,126.00	\$ 559,952.00	\$ 557,082.00	\$ 5,200,252.93
Cart Fees	\$ 794,179.97	\$ 860,729.00	\$ 844,428.00	\$ 860,068.00	\$ 817,758.77	\$ 987,401.00	\$ 1,009,272.00	\$ 1,075,302.00	\$ 1,001,409.00	\$ 8,250,547.74
Green Fees	\$ 2,068,276.22	\$ 2,462,370.59	\$ 2,471,500.49	\$ 2,504,218.31	\$ 2,374,481.90	\$ 1,797,415.00	\$ 1,694,481.00	\$ 1,927,327.00	\$ 1,754,441.00	\$ 19,054,511.51
Range Fees	\$ 81,800.69	\$ 93,295.66	\$ 111,892.23	\$ 114,395.46	\$ 155,379.44	\$ 173,281.00	\$ 162,933.00	\$ 184,059.00	\$ 173,951.00	\$ 1,250,987.48
Restaurant	\$ 20,875.99	\$ 27,242.58	\$ 36,968.11	\$ 41,174.96	\$ 39,680.44	\$ 37,908.00	\$ 35,799.00	\$ 43,111.00	\$ 40,313.00	\$ 323,073.08
Pro Shop	\$ 44,184.12	\$ 36,441.58	\$ 40,270.49	\$ 41,152.17	\$ 40,713.11	\$ 36,054.00	\$ 34,305.00	\$ 39,031.00	\$ 36,380.00	\$ 348,531.47
Golf Lessons	\$ 50,575.19	\$ 55,343.90	\$ 57,280.05	\$ 65,221.57	\$ 75,039.32	\$ 64,586.00	\$ 60,226.00	\$ 64,391.00	\$ 71,588.00	\$ 564,251.03
Total	\$ 3,416,267.51	\$ 4,004,153.72	\$ 4,113,632.04	\$ 4,272,082.67	\$ 4,222,422.30	\$ 3,836,118.00	\$ 3,599,142.00	\$ 3,893,173.00	\$ 3,635,164.00	\$ 34,992,155.24
Budget for Revenue	\$ 3,133,665.00	\$ 3,590,300.00	\$ 3,863,350.00	\$ 4,092,200.00	\$ 4,073,450.00	\$ 4,204,300.00	\$ 3,861,408.00	\$ 3,768,825.00	\$ 3,927,600.00	\$ 34,515,098.00
EXPEDITURES										
Uniforms	\$ 7,866.60	\$ 4,196.44	\$ 7,671.64	\$ 2,136.54	\$ 14,828.35	\$ 7,586.42	\$ 10,568.23	\$ 9,827.00	\$ 8,664.00	\$ 73,345.22
Professional Services	\$ 1,456,602.29	\$ 1,409,445.19	\$ 1,417,850.69	\$ 1,552,354.92	\$ 1,542,455.33	\$ 1,402,570.40	\$ 1,258,372.75	\$ 1,240,650.00	\$ 1,164,832.00	\$ 12,445,133.57
Electricity	\$ 24,694.43	\$ 84,552.62	\$ 76,042.49	\$ 84,010.39	\$ 73,457.54	\$ 79,690.55	\$ 94,902.99	\$ 56,047.00	\$ 84,403.00	\$ 657,801.01
Water	\$ 356,961.46	\$ 275,204.05	\$ 354,411.55	\$ 250,202.83	\$ 347,178.70	\$ 390,838.33	\$ 356,477.30	\$ 543,989.00	\$ 465,842.00	\$ 3,341,105.22
Admin. Fees	\$ 136,158.16	\$ 114,587.00	\$ 125,004.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 1,125,749.16
Rent-Building & Equip.	\$ 108,223.77	\$ 173,585.53	\$ 119,380.08	\$ 190,170.80	\$ 284,696.66	\$ 276,897.82	\$ 284,740.03	\$ 249,859.00	\$ 294,163.00	\$ 1,981,716.69
PCM Bonus	\$ 140,267.00	\$ 211,215.10	\$ 224,071.00	\$ 239,708.30	\$ 234,796.20	\$ 196,111.80	\$ 172,414.20	\$ 161,454.00	\$ 140,809.00	\$ 1,720,846.60
Operating Expenses	\$ 469,364.47	\$ 583,292.88	\$ 562,896.30	\$ 636,960.63	\$ 572,105.02	\$ 403,971.30	\$ 381,283.21	\$ 356,300.00	\$ 307,876.00	\$ 4,274,049.81
Internal Service	\$ 1,477.32	\$ 137,187.86	\$ 146,875.52	\$ 188,763.86	\$ 221,999.67	\$ 280,506.75	\$ 241,369.26	\$ 250,873.00	\$ 289,715.00	\$ 1,758,768.24
Total	\$ 2,701,615.50	\$ 2,993,266.67	\$ 3,034,203.27	\$ 3,269,308.27	\$ 3,416,517.47	\$ 3,163,173.37	\$ 2,925,127.97	\$ 2,993,999.00	\$ 2,881,304.00	\$ 27,378,515.52
Budget for Expense & Int.Serv.	\$ 2,416,072.00	\$ 2,798,470.00	\$ 2,958,573.00	\$ 3,417,443.00	\$ 3,418,006.00	\$ 3,491,167.00	\$ 3,065,573.00	\$ 2,994,878.00	\$ 3,043,984.00	\$ 27,604,166.00
Net Operating Income	\$ 714,652.01	\$ 1,010,887.05	\$ 1,079,428.77	\$ 1,002,774.40	\$ 805,904.83	\$ 672,944.63	\$ 674,014.03	\$ 899,174.00	\$ 753,860.00	\$ 7,613,639.72
Budget- Net Operating Income	\$ 717,593.00	\$ 791,830.00	\$ 904,777.00	\$ 674,757.00	\$ 655,444.00	\$ 713,133.00	\$ 795,835.00	\$ 773,947.00	\$ 883,616.00	\$ 6,910,932.00

Normandy Shore Golf Course

Summary Statement of Operation Fiscal Year: 2010, 2011 and 2012

REVENUES	Actual 2010	Actual 2011	Actual 2012	Totals
Golf Memberships	\$ 158,970.00	\$ 145,357.00	\$ 161,852.00	\$ 466,179.00
Cart Fees	\$ 596,184.00	\$ 785,634.00	\$ 624,750.00	\$ 2,006,568.00
Green Fees	\$ 766,626.00	\$ 835,086.00	\$ 802,888.00	\$ 2,404,600.00
Range Fees	\$ 34,509.00	\$ 44,450.00	\$ 39,999.00	\$ 118,958.00
Restaurant	\$ 14,215.00	\$ 18,350.00	\$ 14,928.00	\$ 47,493.00
Pro Shop	\$ 7,214.00	\$ 9,145.00	\$ 8,715.00	\$ 25,074.00
Golf Lessons	\$ 10,069.00	\$ 13,484.00	\$ 10,512.00	\$ 34,065.00
Total	\$ 1,587,787.00	\$ 1,851,506.00	\$ 1,663,644.00	\$ 5,102,937.00

Budget for Revenue	\$ 1,870,130.00	\$ 1,735,330.00	\$ 1,877,519.00	\$ 5,482,979.00
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EXPEDITURES

Uniforms	\$ 7,803.40	\$ 7,000.00	\$ 8,417.00	\$ 23,220.40
Professional Services	\$ 814,217.09	\$ 857,057.00	\$ 794,030.00	\$ 2,465,304.09
Electricity	\$ 58,045.81	\$ 60,004.00	\$ 59,108.00	\$ 177,157.81
Water	\$ 37,319.98	\$ 37,999.00	\$ 237,716.00	\$ 313,034.98
Admin. Fees	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 375,000.00
Rent-Building & Equip.	\$ 242,815.09	\$ 233,587.00	\$ 218,203.00	\$ 694,605.09
PCM Bonus	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 265,248.43	\$ 223,542.00	\$ 199,979.00	\$ 688,769.43
Internal Service	\$ 127,714.75	\$ 146,069.00	\$ 172,971.00	\$ 446,754.75
Total	\$ 1,678,164.55	\$ 1,690,258.00	\$ 1,815,424.00	\$ 5,183,846.55

Budget for Expense & Int.Sev.	\$ 2,014,310.00	\$ 1,916,836.00	\$ 1,940,583.00	\$ 5,871,729.00
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Net Operating Income	\$ (90,377.55)	\$ 161,248.00	\$ (151,780.00)	\$ (80,909.55)
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Budget- Net Operating Income	\$ (144,180.00)	\$ (181,506.00)	\$ (63,064.00)	\$ (388,750.00)
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MIAMI BEACH

TO: Finance and Citywide Projects Committee Members

FROM: Kathie G. Brooks, Interim City Manager

DATE: July 10, 2012

SUBJECT: **DISCUSSION OF THE CURRENT MANAGEMENT AND OPERATIONS OF THE CITY'S MIAMI BEACH GOLF COURSES, CLUBHOUSES AND RELATED FACILITIES AND OPTIONS/DIRECTION FOR THE FUTURE MANAGEMENT AGREEMENT**

INTRODUCTION

This matter was referred by the Mayor and Members of the City Commission to the Finance and Citywide Projects Committee (FCWPC) at the February 8, 2012 Commission meeting. The matter was included in the April 19, 2012 FCWPC agenda and following a brief discussion was referred to this meeting for further discussion and recommendation.

On September 5, 2007, a new management agreement with PCM for the management and operations of the City's Miami Beach Golf Club (including the Par 3 golf course) and the Normandy Shores Golf Club, was approved by the City of Miami Beach Commission. This agreement commenced on October 1, 2007 and is due to expire on September 30, 2012.

The Administration is seeking direction from the Finance and Citywide Projects Committee on options for the on-going management and operations of the City's Golf Courses, Clubhouses and Related Facilities.

BACKGROUND

In the late 1990's the City Commission made a decision to focus the resources necessary to renovate and substantially improve the City's golf courses, clubhouses and facilities. At that time the City Commission made the decision that the Miami Beach Golf Course (formally the Bayshore golf course) would be renovated into a high quality tourist destination that would also serve our residents and the Normandy Shores course would be renovated as a high quality resident golf course with a price sensitive fee structure that gave our residents another high quality but lower priced golfing option. It was also envisioned that the City golf courses would be redesigned by a world class golf course architect and, when completed professionally managed and operated by a golf management company that was well established and reputable, experienced in the South Florida golf market, and has managed and operated golf course facilities similar to the quality proposed for Bayshore and Normandy following their renovations.

To this end the City retained the services of Arthur Hills & Associates, Golf Course Architects to redesign the Bayshore and Normandy Shores golf courses, and in the summer of 2000 issued (RFP) 125-99/00 for the comprehensive management and operations of the Miami Beach Golf Club, clubhouse and related facilities.

Timeline of Salient Contractual Points

The following provides a timeline reflecting the recent history of management of the City's golf courses.

- Summer 2000: the Mayor and City Commission authorized the Administration to issue a Request For Proposals (RFP) for the comprehensive management and operations of the City's Golf Courses, Clubhouses and Related Facilities to begin following the completion of the proposed renovations.

The RFP was issued on August 14, 2000, with bid notices being sent to 227 firms, which included 85 members of the National Golf Foundation (NGF) that were listed under the heading of "Management/Owner" of golf courses. In September of 2000, six firms responded to the RFP.

Pending the selection of the new management firm, on September 13, 2000, the Mayor and Commission authorized the Administration to enter into an agreement with the then management firm, Chuck Hart Management Group, Inc., for the professional management services for the City's golf courses commencing October 1, 2000 and concluding September 30, 2001. This agreement included a sixty (60) day cancellation clause for convenience and without cause; to be exercised at the will of the City giving consideration to the time it would take for the firm ultimately awarded management agreement to assume operations from the Hart Group, Inc.

- November 29, 2000: The Mayor and City Commission authorized the Administration to enter into negotiations with Professional Course Management II, Ltd., the firm deemed most qualified for the management of the City's Golf Courses, Clubhouses and Related Facilities. Following the Commission authorization the Administration initiated negotiations with PCM.
- September 5, 2001: The Mayor and Commission authorized the execution of an interim agreement with PCM to provide professional services for the management and operation of the Normandy Shores Golf Course and Par 3 Golf Course, while the Bayshore Golf Course was closed for reconstruction. The term of this agreement was October 1, 2001 through September 30, 2003, or immediately upon the closure of the Normandy Shores Golf Course for planned construction. PCM paid the City a monthly rent of \$6,000 and assumed a portion of the cost of equipment maintenance. The reconstruction of the Bayshore Golf Course (subsequently renamed the Miami Beach Golf Club) began in December, 2001.
- May 29, 2002: The Mayor and City Commission authorized an interim agreement with PCM for the services necessary to do the grow-in and the pre-opening marketing of the Bayshore Golf Course. The agreement commenced on June 1, 2002 and concluded on September 30, 2002, with the option to extend the agreement on a month-to-month basis pending the execution of the final comprehensive professional services agreement with Professional Course Management II, Ltd. The Miami Beach Golf Club reopened in December, 2002.
- September 10, 2003: In accordance with Request for Proposals (RFP No. 125-99/00), the Mayor and City Commission authorized the execution of a management agreement for the Miami Beach Golf course, clubhouse and related facilities. The term of the agreement was for an initial period of three (3) years, effective October 1, 2003 and expiring on September 30, 2006, with two (2) one year terms, on a year to year basis. PCM completed the grow-in for the new golf course, and in accordance with the above referenced RFP was also the company selected to manage the Normandy Shores Golf Club when it reopened.

The projected opening of the Normandy Shores Golf Club coincided with the conclusion of the PCM agreement and it was the Administration's opinion that possibly changing management companies just prior to or immediately after opening the new Normandy Shores Golf Club could have a negative impact on the future success of the City's golf courses.

- May 16, 2007: The Commission meeting the Administration requested *A discussion regarding the extension of the management agreement between the City of Miami Beach and Professional Course Management II, LTD., (PCM) for the management and operations of the Miami Beach Golf Club and the Normandy Shores Golf Club for a one year period* be referred to the Finance / Citywide Projects Committee for discussion.

The extension issue was discussed at the June 29, 2007, Finance/Citywide Projects Committee by the members. At the conclusion of the discussion it was the Committee's recommendation to waive the competitive bidding process and approve a management agreement between Professional Course Management II, LTD., (PCM) and the City for three years, plus two one year renewal options. Additionally the Committee recommended the inclusion of a ninety day termination clause for the management of the Miami Beach Golf Club and the Normandy Shores Golf Club. The agreement was to commence at the conclusion of the existing agreement on September 30, 2008. This action was subsequently reported to the full Commission on July 11, 2007, item C6D.

In subsequent discussions with the City's Legal Department it was determined that to exercise the option of beginning the new agreement at the conclusion of the existing agreement in 2008, could have jeopardized the nontaxable status of the bonds utilized to fund the construction of the golf courses. In consideration of this potential issue the Administration and PCM recommended terminating the last year of the existing agreement and entering into a new agreement effective October 1, 2007, under the same terms and conditions of the existing agreement.

- September 5, 2007: The new management agreement with PCM for the management and operations of the City's Miami Beach Golf Club (including the Par 3 golf course) and the Normandy Shores Golf Club, was approved by the City of Miami Beach Commission. This agreement commenced on October 1, 2007 and is due to expire on September 30, 2012.

In summary, Professional Course Management II, LTD. (PCM) has managed and operated the City's golf courses and clubhouses since October 1, 2001, when they entered into an interim management agreement for the Normandy Shores Golf Course and the Par 3 Golf Course. For the terms of these management agreements, Professional Course Management II, LTD., (PCM) has managed the City's golf clubs at very high service levels, receiving positive comments from our residents, tourists and day guests. PCM has also done a notable job in managing the annual budget allocated to the golf courses, covering all expenses and debt service at the Miami Beach Golf Club, while exceeding revenue projections and managing expenses at or below the appropriated budget on 3 occasions during their current term and on 6 occasions since the inception of the agreements. Additionally, PCM has managed the Normandy Shores Golf Club budget by reducing the projected deficits, while maintaining the Golf Course and Clubhouse in excellent condition.

PCM Significant Accomplishments

Financial Accountability

Since the inception of the first full management agreement in 2003-04, PCM has effectively managed the budget allocated to the Miami Beach Golf Club by generating income and reducing expenses against the appropriated budget. As shown in "Exhibit I" Summary Statement Of Operations, for the first eight (8) full years of operation the Miami Beach Golf Club produced a total operating income before debt service of \$6,859,779, which after debt service is satisfied, represents a surplus of nearly \$400,000.

Additionally, when the Normandy Shores Golf Club opened in December of 2009, (F.Y. 2009-10) it was projected to operate at a deficit of \$554,000 including debt service for that year. F.Y. 2010 concluded with a deficit of \$479,956, which was an improvement to the net operating deficit. The F.Y. 2011 year-end results at the Normandy Shores Golf Club were ever stronger. F.Y. 2011 finished with a deficit of \$245,252, which represents an improvement of \$280, 400.

Customer Satisfaction

PCM continuously monitors the levels of customer satisfaction to ensure it meets the City's expectations and standards. Since the reopening, the City's golf facilities have been recognized for delivering excellent customer service in all aspects of the operation. This is supported by comments, correspondence, and surveys conducted internally as well as those conducted by the City through the Secret Shopper Program. Surveys are taken from golf club members and all tournaments held at the clubs. These surveys focus on golf course conditions, clubhouse conditions, outing administration, overall staff/ level of service, food and beverage and other variables. The results of these surveys are consistently excellent.

It should also be noted that at the September 13, 2011 Golf Advisory Committee meeting the Committee expressed a high level of satisfaction with the performance of PCM by making the following motion and approved it unanimously;

The Golf Advisory Committee formally endorses and encourages the rehiring of PCM (Professional Course Management) for the management and operations of the City's golf clubs and related facilities based on the on-going excellent conditions of the golf courses, their high standards and delivery of customer service, ability to management the budgets and generate revenues in a difficult economic period and overall success of the city's golf facilities while under PCM management.

Golf Courses Conditions

The City's golf courses continuously receive very positive comments as to their excellent conditions, playability and challenges. This is supported by the playing public's feedback, articles written in local, national and international press and number of amateur and professional golfers including Gray Player, winner of multiple professional golf major championships include the Master Golf Tournament, and Kelly Kraft, the reigning United States Amateur Champion and winner of the first South Beach International Amateur returning to play the city's golf courses.

Voluntary Reduction of 20% Incentive Fee for F.Y. 2011 and 2012

In the summer of 2010, Mr. Johnny LaPonzina, President of Professional Course Management (PCM), sent a correspondence the Parks and Recreation Administration voluntarily proffering a 20% reduction in the contractually agreed upon Incentive Fee that would be due to PCM if they meet established benchmarks. This offer was made in recognition of the challenges the City was facing in light of the financial crisis and recession we were in at that time and for consideration of the City agreeing to extend the current agreement, as provided for in Section 5.02 for the two (2) remaining successive one (1) year renewals.

In 2011, based on year-end financial statements this voluntary reduction of 20% of PCM's incentive fee represented a cash value/ reduction in expenditures of \$ 40,363 less to the city. A similar value is anticipated and budgeted for F.Y. 2012.

Overview of the Incentive Fee

Section 11.02 of the agreement between the City and PCM for the operations and management of the golf courses in part states that the Manager shall be entitled to and receive from the City, an annual Incentive Fee with respect to each Fiscal Year during the initial term and Renewal Term (if any).

The annual Incentive Fee for each Fiscal Year shall be 10% of all gross revenues over \$1,875,000 at each Golf Course separately derived from each of the Golf Courses and Related Facilities operations. Gross revenue shall not include gross revenues received by the Manager as a concessionaire for food and beverage and pro shop facility (merchandise). Gross revenues will include the 5% concession fee paid by Manager to the City for the use of the latter facilities.

The Manager's annual Incentive Fee will be earned in full provided the "net operating income before debt service," as shown on the approved annual Operating Budget, equals or exceeds \$800,000 per year for the Miami Beach Golf Club, and \$410,000 per year for the Normandy Shores Golf Club. Should the "net operating income before debt service" be less than the established debt service for \$800,000 for the Miami Beach Golf Club, and \$410,000 for the Normandy Shores Golf Club, Manager's annual Incentive Fee shall be reduced proportionately. By example, if the net operating income before debt service for the Miami Beach Golf Club is \$720,000 (10% less) then Manager's annual Incentive Fee for the Miami Beach Golf Club shall be reduced by 10% for that specific Course. The Incentive Fee for each Golf Course will be earned individually and based on the conditions stated above.

In arriving at "net operating income before debt service," there shall be deducted from the Golf Courses and Related Facilities gross revenues the ordinary operating expenses as set forth in the annual Operating Budget approved by the City. Extraordinary Operating Expenses and/or non-budgeted capital improvements shall not be deducted from gross revenues in determining "net operating income before debt service." Such extraordinary Operating Expenses or unbudgeted capital improvements shall include but not be limited to the following:

Real estate taxes on the Golf Courses and Related Facilities, if imposed during the term of this Agreement; damage caused by Force Majeure, as defined in Section 29.5; capital improvements required by the City beyond that which is budgeted; and additional costs related to promotional events including major tournaments that may be approved by the City beyond that which is budgeted.

Extraordinary non-budgeted expenses shall include extra security services; modular rentals; capital (computers, telephones, F.F.E.); temporary portable restroom and cart barn rentals; City Property Management Division and City Public Works Department's expenses related to the removal of the cart barn and modular buildings and site restoration thereof; Par Three Golf Course maintenance; and Manager's annual Incentive Fee.

The annual Incentive Fee determined pursuant to Section 11.2.1 above shall be payable to Manager within forty-five (45) days of the end of a Fiscal Year.

Premier Card

The Premier Golf Card is a summer membership program owned and operated by PCM and includes the finest public access golf courses in Miami-Dade and Broward Counties (in the 2011 there were 26 courses participating). The program was conceived and developed with the sole purpose of increasing play and revenue at participating courses during the traditionally slow summer months.

Fifty percent of the income generated by the card sales (after marketing and administrative expenses) is distributed equally among the participating clubs; the remaining fifty percent of revenue is distributed to the clubs based on the percentage of rounds played at each golf course.

Benefits to the Miami Beach and Normandy Shores Golf Clubs

Since its inception and despite a difficult economic environment, Premier has had accelerated growth both in the number of participating clubs and card sales. The City of Miami Beach golf clubs began participating as a full partner in the in the Premier Card Summer Membership Program in 2009. The following is a summary of the program by year.

2009

The City received a total of \$1,064,161.51 in revenue from the 2009 Premier Card distributions and rounds. This was comprised of \$440,373.41 at the Normandy Shores Golf Club and \$623,788.10 at the Miami Beach Golf Club, as compared to the previous year (2008) when Miami Beach Golf Club offered its own individual summer membership program a total of 55 memberships were sold, which produced combined revenues (membership dues, cart fees and driving range) of approximately \$110,000.

2010

The City received a total of \$1,137,766.64 in revenue from the 2010 Premier Card distributions and rounds. This was comprised of \$657,931.59 at the Miami Beach Golf Club and \$479,835.05 at the Normandy Shores Golf Club, which represented 63% of the total golf course revenue for the period.

2011

The city received \$688,157.95 at Miami Beach Golf Club and \$514,796.81 at Normandy shores Golf Club for a total of \$1,202,954.76, a 5% increase over 2010. This represents 57% of greens fees revenue at both courses over the April 15th to November 15th, 2011 time period.

YEAR	MIAMI BEACH	NORMANDY SHORES	TOTAL
2009	\$ 623,788.10	\$ 440,373.41	\$1,064,161.51
2010	\$ 657,931.59	\$ 479,835.05	\$1,137,766.64
2011	\$ 688,157.95	\$ 514,796.81	\$1,202,954.76
TOTAL	\$1,969,877.64	\$1,435,005.27	\$3,404,882.91

South Beach International Amateur

One of the challenges presented to PCM by the City when the golf clubs were completed was to develop a golf tournament of that would substantially place the Miami Beach golf courses among the elite of public access golf facilities.

This challenge was met in December of 2011, when the first South Beach International Amateur golf tournament was played at both the Normandy Shores and Miami Beach Golf Clubs. The South Beach International Amateur was given the highest ranked inaugural amateur golf tournament in the history of world tournament rankings initially being recognized as #41 and concluding with a final ranking of #47 worldwide by Scratch Players World Amateur Ranking (SPWAR).

The event attracted a total of 166 top amateurs comprise of 28 of the top 500 amateur golfers in the world, with representatives from 14 countries, and 30 states. This amateur event, which is held the week before Christmas draws golfers, coaches, families and guests to our city and is credited with creating an economic impact of over 700 room nights, an expenditure of \$259.95 per day, per person and an estimated \$390,000 spent in our community over the seven (7) days.

Jim McLean Golf Academy

In February of 2011, Professional Course Management (PCM) retained the well-known and world-recognized Jim McLean Golf Academy as our provider of golf instructions at the Miami Beach Golf Club.

Jim McLean has long ties to the South Florida community having been at Doral Golf Resort and Spa for over 20 years. Jim McLean has long been recognized as one of the top golf instructors in the world, and is currently ranked No.4 by Golf Digest. He is the owner of the No. 1 Rated Golf School in America, The Jim McLean Golf School. With locations at top resorts around the world, including Doral Golf Resort & Spa in Miami, FL; PGA WEST in La Quinta, CA; La Quinta Resort & Spa in La Quinta, CA; Grand Traverse Resort & Spa in Williamsburg, MI; Mayakoba Resort in Riviera Maya, Mexico; Red Ledges at Heber City, UT, JW Marriott Marquis Downtown Miami, FL and Waterchase Golf Club in Ft. Worth, TX. McLean has also authored over a dozen golf books including the newly released "*The Slot Swing*"; and has produced over a dozen videos and DVDs, including the recently released "*Building Block Approach To Golf*".

The association with the world renowned Jim McLean Golf Academy not only enhances the Miami Beach Golf Club brand, it has also represented a substantial increase (37% year to date) in golf lesson income for the Club.

Professional Course Management Correspondence Dated June 29, 2012

In advance of the July 10, 2012 FCWPC meeting, Mr. Johnny LaPonzina, President of Course Management submitted the attached correspondence (Exhibit II) to the City Manager which succinctly summarized PCM's position and benefits for continuing the current management relationship with the City. Additionally, in consideration of an extension, Mr. LaPonzina also offered:

- To make the voluntary reduction of 20% incentive fee proffered in F.Y. 2011 and 2012 a permanent reduction, which represents a savings to the City in excess of \$187,000 over the next five year term;
- PCM would consider a further compromise on the formula on which the incentive fee is based for the benefit of the City;
- Propose that all other terms, conditions, and obligations remain the same as those stipulated in the original 2003 agreement.

CONCLUSION

Professional Course Management II, Ltd. has successfully managed and operated the City's golf courses and clubhouses since October 1, 2001, when they entered into an interim management agreement for the Normandy Shores Golf Course and the Par 3 Golf Course. The current management agreement with Professional Course Management II, LTD., (PCM) for the management and operations of the City's Miami Beach Golf Club (including the Par 3 golf course) and the Normandy Shore Golf Club was approved by the City of Miami Beach Commission at the September 5, 2007 meeting which took effect on October 1, 2007 and will expire on September 30, 2012.

The Administration is seeking the guidance and direction of the Finance and Citywide Projects Committee to assess and evaluate the success of this contractual relationship with Professional Course Management II, LTD., and to discuss the options and future actions for the on-going management and operations of the City's Golf Courses, Clubhouses and Related Facilities. At this time the options are to;

- Direct the Administration to prepare a Request For Proposals (RFP) for the Management and Operations of the City's Golf Courses, Clubhouses and Related Facilities to be issued as soon as possible with the intent of having a new agreement in effect in January, 2013. It is recommended the new management agreement would begin then due to the time it will take to issue, receive and negotiate and award a new management agreement.

(Additionally, the Second South Beach International Amateur is scheduled to be hosted on December 16 – 21, 2012 and the planning, marketing and promotional efforts have already begun and continuity in the process is critical to the golf tournament's success); or

- Direct the Administration to prepare a Commission action waiving the competitive bidding process and enter into negotiations with Professional Course Management for the continued management and operations of the City's Golf Courses, Clubhouses and Related Facilities with the intention of having an agreement ready as soon as possible.

KGB/MAS/KS

Attachments

F:\RCPA\ALL\Previous\KEVIN\Commission Committee Meetings\FCWPC 7-9 TO 7-12-2012\7-10-12 F&CWP Committee - City's Golf Courses, Clubhouses & Related Facilities Operations & Management Discussion.doc

MIAMI BEACH GOLF CLUB

Summary Statement of Operations Fiscal Years: 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011

REVENUES	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Totals
Golf Memberships	\$ 358,276.33	\$ 468,730.41	\$ 551,282.67	\$ 640,852.20	\$ 718,388.22	\$ 738,473.08	\$ 822,126.00	\$ 859,952.00	\$ 6,641,170.53
Cart Fees	\$ 794,179.87	\$ 860,728.00	\$ 844,428.80	\$ 880,068.00	\$ 817,783.77	\$ 987,401.00	\$ 1,009,272.00	\$ 1,078,302.00	\$ 7,948,138.74
Green Fees	\$ 2,064,278.22	\$ 2,482,370.50	\$ 2,471,500.40	\$ 2,604,218.31	\$ 2,374,481.50	\$ 1,787,415.00	\$ 1,844,481.00	\$ 1,927,327.00	\$ 17,806,070.51
Range Fees	\$ 81,808.89	\$ 83,282.68	\$ 111,882.23	\$ 114,385.48	\$ 165,379.44	\$ 173,281.00	\$ 180,833.00	\$ 184,058.00	\$ 1,071,056.48
Restaurant	\$ 20,876.89	\$ 27,242.58	\$ 28,968.11	\$ 41,174.88	\$ 39,580.44	\$ 37,008.00	\$ 35,798.00	\$ 43,111.00	\$ 283,760.88
Pro Shop	\$ 44,184.12	\$ 38,481.58	\$ 40,278.48	\$ 41,162.17	\$ 40,713.11	\$ 38,084.00	\$ 34,305.00	\$ 38,031.00	\$ 313,151.47
Golf Lessons	\$ 50,674.19	\$ 85,343.90	\$ 67,280.88	\$ 85,221.57	\$ 76,039.32	\$ 84,588.00	\$ 90,228.00	\$ 84,381.00	\$ 482,663.03
Total	\$ 3,418,287.81	\$ 4,004,183.72	\$ 4,119,832.04	\$ 4,272,082.67	\$ 4,222,422.80	\$ 3,838,119.00	\$ 3,899,142.00	\$ 3,893,173.00	\$ 31,358,981.24
Budget for Revenue	\$ 3,153,888.00	\$ 3,890,300.00	\$ 3,663,380.00	\$ 4,092,890.00	\$ 4,073,480.00	\$ 4,204,300.00	\$ 3,861,406.00	\$ 3,788,325.00	\$ 30,887,488.00
EXPENDITURES									
Uniforms	\$ 7,898.60	\$ 4,196.44	\$ 7,871.84	\$ 2,126.54	\$ 14,824.35	\$ 7,589.42	\$ 10,648.23	\$ 9,827.00	\$ 64,881.22
Professional Services	\$ 1,453,402.28	\$ 1,408,448.19	\$ 1,417,850.88	\$ 1,532,384.82	\$ 1,542,453.23	\$ 1,402,573.40	\$ 1,264,372.75	\$ 1,240,850.00	\$ 11,380,301.57
Electricity	\$ 24,884.43	\$ 84,582.67	\$ 78,942.49	\$ 84,010.39	\$ 73,457.54	\$ 79,090.65	\$ 84,902.89	\$ 86,047.00	\$ 733,298.61
Water	\$ 366,981.68	\$ 278,204.05	\$ 364,617.65	\$ 280,302.83	\$ 347,178.70	\$ 380,838.33	\$ 354,477.30	\$ 343,949.00	\$ 2,875,263.29
Admin. Fees	\$ 138,188.16	\$ 114,587.00	\$ 125,004.00	\$ 128,000.00	\$ 125,000.00	\$ 128,000.00	\$ 125,000.00	\$ 128,000.00	\$ 1,000,749.16
Rent-Building & Equip.	\$ 104,233.77	\$ 173,585.53	\$ 118,380.08	\$ 190,170.80	\$ 244,894.68	\$ 278,897.82	\$ 264,740.03	\$ 248,899.00	\$ 1,887,553.69
PC&I Bonus	\$ 140,257.00	\$ 211,216.10	\$ 234,071.00	\$ 238,708.30	\$ 234,788.20	\$ 194,111.80	\$ 172,414.20	\$ 161,484.00	\$ 1,580,637.60
Operating Expenses	\$ 489,364.47	\$ 883,282.88	\$ 682,894.30	\$ 838,880.83	\$ 672,105.02	\$ 403,871.30	\$ 381,283.21	\$ 366,300.00	\$ 4,860,178.81
Internal Service	\$ 1,427.32	\$ 127,187.88	\$ 144,374.82	\$ 188,763.60	\$ 221,959.67	\$ 280,856.78	\$ 241,289.26	\$ 260,873.00	\$ 1,469,833.94
Total	\$ 2,701,816.50	\$ 2,983,248.67	\$ 3,134,333.24	\$ 3,283,969.77	\$ 3,416,517.47	\$ 3,183,172.37	\$ 2,920,127.87	\$ 2,883,369.00	\$ 24,487,211.62
Budget for Expense & Int.Serv.	\$ 2,418,972.00	\$ 2,788,470.00	\$ 2,558,873.00	\$ 2,851,743.00	\$ 2,811,608.00	\$ 2,891,487.00	\$ 2,688,873.00	\$ 2,604,878.00	\$ 24,586,183.00
Net Operating Income	\$ 714,652.01	\$ 1,010,887.05	\$ 1,079,498.77	\$ 1,009,774.40	\$ 805,904.83	\$ 672,942.63	\$ 874,014.08	\$ 899,174.00	\$ 6,859,779.72
Budget Net Operating Income	\$ 717,853.00	\$ 781,830.00	\$ 1,092,517.00	\$ 1,241,147.00	\$ 1,888,244.00	\$ 1,314.00	\$ 1,758,828.00	\$ 773,947.00	\$ 8,027,818.00

SUMMARY STATEMENT OF OPERATIONS
MIAMI BEACH GOLF CLUB
NORMANDY SHORES GOLF CLUB

EXHIBIT I

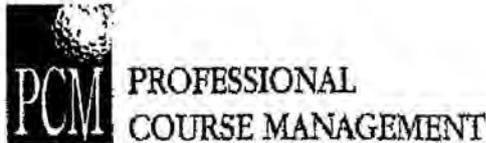
Normandy Shores Golf Course

Summary Statement of Operation Fiscal Years 2010 and 2011

REVENUES	Actual 2010	Actual 2011	Totals
Golf Memberships	\$ 159,970.00	\$ 145,357.00	\$ 305,327.00
Cart Fees	\$ 696,184.00	\$ 785,634.00	\$ 1,481,818.00
Green Fees	\$ 786,626.00	\$ 836,086.00	\$ 1,622,712.00
Range Fees	\$ 34,509.00	\$ 44,459.00	\$ 78,968.00
Restaurant	\$ 14,216.00	\$ 18,380.00	\$ 32,596.00
Pro Shop	\$ 7,214.00	\$ 8,145.00	\$ 15,359.00
Golf Lessons	\$ 10,669.00	\$ 13,484.00	\$ 24,153.00
Total	\$ 1,587,787.00	\$ 1,851,505.00	\$ 3,439,293.00
Budget for Revenue	\$ 1,870,130.00	\$ 1,736,330.00	\$ 3,606,460.00
EXPENDITURES			
Uniforms	\$ 7,803.40	\$ 7,000.00	\$ 14,803.40
Professional Services	\$ 814,217.09	\$ 857,057.00	\$ 1,671,274.09
Electricity	\$ 58,046.81	\$ 60,004.00	\$ 118,050.81
Water	\$ 37,319.98	\$ 37,989.00	\$ 75,308.98
Admin. Fees	\$ 125,000.00	\$ 125,000.00	\$ 250,000.00
Rent-Building & Equip.	\$ 242,816.09	\$ 233,687.00	\$ 476,503.09
PCM Bonus	\$ -	\$ -	\$ -
Operating Expenses	\$ 265,248.43	\$ 223,542.00	\$ 488,790.43
Internal Service	\$ 127,714.75	\$ 149,089.00	\$ 276,803.75
Total	\$ 1,878,164.65	\$ 1,890,268.00	\$ 3,768,432.65
Budget for Expense & Int. Sev.	\$ 2,014,310.00	\$ 1,916,636.00	\$ 3,930,946.00
Net Operating Income	\$ (90,377.55)	\$ 161,248.00	\$ 70,870.45
Budget-Net Operating Income	\$ (144,180.00)	\$ (181,506.00)	\$ (325,686.00)

EXHIBIT II

JUNE 29, 2012 CORRESPONDENCE FROM JOHNNY LAPONZINA, PRESIDENT OF PROFESSIONAL COURSE MANAGEMENT



June 29, 2012

Ms. Kathie G. Brooks
City Manager
CITY OF MIAMI BEACH
Via Hand Delivery

Dear Ms. Brooks,

As you know, the FCWPC is scheduled to discuss the Potential Cost Impacts of Rebidding the Management Agreement for the City Golf Courses at its budget meeting of July 10. We have previously stated that in our opinion, an extension of this agreement with PCM is in the best interest of the City, its residents, and the continued success of the golf courses, restaurants and pro shops operations. PCM has recently requested an opportunity to negotiate an extension of said agreement. To add clarity to the discussion, we would like to submit the following initial proposal for the consideration of the Mayor, City Commission, members of the Committee and City Administration to extend our management agreement for an additional five year term:

In response to the financial crisis in 2009 - 2010 and the City's budget challenges, in good faith, PCM voluntarily amended our initial agreement and reduced the percentage of its incentive fee for fiscal years 2011 and 2012. PCM's concessions saved the City more than \$75,000 during that period. As part of the discussions for the extension of the current agreement, PCM is prepared to make this reduction permanent, representing savings to the City in excess of \$187,000 over the next five year term. Additionally, PCM would consider a further compromise on the formula on which the incentive fee is based for the benefit of the City. We propose that all other terms, conditions and obligations remain the same as those stipulated in the original 2003 agreement.

PCM is solely responsible for creating the following exclusive marketing initiatives listed below, adding revenues and direct benefits that no other management firm can offer to the City:

1. **The Premier Card.** Owned and operated by PCM, is considered the most successful "off season" marketing program ever developed in the public golf course industry. Premier has generated revenue for the City of Miami Beach of more than \$3.4 million in total for the past three fiscal years and is on pace to produce over \$1.2 million for the current fiscal year.
2. **Jim McLean Golf Academy.** Through my personal relationship with Jim McLean, our company, PCM was able to locate the Jim McLean Golf Academy, one of the most famous and respected names in golf instruction, at Miami Beach Golf Club; helping solidify Miami Beach as a true world class golf destination and providing additional revenues to the City. As an integral part of PCM's proposal, the Jim McLean Golf Academy will remain at Miami Beach Golf Club through the extended term.

10500 Taft Street • Pembroke Pines, Florida 33026
(954) 433-8800 • Fax (954) 433-7387

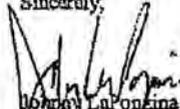


Owned and Operated by PGA Professionals

3. **The South Beach International Amateur.** Founded and created by PCM, this event became the highest ranked inaugural international amateur golf tournament in the world. It attracted many of the world's top amateurs representing 32 states and 15 countries and was won by current United States Amateur Champion Kelly Kraft. The event brought over 300 visitors to Miami Beach generating over 700 room nights and an estimated \$450,000 in visitor spending and golf revenue.
4. **On Site, Local Management Company.** Locally owned and operated, PCM has an unrivalled record of accomplishments for over 30 years. Its principals and management possess an unparalleled knowledge and understanding of the challenging South Florida golf market and are on site and actively involved in the day to day operations of the City's golf courses.
5. **Continuity.** Continuity, consistency and established relationships in the community have been key elements in the success of the Miami Beach golf courses. PCM has consistently produced excellent levels of service in every aspect of the golf clubs operations (restaurants, pro shops and golf course maintenance) financial performance and value for the City of Miami Beach and its residents.

Our goal is to continue this mutually beneficial relationship between the City, PCM and the residents of Miami Beach. On behalf of the more than 80 employees who work at Miami Beach and Normandy Shores Golf Clubs, we thank you in advance for your consideration to extend our agreement for an additional five years, subject to final negotiations with the City's staff and the approval of the Miami Beach Mayor and City Commission.

Sincerely,



Johnny LaPonzina
President
Professional Course Management

Cc Mr. Kevin Smith, Director of Parks and Recreation