



# MIAMIBEACH

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

## COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission  
FROM: Jimmy L. Morales, City Manager  
DATE: July 17, 2013  
SUBJECT: REPORT OF THE SPECIAL FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING ON MAY 22, 2013

The agenda is as follows:

### OLD BUSINESS

1. **Private closed Attorney-Client Session scheduled from 2:00 to 3:00 P.M. to discuss settlement negotiations and/or strategy related to litigation expenditures with regard to the attached referenced litigation matters**

### ACTION

The Committee had a closed session meeting with City Attorney Jose Smith.

City Attorney Jose Smith presented the item.

City Attorney Jose Smith called the meeting to order noting that Chairperson Deeded Weithorn, Commissioner Michael Gongora, Commissioner Jerry Libbin, Mayor Matti Bower, Commissioner Ed Tobin and Commissioner Jorge Exposito were present. City Attorney Smith then adjourned the meeting so that it could be relocated to the 2<sup>nd</sup> Floor Conference Room for a private closed Attorney-Client session.

2. **Discussion of the Miami Beach Convention Center Proposals and the Miami Beach Convention Center Master Plans**

### ACTION

The Committee requested that Consultant Jeff Sachs verify the numbers presented on the last slide entitled "Hypothetical Scenarios", as there was some discussion as to how the numbers were calculated and that staff should schedule a Special Land Use Meeting to answer any questions in regard to the Convention Center Master Plan.

Agenda Item CGC  
Date 7-17-13

Consultant Jeff Sachs presented this item.

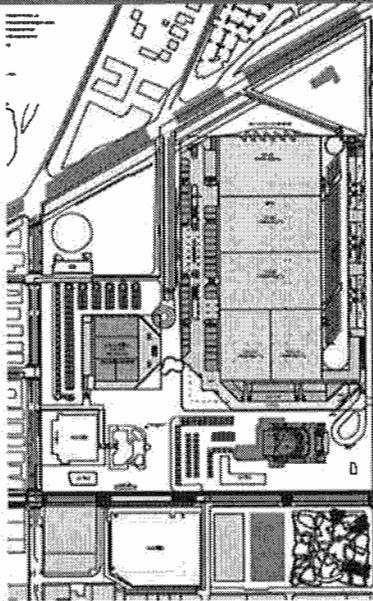
Jeff Sachs facilitated the financial discussion regarding the two proposals submitted by South Beach ACE and Portman-CMC for the Convention Center renovations. Attached is a copy of the presentation.



# Base Case Master Plan

May 22, 2013

Portman-CMC



South Beach ACE



## Public Cost

May 22, 2013

### Capital

- Convention Center
- Convention Center Parking
  - Public Amenities
  - Developer Fees
  - Financing

### Operating

- Operating Support
- Maintenance Reserve
- Replacement Revenues

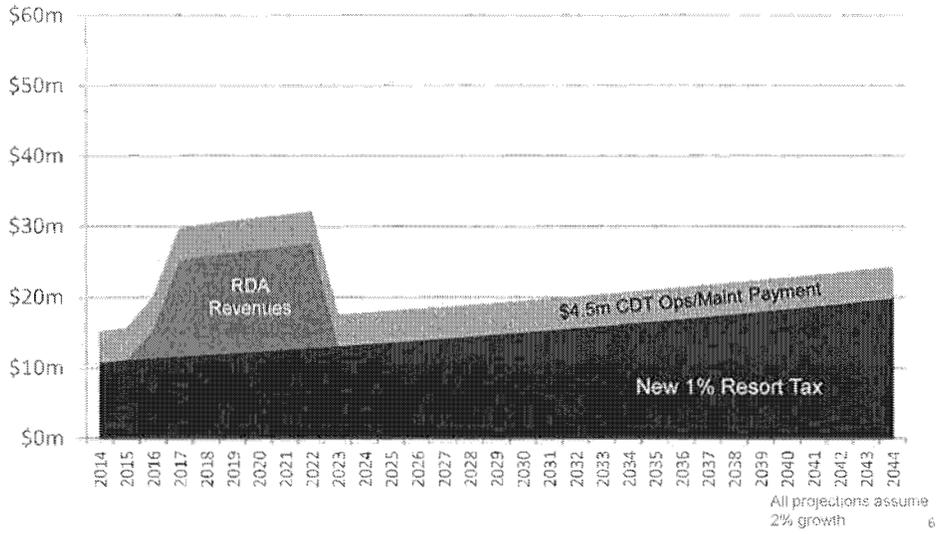
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Public Capital		
Portman-CMC		South Beach ACE
\$498.0m	Convention Center	\$506.2m
\$55m	Public Amenities	\$71.3m
\$30.4m 1,040 spaces \$29,230/space	Parking	\$57.9m 1,388 spaces \$41,700/space
\$583.4m	<b>Total</b>	\$635.4m
-\$32.1m	Developer Contribution	-\$10.6m
\$551.2m	<b>Net</b>	\$624.8m
		+73.4m

Annual Costs		
Portman-CMC		South Beach ACE
\$1.5m annually	Operating Support	\$1.5m annually
\$3m increasing 2% annually	Center Capital Maintenance Reserve	\$3m increasing 2% annually
\$2.5m 17 <sup>th</sup> St. Garage \$1.3m P-Lot	Replace Lost Parking Revenues	\$2.5m 17 <sup>th</sup> St. Garage \$1.3m P-Lot
Estimate \$900,000 annually 85% funded by establishing a Business Improvement District charging <u>Private Components</u> 0.5% of Gross Revenues	<b>Public Amenities Maintenance</b>	Estimate \$1.3m annually Share costs "proportionally", City costs to be consistent with current levels of maintenance funding

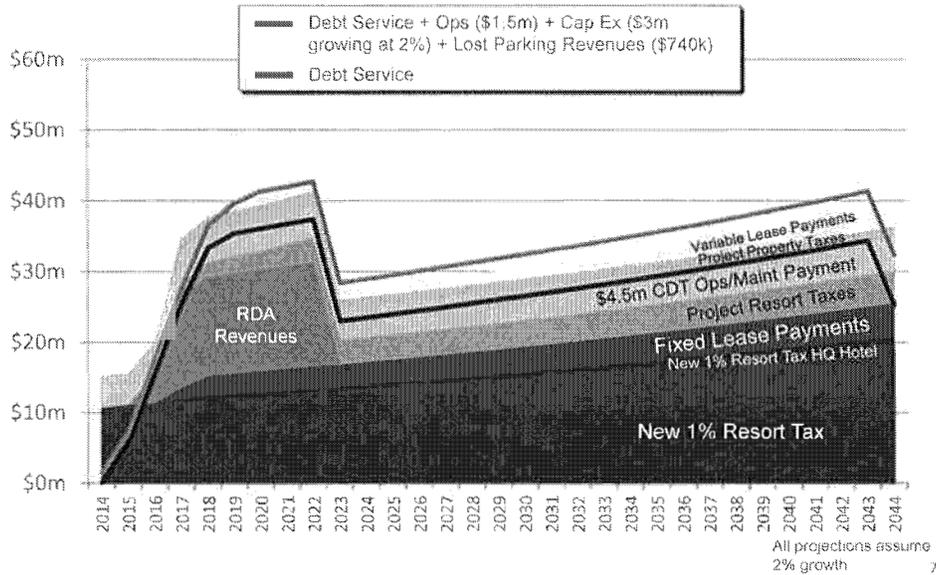
# Public Resources

May 22, 2013



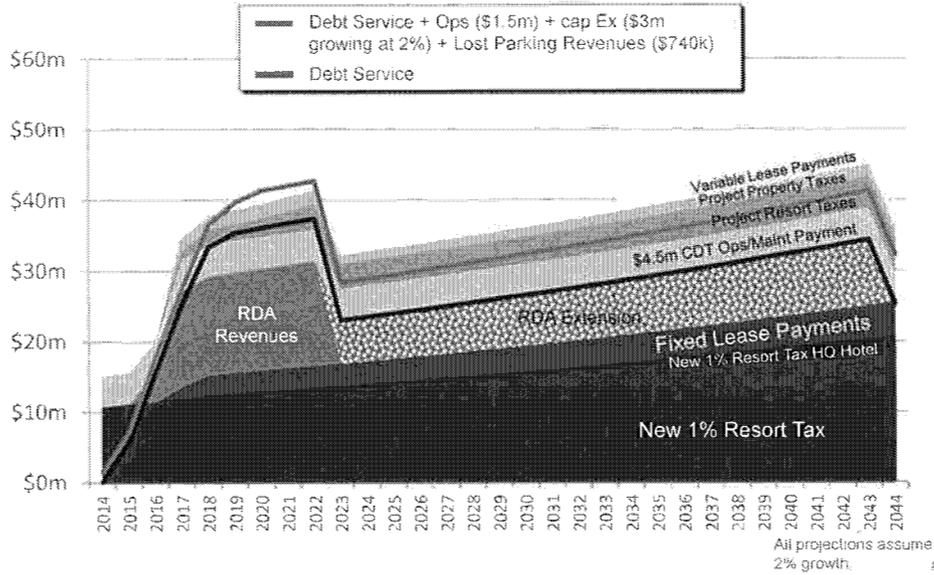
# Base Case HQ Hotel

Barthman CMC



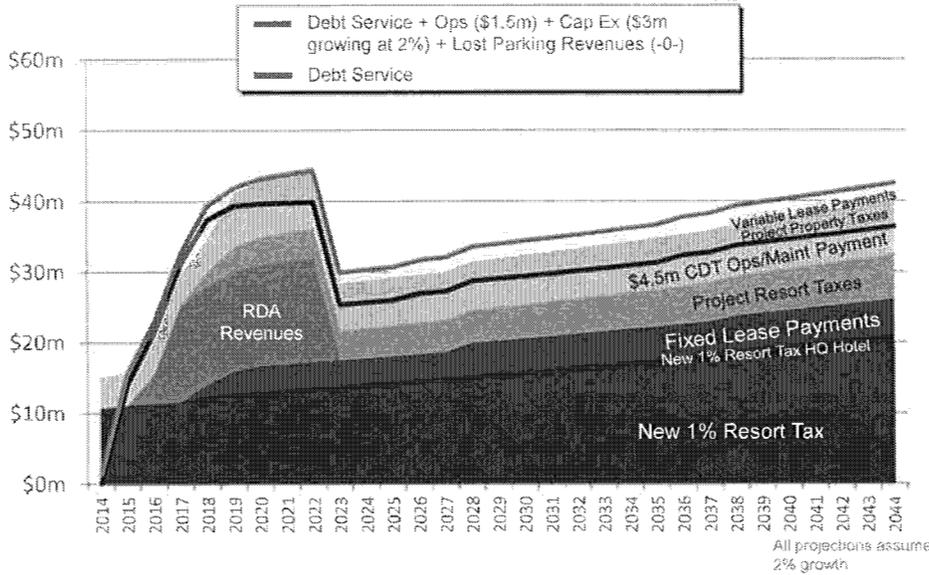
# Base Case (Center Hotel)

Portman CMC



# Base Case (Center Hotel)

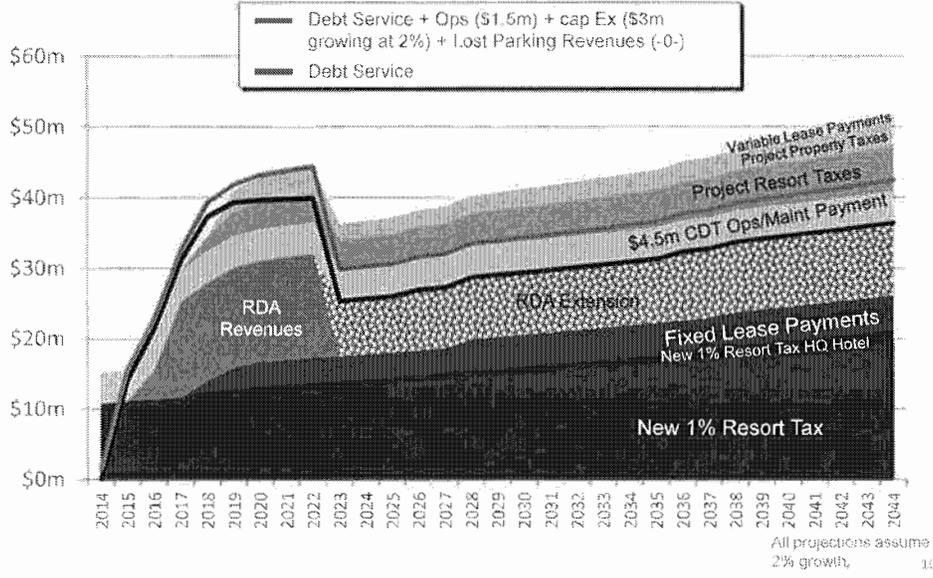
South Beach ACE



# Base Case (Center + Hotel)

May 22, 2013

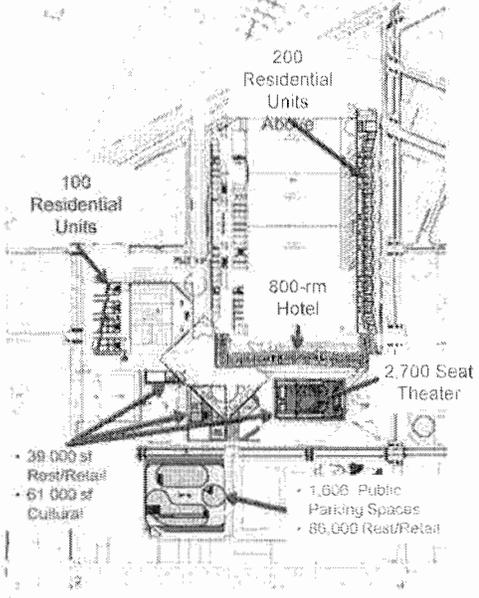
## South Beach ACE



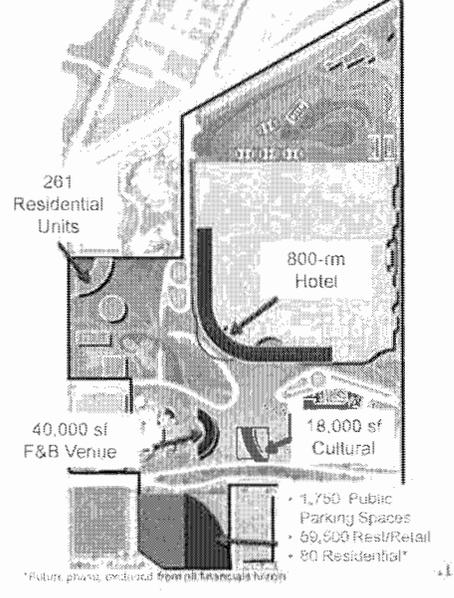
# Private Components

May 22, 2013

## Portman-CMC



## South Beach ACE



# Private Program Summary

May 22, 2013

Portman-CMC		South Beach ACE
800 rooms 69,600 sf meeting 20,900 sf F&B	Hotel	800 rooms 55,000 sf meeting 16,380 sf F&B 40,000 sf F&B Venue
300 units	Residential	341 units (261 Phase 1 + 80 in a future phase)
125,000 sf	Retail/Restaurant	59,500 sf (99,500 Including F&B Venue)
2,700 seats Redevelops	Theater	2,700 seats Plan to upgrade in the future
61,000 sf	Cultural	18,000 sf
2,755 spaces	Private Parking	3,101 spaces
Parking requirements under review by City		

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# Hotel Lease Proposal

Portman-CMC		South Beach ACE
Hotel Parking	Program	Hotel Parking 40,000 sf F&B Venue
\$2.8m Increasing 2% annually Adjusted in Year 31, and every 10 years thereafter, to 3% of gross revenues	Fixed Rent	Year 1: \$1.5m Year 2: \$3.0m Year 3-10 \$3.5M Year 11-20 \$4.5m <i>Increasing 10% every 10 years</i>
4.0%	Percentage Rent **	Years 1 - 10: 3% Years 11 - 99: 3.5%
\$53.1M	Fixed Project Contribution	\$57.09M

\*\* Percentage Rent is the maximum of the Fixed Rent and gross revenues multiplied by the percentage.

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# Residential Lease Proposal

May 22, 2013

Portman-CMC	Program	South Beach ACE
P-Lot & Washington Ave. 300 Units		P-Lot Only 261 Unit
\$2.87	Rent/sf 2013\$	\$2.50
\$341,800 Increasing 2% annually Adjusted in Year 31, and every 10 years thereafter, to 3% of gross revenues	Fixed Rent	\$800,000 Increasing 10% every 10 years  <i>If 80 units over 17<sup>th</sup> Street Garage are developed, additional payments will be made</i>
4.0%	Percentage Rent **	4.5%
\$6.8M	Fixed Project Contribution	\$12.4M

\*\* Percentage Rent is the maximum of the Fixed Rent and gross revenues multiplied by the percentage.

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## 17<sup>th</sup> Street Garage & Other Spaces

Portman-CMC	Program	South Beach ACE
1,606 parking spaces 125,000 sf retail/rest.		1,750 parking spaces 59,500 sf retail/rest.
\$10/space/day in 2016 \$120 retail/rest rent/sf	Performance	\$15/space/day 2016 \$90 retail/rest rent/sf
\$6.3m Increasing 2% annually Adjusted in Year 31, and every 10 years thereafter, to 3% of gross revenues	Fixed Rent	\$6.0m Increasing 10% every 10 years
25%	Percentage Rent **	10%
\$123.3M	Fixed Project Contribution	\$105.3M

\*\* Percentage Rent is the maximum of the Fixed Rent and gross revenues multiplied by the percentage.

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**Parking & Retail New Components**

Piedmont-CMC		South Beach ACE
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	Total Net Present value <i>(30 years @ 5%)</i>	
\$123m		\$105m
\$34.8m 1,606 Spaces \$10/space/day in 2016 \$36,000/space	17 <sup>th</sup> Street Parking \$7.27/space/day 2012	\$68.4 1,750 Spaces \$15/space/day in 2016 \$49,400/space
\$53.8m 86,000 sf \$1,040/sf	17 <sup>th</sup> Street Retail/Rest.	\$36.8m 59,500 sf \$782/sf
\$24.4m 39,000 sf \$1,040/sf	N. of 17 <sup>th</sup> Street Retail/Rest.	<i>Included in Hotel Lease</i>
\$10.3m 61,000 sf \$281/sf	Cultural	\$1/year

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**Theater**

Piedmont-CMC		South Beach ACE
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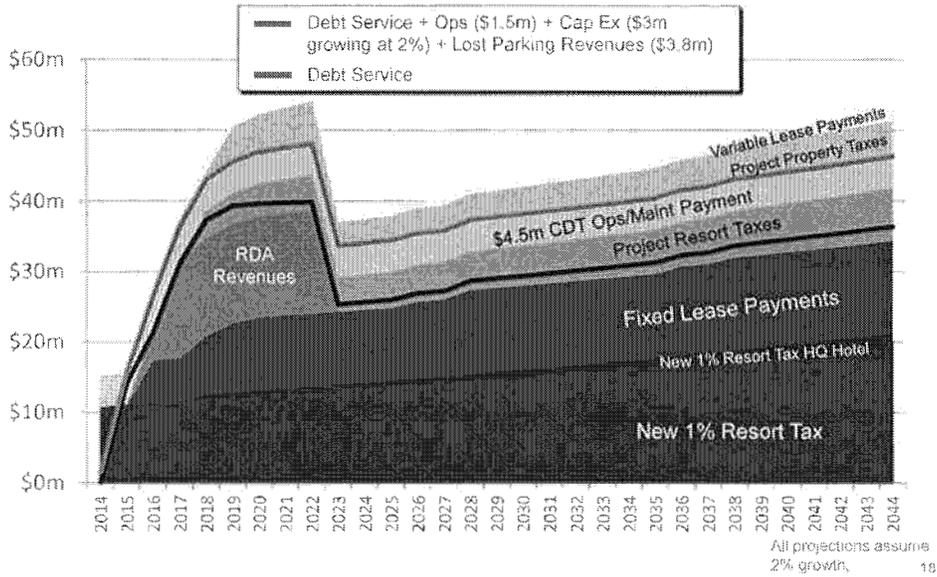
Encumbered by LiveNation agreement		Encumbered by LiveNation agreement
2,700 seats to remain		2,700 seats to remain
Propose plan to upgrade Theater consistent with Master Plan	<b>Program</b>	Propose plan to upgrade Theater consistent with Master Plan
\$18.5m Private Contribution		Theater costs not included in Public Budget
Landscape costs for areas around Theater are included in Public Budget		Landscape costs for areas around Theater are included in Public Budget
An amount equating to the amount currently received from Live Nation	<b>Fixed Rent</b>	None Proposed
Approximately \$1m annually		
Zero net new to City		

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May 22, 2013

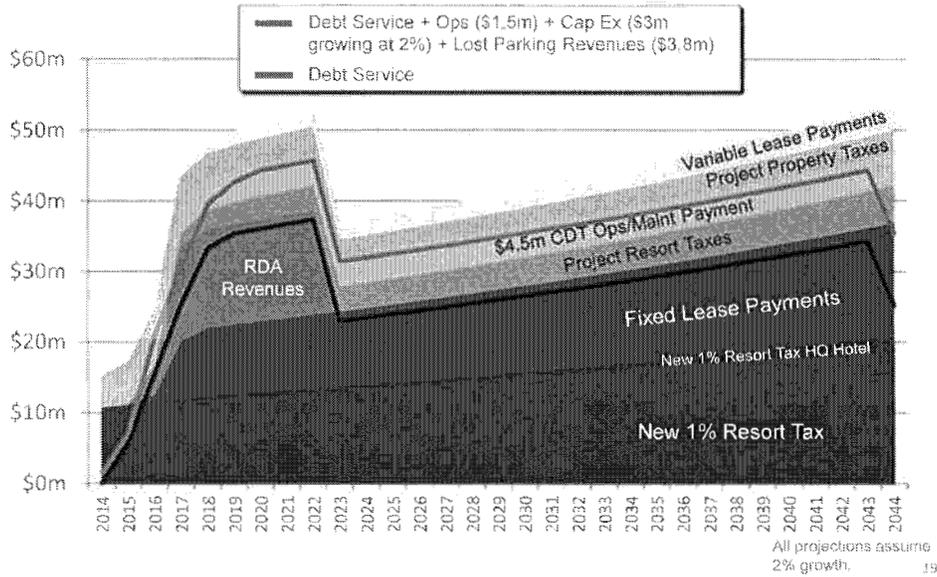
# All Components

## South Beach ACE



# All Components

## Fairman-CMC



## Source Contribution May 22, 2013

*In millions*

	Portman	Tishman	
<b>SOURCES</b>			
	\$53.6	\$53.6	
	257.2	257.2	
	10.7	10.7	
	Fixed Land Lease		
	53.1	57.09	
	6.8	12.4	\$327m
	123.3	105.3	Total Fixed
\$350m			Payments over
Total Fixed			30 year bonds
Payments over	34.8	68.4	
30 year bonds	53.8	36.8	
	24.4	0.0	
	10.3	0.0	
	73.1	73.1	
	45.7	73.9	
	32.1	10.6	
	1.0	61.2	
	0.0	0.0	
	\$656.5	\$715.0	

Amounts estimated by Strategic Advisory Group. Will request each finance team to refine

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## Order of Magnitude Estimate May 22, 2013

	Portman	Tishman
Additional Funds Required of All Components Developed	\$0.0m	\$0.0m
<b>Estimated Bonding Value of Components</b>		
Residential	\$6.8m	\$12.4m
Parking Component of 17th Street parking Garage	\$34.8m	\$68.4m
Retail Component of 17th Street Parking Garage	\$53.8m	\$36.8m
Retail North of 17th Street	\$24.4m	\$0.0m
Cultural	\$10.3m	\$0.0m
Developer Contribution	\$32.1m	\$10.6m
Project Generated Resort Taxes	\$0.0m	\$61.2m
	\$162.2m	\$189.5m

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# Hypothetical Scenarios

May 22, 2013

	Portman	Tishman
Scenario 1: Hotel and CC only; no developer contribution	\$162.2m	\$189.5m
Scenario 2: No residential; No Cultural; City keeps 17th Street Parking component; Developer contribution cut in half	\$68.0m	\$147.3m
Scenario 3: Scenario 2 plus half of N. of 17th Street Retail.	\$80.2m	\$147.3m

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The Committee requested that Consultant Jeff Sachs verify the numbers presented on the last slide entitled "Hypothetical Scenarios", as there was some discussion as to how the numbers were calculated and that staff should schedule a Special Land Use Meeting to answer any questions in regard to the Convention Center Master Plan.