

City Commission Meeting

City Hall, Commission Chambers, 3rd Floor, 1700 Convention Center Drive

January 15, 2014

Mayor Philip Levine
Vice-Mayor Deede Weithorn
Commissioner Michael Grieco
Commissioner Joy Malakoff
Commissioner Micky Steinberg
Commissioner Edward L. Tobin
Commissioner Jonah Wolfson
City Manager Jimmy L. Morales
City Attorney Jose Smith
City Clerk Rafael E. Granado

2:36:25 p.m.

R9C1 Mayor's Memorandum On The Miami Beach Convention Center District Project (MBCC Project).

(Requested by Mayor Philip Levine)

ACTION: Resolution No. 2014-28479 adopted. Discussion held. Commissioner Wolfson moved to cancel the current RFQ (RFQ No. 22-11/12); terminate negotiations with the Master Developer, South Beach ACE (SBACE); direct the City Administration to prepare a new RFP or RFQ for design-build or design services for the renovation of the Convention Center alone; and further directed the City Administration to identify potential sites for a Convention Center hotel; seconded by Vice-Mayor Weithorn; Voice vote: 7-0. **City Manager's Office to handle.**

Mayor Levine explained that this is one of the most important issues in Miami Beach. It could be one of the most important issues in Miami Beach's history. One of the most important things in Miami Beach is getting the Convention Center renovated in an expedited fashion. The Convention Center is crucial to our residents, to the businesses, and to the tourism that they depend on in Miami Beach.

Mayor Levine believes that the Convention Center needs to be "decoupled" from the private components of the project contemplated under the current RFQ, and proposed by the Master Developer.

Since this process began, there was a referendum that now requires 60% voter approval of the leases for the private components of the project on City land (i.e. the hotel and retail components). This has changed the picture quite a bit.

The City has the money to build a state-of-the-art Convention Center on its own. In order to move quickly on the renovation of the Convention Center, decoupling the Convention Center from the proposed private components (i.e. the hotel and retail) is the most expedient way to do it.

Mayor Levine stated the need to cancel the current RFQ (RFQ No. 22-11/12). The Mayor believes things have changed since the RFQ was issued, and to get the Convention Center renovation done on time and on budget, it is unfortunate that they will have to make a tough decision, but a fresh start with a different approach will allow the City to get the Convention

Center renovation to move forward quickly. The Mayor knows that to some people this is a little disheartening, but to others it is a fresh start.

Mayor Levine recommended that the City Commission vote to cancel the RFQ and start fresh. It is not a light decision, but the City has the money to do the Convention Center, and there are many architects/builders who would love to renovate the Convention Center and do it on budget and on time. They have land next to the Convention Center that they could put out separately and distinct from the Convention Center renovation project, and get one (or two) hotels built. The Mayor is not sure of the size for a hotel. It all depends on the developer that comes in. It also depends on what the community feels is right, but Miami Beach is unique. They are not Orlando or Las Vegas. They already have a thriving hotel industry.

The Mayor believes that the City can look at doing the Convention Center renovation and a hotel project simultaneously, but they should be separate and distinct projects. Therefore, part of his recommendation is to ask staff to put together an RFP or RFQ for the renovation of the Convention Center, on an expedited basis. The Mayor also wants the City to consider a hotel component, but as a separate process.

Commissioner Tobin thanked the Mayor for putting this on the agenda, and for making this recommendation. Commissioner Tobin thinks it shows great leadership and vision. Commissioner Tobin added that even though the City's average daily hotel room rate is the third highest in the United States, our hotels are at occupancy above 80%. He believes that if the City is going to proceed with the renovation of the Convention Center, then there also needs to be a hotel component, but he agrees with the Mayor that both projects should be done separately. He would also like the Commission to consider a retail component in the future, because he thinks high-end stores (luxury brands) will do well in Miami Beach.

Mayor Levine reiterated that he believes the need for a hotel. They may need two hotels, but he is willing to leave that up to the market to decide. He wants to do the hotel process separately, since a hotel on City land would likely require a referendum, and he does not want to delay the immediate renovation of the Convention Center.

The Mayor also thinks they need to be creative. For example, City Hall is antiquated. The current City Hall site could be a potential site for a hotel, with a new City Hall located somewhere else (like on top of the Convention Center). The Mayor thinks by being creative and allowing City staff to put a proposal together for potential hotel sites, separate from the Convention Center renovation, they will be able to achieve both things efficiently. What the Mayor thinks is most important during this process is that he would like to stay away from rehashing the past. The Mayor thinks they have to look at the future, and move forward in building what they know everyone in the City deserves, which is a renovated Convention Center.

Vice-Mayor Weithorn stated that she likes a concurrent process. Vice-Mayor Weithorn is happy to see that the Mayor is still considering a hotel, because she thinks a renovated Convention Center will need that. Vice-Mayor Weithorn does not have a problem decoupling the Convention Center from the private project. Vice-Mayor Weithorn would like to see the Convention Center move in overdrive.

Commissioner Wolfson stated that he clearly is very pleased where they are today. Commissioner Wolfson actually thinks that they are closer to a renovated Convention Center today, than they were before the election. Commissioner Wolfson thinks the Mayor's vision and

what the Mayor is putting forth gets them to an end game of having a renovated Convention Center that the convention business and the hotels can benefit from and the community as a whole will agree is a necessity. It is no doubt a necessity to bring the Convention Center building into this century, and for the users to have an experience that brings them back to utilize the Convention Center. It cannot continue to exist in the condition it is in. It is not a dilapidated structure, but it is not representative of who they are and should be, so they need to renovate the Convention Center. He believes that by doing a design-build for the renovation of the Convention Center they could get this done well before the time line that the Master Developer had proposed. There was a time line outside of four years almost, so they could get this done much quicker than that; make everybody happy in that regard; and at the same time work on two separate pathways, to see if a hotel is the right thing.

MOTION:

Commissioner Wolfson moved to terminate negotiations with South Beach ACE (SBACE) and cancel the RFQ; decouple the renovation of the Convention Center from the hotel; and instruct City staff to prepare an RFP or RFQ for the renovation of the Convention Center that the City Commission can consider in the future. (See below for final motion.)

Vice-Mayor Weithorn inquired if Commissioner Wolfson would consider adding to his motion that the hotel be considered on a parallel track, concurrently.

Mayor Levine stated that the City is working with Art Basel and their CEO. The Mayor is asking them to come in and be involved as a consultant, and they are very excited. Art Basel represents the type of convention that the City wants to maintain for the future, so they would like to utilize their partner at Art Basel as much as possible.

The Mayor explained that with his concept to renovate the Convention Center first, as a separate project, the City would not be leasing or selling the land. The City owns it and is keeping it. Regarding what Vice-Mayor Weithorn is saying about considering the hotel concurrently, the Mayor thinks the idea is that the motion would be to direct staff to come back and tell the City Commission, based on what they found, what they feel is best. The Mayor thinks, simultaneously to preparing the RFP or RFQ for the Convention Center renovation, staff should identify sites for a potential hotel development.

Commissioner Steinberg wants to know what the timeline is.

The Mayor would hope to have something by the next Commission meeting, but deferred to the City Manager.

Jimmy L. Morales, City Manager, explained that any RFP/RFQ must be presented in full for the approval and the consideration of the City Commission, and his thought for the Convention Center, if they do an RFP or RFQ for design services, will probably be March 2014. They would probably come back in April with an analysis with respect to possible hotel sites. Commissioner Steinberg stated that she wants it done right.

The Mayor stated that it must be decoupled and on two separate parallel tracks, but that they must move forward now with the renovation of the Convention Center.

Commissioner Wolfson stated that his understanding is that they are decoupling it.

Commissioner Wolfson thinks that government can only focus on so many things at one time. The renovation of the Convention Center in itself is a massive undertaking. His understanding was that in decoupling they are going to work on the renovation of the Convention Center, and then discuss whether or not the hotel would fit and if so where. What it sounds like is being proposed is that they are going to get sites and go forward with a hotel as well.

Mayor Levine responded that he thinks the best way to go about it is to dual track them, but that they are totally decoupled and separate projects. The group renovating the Convention Center may not be the same one as the developer building the hotel. However, they want to keep them on parallel tracks. Mayor Levine added that they know that the Convention Center will probably move faster, but they want to make sure the hotel is going forward too. They are decoupled, but they are together.

Commissioner Malakoff just wanted to say a few words about the hotel. She read the 2008 Convention Center Survey. She met with Bill Talbert, President and CEO of the Greater Miami Convention & Visitors Bureau, and she is very familiar with the hospitality industry. She believes what Vice-Mayor Weithorn said is correct; they must go forward with the hotel component, as it is very important. A hotel nearby is very important. Commissioner Malakoff does not think it should be on top of the Convention Center but in the vicinity. She read the figures and a hotel within a block or two is fine. Commissioner Malakoff thinks they need to go forward with both. As long as the City Manager says they can handle both.

Vice-Mayor Weithorn said that she is calling it a “decoupled concurrent process.” Bill Talbert, President and CEO of the Greater Miami Convention & Visitors Bureau, spoke. Mayor Levine stated that they are concurrent, but very separate projects.

Vice-Mayor Weithorn stated that that is why she called it "decoupled," but they are going to move on them at the same time.

Commissioner Wolfson inquired of Vice-Mayor Weithorn, when she said at the same time, is she going to require that the hotel be completed at the same time?

Vice-Mayor Weithorn stated that obviously they could not be completed at the same time because one process they can control, and the other they will not. However, the sentiment from the dais is that the Convention Center needs the hotel, and if it happens six months after, or a year after, it is acceptable.

FINAL MOTION:

Commissioner Wolfson moved to cancel the current RFQ (RFQ No. 22-11/12); terminate negotiations with the Master Developer, South Beach ACE (SBACE); direct the City Administration to prepare a new RFP or RFQ for design-build or design services for the renovation of the Convention Center alone; and further directed the City Administration to identify potential sites for a Convention Center hotel. Motion seconded by Vice-Mayor Weithorn. Voice vote: 7-0.

Commissioner Tobin asked if the design/build plan for the Convention Center renovation would include the responsibility to identify a potential Convention Center hotel site.

Mayor Levine stated that what is going to happen is that the City is going to move forward with a process to engage a design firm to work on the Convention Center renovation. At the same time, under a separate process, City staff is going to look at potential land for the hotel.

Handout or Reference Materials:

1. Letter from Albert E. Dotson, Jr., Bilzin Sumberg Baena Price & Axelrod, LLP, dated January 14, 2014 RE: Circumvention of Exclusive Selection of SBACE as Master Developer of Miami Beach Convention Center Project.

2:36:25 p.m.

3:05:11 p.m.

R9C2 Update On The Miami Beach Convention Center Project.
(City Manager's Office)

ACTION: Update given. Item heard in conjunction with item R9C1. See action with R9C1. Mayor Levine stated that this is one of the most important issues in Miami Beach. He recognized former Commissioners Jerry Libbin and Nancy Liebman and former Mayor Neisen Kasdin.

Jimmy L. Morales, City Manager, explained that in addition of going out for an RFP, they will identify critical elements that have to be done, they do not have accurate survey of the site, and in addition to beginning to start talking to financial advisors about structuring the financial aspects of this, an RFP will be worked out and other elements, and will probably come back next month with a timeline about what needs to be done and when it needs to get done. They met with the consultant and there was a presentation to make today, but they will defer that for another date for the brevity of time.

Vice-Mayor Weithorn stated that there is another meeting next week for Presentations and asked if the City Manager could present this item at that time. The presentation will be deferred to another date.