



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

COMMITTEE MEMORANDUM

TO: Honorable Chair and Members of the Finance and Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: October 22, 2021

SUBJECT: **A DISCUSSION APPROVING AN AMENDMENT TO THE FINANCIAL TERMS OF THE CONCESSION AGREEMENT BETWEEN THE CITY AND PRODUCTIONS SUD, INC. FOR THE MANAGEMENT AND OPERATIONS OF THE LINCOLN ROAD ANTIQUES AND COLLECTIBLES MARKET; SAID AMENDMENT MODIFYING THE FINANCIAL TERMS OF THE AGREEMENT IN ORDER TO ADDRESS THE FINANCIAL IMPACT OF THE COVID-19 PANDEMIC ON CONCESSIONAIRE'S OPERATIONS.**

BACKGROUND

Pursuant to Resolution No. 2020-31401, the City and Productions Sud, Inc. (Concessionaire) are parties to a Concession Agreement (Agreement), dated April 5, 2021 for the operation and management of the Antiques and Collectibles Market on Lincoln Road. Said Agreement commencing on October 1, 2020, and expiring on September 30, 2023, contains two (2) renewal options, at the City's sole discretion, for an additional two (2) years each. The market operates every weekend from October through May and is a positive impact to the residents and visitors of Miami Beach. The Antiques and Collectibles Market has been operating on Lincoln Road and serving the Miami Beach residents and visitors for the past 28 years.

ANALYSIS

The Agreement's rental terms currently requires Concessionaire to pay 15% of Gross Sales with a Minimum Guarantee of \$40,000. Although the market was able to open and operate for the 2021 season, from October 2020 through May 2021, the COVID-19 pandemic resulted in the Concessionaire losing over half of its vendors. This caused a financial impact for the operator to meet the Minimum Guarantee (MG).

On September 17, 2021, the Mayor and City Commission referred an item to the Finance and Economic Resiliency Committee to discuss potential relief for the Concessionaire. The Administration reviewed the Concessionaire's sales for the 2020 and 2021 season. Based on the discussion with the Concessionaire, the following is a basic summary of the proposal for the Antiques and Collectibles Market:

- Reduce current Minimum Guarantee from \$40,000 to \$23,000 for the period of October 1, 2020 to September 30, 2022.

- Commencing on October 1, 2022, the annual Minimum Guarantee would return to \$40,000 as stipulated in the Agreement
- The Concessionaire will also continue to pay 15% Gross Sales during the term of the Agreement.

The Concessionaire has expressed that due to COVID-19 Delta variant, many of their vendors remain displaced and is concerned that the lucrative tourism traffic has not yet returned to Lincoln Road. The Concessionaire expects the 2022 season to continue on a similar track for at least a portion of the season.

CONCLUSION

Based upon the established performance record the Concessionaire has held with the City and the material impact that the pandemic has had upon the Concessionaire's operation, the Administration recommends approving an amendment to the financial terms of the Agreement between the City and Productions Sud, Inc. Said amendment will reduce the Minimum Guarantee to \$23,000 for the period commencing on October 1, 2020 and ending on September 30, 2022 in order to address the financial impact the COVID-19 pandemic has had on the Concessionaire's operations. The reduction in the Minimum Guarantee is in the best interest of the City and Concessionaire in order to continue allowing the Market to operate and provide a service to residents and visitors.

Attachment:

Proposed Amendment No.1