

MIAMI BEACH

FINANCE AND ECONOMIC RESILIENCY COMMITTEE MEETING ADDENDUM MATERIAL (11/10/2022)

Link: <https://miamibeachfl-gov.zoom.us/j/86360595462>; or Dial: 1-301-715-8592 or 888-475-4499 (Toll Free) Webinar ID: 86360595462

November 14, 2022 – 9:30 AM

Commissioner David Richardson, Chair
Commissioner Ricky Arriola, Vice-Chair
Commissioner Kristen Rosen Gonzalez, Member
Mayor Dan Gelber, Alternate Member

John Woodruff, Liaison
Nattaly Cuervo, Support Staff

ADDENDUM MATERIAL

OLD BUSINESS

- 17. A DISCUSSION OF AN UNSOLICITED PROPOSAL FOR THE DEVELOPMENT OF A MIXED-USE PROJECT AT A CITY-OWNED SURFACE PARKING LOT LOCATED AT 1262 COLLINS AVENUE (P16).**

October 13, 2021 – C4 O

Sponsored by Commissioner Arriola
Facilities and Fleet Management

Status: Memorandum and Attachments added

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Alina T. Hudak, City Manager

DATE: January 1, 2023

SUBJECT: **A DISCUSSION, IN CONCEPT, OF AN UNSOLICITED PROPOSAL, SUBJECT TO COMPLIANCE WITH FLORIDA STATUTES SECTION 255.065, FOR THE DEVELOPMENT OF A MIXED-USE PROJECT CONTAINING GROUND FLOOR RETAIL SPACE, CLASS A OFFICE SPACE, AND A PARKING GARAGE, PROPOSED TO BE DEVELOPED AT A CITY-OWNED SURFACE PARKING LOT LOCATED AT 1262 COLLINS AVENUE (P16).**

HISTORY:

On October 13, 2021, Commissioner Ricky Arriola referred a discussion item to the Finance and Economic Resiliency Committee (“**FERC**” or the “Committee”) pertaining to a proposal for a mixed-use building at the location of City-owned Parking Lot (“**P16**” or the “**Property**”) located at 1262 Collins Avenue (Item #C4 O). The item was deferred and discussed at the April 19, 2022 FERC meeting.

P16, located at the southwest corner of Collins Avenue and 13th Street, is a 21,000 square foot surface parking lot with fifty (50) spaces. The parcel is comprised of Miami-Dade County folio numbers 02-3234-008-1020 and 02-3234-008-1030. Annual parking revenues for P16 were \$407,896 for FY 2021 and \$420,161 for FY 2022. P16 is highly utilized, and the area in its immediate proximity needs additional parking amenities. The closest parking garage G3 (located across the street on 13th and Collins) is mostly filled to capacity. Parking garage G2 (located on 12th Street – next to the Police Station) holds excess demand and is also usually full.

Location Ventures, LLC (“**LV**”) submitted an unsolicited proposal to develop a mixed-use project, including ground floor retail space, office space and a parking garage (the “**Project**”). LV’s preliminary concept plan is attached as **Exhibit A**. The new structure is proposed to consist of 169 parking spaces, 8,167 square feet of ground floor retail, and 8,524 square feet of Class A office space, with an overall maximum height between seventy-five (75) feet and ninety (90) feet.

LV requested a 99-year ground lease (“**Lease Agreement**”), and as first proposed at the April 19, 2022 FERC meeting, LV would collect 100% of the net cashflow from the operation of the garage after operating expenses and debt service until the payoff of the Project equity, and a ten percent (10%) internal rate of return on the Project equity. LV estimated it would require a period of twelve (12) months to obtain development approvals and an additional twenty-four (24) months for construction of the Project. LV would have the right to lease sixty (60) parking spaces in the garage component of the Project (“**Reserved Spaces**”) that would be used by LV to provide parking for an office-residential project it is developing on Washington Avenue and 13th Street (the “**LV Washington Avenue Office-Residential Project**”). In LV’s proposal, during the initial ten (10) years of the Lease Agreement, the City would not realize any rental revenue from the Project and would lose its existing parking revenue. Upon recoupment by LV of its equity and ten percent (10%) return, which was projected to be achieved within the first ten (10) years of the Lease Agreement, the City would have the right to terminate the Lease Agreement and take possession of the Project subject to assumption of the then remaining debt. If the City opted to terminate the Lease Agreement and take possession of the Project, the City would thereafter be responsible for operating the Project (or engaging a third party to operate on the City’s behalf) and would be entitled to 100% of all operational net income. If the City did not elect to terminate the Lease Agreement, the City would receive rent equal to all net project revenue (i.e. gross revenues less operating expenses and debt service).

At its April 19, 2022 meeting, the FERC asked LV to revisit its proposal and pro forma. In particular, the FERC directed LV to: (i) explore whether neighboring businesses supported the Project, (ii) improve the economic terms for the City, and (iii) submit optional concepts to compare multi-level offices to the initial proposal consisting of a single floor of office space.

New Proposed Terms

As a result of the direction provided by FERC, LV submitted to the Administration a revised Term Sheet dated October 21, 2022 (**Exhibit B**) that includes the following:

- Redeveloping P16 from an approximate fifty (50) space parking lot to a mixed-use commercial structure 90’ in height; 21,024 Sq. Ft. of Class A office space; a parking garage having approximately 105,920 square feet, with 169 parking spaces; 8,167 Sq. Ft. of ground floor retail space, with the total building having approximately 135,111 square feet.
- LV is requesting a waiver not to exceed ninety (90) feet in height (**Exhibit C**) and a waiver of parking requirements associated with ground floor retail.
- The Project would require legislation to create parking requirements for those spaces within the building associated with public

parking.

Below is an allocation of the program use of the Project.

	Square Feet*	%
Total Building Square Feet	135,111	100%
Commercial Leasable Space*	29,191	22%
Parking Spaces	105,920	78%
*Excludes parking requirement for commercial spaces		

LV would have the right to lease sixty (60) parking spaces in the day and forty (40) spaces in the evening ("**Reserved Spaces**") at market rate from the City for 99 years to be used by LV to provide parking for an office-residential project (the **LV Washington Avenue Office-Residential Project**). The 169 spaces will be allocated as follows:

- The two floors of Class A office space will require approximately fifty-three (53) parking spaces pursuant to the current City Code of Ordinances
- Fifty-six (56) spaces available to the public 24-hours, 7-days a week (6 spaces more than existing available public parking spaces before 5:00 PM) at an hourly rate; and
- After 5:00 PM and on weekends, LV will release twenty (20) of their sixty (60) **Reserved Spaces**, and the fifty-three (53) office spaces for a total of 129 open spaces (in the evenings and weekends) for the public at an hourly rate.

As delineated in the Term Sheet dated October 21, 2022, LV will maintain a leasehold interest in the to-be built commercial/garage structure with estimated development costs of approximately \$25,900,000. LV estimates it would require a twenty-four (24) month period to obtain development approvals and an additional twelve (12) months for construction of the Project. LV is requesting that the City waive all fees (i.e. permits, parking, City impact fees, administrative fees, etc.).

Upon commencement of operation of the Project, LV is proposing to pay \$400,000 annually with annual increases of three percent (3%) to the City until the sooner of the lease termination or when the City receives one hundred percent (100%) of the net cashflows from the operation of the garage. Early Agreement termination will occur once LV receives its return of equity and an internal rate of return ("IRR") of ten percent (10%) of its equity, projected to be ten (10) years; and the Project mortgage is paid in full, projected to be an additional seven (7) years or seventeen (17) years in total. Once LV receives its return of equity and ten percent (10%) IRR, one hundred percent (100%) of the Net Cashflow shall be applied towards debt service to achieve an early mortgage loan pay off. At which point, LV shall turn over the management and operation of the Project to the City, and the City shall collect one hundred percent (100%) of all operational income.

ANALYSIS:

LV has requested that the City accept the proposal as an unsolicited bid for the Project and that the Commission direct the Administration to publish notice, as required pursuant to Section 255.065, Florida Statutes, requesting other proposals for a period of up to sixty (60) days (out of a maximum of one hundred twenty days 120 days), as recommended by the Finance and Economic Resiliency Committee. LV has also requested approval by the City Commission of a height increase to 90 feet, above the current maximum height of 75 feet. In addition, since height modifications are being requested, this may require an amendment to the Land Development Regulations (LDRs) following the solicitation process.

Certain Legal Requirements

If the City Commission determines that it would be in the City's best interests to enter into a comprehensive agreement for the Project, Section 255.065, Florida Statutes (the "**Statute**"), requires that the City publish a notice in the Florida Administrative Register and a newspaper of general circulation at least once a week for two (2) weeks stating that the municipality received a proposal and will accept other proposals for the same Project. The timeframe within which the municipality may accept other proposals must be at least twenty-one (21) days, but no more than one hundred twenty (120) days, after the initial date of publication. LV has requested, and the FERC agreed at the April 19th meeting, to recommend to the Commission, a 60-day window for receiving competing proposals.

Additionally, if the City Commission chooses to proceed with a proposal to develop surface lot P16, the Statute requires that the City retain an architect or engineer, in accordance with the requirements of Section 287.055, Florida Statutes, to ensure a professional review and evaluation of the design and construction proposed by the initial or subsequent proposers, including without limitation a review of material quality standards, interior space utilization, budget estimates, design and construction schedules, and sustainable design and construction standards consistent with public projects. Pursuant to the Statute, the required review shall be at the sole cost of the proposer. If the fees for the required review are anticipated to be lower than the threshold established in Florida law for requiring a formal solicitation, the City may utilize a prequalified consultant pursuant to an existing City contract to perform the review and thereby expedite the review process.

If the City Commission opts to proceed with the Project, whether with LV or a different proposer, the City Administration would incur title search fees, outside counsel fees and other costs related to its review and evaluation process, as well as the negotiation of a comprehensive agreement. Although the City has not imposed an application fee, the City has the right to require, per the Statute, that the private entity pay the costs of the required reviews. The City may stop its review of the unsolicited proposal if the private entity fails to pay the additional amounts. The City will require LV and/or any other successful proposer to execute a Reimbursement and Indemnification Agreement in connection with the City's evaluation of any proposal, and the negotiation of all necessary agreements, to develop the P16 surface lot.

Additional Considerations and Developments since April 19, 2022 FERC meeting

Parking Revenue Bond Covenant

The Master Parking Resolution (Resolution No. 2010-27491) imposes certain restrictions on the sale or leasing of assets that form part of the Parking System. Surface lot P16 is such an asset. If the Commission wishes to lease surface lot P16 to develop the Project, an analysis would be required to determine whether this could be accomplished in compliance with the Master Parking Resolution. Furthermore, it would need to be determined if the leasing of this parking lot would impose a risk that would impact the current Parking Revenue Bond Covenant.

Area Parking Inventory and Demand

There are four (4) municipal lots/garages in the Art Deco Cultural District (the “ADCD”): the G1 garage located at 200 7th Street (i.e., 7th Street and Collins Avenue), with 646 spaces, a garage on 12th Street and Washington Avenue (G2), and a garage on 13th Street and Collins Avenue (G3). These three garages are conveniently located near Ocean Drive and provide affordable parking for locals and visitors. All three garages are often full. The fourth municipal garage in the ADCD, the Anchor Garage, is located at 16th Street between Washington

Avenue and Collins Avenue. Although this garage is large, per the City’s agreement with the developer of that parking facility, up to 70% of spaces are to be available, upon request from the St. Moritz Hotel Corporation (operator of The Loews and Royal Palm Hotels), for use by their valet operator. This significantly reduces the number of parking spaces available to the public at the Anchor Garage.

To understand the fiscal impact of the area’s parking assets, the Administration conducted an analysis comparing annual revenues and daily rate per space for fiscal years 2016, 2019, and 2022 respectively. As evidenced in the table below, the highest grossing revenue per space was for the P16 and G3 parking assets.

Garage	Revenue	Spaces	Annual Rate Per Space	Daily Rate Per Space
2016	\$ 2,456,679.00	646	\$ 3,802.91	\$ 10.42
2019	\$ 2,882,581.00	646	\$ 4,462.20	\$ 12.23
2022	\$ 3,103,933.42	646	\$ 4,804.85	\$ 13.16
2016	\$ 683,799.00	134	\$ 5,102.98	\$ 13.98
2019	\$ 783,415.00	134	\$ 5,846.38	\$ 16.02
2022	\$ 645,548.00	134	\$ 4,817.52	\$ 13.20
2016	\$ 1,553,275.00	286	\$ 5,431.03	\$ 14.88
2019	\$ 1,887,537.00	286	\$ 6,599.78	\$ 18.08
2022	\$ 2,052,449.76	286	\$ 7,176.40	\$ 19.66
2016	\$ 372,610.00	50	\$ 7,452.20	\$ 20.42
2019	\$ 407,896.00	50	\$ 8,157.92	\$ 22.35
2022	\$ 420,161.00	50	\$ 8,403.22	\$ 23.02

Although per space revenue is affected by a facility’s size, it is also relative to and indicator of its demand. An increased demand, as has been demonstrated, results in a growth of per space revenue.

Parking Garage G1 Purchase Option

On July 6, 2022, Ballet Valet Parking Company, LTD (“BV”), the developer that constructed and developed the G1 garage (located at 200 7th Street, a/k/a 7th Street and Collins Avenue), communicated via email to the City Manager its interest to accelerate its option to purchase the G1 garage pursuant to a purchase option granted by the City to BV in that certain Acquisition, Construction and Development Agreement dated June 6, 1994 between the City, BV and McCarthy Brothers Company. If the City declines to accelerate BV’s right to exercise its purchase option, BV will nevertheless have the right to exercise the option in April 2026. If BV exercises its right to purchase the G1 garage and converts it into a private parking facility or limits access, the number of municipal spaces in the South Beach area will be reduced by 646 spaces, leaving residents and visitors with limited options and requiring them to park in higher-priced, private parking lots and garages.

As BV has expressed its intent to exercise its purchase option, the City anticipates the loss of the G1 garage and its 646 municipal spaces in 2026. As proposed, the LV Project would result in a significant reduction in the number of municipal parking spaces available for locals and visitors in the Art Deco Cultural District, including employees and patrons of the businesses located there. In light of the anticipated loss of 646 municipal spaces when G1 becomes a private facility, the City should seek, at a minimum, to maintain, and ideally, to increase, available day and evening municipal parking to provide sufficient, affordable parking options for locals and visitors in this high-traffic area.

Proposed Parking Rates

LV’s Project would provide fifty-six (56) spaces, which would be available for daytime public parking, a modest increase of six (6) spaces over the City’s existing fifty (50) public spaces currently available at P16. As proposed, all spaces would be on an hourly basis at **market rates**. Accordingly, LV would have ownership of public spaces for next seventeen (17) years while they extinguish their debt. The City would not necessarily realize a net gain in municipal parking at City rates.

cost. The City would not necessarily realize a net gain in municipal parking at City rates.

Parking Master Plan

Prior to considering LV's or any other redevelopment proposal, the City should conduct an analysis of existing parking conditions to identify and understand needs. The Parking Department is working on a solicitation for a Parking Master Plan to provide strategic direction to improve the efficiency and effectiveness of the City's current and future parking resources. A Parking Master Plan could provide insight on maximizing parking resources, improving parking options for residents and visitors, and identifying solutions to support parking provision and demand management as the City continues to evolve and transform. Currently, there is no assessment to support if LV's Project would maximize the effectiveness of parking; or how the Project would impact neighboring stakeholders (residents, tenants, visitors, employees, and business-owners).

City Redevelopment Option

Moreover, the City should consider managing the redevelopment of P16. The Administration did a preliminary analysis for building a parking asset of similar scope. The return on investment (ROI) would be twelve (12) to thirteen (13) years. As proposed, LV's Project would not yield a return on its equity until seventeen (17) years.

In consideration of the foregoing, the City should consider all factors in determining if it would be better served by LV's unsolicited proposal.

CONCLUSION:

Based on the aforementioned and the new information regarding G1 with an anticipated loss of 646 public spaces, the Administration recommends engaging a professional firm to conduct a full parking study of the area. This study would determine the current parking inventory and parking rate offset compared to future parking needs of the City, and confirm if there is a net gain of parking spaces within the proposed terms presented by LV. Additional analysis would also review the height waiver (and its impact) being requested and determine what other development options may be considered by the City. The Administration believes the best path to maximize public parking on this Property is through the City managing the redevelopment of the site as it could potentially realize a ROI in less time than proposed by LV. However, if the Finance and Economic Resiliency Committee determines that the development of P16 as currently proposed by LV would be favorable to the City's economic interest, the Administration recommends following the formal competitive bidding process set forth in the City Code and State Statutes and solicit additional bids and concepts in order to affirm the highest and best use for this parcel.

Applicable Area

South Beach

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

No

Does this item utilize G.O. Bond Funds?

No

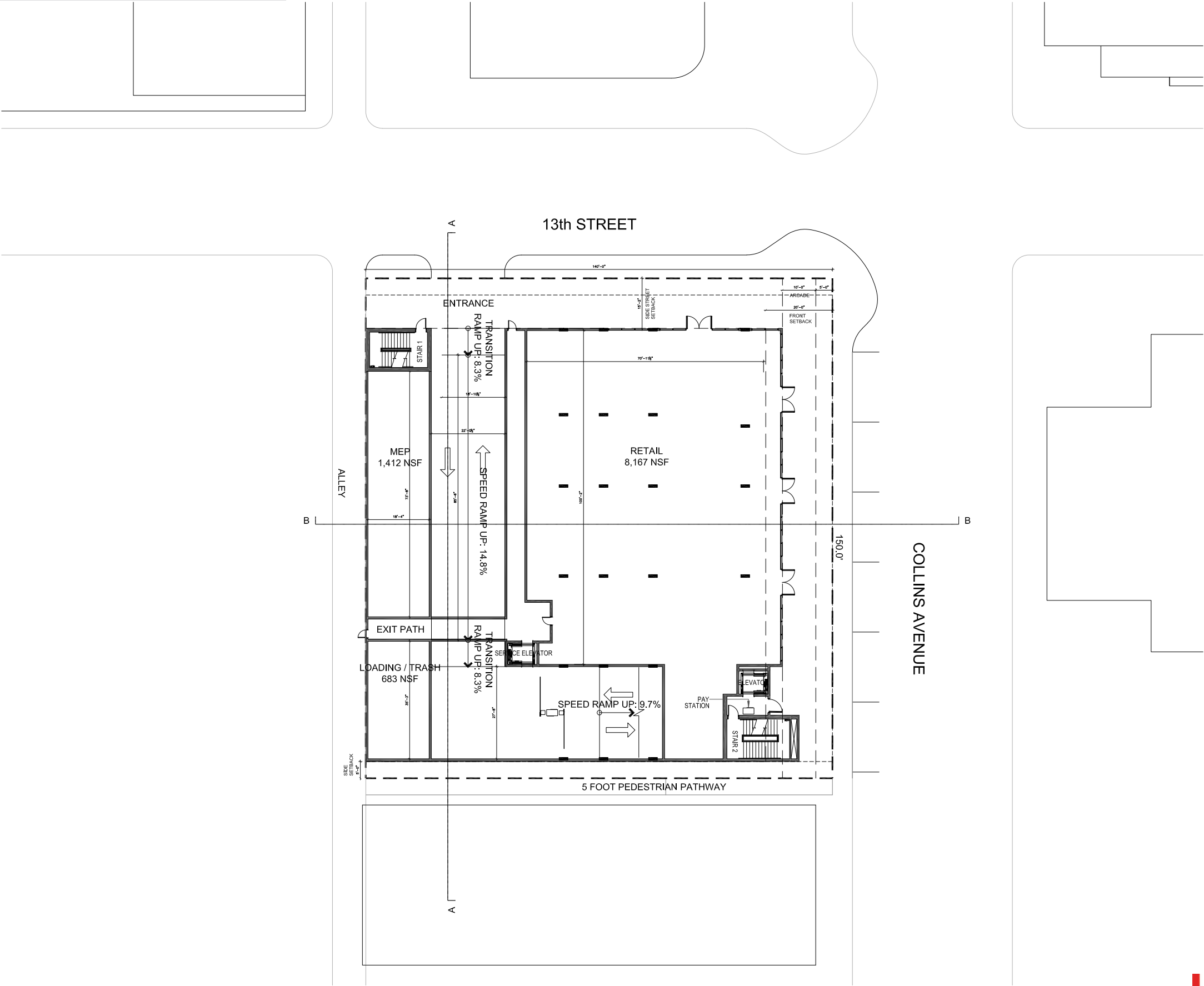
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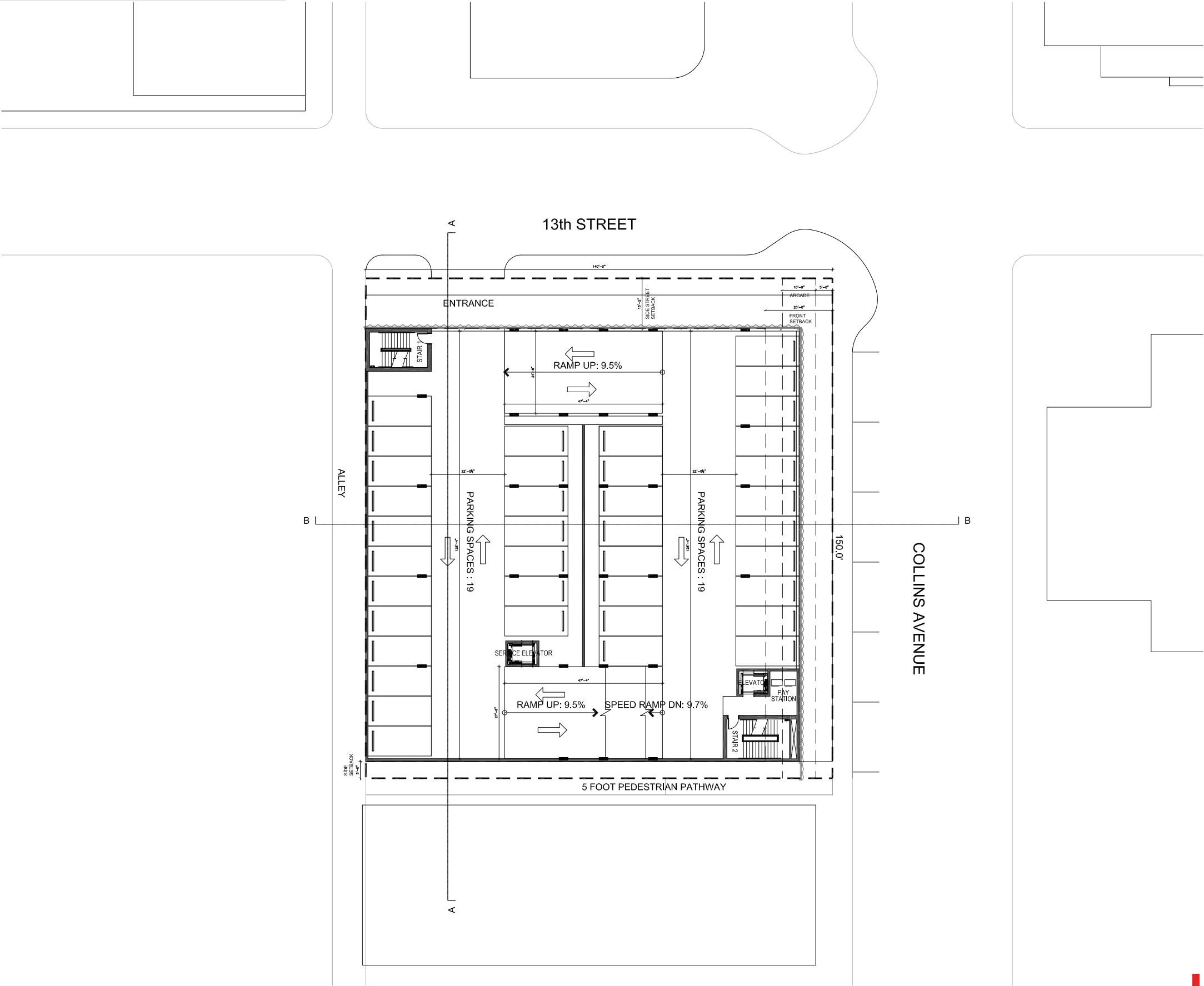
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<input type="checkbox"/> Exhibit A - LV Design Concept	Other
<input type="checkbox"/> Exhibit B - LV Term Sheet	Other
<input type="checkbox"/> Exhibit C - LV PPT	Other

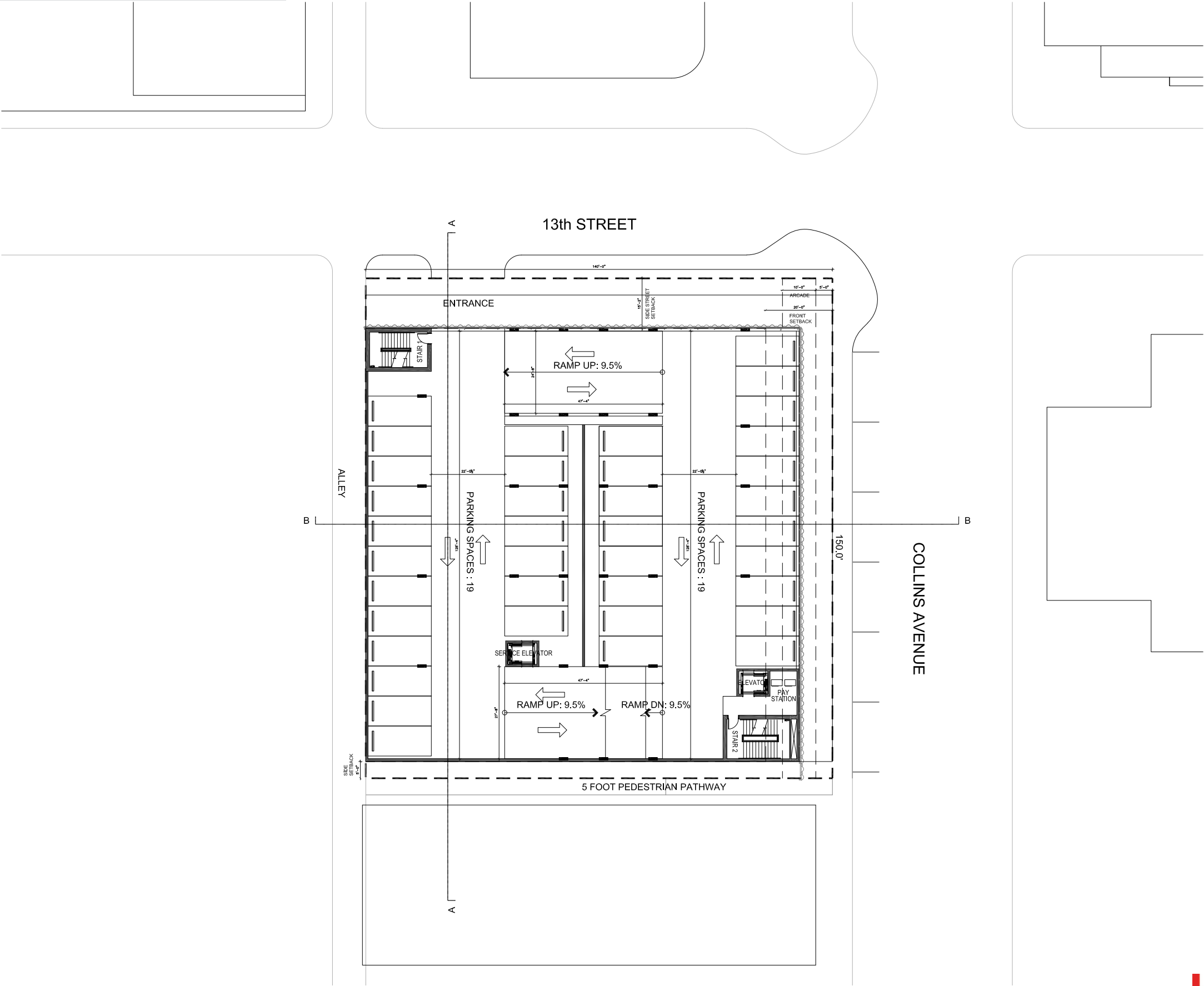
COLLINS & 13TH STREET
PARKING GARAGE
CONCEPT DESIGN PRESENTATION
29 / JUNE 2021



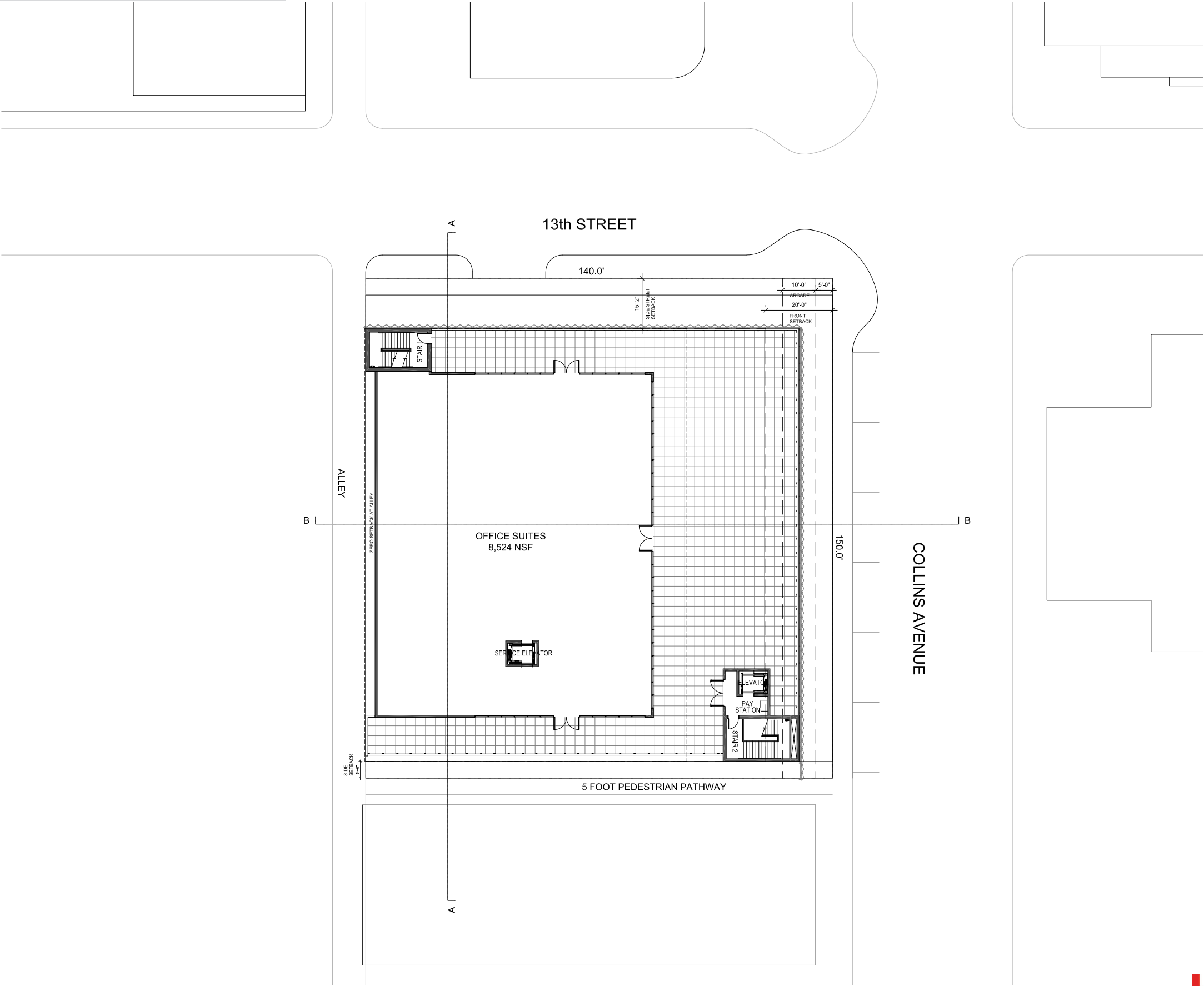
FLOOR PLAN - GROUND LEVEL (1/32" SCALE)







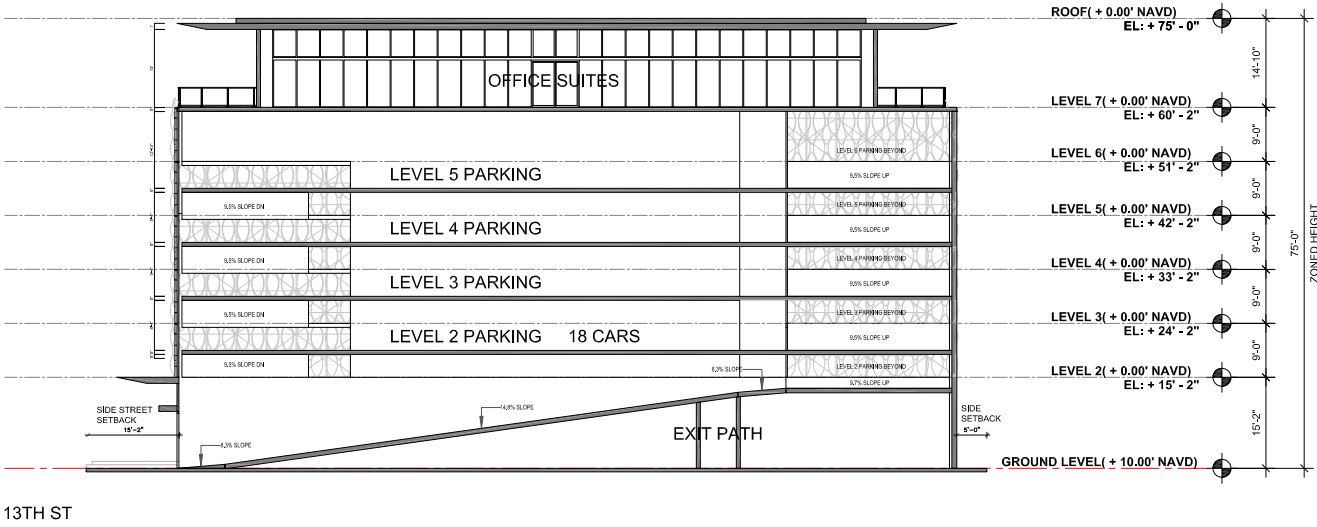




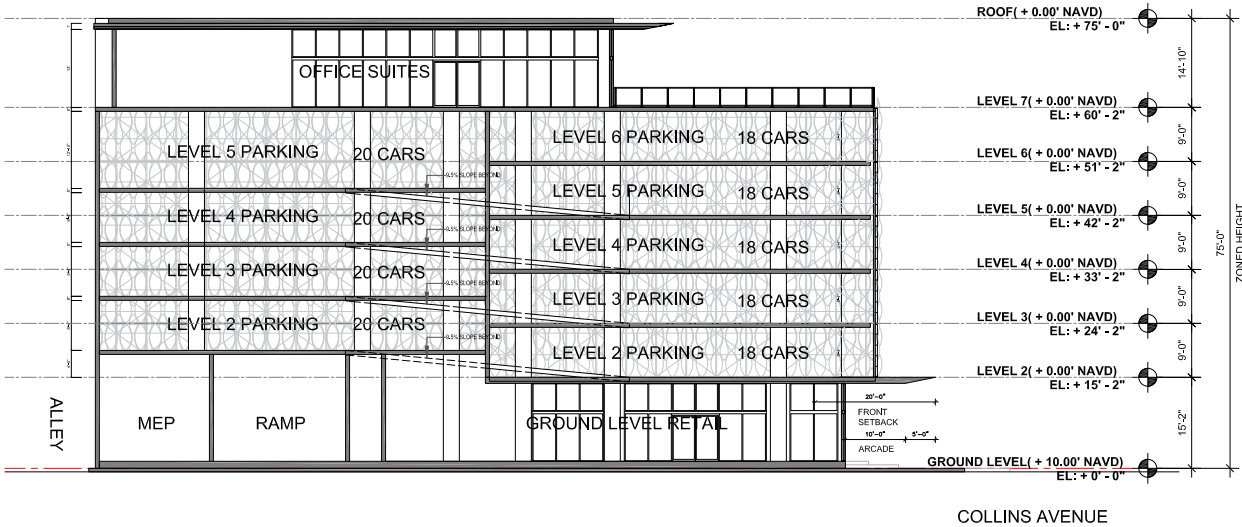
SECTION - PROGRAM & RAMPS (1/32" SCALE)

Exhibit A

Section A



Section B



BUILDING RENDERING - NORTHEAST AERIAL (OPTION 1)



BUILDING RENDERING - WEST PERSPECTIVE (OPTION 1)



BUILDING RENDERING - NORTHEAST PERSPECTIVE (OPTION 1)



BUILDING RENDERING - NORTHEAST AERIAL (OPTION 2)



BUILDING RENDERING - WEST PERSPECTIVE (OPTION 2)



BUILDING RENDERING - NORTHEAST PERSPECTIVE (OPTION 2)



BUILDING RENDERING - WEST PERSPECTIVE (OPTION 3)



BUILDING RENDERING - NORTHEAST PERSPECTIVE (OPTION 3)



BUILDING RENDERING - WEST PERSPECTIVE (OPTION 4)



BUILDING RENDERING - NORTHEAST PERSPECTIVE (OPTION 4)





October 21, 2022

City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

RE: Redevelopment of the City-Owned Parking Lot at 1262 Collins Avenue, Miami Beach by Location Ventures LLC

- General Purpose:** The purpose of this non-binding term sheet (the “Term Sheet”) is to establish the business terms relating to the proposed public private partnership between the Parties, as defined below, and to provide basic terms and conditions for the development of a parking garage structure and lease agreements.
- Parties:** Location Ventures LLC and/or its designee entity formed for the development of the Property (“LV”/ “Developer”) and City of Miami Beach in its property ownership capacity (the “City”) and/or its wholly owned subsidiary entities collectively owning the Property, as defined herein. Collectively LV and the City are referred to as “Parties”.
- Property Description:** The subject property is an comprised of two parcels identified by the Miami-Dade County Property Appraiser’s Office with Folio Numbers: 02-3234-008-1020; 02-3234-008-1030 (the “Property”). The Property is approximately 21,000 square feet (SF) in size and consists of approximately fifty (50) at-grade parking spaces.
- Unsolicited Bid:** Pursuant to Florida Statute Sections 255.065 provide that a municipality may receive unsolicited proposals or may solicit proposals for qualifying projects. A “qualifying project” is a facility or project that serves a public purpose, including a vehicle parking facility. If the municipality receives an unsolicited bid for a qualifying project and the City accepts the proposal, the City must publish notice in the Florida Administrative Register and a newspaper of general circulation at least once a week for two (2) weeks stating that the municipality received a proposal and will accept other proposals for the same project. The timeframe within which the municipality may accept other proposals must be at least twenty-one (21) days, but no more than 120 days, after the initial date of publication. LV understands the requirements to comply with Florida Statute and requests a sixty (60) day window for the City to accept other proposals.
- Proposed Project:** The project shall consist of the overall improvement of the Property from an approximate fifty (50) space parking lot to a mixed-use commercial structure, including 8,167 SF ground floor commercial use and a minimum of 21,000 SF of office on the top two (2) floors. To achieve a 169-parking spaces and desired commercial use LV is requesting a waiver not to exceed ninety (90) feet in height (the “Project”), which compatible in line with surrounding building heights. LV will also seek a waiver of parking requirements associated with ground floor retail. The project will also require legislation to create a parking requirement for those spaces within the building associated with public parking, as was proposed for the Class-A office buildings for the Lincoln Lane North project.

Below is an allocation of the program use of the Project.

	Square feet*	%
Total Building Square Feet	135,111	100%
Commercial Leasable Space*	29,191	22%
Parking Spaces	105,920	78%
* Excludes parking requirement for the commercial spaces		

The 169 proposed parking programmed use is as follows:

	Day	Night
LV Permit Space	60	40
Hourly Spaces	109	129
Number of Spaces	169	169

Financial Terms:

The City will execute a 99-year lease term and LV will maintain a leasehold interest in the to-be-built garage structure. LV financing of construction will be by way of a leasehold mortgage, at no more than seventy-five percent (75%) of the value of the land, leaving the City's reversionary interest lien free. The ground lease will include customary protections for LV's mortgagee. Once the Project is constructed, LV will refinance the construction loan solely on the structure, thereby leaving the land free from encumbrances.

Price:

LV's total cost of the Project is estimated total to be approximately \$25,900,000; in return for building the structure for the City, at no profit markup to LV. The City will reserve up to sixty (60) spaces in the day and forty (40) spaces in the evening within the Project for purpose of providing parking for LV's project on 13th Street and Washington Avenue (the "Co-living and Office Project") at market rate. Estimated cost includes, but not limited to transaction cost, soft cost, and hard cost. The City shall have the option to evaluate LV's cost to ensure the competitive pricing.

Leasehold Agreement: LV will draft and deliver to the City for comment a proposed Lease Agreement (the "LA") within thirty (30) business days from City Commission adoption of the Project. City acknowledges the request for a long-term lease is intended for purpose of LV financing the Project and acknowledges LA shall terminate subject to the Cashflow Participation clause noted below.

Construction:

Within thirty (30) business days of the LA effective date LV shall deliver a budget for the development of the garage structure at its cost and shall exclude any development and/or construction budget (the "Project Cost") from its in-house construction company, Winmar Construction, Inc.

City Fees:	In return, the City shall waive all fees it would not incur for developing a similar project, including but not limited to permits, parking, City impact fees, administrative fees, etc.
Construction/ Entitlement/ Period:	LV shall have a period of twenty-four (24) months (the "Construction Period") after the execution of the LA to obtain non-appealable development approvals from the Historic Preservation Board, Planning Board, and building permits. Then, twelve (12) months for construction of the Project. The City will reasonably cooperate with LV pursuit of planning and construction. LV shall have the right to extend the Construction Period for delays in issuing permits by the City's permit reviewing departments (Planning, Building, Public Works, Fire, etc.), acts of God, or pandemic related problems. LV shall obtain a surety bond to guaranty the completion of the garage structure, which bond shall reflect the City and LV's construction lender as dual obligees. LV shall take expeditious actions to lease the commercial leasable space before completion of construction to ensure meeting and/or exceeding the turnover of the Project to the City.
Completion:	Upon issuance of the Temporary Certificate of Occupancy, LV shall maintain the Project with input from the City with the shared goal of maximizing the economic feasibility of the Project.
Cashflow Participation:	Upon commencement of operation of the Project, LV shall pay \$400,000 annually with annual increases of three percent (3%) to the City until the sooner of the lease termination or when the City receives one hundred percent (100%) of the net cashflows from the operation of the garage. Early lease termination will occur once LV receives its return of equity and an internal rate of return ("IRR") of ten percent (10%) of its equity, projected to be ten (10) years; and the Project mortgage is paid in full, projected to be an additional seven (7) years or seventeen (17) years in total. Once LV receives its return of equity and ten percent (10%) IRR, one hundred percent (100%) of the Net Cashflow shall be applied towards debt service to achieve an early loan pay off. At which point, LV shall turnover the management and operation of the Project to the City, and the City shall collect one hundred percent (100%) of all operational income.
Net Cashflow:	Net cashflow shall be excess cash flow after operating expenses including management fees, debt service and other senior obligations.
Roles:	<p>A mutually developed, negotiated, and agreed upon business plan shall be included in the LA, and will set out final management roles and responsibilities of each of the Parties.</p> <p>Any decisions to be made that are not specifically addressed in the business plan are to be considered major decisions, which will require mutual agreement as well as expedited arbitration for disagreements on major decisions.</p>
Guarantees:	LV and/or their affiliates will be responsible for providing guaranties for any acquisition and construction loan financing, subject to lender requirements. With the understanding that the Parties will cooperate in LV seeking non-recourse



Exhibit B

financing. Upon completion of the Project, LV will seek refinancing based on net cashflow from the Project.

Broker: LV and the City each represent that neither party are represented by a third-party broker for the contemplated transaction and if so, each party is obligated to said brokers per separate agreement.

Request: LV is requesting that the City Commission accept the unsolicited bid proposal for the Project; advertise, pursuant to Florida Statute, to receive competitive proposals for sixty (60) days, as recommended by the Finance and Economic Resiliency Committee; approve a waiver to allow the Project to be ninety (90) feet in height; and authorize the City Manager to negotiate an agreement for leasing the Property to LV for terms that exceed the current economic performance of the Property as it operates today and for such terms to include parking, retail and office use.

If these terms and conditions are acceptable, please indicate by signing below and returning an executed copy of this Letter.

DEVELOPER
Location Acquisitions, LLC

CITY:
City of Miami Beach

By: Rishi Kapoor
Name: Rishi Kapoor
Title: Manager
Date: _____

By: _____
Name: _____
Title: _____
Date: _____



Office, Retail, & Parking at 13th and Collins Avenue

City of Miami Beach
Finance Committee
September 30, 2022



BERCOW RADELL FERNANDEZ LARKIN + TAPANES
ZONING, LAND USE AND ENVIRONMENTAL LAW

Location



Current Parking Lot

- 50 spaces
- Hourly only
- FY20/21
Revenue:
\$407,896.05



Original Proposal

City Commission

October 13, 2021

- 169 parking spaces
- Ground floor commercial uses
- Top floor office space
- 75' of height
- Long-term Lease to Location Ventures to build
- Once built, Location Ventures operates until investment is returned
- Then, City-owns and operates
- Rents 60 spaces to Location Ventures



Finance Committee Discussion

March 30, 2022

- Deferral and Given List of Next Steps:
 1. Conduct Community Outreach
 2. Meet with Finance Department
 3. Include cash flow to City during LV operation
 4. Parking Department analyze parking demand
 5. Consider additional evening spaces

Finance Committee Referral

April 19, 2022

MOTION:

Commissioner Samuelian motioned to accept the presented unsolicited proposal of having 2 levels of office space, the lower level to have office spaces and the upper level to also include a terrace. The City also has the option to operate the Parking Garage within this building if they choose to do so. The Committee agreed the Administration will grant a bid waiver and allow a 60-day period for the public to submit their proposals. The item was referred to Commission with a favorable recommendation from the FERC Committee. Commissioner Arriola seconded the item. All in favor.

Proposed Project

Exhibit C



Building Components

Building Program	Units	Floor
Retail Square Feet	8167 SF	1
Public Parking Spaces	169 Spaces	2-6
Office Square Feet	21,024 SF	7-8

Line of Sight

Exhibit C



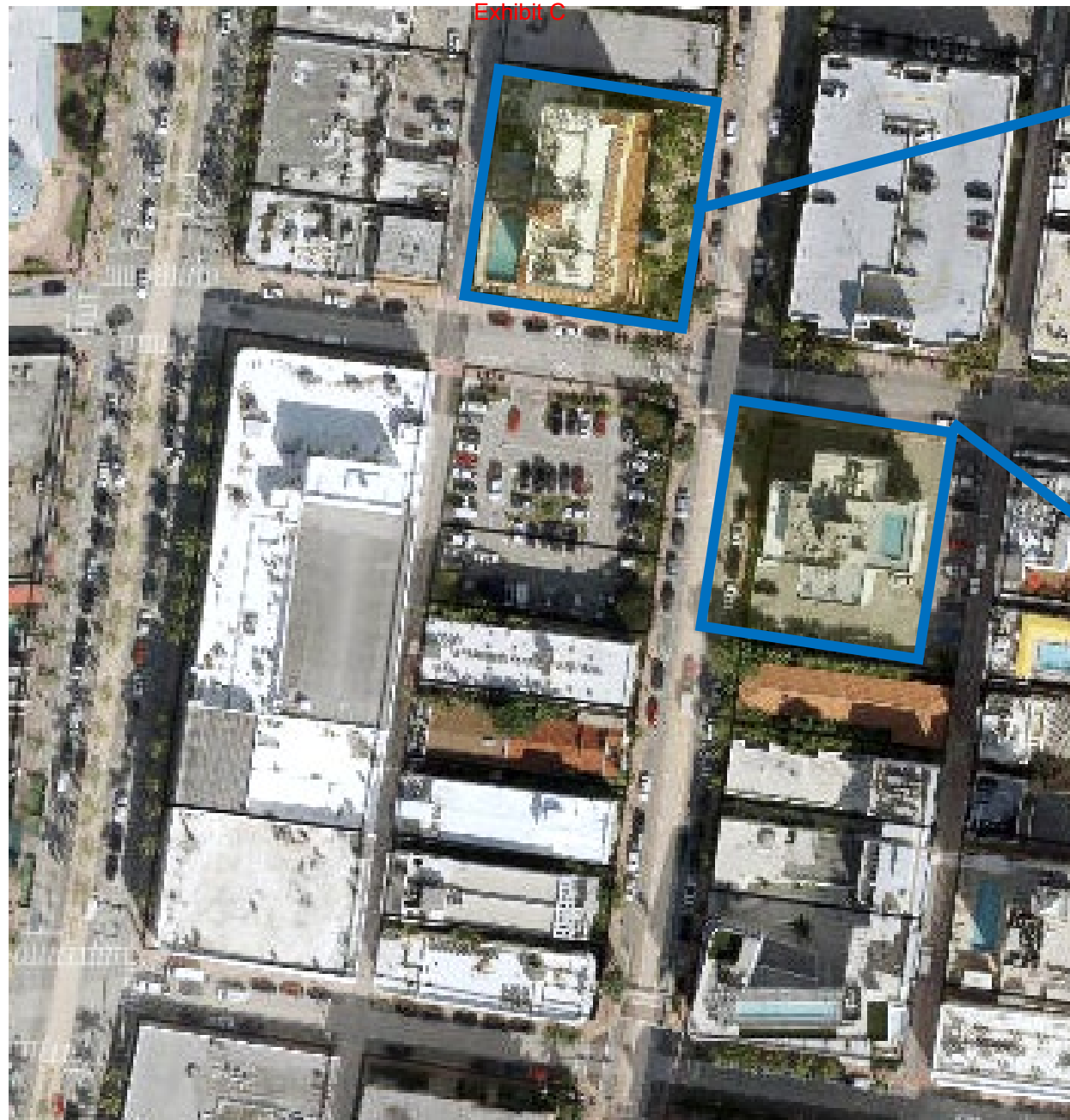
Height Context

Exhibit C



COLLINS & 13TH STREET | PARKING GARAGE CONCEPT PACKAGE

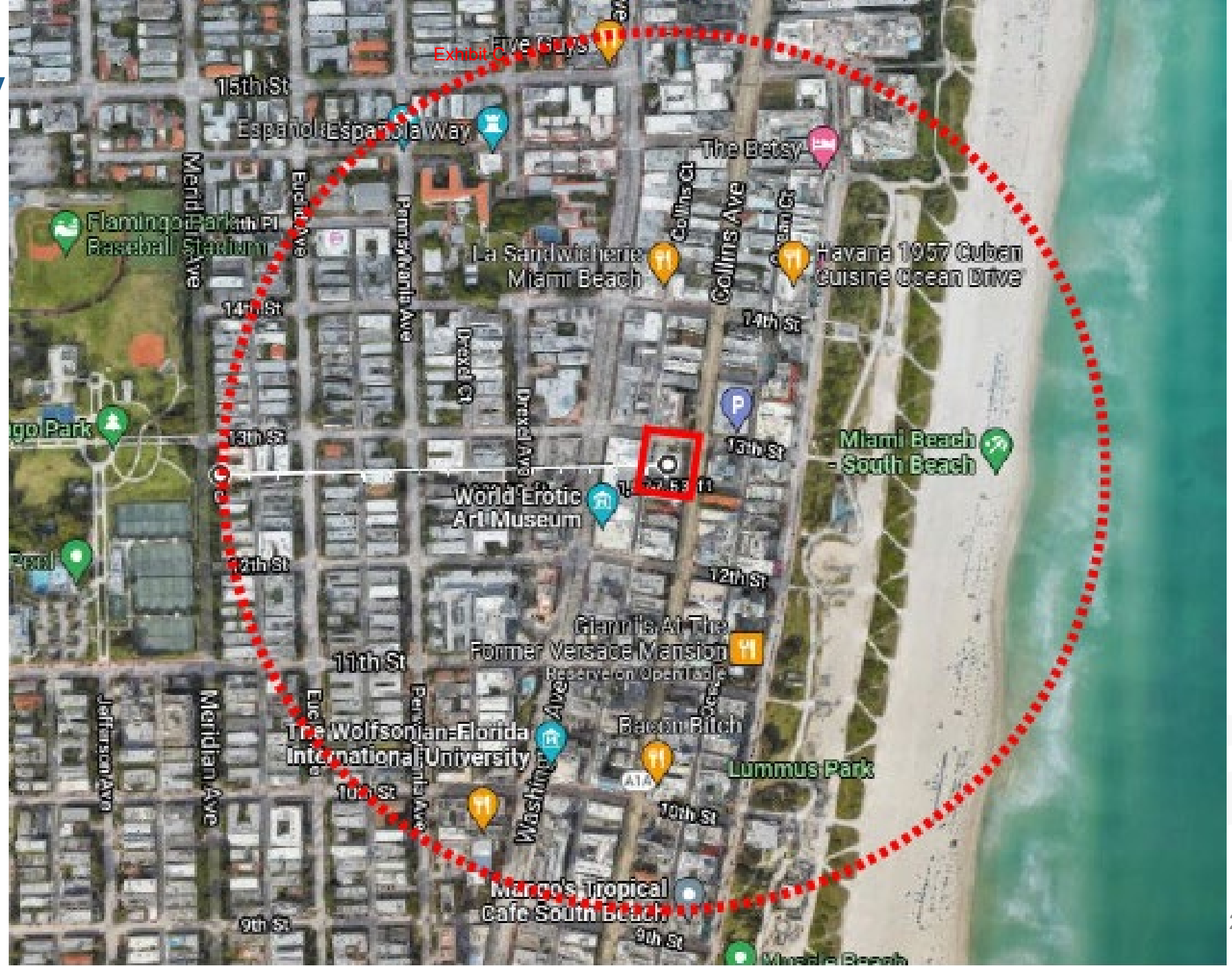
Surrounding Heights



1300 COLLINS AVE
73'

1255 COLLINS AVE
90'

Walkability



Collins Avenue Vacancies

(as of September 22, 2022)

Exhibit C

Address	Former Tenant
500 Collins Avenue	Hertz
590 Collins Avenue	Zara
616 Collins Avenue	Tommy Hilfiger
624 Collins Avenue	Club Monaco
653 Collins Avenue	Urban Outfitters
668 Collins Avenue	Round Two Vintage
673 Collins Avenue	Sunglass Hut
745 Collins Avenue	Victoria Secret
751 Collins Avenue	ALDO
763 Collins Avenue	H&M
826 Collins Avenue	Levi's

Collins Avenue Vacancies

Exhibit C



Collins Avenue Vacancies

Exhibit C



616 Collins Ave



624 Collins Ave

Collins Avenue Vacancies

Exhibit C



Neighborhood Economic Vitality



- Sibert financial service provider
- Purchased 653 Collins Avenue in January 2022

Parking Breakdown

- Today: 50 spaces
- Proposed: 169 spaces

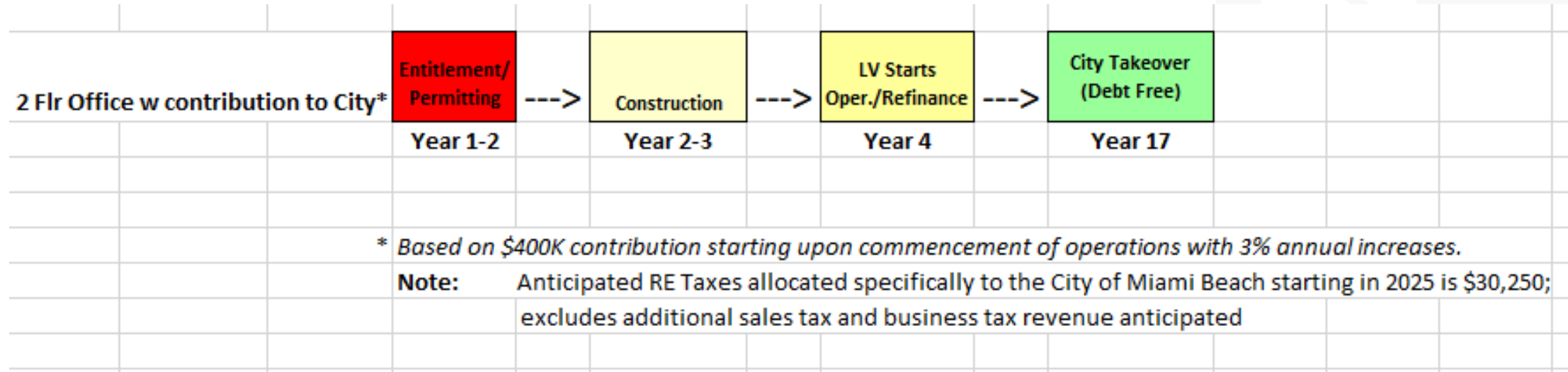
238% Increase

169 Parking Space Analysis

Starting Point		169
LV's Permit Spaces	60	109
Office Parking Requirement	53	56
Available 24-hours/7-days a Week	56	
After 5 PM on Weekdays/Weekends	129	

- Conversion of Spaces from Permit to Hourly:
 - Generates an additional annual revenue per space: \$1,334 (Y4) to \$1,593 (Y9)
 - Reduces building turnover time by 9 months

Project Timeline



Asset Overview

	Today	Year 17
Parking Inventory	50 spaces	169 spaces
Office Space	0 Square Feet	21,025 Square Feet
Property Valuation	\$6,301,362	\$81,063,208
Cost to City	\$0	\$0
Debt to City	\$0	\$0
Revenue	\$407,896	\$5,634,206

Thank You

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SUMMARY

Exhibit C		Based on Year 4 (2025)		
		Opiton 1	Option 2	Option 3
		Original	Increase Office Decrease Parking	Additional Flr
	Building Height	75'	75'	89'+
	Number of Parking Spaces	169	131	169
	Public Permit	85	85	85
	LV Permit	60	60	60/40 ²
	Hourly (Day)	34	7	24
	Hourly (Night)	85	85	105 ²
	SF of Office	8,524	21,024	21,024
	SF of Retail	8,167	8,167	8,167
	Total Building SF			
	Revenue (Year 4)			
	Parking	\$851,604	\$725,532	\$928,137
	Commerical Leases	\$1,581,884	\$2,361,777	\$2,361,777
	Guaranty Lease payments to City	\$0	\$309,000	\$400,000 ¹
	Payback Period (years) for 10% IRR	10	7.25	10.7
	Project Cost			
	Parking Spaces	\$9,269,056	\$7,246,724	\$9,709,281
	Commercial Space	\$5,424,575	\$9,487,075	\$10,391,850
	Soft/Transaction Cost	\$4,516,595	\$5,176,742	\$5,836,910
	Total Project Cost	\$19,210,226	\$21,910,541	\$25,938,041
	Rev Net Present Value (during City control)	\$26,419,915	\$36,933,144	\$37,082,708
	Remaining Debt - City Take Over	\$12,320,520	\$14,052,373	\$17,290,379
		¹ Annual increase by 3%		
		² LV will release 20 permit spaces for hourly parking in the evenings		

Unsolicited Bid (Section 255.065 Fla. Stat.)

- Applicant must submit required materials.
- The municipality must publish notice in the Florida Administrative Register and a newspaper of general circulation, soliciting bids from others for the same project.
- City determines that the proposal to be selected will be in the public's best interest and involves a facility that is or will be publicly owned.

Best Interest of the City

- SUBJECT SITE, central to the entertainment district, valuable city-owned land
- PROJECT, innovative, diversify uses and economy, serve residents and businesses
- TIMING, fast paced, intentional
- FINANCING, at no cost to the City, retaining the asset

Community Outreach

- Ocean Drive Association
 - Need parking for employees and tenants
 - Recommend more parking, rather than office
- Washington Avenue Business Improvement District

Requests:

- Advertisement and processing as an unsolicited bid
- Waiver of competitive bidding
- Waiver to achieve 90' in height
- Once built, reservation of 60 spaces to be rented at market rate by Location Ventures (developer of co-living and office project at Washington Avenue and 13th Street)

Collins Avenue Vacancies

Exhibit C



Collins Avenue Vacancies

Exhibit C



673 Collins Ave



826 Collins Ave

Construction Cost

Hard Cost		Units	Commercial SF/ 169 Parking	Cost per Unit
	Commercial Leasable (SF)	29,691	\$10,391,850	\$350
	Parking Spaces	169	9,709,281	\$57,451
			\$20,101,131	
Soft Cost/Transaction Cost*			\$5,836,910	
Total Project Cost			\$25,938,041	
* Includes soft cost, interest, & hardcost related development cost				

Construction Loan: \$19,453,531



LV's Equity: \$6,484,510

Operating Overview: Revenue and Debt

	Year 4 (Operations Start)	Year 9 (Last Year of LV Operation)
Revenue as 50 Space Parking Lot	\$468,000	\$542,000
Parking, Ground Floor Commercial, and Office Lease Revenue	\$3,156,041	\$4,143,132
Net Operating Income	\$2,569,470	\$3,435,492
City's Guaranty During LV's Operation	\$400,000	\$463,710
Cashflow after Expenses (debt and guaranty)	\$1,190,196	\$1,558,024
Remaining Debt	\$19,453,531	\$17,665,125

LV Operating Until Loan Paid

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
NET CASHFLOW after City Guaranty Rent			(718,743)	(1,534,722)	(4,231,045)	1,263,824	1,720,758	1,392,576	1,473,566	1,556,942	1,642,773	1,731,131	1,822,087	1,915,716	1,826,204	1,726,656	1,616,406	1,494,745	1,360,927
DEBT SERVICE BREAKDOWN													Mgt Fee						
PERMANENT LOAN													Inc to 7%						
BEGINNING BALANCE						19,453,531	19,453,531	19,453,531	19,046,678	18,620,500	18,174,078	17,706,451	17,216,612	14,881,419	12,341,675	9,770,805	7,177,367	4,570,990	1,962,472
PAYMENT						924,043	924,043	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895	1,330,895
PRINCIPAL						0	0	406,853	426,178	446,422	467,627	489,839	513,106	624,028	744,666	866,782	989,971	1,113,773	1,237,678
INTEREST						924,043	924,043	924,043	904,717	884,474	863,269	841,056	817,789	706,867	586,230	464,113	340,925	217,122	93,217
EXCESS CASHFLOW - DEBT PAYDOWN						0	0	0	0	0	0	0	1,822,087	1,915,716	1,826,204	1,726,656	1,616,406	1,494,745	1,360,927
ENDING BALANCE					19,453,531	19,453,531	19,453,531	19,046,678	18,620,500	18,174,078	17,706,451	17,216,612	14,881,419	12,341,675	9,770,805	7,177,367	4,570,990	1,962,472	-636,134

Current Valuation (Property Appraiser)

ASSESSMENT INFORMATION ⓘ	
Year	2022
Land Value	\$5,292,000
Building Value	\$0
Extra Feature Value	\$15,362
Market Value	\$5,307,362
Assessed Value	\$5,307,362

ASSESSMENT INFORMATION ⓘ	
Year	2022
Land Value	\$994,000
Building Value	\$0
Extra Feature Value	\$0
Market Value	\$994,000
Assessed Value	\$994,000

Valuation at Turnover

Net Operating Income		\$3,537,787
Capitalization Rate		5.50%
Garage Valuation		\$64,323,399