

Exhibit C

Economic Impact Analysis

Scope of Work

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December 20, 2018

A. The Project

1. The City currently owns the five parcels outlined in red on Exhibit "A" which contain 83 surface parking spaces. North Beach Town Center Development, LLC ("Developer") owns the parcels outlined in yellow on Exhibit "A."

2. The portion of the project between Abbott and Byron would consist of one structure, consisting of 80,378 SF of retail in two stories (the "Developer Uses") and a public garage owned and operated by City of Miami Beach.¹

3. The portion of the project between Abbott and Harding would consist of existing office buildings at 42,456 SF, and new a 134-unit residential building with 42,538 SF of ground floor retail uses and a 275-space parking garage, to serve the residential building and office tenants. City's participation in the project between Abbott and Harding would be limited to City's conveyance of the City-owned property located therein.

4. The City would convey its five parcels to Developer, and Developer would convey its parcels outlined in blue on Exhibit "A" to the City (the "Developer-to-City Parcels"), for use for the Town Center Garage as more particularly described in the development agreement.

5. Developer will be responsible for designing, developing, permitting and constructing the Town Center Garage, with the City to pay for the development rights above Developer's parcels and up to \$34,000 per parking space for the cost of construction.

6. Once the Developer completes the construction of the Town Center Garage, the City and Developer will condominiumize the project as shown on the concept plan, with the City to own the Town Center Garage, and the Developer to own the approximate 19,633 sq. ft. ground floor retail and loading space (and mechanical rooms) 14,065 sq. ft. second floor space of the Town Center, and 62 parking spaces on the third floor.

B. Scope of Work

The Economic Impact Analysis should be based on the entire project proposed for the two blocks between Byron Avenue and Harding Avenue (the "Project") and should include a financial pro forma for the entire Project. Additionally, the Economic Impact Analysis should include the following:

1. Provide a Cost-Benefit Analysis to the City based on the Developer's latest proposal dated 12/13/18. The Cost-Benefit Analysis should include the value of the City's two existing surface lots (\$10,000,000) as a direct cost to the City.

¹ The Developer will reimburse the City for operating expenses and common area maintenance (CAM) for the Developer's condominium units per terms in a condominium declaration to be created per the Development Agreement between City and Developer.

2. Provide an evaluation of the Project's ability to serve as a catalyst for additional near term development in the North Beach town center area.
3. If deemed the Project will serve as a catalyst, provide the additional economic benefits potentially generated by the Project.
4. Provide the impact on redevelopment of the North Beach Town Center District by the Project's utilization of the two (2) allowable big box retail spaces within the district.
5. Provide recommendations, if any, as to how the Project could be modified to improve the economic benefits to the City and the immediate town center area; this may include, but not be limited to, recommended uses within the Project and whether a parking structure makes the most sense.
6. Provide an evaluation of the impact of the retail parking project between Abbot and Byron and the developer's mixed use project between Harding and Abbot.

Exhibit "A"



Ordinance - NBTC Zoning Overlay:

<http://miamibeach1315/WebLink/DocView.aspx?id=243844&dbid=2&repo=CityClerk>

NORTH BEACH TOWN CENTER PROJECT
ECONOMIC ASSESSMENT

Prepared for



Prepared by



REINVENTING YOUR CITY

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Prepared by the RMA Economic Development Department

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PROJECT OVERVIEW

The North Beach Town Center project is located at the southeast and southwest corners of the intersections of Abbott Avenue and 71st Street in Miami Beach. The project development program includes the East Block (Mixed Use) and the West Block (Retail and Parking). The project has an estimated construction cost of \$80 million.



Figure 1: Project Location

East Block Development Program:

| | |
|-------------------------|---------------------|
| Residential Square Feet | 110,508 (134 Units) |
| Retail Square Feet | 42,455 |
| Office Square Feet | 42,456 |
| Parking Spaces | 254 |

West Block Development Program:

| | |
|-------------------------|--------|
| Retail Square Feet | 50,350 |
| Supermarket Square Feet | 30,151 |
| Parking Spaces | 287 |



Figure 2: East Block Ground Floor Development Program

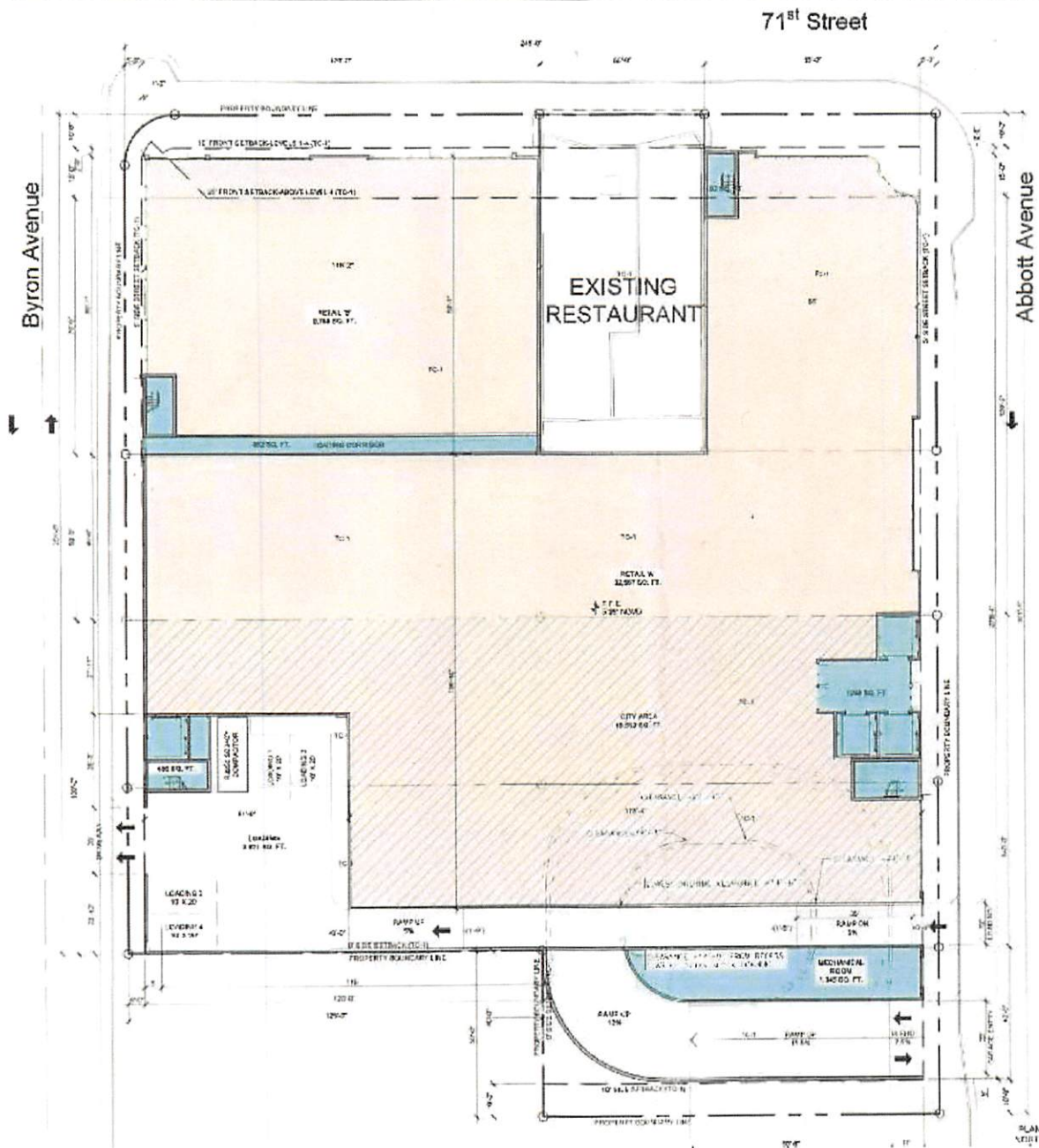


Figure 3: West Block Development Program

The West Block development program includes approximately 287 parking spaces that would be owned by the City of Miami Beach as part of a Development Agreement between the city and North Beach Town Center Development, LLC and includes a land swap of property between the two entities. Some of the key terms of the proposed Term Sheet are summarized below.

Property Conveyance

The city will convey five parcels to the developer. The developer will convey five parcels to the city. This includes a payment of \$800,000 by the developer to the city representing the difference in the appraisal values between the parcels.

Additionally, payments will be made by the developer for the retail related condominium units on the first and second floor of the Town Center Garage located above the city's parcels, and by the city for third and fourth floor parking area above the developer parcels located above the developer's parcels. The total contribution by the developer regarding the property conveyance/swap is \$26,520.

Retail Customer Validation

Free parking is a standard requirement of many types of larger retail tenants, especially supermarket and grocery operators. Larger retailers such as supermarkets require that their customers have free parking. This requirement or expectation is not generally known since the majority of the public is used to visiting grocers at a stand-alone store or in a shopping center with a large surface parking lot. This is a requirement for many large retailers when considering locations in dense urban areas. Two local examples of validation for shoppers are at Fifth and Alton and at the Target located in Midtown Miami.

Under the proposed agreement, the city will provide two-hour free parking through a ticket validation system for retail tenants located in the Town Center Garage. The developer will purchase the validation system. The validation program only applies to the two large retail tenants in the project, and the garage will not provide parking for the development on the East Block.

Currently, due to limited demand, the city does not charge for parking at metered spaces in North Beach after 6 p.m. However, as the area revitalizes and becomes more vibrant, demand dynamics may change and provide the city more flexibility to manage the parking supply and generate revenue for the parking fund. The garage may be made available at certain times especially at night for valet operators, monthly permits, or other users. Similar to other active locations, such as in South Beach, parking rates can be managed to drive usage of the parking garage spaces so that on-street parking is available for shorter durations and more turnover.

Parking Construction

The cost to the city for the design, permitting and construction of the Town Center Garage shall be a not-to-exceed amount of \$9,731,480, or \$33,908 per space.

Additionally, the Developer shall pay to the city \$222,000 as required by the city's Art in Public Places Ordinance.

Convertibility

The Term Sheet provides that the Town Center Garage shall be designed in a way that the garage can be converted to other uses after an initial period of twenty-five (25) years. The Term Sheet provides for performance standards after twenty-five years

that will measure garage utilization and will provide the partners to determine if the uncertain impact of items such as autonomous vehicles has had a measurable effect on garage operations and parking demand. The timeline of the future parking demand projections cited by this assessment are consistent with this provision.

Operations

The city will operate the Town Center Garage as a municipal parking garage. The city will have the developer-funded validation system for retail customers for two hours free parking, and the city will make available monthly parking permits in the facility for North Beach residents. The Developer will pay the city the amount of operating losses, if any, and will contribute \$66,000 annually to replace the parking revenue currently generated by the city-owned surface parking lots.

The City Parking Garage will have 287 parking spaces and will be compatible with the surrounding neighborhood and will not be an imposing structure. Since 26.2% of residents do not own a car, it is likely that many customers visiting the retail uses in the project will arrive by other modes of transportation, including walking, bicycling, the North Beach Trolley, and ride share services. This will ensure that parking is available for the public and customers of not only the retail in the project, but that the project will be an integral part of the community as people can easily access local assets such as the beach, recreational and cultural offerings, and dining and entertainment options. The North Beach Town Center Project is a dynamic, live/work/play development that will offer a variety of commercial uses to the residents and visitors of North Beach. The parking garage will promote walk-ability in the Town Center district by having a centralized parking destination for public use. This project is consistent with and promotes the creation of a town center on 71st Street, the top priority of the North Beach Master Plan.

The two-hour parking validation program is essential to attract the larger retail uses that the neighborhood and city need, especially the grocer. This is consistent with retail tenant requirements such as in Fifth and Alton and at the Target in Midtown Miami. Since these retail uses are part of a larger project, and given the vibrant, pedestrian atmosphere and connectivity that the project will bring to the neighborhood, it is also likely that many users will stay in the garage beyond the two-hour validation timeframe and will do their shopping after engaging in other activities.

Within a ten-minute walk of the North Beach Town Center project is a population of 9,267 in 4,950 households¹. These households represent a local, walkable market of annual retail spending of approximately \$119,801,399. The Project will be positioned to capture a significant portion of this retail spending that is currently being spent in other locations including Miami. This local spending potential will also limit the demand for parking within the garage for retail users making the parking available for the public and other local businesses or other users, such as valet companies as the area's vibrancy increases, and afford the city with an additional tool to efficiently manage the area's parking supply.

¹ ESRI 2017 Retail Marketplace

EXECUTIVE SUMMARY

The North Beach Town Center Project is the catalyst project that will revitalize the North Beach Town Center area between 69th and 74th Street. It is a project that will bring vibrancy and activity to 71st Street and provide much needed public parking for residents and visitors and will generate significant economic activity. It also considers external factors that are outside of the city's control, such as the uncertain future of parking, and is responsive to the priorities identified in the North Beach Master Plan.

This project continues Miami Beach's tradition of utilizing creative approaches to address revitalization, quality of life and infrastructure, especially through public private partnerships. The project is responsive to market conditions, will bring much needed new retail space and retailers to the area including a grocer, and will enhance the retail real estate market and stimulate additional business investment.

The North Beach Town Center Project has an estimated construction cost of \$80 million. Additional private investment is taking place in North Beach, and additional projects are expected to move forward as the area's market position improves. In addition to the direct benefits from this project which include revitalization due to the catalyst nature of the project and its connectivity to area assets, fiscal benefits to the city, economic benefits to the North Beach area, the additional private investment that follows will further support the city's tax base at a critical time and enable the city to continue to work to improve the quality of life for all who live, work and play in Miami Beach.

The project will put tens of millions of dollars into the local economy and enhance the city's tax base through direct Ad Valorem Tax receipts and further stimulate continued revitalization with additional projects that contribute to the tax base and further the city's ability to continue to provide quality services to the community. The City Commission has recently discussed concern about the slowdown of development activity and its impact on the city's ability to maintain service delivery. This project and those that follow will provide a much-needed boost to the city's tax base, especially in the North Beach area.

The North Beach Town Center project is the next logical public private partnership for the City of Miami Beach, and will continue the city's position as a leader in utilizing these partnerships for revitalization, quality of life improvement and tax base enhancement.

Significant Positive Impacts

In addition to the developer contribution pursuant to the Term Sheet, the project will provide a one-time fiscal impact to the City of Miami Beach of at least \$2.2 million through Building Permit Fees, Transportation Concurrency Fees, and a contribution to

the Art in Public Places Fund. Following completion of the project, it will have an Ad Valorem Tax benefit of approximately \$384,545 in its first year, which is a net increase of \$312,333 over the amount of property taxes currently being generated by the parcels that comprise the site. This represents a total net increase in property taxes of \$3.5 million to the City of Miami Beach in only the project's first ten years of operation.

More importantly, the project is an integral element for North Beach's success and will have a positive economic impact in the area. During construction, this project will support almost 800 jobs, with an economic impact of over \$92 million. Following completion and leasing of the project it will have an annual economic impact of almost \$60 million supporting 280 jobs, based on an analysis using the ImPlan Input-Output model developed by the University of Minnesota.

North Beach Master Plan

The North Beach Town Center Project is the only project that supports all the objectives identified in the North Beach Master Plan. It redevelops 71st Street (along the two blocks of the project) into a walkable main street. The project is designed to connect to the street and contribute to a vibrant pedestrian environment and design standards that support the goals of the plan. While not all buildings directly fronting the streets will be mixed-use, this is a mixed-use project that will engage the street to the full intent of the Master Plan. The project will also preserve two existing buildings that front on 71st Street.

The project includes a 287-space public parking garage and supports and enhances the opportunities to redevelop the Byron Carlyle Theater to a much greater extent than possible anywhere else in North Beach. Additionally, providing public parking on this location allows the city to move forward with the short and mid-term recommendations of the North Beach Master Plan to provide aesthetic enhancements, connectivity to Ocean Terrace, and new community amenities while leaving the door open to future structured parking at the site if needed.

The North Beach Town Center Project provides public parking to meet current and near-term demand and is highly unlikely to be impacted in the mid-term due to the combination of slow acceptance of autonomous vehicles and continues population and visitor growth to North Beach. However, the project is being constructed so that the garage can be converted to other uses should parking demand decline to the point that the facility is no longer viable. The garage provides parking to support the area and not only the retail uses within the project, due to the lower car ownership in the area and the likelihood that many retail users will arrive by other modes of transportation.

The supply of 287 public parking spaces provided by the North Beach Town Center Project responds to the near-term demand estimated by the 2014 Walker Parking Study for the Town Center area, and its various growth scenarios indicate that the garage can operate successfully.

Market Position

The Project is a significant opportunity to bring the economic success of North Beach in line with other areas of the city, and it will provide meaningful improvement to the aesthetics of the Town Center area. The Project, and the additional investment that will follow will provide significant job opportunities for residents, including the ability for residents to find employment much closer to their residence.

The North Beach Town Center Project is positioned to take advantage of the current real estate market for both retail and office space. The East Block will maintain fully leased office space, which is expected to increase in value due to the additional investment from the project that it is a part of. On the East Block and the West Block, the additional retail space will respond to existing demand and relieve pressure on retail real estate in the area, while also providing retail space for larger users such as grocers.

Retail Offerings

Sufficient retail demand currently exists to support the North Beach Town Center project. An evaluation of retail demand and supply, retailer types and retail real estate characteristics indicates that the North Beach area could currently support at least 134,000 square feet within current market conditions². The addition of new retailers through the development of new retail that meets current retailer needs, provides a strong aesthetic, and which provides convenient access for all modes of transportation and can attract additional demand and customers from outside the marketplace.

It is expected that the retail offerings anticipated for this project will perform higher than average due to the pent-up demand and a new convenience option in the market, as well as to the neighborhood revitalization and improvement that the project will bring to the area, especially in the Town Center between 69th and 74th Streets. Additionally, the positive impact of the project on the investment climate should lead to the development of additional projects that will provide demand, such as projects that have been discussed between 71st and 72nd Streets.

The project will enhance the retail offerings in the neighborhood and provide a shopping experience for which residents must currently leave the neighborhood, and likely leave the city. This will retain resident spending in North Beach and provide some relief to the transportation network by providing a local option which can be accessed by multiple modes of transportation rather than travelling by car across the JFK Causeway to Miami or down Collins Avenue to South Beach. Since many retail users will not arrive by car, the project will solidify the town center area as the center of a real neighborhood in which to shop, dine and play, further driving revitalization.

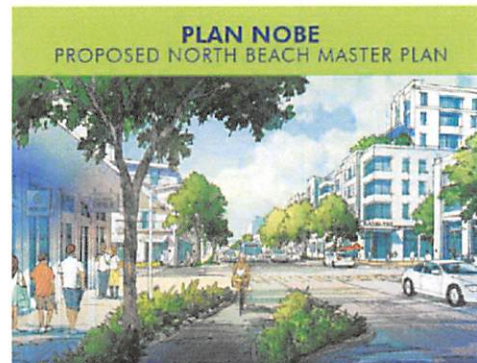
² RMA, LLC

BACKGROUND

The North Beach Master Plan

In October 2016, the Miami Beach City Commission approved a master plan for the city's North Beach neighborhood. The plan offered proposals to revitalize the area, with concepts such as creating a town center along 71st Street, more walkable, pedestrian friendly streets, creation of more park space and preservation and conservation.

The planning approach responded to community consensus on how to move forward to the future and is consistent with prior initiatives and efforts to revitalize North Beach.



Several initiatives have already been implemented, and projects include a 10-story hotel at Collins Avenue and 72nd Street and on Ocean Terrace where developer Sandor Scher is building a new project. This project will anchor the northern end of the Town Center area, and the North Beach Town Center project will be the critical southern anchor that promotes revitalization of the Town Center area between 69th and 74th Streets and connects it to Ocean Terrace.

The other key development, and the one that is the catalyst project for the master plan's goal of creating a town center on 71st Street, is the North Beach Town Center Project.

Revitalization and Economic Growth

Economic growth requires investment, and the investment process will include everything from local entrepreneurs who are intimately familiar with the location to site selectors that are 2,000 miles away. They all still need to answer certain questions about their investment potential, including information about the community, markets and real estate, incentives, current events, and the city's business-friendly attitude.

When evaluating an area and pursuing redevelopment the conditions of the drivers of investment must be considered.

- Land (real estate)
- Labor (workforce and jobs)
- Capital (financial feasibility)
- Markets (consumer demand)

The most important driver is real estate. Investment that spurs revitalization is real estate investment, including property land sales, development, and leasing activity.

Real estate is the investment driver that cities have the largest ability to influence. There are three roles local government has in real estate development. It serves as a regulator: zoning and land use, building permits, occupational licenses, impact fees.

The second local government role is as a facilitator of real estate development. This is where policy implementation creates an environment where business and investment will succeed, including with an economic development program focused on business assistance.

Third, local government's role can be that of participant. Local governments in Florida have been participating in real estate development either themselves directly or through public-private partnerships for a long time.

Local government's roles in real estate are critical, since municipal budgets are primarily funded by real estate taxes. One of government's largest challenges is the increasing cost of service delivery, and local government needs to facilitate investment to maintain service levels. While there are natural cycles to the real estate market, the North Beach Town Center project, and the catalyst effect it will have on the entire Town Center area will take place at what appears to be a critical moment for Miami Beach finances. The City has recently discussed the slowdown in new construction and its impact on the city's finances. Approval of this project, and especially the city's participation, will send a positive message to the investment and development community and lead to additional investment that will increase the area's taxable value, responding to the City Commission's concerns.

Developments with office components add new jobs and increase the customer base for local shops and services. Multifamily units bring new residents, creating a demand for restaurants, movies theaters, grocery stores, and other entertainment venues. As retail consumption shifts back to more traditional neighborhood-based patterns, more development to accommodate this occurs. The objective is to create a community gathering place, consisting of a compatible mix of retail, office, and cultural uses all in one area.

Public Private Partnerships

Public Private Partnerships (P3s) are one of the most common ways that local governments participate in the real estate market to provide that catalytic effect. Public participation during revitalization efforts improves the investment profile and feasibility of projects that can improve market conditions and improve quality of life by enhancing convenience.

There are many types of public private partnerships, but they are essentially opportunities for the public and private sectors to work together to provide a public service or benefit. In the case of the North Beach Town Center, this partnership involves both real estate transactions (the land swap), as well as the development of the project with private and public components and an ongoing operating

agreement. These partnerships are key, because without a private developer partner, the city would be unable to provide the public benefits that this project brings to the area, especially the positive impact on revitalization.

There are several benefits for a city to participate in a P3. A city can access new sources of capital that are available immediately. Since the private sector needs to realize a return on investment, project completion is usually expedited compared to a publicly managed project. A P3 leverages private expertise and it transfers risk to the party that's best suited to deal with that risk. Also, a P3 allows a city to promote economic development and revitalization through private sector investment opportunities that are catalysts for additional economic development and investment.

The City of Miami Beach has significant experience with and is a model for public private partnerships that improve market conditions for investment, that provide aesthetic and revitalization benefits for a neighborhood, or which bring needed infrastructure, goods and services, and employment diversification to a community. Some of the project include:

1. The agreement with Loews Miami Beach and Crown Plaza hotels which changed market conditions for hotel investment in Miami Beach, where financing was extremely challenging, and a new hotel had not been constructed in 30 years.
2. The 7th Street Garage (Ballet Valet), which introduced new retail space to Collins Avenue and provided significant new parking to support Ocean Drive. The retail element of this project was a catalyst that led to the adaptive reuse of numerous buildings as well as new construction including the 500 Collins retail center.
3. Lincoln Place and The Lincoln, which provided public parking as well as over 200,000 square feet of new office space, which attracted new companies and jobs to Miami Beach.
4. Fifth and Alton, which provided the city with a one-time opportunity to plan by creating public parking at the entrance to the city, which provided a much-needed supermarket to the South Beach community, as well as additional retail offerings for residents which they previously had to leave Miami Beach to purchase.
5. The Sunset Harbor Garage, which provided public parking and new retail space to an area with strong revitalization potential, but which needed a boost. It also improved local quality of life by enabling the recapture of an acre of park land in Flamingo Park.

The North Beach Town Center project is the next logical public private partnership for the City of Miami Beach, and will continue the city's position as a leader in utilizing these partnerships for revitalization, quality of life improvement and tax base enhancement.

MARKET SUMMARY

Land

One of the most important drivers of economic development and investment is Land. Real estate development and the ability of local government to influence this driver will vary from city to city depending on many factors, including how much land the city does or does not control. It depends on what the city is able and authorized to do with that land. It depends on the willingness of leadership to use their land for economic development. It depends on the real estate market conditions and influences outside of the city's control. What is driving prices, absorption and turnover, and what's driving demand? Cash flow is the bottom line for a real estate development project, and it must 'pencil out' to provide a targeted return to the investors that are making an investment into a project in a community.

The retail real estate market in the North Beach area has been improving. Vacancy has declined with only 53,462 square feet of space currently vacant, and rental rates have increased. Additionally, the sale price per square foot has increased to \$671, compared to a five-year average of \$488. However, recent sales volume for retail property has declined, with \$2.5 million in sales in the past year compared to \$15 million for the five-year average, indicating that the significant purchase of retail real estate has reached a plateau and the market needs the development of new retail space. The five-year average capitalization rate of 3.8% demonstrates a strong investor profile, however the lack of new retail space may limit additional investment. There have been no recent deliveries of new retail space to the market³.



³ CoStar Realty Information, Inc.



The North Beach office market is limited. There is very limited availability of office space to lease in North Beach, with a vacancy rate of only 1.5% indicating strong demand. Like the retail market, there have been no recent deliveries of new office space. Unlike retail, office rents have remained flat compared to the five-year average at approximately \$28 per square foot⁴.

The North Beach Town Center Project is positioned to take advantage of the current real estate market for both retail and office space. The East Block will maintain fully leased office space, which is expected to increase in value due to the additional investment from the project that it is a part of. On the East Block and the West Block, the additional retail space will respond to existing demand and relieve pressure on retail real estate in the area, while also providing retail space for larger users such as grocers.

Labor

There is the need for the creation of jobs in the North Beach area. The local workforce is employed in many different industries, and many work in the retail and service industries. Unfortunately, most of the local workforce leave North Beach for their employment. According to LEHD data from the U.S. Census Bureau, approximately 13,580 residents leave North Beach for work, while 4,268 come to North Beach for work from outside areas.

This project will provide jobs that will be available for local residents, providing a convenient alternative to walk or bicycle to work instead of driving. The average

⁴ CoStar Realty Information, Inc.

travel time to work for North Beach residents is 31.4 minutes, which is higher than the Florida average of 25.8 minutes.

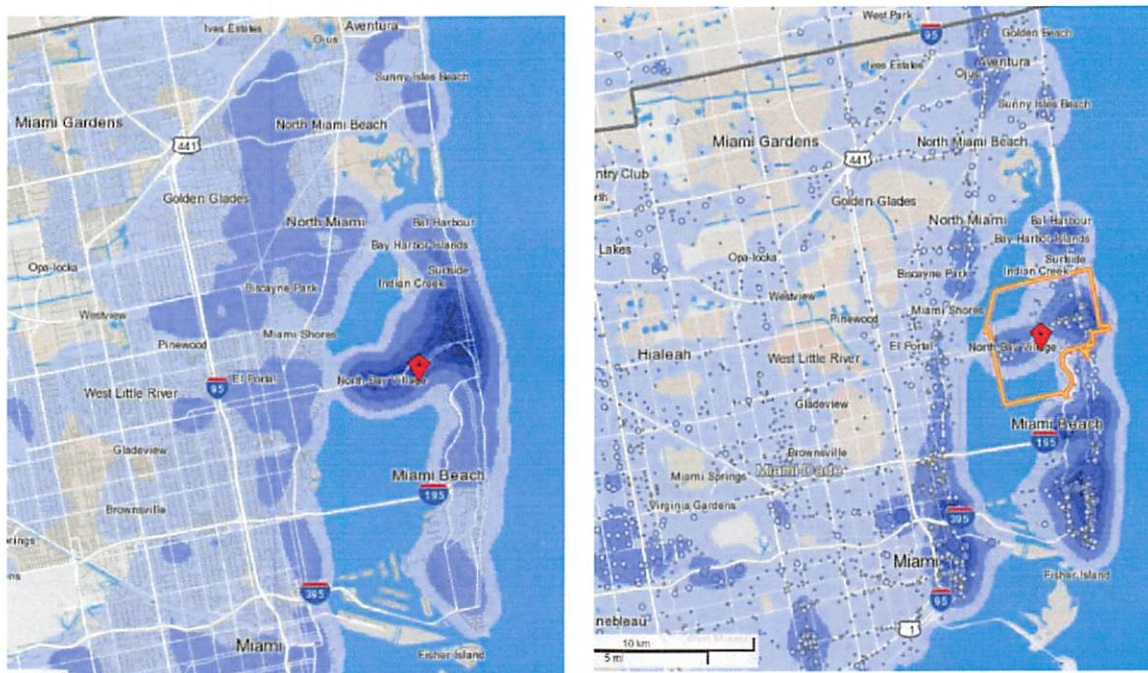


Figure 4: Top Left: North Beach Labor Shed i.e. Where Workers Live. Top Right: Where North Beach Residents work. Source: US Census Bureau

The North Beach Town Center project, and the additional investment that will follow will provide significant job opportunities for residents, including the ability for local residents to find employment much closer to their residence and within walking or bicycling distance for many providing some potential relief to the roadway network.

Capital

Capital is a key driver of investment and return on investment is critical to financial feasibility. While some investment is taking place in North Beach, including some significant projects, the Town Center area has not yet experienced the investment that is necessary for market change and revitalization. Public Private Partnerships are one of the most common ways that local governments participate in the real estate market to provide that catalytic effect. Public participation during revitalization efforts improves the investment profile and feasibility of projects that can improve market conditions and improve quality of life by enhancing convenience.

As previously discussed, the City of Miami Beach has significant experience with and is a model for public private partnerships that improve market conditions for investment, that provide aesthetic and revitalization benefits for a neighborhood, or which bring needed infrastructure, goods and services, and employment diversification to a community.

Another indication of economic growth in the area has been the increase in bank deposits. In 2012 there were 4 banks in the North Beach area, with reported deposits

of \$352 million. In 2017, there were a total of 7 bank branches in the area with reported deposits of \$652 million⁵.

The North Beach Town Center Project has an estimated construction cost of \$80 million. Additional private investment is taking place in North Beach, and additional projects are expected to move forward as the market improves. In addition to the direct benefits from this project, the future investment that follows will further support the city's tax base and enable the city to continue to work to improve the quality of life for all who live, work and play in Miami Beach.

Markets

The location of the project in the North Beach area demonstrates significant potential. The area has high population density, with almost 40,000 residents to support additional retail offerings.

According to the North Beach Master Plan, the demand for retail in North Beach is estimated at 77,000 square feet, including 39,000 square feet for retail such as grocery and 15,000 square feet for restaurants, but actual retail demand is higher and closer to 134,000 square feet. The estimates assume that a portion of new retail demand is absorbed in existing vacant space and takes into consideration the lack of land available for new development in North Beach. RMA has reviewed the estimates and we concur with them provided the assumptions regarding vacant space and that it is an "existing conditions" scenario. However, we believe the market potential (rather than simple demand) is higher.

The bottom line however, is that market demand analysis looks at the past, while market potential looks to the future. Market Potential is realized through the convergence of brand strength, regulatory efficiency, financial feasibility and developer execution.

Retail and restaurant market potential can be driven by organic branding of the North Beach area through developer investment and execution, as well as the realization of additional residential market potential. Residential development can also drive the need for new office space if development opportunities exist.

The North Beach community is a young, diverse community. It is diverse by age, ethnicity and income. According to ESRI, a major demographic data company:

- The population of the North Beach area is 27,326 residents, living in 13,016 households.
- The Median Age of the North Beach resident is 42.6 years old.
- There are 16,049 housing units, of which 59.5% are renter occupied and 21.6% are owner-occupied. The remainder are vacant.
- Median household income is 35,603, lower than the citywide median income.
- The population is evenly split between males and females.
- The North Beach population is 75.1% Hispanic.

⁵ Federal Deposit Insurance Corporation

- Only 17.4% of the population has less than a high school education. 50.8% of the population has graduated high school, and 31% have a bachelor's degree or higher.

These households spend a significant amount on items that will be available in the retail at the North Beach Town Center. These are retail categories for which many residents must leave the North Beach area, and Miami Beach in general, to purchase. Retention of this type of spending in the North Beach area will have a significant positive impact⁶.

| Category | Household Average | Total Resident Spending |
|----------------------------|--------------------------|--------------------------------|
| Apparel | \$1,592 | \$20,724,448 |
| Entertainment & Recreation | \$2,157 | \$28,084,832 |
| Food at Home (Groceries) | \$3,655 | \$47,582,279 |
| Food Away from Home | \$2,520 | \$32,811,634 |
| Household Furnishings | \$1,395 | \$18,160,567 |

Since North Beach is a built out, high density urban area, and while opportunities remain for the development of new residential units and projects planned, sufficient demand currently exists to support the North Beach Town Center project. Additionally, the project does not overbuild parking since many users of the retail will arrive from the neighborhood by other modes of transportation. This allows the development of a parking garage for the future which provides sufficient parking not only for retail uses but also for the neighborhood including the Byron Carlyle Theater, patrons of other businesses in the area and area recreational offerings.

Based on an evaluation of retail demand and supply, retailer types and retail real estate characteristics, that the North Beach area could currently support at least 134,000 square feet within current market conditions⁷. This estimate does not include the reuse or absorption of existing retail space. The addition of new retailers through the development of new retail that meets current retailer needs, provides a strong aesthetic, and which provides convenient access.

Supportable retail square feet are estimated using the Retail Gap for that use (the amount of local spending that is not being spent locally) and dividing it by the average Sales Per Square Foot for that use. It is expected that the retail offerings anticipated for this project will perform higher than the average due to the pent-up demand and a new convenience option in the market, as well as to the neighborhood revitalization and improvement that the project will bring to the area. Additionally, the positive impact the project will have on the investment climate will

⁶ ESRI 2017 Community Profile

⁷ RMA, LLC

lead to the development of additional projects that will provide new demand, such as projects that have been discussed between 69th and 76th Streets. This will further revitalize the area into the walkable, vibrant neighborhood that is a goal of the community, the city, and the North Beach Master Plan. The North Beach Town Center Project, and the city's participation, are integral components to this effort.

This project will bring many benefits to the North Beach area and the city.

- New retail uses that currently do not exist in the area, and for which many residents must leave the city.
- Retains resident spending within the local area instead of in places such as the city of Miami.
- 287 parking spaces for the public in a parking garage that is compatible to the character of the area, which promotes commerce and investment in the area, but the size of which is responsive to the lower car ownership in the area and trends of declining parking utilization due to use of other modes of transportation.
- Anchors the 71st Street Town Center which was recommended by the North Beach Master Plan.
- Serves as a catalyst which will attract and stimulate additional private investment in the area and enhance the city's tax base.

A CATALYST MARKET POSITION

Background

In recent years, a few cities in North America have brought their image and reputation strategy in line with economic development, urban planning, and tourism.

Austin is a near-perfect example of a city that transformed itself not with an advertising agency rebrand but with a bottom-up expression of what makes Austin a different sort of city. "Keep Austin Weird" is not a traditional slogan but a boiled-down story of the residents of a land-locked island city fighting a battle against globalization and sameness.

It worked for tourism. It worked for head office recruitment. It transformed South by Southwest from a music festival into one of the most important gatherings for new ideas on the planet. The City Manager of Austin as the brand developed, often said that when he had to make a difficult decision, "I just had to ask myself, 'Will this keep Austin weird or not?'"

Brand and Identity Drive Investment

Investment decisions are not only about the statistics and metrics. An investment must make financial sense and be feasible, however there are intangible and emotional influences on investment decisions. There is a quote that has been attributed to Albert Einstein that captures this concept: "Not everything that counts can be counted, and not everything that can be counted, counts.

Investments have a lot to do with how a person thinks and feels. Whether it is investing in a home or an income property; opening a business and signing a lease; purchasing a significant size property; or embarking on a development process. These investments usually involve going into debt, so how a person thinks and feels about a place is key, and a positive feeling is critical to revitalization.

There are studies that have been conducted that have identified that there are three important elements to what connects a person to a place, in other words, how they think and feel about it. The North Beach Town Center project supports all three of these elements which will enable it to be the catalyst that the area needs for revitalization and economic growth.

1. Aesthetics – how a place looks and feels;
2. Social Offerings or Activities – opportunities for citizens to engage with each other; and
3. Openness – how open and welcoming a place is

Branding in Miami Beach

Brand and identity has benefited Miami Beach's market position for many years, through efforts by both the public and private sector, and private sector development and investment has been critical to the city's economic growth as well as by partnerships between the city and the private sector.

There are many other examples of brand and identity helping Miami Beach succeed. Some of these were marketing, such as the A Week In South Beach campaign by the South Beach Marketing Council; the 25/7 promotion and the C.A.R.E.S. economic recovery initiative and even the InCard program by the Miami Beach Chamber of Commerce.

The designation of Ocean Drive many years ago as a Great American Public Place was an important early initiative to help attract awareness to the areas' opportunities. As previously mentioned, the Sunset Harbor Garage and Shops repositioned the area into a real neighborhood with economic development opportunity, gathering spaces, and aesthetic improvements. The partnership between the property owners and the city to make improvements on Lincoln Road between 1994 and 1996 were the catalyst that then allowed the private sector to build on the Road's historical brand but refresh in for unprecedented economic growth.



Revitalization Requires Market Change

There are several ways that a local government can support market change, by influencing the drivers of investment to improve financial feasibility to encourage a developer to embark on a project. These can include:

1. Providing a direct incentive to the development through financing support and or grants, such as the Loews Miami Beach project.
2. Assuming the cost for some or all public infrastructure, including parking. This approach was taking in several P3s in Miami Beach, including Fifth and Alton where the city's participation was to accomplish a long term goal of securing parking at the entrance of the city. The city also supported the attraction of a supermarket by paying the cost of half of the required parking. Another example is the Loews Hotel where the RDA constructed the Anchor Shops garage and relocated 16th Street to provide direct access to the hotel.

3. Regulations are another opportunity to positively influence the real estate market. The City of North Miami Beach recently approved significant market-based land use amendments to match market conditions. Under prior market conditions, the residential rental market of approximately \$1.30 per square foot was not sufficient to attract new residential investment. Through the efforts of the city and CRA, several projects have now been approved with higher rental rates and improving market conditions, such as the development of NoMa, a 288 unit mixed use building with projected rents of \$1.85-\$1.95 per square foot. The NoMa project will attract new retail uses to the North Beach area and demonstrate to the private sector that investment in the area is financially feasible and will be successful. The North Beach Town Center Project can have a similar impact on commercial market conditions in North Beach due to the regulatory changes that have been supported by the community and the city.



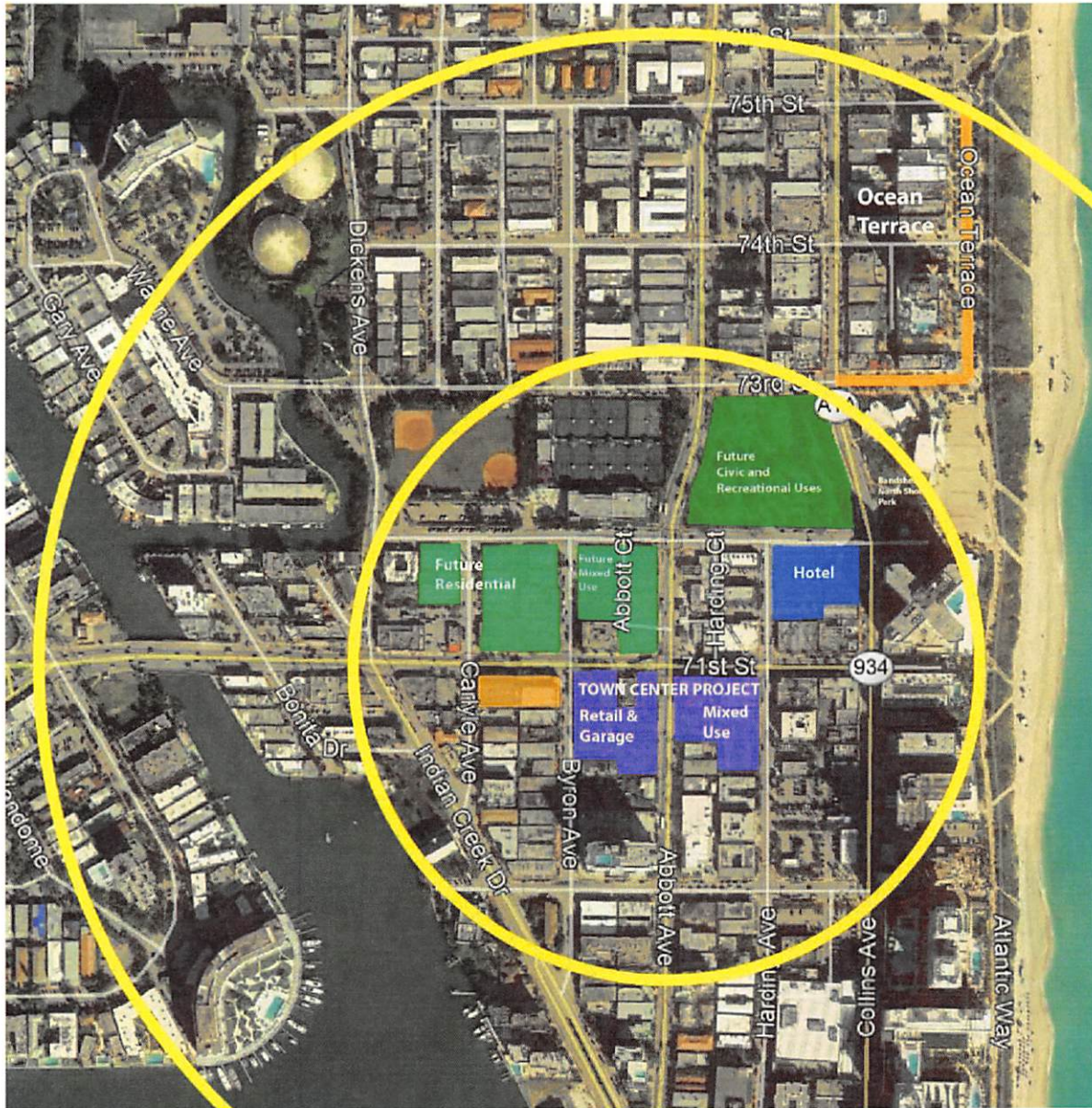
The Town Center Project

The Town Center project is the next significant image-making opportunity for economic growth and will provide a meaningful improvement to the aesthetics of the area. 71st Street and North Beach is vibrant, but the connection between places and assets can be harsh and unfriendly. Roadway crossings, pedestrian elements, shade and protection from the elements can influence peoples' perception of an area. New investment in the area by this project will provide significant, noticeable aesthetic improvements on 71st Street and one of its most critical intersection, as well as on the side streets.

The project will also provide the opportunity for people to interact with each other. Many different types of retail and restaurant uses are often some of a community's most important gathering spaces, including coffee shops and supermarkets. The social aspect of retail is an important element of openness as well. There are opportunities for people including starting a new business, finding employment, or just getting to know each other in their community.

The development of the Town Center project will also improve the connection between assets in the area including, Ocean Terrace, the Byron Carlyle Theater, the Senior Center, the beach, area businesses, and the future civic uses at the 72nd Street parking lot. It will anchor the Town Center and support realistic pedestrian accessibility to Ocean Terrace and the new investment there, to the new proposed hotel at Collins Avenue and 72nd Street, to the proposed developments between 71st and 72nd Streets as well as to North Shore Park and the Youth Center. The North Beach Master Plan recognizes that this project and the creation of a town center on 71st Street are the key element to successful revitalization in North Beach, and especially the area between 67th and 76th Streets.

The following image demonstrates the catalyst effect that the North Beach Town Center will have on the area. While there are other good, impactful projects moving forward such as Sylvia Coltrane's hotel and Sandor Scher's Ocean Terrace project, the North Beach Town Center Project will have the most significant catalyst effect on the area, due to its central location and variety of commercial uses, it will be the anchor for North Beach and promote new investment in the area.



The figure above highlights the proximity of the project to other proposed development in the area. The small yellow ring represents a quarter mile/5-minute walk time radius, and the larger ring represents a 10-minute walk time from the project location at 71st Street and Abbot Avenue. The close availability of parking to support visitors and residents in the area as well as the Byron Carlyle Theater. The retail, office and residential portions of the project will positively influence market conditions and enhance the opportunity for the development of the additional residential and mixed-use projects nearby.

Implementation of the recommendations of the North Beach Master Plan, especially the connectivity and aesthetic improvements will capitalize on the North Beach Town Center investment and accelerate additional investment of tens of millions of dollars which will enhance the city's tax base and provide additional economic impact to the North Beach area, creating a true mixed-use, pedestrian friendly vibrant Town Center.

PARKING

Background

Parking remains a key element of urban revitalization. While the growth of pedestrianism, bicycling, ride share services, and other alternative modes of transportation increases and may influence parking, urban areas still need friendly, convenient parking to foster revitalization, but providing and operating parking must also consider the local characteristics.

Safe and convenient parking is important for customers that may not be familiar with the area, and many urban areas have older buildings that do not have their own off-street parking. Additionally, New retailers, especially credit or national tenants, require parking as part of their lease negotiations. However, the North Beach area also has many residents that do not own vehicles and will visit the retail uses in the facility by walking or bicycling, and future demand for parking may decline or remain static.

Attracting new retailers to an area often depends on parking availability and affordability. Parking is often a customer's first experience with a retailer or a shopping center, and where their satisfaction (or disappointment) begins. The short walk between a car and the shops has always been important to shopping centers, as it has been for downtown retail as well.

Parking is an expensive use of valuable real estate. And though it is an important feature that supports the livelihood of any downtown, it should be used strategically. Parking options should allow people to park once and then walk to multiple destinations, and ideally multiple people throughout the day should use each space. The proposed facility is ideal for this purpose, especially since many of the users of the retail itself will arrive by other modes of transportation, which will allow the facility to play the role park once and visit multiple destinations by walking, rideshare, or the North Beach Trolley.

Successful parking recommendations and strategies come in a variety of forms. However, the objective remains to provide a safe and convenient and healthy street life. Healthy street life means a critical mass of activity where people are more likely to incorporate it into their daily lives. Successful parking helps create destinations, which means a mix of commercial tenants and noncommercial activity that will keep people coming back; a nearby population base of residents, workers, or both; and daytime and evening uses, to keep life on the streets as long as possible.

This creates longer and more dangerous walking routes for pedestrians and makes public transit less attractive and viable, because the transit user's journey from the bus stop to the store or apartment must take place through a large, crowded parking lot that is unprotected from the elements of heat, rain, etc.

As parking becomes more of a necessity for growth, the City should use it also a tool to attract private sector investment. Redevelopment that encourages a live, work, play environment by concentrating a variety of daytime (office, commercial, retail, restaurants, etc.) and nighttime (restaurants, breweries, public entertainment, cultural arts, etc.) stand to be successful.

2014 Walker Parking Study

In 2014, the City of Miami Beach engaged Walker Parking Consultants to perform a Parking Demand Analysis for North Beach. The Study found that there are 20,859 total parking spaces in the area, of which 65% is private and on-street parking accounts for 27%. Only approximately 6% of the spaces were in city-owned and operated surface lots and that there are no parking garages operated by the city in the study area.

In the Town Center, there were a total of 9,817 parking spaces.

| | |
|-----------------------------------|-------|
| On-Street | 758 |
| City Lots | 676 |
| Private Garage Open to the Public | 428 |
| Private Lot Open to the Public | 11 |
| Private Spaces | 7,944 |

Three growth scenarios were conducted for the analysis, utilizing growth rates of 2.5%, 3.9%, and 6.8%, and included any known developments applied to the observed parking demand for the Town Center area.

| | Scenario 1 | | Scenario 2 | | Scenario 3 | |
|------|------------|----------|------------|----------|------------|----------|
| | Demand | Adequacy | Demand | Adequacy | Demand | Adequacy |
| 2015 | 8,999 | 197 | 9,028 | 168 | 9,086 | 110 |
| 2016 | 9,054 | 142 | 9,115 | 81 | 9,241 | -45 |
| 2017 | 9,110 | 86 | 9,205 | -9 | 9,407 | -211 |
| 2018 | 9,168 | 28 | 9,299 | -103 | 9,584 | -388 |
| 2019 | 9,227 | -31 | 9,396 | -200 | 9,773 | -577 |
| 2020 | 9,288 | -92 | 9,497 | -301 | 9,975 | -779 |
| 2021 | 9,350 | -154 | 9,602 | -406 | 10,190 | -994 |
| 2022 | 9,414 | -218 | 9,711 | -515 | 10,420 | -1224 |
| 2023 | 9,479 | -283 | 9,824 | -628 | 10,666 | -1470 |
| 2024 | 9,456 | -260 | 9,942 | -746 | 10,928 | -1732 |

Source: Walker Parking Consultants

The parking supply of 287 parking spaces provided by the North Beach Town Center Project responds to the near-term demand estimated by the Walker Parking Study for the Town Center area, and the various growth scenarios indicate that the garage can operate successfully.

The Analysis identifies a partnership with a private developer to include building public parking spaces within future developments in critical areas as one option to increase

public parking. It also identifies that a developer could develop a public parking asset, replacing and expanding the parking within the development.

The North Beach Town Center Project responds to this option.

North Beach Master Plan

The North Beach Master Plan was completed in 2016 and was a significant undertaking by the city to continue many years of effort to improve North Beach. The Master Plan identified Five Big Ideas:

1. Make a Town Center
2. Provide More Mobility Options
3. Protect and Enhance Neighborhoods
4. Better Utilize Public Lands
5. Build to Last

The Master Plan identifies the creation of a Town Center as the key element for success. 71st Street is the "center of community life", and can support the kind of vibrant, mixed-use, pedestrian oriented urban character that is desired. The Master Plan identified the keys to creating the Town Center:

- a. Redevelop 71st Street into a walkable main street
- b. Front the street with new mixed-use buildings
- c. Consider building one or more public parking garages
- d. Redevelop the Byron Carlyle Theater
- e. Reimagine the 72nd Street parking lot (discussed below)



Source: North Beach Master Plan

The North Beach Town Center Project is the only project that supports all five of these objectives.

- a. *It redevelops 71st street (along the two blocks of the project) into a walkable main street. The project is designed to connect to the street and contribute to a vibrant pedestrian environment and design standards that support the goals of the plan.*

- b. While not all buildings directly fronting the streets will be mixed-use, this is a mixed-use project that will engage the street to the full intent of the Master Plan.
- c. The project includes a 292-space public parking garage.
- d. This project supports and enhances the opportunities to redevelop the Byron Carlyle Theater to a much greater extent than anywhere else.
- e. Providing public parking on this location allows the city to move forward with the short and mid-term recommendations of the North Beach Master Plan to provide aesthetic enhancements, connectivity to Ocean Terrace, and new community amenities while leaving the door open to future structured parking at the site if needed. This will allow for the synergy of peak and non-peak times to provide the right size of parking in the area.

72nd Street Parking Lot

This parking lot contains 320 parking spaces and is one of the largest surface lots in Miami Beach. This parking lot appears underutilized except at times during the weekend.

The North Beach Master Plan recognizes this condition, and states that "Residents of densely populated cities typically do not have a substantial private yard. As such, they depend upon public parks and trails for their connection to nature and for their recreational needs. A great park system can provide relief from an intense urban environment, thus making a city more livable."

In the near term, the North Beach Master Plan recommends turning part of the parking lot into green space along Collins Avenue to connect the Town Center to 73rd Street and north since the pedestrian character of this area is currently interrupted. It includes the portion of a prominent civic building that could potentially house a library, and there could be additional public amenities. Finally, the Plan identifies a skate park as an option that responds to community feedback that the city has received for several years.

In the mid-term, the Master Plan recommends developing a strategy for the site that accommodates current and future demand, including transportation management plans.

In the long term, the Master Plan states that the city might also consider the option of constructing a mixed-use garage on the site. The Plan further states that this is an "option of building a public parking garage as a last resort, in the distant future, should it ever actually prove necessary."

As previously stated, the parking provided by the North Beach Town Center Project provides the city to move forward with the short and mid-term recommendations of the North Beach Master Plan to provide aesthetic enhancements, connectivity to Ocean Terrace, and new community amenities, while leaving the door open to future structured parking at the site if needed.

The Future of Parking

The subject of the future of parking has been debated and written about extensively recently, especially as new technologies such as Uber and Lyft, along with autonomous vehicles, have come into being. Parking will remain important to attracting quality retail, including validated or free parking, but it is important to

maintain the sense of place and not overbuild the parking. In addition to the 287 spaces provided in the project for the area, the project on the East Block will provide additional parking that will include spaces that may be available to the public during the nighttime and on weekends when the office uses are not operating.

Additionally, the lower car ownership rate in North Beach will likely continue and may become lower as the area becomes more vibrant and walkable due to this project and the catalyst impact it will have on revitalization. As the area revitalizes the need to leave the area will decline, leading to a reduction of traffic on the roadways leading into and out of North Beach to the North, South and West, which will continue if this project is not constructed as residents continue to leave the area for many goods and services.

Walker Parking Consultants have done research on this subject. This research indicates that while there may be some impact, that impact will take time to be realized and that considering population growth and high disruption by autonomous vehicles, parking demand by 2049 will likely return to current levels.

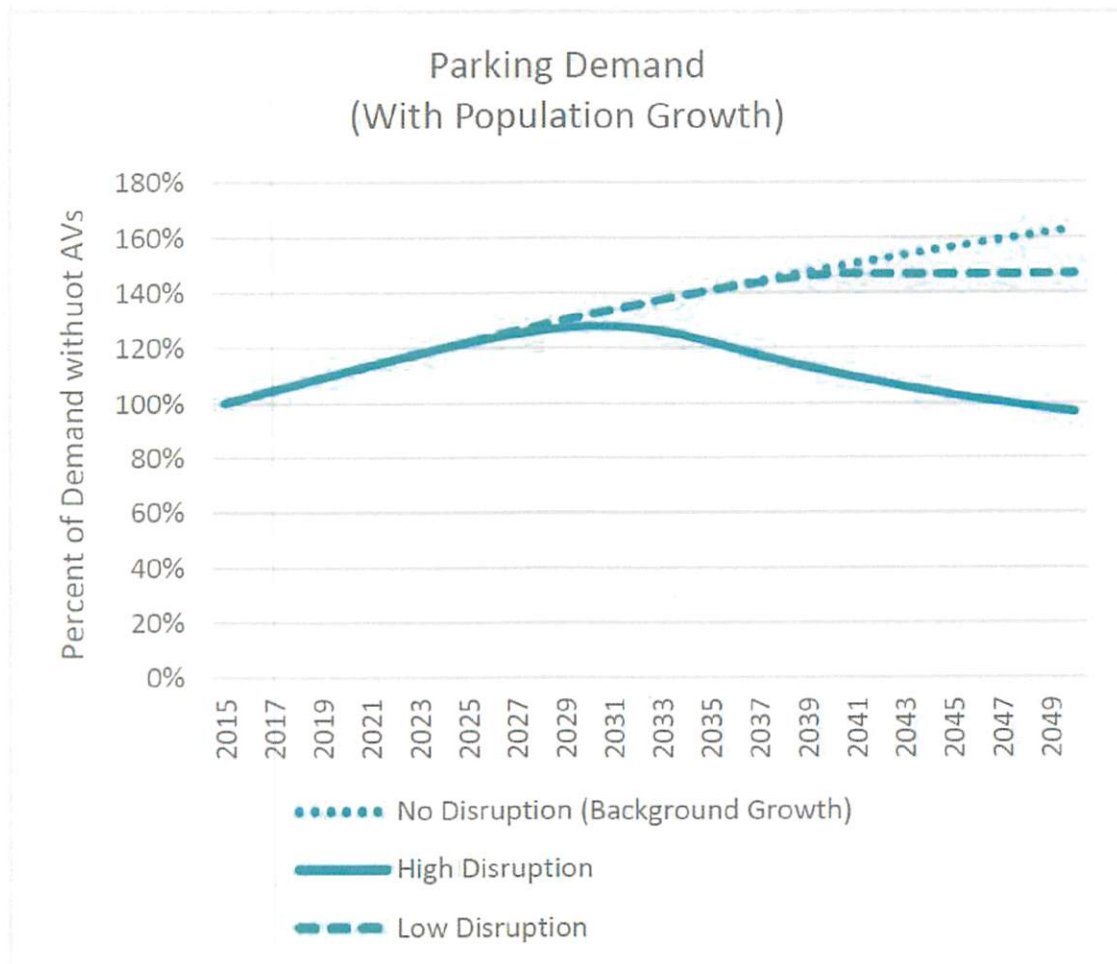


Figure 5: Walker Parking Consultants

The Society of Automotive Engineers has categorized six levels of automation, which have also been adapted by the National Highway Safety Traffic Administration.

- Level 0 has no automation.
- Level 1 has functions such as cruise control.
- Level 2 has a combination of functions that work together, like a Tesla.
- Level 3 provides complete automation but requires a driver at the wheel to deal with a problem.
- Level 4 can only be driverless in areas that are mapped and tested.
- Level 5 can operate in any conditions and area; however, snow and heavy rain are conditions that have not yet been solved.

It appears that the biggest influence on the timeline and ultimate penetration of autonomous vehicles is consumer acceptance. According to Walker Parking, only 22% of consumers today say they trust the vehicles or are willing to pay for them. Serious accidents with Level 3 vehicles could significantly impact and delay widespread, impactful acceptance of autonomous vehicles. And it will take time to expand due to the number of Level 0-2 cars on the road.

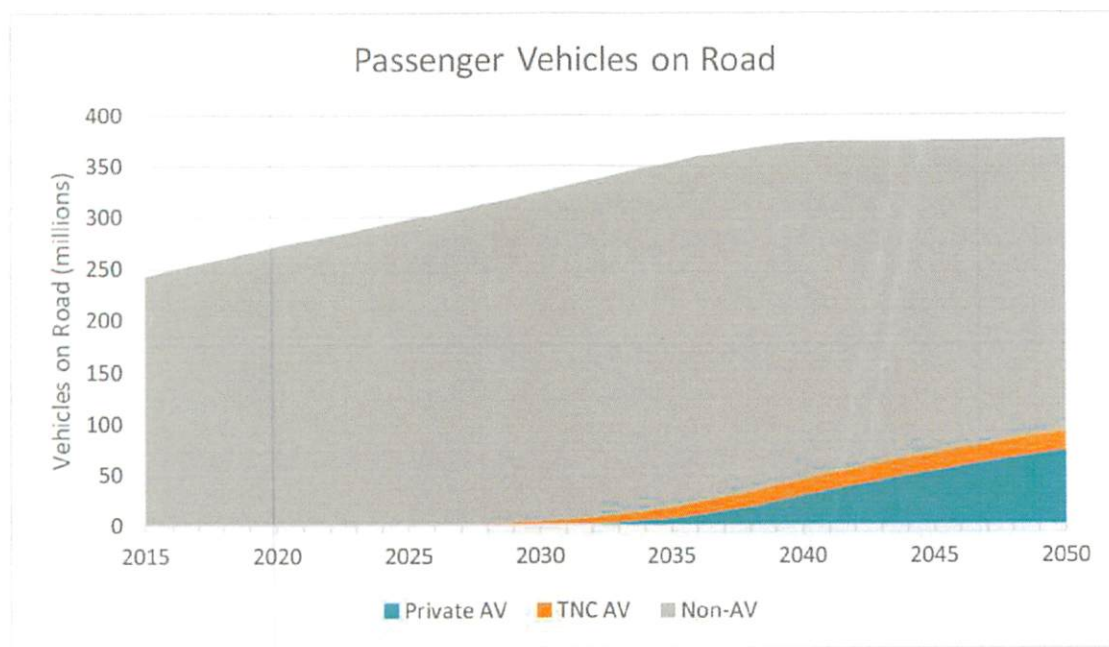


Figure 6: Walker Parking Consultants

John Dorsett, Senior Vice President of Walker Parking recommends some ways to address any potential impact of autonomous vehicles on parking.

Right size the parking supply considering the potential long-term effects of companies such as Uber and Lyft but provide sufficient parking for commerce to thrive. Designers and operators should also consider flexibility in parking facility design, allowing for the adaptive reuse of spaces into non-parking land uses. The proposed project includes

the option for adaptive reuse and convertibility based on actual impacts on parking demand in the future.

The North Beach Master Plan recommends providing more mobility options, and those options will contribute to the vibrancy and success of North Beach's revitalization. In the North Beach Master Plan, Dover Kohl recognizes that more people are using rideshare services and that there are debates over the impact on parking demand. However, they also acknowledge that parking is still necessary, and that although the percentage of the population using cars may decline, the number of Miami Beach visitors may continue to increase and therefore demand for parking will remain.

The North Beach Town Center Project provides public parking to meet current and near-term demand and is highly unlikely to be impacted in the mid and even long term due to the combination of slow acceptance of autonomous vehicles and continues population and visitor growth to North Beach. The project provides the city to "right-size" the parking supply to consider future impacts while addressing the need for parking, especially due to the role that parking currently plays, and will continue to play, in neighborhood revitalization.

IMPACTS

The North Beach Town Center Project is the catalyst project for the revitalization of North Beach, which will generate more than a \$1 billion in economic activity over the next twenty (20) years. There are many benefits that the City of Miami Beach and the North Beach area will realize from this project. These benefits can be categorized in several different ways.

- Fiscal Impact – Positive financial benefit to the City of Miami Beach.
- Economic Impact – Positive economic benefits to the North Beach area and beyond.
- One-Time Impacts – Impacts that occur only one time, normally during the construction phase.
- Annual Impacts – Impacts that occur annually, such as ad valorem tax receipts and economic impacts from ongoing business operations.

One-Time Impacts

The construction phase of the project will have a duration of between 18-30 months. During this period there will be positive impact to the City of Miami Beach and North Beach.

Fiscal Impact - The project will have a positive fiscal impact to the City of Miami Beach of at least \$2,202,904 that primarily includes:

- \$1,115,000 in Building Permit Fees.
- \$863,682 in Transportation Concurrency Fees.
- \$222,000 contribution to the Art in Public Places Fund.

Economic Impact – The project will have a positive economic impact of approximately \$92 million to the North Beach area during the construction phase. The following estimates were produced using the IMPLAN Input-Output model developed by the University of Minnesota and is the standard methodology utilized to identify economic impacts.

One Time Economic Impact

| Impact Type | Employment | Labor Income (\$) | Value Added (\$) | Output (\$) |
|-----------------|------------|-------------------|------------------|-------------|
| Total Effect | 797.39 | 38,405,717 | 55,543,724 | 92,670,771 |
| Direct Effect | 705.21 | 34,448,885 | 47,928,461 | 80,000,000 |
| Indirect Effect | 27.25 | 1,620,049 | 2,630,042 | 4,435,533 |
| Induced Effect | 64.94 | 2,336,784 | 4,985,220 | 8,235,238 |

The direct jobs are the jobs that are located on-site, while the indirect jobs are the jobs that are related to the industries that are related to the project, and the induced jobs are those that are impacted when the direct and indirect workers engage in commerce and economic activity, such as shopping and dining.

Annual Impacts

The annual impacts from completion and operation of this project will be significant. These will occur in several different ways:

- Fiscal Impact to the City of Miami Beach from Ad Valorem Tax Receipts, Business Tax Receipts, and Parking Revenue.
- Economic Impact to the North Beach area and beyond, including:
 - The rents paid for units in the residential building.
 - The rents paid in the commercial office and retail portions of the project.
 - The annual retail sales activity by the retailers in the project, which is estimated to be almost \$50 million annually⁸.
 - The commercial activity generated by businesses occupying the office building.

Fiscal Impact – Following completion, the project will have a positive Ad Valorem Tax impact to the City of Miami Beach of approximately \$384,545 beginning in the first year after completion.

| | Ad Valorem | Net New Tax |
|--------------------|---------------------|---------------------|
| Year 1 | \$ 384,545 | \$ 312,330 |
| Year 2 | \$ 388,160 | \$ 315,945 |
| Year 3 | \$ 399,805 | \$ 325,423 |
| Year 4 | \$ 411,799 | \$ 335,251 |
| Year 5 | \$ 424,153 | \$ 345,373 |
| Year 6 | \$ 436,878 | \$ 355,801 |
| Year 7 | \$ 449,984 | \$ 366,544 |
| Year 8 | \$ 463,483 | \$ 377,611 |
| Year 9 | \$ 477,388 | \$ 389,013 |
| Year 10 | \$ 491,709 | \$ 400,758 |
| 10-yr Total | \$ 4,327,904 | \$ 3,524,050 |

Currently, the properties that make up this project generate \$70,112 in Ad Valorem Tax to the City of Miami Beach. Upon completion, this project will provide a net increase to the City of Miami Beach of approximately \$312,330.

During a twenty-year period, the project is expected to generate at least \$8,261,197 in Ad Valorem Taxes to the City of Miami Beach.

Economic Impact – An ImPlan analysis indicates that the project will have a positive annual economic impact to the area of approximately \$59 million annually following completion of the project's construction and occupancy of the space by residential and retail tenants.

Recurring Economic Impact

| Impact Type | Employment | Labor Income (\$) | Value Added (\$) | Output (\$) |
|-----------------|------------|-------------------|------------------|-------------|
| Total Effect | 280.81 | 8,402,437 | 18,102,852 | 59,944,925 |
| Direct Effect | 218.95 | 5,599,920 | 12,690,011 | 50,958,731 |
| Indirect Effect | 47.62 | 2,290,273 | 4,320,311 | 7,180,347 |
| Induced Effect | 14.24 | 512,244 | 1,092,530 | 1,805,847 |

⁸ RMA, LLC

Conclusion

The North Beach Town Center Project will provide much needed retail offerings to the North Beach community and provide public parking that will support area assets including the Byron Carlyle Theater, North Shore Park, surrounding businesses and other assets. The project is integral to North Beach's success and is responsive to the local characteristics of the community, including the lower car ownership and high use of alternative modes of transportation including walking, bicycling, Uber, Lyft and the North Beach Trolley.

Importantly, the Project is also the linchpin for achieving the primary goal of the North Beach Master Plan - the creation of a town center on 71st Street. The project will serve as a catalyst that stimulates additional investment, especially on the north side of 71st Street. This project will support additional investment and anchor a real walkable, vibrant neighborhood where people can live, work, play and shop close to home.

The proposed city investment is \$9,731,480. This investment will result in both direct, and more importantly indirect and stimulated economic benefits for North Beach and the city. The total estimated cost of the project is \$80 million, which will have a positive economic impact of over \$92 million during construction. Following construction, the project will include retail, restaurant, office and residential uses which will generate over \$59 million annually in the local economy. This represents more than \$1.1 billion in new economic activity over twenty years and create more than 200 new jobs.

This economic activity will include an estimated almost \$50 million annually in retail sales. This is retail spending that without this project, would likely occur outside of Miami Beach.

The city budget will also benefit from this project. In addition to the initial revenue of more than \$2.2 million from Building Permit Fees, Transportation Concurrency Fees, and the Art in Public Places fund, it is estimated that the project will generate more than \$8.2 million in Ad Valorem Taxes to the city over a twenty-year period.

Additional Mixed-Use development and investment on the North Side of 71st Street (identified on page 23) will follow the North Beach Town Center Project as the area becomes more vibrant. These projects may easily represent an additional \$81 million in new investment into the area, creating new residential units and business opportunities, and supporting the City's tax base with an additional +\$8 million in Ad Valorem Taxes over the next twenty years in addition to the economic impact the new investment will bring. These projects will contribute to the continued vibrancy of the area, attracting more business investment, expansions, renovations and lead to the vibrant neighborhood that is envisioned for North Beach.

This project will leverage private and public investment into significant economic activity that will revitalize the North Beach area and deliver the community the vibrant, walkable Town Center envisioned by the community as a real neighborhood where all can live, work and play.

ABOUT RMA

RMA is a full service economic (re)development firm passionately reinventing cities to bring hidden assets and unrecognized value to the forefront. We have a proven track record assessing, developing and implementing activities/programs that are improving communities by utilizing a realistic, comprehensive and effective approach - resulting in over \$1 billion in private sector investment within our client areas. RMA offers comprehensive services under five specialized divisions: Economic Development, Business Attraction & Marketing, Urban Design & Planning, Real Estate, and Government Administration.

RMA was formed in 2009 by Principal Members, Kim Briesemeister, a Certified Redevelopment Administrator, and Christopher J. Brown, combining their talents and 50+ years of experience providing consulting and management services to governments in the field of urban (re)development, nationally and internationally. The Executive Team is rounded out by Economic Development Director Kevin Crowder, a certified economic developer with 24 years of experience and Business Attraction and Marketing Director Sharon McCormick.

RMA headquarters is located in Pompano Beach, Florida, with additional office locations in Delray Beach, Jacksonville and Winter Springs. Our expertise includes all aspects of economic development, real estate development and public-private partnerships, urban design and planning, business attraction and marketing, government administration and community consensus building. RMA's active practitioners have led some of the most successful economic (re)development efforts in Florida cities during the last 30 years, transforming many South Florida areas into thriving business/entertainment districts, including Miami Beach, Pompano Beach, Delray Beach, West Palm Beach, Hollywood and Fort Lauderdale.

RMA's understanding of and experience with redevelopment and Florida CRA's is unmatched. The firms' principals have managed some of the largest CRA's in the State of Florida, including the Delray Beach, Fort Lauderdale, West Palm Beach and Hollywood CRA's and RMA currently manages two Florida CRA's in West Palm Beach and Pompano Beach. The RMA team includes the former economic development director for Miami Beach, two past presidents of the Florida Redevelopment Association and one former and one current members of the FRA Board of Directors, and a member of the Board of Directors of the Florida Council for Public Private Partnerships. Our team has utilized many complex P3 financial and real estate structures in the most successful CRA's in Florida, including Miami Beach, Delray Beach, Fort Lauderdale, Hollywood, Davie, North Miami Beach, Margate and West Palm Beach.

RMA's distinction from other firms is our multi-disciplinary expertise and focus on urban area revitalization and growth of local economies, from drafting the strategies to building and leveraging results. Our real-world experience managing capital projects, applying land development regulations to new and refurbished construction and negotiating and financing projects and incentives are what sets RMA apart. We understand how to align goals and strategies with community values and visions, authoring practical, actionable and accountable plans for our clients. We excel at implementing and managing the initiatives outlined in our comprehensive plans and can address even the most difficult challenges by providing a proven road map to success.

RMA's highly experienced professionals are committed to helping our clients in their pursuit of economically diverse and healthy communities. Our firm has the experience, in-house expertise and financial stability to successfully complete and implement projects of all sizes. The benefits of working with us include comprehensive access to industry-leaders in specialized (re)development fields under one firm - providing years of knowledge, experience and proven success as evidenced by the client cities we have helped reinvent.

NoBe Master Plan

http://www.miamibeachfl.gov/wp-content/uploads/2018/07/PlanNoBe_Adopted101916_sm.pdf

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: September 12, 2018

SUBJECT: REPORT OF THE JULY 27, 2018 FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING: 1. DISCUSSION ON WATER AND SEWER UTILITY RATES. 2. DISCUSSION ON STORMWATER UTILITY RATES. 3. SANITATION FEE ADJUSTMENT. 4. DISCUSSION REGARDING RESTROOM FACILITIES FOR THE COLLINS PARK ROTUNDA. 5. DISCUSSION REGARDING PROGRAMMING THE RUE VENDOME PLAZA. 6. DISCUSSION REGARDING THE FEES CHARGED TO DEVELOPERS TO APPEAR BEFORE THE CITY'S LAND USE BOARDS. 7. DISCUSSION REGARDING THE TRACKING OF TOTAL SHORT TERM RENTAL VIOLATIONS IMPOSED AGAINST PROPERTY OWNERS. 8. DISCUSSION REGARDING LEVYING A VACANCY TAX ON EMPTY STOREFRONTS THROUGHOUT THE CITY OF MIAMI BEACH AS A WAY TO ENCOURAGE LANDLORDS TO KEEP THEIR RETAIL OR COMMERCIAL SPACE RENTED AND ACTIVE. 9. DISCUSSION TO EXPLORE DISCOUNTS FOR SHARED WORK SPACES IN ORDER TO ATTRACT ENTREPRENEURS AND SMALL BUSINESSES. 10. DISCUSSION TO REVIEW STATUS, ISSUES, AND PLANS RELATED TO THE INDIAN CREEK DRIVE FLOODING. 11. DISCUSSION TO CONSIDER THE AUDIT COMMITTEE'S MOTION REGARDING ADDING AN INSPECTOR GENERAL INTERNAL AUDIT FUNCTION POSITION. 12. DISCUSSION REGARDING THE ISSUANCE OF A REQUEST FOR PROPOSALS (RFP) FOR FOOD TRAILERS TO BE LOCATED ON THE BEACHFRONT. 13. DISCUSSION REGARDING THE NORTH BEACH TOWN CENTER GARAGE. DISCUSSION REGARDING LOBBYIST REGISTRATION FEES REQUIRED FOR EMPLOYEES OF BUSINESSES, SUCH AS GENERAL MANAGERS TO APPEAR ON BEHALF OF BUSINESS OWNERS/PRINCIPALS. 14. DISCUSSION REGARDING LOBBYIST REGISTRATION FEES REQUIRED FOR EMPLOYEES OF BUSINESSES, SUCH AS GENERAL MANAGERS TO APPEAR ON BEHALF OF BUSINESS OWNERS/PRINCIPALS. 15. DISCUSSION REGARDING THE REVIEW AND REVISION OF THE CITY'S INVESTMENT POLICY. 16. UPDATE ON ENERGOV PERMITTING SYSTEM. 17. DISCUSSION REGARDING RECOMMENDATIONS OF THE BLUE RIBBON EMERGENCY RESPONSE COMMITTEE. 18. DISCUSSION REGARDING THE MIAMI BEACH ROWING CLUB LEASE. 19. DISCUSSION REGARDING G.O. BOND. 20. DISCUSSION REGARDING MOVING FORWARD WITH AN ART INSTALLATION THAT CELEBRATES DIVERSITY IN OUR COMMUNITY, AS REQUESTED BY THE LGBTQ ADVISORY COMMITTEE. 21. DISCUSSION REGARDING THE CREATION OF AN OFFICE OF INSPECTOR GENERAL. 22. DISCUSSION REGARDING THE REVIEW OF THE JULIA TUTTLE BUS RAPID TRANSIT DEMO PROJECT. 23. DISCUSSION TO EXPLORE POTENTIAL PARTNERSHIP WITH CITYGRADER. 24. DISCUSSION REGARDING THE FINANCIAL IMPACT OF MAINTAINING

TREES LOCATED IN THE SWALE. **25.** DISCUSSION REGARDING THE FUTURE USE OF THE CORAL ROCK HOUSE, CONSISTING OF APPROXIMATELY 1,307 SQUARE FEET, LOCATED AT 1701 NORMANDY DRIVE. **26.** DISCUSSION REGARDING ESTABLISHING A HISTORIC PRESERVATION FUND. **27.** DISCUSSION REGARDING THE COSTS RELATED TO HAVING MIAMI BEACH COMMIT TO ENSURING THAT ALL GOVERNMENT BUILDINGS WILL BE POWERED BY 100% RENEWABLE ELECTRICITY. **28.** DISCUSSION TO CONSIDER REVISING THE "SPECIAL EVENT REQUIREMENTS AND GUIDELINES", BY AMENDING THE FOLLOWING SECTIONS: "MINIMUM REQUIREMENTS," "EXTERNAL REVIEW PROCEDURE," "BOOKING POLICY," "USE OF PUBLIC PROPERTY," "SPECIAL EVENT FEE SCHEDULE, AND "SPECIAL EVENT CLASS MATRIX", HEREBY PERMITTING AND RESTRICTING FURTHER USES ON PUBLIC PROPERTY AND RECONCILING SPECIAL EVENT FEES TO MATCH RECENT INCREASES ASSOCIATED WITH OTHER PUBLIC RENTAL USES. **29.** DISCUSSION REGARDING THE PROJECT BUDGET AND SCOPE OF THE 72ND STREET CIVIC COMPLEX PROJECT. **30.** DISCUSSION REGARDING STREAMLINING THE PROCUREMENT PROCESS. **31.** DISCUSSION REGARDING CABLERUNNER AND ITS TECHNOLOGY. **32.** A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE ADMINISTRATION AND THE CITY ATTORNEY TO INITIATE NEGOTIATIONS WITH SOUTH BEACH HEIGHTS I, LLC, 500 ALTON ROAD VENTURES, LLC, 1220 SIXTH, LLC, AND KGM EQUITIES, LLC (COLLECTIVELY, THE "DEVELOPER"); WHO IS THE OWNER OF THE PROPERTY LOCATED AT 500, 630 AND 650 ALTON ROAD, 1220 6TH STREET, AND 659, 701, 703, 711, 721, 723, 727 AND 737 WEST AVENUE; IN ORDER TO DRAFT A PROPOSED DEVELOPMENT AGREEMENT THAT WOULD (1) PROVIDE THE CITY WITH PARK LAND, (2) PROPOSE A SCHEDULE; AND (3) TO DELINEATE CERTAIN DEVELOPMENT RIGHTS ATTRIBUTABLE TO THE DEVELOPER AND THE CITY; FURTHER AUTHORIZING THE REFERRAL OF A FINAL NEGOTIATED TERM SHEET TO BE SENT TO THE FINANCE AND CITYWIDE PROJECTS COMMITTEE; AND AUTHORIZING A REFERRAL TO THE LAND USE AND DEVELOPMENT COMMITTEE OF APPLICABLE DRAFT ORDINANCES TO EFFECTUATE THE DEVELOPMENT. **33.** DISCUSS A CAPITAL BUDGET AMENDMENT TO REPLACE AND ELEVATE THE SEAWALLS ON JEFFERSON AVENUE AND LENNOX COURT. **34.** DISCUSS APPROVING AND AUTHORIZING CHANGE ORDER NO. 4 TO THE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH AND CERES ENVIRONMENTAL SERVICES, INC. (CONTRACTOR) RELATING TO THE DISASTER RECOVERY SERVICES OF HURRICANE IRMA RELATED DEBRIS; AND FURTHER AUTHORIZING THE PAYMENT OF \$64,569.58 TO THE CONTRACTOR AS FINAL PAYMENT RELATING TO FINAL DEBRIS REMOVAL OF HURRICANE IRMA RELATED DEBRIS. **35.** DISCUSS INSTALLING AN ARTISTIC SHADE STRUCTURE OVER RUE VENDOME. **36.** DISCUSS OUTFITTING ALL PUBLIC BATHROOMS WITH BABY CHANGING STATIONS.

Legislative Tracking

Finance

ATTACHMENTS:

Description

- July 27th FCWPC afteraction

Mark Milisits said any graphics would have to be approved by Planning, they are responsible for their own trash removal, they are not allowed to have generators to power the trailer, they have to be solar or battery powered.

Jimmy L. Morales, City Manager, said this will come back to the Commission as a recommendation so we will have another month or so of experience out there if there are any issues.

Commissioner Alemán said she agrees with everything that was said about the hotels. She said they have really worked with us when we asked them to use reusable containers, etc. She asked about the 5 potential public locations. She said looking at some of these addresses, there aren't really hotels in all of the locations. She said maybe Lincoln Road and 26th Street are close to some of the hotels, but she asked about the other 3 locations. She asked if it makes sense to issue a smaller RFQ for some of the public locations that aren't close to hotels and get those going.

The Administration said we could do that.

DIRECTION: Commissioner Alemán moved the recommendation of the Administration along with the issuance of a reduced RFQ for the locations where there isn't a potential conflict with a private entity being nearby. Commissioner Samuelian seconded. All in favor.

13. DISCUSSION REGARDING THE NORTH BEACH TOWN CENTER GARAGE

April 11, 2018 – R7A

Office of the City Manager/Tourism, Culture, and Economic Development

ACTION

Mark Milisits, Real Estate Division Director, introduced the item. This discussion regarding the North Beach Town Center Retail and Garage project has been presented before the Committee three previous times, and there some notable changes since the last discussion. He stated that the Café Prima Pasta site is no longer part of the development; the project is no longer being built as two separate projects but rather a single structure. The size of the project was substantially reduced from 126,000 square feet of retail to 80,000 square feet. The number of parking spaces was reduced from 359 City spaces plus 100 spaces for the developer to 287 spaces all provided by the City. In this current proposal the developer is contributing \$2.1 million to be applied to the construction of the garage. There are several concerns with the garage that are close to being resolved according to the Office of Capital Improvements Projects. The cost that the City would be paying to the developer 3rd and 4th floors, the current sheet is priced at \$80 per square foot; however as per the City's appraiser the City' should be paying half of that amount. Another concern was that the developer is no longer providing any parking spaces for retail. He continued to detail all of the changes, and stated that the Administration does not recommend moving forward with the proposal.

Commissioner Arriola spoke asked Rafael Paz, First Assistant City Attorney, to elaborate on the legal concerns for not moving forward with this project. Rafael Paz, First Assistant City Attorney referred to Exhibit A on page 236 of the agenda that shows the site between Abbot and Byron. The City was anticipating two separate buildings for this project, and now it is only one structure. There are development and legal risks because if there is a default of the project it will be difficult to unwind; this is due to that

the City owns one of the parcels that will be combined with the adjacent parcel for the potential development site. He has worked with Mr. Pathman to address the issues however; he disagrees with the City.

Commissioner Arriola agreed with Mr. Paz with the second option of having the developer pay for the City land, and once the condos are built, then the City can pay back the developer. The real estate market is very volatile, and if for some reason the developer gets into a situation where the project cannot be completed, then the City will be stuck and at the mercy of court proceedings.

Commissioner Samuelian spoke and asked the City Manager, to give him an executive view on why the city does not recommend this.

Jimmy L. Morales, City Manager, replied that these projects are to achieve something, and in comparison to the Sunset Harbour project, there was a need for more parking therefore the garage was built. The challenge for this project is that there are no new parking spaces being added, and based on experience, the free two hour parking incentive does not provide revenue for the City. He stated that he does not recommend this deal. The reason for the project was to activate the region, but this deal has been very difficult because of all the frequent changes.

Commissioner Samuelian spoke regarding the free 2-hour parking and agreed with Mr. Morales, he also added that after 6 pm public street parking is free in North Beach.

Wayne Pathman of Pathman and Lewis, spoke on behalf of the developer. He spoke regarding a few deal points, he stated that his client is going to contribute \$2.1 million. He added that the City will own the added parking as well. His client is still pursuing the 2-hour free parking because it will attract people, he added that the grocer and the potential target store will be the only ones to receive the free 2-hour parking. He recapped that his client is going to contribute \$2.1 million, and an additional \$66,000 yearly payment to make up for loss revenue from parking not only during construction but afterwards as well. The numbers for the deal have gotten better; the only issue that has been hard to agree upon is the 2-hour free parking, and convertibility. The City has provided data on decreased garage usage dropping but there is less car ownership in North Beach in comparison, but it is a more walkable area and residents usually walk, ride the bike or use the trolley to get around. 40% of the people that will shop in the retail will not be by customers using cars; the 2-hour free parking will not overwhelm the garage, there has been a lot of changes and the turnover will be greater than what the City anticipates. He spoke regarding convertibility, that the City wants to be able to convert underutilized parking in as little as 10 years if needed, and added that the City is concerned with convertibility but wants to add more parking space. There are also 260 parking spaces in the lot across, and the City may end up with more parking than is needed in 5 years. He added that the grocer would be a small secondary store because Publix supermarket is not too far away, and that the proposed Target store will be an urban target which is much smaller than the Target in Miami.

Discussion continued regarding the garage usage, and free parking.

Mr. Pathman added that if the construction of the 72nd street garage is approved, the City will have 3 parking garages within a block and a half radius; the parking that is already there, the current parking that is being discussed, and the 72nd street parking. There are some that has suggested that there will not be enough parking and others

such as Commissioner Samuelian that are concerned that there will be too much parking and want to have the option of convertibility; therefore, he is trying to find middle ground. Mr. Pathman requested that the Committee considers scheduling them to go before the Planning, and allow for two weeks to work with the City Manager to come up with a term sheet.

Kobi Karp, from Kobi Karp Architecture and Interiors spoke. He demonstrated a PowerPoint presentation with renderings of the garage and the area. One major key point from the design is that they are able to work around Prima Pasta which is no longer part of the development. PowerPoint presentation can be provided upon request.

Kevin Crowder, from RMA spoke. He did an economic impact study of the area and stated that this development is in accordance to the master plan. He added that there is a retail demand in in North Beach and unlike a Publix supermarket where people go, park, then leave; this area will provide an environment to attract consumers for a few hours, as they shop and dine in the much needed retail and activation. He estimates that this will lead to a billion dollars in revenue over the next 20 years.

Mr. Pathman again recapped his point of view and asked the Committee if they had questions.

Commissioner Alemán spoke and said that this is different than other items in the agenda that are really close to an agreement. She does not feel that they are close to a deal, and that the deal has gotten worse since it was first introduced. She agreed with the retail and economic development, and believes that the grocer and the retail will be a great fit. There are other things that the City is doing to achieve economic development, one being the Town Center Overlay which will be at no cost to the City. The City has worked in good faith by providing some of the best assets to work out a good deal. There have been 5 changes to the terms of the deal in the past 5 days, and is very uncomfortable that there is such much volatility for a deal that the City has been working on for a year and a half. The City's parking analysis showed that 389 spaces are needed for the garage, with additional spaces for City use; which part of the public benefit was to get parking for municipal use. That parking is gone now, and the City is going to pay \$7.5 million for the right to lose 80 parking spaces all in the name of stimulating the economy. She believes with stimulating the economy but does see that as a good deal for the City, that is a big payment to make. Many developers point to other developments such as the 72nd street garage to justify building fewer parking spaces; but there are spaces that will be specifically assigned to that garage for the added amenities such as the library, and the swimming pool; the City needs the additional parking. The City is small and everything is connected if the Committee takes a bad deal for the City, there will be payback for that and will come out of the G.O. bond or other projects.

Commissioner Samuelian spoke and said he appreciates the effort from the developer and City staff. His concerns are with parking and economics, in recent meetings with budget it shows that parking revenue has declined, and the special circumstance that after a certain hour the City does not charge for parking. He remains concerned with convertibility; ten years ago nobody knew that Uber would come around therefore 10 years down the road he wants to be able to convert parking spaces if needed. He wants economic activation but this deal is not a good deal for the City.

Commissioner Arriola stated that an hour prior to the meeting he was fully prepared to table this discussion, because of the lack of quality in negotiations in the past 48 hours. He does not think that this deal is even near ready to recommend moving forward. He was very excited when Mr. Pathman's client bought the property and saw the opportunity as a big catalyst for economic development. City staff has also dedicated valuable time working on this deal, and now have a lot on their hands that did not have before. Staff time is limited and too much was spent on this project. He is going to ask the City Manager to not dedicate much staff time for this project and redirect the energy to other projects. Mr. Pathman needs to speak to his client and to get serious and provide the best and closest offer because the City has other alternatives.

Commissioner Arriola's recommendation is for Mr. Pathman to work with City staff to come up with a better plan that is more compelling and addresses the concerns of the Committee and City staff and return to the September 14, 2018 FCWPC meeting.

Commissioner Alemán and Commissioner Samuelian both agreed.

Commissioner Samuelian added that other options are maybe an RFP with the Byron Carlyle or even sell the lot, and do the due diligence to see what else to do. Commissioner Arriola also that he is comfortable with directing staff to explore other options, if a deal can be reached with this developer then that would be fine, but if not to look at other options and explore those.

Motion by Commissioner Samuelian that if a deal cannot be reached with the current developer, for City staff to explore other options; seconded by Commissioner Alemán.

MOTION: Commissioner Samuelian motioned that if a deal cannot be reached with the current develop for City Staff to explore other options. Commissioner Alemán seconded. All in favor.

DIRECTION: City staff and Mr. Pathman to work on developing best deal possible, and if a deal cannot be reached with the current developer, City staff to explore other options. Come back to the September 14, 2018 FCWPC meeting.

14. DISCUSSION REGARDING LOBBYIST REGISTRATION FEES REQUIRED FOR EMPLOYEES OF BUSINESSES, SUCH AS GENERAL MANAGERS TO APPEAR ON BEHALF OF BUSINESS OWNERS/PRINCIPALS

June 6, 2018 – R5 J

Sponsored by Commissioner Arriola and Co-sponsored by Commissioners Alemán and Góngora
Office of the City Attorney

ACTION

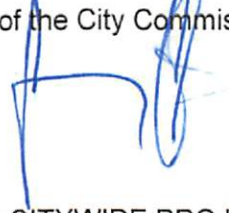
Commissioner Arriola said this item did not need to be heard because it was already discussed at Commission.

NO ACTION TAKEN

DEFERRED ITEMS

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager 

DATE: December 12, 2018

SUBJECT: REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE (FCWPC) MEETING ON FRIDAY, NOVEMBER 30, 2018

A meeting of the Finance and Citywide Projects Committee was held on Friday, November 30, 2018 at 12:00 p.m. in the Commission Chambers, 3rd Floor of City Hall. Commissioners in attendance: Ricky Arriola, Mark Samuelian, Micky Steinberg, and John Elizabeth Alemán. Members from the Administration and the public were also in attendance.

MEETING OPENED AT 12:08 P.M.

OLD BUSINESS

1. **DISCUSSION OF NEGOTIATIONS WITH PRISM CREATIVE GROUP FOR THE ACTIVATION AND CULTURAL PROGRAM PLANNING FOR RUE VENDOME AND LUMMUS PARK, AND AVAILABLE FUNDING SOURCES**

May 16, 2018 – C4 Y

Sponsored by Commissioner Arriola
Tourism, Culture, and Economic Development

ACTION

Heather Shaw, Acting Tourism, Culture, and Economic Director presented the item. She said that we have been trying for months to activate Rue Vendome with some programming and that she came to the FCWPC in September and the recommendation was to work with Prism Creative Group because they were already programming Lummus Park. They have to do 3 months of activation on Rue Vendome for \$25,000 as soon as we get the approval to move forward.

Commissioner Arriola and Commissioner Samuelian said they are both comfortable. Commissioner Arriola said for \$25,000 the ideas that Prism came up with are good.

MOTION: Commissioner Samuelian moved to recommend this item and recommend the Commission to do a bid waiver to amend Prism's current agreement to add on the work for Rue Vendome. Commissioner Arriola seconded. All in favor.

2. **DISCUSSION TO EXPLORE DISCOUNTS FOR SHARED WORK SPACES IN ORDER TO ATTRACT ENTREPRENEURS AND SMALL BUSINESSES**

April 11, 2018 – C4 H

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

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Sandor Scher, developer, said he wanted to bring the Committee up to speed regarding an analysis that was presented to the Chamber of Commerce where they calculated what it would cost for a medium sized restaurant to open. The fee was about \$140,000 for the new fee to the City. He said they have been desperately trying to rent their spaces in North Beach and they offer their tenants money and it is still not enough. These fees are counterproductive of what we are trying to do. The other thing is if you are a developer and trying to build a new development, there are no real credits that you get from the County. He also spoke about the fees that the County charges and the City charges. He said for 134 units at \$6,280 a unit is a residential rental County road impact fee, which equals \$841,891. The City has another fee of about \$89,000. The fees to develop in Miami-Dade County are astronomical. He brought these things up because any City fees are adding to a problem. He continued to talk about the impact fees. He said there is a bigger picture here that the Committee needs to consider.

Jose Gonzalez said the issue of the road impact fees that the County collects, we really cannot rely on those fees, those fees are intended to stay within a district that may or may not include more than just the City and the County really tries to limit those funds to their own roads. A lot of those goes towards signalization type projects, not to increase capacity on roads.

DIRECTION: Come back to the December 14, 2018 or January 2019 FCWPC meeting.

9. **DISCUSSION REGARDING THE NORTH BEACH TOWN CENTER REDEVELOPMENT PROPOSAL, INVOLVING CITY-OWNED PARKING LOTS, MADE BY NORTH BEACH TOWN CENTER DEVELOPMENT, LLC, AN AFFILIATE OF PACIFIC STAR CAPITAL, LLC**
April 11, 2018 – R7 A
Office of the City Manager/Tourism, Culture, and Economic Development

ACTION

Kathie Brooks, Assistant City Manager, introduced the item. She provided an overview of what this current proposal looked like in April 2018 which was a proposal for 120,000 square feet of retail space that would be owned by the developer, and a parking garage which will be owned by the City with the exception of 100 spaces. There was a discussion on the length for the free parking and convertibility. Currently the project has decreased from 120,000 square feet to 80,378 square feet because of the carve-out for Prima Pasta restaurant. Currently the developer is offering either a 358 parking garage or a 479 parking garage, all of which will be paid for and built by the City. The cost of the 358 space option will be just over \$12 million, and the 479 space option will cost around \$16 million, as compared with a previous out of pocket cost of \$10 million; therefore getting less retail and more cost. The developer has agreed to pay for 100% of the validated parking usage from day one, and that the City can convert the garage after 10 years if the parking usage decreases over time. In the earlier version of the proposal from April, and July, the City had the option of convertibility after 20 years without any restrictions. The developer's new term sheet now includes accommodation for Prima Pasta to allow them to operate. These would be pending ongoing refinement and would be subject to review by the Fire and Building Department. They did modify the concept plan to provide a single delivery service drive from Byron Avenue and Abbot Avenue. The final point that has changed over time is that instead of having two separate structures, the garage, and the retail; it will be a single building structure with condominium style components for retail and parking. Given that structure and the potential risk it presents, Legal has worked with the developer's legal team, and the developer has agreed to a number of items: The entire project cannot be liened or encumbered; the construction loan would have to identify collateral all within the

project; as a condition of closing they will provide evidence of the lenders agreement to continue to fund the project and therefore a completion guarantee in the event that the developer defaults and the lender forecloses; and that the entity will be constituted as a bankruptcy remote entity with independent directors to ensure that any decision to seek bankruptcy protection is done in good faith and not arbitrarily. The City has concerns with the number of parking spaces because there will be a net loss of 88 parking spaces. Under the 479 option the City has a net gain of only 95 spaces. The net profit from the validated parking paid for by the developer will be \$79,000 under the 358 space option, and \$235,000 under the 479 space option. The proposed term has addressed the bankruptcy issue, but there is still risk for the City, and one option would be to sell the project to the developer and buy it back after completion. They submitted a report with the economic impact of this investment of \$312,000 the first year and over \$3.5 million in ten years, however, the City's investment increased from \$9.7 million to \$12 or \$16 million. They estimated that other economic activity includes \$50 million annually in retail sales, and generate \$1.115 million in building fees; \$863,682 in transportation and concurrency fees, in addition to \$220,000 for arts in public places funding. The developer also predicted that new development will follow for more economic growth in the area. City staff concluded that they do not recommend moving forward with this development solely on the basis that it is a parking project; however, given the numbers provided by the economic impact, if they offset the cost and the risks then it may be worthwhile. Importantly City staff encourages the Committee to take into account that this allocation will use up the available parking funds from any other new parking projects.

Commissioner Arriola asked if the cash flow from the parking will provide a return.

Kathie Brooks reiterated her figures of \$79,000 annually for the 358 space option, and \$235,000 for the 479 space option. Commissioner Samuelian asked how much the current surface lots are generating. Ms. Brooks replied with \$66,000 combined.

Wayne Pathman, law offices of Pathman and Lewis spoke. He stated that there are a few variables to consider. He introduced Kobi Karp, from Kobi Karp Architects and Interior Design, who will provide the Committee with a presentation of the project. Presentation began; Mr. Karp demonstrated renderings of the project to the Committee. Mr. Pathman resumes speaking and stated that this project is the first seed to a forest. This project is ready to go and it could revitalize the whole area. He stated that the overall profit of the garage is only one element. The developer has removed the free parking, and now the City will have a functional garage operating from day one. There is a distinction being made from cars that come to patronize the retailer versus open to the public, but understand that everyone is the public. People will use the garage to park and patronize the beach, restaurants and other areas and this is revenue for the City. He does not believe that City staff is taking into consideration the future value of the parking after 6:00 pm. The City currently does not charge for parking after 6:00 pm in North Beach. He stated that he has worked with other projects such as the 5th street garage and the Sunset Harbour garage, and added that they all transformed, and they all changed the area. He stated that zoning statement of 3 parking spaces per 1,000 square feet is not accurate, and added that North Beach is under developed, it is not a vibrant community, has the lowest car ownership in the City, and many resident utilize alternative means of transportation such as ride sharing and other services. According to a study he estimates that only 45% of those who will come to the big box stores will arrive in their cars. He also added

that City staff is not taking into consideration that investments over time will yield returns. The City will invest \$12 million today but the value will continue to increase and it will be worth much more after 10 to 20 years. He read quotes from an article in the Miami Herald praising this project as a catalyst for development and revitalization. Mr. Pathman stated that there is no crystal ball to see the future but added that ultimately there will be 3 major parking garages within a block and a half from each other which will be parking for retail and for the public. Those things are going to transcend and change the environment in North Beach. He made a comparison that people who park around Lincoln Road end up walking up and down Lincoln Road are unknowingly walking over a mile and a half. He mentioned that from Ocean Terrace to the retail site is only 3 and half blocks, and one can imagine the community that is being created with people who will be parking in one place and walking up and down the area and then back to their parking. The good thing with this project is that the City will have a garage that can generate revenue 24 hours a day and that the people coming there are going to go to the shops, the beach, and the surrounding areas. All of that is going to happen as a result of what the developer is going to be doing on 71st Street. Mr. Pathman introduced Kevin Crowder who has worked on the economic analysis and has also looked at the parking issue as well.

Commissioner Arriola asked Kathie Brooks if they go with the larger garage, will it affect the plans to repurpose the Byron Carlyle.

Ms. Brooks replied yes.

Mr. Pathman asked the Committee that while Mr. Crowder is speaking to please not see this as a parking garage, but as a catalyst to economic development, and to keep in mind that it will have the convertibility to change into something else. Commissioner Arriola agreed and asked Mr. Pathman if he had a recommendation between the smaller or the larger garage. Mr. Pathman responded and mentioned that the smaller garage would be better, and more manageable. There is sufficient parking and people are engaging more in ride sharing and other transportation services. Overall this project will be serving the community and based on his studies and analysis the City will be better off with the smaller garage option.

Mr. Crowder spoke, and stated that he is going to focus on economic development and that there are five things that drive that investment which are: land; labor, capital, the market, and regulation. All of these components were in place with the exception of the land, and now the land is available and there is an opportunity for public private partnership. They view building a parking garage as an economic development just like any other type of infrastructure. Parking is a piece of infrastructure that is an investment towards revitalization. Now the City has a willing partner that has control of the land which is the most important thing to get this project done; and to bring the 71st street Town Center which is the top priority of the North Beach Master Plan, and this project also delivers towards the other top 4 projects of the North Beach Master Plan. All of the other projects are great but this project is the real catalyst. Mr. Crowder mentioned that markets can change and convertibility can go 10 to 20 years to 20 and 25 years. He references the Loews Hotel that was completed in 1998, and added that it was a public and private partnership that changed the market. He named examples of other parking lots and combined with public land that were catalysts for other areas, and changed the market. Mr. Crowder continued explaining the positive economic impact that this project will bring to the region.

Mr. Pathman stated there is no perfect deal with no risks but this proposal is close, and it is not likely for this deal to fail once the project has started. The City should be looking at this in a more global sense because times are changing and things are changing; he remembers growing up in North Beach, and it was never really been the apple or the eye of the community, and this is an opportunity to change that. He urged the Committee to not let this opportunity pass, the numbers will show that it is good project and to not think of it as just a garage.

Carter McDowell from Bilzin Sumberg spoke on behalf of Café Prima Pasta. He is not here to support or oppose the development, but to address the concerns of Café Prima Pasta. Water, sewer, power, loading, trash, and garbage for Café Prima Pasta, all occurs in the City's garage. The sum total in the term sheet dealing with Café Prima Pasta is only two sentences, and it states that the developer at his expense will provide a loading corridor for 71st street shops including Café Prima Pasta with access to Byron Avenue. The developer will provide a grease trap to Café Prima Pasta, and Prima Pasta shall not have to pay for any access or use fees. This makes them nervous because it does not really address Prima Pasta's concerns. He understands that it is a term sheet and not an actual agreement but, he wants to ensure that Café Prima Pasta has a seat on the table to negotiate the issues. Mr. McDowell asks what will happen during construction, and how is it going to work after is completed. He also mentioned that initially they were going down this path and suddenly the developer stopped talking to them and decided to work around Prima Pasta. That discussion occurred in July and has not heard a single word since July, and that scares Prima Pasta. He referenced the drawing presented by Mr. Karp and stated that there is a corridor that leads to Byron, but there is not an actual loading dock for Prima Pasta, and they will have to result in using the actual street as a loading dock. Mr. McDowell reiterated that he is not opposing the developer and is in favor for North Beach to move forward, but they have to work together. He asked the Committee and the developer to please not forget Prima Pasta as they need to be part of the discussion as well.

Matis Cohen spoke, and stated that in order to monetize it the 71st street property it has to come to some kind of agreement with its neighbors. In order to create a positive effect on the neighborhood and the master plan, a parking lot there makes sense, but a parking lot on its own footprint does not make any sense. He personally believes the City should go for the larger plan. If all of this new development is coming to the area with a bigger parking garage the City can get better after hours rate, get better usage and more people walking around the area. He urges the Committee to get this done. Resident named Sam spoke. He is in favor of this development and also urges the Committee to move forward and make something happen. Mr. Pathman spoke and asked Mr. Karp speak and address some of the issues with Prima Pasta. Mr. Karp stated that he was providing a means of egress, and he is willing to sit down with Mr. McDowell and make something work out.

Commissioner Steinberg spoke and stated that the City has gone a long way to get to where is at but there is still some fine tuning to make. She asked Mr. Pathman how it would look like with the possibility of the City leasing the land and having the developer build the garage. Mr. Pathman responded that is not a possibility for them because the numbers don't work.

Commissioner Alemán spoke and stated that she does not agree with Mr. Pathman about the parking implications of a grocery store and a target that people will not be driving there. She

stated that people will be driving and visiting both the grocery store and the target store; people will be carrying bags and they will want to drive. She is very disappointed because after the last meeting they requested the developer's best and final offer, and that is not what really happened. She is upset that Prima Pasta who is also involved in this project has not been communicated with since July, and she does not understand why. She added that the City is investing \$22 million on this project but they are losing 88 spaces. The City has done much to provide catalysts for North Beach. The voters passed a 3.5 FAR increase for this project, and the Commission was courageous and created a consolidated overlay with height up to 220 feet to allow developers to put together beautiful projects for the town center, and this one is not getting there. She agrees that there is much needed retail but this looks like a developer give away. This is the complete opposite of the proposed project for the 500 and 600 block of Alton road with Mr. Russel Galbut, who will be developing a three acre park and giving back to the City. She reiterated that she is very disappointed because she wanted to see the best and final offer, but this is not it.

Commissioner Samuelian said his feelings are in line with Commissioner Alemán's comments. He appreciates that we have a developer that wants to make something happen. We are talking about a significant investment, we have the out of pocket cost of \$12-16 million, but we have the land that is worth around \$10 million. He is concerned about the lack of tangible community benefits. He said he thinks he heard about the parking generating about \$13,000 more. Those numbers aren't there for him. He appreciates what we are trying to do, he suggested a way of selling the parcels of land if there was a good deal. He doesn't think what is in front of the Committee is going to pass the threshold.

Commissioner Arriola said he has a different perspective than his colleagues. He appreciates what they are saying, but at the end of the day nothing has happened in North Beach for 50 years. Some of the stuff we are saying today is inconsistent with what we already do in regards to parks and parking garages. He said every investment in the City doesn't have to give us back revenue dollar for dollar. He said maybe we don't like the deal terms and those can be improved, but he doesn't want to walk away from this deal. He thinks in the bigger picture this project could be a catalyst for the whole area. He said we are building a parking garage in North Beach, but a standalone parking garage is going to fail. This project will bring people to North and give them a reason to be there and utilize the parking garage. He wants his colleagues to change how they are looking at this and try to get something done.

Commissioner Steinberg said she agrees with Commissioner Arriola on the return on investment idea that it comes from other means, not just monetary. She said they need to look at this project as if it will be the catalyst we need in North Beach. It has to be done in a way with everyone feeling comfortable and we need to think how we can get there. There are good aspects to this project and there are things that her colleagues brought up that are important. She doesn't mind giving them another brush and giving the developer another opportunity to come back to the Committee. She said before it dies here, she thinks this is it and right now this project fails because 2 Commissioners are already a no. She said we want to help the whole area without impacting it negatively. She said we want it to be the positive impact that we are all hoping for. This is not an easy yes or no. The question we have to ask ourselves is if we believe this to be the catalyst for North Beach.

Commissioner Alemán said she agrees with what Commissioner Arriola said and we have talked a lot about the risk of going first to bring something positive to North Beach. She was hoping this would be that project, but she is deeply disappointed. She reiterated that the Committee told the developer to bring their best and final offer and that there are no material changes here. She is willing to keep the door open and she is willing to give this another try, but if it is not materially different then she is a no. This has to be a good deal.

Commissioner Steinberg agreed. She said if we are going to give them the opportunity to come back it has to be something everyone can wrap their hands around. It is not just about the Commission it is about the community.

Commissioner Arriola said he doesn't think from a staff perspective that we have looked at the economic impact adequately. A project like this will have a positive effect on other developments. In his mind he can get comfortable pretty quickly that this investment we are making will definitely help quality of life and economic development as well. He doesn't think the economic impact has been presented sufficiently well by Mr. Pathman and team. He wants to do a deal and figure out how to convince everyone that it is better to do a deal than to walk away and this is a deal that we should do.

Aria Mehrabi spoke. He said he appreciates the Commissioners voting for this last April. He gave some background on how the discussion started. He spoke about the retail and the parking. He compared Russel Galbut's South Beach development to this project. He said the rent there is double the rent in North Beach. He said they cannot do this with half the rent. He said the tenant is not going to come without the free parking. They need to provide incentive for the tenants to get there. The developer is still providing the free parking. He spoke about cutting the deal with Café Prima Pasta; he said they couldn't make the deal. The bigger issue was that they wanted time. He said they have been very open and nothing has changed since April 2017 besides the \$1.5 million difference in the parking cost. He said they made their best offer to make this work.

Commissioner Arriola asked how much the project is going to cost Mr. Mehrabi.

Mr. Mehrabi said the overall project is going to be \$160 million outside of the City investment.

Commissioner Arriola said we need investments in North Beach and this developer is asking the City to partner with him and do something to help his economics and actually help our economics and the neighborhood. He said there is a problem in North Beach and we will not get many other developers that want to do this.

Discussion was held on what to do with the item.

Commissioner Arriola said without getting into the numbers he is willing to make this investment. We need to do something if we want something to happen. He thinks saying no deal is sending a horrible message to the development community and to the North Beach residents. We need to do things to help developers take a substantial risk. He wants to see us work out the details and do the project.

Mr. Pathman said that while he doesn't agree with everything that Commissioner Alemán said there is a difference of opinion and he wants to see if they can resolve that. He suggested that

they hire a mutually agreeable firm to conduct an economic analysis that will put in all the variables that the Committee members and the developers are concerned about. The data should help everyone decide what this project is worth and how it can go forward or not. He said he will meet with Kathie Brooks and the City Manager and agree on a company that they can jointly hire and they will pay for it. They will get started right away and they can probably do it in 30-45 days.

Commissioner Arriola said to meet with staff and the Commissioners to iron these things out.

Mr. Pathman said they will work on the economic issues, Café Prima Pasta issue, and the other concerns that were mentioned today.

Commissioner Arriola said he is thinking big picture and if we can resolve the parking issue here it will help with the other projects and items that are coming up for discussion in North Beach. He mentioned the Byron Carlyle.

Mr. Pathman said they can include the Byron Carlyle in the economic analysis study and work together.

Commissioner Samuelian said he had a couple of questions. He said we have gone through a few iterations of projects and he asked Kathie Brooks from the last transaction that was on the table to this one as it relates to parking spaces, he asked what has changed. He is referring to the July iteration.

Kathie Brooks said the free parking changed and in the past they were offering to pay for validated parking once the occupancy reached 90% and now they said they would pay from day 1.

Commissioner Arriola mentioned the Café Prima Pasta issue and noted it didn't move much.

Commissioner Samuelian asked why the numbers are going up.

Kathie Brooks said in the memorandum they provided they were more focused on the April version of the offer because the April version is the one the Commission recommended, the July one is the one the Commission wanted staff to go back and rework. The cost was higher in the July version, but the number of spaces was the same. We were paying for those spaces in the July offer. In April, of the 459 spaces they were paying for 100 spaces. It is about \$3.4 million and whatever associated land costs there would be. Now the City is paying for 100% of the spaces.

Commissioner Alemán asked how many residential units are in the current plan.

Mark Milisits, Real Estate Division Director, said 134 units.

Commissioner Samuelian asked if there are other creative options that we should be thinking about right at this moment.

Kathie Brooks said one of the challenges is at the end of the day it has to be something economically viable for the developer. She said they would like to go back to the deal that they pay for 100 spaces, but they said that deal doesn't work for them. She thinks that would move the needle for the City significantly.

Mr. Pathman said at that time they had free parking and were capping the cost of construction at \$34,000 a space, which is likely to go up. There are more spaces now, so there is more cost. He said the variable that is being discussed is somewhere between \$1.4 and 1.7 million. Times are changing and the garage is not going to be used the way the Code says. This is North Beach, not South Beach. This is a project he thinks they can get done working together. He said they can sit down and discuss the concerns and they can kill the project later if they cannot come to an agreement, but he doesn't think it should be done today.

Commissioner Alemán said she agrees with Commissioner Arriola regarding the economic value and impact and it being material, but there was an implied premise that was commented on that this is the only deal in town or the only deal we would ever get. She objects to that comment. She said when this started the FAR and height were different. There is potential for another deal, but we would lose all the time and losing momentum. If we were to cancel this deal there is another deal. She is willing not to kill this today; she is disappointed that more progress hasn't been made. She wants to see the results of the economic analysis. She would love to fully understand that the project is a no brainer. She said for her it is materially not there. She is willing to be open-minded.

Commissioner Arriola said the economic study might help a lot. He said there could be other deals, but he doesn't think we will get this type of development. We need this to get things going.

Discussion was held about the Byron Carlyle and the parking.

Commissioner Samuelian said maybe we need more parking and that Kathie Brooks mentioned capital constraints. He asked how much money we have in the parking fund under these 2 scenarios, what does that leave us, and are there other outstanding needs?

Kathie Brooks said available in the parking fund as of year-end close excluding the funds that are restricted to South Beach and North Beach, \$11.9 million generally available. That includes \$2 million that is restricted to North Beach and another \$4 million that has been set aside for repairs to parking garages and lots. If they wanted to go to the \$60 million option, which is the 479 spaces, we would have to look at projects that were previously appropriated for other things and see if any of them could be reduced.

Discussion was held regarding the difference in versions with the parking spots and their cost.

The project changed since April once they moved Café Prima Pasta out.

Discussion was held regarding the different scenarios for the parking garage.

Tom Mooney, Planning Director, said the parking that was being proposed is not required parking and since it is enclosed it does count in the FAR. In the old deal they were proposing a main use garage. Now it is something that would be additional non-required parking. Because of that the parking counts in the FAR.

Commissioner Samuelian asked if the project the way it is laid out now fully utilizes the 3.5 FAR.

Tom Mooney said they have some marginal FAR left.

Commissioner Arriola recapped what the direction is, which is to put together an economic study that will better inform this investment and spend some time with the Commissioners and see if they can address their concerns.

Mr. Pathman asked if they would come back to the FCWPC.

The Committee said for it to come to this Committee.

Kathie Brooks confirmed that the Committee wants the consultant to go beyond evaluating the term sheet as it is.

Commissioner Arriola said for Mr. Pathman to come back with whatever document he thinks will be persuasive and informative to the discussion.

Commissioner Steinberg said the community needs to understand this and this needs to be the most transparent process. Everyone needs to understand the return on investment entirely.

Mr. Pathman asked if they can be scheduled for the next meeting. The Committee said yes and they can try for the December 14th meeting, but if that is too soon, try for the January meeting.

Commissioner Samuelian said he is open to continuing the discussion and he thinks he understands the gist of the economic report that was done and it is that we are hoping it is a catalyst and it is the longer term returns that are important. He said is open to the additional report, but he needs to see material changes in the economic structure of the deal. He doesn't want us to go down a path that is not going to be fruitful.

Kathie Brooks said they will facilitate the meeting with the Mr. Pathman and team.

DIRECTION: Mr. Pathman and team to meet with Administration and Commissioners to address concerns, work with Café Prima Pasta, and hire the economic impact consultant to bring back the results at the next or following FCWPC meeting.

NEW BUSINESS

10. DISCUSSION REGARDING THE COMPOSITION OF AND QUALIFICATIONS FOR MEMBERSHIP ON A PROPOSED GENERAL OBLIGATION (G.O.) BOND OVERSIGHT COMMITTEE

November 14, 2018 – C4 B
Sponsored by Mayor Gelber
Office of the City Attorney

ACTION

Mayor Gelber introduced the item. He stated that the public wants the 57 General Obligation Bond projects done, and done right. To ensure the process is realized, he provided two different ordinance versions creating a General Obligation Bond Oversight Committee. Mayor Gelber stated that he does not want another oversight board such as Design Review Board (DRB), and the Historic Preservation Board (HPB). He foresees a good advisory Committee