

Exhibit I

12/20/18 Letter to Commission

MIAMI BEACH


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

OFFICE OF THE CITY MANAGER

656-2018

LETTER TO COMMISSION

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager 

DATE: December 20, 2018

SUBJECT: **PARKING GARAGE/RETAIL DEVELOPMENT PROPOSAL, INVOLVING CITY-OWNED PARKING LOTS IN NORTH BEACH, SUBMITTED BY NORTH BEACH TOWN CENTER DEVELOPMENT, LLC, AN AFFILIATE OF PACIFIC STAR CAPITAL, LLC**

The purpose of this Letter to the Commission (LTC) is to inform the Mayor and City Commission regarding the status of negotiations between the City and North Beach Town Center Development, LLC ("Developer").

BACKGROUND

At its November 30, 2018 meeting, the Finance and Citywide Projects Committee (FCWPC) advised the Developer to substantially improve the economic terms of the submitted proposal if it wished to continue negotiations with the City. The FCWPC also recommended in favor of directing staff to engage a consultant to perform an economic impact study of the Developer's proposal. At its December 12, 2018 meeting, the Mayor and City Commission accepted the recommendation of the FCWPC and directed staff to engage a consultant to perform an economic impact study and to include the value of the City's land in the financial analysis.

Subsequent to the December 12, 2018 Commission meeting, the Developer submitted various revised proposals to the City. Following ongoing negotiations, on December 20, 2018, the Developer submitted its best and final proposal for the City's consideration. The noteworthy changes from the proposal submitted at the November 30, 2018 FCWPC are as follows:

1. The Developer will pay for the air rights and construction costs associated with all 111 parking spaces on the 3rd floor of the garage. The 111 spaces represent 31% of the 358 total parking spaces. **[This results in a total out-of-pocket cost to the City of \$6,203,835 which is a reduction of \$5,842,520.]**
2. The City will provide one hour free parking for a period up to twenty (20) years. The Developer will pay for the costs associated with implementing a validation system. The Developer will pay the City the amount of the operating losses, if any, plus a contribution of \$66,000 annually to replace the net revenue associated with the existing City-owned surface parking lots. **[The 11/30/18 proposal did not include any free parking as the Developer reimbursed the City for all validated tickets.]**

3. Commencing on the fifth anniversary of the opening date, if the Developer's retail tenants occupy more than 79% of the floor area ("Occupancy Threshold"), the Developer will reimburse the City for the validated tickets, plus an annual contribution off \$66,000. **[Even though the 11/30/18 proposal did not include any free parking, previous proposals which included free parking contained an Occupancy Threshold of 70%.]**

As directed by the Commission, the Administration is engaging a consultant to perform an economic impact analysis based on these revised terms. The study is expected to be completed in February.

The developer has requested that this item be discussed at the January Commission meeting.

Please contact Kathie Brooks at extension 6249 if you would like to discuss further.

JLM/KGB/MMM