

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE (FERC), TO PROCEED WITH THE DEVELOPMENT OF THE 72ND STREET COMMUNITY COMPLEX PROJECT BY IMPLEMENTING OPTION 1, AS PROPOSED BY THE ADMINISTRATION TO: (1) CONTINUE TO NEGOTIATE AN AGREEMENT WITH THE HASKELL COMPANY, THE FIRST RANKED FIRM; (2) ADDRESS THE FUNDING SHORTFALL BY ISSUING PARKING BONDS IN THE AMOUNT OF APPROXIMATELY \$19.4 MILLION; AND (3) IDENTIFY FUNDING SOURCES FOR THE \$17.7 MILLION REMAINING FUNDING GAP BEFORE AWARDING ANY CONTRACTS RELATED TO THE PROJECT; AND FURTHER, REFERRING A DISCUSSION ITEM TO FERC TO EXPLORE WAYS TO MOVE FORWARD WITH THE BYRON CARLYLE THEATER PROJECT.

WHEREAS, on November 6, 2018, Miami Beach residents approved a ballot measure, which, in pertinent part, authorized the issuance of a general obligation bond (G.O. Bond) for the design, permitting, installation, and construction of the 72nd Street Community Complex (the "Project"); and

WHEREAS, a total of \$53.8 million of general obligation bonds are allocated to fund the Project and additional \$10.6 million has been allocated from different funding sources bringing the total Project budget to \$64.4 million; and

WHEREAS, the Project programming as described in the Design Criteria Package (DCP) includes a multi-level mixed-use, 500 space parking garage, 50-meter competition pool with support amenities, 25-meter multi-purpose pool, 7,500 SF library, 5,000 SF commercial/retail, 7,500 SF fitness center, 5,000 SF community center, 60,000 SF of active green space, and a jogging path; and

WHEREAS, on June 24, 2020, the Mayor and City Commission authorized the issuance of Request for Proposals (RFP) 2020-180-ND for Design/Build Services for the 72nd Street Community Complex; and

WHEREAS, the RFP stipulated a two-phase process; and

WHEREAS, Phase I required the submittal and consideration of the Design/Build firm's qualifications and Phase II required the submittal and consideration of the Design/Build firm's Technical Proposal which included each firm's proposed design, project approach during design and construction, Project schedule and the Guaranteed Maximum Price (GMP); and

WHEREAS, on June 26, 2020, the RFP was issued; and

WHEREAS, on August 10, 2020, the City received seven (7) Phase I proposals; and

WHEREAS, on September 16, 2020, the Mayor and City Commission adopted Resolution No. 2020-31387, shortlisting the following firms to be further considered in Phase II: Kaufman Lynn Construction, Inc, PCL Construction Services, Inc. and The Haskell Company (Haskell); and

WHEREAS, on December 14, 2020, the City received proposals in response to Phase II of the RFP from the three short-listed proposers; and

WHEREAS, on January 29, 2021, The Evaluation Committee, appointed by the City Manager via LTC # 276- 2020, convened to consider the Phase II technical proposals received and the evaluation process resulted in the ranking of proposers, with their associated GMPs as follows:

1. The Haskell Company - \$94,200,025
2. PCL Construction Services, Inc. - \$80,202,724
3. Kaufman Lynn Construction, Inc. - \$79,976,000

WHEREAS, on March 17, 2021, the Mayor and City Commission adopted 2021-31648, authorizing the Administration to enter into negotiations relating to Request for Proposals No. 2020-180-ND with the top ranked proposer, The Haskell Company; further, if the Administration is not successful in negotiating an agreement with Haskell, authorizing the Administration to enter into negotiations with PCL Construction Services, Inc., as the second ranked proposer; further, if the Administration is not successful in negotiating an agreement with PCL Construction Services, Inc., authorizing the Administration to enter into negotiations with Kaufman Lynn Construction Inc., as the third ranked proposer; provided, however, that the final negotiated agreement shall be subject to the prior approval of the Mayor and City Commission; and

WHEREAS, in addition, the City Commission also referred the Project to the Finance and Economic Resiliency Committee (FERC) to look for options to bond the parking garage or other options to increase available funding; and

WHEREAS, on April 12, 2021, City staff entered into negotiations with Haskell; and

WHEREAS, several meetings were held to clarify and confirm the program requirements for the facility and refine the proposal; and

WHEREAS, the proposer re-evaluated early design assumptions which increased the Project cost and continued to evaluate additional cost savings measures while meeting the minimum requirements of the DCP; and

WHEREAS, the final results of these negotiations were anticipated by the end of June along with an estimate from a third-party cost estimator; and

WHEREAS, the current total Project budget is \$64.4M and this includes an estimated design-build cost of \$55M, as well as Project soft costs such as FP&L costs, design criteria consultant, permitting fees, testing, Arts in Public Places, GOB oversight, Project management and a 10% owner's contingency; and

WHEREAS, Project soft costs increase as the design-build cost increases; and

WHEREAS, the following chart outlines total Project costs including design-build cost ranges and associated soft costs of approximately twenty-seven percent (27%) and related estimated budget deficits are also quantified:

Design-Build Cost	Total Project Budget	Budget Deficit
\$70,000,000	\$89,000,000	\$24,600,000
\$80,000,000	\$101,300,000	\$36,900,000
\$90,000,000	\$113,500,000	\$49,100,000

WHEREAS, the current North Shore Branch Library site made up of 5 parcels (3 ocean front and 2 on Collins Avenue) was evaluated and has been appraised to have a value of \$75 million less legal, brokerage, and subdivision fees; and

WHEREAS, it is important to note that the City Attorney has opined that the sale of the 3 ocean front lots would require the approval of the City's voters in a Citywide referendum pursuant to City Charter Section 1.03(b)(1); and

WHEREAS, the appraised value for the 2 non-waterfront parcels on Collins Avenue is \$10.5 million; and

WHEREAS, the sale of the two non-waterfront parcels would not require referendum approval; and

WHEREAS, in order to potentially use all or a portion of this value to offset the funding gap for the Project, the Library site would need to be sold and leased back from the new property owner until the current library was ready to move into the new 72nd Street complex once it is complete, estimated to be approximately 3 years later; and

WHEREAS, as part of the sale or development agreement, the value of the FAR for the Project would be evaluated and may contribute to the value of the property; and

WHEREAS, the cost negotiations with Haskell are complete and the cost for the parking garage portion of the Project was identified for potential bonding or a bank loan, which could help partially close the funding gap for the Project related to the parking garage, and in no case could additional parking funds or parking bond funds be used to offset the non-parking garage portion of the Project; and

WHEREAS, as part of the current FERC item to lessen the City's dependence on tourism revenue, the Facility and Fleet Management Department has worked with CBRE to maximize the value of City-owned assets across the real estate portfolio, and at the April 30th FERC meeting, the Facility and Fleet Management Department identified 5 vacant parcels, in addition to the North Shore Branch Library site, that could potentially be sold to generate approximately \$16.2 million (updated from \$10 million following the receipt of all 5 appraisals); and

WHEREAS, other potential funding sources include the \$1 million set aside from the Ocean Terrace legal settlement for the 72nd Street Project, an additional \$1.6 million (net of legal fees) from the Ocean Terrace legal settlement that is currently uncommitted, a potential \$7.4 million from the proposed Seagull Hotel street vacation, and \$1.5 million of savings in the Parks category in the GO Bond program; and

WHEREAS, on May 21, 2021, the item was heard at the FERC meeting and the direction was to continue to negotiate with the selected bidder, explore value engineering options for the Project, obtain an appraisal for the entire North Shore Branch Library site property, including a separate appraisal for the two non-ocean front parcels on Collins Avenue, look at the value of potential FAR on the site, and research potentially bonding the parking portion of the Project; and

WHEREAS, on June 11, 2021, the item was heard at the FERC meeting to discuss the impact to the Project budget and potential funding options to offset the funding gap; and

WHEREAS, on June 18, 2021, the item was presented at the FERC Budget Briefing and the Administration discussed potential funding options to help close the anticipated funding gap; and

WHEREAS, on July 13, 2021, Haskell submitted the revised GMP proposal in the amount of \$84,871,516 million (approximately \$85 million) and this amount assumes the current scope in the Design Criteria Package; and

WHEREAS, on July 16, 2021, the item was discussed at the FERC Budget Briefing and the preliminary estimated funding shortfall range for this Project has been from \$24.6 to \$49.1 million and since then, the CIP department completed negotiations with Haskell; and

WHEREAS, the all-in cost for the Project is \$107 million and includes the \$85 million GMP; and

WHEREAS, the current budget appropriation for this Project is \$64.4 million and the difference is a funding gap of \$42.6 million; and

WHEREAS, this amount can be reduced through the application of the \$1 million dedicated allocation to this Project from the Ocean Terrace settlement and saving \$4.5 million by reducing the 10% contingency to 5% and the difference is the net gap of \$37.1 million; and

WHEREAS, one of the strategies for closing the funding gap was to determine the amount for the parking portion of the Project (500 spaces) and use parking bonds to close the gap between the total parking cost and the \$10.6 million of parking funds already budgeted in the Project; and

WHEREAS, of the \$85 million design/build contract, approximately \$30 million of it is parking related; and

WHEREAS, netting out the \$10.6 million, there is a potential to issue parking bonds for \$19.4 million, which would reduce the funding gap to \$17.7 million; and

WHEREAS, three different options were presented by the Administration to move the Project forward: Option 1 is to continue to negotiate an agreement with Haskell, the selected bidder, and identify funding options to close the remaining \$17.7 million gap; Option 2 is to terminate negotiations with Haskell and enter into negotiations with the second proposer to develop a design/build contract GMP; and Option 3 is to revise the scope in the Design Criteria Package in order to reduce costs to help close the funding gap and depending on the degree of changes to the scope, this option may require a new procurement process; and

WHEREAS, on July 30, 2021, FERC further discussed the Project and again recommended to proceed with Option 1, including identifying the funds to close the \$17.7 million gap before awarding any contracts related to the Project and over the next few months, results from the RFPs for the North Shore Library site and the listing of 4 vacant properties should be available to inform this process; and

WHEREAS, having a clearer idea of the potential funding available would also inform the City's next steps for the Byron Carlyle Theater, including necessary funding, and FERC will explore ways to move forward with the Byron Carlyle Theater; and

WHEREAS, The Administration recommends that the City Commission accept FERC's recommendation to proceed with Option 1, as recommended by the Administration to: (1) continue negotiating with Haskell; (2) address the funding shortfall by issuing parking bonds, in the amount of approximately \$19.4 million; and (3) identify \$17.7 million of the remaining funds needed to close the funding gap in the Project before awarding any contracts related to the Project.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA that the Mayor and City Commission hereby accept the recommendation of the Finance and Economic Resiliency Committee (FERC) to proceed with the development of the 72nd Street Community Complex Project by implementing option 1, as proposed by the Administration to: (1) continue to negotiate an agreement with The Haskell Company, the first ranked firm, pending execution; (2) address the funding shortfall by issuing parking bonds in the amount of approximately \$19.4 million; and (3) identify funding sources for the \$17.7 million remaining funding gap before awarding any contracts related to the Project; and further, refer a discussion item to FERC to explore ways to move forward with the Byron Carlyle Theater project.

PASSED and ADOPTED this _____ day of _____, 2021.

Dan Gelber, Mayor

ATTEST:

Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

Nick Tallarico
for City Attorney JB/T

9/10/2021
Date