



City of Coral Gables
CITY COMMISSION MEETING
June 9, 2020

ITEM TITLE:

An update and discussion regarding the proposed expansion project of the Coral Gables Art Cinema.

BRIEF HISTORY:

Pursuant to Resolution No. 2017-282, dated September 26, 2017, the Commission authorized the City Manager to enter into a nonbinding letter of interest with the Coral Gables Cinemateque, Inc. (the "Cinema") in support of their efforts to seek outside funding to expand their existing facility into the City-owned property at 240 Aragon Avenue, at the expiration of the existing tenant's (Patio & Things) Lease (August 31, 2020).

On May 28, 2019, per Resolution No. 2019-164, the Commission authorized \$350,000 for the Cinema expansion project to be disbursed over a two-year period (\$175,000- FY20 and \$175,000- FY21). The funding was contingent upon the Cinema raising the remaining capital for the buildout estimated at \$850,000 (2019 Est.). The City would manage the buildout of the expansion project and amend the Cinema's lease with terms to be negotiated.

The Cinema embarked on a capital campaign for the expansion project that included applying for a \$750,000 Knight Foundation grant, a \$266,000 State of Florida grant, and obtaining irrevocable pledges from private donors. Over the past year, City staff had various meetings and email communications with the Cinema and ascertained that the Cinema:

- In December of 2019, did not receive the Knight Foundation grant.
- Is waiting for a response regarding a \$266,000 State of Florida Department of State grant appropriation that would be included in the Florida Legislature FY21 budget.
- Is undertaking a capital campaign to secure irrevocable pledges from private donors. In this regard, the Cinema has provided:
 - Emails from Lee J. Osiason for a \$10,000 startup gift and from David Evensly for a \$25,000 commitment to the capital campaign.
 - Email from Mr. Steven Krams thanking Mr. Carlos M. De La Cruz for being a \$50,000 event sponsor.
- Has requested that the City use the City's FY20 budget allocation funds to engage Ferguson, Glasgow, Schuster, and Soto, Inc., the design firm who designed the original Cinema, to design and produce construction documents for the expansion project (Est. Cost \$112,275.00).

- In March of 2020, Mr. Steven Krams, President of the Cinema, informed the City that he wanted to personally guarantee the funding of the expansion project.
- In May of 2020, Mr. Krams requested that Ferguson, Glasgow, Schuster, and Soto, Inc. accept a Magna Tech Electronic Co. (MTE) pro bono offer to perform the project's structural, mechanical, electrical, and plumbing engineering services (est. \$22,600). Mr. Krams currently serves as President and CEO of MTE. The Cinema wants this pro bono contribution to be credited against the full amount needed for the expansion project.
- In May of 2020, requested that the City accept a \$481,000 MTE quotation as an estimate of the equipment that will be donated by MTE to complete the Cinema's expansion project beyond the City's managed build-out phase. The Cinema wants this contribution to be credited against the full amount needed for the expansion project.

In April of 2020, given that the Cinema had not raised the remaining capital for the buildout (\$850,000) as required by Resolution No. 2019-164, and City staff wanted to ensure that the City can recoup any funds expended should the Cinema fail to raise the remaining capital for the build out, City staff requested the following:

- Mr. Krams provide a letter of credit issued by a financial institution in the amount of \$425,000 to guarantee that at least 50% of the funds needed for the Cinema expansion project were secured prior to expending City funds. The letter of credit would support an underlying agreement to be entered into between the Cinema and the City with specific deadlines for securing the funds.
- The Cinema also has the option to retain Ferguson, Glasgow, Schuster, and Soto, Inc. using its own funds to move the project forward. This option requires that MTE negotiate its pro bono offer to perform the project's structural, mechanical, electrical, and plumbing engineering services directly with Ferguson, Glasgow, Schuster, and Soto, Inc. With this option, the Cinema must also provide proof to the City's satisfaction that it has collected the full amount needed (Est. \$850,000) for the expansion project. The Cinema will be required to transfer funds to the City for the construction phase of the expansion project prior to the City's starting the procurement process to engage a general contractor to undertake the construction of the expansion project.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
9/26/17	Resolution 2017-282	Approval of nonbinding LOI
5/28/19	Resolution 2019-164	Approval \$350,000 City Funding

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
3/13/19	Budget Advisory Board	Recommended Approval
3/7/19	Economic Development Board	Recommended Approval
12/12/18	Property Advisory Board	Recommended Approval

10/2/18	Cultural Development Board	Recommended Approval
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FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
	\$175,000- FY 20	General Capital Improvement
	\$175,000- FY 21	General Capital Improvement

ATTACHMENT(S):

1. Resolution No. 2017-282 approved September 26, 2017.
2. Resolution No. 2019-164 approved May 28, 2019.
3. Cinema Package Delivered to Economic Development March 16, 2020.
4. Cinema Letter to City Manager May 6, 2020.
5. MTE Quotation for Cinema Expansion Project May 6, 2020.
6. Ferguson, Glasgow, Schuster, and Soto, Inc. Proposal April 20, 2020.
7. Ferguson, Glasgow, Schuster, and Soto, Inc. Schedule of Fees April 20, 2020.