



**City of Coral Gables
CITY COMMISSION MEETING
June 26, 2008**

ITEM TITLES:

Ordinance on Second Reading. Ordinance authorizing the City Manager to execute a Lease Agreement for a ten-year period, plus options, with Coral Gables Cinemateque, Inc., for 3,858 sq. ft. plus 1,922 sq. ft. of a private mezzanine, in the westernmost 60 linear feet of the City of Coral Gables Parking Garage located at 250 Aragon Avenue, known as the Museum Garage, with the legal description of *CORAL GABLES SEC K PB 8-33 LOTS 10 THRU 20, BLOCK 37*. The space will have a retail address of 260 Aragon Avenue and will be used as a non-profit art cinema and cultural facility.

(Passed on First Reading March 11, 2008)

BACKGROUND:

On May 22, 2007, the City Commission, per Resolution No. 2007-89, authorized the City Manager to commence negotiations with Coral Gables Cinemateque, Inc for the management of an art cinema at the ground floor of the Museum Garage, following an extended competitive selection process. The Resolution was approved after the City Commission considered compelling testimony from cultural leaders and film experts regarding the importance of the project not only as an appropriate film venue but as an important revitalization anchor. Firm credentials were reviewed and accepted previously per Resolution No. 2006-65

Speakers included: George Neary, Associate Vice President, Cultural Tourism, Greater Miami Convention and Visitors Bureau; Carol Ann Lafferty, Managing Director Miami international Film Festival; UM School of Communication Professor William Rothman (Motion Picture Program); UM School of Communication Assistant Professor Ron Van Gravite (Motion Picture Program); Claudio Pasteur, Italian Cultural Center (and also on behalf of Claudio DiPersia of the Italian Film Festival), UM Frost School of Music Professor Paul Posnak; and Mitch Kaplan, Owner of Books & Books. Cultural Development Board members in attendance included Joanne Schulte and Bobbi Litt, in addition to written comments submitted by then-Chair Marijean Miyar. Enthusiastic letters of support were also submitted including one from Randy Hill, one from Debbie Margol (Miami-Dade County Department of Cultural Affairs) and another from Connie Crowther.

Proposed Lease Terms

Although originally envisioned as a management agreement, the proposed document is in the form of a lease agreement to better reflect the relationship, terms and conditions shared between the two parties. The lease agreement calls for a ten year term plus two five year options. Rental fees would be \$15,000 per year for the first ten years, with CPI increases. Two five year option periods are also available. Option 1 would commence immediately following the conclusion of the base term with rent at \$20,000/year with annual CPI increases. Option 2 would also be for a five year period, beginning at \$25,000 with annual CPI increases. Rent would be payable on the anniversary of possession date. An annual report documenting programming, rental summaries and marketing activities will be submitted along with the annual rent and a copy of the most current IRS 990. Other components of the lease include:

Hours of Operation, Use —the Art Cinema will operate on a year round basis, providing six-day a week quality programming consistent with the objectives provided in the original RFP submittal and providing a combination of Cinema-sponsored events and programming from other non-profit and/or cultural experiences. Seventy-five percent of the actual use shall be for motion picture showings and film festivals, while the remaining will be for lectures, readings, and other cultural events. (Special provisions expressly prohibit obscene material by the Tenant or any sub-tenant.)

Operation/Utilities/Maintenance and Repair Expenses—After the initial installation of any City-provided equipment (including but not limited to HVAC), the Cinemateque will be responsible for the ongoing maintenance of the equipment along with any and all Cinemateque-installed equipment.

Assignment— Assignments require written approval by the City Commission, including any change in leadership and ownership. New entities must meet specific performance definitions, satisfy the programming criteria, maintain tax-exempt status, and still receive City Commission approval for assignment.

Funding of Improvements:

The City Commission has a \$250,000 line item in the 2007/08 Capital Improvement Budget for the Art Cinema build-out. This money was originally placed in the 2006/07 CIP and rolled over to this year. In addition, a \$250,000 donation has been pledged through the Coral Gables Foundation (the Harry and Mary Perrin Fund, Donald D. Slesnick II as Personal Representative) subject to the renaming of the plaza immediately in front of the Art Cinema's main entrance. The total amount earmarked for the Building Improvements was \$500,000. The Public Works Department revisited the proposed work program in consultation with the proposed Tenant allowing for deductive alternatives. Using deductive alternatives process, the lowest and most responsive re-bid was \$535,343. The \$35,000 overage will be paid for by the Coral Gables Cinemateque. Any fees required over this base amount will come from additional underwriting by the Tenant, or from future Tenant-initiated grant or fundraising efforts.

Following the completion of the Building Improvements, the Coral Gables Cinemateque will be responsible for securing, funding, installing, and maintaining approximately \$400,000 in cinema related equipment, including sound, seats, lighting, concession services, and projection equipment. (The equipment will be donated by International Cinema Equipment and MAGNA-TECH, leaders in the cinema equipment industry with clients that include Paramount Studios, Sony-Columbia Studios, Warner Brothers Studios, 20th Century Fox, Universal Studios, and Walt Disney Studios. Government and university clients include The National Archives, the US Navy with 16 professional installations from Hawaii to Connecticut for the US Navy and the US Marine Corps, the White House Communications Agency, Columbia School of Broadcasting, State University of New York-Stony Brook, the University of Colorado Performing Arts Theater, and the University of Wisconsin Student Union Theater.

Special Provisions for Parking:

Cinemateque will have the right to purchase up to 10 monthly parking permits in the Museum Garage at a fifty per cent discount (any additional permits will be charge the standard fee) and patrons will be allowed validation up to three hours through the Merchant Validated Parking program or similar program where City and Cinemateque share equally in the hourly cost.

Additional Actions Required:

1. Commission approval of the draft Coral Gables Cinemateque Business Plan (to be presented at 2nd Reading)
2. Renaming of the plaza in front of the proposed Art Cinema to “Perrin Plaza” and accepting the \$250,000 donation from the Community Foundation (Perrin Fund)
3. Awarding of Construction Bid for Building Improvements

LEGISLATIVE ACTION:

Date:	Resolution/Ordinance No.	Comments
June 30, 2005	Resolution # 2005-130	Authorizing City Manager to initiate discussions with qualified Arts Cinema operators.
April 18, 2006	Resolution #2006-65	Authorizing City Manager to enter preliminary negotiations with Coral Gables Cinemateque, Inc.
June 6, 2006	Resolution #2006-110	Authorizing City of Coral Gables to apply for State of Florida grant using \$250,000 as cash match.

May 22, 2007	Resolution #2007-89	Authorizing City Manager to bring back a draft management agreement for Commission consideration.
March 11, 2008		The Ordinance passed on First Reading

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date	Board/Committee	Comments (if any)
March 7, 2006	Cultural Development Board	Recommended that Commission authorize staff to enter into negotiations with Coral Gables Cinemateque, Inc.
June 14, 2007	Cultural Development Board	Approval of naming plaza in front of theater as Harry and Mary Perrin Cultural Plaza or Perrin Plaza
June 19, 2007	Parks and Recreation Advisory Board	Approval of naming plaza in front of theater as Harry and Mary Perrin Cultural Plaza or Perrin Plaza
February 4, 2008	Cultural Development Board	Update
February 6, 2008	Economic Development Board	Presentation of Lease
February 14, 2008	Budget Advisory Board	Presentation of Lease
February 15, 2008	Coral Gables Museum Board	Recommended in Concept (Resolution)
February 20, 2008	Property Advisory Board	Presentation of Lease
February 27, 2008	CG Chamber of Commerce	Recommended in Concept (Resolution)
February 28, 2008	IACC	Recommended in Concept (Resolution)
February 28, 2008	Parking Advisory Board	Recommended in Concept (Resolution)

PUBLIC NOTIFICATION(S):

Date	Form of Notification
Nov. 21, 2007	Newspaper publication – Miami Daily Business Review
January, March 2008	Newspaper publications – Miami Daily Business Review

APPROVED BY:

Development Director	City Manager	City Attorney	Finance Director
Cathy Swanson-Rivenbark	David L. Brown	Elizabeth M. Hernandez	Donald G. Nelson

ATTACHMENTS: **Ordinance – Art Cinema Plan**
Cinema Lease - draft
Cinema Briefing handout

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