

City of Coral Gables City Commission Meeting
Agenda Item D-1
August 24, 2010
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera, Jr.
Commissioner Wayne “Chip” Withers

City Staff

City Manager, Patrick Salerno
City Attorney, Elizabeth Hernandez
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia

Public Speaker(s)

Lee Davidson, General Manager, Village of Merrick Park

D-1 [Start: 10:23:51a.m.]

Update on the Village of Merrick Park by Vice President of Merchandising, Janet Bedin, and General Manager, Lee Davidson

Mayor Slesnick: D-1. We have Lee Davidson with us today from the Village of Merrick Park. This is an item that we have been waiting for, Mr. Cabrera had asked for an update on how we are doing, the Village of Merrick Park, which is one of the largest public-private partnerships we have, and the city, Janet Bedin, who is also the Vice President of Merchandising for General Development was supposed to be with us, but had e-mailed us at the last minute that she is stuck overseas, I think, getting business for the Village of Merrick Park. Lee, welcome back and good to have you here.

Commissioner Cabrera: Thanks for joining us.

Mr. Davidson: Thank you. Thanks for inviting me.

Commissioner Cabrera: Hey listen, every restaurant I go to at the Village of Merrick Park has been a wonderful experience, thanks a lot. (Laughter)

Mr. Davidson: They have your picture on the wall so they know to be nice to you. (Laughter)

Commissioner Cabrera: And you don't pay rent, and you don't pay rent.

Mr. Davidson: We pay a lot of ground lease.

Commissioner Cabrera: I know you do.

Mr. Davidson: And I want to thank Cynthia for inviting us, and as the Mayor alluded to, Janet, I think today happened to be in [inaudible] in the New England area trying to round up some luxury tenants for that center and us. Briefly, I just want to give you an update on the Village of Merrick Park. We have some very exciting tenants that are currently under construction. We have some tenants that have signed leases that have not started construction, but will be shortly. We hope this week we will open on the main level, or the second level. The White House Black Market, part of the Chico's group; they are merchandizing as we speak, so that's exciting from the Fort Myers/Naples area. We also have a luxury watch company, it's taken me about six months to finally learn how to pronounce their name, its VANDERBAUWEDE, they are out of Geneva, it's a small space, those of you who are familiar with the Village of Merrick Park, it's kind of right on that corner by Equinox, used to be Victoria Casall on that corner, again a small space, very high end watches. It's about 85 to 90 percent complete in its build-out. Some other tenants that we've signed that have not opened as of yet, a tenant that's currently in the Sunset area, Pili Carrera, again a smaller space, very high end children's wear. They are going to be on the north side of the main level, kind of by C'est Bon, in that corner by Godiva. On the garden level, very excited with Koko and Palenki, they've got a couple stores in Dadeland; they just opened another store in Aventura Mall. They've signed for a space, used to be, I want to say the Cavalli space, down in the garden area outside Nordstrom. Very excited to announce a new full service restaurant that we've signed, I think they are going in front of the Architectural Board, if they haven't already, and that's Crave. Crave is out of Minneapolis, they just opened a new restaurant, I want to say in the Orlando area, this will be like their fifth or sixth. If you are interested in going in and looking at their menu, looking at their concept, they have a web site, www.craveamerica.com. It's going to be a great concept. It's going where we never had a tenant; it's going to go adjacent to Villagio. As you know Villagio is kind of north-south, this is the space that's going to be east-west, right underneath the residential, right across from where Mundo was. For those of you who are trying to get your bearing, that is signed. So probably around this time next year that restaurant will be opening. Another option of dining that we are seeing is very helpful to us. We are also in negotiations, I'm not at liberty to announce the name because they have not signed leases, but with the success of Yardhouse, and I'm sure many of you have visited Yardhouse on occasion, and they are continuing to do very well, exceeding expectations; we are in conversations with the former Mundo space, which was again adjacent to Yardhouse, which will be across from Crave, and also there is another space east of Yardhouse on that corner.

Mayor Slesnick: Did Yardhouse take a part of that Mundos space?

Mr. Davidson: No, no. Mundos is still...

Mayor Slesnick: It just seems larger than the old restaurant that used to be there, that's all.

Mr. Davidson: Mayor, I think they took some area to the east, that's why it looks a little bigger, that other space in our records is 1350, it won't mean anything to you, but that's the space number, they took some of that, so now some of that southeast corner by Yardhouse is a little smaller, so I think that's what you are referring to. So that's exciting. We have some new tenants opening in the next couple of weeks, and we have some ones that will be starting construction soon. We are also investing significant money and capital in anticipation of these new restaurants coming in, we've upgraded, it was interested in hearing you all talk about leases and things, it was very exciting for me anyway dealing with this every day, as far as you're dealing with it, but we are investing in our HVAC upgrade again on our cooling power, condense water system, we are upgrading as we anticipate these other restaurants coming on board and a greater demand for chilled water. We are also upgrading our music system throughout the center, we are looking to add music on the main level, currently it's on the garden and the upper level, we want to add music on the main level. We are also investing on some stucco repairs on the outside of the building, and several hundred thousand in garage improvements, whether it be predominantly waterproofing and some garage repairs. So that's still going to happen this year. Business – everybody wants to know about business, obviously we are up from last year, as everybody knows it was a very disappointing last year for just about everybody, but we are up. We are experiencing, and you'll read about this, this fear of this double dip recession; we started out very fast this year, we sort of quieted down for the last couple months, July is going to end up being up about four or five percent, and of course obviously we are into August, but year to date we are up, which is encouraging. We've got some special events coming up, obviously in September we have a fashion's night out event, in September that will be kind of a national campaign, of course the annual Christmas Tree lighting is coming up in the near future, but a lot of things happening in the Village of Merrick Park very exciting. If anybody has any questions, I'll be glad to try to help.

Commissioner Cabrera: Lee, what can we do to help you?

Mr. Davidson: I can put a list together, but give me some time. Obviously, we get great support from a security standpoint and Police Chief Naue and his group does a great job. I know the city staff works very well with our Ops (sic, operations) man, Mr. Vincent Martin, as far as getting projects through whether it is for permitting or other plans. Commissioner, I would just say continue to be supportive of the Village of Merrick Park, I mean, we are going to be coming to you with different programs and in particular Crave, and in particular again when we sign these other restaurants around the Yardhouse, I think many of you are probably familiar it was a very tedious, but a successful opening of Yardhouse, it was a lot of hurdles to jump over, and to a great degree Yardhouse was asking for many things that was kind of outside the typical parameters of what we would normally see at a restaurant, and ultimately they got approved, so we thank you for that. So just again, your continued support.

Commissioner Cabrera: I can tell you that the signage that you all had approved by us, I guess it was well over two years ago?

Mr. Davidson: It was about that. Correct.

Commissioner Cabrera: It seemed to have really worked in terms of getting people.

Mr. Davidson: You are talking about the monument signs, the signage around the property...

Commissioner Cabrera: The railroad signs – yes sir.

Mr. Davidson: Yes and the new directories. I think it's helpful. The other thing to keep in mind as you operate in our environment, ultimately the merchants or the tenants will drive traffic. For many years when I was not affiliated with the Village of Merrick Park people will say, well you can't find it, you can't find it. So, I went there and I'm thinking that was the common denominator, you can't find it, and sure enough in about May of '09, we opened something called the Yardhouse, for some place that nobody could find they certainly found the Yardhouse; and the other thing to keep in mind is look at Neiman Marcus and you look at Nordstrom, and the volume of sales that they do, people find them. I kind of learned that...

Mayor Slesnick: While you are there, I was going to ask you, how are your anchors doing?

Mr. Davidson: Well the anchors are doing well; Neiman's is having an excellent year, again, last year was very tough for pretty much all the retailers, Nordstrom doesn't report sales per their lease, but in talking to them I think they are happy as far as how their performance is, but certainly Neiman's is doing well. If you haven't walked through Neiman's lately or any of our stores including Nordstrom, you will see kind of transition for the last ten days, now you are seeing fall, and the stores look great; they've changed all their displays, you are seeing now the cashmeres, of course it's still tough for us, it's a hundred degrees, but when its nationally purchased that's how they purchase and the stores are looking great, they really look good. I would encourage you to walk through if you haven't recently and you'll certainly get a feel that fall is on the way. It's still hot, but it looks great.

Mayor Slesnick: Inside with the air conditioning turned down.

Mr. Davidson: Neiman's is always chilly. Any other questions?

Commissioner Withers: I have a question about, you know there's been on and off discussion about a boutique hotel there, is that something that would be in your long term vision to get something going there?

Mr. Davidson: I think it is. We talked...I don't do the leasing, we have a separate what we call the "Big Box Leasing" person that does that, and we've actually talked to some people, you may be familiar with them, I think they approached the city about certain issues, particularly parking, I don't know who they specifically talked to, but certainly we think that, that would be an opportunity.

Mayor Slesnick: What was the question, Chip?

Commissioner Withers: A boutique hotel.

Mayor Slesnick: Oh, OK, OK.

Mr. Davidson: Yes, we are talking to someone, again nothing is signed. I think it would be a great asset to the property.

Commissioner Withers: I think there was, Bill you might know better than I do, 40,000 or 50,000 square feet of technical convention space or display space in the original master plan of that.

Mr. Davidson: Are you talking about the sodded area to the north of Nordstrom, the bakery?

Commissioner Withers: In the property itself, I think there was actually an allowance to put in a 40 or 50,000 square foot convention space or something like that as part of the overall footprint of the property; I don't think it was ever built.

Vice Mayor Kerdyk: It wasn't.

Mr. Davidson: I'm not familiar with it. I don't know how it would fit in the current layout, certainly there are some parcels to the north, north of Nordstrom, there is a smaller one north of Niemen Marcus that are available.

Commissioner Withers: The only thing I say this is because you obviously weren't part of the original team with Rouse when they came in. Some of those incentives that the city granted on the overall master plan might have been forgotten about, and as you are negotiating with possible new tenants you might want to brush off that original agreement and see if there are square footages or spaces or uses, because when we were originally discussing that, we weren't real hot on the hotel issue because of the inventory we had in the city, but if it's a different flavor of hotel more of a, come shop at the Village of Merrick Park, so you know, you just might want to relook at that original lease and go through it and see some of the incentives that we laid out.

Mr. Davidson: OK, will do. I mean certainly if we added a hotel it would probably be more like a business type of hotel or traveler's type, I don't know that it would be necessarily a resort style, but we think it would be a good synergy with the center.

Vice Mayor Kerdyk: I'm glad to hear that both Nordstrom and Neiman Marcus are doing well because I heard a little sketchy report from Neiman Marcus last year, and I'm glad to hear that they are doing much better this year. Tell me a little bit about the ownership group, the ownership group in general. It's well known that they were in bankruptcy, could you just go through where that stands right now, and where we are with that.

Mr. Davidson: Yes. Now keep in mind as General Growth Properties filed bankruptcy, keep in mind the Village of Merrick Park was not one of the filing entities, so we were not part of it.

Vice Mayor Kerdyk: I understand that.

Mr. Davidson: We anticipate that we will probably come out of bankruptcy as a company sometime this year. We are getting different ownership groups, in particular Brookfield. So you are going to see some different ownership. There are going to be some breakouts of the company, they are going to try to do their core assets as one company in untraditional or nontraditional entities as another company. So I think by the end of this year, and I can update you at a future meeting as far as what the actual status is, but I think we will be coming out of bankruptcy, but again keep in mind we were not a filing entity.

Vice Mayor Kerdyk: Right – and you see this asset remaining in the General Growth umbrella, not being broken off or sold to any other entities.

Mr. Davidson: I see it still is part of the core business.

Vice Mayor Kerdyk: Core business model.

Mayor Slesnick: Via Quadronno is gone?

Mr. Davidson: Well Via Quadronno filed bankruptcy, on the subject of bankruptcy, so it's in the hands of the court. I anticipate that they could technically reopen, but I suspect they probably won't, but I could be wrong.

Mayor Slesnick: OK. Third floor doing any better?

Mr. Davidson: We are talking to some people, it's kind of preliminary to discuss, keep in mind we've got, on the upper level, we've got four vacancies, we've just put in a temporary, Rosario Salazar, who is a permanent tenant opened up a temporary outdoor store, seeing a void with Clima, a previous tenant that had closed that was doing outdoor furniture and accessories, she opened again on a temporary basis. We are talking to someone, too early to announce, for a pretty good size space, but the third floor or upper level still continues to be a challenge. We've looked at some alternative uses; certainly everybody is aware of the Gables Pediatrics right outside Nordstrom, that was the ultimate in alternative use. No one would have thought that would have worked in a typical shopping center or even in an untypical shopping center, but they just hit a home run. The other side of the upper level still has the furniture stores and they are doing OK, could be better. Borders – 23,000 square foot, they are doing well; at VMP, the bigger issue is how do they do corporate, because that's going to go as corporate goes, and as we know brick and mortar bookstores are in challenging times these days.

Mayor Slesnick: And I just had one thing for you to look into, if you would to see, that bothered me greatly. I was in Borders and there were dogs all over the place inside Borders, I'm not sure we allow that in Coral Gables, and there was a large dog that was kind of harassing a small child with the owner not paying much attention to it, and I talked to the staff, and they said they are going crazy that the dogs leave feces on the floor, they pee on the floor.

Mr. Davidson: In the space?

Mayor Slesnick: What?

Mr. Davidson: In the space?

Mayor Slesnick: In the space. And I said, why do you allow dogs in?- I've never seen dogs in, they said that, that's the policy of Village of Merrick Park, that we have to be dog-friendly.

Mr. Davidson: It's obviously up to them what they do in their store. I'll talk to Chuck.

Mayor Slesnick: I'm not even sure it's allowed in our city to have dogs inside retail spaces.

Mr. Davidson: I would think not, but be assured we don't set a policy that dogs are allowed inside stores; certainly they are in the common area...

Mayor Slesnick: The manager I spoke to said, the only reason they did it was because the Village of Merrick Park insisted on it.

Mr. Davidson: OK. We'll talk with them. Thank you.

Mayor Slesnick: It bothered me greatly; I had a small grandchild in there, this one person had a Russian Wolf Hound and wasn't paying any attention.

Mr. Davidson: OK. We'll take care of that. Anything else?

Mayor Slesnick: Thank you Lee, good having you here. Give our regards to Janet and tell her we're sorry we missed her.

[End: 10:41:12 a.m.]