

Miami-Dade sees Heat rent as too low for county lot

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The view of Parcel B from the AmericanAirlines Arena. The county-owned lot was advertised as a future park during the 1996 referendum that approved construction of the Miami Heat's basketball arena. DOUGLAS HANKS MIAMI HERALD

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The Miami Heat may be about to lose a discounted deal on [public waterfront](#) behind the team's county-owned arena.

Miami-Dade officials say they now realize the county is significantly undercharging the team to rent a five-acre wedge of land next to the AmericanAirlines Arena, which the Heat uses for valet parking, event staging and even elephant habitat when the circus

comes to town. A recent county study recommended nearly tripling the rent, which it estimates would generate an extra \$150,000 annually for Miami-Dade.

The Heat is pushing back against higher rent, and the issue promises to revive tensions over a vacant lot that has drawn controversy since the early days of the AmericanAirlines Arena. It's slated to be the future home of a Cuban Exile Museum, a plan that already has the Heat at odds with county leaders.

Known as Parcel B, the county-owned land never became the "new waterfront park" promised in the 1996 [referendum campaign](#) to build the arena. Instead, the fenced-off area became a spare lot for the Heat's lucrative parking operations and event business, with critics complaining of a compounded insult of no green space and cheap rent.

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Miami Heat fans gather outside the AmericanAirlines Arena. | ALEXIA FODERE MIAMI HERALD FILE, 2010

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"If we're going to sacrifice that park space, I want to be compensated for it," said Juan C. Zapata, the county commissioner who sponsored a resolution last summer ordering the recent study. "There were promises made. And at every step, the taxpayers ended up with the short end of the stick."

Jorge Luis Lopez, a lobbyist and lawyer for the Heat, said Parcel B's isolated location behind the arena makes it of limited use for any business beyond the Heat itself. He

noted the Heat plays in a county-owned arena under an arrangement that requires the team to maintain the facility, and promised to fight higher Parcel B fees if the new rate structure seems unfair.

Miami-Dade “has some duty to help us operate efficiently and cost-effectively,” Lopez said. “We’re not just going to take what the county tells us and have them raise our rates.”

A September study by the CBRE real-estate firm valued Parcel B’s land at about \$120 million if it had no government restrictions on use. In an undated memo to county commissioners, Deputy Mayor Ed Marquez said implementing the study’s rent recommendations would increase annual Parcel B revenues from \$80,000 to \$230,000. While other groups occasionally pay to use the space (the ePrix [car race](#) is paying \$27,200 for its upcoming event) almost all of the money comes from the Heat.

Between 2004 and 2014, Miami-Dade received \$796,345 in rent from Parcel B and spent \$6.6 million maintaining it, according to county figures released in March. Almost all of that went to a three-year repair of the seawall.

The Heat objects to a commission-endorsed plan [to build](#) a Cuban Exile museum on Parcel B. Team representatives told administration officials that the AA Arena site is “already too small for its existing operations” and that they had “concerns regarding significant potential operational impacts” from a museum on Parcel B, according to an April 2014 county [memo](#).

Park activists have long objected to the Heat’s use of Parcel B, and now they’re clashing with [museum organizers](#), too. The CBRE study examined the Cuban Exile museum drawings from April and noted: “The current plan lacks green open space, covering 88.6 percent of the lot with building. The design contains a large open plaza in the middle of the museum but it is only accessible to museum visitors.”

Nicolas Gutierrez, an organizer of the Exile Museum, said the CBRE report does not reflect current plans for the facility. “Our museum involves two-thirds, if not three-quarters, of open space that’s open to the public,” he said. “It’s definitely not open just to museum visitors.”

Now some Miami-Dade officials want the Cuban Exile vision expanded to incorporate a black-history museum and History Miami, which rents county space downtown. “I think a unified effect — to have everyone who has contributed to the great Miami-Dade County that we have today — is important,” said Rebeca Sosa, a county commissioner supporting the Exile Museum plan. “Students can come and go, and jump from one to another.”

The looming rent flare-up comes less than a year after Miami-Dade commissioners concluded a [bruising renegotiation](#) of the Heat’s arena deal, which now costs the county \$5.4 million a year. The new deal ended a profit-sharing arrangement that became a political punching bag, since the Heat had paid Miami-Dade [less than](#) \$300,000 after 14 years that included attendance spikes brought on by Shaquille O’Neal and LeBron James.

Under the new deal, Miami-Dade continues paying the Heat \$6.4 million a year in hotel-tax subsidies but the team now refunds \$1 million a year in a payment to the county parks department. Miami-Dade also agreed to increase the subsidy to \$8.5 million for the extra five years tagged onto the arrangement, which now ends in 2035.

In the wake of the lease debate, some commissioners pressed for a second look at Parcel B’s rates.

The team pays \$1,100 a day to use Parcel B for valet parking; the CBRE study recommends a daily rate of \$4,000, according to a summary provided commissioners by Jose Galan, head of Miami-Dade’s real-estate division. The Heat pays \$550 a day to use Parcel B to store trucks, trailers and other logistical needs for concerts and major events, but CBRE recommends a daily rate of \$1,100.

“We’re charging less than we should be charging,” Lester Sola, the outgoing head of purchasing for Miami-Dade, told commissioners at a Feb. 10 committee meeting. He said the rates were negotiated before Mayor Carlos Gimenez came to office in 2011. “They have been carried along for year after year,” he said.

In the Heat’s successful 1996 referendum campaign for the 19,600-seat arena, campaign materials portrayed Parcel B as “a safe new waterfront park for all our

families,” with soccer players kicking a ball on the lush grass there. While the park was part of the public pitch, Miami-Dade granted the Heat an agreement allowing retail space and a garage on Parcel B. No commercial venture ever materialized and the Heat gave up control of the land in 2003 after a failed bid to build an apartment complex there.

For its Parcel B study, CBRE looked at what nearby lots charge for parking, and how various cities bill large events when they need public land temporarily for logistical support. Lopez, the Heat lobbyist, said the team hasn’t had a chance to scrutinize the methodology to see if it makes sense.

“I think there’s a lot of room for discussion,” he said.