
From: Mike Palma <mpalma@jesta.com>

Date: Saturday, March 16, 2019 at 6:04 PM

To: [REDACTED], [REDACTED]

Cc: [REDACTED]

Subject: SPRING Break 2019- our Spring Ghetto Disaster

[REDACTED];

For the most part, I am a positive and upbeat person. Unfortunately, I am not positive or upbeat with the current state of "Spring Break" in South Beach and Ocean Drive. Nor am I happy with revenues we are seeing. As it is my responsibility to keep you informed and aware of what is going on, please read below and we can discuss in detail next week as too the short and long term implications on our business model.

What started off slowly years ago in March has now become a full scale "Quality of life Epidemic" related to the type of visitor demographics coming to South Beach's Beaches, Entertainment District and Ocean Drive. To be frank, it's a "African American" demo. This same weekend last year was a disaster, prompting city leaders, administration and Police to implement a list of initiatives to attempt to thwart it and tame it down this year. These included: outreach to specific colleges warning them not to come, PR to same cities about enforcement and coming to vacation and leaving on probation, doubling the Police force on Ocean Drive and MXE, closing Ocean Drive to vehicular traffic 2 weekends, etc.

I am sad to report that nothing worked and although there are several areas to place blame, the reality is what we have in front of us NOW is NOT a consumer demographic that our city or we want on our public beaches, parks and streets. They are classless, unbecoming, uneducated, ignorant and a bunch of loiterers who spend little money in the district. The only true benefactors are the Class B "rental" night clubs and packaged liquor stores. Indirectly, they scare the good tourists away. They hurt the local and national market. Our current F&B numbers reflect the same. We should be hitting 100K easily and instead are fighting for 75k. The people that came in our doors these past few days, are the few good tourists that are left w/ good intentions. The majority of visitors are being marketed and lured into Miami Beach by outside promoters from other cities. I get a sense that many are NOT even on Spring Break nor do they attend colleges. They simply **See Instagram attachment example above. Not a market we want!** Ocean Drive is also being commercialized in Rap music and songs which helps fuel the fire.

Being active as I am, I sense the City, the residents and business community have reached boiling points. There is a ton of negative social media coverage, local and national news and discussions about the issue. Below is just a couple of the many negative stories on what has transpired over the last 48 hrs. blocks from our property:

<https://www.local10.com/news/florida/miami-beach/ocean-drive-party-gets-wild-in-south-beach>

<https://wsvn.com/news/local/2-in-custody-after-south-beach-fight-amid-large-spring-break-crowds/>

On Tuesday the City commission is hosting an emergency meeting to address Traffic and Crime. No doubt this will turn into a full scale discussion related to HOW to make this demographic and problems that follow it go away. I don't have a crystal ball but I do foresee some short term business loss in 2020 while city reacts to the "cleansing" and "flushing" of March Spring Break. Much more to follow on that and the heated discussions that will arise.



[REDACTED], all these meetings are on Tuesday. They start with a 8am commission meeting and end at Police Headquarters at 6pm. Therefore, we may have to push Tues back a little to 8pm.

As for Today, we are fully staffed and being vigilant and hoping for a smooth operation. This is another extremely challenging day/night. We have barricaded the sidewalk café so there is separation to street pedestrian traffic. All cafes did same. Now we just need to hope and pray that nothing major happens that drives more negative publicity to our city and famous Ocean Drive and we make budgeted revenue out of what we have to work with!

If you want to see current café setup and Ocean Drive, log into News Café's Live cam 24 hrs. a day. Not sure the nighttime visibility.

<http://www.newscafe.com/web-cam/>

This critical issue shall pass but we need to be willing to accept the potential negative implications on sales and work as ONE Community for betterment of all and future. Especially for the amount of money we intend to invest into Clevelander @ Essex House and necessity to get ADR up across the market.

Will keep you posted team,

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