



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139,
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COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Raul J. Aguila, Interim City Manager

DATE: January 13, 2021

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, FOLLOWING A DULY ADVERTISED PUBLIC HEARING, ACCEPTING THE RECOMMENDATION OF THE CITY'S FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AND WAIVING, BY 5/7TH VOTE, THE FORMAL COMPETITIVE BIDDING REQUIREMENT IN SECTION 82-39(a) OF THE CITY CODE, FINDING THAT THE PUBLIC INTEREST WOULD BE BETTER SERVED BY WAIVING SUCH CONDITION; APPROVING AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE A NEW LEASE AGREEMENT BETWEEN THE CITY (LANDLORD) WITH MIAMI BEACH WATERSPORTS CENTER, INC. (TENANT) FOR A PERIOD OF NINE (9) YEARS, COMMENCING ON FEBRUARY 1, 2021 AND ENDING ON JANUARY 31, 2030, FOR THE USE OF CITY-OWNED PROPERTY LOCATED AT 6500 INDIAN CREEK DR A/K/A THE RONALD W. SHANE WATERSPORTS CENTER, CONTAINING A TWO-STORY BUILDING AND A BOAT HOUSE, FOR THE OPERATION OF A ROWING CENTER**

BACKGROUND

The City of Miami Beach (the "City"), as landlord, and Miami Beach Watersports Center, Inc. d/b/a Miami Beach Rowing Club, as tenant ("Tenant"), are parties to that certain Second Amended/Restated Consolidated Lease, dated July 10, 2002, for the lease of property known as the Ronald W. Shane Center (the "Facility"), located at 6500 Indian Creek Drive, ("leased premises"), for the operation of a rowing facility, including other ancillary uses. The Consolidated Lease is set to expire on May 21, 2021 and the Tenant has requested a new lease for a term of nine (9) years, for the purpose of continuing its not-for-profit operations in the community.

Tenant is a non-profit organization established in 1995 to bring the sport of rowing to the City of Miami Beach. Tenant provides low-cost rowing, teaching, and training for men, women and young adults; without preference to race, creed, religion, color or sexual orientation. The Facility is open to the general public, provided that the users meet the minimum safety requirements of the United States Rowing Association and the operational requirements of Tenant. The Facility is an international destination for Olympic rowers, and home of the Miami Beach Rowing Club, which annually hosts the *Head of the Indian Creek Regatta*, as well as other collegiate races, which benefit the local economy. The Facility offers the following year-round programs and services:

1. programs for youth, adults and people with disabilities;
2. hosting of a dozen out-of-state college teams for winter and spring break training camps;
3. home to the University of Miami and Barry University women's rowing programs year-round;
4. the Facility's youth program is one of the top five competitive rowing programs in Florida, winning medals and team trophies throughout the season and qualifying for the national championships every year; the youth program trains boys and girls starting from 6th grade up to 12th grade, offering tuition scholarships to families in financial need; serves as a steppingstone to high school youth rowers, who are offered rowing scholarships, with 100% of the senior high school rowers enrolling in college upon graduating;
5. the Facility's adult program consists of Miami Beach and Miami-Dade residents, many of whom are introduced to rowing through the Facility's "Learn to Row" program. Some become competitive rowers, but many row recreationally, enjoying the workout and the scenic environment of Indian Creek;
6. for the past five years, the Facility has offered an adaptive program for people with disabilities, developed from just one rower to a comprehensive program for up to 50 adaptive athletes, who train from one day a month to up to four days a week; two of the adaptive program rowers represented the United States at the Paralympic Games in Rio in 2016 and one rower competed at the World Indoor Championships earlier this year; the participants of this program exhibit a variety of disabilities, which could include visual impairments, traumatic brain injuries, amputations, and athletes with spinal cord injuries; the Facility recruits participants for this program through its partnerships with the VA and the Jackson Spinal Cord Unit; this special program provides disabled participants with the opportunity to exercise, while enjoying the experience of being on the water; additionally, these athletes experience a sense of community and support from the comradery that is developed among the participants during training; this program is free of charge to the athletes, as it is funded by a grant from the City, currently, in the amount of \$85,000 per fiscal year, as well as private donations;
7. as a community resource in the North Beach area, hosting City meetings, public meetings and serves as a polling station for elections; and
8. the second-floor hall for hire is leased to third parties for conferences and meetings, catered events and receptions.

HISTORY

On December 14, 1988, the City of Miami Beach, as landlord, entered into a lease agreement with the Miami Beach Jewish Community Center, Inc. (JCC) for the parking facility located at 65th Street and Indian Creek Drive, to construct and operate a rowing facility, including a boat yard. On November 21, 1989, the City and the JCC entered into the First Amendment to the Lease Agreement, enlarging the size of the leased premises. On November 20, 1991, this Lease Agreement was amended and restated, extending the term of the lease twenty (20) years, thus enabling the lessee to meet University of Miami's requirement to obtain a financial commitment for the construction of a rowing facility. As part of the Amended and Restated Lease Agreement

terms, the City also appropriated a matching contribution of \$225,000 toward the construction of additional improvements for the rowing facility.

In 1996, the City authorized the assignment of the lease, from the JCC to Miami Beach Watersports Center, Inc., a not-for-profit corporation established to operate and maintain the Facility. In 2002 Miami Beach Watersports Center, Inc., as the current lessee, entered into a Second Amended/Restated Consolidated Lease ("Consolidated Lease").

The Consolidated Lease authorized extensive capital improvements to the existing leased premises, which included the construction of a boathouse, and a second-floor events venue. The lease also authorized an additional ten (10) year extension, which is set to expire on May 21, 2021. Pursuant to the Consolidated Lease, Tenant was permitted to secure financing for the improvements, with the consent of the City and for a term that does not exceed the term of the Consolidated Lease, secured by a leasehold mortgage.

In 2007, the Tenant completed a two-million-dollar expansion project, which included the construction of a dry dock facility and a second story to the building existing at the time. Tenant secured financing for the construction of the additional improvements from its benefactor, Dr. Ronald W. Shane's foundation, the Shane Family Foundation Corporation (Foundation) through an unsecured loan, in the amount of \$850,000.00, evidenced by a promissory note and referenced in the Tenant's financial statements. Tenant still owes the Foundation approximately \$792,000 of the original investment made by the Foundation (Capital Contribution Balance). The Facility currently includes improvements which have been constructed by the Tenant or its predecessor; to wit: a two-story building (the "Building"), a wet dock (the "Wet Dock") and a dry dock facility (the "Dry Dock") (collectively, the "buildings and improvements").

ANALYSIS

Pursuant to the terms of the Consolidated Lease, Tenant owns the buildings and improvements and is responsible for their maintenance during the lease term and at the end of the lease term, the Improvements transfer to the City. Tenant has successfully operated the Facility for the past 24 years and has the support of the community at large. Through the contributions of the Foundation, revenue from its operations, and third-party donations, including the City's annual grant, Tenant has been able to maintain and operate a successful and renowned rowing program at the Facility.

At the June 6, 2018 City Commission meeting, a discussion regarding the Miami Beach Watersports Center, Inc. lease (*originally titled: Discuss the Miami Beach Rowing Club Lease*) was referred to the Finance and Citywide Projects ("FCWP") Committee. The topic was discussed at the June 29, 2018 FCWP meeting, based upon the Tenant's proposal to continue the operation of the Facility, pursuant to a new management agreement, with a term of nine (9) years, with the requirement that the City contribute to the Shane Family Foundation, the total sum of \$500,000, over a period of five years period, in the amount of \$100,000 annually, as partial payment of the Capital Contribution Balance. The item was deferred to provide the Tenant with an opportunity to describe the proposal in more detail. however, since that time, the parties have considered different options to address a balance between the Tenant's concern for recouping the Capital Contribution Balance and protecting the City's interest.

On November 13, 2020, the Finance and Economic Resiliency Committee (FERC) discussed the Tenant's request for a new nine (9) year lease, in order to amortize a portion of the Capital Contribution Balance, and found the request to be reasonable, when comparing the agreement

term for City agreements with other non-profit entities similarly situated. FERC recommended in favor of approving a new nine (9) year lease with Miami Beach Watersports, Inc., based upon the following essential terms:

- (1) **Term**: Nine (9) year term, February 1, 2021 – December 31, 2030, with the early termination of the existing Consolidated Lease in order to provide Miami Beach Watersports with additional time to repay / amortize the Capital Contribution Balance;
- (2) **Rent**: Ten Dollars (\$10.00) payable annually;
- (3) **Uses**: primary operation, a rowing center; opportunities for education for children and adults; a unique and enjoyable venue for rowing and other watersport related activities, special events, receptions, and community meetings; a catalyst for community promotion of its waterway usage; enhancement of rowing-related water recreational education programs; and continued development of adaptive rowing program; second floor hall for hire, leased to third parties for conferences and meetings, catered events and receptions
- (4) **Turnover of Buildings and Improvements**: The City would be transferred the buildings and improvements via a quit claim deed prior to the end of the existing term and the City would insure the Facility as part of its stock, thereby reducing the Tenant's operating expenses;
- (5) **Tenant Maintenance Responsibility**: Tenant would retain responsibility over the operation, management and payment of all utilities, janitorial, pest control, grounds maintenance services; repair and replacement of all improvements, fixtures, and equipment on the leased premises; maintenance of the HVAC, elevator, interior plumbing, electrical and paint;
- (6) **City's Maintenance Responsibility**: The City would be responsible for the repair and replacement (at the City's sole discretion), of the capital improvements or infrastructure (i.e. including, but not limited to, the roof, structural elements and infrastructure, HVAC, exterior structural plumbing and sewer lines, and structural electrical, seawall, exterior windows etc.); and maintenance of exterior paint for the leased premises; and
- (7) **City's Use**: The City would continue to have use of the Facility at no cost to the City, for meetings, events and as a polling station.

CONCLUSION

In consideration of the foregoing, the Administration recommends, following a duly advertised public hearing, that the Mayor and City Commission accept the recommendation of the City's Finance and Economic Resiliency Committee, and waive by 5/7th vote, the formal competitive bidding requirement in section 82-39(a) of the City Code, finding that the public interest would be better served by waiving such condition; and approve and authorize the Mayor and City Clerk to execute a new Lease Agreement between the City (Landlord) with Miami Beach Watersports Center Inc. (Tenant) for a period of nine (9) years, for the use of the City-owned property located at 6500 Indian Creek Drive a/k/a the Ronald W. Shane Watersports Center.

Attachments

Exhibit A – New Lease Agreement