



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

TO: Honorable Chair and Members of the Finance and Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: April 30, 2021

SUBJECT: **DISCUSS A PROPOSED EXTENSION OF THE CITY'S LEASE WITH 1 WASHINGTON AVENUE CORP, THE CITY'S LONG-TERM TENANT AND OPERATOR OF THE "SMITH & WOLLENSKY" RESTAURANT FACILITY AT SOUTH POINTE PARK, WITH THE FOREGOING SUBJECT TO INDEPENDENT THIRD-PARTY APPRAISALS OF THE LEASE AND NEGOTIATION OF THE LEASE AMENDMENT TERMS, INCLUDING PROPOSED TENANT IMPROVEMENTS, WHICH WOULD BE COMPLETED BY THE LESSEE, AT NO COST OR EXPENSE TO THE CITY.**

BACKGROUND

Smith & Wollensky is a renowned steakhouse with locations in New York, Boston, Chicago, Columbus, Houston, Miami Beach, Las Vegas, London, and most recently, Taipei. The restaurant has been a destination and staple in Miami Beach for several decades.

On or about 1980, the United States Department of the Interior conveyed to the City the property now known and referred to as "South Pointe Park." The deed conveyed the property to the City for public park or recreational purposes, except with respect to the restaurant facility, as the deed expressly provides that a portion of the property may be leased by the City "for the development, construction, and operation of a restaurant."

On February 8, 1985, the City entered a lease with Specialty Restaurant Corporation for the operation of a restaurant at 1 Washington Avenue, Miami Beach, Florida (the "Lease"). On September 22, 1993, the Mayor and City Commission adopted Resolution No. 93-20899, approving an assignment of the Lease to One Washington Avenue Corporation, as assignee. Thereafter in 1996, the Lease was assigned to New York Restaurant Group, LLC, which had acquired assets and interests of the One Washington Corporation, including the South Pointe Seafood House Restaurant building and interest in the leasehold, for the purpose of opening a restaurant to be known as Smith & Wollensky.

On April 16, 1997, the Mayor and City Commission adopted Resolution No. 97-22359, approving an addendum to the Lease, designating New York Restaurant Group, LLC as successor in the interest, which was later renamed 1 Washington Avenue Corp. ("Tenant").

The Tenant has been the long-term operator for the Smith & Wollensky restaurant property located in South Pointe Park (the “Premises”). The Premises consists of a two-story building, constructed in 1987, and renovated in 1997 and 2017, measuring approximately 21,000 square feet on a 0.55-acre waterfront site overlooking the Park bay walk, the Government Cut, and ocean access inlet that connects Biscayne Bay to the Atlantic Ocean.

The current Lease contains an initial 20-year term and provides for two (2) 10-year renewal options. The first renewal term commenced on November 7, 2005 and expired on November 6, 2015. Subsequently, 1 Washington Avenue Corp. exercised the second and final renewal term, commencing on November 7, 2015 that expires over four years from now, on November 6, 2025.

Since the last lease amendment in 1997, the City has made a significant investment in the surrounding South Pointe Park, creating a 22-acre world class destination park designed by internationally recognized Hargreaves Associates, that opened in 2009. As such, the Premises and restaurant concession have views of stunning panoramic views of South Pointe Park, South Beach shoreline, Port of Miami's cruise ships, Downtown Miami's skyline, and Fisher Island, as well as unparalleled pedestrian access from Miami Beach's cutwalk.

In addition to the Lease, the Tenant has an existing concession agreement with the City, which allows a food and beverage concession area located south of the Premises along the cutwalk. The Concession Agreement dated October 1, 2009 (“Concession Agreement”), was intended to run concurrently with the Lease. The concession area is approximately 581 square feet per the terms of the Concession Agreement (“Existing Concession Area”).

The City currently receives a guaranteed minimum and percentage rent under the Lease and the Concession Agreement, as set forth below:

Lease:

- Minimum guarantee of \$95,000, annually, plus
- 2.5% of gross revenues up to \$2.5 million
- 3.0% of gross revenues up to \$3 million
- 3.5% of gross revenues over \$3 million

Concession Agreement:

- \$120,000 minimum guarantee (increasing to \$140,000 in 2024), and
- 10% of gross revenue in excess of minimum guarantee gross receipts

A historical overview of gross revenues, lease payments, and concession payments are provided below:

	Gross Revenues	Lease/ Concession Payments
<u>Lease</u>		
FY 2017	\$13,034,241	\$430,679
FY 2018	\$14,255,022	\$498,926
FY 2019	\$14,011,528	\$462,904
<u>Concession</u>		
FY 2017	\$3,301,945	\$330,195
FY 2018	\$4,087,829	\$408,783
FY 2019	\$4,364,924	\$436,492

As demonstrated above, the gross revenues achieved by the Tenant have significantly outpaced the minimum guarantees contained in the Lease and Concession Agreement, due to the consistent performance of the Tenant. Further, despite the impact of the COVID-19 pandemic, the Tenant has been able to operate the facility and consistently make the required payments as contemplated in the Lease and Concession Agreement.

ANALYSIS

The Tenant has proposed that the City commence the process for negotiation of a lease amendment, to extend the term of the Lease; upgrade and improve the restaurant facility (including any improvements required to obtain the 40-year certification of the facility); update the financial terms of the Lease, including increasing the base rent and percentage rent, based on appraised fair market value; and negotiate other public benefits to the City (the "Lease Amendment"). The negotiated term sheet for the proposed transaction is attached as **Exhibit "A"** hereto.

Additionally, the Tenant has proposed an amendment to the Concession Agreement to extend the term of the concession for an additional nine (9) years; increase the concession area; and increase the base rent for the concession area (the "Concession Amendment"). To this end, the Tenant agreed to reimburse the City for the costs of conducting two (2) independent appraisals of the Lease rent.

On October 28, 2020, the Mayor and City Commission referred a discussion item to the Finance and Economic Resiliency Committee ("FERC") for a proposed Lease Amendment with Tenant, the operator of Smith & Wollensky.

In January 2021, the City received two (2) independent, third-party appraisals for the Premises from Cushman and Wakefield and CBRE, attached hereto as **Exhibit "B"** and **Exhibit "C,"** respectively. The appraisals provided estimates of the fee simple market rents including and excluding the Concession Area. The appraisal reports were discussed independently with the appraisers, the Tenant, and Administration to determine if the valuation of the property was:

- (1) fair and reasonable;
- (2) comparable to other similarly situated restaurant rentals; and
- (3) provided the necessary data needed for decision making purposes to provide recommendations for negotiating terms.

APPRAISALS

The Cushman and Wakefield and CBRE appraisals are attached as Exhibits B and C, and are summarized below. In subsequent discussions following the submission of its initial report, Cushman Wakefield has emphasized that their report was a market study report, defined as "a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type".

The following summary provides a comparison of the two appraisals showing a significant difference in value between the two:

Appraisals: Combined Lease & Concession	Cushman & Wakefield	CBRE
Comparable Restaurant Properties		
All: Range per sq ft	\$36.60-\$88.57	\$60.00-\$92.74
Waterfront: Range per sq ft	\$88.57	\$85.00-\$90.00
Average Rent	\$66.03	N/A
Percentage Rent based on Natural Breakpoint *	5%	5-10%
Escalator	2.5-3%/year	2-3%/year
Recommendations	Cushman & Wakefield	CBRE
Base Rent per sq ft	\$50.00	\$83.47
Percentage Rent based on Natural Breakpoint *	5%	10%
Escalator	3%/year	10% every 5 years
Restaurant only	N/A	\$58.69
	N/A	10%
	N/A	10% ever 5 years
<p>*Natural Breakpoint: the point at which the fixed based rent equals the percentage rent. Note only 1 comparable for percentage rent provided by Cushman and Wakefield, although the report referenced market ranges of 5-6%</p>		

The Cushman and Wakefield report did not provide separate recommendations for the Lease Amendment versus the Concession Amendment; however, while not an appraisal approach, mathematically, if the concession revenues for Fiscal Year 2019 (the year used in the Cushman and Wakefield report) are subtracted from the total base rent from that report, the effective base rent for the restaurant only would be \$29.07, well below all other comparables.

	Cushman&Wakefield	CBRE
Base Rent per sq ft	\$ 50.00	\$ 58.69
Equivalent Revenues based on 20,851 sf	\$ 1,042,550	\$ 1,223,745
Less FY 19 Concession Revenues	\$ (436,492)	N/A
Net Restaurant only Revenues	\$ 606,058	\$ 1,223,745
Restaurant only equivalent base rent per sf	\$ 29.07	\$ 58.69

A significant difference in the Cushman and Wakefield and CBRE appraisals is perhaps not unusual, bearing in mind the characteristics of such a large and unique property. However, the

low derived base rent and percentage rent conclusions from Cushman and Wakefield may be due to the significant differences in comparables used as seen in the excerpts from the Exhibits A and B, shown below.

Cushman and Wakefield Comparables

The Cushman and Wakefield report did not contain any comparable Miami Beach restaurant properties, nor did it contain destination waterfront locations. The comparables contained several warehouse type restaurant spaces in Wynwood, restaurants in Coral Gables and Brickell and only one waterfront comparable: Redfish Grill, located off Old Cutler Road. The price per square foot for that one waterfront property was higher than the other properties at \$88.57 per square foot. Even so, the average for all comparable properties was \$66.03. In discussions with Cushman and Wakefield, they explained that the reduced price of \$50.00 per square foot for the conclusion for City property was due to its unusually large size. Only approximately 2 percent of restaurants are at this size.

1 WASHINGTON AVENUE, MIAMI BEACH, FL

LAND VALUATION

MIAMI-DADE LARGE RESTAURANT LEASE COMPARABLES																
PROPERTY INFORMATION							LEASE INFORMATION									
NO.	Property Name Address, City, State	YEAR BUILT	YEAR RENOVATED	TENANT NAME	LEASE DATE	SIZE (NSA)	TERM (yrs.)	INITIAL RENT/SF	RENT STEPS	LEASE TYPE	PERCENTAGE RENT CLAUSE	% RENT BREAKPOINT	% Rent over Breakpoint	MONTHS FREE	TISF	COMMENTS
1	Coral Gables - Restaurant Coral, FL	2002	N/A	Confidential	2/20	9,914	5	\$36.60	Flat	Net	N/A	N/A	N/A	N/A	N/A	This is a renewal rental rate of an existing restaurant located in a prime location in Coral Gables.
2	Wynwood - NW 25th Street Miami, FL	1972	2018	Confidential	9/19	4,480	10	\$56.00	2.5%	Net	Yes	Natural	5.0%	0	\$139	This space was a former warehouse that has been fully renovated for a built to suit restaurant space.
3	Wynwood - NW 25th Street Miami	2019	N/A	Confidential	6/19	5,500	10	\$65.00	3.0%	Net	N/A	N/A	N/A	N/A	N/A	This ground floor first generation space is located within a mixed-use building.
4	Wynwood - NW 2nd Avenue Miami	1951	2017	Confidential	1/19	10,000	5	\$75.00	3.0%	Net	N/A	N/A	N/A	N/A	N/A	This space was a former warehouse that has been fully renovated for a built to suit restaurant/bar multipurpose space.
5	Brickell Avenue Ground Floor Retail Space Miami	2011	N/A	Confidential	3/19	5,179	15	\$75.00	2.5%	Net	N/A	N/A	N/A	N/A	\$145	This is a second generation restaurant space on the ground floor of a Class A office building with direct frontage on Brickell Avenue.
6	Red Fish - Waterfront Restaurant 9610 Old Cutler Road Miami	1997	2019	Red Fish Grill	10/18	8,400	10	\$88.57	Flat	Net	N/A	N/A	N/A	N/A	\$17	The size of this restaurant space was estimated via the indoor and outdoor footprint via GIS. This is the only waterfront restaurant in Coral Gables. This restaurant features 154 seats. The lease also includes a bait and tackle shop and fuel dock in the adjacent marina.
STATISTICS																
Low		1951	2017		10/18	4,480	5	\$36.60					5.0%	0	\$17	
High		2019	2019		2/20	10,000	15	\$88.57					5.0%	0	\$145	
Average		1992	2018		5/19	7,246	9	\$66.03					5.0%	0	\$100	
Compiled by Cushman & Wakefield Regional, Inc.																

The Cushman and Wakefield conclusion provided for a 5 percent rent combined for the restaurant and concession area based on the natural breakpoint, with 3 percent escalator annually.

CBRE COMPARABLES

CBRE similarly did not provide comparable Miami Beach restaurant properties; however, their report provided more comparable waterfront spaces in the South Florida market, as demonstrated below:

SUMMARY OF COMPARABLE RESTAURANT RENTALS																	
No.	Property Name and Location	YOC / Reno'd	Overall Occ.	Seating Capacity (Indoor & Outdoor)	GLA (SF)	SF Per Seat	Gross Sales Per Seat	Base Rent Per Seat	Rent as a % of Sales	Lease Date	Lease Term	Base Rent	Percentage Rent	Tenant Improvements	Expense Basis	Escalations	Free Rent
1	JB's on the Beach 300 North Ocean Boulevard, Deerfield Beach, FL 33441	2002	100%	300 Seats	6,470	22 SF	\$38,333	\$2,000	5.2%	Mar-19	20.0 Yrs.	\$92.74 PSF	5% of Gross Sales	As Is	NNN	10% Every 5-Years	---
2	etta Las Olas 1002 E Las Olas Boulevard, Fort Lauderdale, FL 33301	1966 / 2020	90%	365 Seats	8,526	23 SF	---	\$1,635	---	Feb-21	10.0 Yrs.	\$70.00 PSF	5% of Gross Sales	\$146.61 PSF	NNN	3.0% / year	6 Months
3	Grove Ink Restaurant 3490 Main Highway, Miami, FL 33133	2020	100%	---	7,670	---	---	---	---	Feb-21	10.0 Yrs.	\$70.00 PSF	---	1st Generation	NNN	3%/Yr.	6 Months
4	Tigertail + Mary 3321 Mary Street, Miami, FL 33133	2018	100%	120 Seats	5,731	48 SF	---	\$2,917	---	Oct-18	10.0 Yrs.	\$61.07 PSF	7.5%-10% of Gross Sales	1st Generation	NNN	2% / year	---
5	Moxie's Grill & Bar 900 S Miami Avenue, Miami, FL 33130	2007	83%	375 Seats	8,157	22 SF	---	\$1,305	---	Jan-20	10.0 Yrs.	\$60.00 PSF	---	\$100.00 PSF	NNN	---	---
6	Amara at Pariso 3101 NE 7th Avenue, Miami, FL 33137	2017	100%	367 Seats	10,798	29 SF	\$21,798	\$2,508	11.5%	Jan-21	10.0 Yrs.	\$85.25 PSF	10% of Gross Sales	---	NNN	2% / year	---
7	Red, The Steakhouse 801 South Pointe Drive, Miami Beach, FL 33139	2015	43%	210 Seats	6,458	31 SF	---	\$2,143	---	Sep-20	10.0 Yrs.	\$69.68 PSF	---	---	NNN	---	---
Subj.	Smith & Wollensky 1 Washington Avenue, Miami Beach, Florida	1987 / 1997 & 2017	100%	458 Seats	20,851	46 SF	\$42,071	\$2,032	4.8%	Nov-15	10.0 Yrs.	\$44.63 PSF	2.5%-3.5% of Gross Sales	---	NNN	---	---

Compiled by CBRE

The CBRE report distinguished between the restaurant space and the outdoor concession area, with the restaurant space valued significantly less than the outdoor area at \$58.69 per square foot. CBRE's conclusion provided for a 10-percentages rent for both the restaurant and concession area based on the natural breakpoint, with 10 percent escalator every 5 years. CBRE explained that the 10 percent of gross sales is high due to type of location.

TENANT'S LEASE PRICE PROPOSAL

Initially, the Tenant proposed the mid-point of the 2 appraisals to be used for base rent for the restaurant Lease Amendment (which varied between \$40 and \$43,88 per square ft. based on tenant versus City calculations) and 6 percent of gross revenues.

For reasons stated above, and given the high success of this particular Smith and Wollensky location, the Administration believed strongly that the percentage rent should be closer to the 10 percent range recommended by CBRE, rather than 6 percent as proposed by Smith and Wollensky. Over the 40 years of the lease, the Administration believes that percentage rent will be a stronger driver of lease revenues than the base rent.

Accordingly, based on negotiations between the Administration and the Tenant, the Tenant has agreed to the following price proposal for the restaurant Lease Amendment:

The **GREATER OF** \$50 per square foot base rent (\$1,042,550) or 9 percent of gross revenues from the Premises, with a 2.5 percent per year escalator on the base rent.

Additionally, considering the significant capital investment required for the proposed Tenant improvements to the Premises, and the significant increase in rent, the total payment by the Tenant for Annual Rent under the Lease Amendment and the Concession Amendment, in the aggregate, shall be capped as follows:

\$1,250,000 lease year 2022,
\$1,500,000 lease year 2023,
\$1,750,000 lease year 2024, and
\$2,000,000 lease year 2025.

Given that the current Lease provides for a minimum guarantee of \$95,000, that the Lease Amendment will be increasing by over ten times to \$1,042,550, and the current Lease provides for a maximum rent of 3.5% of gross revenues that is being increased by nearly three times to 9% of gross revenues, the Administration is comfortable with, and recommends, the rent proposal for the Lease Amendment.

CONCESSION FEE PROPOSAL

The Tenant has proposed that the existing concession fee remain at 10% of gross revenues. The Administration is in agreement with the existing 10% of gross revenues consistent with the recommendation by CBRE. However, the Administration recommended that the minimum guarantee for the Concession Amendment be increased from \$140,000, which is scheduled to be in effect as of 2024, to \$400,000. This would be approximately \$129,492 below the sum of FY 19 concession fees of \$436,492, plus an estimated \$93,000 which the concessionaire estimates from the expanded concession space, allowing for uncertainties in expanding the space, etc. Accordingly, the recommended price proposal for the restaurant Concession Amendment is as follows:

The **GREATER OF** \$400,000 base concession fee or 10 percent of gross revenues, with a 2.5 percent per year escalator on base concession fee effective with the start of the new agreement.

PROPOSED EXTENSION OF LEASE AND CONCESSION AND TERM SHEET

Again, the current Lease expires on November 6, 2025.

The proposed commencement date for the Lease is the date that the Mayor and City Commission adopt a resolution accepting the official results of the required City referendum approving the new Lease Amendment, in accordance with the City Charter Section 1.03(b)(1) (the "Commencement Date"). The initial term of the new lease shall run from the Commencement Date until November 6, 2045 (20 years after the expiration of the current Lease). Additionally, The Lease Amendment shall have two (2) 10-year renewal term options, at Tenant's option, provided that the Tenant provide written notice to the City of its election to renew at least one (1) year prior to the expiration of the initial term (or renewal term, as applicable), and provided further that the Tenant is not in default of the Lease Amendment.

Additionally, the Tenant has proposed an extension of the Concession Agreement for a term of nine (9) years, which term shall begin upon the expiration of the current Concession Agreement on November 6, 2025.

In exchange for the extension of the term for the Concession Amendment and Lease Amendment, the Tenant has proposed to provide enhanced financial terms in favor of the City, undertake critical building improvements to the Premises, and certain community benefits.

OTHER MATERIAL TERMS

In addition to the appraised values that will update rental terms for the Lease Amendment and Concession Agreement, the Tenant has also proposed a series of improvements to the Premises as depicted in the attached **Exhibit “D.”** The Tenant would make these improvements as a condition of the Lease Amendment and further, the type and dollar amount of those improvements would be negotiated between the parties. The Tenant has also agreed to complete the Tenant improvements within five (5) years following the execution of the Lease Amendment. The enhancements would fall into one or more of the following categories and cost estimates have been included and attached hereto as **Exhibit “E”**:

- Improvements required by 40-year re-certification requirement;
- Improvements proposed by Tenant, as described in the attached **Exhibit “D”**; and
- Improvements proposed by the City.

The Administration has recommended that the Lease Amendment also contain minimum maintenance standards for the facility over the long-term lease beyond the 40-year certification requirement.

COMMUNITY BENEFITS

In addition to the increased Annual Rent payments and the capital improvements to the Premises, the Tenant has proffered, as additional community benefits, to install electric gates at the entry to the parking lot for South Pointe Park, at a cost not-to exceed \$60,000, and provide annual funding for increased police presence for South Pointe Park, in order to increase security in the vicinity. Additionally, the Tenant has proffered to provide monthly free lunch for Rebecca Towers residents and monthly mentorship program for Miami Beach start-up restaurants and bars.

CITY CHARTER AND CITY CODE REQUIREMENTS

Pursuant to Section 1.03(b)(1) of the City Charter, as the restaurant is waterfront property, the Lease Amendment shall require approval by a majority of the voters voting in a City-wide referendum.

Additionally, the Lease Amendment and Concession Amendment shall require a waiver of competitive bidding by a 5/7th vote of the City Commission, pursuant to Section 82-39 of the City Code. In this regard, the Administration recommends the waiver as being in the best interest of the City, given the extremely competitive market rate lease terms, the strength of the Smith & Wollensky brand as a long-term partner, and the Tenant’s strong track record as a good neighbor and a stable operator.

CITY ATTORNEY’S ANALYSIS OF MIAMI-DADE COUNTY CHARTER

In 1993, years after the effective date of the Lease and the operation of the Premises as a restaurant facility, Miami-Dade County adopted Article 7 of the Miami-Dade County Charter, titled Parks, Aquatic Preserves, and Preservation Lands (the “County Charter Provision”). With certain limited exceptions, the County Charter Provision, known as the “Save Our Parks” amendment, requires a County-wide referendum for private commercial use of a public park. The stated policy of the County Charter Provision is to ensure that parks acquired by the County (or a municipality) for preservation shall be held in trust for the education, pleasure, and recreation of the public. County Charter Provision, Section 7.01.

Although the County Charter Provision applies to public parks within municipalities, including South Pointe Park, it is not applicable to the Premises because the Premises was never conveyed to the City as a park or used as a park, as set forth below. Accordingly, the City Attorney has concluded that the proposed Lease is not subject to the County-wide referendum requirement set forth in the County Charter Provision. However, as noted below, under the City Charter, the Lease Amendment is nevertheless subject to approval by a majority of the City's voters voting in a City-wide referendum.

The land that is currently South Pointe Park (including the Premises) was conveyed to the City by the United States of America by Corrective Quitclaim Deed dated April 15, 1985 and recorded in Official Records Book 12520, Page 469 of the Public Records of Miami-Dade County (the "Deed"), a copy of which is attached hereto as **Exhibit "F."**

While the vast majority of the land conveyed to the City by the Deed was intended to be used for public recreational uses, and was conveyed subject to a covenant to use and maintain that property for public park purposes in perpetuity, a portion of the land (i.e., the Premises) was expressly excluded from the covenant requiring park use to allow for the operation of a restaurant. **The Premises is not now, nor has it ever been operated as, a park since the transfer of the land to the City.** Because the County Charter Provision applies only to parks, the Premises has never been subject to the requirements of the County Charter Provision.

Section 6 of the Deed expressly carves out a portion of the property for the development, construction, and operation of a restaurant (the "Restaurant Tract"). Specifically, Section 6 of the Deed provides as follows:

*The property shall not be sold, leased, assigned, or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the continued use and maintenance of the property for public park or public recreational purposes subject to the same terms and conditions in the original instrument of conveyance; **provided, however, that a portion of the premises may be leased by Grantee to Specialty Restaurants Corporation for the development, construction, and operation of a restaurant** (emphasis added).*

As contemplated by Section 6 of the Deed, the City leased the Restaurant Tract to Specialty, as the original tenant under the Lease, and the Restaurant Tract became the Premises. The Lease was subsequently assigned to Tenant. The Restaurant Tract was never conveyed by the Federal government to the City for use as a "park." From the beginning, the parties contemplated that the Restaurant Tract would be used, and the Restaurant Tract was indeed used, for commercial purposes as a restaurant. Accordingly, as there is nothing in the County Charter Provision which would convert non-park property to park uses, based on the foregoing, the Restaurant Tract (i.e., the Premises) does not fall within the purview of the County Charter Provision.

Additionally, the City has reviewed the Concession Agreement for applicability of the County Charter Provision. Section 7.02(b) of the County Charter Provision provides for an exception to the County-wide referendum requirement for "[f]ood and concession facilities each not in excess of 1,500 square feet of enclosed space, with any complementary outdoor or covered areas needed to service park patrons." Here, the concession area located south of the cutwalk is 1056 square feet, and the concession area located east of the building is 360 square feet, for a total concession area consisting of 1,416 square feet, within the 1,500 sq. ft. exception set forth in the County Charter provision.

Notwithstanding the foregoing analysis with respect to Article VII of the Miami-Dade County Charter, the City's voters will, of course, have the opportunity to be heard with respect to the continued operation of Smith & Wollensky at the Premises, as the City Attorney's Office has concluded that the Lease Amendment will require a City referendum in accordance with Section 1.03(b)(1) of the City Charter.

CONCLUSION

Given the strong price proposal negotiated by the Administration, and the proven track record of the current operator, the Administration recommends the waiver of competitive bidding for the Lease Amendment and Concession Amendment. This referral initiates the Finance Committee review process under Chapter 82 of the City Code with respect to the lease of City-owned property. Additionally, if the proposed transaction is approved by the City Commission, the Lease Amendment will require, and will be subject to and contingent upon, voter referendum approval pursuant to Section 1.03(b)(1).

Attachments

Exhibit A:	Proposed Term Sheet
Exhibit B:	Appraisal Report, CBRE Valuation and Advisory Services
Exhibit C:	Appraisal Report, Cushman & Wakefield
Exhibit D:	Tenant Conceptual and Potential Improvements Presentation
Exhibit E:	Tenant List of Improvements and Cost Estimates
Exhibit F:	South Pointe Park Deed