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PLANNING DEPARTMENT

MEMORANDUM

TO: Alina T, Hudak, City Manager

FROM: Thomas R. Mooney, AICP
Planning Director



DATE: June 23, 2021

SUBJECT: **Planning Analysis of Proposed Amended Lease Agreement – Smith & Wollensky – 1 Washington Avenue**

BACKGROUND

Section 82-38 of the Code of the City of Miami Beach requires that any proposed sale or lease of City-owned land be analyzed from a planning perspective so that the City Commission and the public are fully apprised of all conditions relating to the proposed sale or lease.

The proposed amended lease agreement applies to the Smith & Wollensky Restaurant, located at 1 Washington Avenue, near the southern tip of the City. There has been a restaurant on the site since 1987. The building has been renovated in 1997 and 2017. Smith and Wollensky opened on the site in 1997. The proposal is to amend and extend the term of the existing 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.

By entering into the Amended Lease prior to the expiration of the Existing Lease, the City will receive major increases in rent for about 4 years that it otherwise would not have received (\$350,000 the first year, \$600,000 the second, \$850,000 the third, and up to \$1.1m more in year 4). Over the longer term of the lease, the minimum guarantee for the Lease Amendment and Concession Amendment combined will increase from \$235,000 to over \$1.4 million (with a 2.5 percent per year escalator) and the estimated lease revenues increase from a combined total of just under \$900,000 in FY 2019 to approximately \$1.8 million, twice the revenues.

The following is an analysis based on the criteria delineated in the Code:

ANALYSIS

- 1. Whether or not the proposed use is in keeping with city goals and objectives and conforms to the city comprehensive plan.**

Consistent – The site will continue to be used in the same fashion as it is today. The existing restaurant provides public access to the waterfront and activates the

waterfront. As such the proposed use is consistent with Comprehensive Plan Policy ROS 1.1.6:

POLICY ROS 1.1.6

Pedestrian Access to Shoreline: Public pedestrian access to the waterfront and shoreline shall be required in compliance with applicable law incident to the development of properties for nonresidential uses unless waived at the time of plan review whether at any of the land use boards or staff approval.

- 2. The impact on adjacent property, including the potential positive or negative impacts such as diminution of open space, increased traffic, noise level or enhanced property values, improved development patterns and provision of necessary services. Based on the proposed use of the property, the city shall determine the potential impact of the project on city utilities and other infrastructure needs and the magnitude of costs associated with needed infrastructure improvements. Should it become apparent that further evaluation of traffic impact is needed, the proponent shall be responsible for obtaining a traffic impact analysis from a reputable traffic engineer.**

Consistent – Since the proposal allows for the continuation of an existing use that has proven to be successful, no negative impacts are anticipated by the proposal. The area will continue to be used in the same manner as it is today. As a result, there will be no diminution of open space, increased traffic, or noise. Property values and the provisions for services will not change.

- 3. A determination as to whether or not the proposed use is in keeping with a public purpose and community needs, such as expanding the city's revenue base, creating jobs, creating a significant revenue stream, and improving the community's overall quality of life.**

Consistent - This proposal expands the City's revenue base by increasing the revenue paid to the City for an existing restaurant use that still has time remaining on its current lease. The restaurant at this location served as a catalyst for the revitalization of the South of Fifth neighborhood and continues to serve as a great attraction for the area.

- 4. A determination as to whether or not the development is in keeping with the surrounding neighborhood, will block views or create environmental intrusions, and evaluation of the design and aesthetic considerations of the project.**

Consistent - The surrounding neighborhood will not be negatively affected. The site will continue to operate in the same fashion as it does today. As a result, it will not lead to the blocking of views nor environmental intrusions.

- 5. The impact on adjacent properties, whether or not there is adequate parking, street and infrastructure needs.**

Consistent – The site contains sufficient surface parking, and the proposed lease amendment and extension will not affect the parking or infrastructure needs of adjacent properties.

6. **Such other issues as the city manager or his authorized designee, who shall be the city's planning director, may deem appropriate in analysis of the proposed disposition.**

Not applicable - The Planning Department has no other issues it deems appropriate to analyze for this proposal.

CONCLUSION

The proposed amended and extended lease agreement is consistent with the Goals, Objectives, and Policies based on the proposals for the property. The amendment will generate no negative impacts for the surrounding area. The property would continue to serve in the same fashion as it does today.