

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, DEDICATING ALL INCREMENTAL REVENUES RECEIVED BY THE CITY FROM THE SMITH & WOLLENSKY RESTAURANT OPERATION, PURSUANT TO THE AMENDED AND RESTATED LEASE AGREEMENT ("LEASE AMENDMENT") AND CONCESSION AGREEMENT WITH 1 WASHINGTON AVENUE CORP. D/B/A SMITH & WOLLENSKY RESTAURANT, WITH ALL REVENUES RECEIVED IN EXCESS OF 2021 REVENUES TO BE ALLOCATED FOR PUBLIC SAFETY PURPOSES IN SOUTH POINTE PARK AND THE SURROUNDING SOUTH OF FIFTH NEIGHBORHOOD FOR A MINIMUM OF FIVE (5) YEARS OR LONGER, AS MAY BE DETERMINED BY THE CITY COMMISSION, SUBJECT TO AND CONTINGENT UPON THE APPROVAL OF THE LEASE AMENDMENT BY A MAJORITY OF THE VOTERS VOTING IN A CITY-WIDE REFERENDUM PURSUANT TO SECTION 1.03(B)(1) OF THE CITY CHARTER.

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

WHEREAS, 1 Washington Avenue Corp. d/b/a Smith & Wollensky ("Smith & Wollensky") has been the long-term operator for the Smith & Wollensky restaurant located at the City owned property at 1 Washington Avenue, Miami Beach, Florida (the "Premises"); and

WHEREAS, the Premises consists of a two-story building, constructed in 1987, and renovated in 1997 and 2017, measuring approximately 24,010 square feet on a 0.56-acre waterfront site overlooking the Park bay walk, Government Cut, and ocean access inlet that connects Biscayne Bay to the Atlantic Ocean; and

WHEREAS, the Existing Lease has 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, and subsequently, Smith & Wollensky exercised the second and final renewal term, commencing on November 7, 2015 that expires over four years from now, on November 6, 2025; and

WHEREAS, in addition to the Existing Lease, Smith & Wollensky has an existing concession agreement with the City, which allows a food and beverage concession area located south of the Premises along the cutwalk ("Existing Concession Agreement") that is intended to run concurrently with the Existing Lease, and the concession area is approximately 581 square feet ("Existing Concession Area"); and

WHEREAS, Smith & Wollensky has proposed a lease amendment to extend the term of the Existing Lease; upgrade and improve the restaurant facility (including any improvements required to obtain the 40-year certification for the building); update the financial terms of the Existing 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");

WHEREAS, additionally, Smith & Wollensky has proposed a new concession agreement to extend the term of the concession for an additional nine (9) years, commencing on January 1, 2022; increase the concession area; and increase the base rent for the concession area (the "New Concession Agreement");

WHEREAS, Smith & Wollensky 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, to be phased in between 2022 and 2025, with a 2.5 percent annual escalator on the minimum guarantee for each year of the term; and

WHEREAS, additionally, Smith & Wollensky has agreed to the following price proposal for the New Concession Agreement: the greater of \$400,000 or 10 percent of gross revenues from the concession area, to be phased in between 2022 and 2025, with a 2.5 percent annual escalator on the minimum guarantee for each year of the term; and

WHEREAS, notwithstanding the phased rent ramp up period discussed above, the City will immediately realize the benefits of increased rent from Smith & Wollensky; and

WHEREAS, at the June 23, 2021 City Commission Meeting, the Mayor and City Commission approved the Lease Amendment on first reading, and a second reading/public hearing of the Lease Amendment and approval of the New Concession Agreement is scheduled to come before the Mayor and City Commission at the July 28, 2021 City Commission Meeting; and

WHEREAS, provided that the Lease Amendment is approved by a majority of the voters in a City-wide referendum, the Lease Amendment and New Concession Agreement, in the aggregate, is expected to generate the following additional revenues over the first 5 years following the Commencement Date, compared to 2021 Existing Lease and Existing Concession Agreement revenues:

2022:	\$350,000;
2023:	\$600,000;
2024:	\$850,000;
2025:	\$1,030,000;
2026:	\$1,080,000; and

WHEREAS, the South of Fifth neighborhood, particularly in the vicinity of South Pointe Park, has recently experienced increased crime, nuisance activity, and over-crowding that is impacting the quality of life for the City's residents and visitors, requiring the need for public resources to be dedicated to the area; and

WHEREAS, in an effort to address the crime and nuisance activity, and to improve the quality of life in the South of Fifth neighborhood, the Mayor and City Commission desire to dedicate all incremental revenues received from the Lease Amendment and the New Concession Agreement, with all revenues received in excess of the 2021 revenues to be allocated for public safety purposes in the South Pointe Park and the surrounding South of Fifth neighborhood for a minimum of five (5) years or longer, as may be determined by the City Commission.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby dedicate all the incremental revenues received by the City from the Smith & Wollensky Restaurant Operation, pursuant to the Amended and Restated Lease Agreement ("Lease Amendment") and Concession Agreement with 1 Washington Avenue Corp. D/B/A Smith & Wollensky Restaurant, with all revenues received in excess of the 2021 revenues to be allocated for public safety purposes in the South Pointe Park and the surrounding South of Fifth neighborhood for a minimum of five (5) years or longer, as may be determined by the City Commission, subject to and contingent upon the approval of the Lease Amendment by a majority of the voters voting in a City-wide referendum pursuant to Section 1.03(b)(1) of the City Charter.

PASSED and ADOPTED THIS ____ day of _____ 2021.

ATTEST:

Dan Gelber, Mayor

Rafael E. Granado, City Clerk

**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**

City Attorney

ff 7-21-21
Date