



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber and Members of the City Commission

FROM: Alina T. Hudak, City Manager

DATE: December 8, 2021

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO NEGOTIATE A NEW LEASE AGREEMENT BETWEEN THE CITY (TENANT) AND ESTEFAN ENTERPRISES, INC (LANDLORD), FOR USE OF THE RETAIL SPACE LOCATED AT 555 JEFFERSON AVENUE BY LITTLE HAVANA ACTIVITIES AND NUTRITION CENTERS OF DADE COUNTY, INC (LHANC), FOR THE OPERATION OF LHANC'S RAINBOW INTERGENERATIONAL CHILDCARE CENTER, BASED UPON THE ESSENTIAL TERMS SET FORTH IN THIS RESOLUTION; SAID NEW LEASE AGREEMENT HAVING AN INITIAL TERM OF FIVE (5) YEARS, COMMENCING AS OF DECEMBER 1, 2021 AND ENDING ON NOVEMBER 30, 2026, WITH TWO (2) SUCCESSIVE FIVE (5) YEAR RENEWAL TERMS, AT THE OPTION OF THE CITY; AND AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE FINAL NEGOTIATED LEASE AGREEMENT, UPON FORM APPROVAL BY THE CITY ATTORNEY; AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE A NEW SUBLEASE BETWEEN THE CITY (SUBLANDLORD) AND LHANC (SUBTENANT), BASED UPON THE ESSENTIAL TERMS SET FORTH IN THIS RESOLUTION; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE FINAL NEGOTIATED SUBLEASE BETWEEN THE CITY AND LHANC, UPON FORM APPROVAL BY THE CITY ATTORNEY.**

BACKGROUND

On September 9, 2009, the Mayor and City Commission adopted Resolution No. 2009-27186, approving a Lease Agreement between the City and Little Havana Activities & Nutrition Centers of Dade County (LHANC), Inc. to operate its Rainbow Intergenerational Childcare Center. This program provides childcare services to children whose parents work or reside in Miami Beach. The Lease is for the use of approximately 2,919 square feet of City-owned property, located on the first floor of the South Shore Community Center (a/k/a the 6th Street Community Center), located at 833 Sixth Street, Miami Beach, Florida, 33139. Said lease had an initial term of four (4) years and 364 days, commencing on October 2, 2009, and ending on September 30, 2014, and included one (1) additional five (5) year option. On October 2014, pursuant to Resolution No. 2014-28812, the Lease with LHANC was amended (Amendment No.1) to exercise the sole renewal option commencing on October 30, 2014 and ending on September 30, 2019. Pursuant to Resolution No. 2021-31545, the Lease is currently on a month-to-month extension set to expire December 31, 2021.

ANALYSIS

The South Shore Community Center ("Center") is located at 833 6th Street and is owned by the City of Miami Beach. The Center provides leased space to not-for-profit and community-based organizations that provide services and assistance to Miami Beach residents.

The Center has been designated as the location for the construction of a new fire station as part of the Government Obligation Bond (GOB) improvements slated as a project in phase 3. In order to continue providing the City's residents with community services at a convenient location, City staff has identified a site located at 555 Jefferson Avenue (the new Premises), owned by Estefan Enterprises, Inc. (Landlord) for the possible relocation of the Rainbow Intergenerational Childcare Center.

The Landlord of the new Premises has agreed to lease this location to the City of Miami Beach under the following basic lease terms:

- a. Term: 5 years commencing December 1, 2021 with 2 five-year options, at the City's option; provided, that if after the initial 5-year term, Landlord sells or redevelops the Property, then Landlord can terminate upon not less than 180 days' prior notice.
- b. Annual Rent: \$315,000 for first year
- c. Increases: 2.5% per year during initial term
- d. Security Deposit: \$50,000
- e. Rent commencement: Two months from Effective Date (Effective Date would be December 1, 2021, so rent commencement date will be February 1, 2022)
- f. Pass-Throughs (Insurance and Real Estate Taxes): City of Miami Beach intends to request an exemption from Real Estate Taxes based on non-profit use, but if any such taxes are not exempt, the City will be responsible for same. The Real Estate Taxes for 2021 are \$82,867.28. Real Estate Taxes pass-through payments commence on January 1, 2022. Insurance pass-through payments commence December 1, 2021.
- g. Maintenance: Tenant shall be responsible for maintenance of the Premises, including without limitation, all systems serving the Premises (mechanical, electrical, plumbing) as well as store front glass (doors, windows, and related hardware) in good condition throughout the Term. Landlord shall have no maintenance obligation EXCEPT for roof, exterior walls and structure.
- h. Utilities: Tenant pays for all utilities.
- i. Signage: Tenant may install signage to the maximum extent permitted by municipal codes. All signage to be submitted to Landlord for approval prior to lease execution. Landlord's approval of signage shall not be unreasonably withheld or delayed.

- j. Tenant's Work: Tenant to provide construction drawings for Tenant's work and Tenant to retain a GC. Tenant's work will consist of: adding of two bathrooms that satisfy requirements for daycare code; building a demising wall within the main space to divide younger children from older; installing a fence to enclose the exterior patio; adding a soft-play area; and capping electrical lines and addressing any other safety issues. Landlord to retain a GC to perform the Tenant's Work, and Tenant shall be solely responsible for the cost of same.
- k. Other:
 - a. Landlord will remove the existing kitchen equipment.
 - b. The lease will contain other customary terms and conditions for a commercial lease, including insurance requirements, indemnity provisions, etc.

In addition to the terms set forth, the City shall negotiate a sublease with LHANC for the use of the new Premises, based upon similar financial terms, as contained in the Lease between the City and LHANC for the use of the space at the Center, as follows:

- a. Rent: \$1.20 per year.
- b. Operating Expenses: \$2,692.78 per month for its proportionate share of "Operating Expenses" which are defined as costs and expenses incurred in operating, repairing, and maintaining the Common Facilities and shall include electrical service, water service, sewer service, stormwater costs and janitorial service to the Building (including the new Premises), which sum may increase or decrease on yearly basis.

CONCLUSION

Based upon the foregoing, City Manager recommends that the Mayor and City Commission authorize the City Manager to negotiate a new Lease Agreement with Landlord, based upon the foregoing essential lease terms, and following successful negotiations, execute the Lease Agreement; and simultaneously therewith, negotiate and execute a sublease with LHANC, based upon the foregoing essential lease terms, in order to continue to provide the City's residents with childcare services at a convenient location.

ATTACHMENTS

Resolution