CITY OF MIAMI BEACH BOARD OF ADJUSTMENT

IN RE: Appeal of Administrative Decision to Board of Adjustment

APPLICANT: Beach Blitz Co., a Florida corporation d/b/a Ocean 9 Liquor

PROPERTY: 865 Collins Avenue, Unit D, Miami Beach, Florida 33139

FILE NO. ZBA18-0062

HEARING DATE: May 4, 2018 Board of Adjustment Meeting

THE CITY'S RESPONSE IN OPPOSITION TO BEACH BLITZ'S APPEAL FROM DENIAL OF BTR FOR 865 COLLINS AVENUE, UNIT D

The City of Miami Beach and the City of Miami Beach Planning Department (the "City") submit this Response in Opposition to Beach Blitz Co.'s appeal from a denial of its application for BTR.

INTRODUCTION

The Planning Department properly denied Beach Blitz's request for a BTR to operate a package liquor store in the MXE District because package liquor stores are prohibited by Section 142-544 of the City's Code of Ordinances:¹

Section 142-544. - Prohibited uses.

The prohibited uses in the MXE mixed use entertainment district are accessory outdoor bar counters, except as provided in this chapter; package stores; and package sales of alcoholic beverages by any retail store or alcoholic beverage establishment.

¹ January 19, 2018 Planning Review and BTR screenshots; email from Carlos Markovich, Senior Planner, City of Miami Beach Planning Department, to Doron Doar, dated January 23, 2018, attached hereto as Composite Exhibit A. A copy of all exhibits are included in the Appendix of Exhibits submitted contemporaneously herewith.

Additionally, entertainment uses shall be prohibited in package stores.²

Beach Blitz's suggestion that it should qualify as a legal non-conforming use is not properly before the Board of Adjustment because the question was never presented to the Planning Department below. Even if it had been, the record is clear that Beach Blitz is not a legal non-conforming use because it (1) failed to continually operate the nonconforming use; and (2) failed to continually possess the necessary BTR license required for the operation of that use.

RELEVANT FACTS AND PROCEDURES

BTR Licenses

- 1. The City of Miami Beach Code of Ordinances requires every business operating in the City to pay a business tax "for the privilege of engaging in or managing any business, profession or occupation within the city's jurisdiction." Otherwise known as an occupational license fee, the Business Tax Receipt ("BTR license") is the "document that is issued by the city which bears the words 'Local Business Tax Receipt' and evidences that the person in whose name the document is issued has complied with the provisions of this article relating to business tax."
 - 2. Section 102-360 provides that a business tax receipt shall be valid for one year:

Each business tax receipt shall be valid for one year. Tax receipts shall be issued beginning October 1 of each year and shall expire on September 30 of the following year.⁵

² Sec. 142-544. All City Code provisions are attached hereto as Composite Exhibit B.

³ Sec. 102-356.

⁴ Sec. 102-356.

⁵ Sec. 102-360.

The Expiration of Beach Blitz's BTR

- 3. Beach Blitz owned and operated a package liquor store in the City's Mixed Use Environment ("MXE").⁶
- 4. Effective October 1, 2015, Beach Blitz applied for and renewed its BTR license for the 2015-2016 fiscal year.⁷
- 5. On or about July 1, 2016, the City mailed Beach Blitz a renewal notice, reminding the company to renew its BTR license for the 2016-2017 fiscal year by September 30, 2016.⁸ Beach Blitz did not pay its BTR license renewal fee by September 30, 2016.⁹
- 6. Beach Blitz's BTR license expired naturally on September 30, 2016 because Beach Blitz did not pay to renew it. 10 Thus, as of October 1, 2016, Beach Blitz was operating unlawfully without a BTR license. 11
- 7. At no time during the 2016-2017 fiscal year, from October 1, 2016 through September 30, 2017, did Beach Blitz submit payment to the City to renew its BTR license. 12 While Beach Blitz contends it tried to pay for its BTR license several times, as the Magistrate's Report and Recommendation correctly concluded:

 $^{^6}$ Affidavit of Manuel Marquez ("Marquez Aff.") \P 4, attached hereto as Exhibit C.

⁷ Testimony of Manuel Marquez at November 17, 2017 Hearing on Plaintiff's Emergency Motion for Preliminary Injunction ("Marquez Testimony") at 90-92, attached hereto as Exhibit D; Marquez Aff. \P 6 & Ex. 3, 2015-2016 Application and BTR.

⁸ Marquez Testimony at 93; Marquez Aff.¶ 7 & Ex. 4, July 1, 2016 Invoice.

 $^{^9}$ Marquez Testimony at 93-94.; Marquez Aff. \P 7 & Ex. 3, 2015-2016 Application and BTR.

¹⁰ Marquez Testimony at 92; Marquez Aff. ¶ 8; City Code Section 102-360.

 $^{^{11}}$ Marquez Testimony at 99-100; Marquez Aff. \P 8.

¹² Marquez Testimony at 99-100, 129; Marquez Aff. ¶ 9.

A business may pay the BTR renewal fee at City Hall, at the Customer Service Center, at the City's lockbox, at the City's satellite office in North Miami Beach or online. The online system does not prevent businesses from making an online payment for a BTR even if there are outstanding violations.

It is the City's practice to accept payments for BTRs. In instances where a business has outstanding fines or debts owed to the City, the City will withhold the BTR until the business pays the money owed. Once the debt is paid, the City will release the BTR. If a business has an outstanding code violation and that business presents evidence to the City of a proceeding before the Special Master challenging that code violation, the City will release the BTR. If however, a violation has been issued and the time to appeal that violation has passed, the debt becomes due to the City and the City expects the business to pay the debt owed before releasing the BTR. If a Special Master has adjudicated a business guilty and imposed a fine, that business would need to pay the fine before obtaining a BTR. ¹³

The City Ordinances Regulating the Sale of Liquor in the City

8. On October 19, 2016, the City of Miami Beach adopted an ordinance which prohibits package liquor stores and package sales of alcoholic beverages by any retail store or alcoholic beverage establishment within the MXE district (the "October 19 Ordinance"). The Commission Memorandum supporting the Ordinance explained that: "Package sales of alcoholic beverages may encourage patrons to walk around with alcoholic beverages and consume alcoholic beverages in the City's parks, and on the City's streets and sidewalks. The

¹³ Magistrate Judge John O'Sullivan's Report and Recommendation dated December 1, 2017 ("R&R") at 4, attached hereto as Exhibit E. In the absence of outstanding violations, a business owner may ordinarily obtain a new BTR license in the fiscal year following its expiration by paying the BTR renewal fee and applicable late fees. If a BTR license is not renewed during the fiscal year after its expiration, the BTR will be placed in "closed" status and that business will need to file an application to obtain a new BTR license. R&R at 4-5 ("If a business misses the time period for renewing its BTR, that business will need to file a new application to obtain another BTR."); Marquez Testimony at 100-01, 123.

¹⁴ October 19, 2016 Commission Memorandum and Ordinance, attached hereto as Exhibit F.

consumption of open containers of alcoholic beverages in public places may cause undesirable noise, as well as contribute to litter and noxious odors."¹⁵

The Citations Issued to Beach Blitz

- 9. On December 21, 2016, a City Code Enforcement officer issued a citation to Beach Blitz for selling liquor before 10:00 a.m., which imposed a \$1,000 civil fine. The citation gave Beach Blitz 20 days to appeal the citation to the Special Master. Beach Blitz did not timely appeal the citation or pay it. Beach Blitz did not timely appeal the citation or pay it.
- 10. On June 25, 2017, a City Code Enforcement officer issued a citation to Beach Blitz for selling liquor after 10:00 p.m., which imposed a \$1,000 civil fine.¹⁹ The citation

¹⁵ *Id.* at p. 926.

 $^{^{16}}$ Testimony of Hernan Cardeno ("Cardeno Testimony") at 131-32, attached hereto as Exhibit G; Affidavit of Hernan Cardeno ("Cardeno Aff.") ¶ 3 & Ex. 1, Dec. 21, 2016 Notice of City Code Violation and Fine, attached hereto as Exhibit H.

 $^{^{17}\,\}text{Cardeno}$ Testimony at 132 & Ex. 1, Dec. 21, 2016 Notice of City Code Violation and Fine.

¹⁸ Cardeno Testimony at 132. Beach Blitz's Amended Letter of Intent claims that this citation was issued improperly because liquor sales at 8:39 a.m. were permitted after 8:30 a.m. on December 21, 2016. This is mistaken. Effective November 9, 2016, Section 6-3(a)(1) of the City Code was amended to prohibit package liquor sales in retail before 10:00 a.m. in the MXE District. *See* Ordinance No. 2016-4058, attached hereto as Exhibit I. The handwritten Notice of Code Violation properly noted that operations before 10:00 a.m. violated Section 6-3(a)(1) of the Code. Beach Blitz's Amended Letter of Intent for Administrative Appeal dated February 20, 2018 ("Beach Blitz") at Ex. A. The computer-generated Notice of Violation referenced the preamendment version of the Code because the system had not been updated to reflect the November 9 amendment. Beach Blitz Ex. B.

 $^{^{19}}$ Cardeno Testimony at 132-33; Cardeno Aff. \P 4 & Ex. 2, June 25, 2017 Notice of City Code Violation and Fine.

provided Beach Blitz 10 days to appeal the citation to the Special Master.²⁰ Beach Blitz did not timely appeal the citation or pay it.²¹

11. At the time of issuance, the City Code Compliance officer discovered that Beach Blitz was operating without a BTR license.²² Accordingly, the City Code Enforcement officer also issued to Beach Blitz a Notice of Violation of Section 102-377 for "failing to obtain a Business Tax Receipt," which imposed a \$1,000 civil fine. The Notice expressly directed Beach Blitz to "Cease immediately until you obtain a Business Tax Receipt from the City of Miami Beach." The citation gave Beach Blitz 10 days to appeal the citation to the Special Master. Beach Blitz did not timely appeal the citation or pay it.²⁵

Beach Blitz's Failure to Pay for a New BTR

12. On June 27, 2017, Beach Blitz went to the City and obtained an invoice for \$2,246.46 for the cost of a new BTR license.²⁶ Beach Blitz could have obtained its BTR license that day if it had paid the invoice plus the \$1,000 six-month-old fine since the June 25, 2017

²⁰ Cardeno Testimony at 132-33; Cardeno Aff. Ex. 2, June 25, 2017 Notice of City Code Violation and Fine.

²¹ Cardeno Testimony at 132-33.

²² Cardeno Testimony at 133; Cardeno Aff. ¶ 4.

 $^{^{23}}$ Cardeno Testimony at 133-34; Cardeno Aff. Ex. 2, June 25, 2017 Notice of Violation re BTR; Cardeno Aff. \P 5.

 $^{^{24}}$ Cardeno Testimony at 133-34; Cardeno Aff. Ex. 2, June 25, 2017 Notice of Violation re BTR.

²⁵ Cardeno Testimony at 133-34.

²⁶ Marquez Testimony at 96-97; June 27, 2017 Invoice, attached hereto as Exhibit J.

citations were not yet due.²⁷ Beach Blitz chose not to pay for the BTR license or the six-monthold fine at that time because it was unhappy about the violation.²⁸

Beach Blitz's Untimely Challenge of Its Citation

- 13. Contrary to the representations made in the Amended Letter of Intent, Beach Blitz did not timely pay or appeal any of the violations to the Special Master as directed in the Notices of Violations.²⁹ Instead, Beach Blitz hired a lawyer to contact the City's attorney's office to challenge them.³⁰ Because the citations were not timely appealed, they were considered obligations due and owing to the City as of the date the time to appeal expired.³¹
- 14. On or about August 28, 2017, Beach Blitz reached an agreement regarding outstanding and unpaid fines with the City Attorney's Office to resolve all three citations for \$1,000.³² Contrary to the Beach Blitz's contention, there was no hearing before the Special

²⁷ Marquez Testimony at 97-98. R&R at 7 ("If Mr. Doar had paid this amount plus the \$1,000 fine for the outstanding December 21, 2016 violation, he would have received the BTR.").

²⁸ Testimony of Doron Doar ("Doar Testimony") at 71-72, 76-77, attached hereto as Exhibit K; R&R at 7 ("Mr. Doar did not believe the December 21, 2016 violation was merited. He wanted his "professional people" to deal with that violation and the other two outstanding violations.").

²⁹ Cardeno Testimony at 132-35; Doar Testimony at 63, 73.

³⁰ Doar Testimony at 29-30; R&R at 8 ("At the end of July 2017, Mr. Doar hired another attorney, Harold Rosen. Mr. Rosen was successful in obtaining an appeal. However, it was not an ordinary appeal process through the Special Master's office. It was initiated through the City Attorney's office and later, an agreed order was placed before the Special Master for a hearing and ratification.").

³¹ Marquez Testimony at 95.

³² R&R at 8.

Master on August 28, 2017.³³ Instead, on September 1, 2017, the City Attorney's Office sent a proposed agreed order with an email to the Special Master's attorney that stated as follows:³⁴

Please see attached Agreed Order to be given to the first available Special Master to be executed. Kindly provide me with an executed copy.

- 15. Due to the intervening Hurricane Irma, the Special Master's office did not execute the ordered until September 28, 2017.³⁵ On September 28, 2017, the Special Master entered an agreed order in which Beach Blitz admitted to the violations and agreed to pay \$1,000 to resolve all three citations.³⁶
- 16. On or about October 4, 2017, Beach Blitz paid a \$1,000 fine pursuant to the consent agreement with the City to resolve the three outstanding notices of violation.³⁷ Plaintiff did not submit a payment to the City for a BTR license on that date.³⁸

³³ See Doar Testimony at 31-32 (stating that on August 28, 2017 an agreement was made with the City, not the Special Master); Cardeno Testimony at 131 (Beach Blitz's appeal of the violations did not go through the normal Special Master protocol and procedures).

³⁴ See 9/01/17 Email to Special Master, attached hereto as Exhibit L.

³⁵ R&R at 8.

 $^{^{36}}$ Cardeno Aff. ¶ 6 & Ex. 4; R&R at 8 ("Under the terms of the Agreed Order, the plaintiff admitted to the violations being properly issued by the City and the plaintiff was assessed a fine of \$1,000. While the Agreed Order's \$1,000 fine resolved all outstanding debt due to the City, Ocean 9 would still need to pay an additional amount to obtain a BTR.").

³⁷ Marquez Aff. ¶ 12.

³⁸ *Id.* As noted above, while Plaintiff contends the City would not accept Plaintiff's BTR payment on September 28 and 29, 2017 because the computer system was not updated to reflect the payment, the City's policy is to accept BTR payments notwithstanding the existence of outstanding violations and the computer system does not prevent businesses from making an online payment for a BTR even if there are outstanding violations. Marquez Testimony at 94-97, 122-23, 128.

The Beach Blitz Closure

- 17. On October 6, 2017, the City issued Beach Blitz a citation for continuing to operate without a BTR license.³⁹ The citation again directed Beach Blitz to "Cease immediately until you obtain a Business Tax Receipt from the City of Miami Beach." The City also ordered Beach Blitz to close for operating without a BTR license.⁴⁰ The citation gave Beach Blitz 10 days to appeal the citation to the Special Master.⁴¹ Plaintiff neither appealed the citation nor paid it.⁴²
- 18. On October 11, 2017, over one year after Beach Blitz's 2016-2017 BTR license expired, Beach Blitz submitted payment to the City for a BTR license.⁴³ Because Beach Blitz had not renewed its license in the fiscal year after its expiration, its license was placed in "closed" status, and a new BTR license application would need to be submitted pursuant to Section 102-371 of the City Code in order for the City to act on a request for a BTR license.⁴⁴

 $^{^{39}}$ Cardeno Testimony at 134-35; Cardeno Aff. \P 8 & Ex. 5, Oct. 6, 2017 Notice of Violation re BTR.

 $^{^{40}}$ Cardeno Testimony at 135; Cardeno Aff. \P 8 & Ex. 5, Oct. 6, 2017 Notice of Violation re BTR.

⁴¹ Cardeno Testimony at 135; Cardeno Aff. Ex. 5, Oct. 6, 2017 Notice of Violation re BTR.

⁴² Cardeno Testimony at 135.

⁴³ Marquez Aff. ¶ 13 & Ex. 6, Oct. 11, 2017 payment.

 $^{^{44}}$ Marquez Testimony at 99-100 ("Their time frame to renew and pay for the renewal has expired. In order for him to get a BTR for that location they would have to reapply."); Marquez Aff. ¶ 13; R&R at 4-5.

Beach Blitz's Application for a New BTR

- 19. On or about December 27, 2017, nearly 15 months after its BTR expired for non-payment, Beach Blitz submitted an application for a new BTR.⁴⁵
- 20. On or about January 19, 2018, the Planning Department denied the application because package liquor stores have not been permitted in the MXE District since October 8, 2016. As the Planning Department explained to Beach Blitz, "Per Section 142-544 (link below) the use that you have applied for is prohibited within your zoning district."

ARGUMENT

I. THE PLANNING DEPARTMENT'S DECISION DENYING BEACH BLITZ'S BTR APPLICATION WAS ABSOLUTELY CORRECT

On December 27, 2017, Beach Blitz applied for a BTR license to operate a package store located at 865 Collins Avenue. On or about January 19, 2018, the BTR license application was denied because package stores are prohibited within that particular zoning district by Section 142-544 of the City of Miami Beach Code of Ordinances.⁴⁷ That Ordinance states:

Sec. 142-544. - Prohibited uses.

The prohibited uses in the MXE mixed use entertainment district are accessory outdoor bar counters, except as provided in this chapter; package stores; and package sales of alcoholic beverages by any retail store or alcoholic beverage establishment. Additionally, entertainment uses shall be prohibited in package stores.

⁴⁵ See 12/27/17 BTR Application, attached hereto as Exhibit M.

⁴⁶ Exhibit A.

⁴⁷ Exhibit A.

Emphasis added.⁴⁸ Accordingly, because Beach Blitz was seeking a BTR for a use that is expressly prohibited within the zoning district, the Planning Department's decision denying the BTR application was undeniably correct and should be affirmed.

II. BEACH BLITZ'S SUGGESTION THAT IT SHOULD QUALIFY AS A LEGAL NONCONFORMING USE IS NOT PROPERLY BEFORE THE BOARD OF ADJUSTMENT IN THIS APPEAL

In Beach Blitz's Amended Letter of Intent for Administrative Appeal, it notes that:

Packaged liquor stores were legally permitted uses in the MXE District under the City's Zoning Code until the City changed its code on October 19, 2016. Upon the City changing its zoning code to prohibit packaged liquor stores in the MXE District, all existing package liquor stores operating in the MXE District, including Ocean 9, became legal non-conforming uses. Ocean 9 never voluntarily abandoned the use of its store as a package liquor store.

Amended Letter of Intent dated February 20, 2018 at 4. However, the question of whether Beach Blitz qualified as a legal nonconforming use is not properly before the Board of Adjustment in this appeal.⁴⁹

A nonconforming use generally refers to a use that does not comply with the City code. *See* Sec. 118-390(b), Code of Ordinances. However, a legally established nonconforming use is a use that, although impermissible under the current zoning restrictions, is allowed because the use conformed to the code at the time it was established. *See* Sec. 118-390(d)(3). To determine

⁴⁸ Exhibit B.

⁴⁹ Notably, Beach Blitz's original Letter of Intent, dated February 16, 2018, recognizes that it was not a legal nonconforming use. *See* Letter of Intent, dated 2/16/18. In particular, Beach Blitz's Letter notes that, because Beach Blitz did not have a BTR license, it was "not protected from the ramifications of Ordinance No. 2016-4047 [Code Sec. 142-544] which prohibits packages stores and package sales of alcoholic beverages" in the MXE district, thus rendering it "non-conforming under said Ordinance." Letter of Intent, dated 2/16/18, at 4, attached hereto as Exhibit N.

whether a particular use qualifies as a nonconforming use, a party is required to seek a determination from the Planning Department. Section 118-397 of the City Code provides:

- (a) The planning and zoning director shall make a determination as to the existence of a nonconforming use or building and in so doing may make use of affidavits and investigation in addition to the data presented on the city's building card, occupational license or any other official record of the city.
- (b) The question as to whether a nonconforming use or building exists shall be a question of fact and in case of doubt or challenge raised to the determination made by the planning and zoning director, the question shall be decided by appeal to the board of adjustment pursuant to the requirements of section 118-9. In making the determination the board may require certain improvements that are necessary to insure that the nonconforming use or building will not have a negative impact on the neighborhood.

Sec. 118-397, Code of Ordinances (emphasis added).

Beach Blitz never raised this issue with the Planning Department and never sought any determination as to whether it was a legally established nonconforming use following the expiration of its BTR license. Thus, there is no determination made by the planning and zoning director to be appealed to the Board of Adjustment. Accordingly, Beach Blitz has waived any argument that it is a legally established nonconforming use, and this issue is not properly before the Board in this appeal.

III. IN ANY EVENT, THE RECORD IS CLEAR THAT BEACH BLITZ IS NOT A LEGALLY ESTABLISHED NONCONFORMING USE

Even if Beach Blitz's status as a nonconforming use was before the Board of Adjustment, which it is not, the record is clear that Beach Blitz is not a legally established nonconforming use, and thus not exempt from the restrictions on package stores and package sales of alcoholic beverages in the MXE district.

City Code Section 118-394 makes clear that:

The planning director or designee shall evaluate the evidence of an intentional and voluntary abandonment of a nonconforming use and determine the status of the nonconforming use. In order for a nonconforming use to retain a nonconforming status, the evidence, collectively, shall at a minimum demonstrate at least one of the following:

- (1) Continual operation of the use;
- (2) Continual possession of any necessary and valid state and local permits, building permits, licenses, or active/pending application(s) for approval related to prolonging the existence of the use.

Sec. 118-394(c), Code of Ordinances (emphasis added).

In this case, Beach Blitz did not retain any alleged nonconforming use status because it: (1) failed to continually operate the nonconforming use; and (2) failed to continually possess the necessary BTR license required for the operation of that use. Beach Blitz conceded as much in its original Letter of Intent.⁵⁰ In particular, Beach Blitz failed to possess a valid BTR license after it allowed the BTR to expire on September 30, 2016, and failed to continually operate the nonconforming use as it was ordered to close for operating without a BTR license for over a year.⁵¹ The Planning Department's denial of Beach Blitz's BTR license application was correct and should be affirmed.

⁵⁰ Letter of Intent, dated 2/19/18, at 4.

Beach Blitz contends that it entered the 2017-2018 fiscal year without a BTR license because the City failed to adhere to its policies and procedures. Am. Letter of Intent at 4. However, nothing could be further from the truth. The undisputed record demonstrates that Beach Blitz's BTR expired naturally on September 30, 2016 for failure to renew it, and Beach Blitz was cited nine months later for operating without a BTR license. At no point during the 2016-2017 fiscal year did Beach Blitz submit payment to the City for its BTR, pay its outstanding violations, timely appeal them, or otherwise provide evidence to the City that it was negotiating the violations with the City Attorney's office. Thus, the reason Beach Blitz entered the 2017-2018 fiscal year without a BTR license was because it – not the City – failed to follow (footnote continued on next page)

CONCLUSION

For the foregoing reasons, Beach Blitz's appeal should be denied.

Dated: March 21, 2018 Respectfully submitted,

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applicable procedures for maintaining its BTR license. Beach Blitz has only itself to blame for the denial of its BTR application.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21st day of March, 2018, 14 copies of the foregoing Response and Appendix were hand delivered to:

City of Miami Beach Planning Department 2nd Floor 1700 Convention Center Drive Miami Beach, Florida 33139

I also certify that a copy of the foregoing Response and Appendix were served by electronic mail and U.S. Mail on the following:

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