



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, Executive Director

DATE: February 26, 2025

TITLE: A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA), ACCEPTING THE RECOMMENDATION OF THE CITY'S FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AND APPROVING, IN SUBSTANTIAL FORM, A LEASE AGREEMENT BETWEEN THE RDA (LANDLORD) AND VIDA BROS, LLC D/B/A SHAVING DISTRICT (TENANT), FOR USE OF APPROXIMATELY 1,750 SQUARE FEET OF GROUND FLOOR RETAIL SPACE AT THE ANCHOR SHOPS AND GARAGE, AS A HIGH-END BARBERSHOP LOCATED AT 100 16TH STREET, SUITE NOS. 1-2 (PREMISES), FOR A PERIOD OF FIVE (5) YEARS WITH ONE (1) RENEWAL TERM OF FOUR (4) YEARS AND THREE HUNDRED AND SIXTY-FOUR (364) DAYS, AT THE OPTION OF THE EXECUTIVE DIRECTOR'S DISCRETION; AND FURTHER AUTHORIZING THE EXECUTIVE DIRECTOR TO FINALIZE AND EXECUTE THE LEASE AGREEMENT.

RECOMMENDATION

The Administration recommends the Chairperson and Members of the Miami Beach Redevelopment Agency accept the recommendation from the Finance and Economic Resiliency Committee, approving a new Lease with Vida Bros, LLC to bring an upscale Barber Shop to the Anchor Shops.

BACKGROUND/HISTORY

The Miami Beach Redevelopment Agency (the RDA or Landlord) is the owner of a facility containing a municipal parking garage ("Garage") and certain retail spaces ("Retail Space") bounded by Washington Avenue and Collins Avenue in the proximity of 16th Street (the "Facility"), which includes approximately 1,750 square feet of ground floor retail space, located at 100 16th Street Suites Nos.1-2, Miami Beach, Florida 33139 (the "Premises"). Following the lease expiration of the previous Tenant (Mr. R Sports) in 2022, the premises remained vacant. The City, on behalf of the RDA, began marketing the space for lease upon its vacancy. The City also requested a Market Rent Analysis from CBRE for comparable spaces. As per their analysis, the market rent for comparable space is \$55.00 per square foot, on a triple net (NNN) basis.

Initially, the Landlord utilized CBRE's services to secure prospective tenants. However, after not receiving any viable leads, the Landlord decided to market the space under its own program. In 2023, leasing efforts were halted, pending the final decision of the South Shore Community Center, in the event these vacancies would be needed to relocate Tenants to this property. Recently, the Landlord started negotiations with Vida Bros, LLC, a Florida limited liability company d/b/a Shaving District for a high-end Barbershop as depicted in **Exhibit B**. Attached hereto as **Exhibit A** is the Letter of Intent (LOI), containing the below basic terms and conditions of the proposal:

Premises: Premises located at 100 16th Street, Suites Nos. 1 - 2, Miami Beach, FL

Lease Term: The term of this Lease shall be for a period of five (5) years.

Renewal Options: One (1) four (4) Years and Three Hundred and Sixty-Four (364) days, at Landlord's option.

Commencement Dates & Rent Abatement: Lease Commencement Date will be at lease execution.

Rent Commencement Date will be on the earliest of: 1) Date tenant opens for business with all required permits issued by local authorities; or 2) Three hundred and sixty-five (365) days after the delivery date – Subject to Landlord's Delays.

The Rent Abatement period shall be months 1 – 4 of the Lease Term. Tenant shall be required to pay all Operating Expenses and Sales Tax during the Rent Abatement period

Minimum Rent Schedule:

Initial Term		
Year(s)	Annual Rent/SF	Annual Rent
1	\$55.00	\$96,250.00
Rent to increase 3% per year during the Lease Term.		

Base rent shall increase to market rent or the greater of 3% above prior year base rent for any renewal option(s). All other terms and conditions of the Lease shall remain the same.

Sales Tax: Tenant shall pay the applicable sales tax currently equivalent to 3% in Miami-Dade County.

Prepaid Rent: Tenant shall be required to pay the first month's gross rent in the amount of \$8,020.83 (inclusive of operating expenses and sales tax) which shall be due upon Tenant's lease execution.

Security Deposit: The amount of \$16,041.83 (subject to Landlord's review of Tenant's financials and credit report) shall be due upon Tenant's execution of the Lease documents, in addition to first month's rent.

Operating Expenses: The Tenant shall be responsible to pay its proportionate share of the actual expenses necessary to operate the property, including but not limited to real estate taxes, insurance, common area maintenance, etc. For this Lease, the NNN charges for Year 1 of the Lease Term shall be \$14.00 per square foot plus applicable sales tax.

The controllable portion of the building's operating expenses shall not increase more than five percent (5%) in any calendar year during the Lease Term.

Utilities: Tenant shall pay for its own utility usage, beginning upon delivery date.

**Tenant
Improvement
Allowance:**

Tenant shall accept the premises in "AS-IS" condition. Landlord shall reimburse Tenant up to One Hundred Thousand Dollars (\$100,000.00) for the cost associated with demising the space, including without limitation, adjusting all Fire Life Safety System, HVAC duct work and electrical system. Tenant shall perform all other necessary construction work at its sole cost and expense.

Tenant's Work:

Tenant shall build out the Premises according to Tenant's requirements ("Tenant's Work") subject to Landlord's consent, which consent shall not be unreasonably conditioned or withheld.

Tenant shall have the right to select a contractor and architect of its choice, subject to Landlord's consent, which shall not be unreasonably, conditioned or withheld. There shall be no construction management fee due to Landlord for any approved Tenant Improvement work. Tenant will not be required to use Union Labor to perform its work.

**Maintenance &
Repair:**

Landlord shall be responsible for all repairs to the foundations and for all structural components of the Facility. Tenant's obligation for repairs, replacements and maintenance shall include, but not be limited to, its equipment; fixtures; improvements; floor covering; the exterior and interior portions of all doors, door locks, security gates, and windows; plumbing and sewage facilities not Landlord's obligation; walls; ceilings; and all plate glass; all electrical systems and equipment; plumbing, mechanical equipment; heating, ventilating and air-conditioning machinery. Additionally, Tenant shall maintain and keep in good repair, all heating and air-conditioning equipment. Tenant further agrees to regularly service said machinery and change the filters in the air-conditioning system in the Premises through a monthly filter and equipment service contract.

**Assignment &
Subletting:**

Tenant shall not assign the lease or sublet the Premises without the prior written consent of Landlord, which consent may be withheld at the sole and absolute discretion of the Landlord.

Permitted Use:

Tenant should use the Premises for high-end Barber Shop, and retail items related to hair care and/or grooming or as otherwise detailed and approved in writing by the Landlord.

Exclusive Use:

Tenant requires that no other retailers with similar and related products or services to the Approved Use lease or sublease space in the building.

**Percentage
Rent:**

Six percent (6%) over the natural breakpoint for the first year.

Operations:

Tenant agrees that on Rent Commencement Date, it will open and continuously operate the entire Premises to the public, fully fixtured, staffed and stocked.

Tenant's Signage: Per City of Miami Beach Sign Criteria and approval of all necessary Governmental agencies.

Tenant Financials: This proposal is subject to Landlord's review and approval of Tenant's financial statements.
Guarantor(s): Full personal guaranty shall be required by all owners and spouses.

Brokers: Luis Aguirre with Wilshire Advisory Group. represents the Tenant. Landlord shall pay a commission to Wilshire Advisory Group in accordance with the Listing Agreement.

Public Benefit: As a material consideration for the granting of this Lease, Tenant agrees to comply with, and provide to Landlord the Public Benefits set for below, here to throughout the Lease Term. Tenant should provide "on the first day of each quarter" a public benefit report detailing the public benefit for the preceding quarter.

- Tenant will provide a 25% discount to Miami Beach Senior and Miami Beach First Responders.

As contained in said Letter of Intent, the Base Rental Rate is \$55.00 per square foot (PSF), with three percent (3%) annual increases. The Operating Expenses for the Anchor Shops building are estimated at \$14.00 per square foot for 2025. The schedule of Base Rent and Operating Expenses due over the initial term are illustrated in the following chart:

Year	Annual Base Rent	Monthly Base Rent	Annual Base Rent Less Abatement	Annual OPEX	Monthly OPEX
1	\$ 96,250.00	\$ 8,020.83	\$ 64,166.67	\$ 24,500.00	\$ 2,041.67
2	\$ 99,137.50	\$ 8,261.46	\$ 99,137.50	\$ 25,235.00	\$ 2,102.92
3	\$ 102,111.63	\$ 8,509.30	\$ 102,111.63	\$ 25,992.05	\$ 2,166.00
4	\$ 105,174.97	\$ 8,764.58	\$ 105,174.97	\$ 26,771.81	\$ 2,230.98
5	\$ 108,330.22	\$ 9,027.52	\$ 108,330.22	\$ 27,574.97	\$ 2,297.91
Total	\$511,004.32		\$ 478,920.99	\$130,073.83	

The leasing brokerage commission shall be in accordance with the City-approved Brokerage Agreement: Three percent (3%) of the Base Rent, payable to the Broker in two installments, fifty percent (50%) upon lease execution and fifty percent (50%) upon opening of the Premises by Tenant and rent commencement as illustrated in the following chart. The brokerage fees to be paid in FY 2025 and 2026 will be:

Wilshire Advisory Group Commission	
Total Base Rent Years (1-5)	\$ 511,004.32
3%	\$ 15,330.13
2025 Installment 1 (50%)	\$ 7,665.06
2026 Installment 2 (50%)	\$ 7,665.06

ANALYSIS

Since the last tenant vacated, efforts have been made to secure a tenant that aligns with the City of Miami Beach's standards. This proposal, from a high-end barbershop, not only meets these standards but also brings a new level of diversity to our retail area, adding a unique service offering to the tenant mix.

The proposed lease includes a base rental rate of \$55.00 per square foot, along with estimated operating expenses of \$14.00 per square foot. The base rent will increase by 3% annually, ensuring steady revenue growth. Over the five-year lease term, this structure is projected to generate approximately \$511,004.32 in total revenue for the City.

Rent commencement is scheduled for the earlier of the Tenant opening for business or three-hundred and sixty-five (365) days after the delivery date, providing ample time for the Tenant to obtain necessary permits and complete their build-out.

This lease agreement represents a financially beneficial opportunity for the City while introducing a distinctive and valuable addition to the retail area.

Finance and Economic Resiliency Committee (FERC) Recommendation

This item was discussed at the January 24, 2025, Finance and Economic Resiliency Committee (FERC) meeting. The Committee recommended in favor of approving a new lease with Vida Bros, LLC containing the terms and conditions outlined above.

FISCAL IMPACT STATEMENT

The proposed lease agreement ("Lease"), a draft copy of which is attached hereto as Exhibit "C", will result in a fiscal impact of \$15,330.13, which will be paid to the leasing brokerage firm as part of the approved City brokerage agreement. This amount will be disbursed in two equal installments of \$7,665.06 (half upon lease execution and half upon Tenant opening and rent commencement). In addition, Landlord shall reimburse Tenant up to One Hundred Thousand Dollars (\$100,000.00) for the cost associated with demising the space, including, without limitation: adjusting the Fire Life Safety System, HVAC duct work and electrical systems to accommodate the proposed demising wall, as depicted in the Interior Design Concept attached hereto as Exhibit B, which shall be finished on both sides. Tenant reimbursement schedule will be further detailed in the Lease. Tenant shall perform all other necessary construction work at its sole cost and expense.

The fiscal impact for the brokerage commission has been allocated within the following account: 465-1995-000312 and for the Tenant Allowance, under 465-2995-000342. The Lease will also contribute significantly to the City's revenue, generating an estimated \$478,920.99 in Base Rent and approximately \$130,073.83 in Operating Expense reimbursements, over the initial lease term, with potential for additional revenue during subsequent lease extensions.

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

CONCLUSION

The Administration recommends the Chairperson and Members of the Miami Beach Redevelopment Agency accept the recommendation from the Finance and Economic Resiliency Committee, approving a new Lease with Vida Bros, LLC to bring an upscale Barber Shop to the Facility.

Applicable Area

South Beach

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Facilities and Fleet Management

Sponsor(s)

Co-sponsor(s)

Condensed Title

A Lease Agreement between the RDA and Vida Bros, LLC (dba Shaving District) at Anchor Garage and Shops.

Previous Action (For City Clerk Use Only)