

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, Executive Director

DATE: October 30, 2024

TITLE: A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA), APPROVING, IN SUBSTANTIAL FORM, AMENDMENT NO. 2 TO THE LEASE AGREEMENT BETWEEN THE RDA (LANDLORD) AND OPEN VISION ONE, LLC (TENANT), FOR USE OF APPROXIMATELY 4,236 SQUARE FEET OF GROUND FLOOR RETAIL SPACE AT THE ANCHOR SHOPS AND GARAGE, AS A FINE DINING RESTAURANT LOCATED AT 1560 COLLINS AVENUE, SUITE NOS. 3-4 (PREMISES); SAID AMENDMENT EXTENDING THE RENT ABATEMENT PERIOD DUE TO UNANTICIPATED DELAYS RELATED TO THE APPROVAL OF THE GREASE TRAP FOR THE RESTAURANT FOR UP TO AN ADDITIONAL EIGHT (8) MONTHS, UNTIL THE EARLIER OF (I) APRIL 24, 2025 OR (II) THE DATE THAT IS THIRTY (30) DAYS AFTER TENANT OPENS FOR BUSINESS; AND FURTHER, AUTHORIZING THE EXECUTIVE DIRECTOR TO FINALIZE AND EXECUTE THE AMENDMENT.

RECOMMENDATION

The Administration recommends that the Chairperson and Members of the Miami Beach Redevelopment Agency approve, in substantial form, Amendment No. 2 to the Lease, a copy of which is attached hereto as Attachment A; and authorize the Executive Director to finalize and execute the Amendment.

BACKGROUND/HISTORY

The Miami Beach Redevelopment Agency (RDA), (Landlord) and Open Vision One, LLC (Tenant) are parties to a lease agreement dated January 13, 2023, pursuant to Resolution No. 673-2022, for the retail spaces at the Anchor Shops, located at 1560 Collins Avenue, Suites Nos. 3-4 (Premises) for a fine dining restaurant (Lease). Tenant received possession of the Premises on January 25, 2023 (Commencement Date). The Lease term is for nine (9) years and 364 days from the Commencement Date with no renewal options.

On April 25, 2023, the City adopted Resolution No. 681-2023 approving Amendment No.1 to the Lease to adjust the Concession Fee for use of the Outside Concession Area from \$75.00 PSF to \$30.00 PSF for the first year following Rent Commencement and subject to rent escalations thereafter equal to 3% per year, as more particularly described therein. Upon obtaining possession of the Premises, the Tenant began renovation of the Premises to convert the former retail space to a new, fine dining venue at the Tenant's sole cost and expense. The Premises was expected to remain closed during the renovation process until the summer of 2024.

Tenant has been considerably delayed in its ability to begin construction as scheduled, and in turn will not be able to meet the opening date previously anticipated, due to delays in connection with the approval process for the installation of a grease trap at the Premises by the Department of Regulatory and Economic Resources (DERM).

ANALYSIS

Under the Lease, the Minimum Rent, Percentage Rent and Concession Fee payments are abated during months 8-19 from the Lease Commencement Date (or months 2-13 from the Rent Commencement Date) (Rent Abatement Period) to allow for construction and buildout of the restaurant. During the Rent Abatement Period, Tenant is still required to pay for the monthly Operating Expense payments due under the Lease. The Rent Abatement Period for the current Minimum Rent, in the amount of \$27,269.25/month, was due to expire on August 24, 2024.

Due to the aforementioned unexpected delays, the Tenant has requested an extension for an additional period the earlier of (i) eight (8) months, from August 25, 2024, through April 24, 2025, or (ii) thirty (30) days after Tenant opens for business to allow for the completion of the build-out of the Premises.

FISCAL IMPACT STATEMENT

N/A

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 Executive Director recommends that the Chairperson and Members of the Miami Beach Redevelopment Agency approve, in substantial form, Amendment No. 2 to the Lease, a copy of which is attached hereto as Attachment A; and authorize the Executive Director to finalize and execute the Amendment.

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

Amendment No. 2 to Lease with Open Vision One, LLC. 1560 Collins Ave. FF