

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: April 23, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND RESILIENCY COMMITTEE, AT ITS JANUARY 24, 2025 MEETING, TO IMPLEMENT A ONE-YEAR LINCOLN ROAD OUTDOOR CONCESSION FEE ABATEMENT PROGRAM, PROVIDING A 100% REDUCTION FOR THE FIRST THREE (3) MONTHS FOR ANY NEW RESTAURANT AND A 50% REDUCTION FOR THE MONTHS OF AUGUST, SEPTEMBER, AND OCTOBER OF 2025 (DEEMED THE SLOWEST MONTHS OF THE YEAR); AND REQUIRING RESTAURANTS TO APPLY FOR THE ABATEMENT AND SATISFY CRITERIA APPROVED BY THE CITY COMMISSION, SUCH AS DEMONSTRATED FINANCIAL HARDSHIP; AND FURTHER, PROVIDING THAT SUCH REDUCTIONS WILL BE EFFECTIVE DURING THE OCTOBER 2025-MARCH 2026 BILLING PERIOD.

RECOMMENDATION

The Administration does not recommend decreasing the outdoor dining concession fees by 50%, nor the three-month abatement for new businesses, as it would not represent a significant amount of cost savings for the outdoor dining concession applicant.

BACKGROUND/HISTORY

On November 20, 2024, at the request of Commissioner Kristen Rosen Gonzalez, the Mayor and City Commission (City Commission) approved item C4F, a referral to the Finance and Economic Resiliency Committee (FERC) to discuss considering a 50% outdoor dining concession fee reduction during the months of August, September, and October (deemed the slowest months of the year), and a fee abatement for any new business for the first three months of operation.

The referred discussion was scheduled to be heard at the December 20, 2024 FERC meeting, however, the item was not reached, therefore it was rescheduled for January 24, 2025.

On January 24, 2025, FERC members discussed the potential outdoor dining concession fee reduction and abatement during the months of August, September and October, and concluded with a motion to move the item to the City Commission with a favorable recommendation to implement a one-year Lincoln Road outdoor dining concession abatement program at 100% for the first 3 months for new restaurants, and a 50% reduction for the October 2025-March 2026 billing period for existing restaurants.

ANALYSIS

The outdoor dining concession agreement for Fiscal Year (FY) 2025 began on October 1, 2024. Fees for the concessions are broken down into two payments. The first payment covers the months of October – March (billed in September) and the second payment from April – September (billed in March).

Any amendments to the agreement would require City Commission approval to amend the billing cycle, and proceed with any fee adjustment for the desired months. The adjustment would be based on the restaurant's outdoor seating square footage multiplied by \$32 per square foot, per year, which the City charges, minus the 50% suggested discount. There are currently 149 outdoor concessions throughout the City, bringing an estimated revenue of \$2 Million per year.

The item was presented at the February 26, 2025, City Commission meeting. It was discussed that businesses need financial assistance for the previously mentioned months. However, since the semi-annual invoices arrive October 1, 2025, that would be the ideal time to offer an abatement when cash flow is at the lowest. Thus, any fiscal impact would occur in Fiscal Year 2026.

The resulting request of the City Commission after much debate, was to continue the item to the March 19, 2025 City Commission and for the Administration to provide criteria to be considered for a program similar to the existing Small Business Grant Program (the program is currently funded for \$100,000), and approved at its next meeting. The item was not reached, therefore it was rescheduled for April 23, 2025.

The following is presented for consideration:

PROPOSED CRITERIA:

The following is a set of criteria which could be used to determine if concession applicants qualify:

Financial hardship:

- Demonstrated recent decline in revenue or profits due to economic factors
- Proof of financial distress through financial statements or other documentation

Compliance history:

- Good standing, no significant or repeated violations of permits or regulations in the past
- Active efforts to correct any existing minor violations

Business operations:

- Active Miami Beach Business Tax Receipt (BTR)
- Registered as an active entity with the Florida Division of Corporations
- Active and in good financial standing with the Lincoln Road Business Improvement District (LRBID)
- In good standing with the City of Miami Beach and Miami-Dade County, including, but not limited to, no outstanding taxes or debt, and full compliance with local ordinances, zoning laws, and licensing requirements.

Other areas for criteria:

- Business size (e.g. no more than 2,000 SQ FT of business space)
- Annual revenue (e.g., less than \$2 Million)
- Number of employees (e.g., less than 10)

Potential ineligible restaurants/food services may include:

- Franchises and national chain restaurants/food services

ELIGIBILITY REQUIREMENT FOR REIMBURSEMENT:

- No affiliation with a national chain business or franchise

QUALIFIED EXPENSES

The following qualified expenses incurred by the business will be evaluated for consideration of an abatement:

Operational Costs:

- Rent, lease, or mortgage payments for business premises
- Utility payments (e.g., electricity, water, internet)
- Repair or purchase of equipment or technology necessary for business operations

Professional Services and Employee Related Costs:

- Payroll expenses for employees
- Marketing and Advertising

Inventory and Supplies:

- Purchase of inventory or supplies directly related to business operations

Other Approved Expenses:

- Any other expenses deemed necessary for the business' operations

Non-Qualified Expenses:

- Personal expenses are unrelated to business operations.
- Payment of outstanding taxes, fines, or penalties.
- Expenses incurred prior to the execution of the abatement agreement.
- Costs associated with lobbying or political activities.

The City reserves the right to review and approve or deny any expense at its discretion.

Applications with supporting documentation to satisfy the criteria for the abatement program are due prior to October 1, 2025. Abatements will be credited to the invoiced amount of the outdoor dining space.

All new businesses will automatically receive an abated invoice for the outdoor space for the first three months.

FISCAL IMPACT STATEMENT

As presented at the FERC meeting, the original proposal does not present a fiscal impact, however, there will be a negative revenue impact listed below:

50% reduction for the months of August, September and October: there are 37 Lincoln Road Cafes (equating up to \$123,140 abatements).

100% abatement for any new business on Lincoln Road: currently, there are eight (8) new restaurants that have applied for an outdoor dining concession (equating to approximately \$51,200 for three (3) months), based on an 800 SQ FT average footprint.

CONCLUSION

The Administration does not recommend decreasing the outdoor dining concession fees by 50%, nor the three-month abatement for new businesses, as it would not represent a significant amount of cost savings for the outdoor dining concession applicant.

Applicable Area

Citywide

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

Yes

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

Public Works

Condensed Title

NR- Accept Rec, Implement 1-Year Lincoln Rd Outdoor Concession Abatement Program. PW

Previous Action (For City Clerk Use Only)

Not reached on 3/19/2025 - R7 D