

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: May 21, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY'S FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS MARCH 26, 2025 MEETING, AND APPROVING, IN SUBSTANTIAL FORM, A LEASE AGREEMENT BETWEEN THE CITY ("LANDLORD") AND MIAMI BEACH POLICE ATHLETIC LEAGUE, INC. ("PAL" OR "TENANT"), FOR USE OF A BUILDING HAVING APPROXIMATELY 13,367 SQUARE FEET, LOCATED WITHIN FLAMINGO PARK, AT 999 11TH STREET ("PREMISES"), FOR A PERIOD OF NINE (9) YEARS AND THREE HUNDRED AND SIXTY-FOUR (364) DAYS, COMMENCING ON JULY 1, 2025 AND EXPIRING ON JUNE 29, 2035; AND WAIVING, BY 5/7TH VOTE, THE FORMAL COMPETITIVE BIDDING REQUIREMENT IN SECTION 82-39(A) OF THE CITY CODE, FINDING SUCH WAIVER TO BE IN THE BEST INTEREST OF THE CITY; AND FURTHER AUTHORIZING THE CITY MANAGER TO FINALIZE AND EXECUTE THE LEASE AGREEMENT.

RECOMMENDATION

The Administration recommends that the Mayor and City Commission adopt the Resolution.

BACKGROUND/HISTORY

The City is the owner of a property consisting of a building with approximately 13,367 square feet, located within Flamingo Park located at 999 11th Street, Miami Beach, Florida, 33139 (the "Premises"). On May 15, 1996, the Mayor and City Commission adopted Resolution No. 96-21987, approving a Lease Agreement between the City and the Miami Beach Police Athletic League, Inc. ("PAL"), a nonprofit organization dedicated to providing youth mentorship and athletic programs in collaboration with the Miami Beach Police Department. The agreement granted PAL use of the Premises for a five-year term, from July 1, 1996, to June 30, 2001.

On June 17, 1998, the City Commission approved Resolution No. 98-22787, authorizing the First Amendment to the Lease Agreement, which extended the lease term from July 1, 2001, to June 30, 2023, with subsequent amendments further extending it through June 30, 2025.

On February 10, 2016, the Mayor and City Commission adopted Resolution No. 2016-29300, approving Amendment No. 2 to the Lease Agreement, establishing the permitted uses under the Lease Agreement; clarifying and establishing terms relating to the shared use of the Premises by the City and PAL; clarifying the operational, management, and maintenance obligations with respect to the shared use of the Premises; and further extending the Lease term for an additional two years, through and including June 30, 2025.

ANALYSIS

On February 24, 2025, PAL formally requested a new Lease Agreement from the City of Miami Beach (attached hereto as Exhibit A). PAL has expressed interest in continuing its operations

under a new Lease Agreement with similar terms to ensure the continuation of its community-focused programming. The proposed new Lease Agreement contains the following key terms and conditions:

1. Lease Term and Rent

- Lease Term: Nine (9) years and Three Hundred and Sixty-Four (364) Days: July 1, 2025, to June 29, 2035
- Rent: \$1.00 per year.

2. Property and Shared Use

- Property Description: The building, located at 999 11th Street, with 13,367 sq. ft.
Shared Use: The Premises will be jointly used by the PAL and the City.
Division of Use: The building is divided into:
- PAL's Area (for youth programs and PAL offices)
- City's Area (for City recreational programs)
- Shared Areas (jointly used spaces, including community rooms and restrooms).

3. Financial Responsibilities

- Utilities: The PAL and the City will each pay 50% of shared utility expenses (electricity, water, cable).
- Real Estate Taxes: Property is not currently assessed. If taxes are assessed solely due to PAL's use or subleases, PAL covers 100% of the tax liability.

4. Maintenance and Repairs

Lessor's (City's) Responsibilities:

- General building maintenance (HVAC, plumbing, electrical, windows, structural repairs).
- Capital improvements (roof, exterior walls, infrastructure).

Lessee's (PAL's) Responsibilities:

- Maintain PAL's Area (interior walls, floors, security system, phone, cable).
- Daily maintenance of the PAL's Area, including cleaning, garbage removal, and minor repairs.

5. Approved Uses and Programming

The PAL's Approved Uses:

- Youth programs (sports, fitness, mentoring, tutoring, summer camps).
- Adult fitness center and boxing program.
- Community events (meetings, elections, special events).

City's Approved Uses:

- City recreational programs (sports leagues, after-school care, summer camps).
- Disaster/hurricane relief site.
- Polling site
- Scheduling & Conflicts: If conflicts arise in shared use, the City Manager will resolve disputes.
- Additional Programs: Any new programs must be mutually approved by the PAL and the City.

6. Subleases and Additional Tenants

Approved Subleases:

- Miami Beach Policemen's Relief and Pension Fund; William Nichols Lodge No.8, Fraternal Order of Police ("FOP")
- Miami Beach Police Athletic League Fitness Center, Inc. (a for-profit entity owned by the PAL).

Conditions for Subleases:

- The PAL must indemnify the City from liabilities related to subtenants.

- Insurance required for subtenants, including general liability and workers' compensation.

7. Insurance and Indemnification

PAL's Insurance Requirements (Subject to modification by the City's Risk Management):

- \$1,000,000 General Liability Insurance.
- All-Risk Property Insurance (covering tenant improvements and property).
- Workers' Compensation as required by Florida law.
- Waiver of Subrogation: PAL must waive its insurer's right to sue the City.
City Named as Additional Insured on all policies.

8. Management and Staffing

Executive Director Requirement:

- The PAL must hire an Executive Director to manage operations and fundraising.
- The City Manager must approve the Executive Director.
- Dedicated Police Officer:
- The City will provide one full-time police officer to oversee police-community programs (excluding fundraising).

9. Financial Reporting & Oversight

Annual Budget Submission: PAL must submit an annual operating budget to the City.

Financial Reports: PAL must provide annual audited financial statements.

Revenue Use Restrictions:

- Any revenue from PAL activities must be reinvested into PAL programs.
- No private individual can profit from PAL's operations.

10. Miscellaneous Provisions

Hours of Operation:

- PAL: 6:30 AM – 11:00 PM (weekdays), 8:00 AM – 8:00 PM (weekends).
- City: 8:30 AM – 9:00 PM (daily).

Conflict Resolution: The City Manager has final authority in disputes.

This item was discussed at the March 26, 2025, Finance and Economic Resiliency Committee ("FERC") meeting. The Committee recommended in favor of approving a new Lease Agreement with PAL containing the terms and conditions outlined above.

Similar to the current terms of the PAL Lease Agreement, the new Lease Agreement also contains the following provisions:

1. PAL will provide City employees with a minimum discount of 25% off the membership fee for use of the fitness center.
2. PAL will continue to receive \$1.00 per hour of the off-duty police surcharge fund ("Surcharge Contribution"), subject to funding availability, for the payment of the salary of the Executive Director, PAL's utility expenses, PAL's programming, and other like operational expenses.

The proposed Lease Agreement (Exhibit B) ensures the continued operation of the Miami Beach Police Athletic League (PAL) at its current location, supporting its mission to provide youth mentorship, athletic programs, and community engagement. The lease terms maintain a favorable financial structure, with PAL paying a nominal rent while contributing to shared expenses such as utilities. The Lease Agreement also establishes clear guidelines for maintenance responsibilities, insurance coverage, and financial reporting, ensuring accountability and sustainability.

Furthermore, the lease promotes an efficient shared-use model between PAL and the City, maximizing the public benefit of the facility. The inclusion of sublease provisions allows PAL to maintain financial stability while ensuring responsible oversight of subtenants.

FISCAL IMPACT STATEMENT

The proposed lease has a minimal financial impact on the City, with the \$1.00 annual rent allowing PAL to continue its operations without undue financial strain. PAL's contributions toward operating expenses help offset a portion of the facility's costs.

Moreover, PAL's continued operation of youth and community programs including tutoring, mentoring, fitness classes, youth leadership initiatives, and community gatherings, demonstrates the purpose and public value of this Lease Agreement. The shared-use model enhances the facility's impact, ensuring it remains a vital resource for the community.

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-notices/>

FINANCIAL INFORMATION

CONCLUSION

The Miami Beach Police Athletic League has been a key partner in youth and community development for decades, fostering positive relationships between law enforcement and residents. These new Lease Agreement will support PAL's mission while ensuring responsible financial oversight and efficient use of public resources.

Approving this Lease Agreement will solidify the City's commitment to public safety, youth development, and community resilience.

City Manager's Recommendation: Based upon the public benefits provided by PAL, and the shared-use model that maximizes the property's value for the community, the City Manager recommends that the Mayor and City Commission waive, by 5/7th vote, the competitive bidding requirement in Section 82-39(a) of the City Code, finding such waiver to be in the best interest of the City, and approve, in substantial form, the Lease Agreement as outlined in this City Commission Memorandum, a copy of which is attached hereto as Exhibit "B"; and further authorize the City Manager to finalize and execute the Lease Agreement.

Applicable Area

South Beach

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

Facilities and Fleet Management

Sponsor(s)

Co-sponsor(s)

Condensed Title

Accept Rec/Approve Lease Agreement w/ PAL, 999 11th Street. FF 5/7

Previous Action (For City Clerk Use Only)

Deferred from 4/23/2025 - C7 I