

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: March 26, 2025

TITLE: DISCUSS A PROPOSED LEASE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH ("CITY" OR "LANDLORD") AND THE MIAMI BEACH POLICE ATHLETIC LEAGUE, INC. ("TENANT"), FOR APPROXIMATELY 13,367 SQUARE FEET, LOCATED AT 999 11TH STREET, MIAMI BEACH, FLORIDA (PREMISES), FOR A TERM OF NINE (9) YEARS AND THREE HUNDRED AND SIXTY-FOUR (364) DAYS.

RECOMMENDATION

The Administration recommends that the Finance and Economic Resiliency Committee (FERC) approve the proposed Lease Agreement, ensuring that the PAL continues its vital mission in partnership with the City of Miami Beach.

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 not-for-profit corporation, for the use of the Premises for a five (5) year term, commencing on July 1, 1996, and ending on June 30, 2001 (the "Lease Agreement").

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.

On September 19, 2014, the Internal Audit Division of the City of Miami Beach Office of Budget and Performance Improvement (OBPI) published an Internal Audit Report regarding PAL's activities between June 1, 2009, and February 28, 2014. The audit identified several areas requiring corrective action, which were subsequently reviewed by the Finance and Citywide Projects Committee on September 24, 2014.

To address these findings and clarify responsibilities between the City and PAL, a Second Amendment to the Lease Agreement was approved on March 16, 2016. This amendment outlined operational and financial obligations, established permitted uses of the Premises, and implemented reporting requirements. Additionally, the Second Amendment extended the lease term from June 30, 2023, and expiring on June 30, 2025, (the current term) The current term does not contain options for renewal.

ANALYSIS

On February 24, 2025, the PAL communicated to the City their desire to enter into a new lease with the same terms as the previous one to continue serving the Miami Beach community (Exhibit

A). Since no renewal options remain to extend the current Lease Agreement, a new Lease would be required. The Administration has negotiated a proposed lease containing the basic essential terms as outlined below:

1. Lease Term and Rent

Lease Term: Nine (9) years and three hundred and sixty-four (364) days: July 1, 2025, to June 30, 2034

Renewal Option: None

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:

- o PAL's Area (for youth programs and PAL offices)
- o City's Area (for City recreational programs)
- o Shared Areas (jointly used spaces, including community rooms and restrooms).

3. Financial Responsibilities

Utilities:

- o The PAL and the City will each pay 50% of shared utility expenses (electricity, water, cable).

Real Estate Taxes:

- o The PAL pays a proportionate share (50%) if taxes are assessed.
- o If taxes are solely due to PAL's use or subleases, PAL covers 100% of the tax liability.

4. Maintenance and Repairs

Lessor's (City's) Responsibilities:

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

Lessee's (PAL's) Responsibilities:

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

5. Approved Uses and Programming

The PAL's Approved Uses:

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

City's Approved Uses:

- o City recreational programs (sports leagues, after-school care, summer camps).
- o Disaster/hurricane relief 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:

- o Miami Beach Policemen's Relief, and Pension Fund, & Fraternal Order of Police ("FOP")
- o Miami Beach Police Athletic League Fitness Center, Inc. (a for-profit entity owned by the PAL).

Conditions for Subleases:

- o The PAL must indemnify the City from liabilities related to subtenants.
- o Insurance required for subtenants, including general liability and workers'

compensation.

7. Insurance and Indemnification

PAL's Insurance Requirements:

- o \$1,000,000 General Liability Insurance.
- o All-Risk Property Insurance (covering tenant improvements and property).
- o 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:

- o The PAL must hire an Executive Director to manage operations and fundraising.
- o The City Manager must approve the Executive Director.

Dedicated Police Officer:

- o 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:

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

10. Miscellaneous Provisions

Hours of Operation:

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

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

In the event the General Obligation (G.O.) Bond is approved and the PAL proceeds with a relocation to a new building, a new Lease Agreement or Amendment shall be executed at that time to memorialize the change in venue.

FISCAL IMPACT STATEMENT

N/A

Does this Ordinance require a Business Impact Estimate?

(FOR ORDINANCES ONLY)

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 vital force in youth development and community engagement in Miami Beach, fostering positive relationships between law enforcement and local youth. Its mentorship, academics, athletics, and outreach programs by providing a safe, structured environment for young people.

This new lease will deliver significant public benefits at minimal cost to the City. The shared use model optimizes public resources, while PAL's strong financial oversight and partnerships with local schools and the Miami Beach Police Department ensure continued impact.

The proposed lease renewal is an investment in the well-being and future of Miami Beach's youth and families. By approving this lease, the City affirms its commitment to public safety, youth development, and community resilience.

For these reasons, the Administration strongly recommends that the Finance and Economic Resiliency Committee (FERC) approve the proposed Lease Agreement, ensuring that the PAL continues its vital mission in partnership with the City of Miami Beach.

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 proposed lease agreement between the City of Miami Beach and the Miami Beach Police Athletic League, Inc.(PAL).