

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: December 20, 2024

TITLE: DISCUSS CONSIDERING AN OUTDOOR DINING CONCESSION FEE REDUCTIONS DURING SUMMER MONTHS AND FEE ABATEMENT FOR NEW BUSINESSES.

### **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 (Attachment A), 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 (which are considered the slowest months of the year), and fee abatement for new business for the first three months of operation.

### **ANALYSIS**

The outdoor dining concession agreement for FY 2024/25 began on October 1, 2024. Fees for the concessions are broken down into two payments. The first payment covers the months of October – March and the second payment from April – September.

Any amendments to the agreement would require City Commission approval, to amend the billing cycle, and proceed with the fee adjustments for the desired months. The adjustments 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 dollars per year.

Currently, there are about eight (8) new restaurants that have applied for an outdoor dining concession thus far. The smallest restaurant is requesting an outdoor footprint of 50 square feet (equating to \$400 for a 3-month period) while the largest area being requested is 2,080 square feet (equating to \$16,640 for a 3-month period).

The "rent" paid to the City for outdoor dining space is significantly less than the market rate for a commercial property. For example, Crexi.com, a website for listings of restaurant spaces for lease in Miami Beach, estimates a \$150 per square foot/per year cost for a space located on 540 and 933 Lincoln Road (Attachment B).

### **FISCAL IMPACT STATEMENT**

The City receives an estimated \$2 million dollars per year on outdoor dining concession fees. The estimated revenue loss for the proposed 50% fee reduction is \$250K per year. The revenue loss for the three-month abatement can only be determined once the City receives the new applications (since the footprint per restaurant can fluctuate from 50 square feet to 2,000 plus square feet each).

### **CONCLUSION**

The Administration does not recommend decreasing the outdoor dining concession fees by 50%, nor the three-month abatement for new businesses, because 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

### **Sponsor(s)**

Commissioner Kristen Rosen-Gonzalez

### **Condensed Title**

DISCUSS CONSIDERING AN OUTDOOR DINING CONCESSION FEE REDUCTIONS DURING SUMMER MONTHS AND FEE ABATEMENT FOR NEW BUSINESSES.