

**Condensed Title:**

A resolution of the Mayor and City Commission of the City of Miami Beach, Florida, approving an extension and first amendment of the lease agreement between the City and Palm Court for one year, with options for early termination for space occupied by the Parking Department.

**Key Intended Outcome Supported:**

Increase resident satisfaction with the level of services and facilities.

**Supporting Data (Surveys, Environmental Scan, etc.):**

A total of 81% of residents surveyed identified that the appearance and maintenance of the City's public buildings were considered excellent (17%) or good (64%)

**Issue:**

Shall the Mayor and City Commission approve the extension to the lease agreement for an additional year with two provisions for early termination?

**Item Summary/Recommendation:**

Due to the restoration of Old City Hall and the subsequent impact to the space occupied by the Parking Department, the City entered into a Lease Agreement with Palm Court at 23rd Street, Ltd., to relocate the Parking Department until such time as the department's permanent space in the multipurpose garage building on Meridian Avenue directly west of City Hall was complete.

The Lease Agreement terminates on July 31, 2009 and the Landlord has requested 180 days notice should the City wish to extend the Lease – which will be February 1, 2009. In considering the need to extend the Lease, the City Administration reviewed the Parking Department's operations and the need for a coin room with detailed specifications, including added measures for security in any location. An interim move into unoccupied areas within City buildings was considered. However, the cost to move the Department a second time and the disruption of customer services was deemed to be impractical. Additionally, the City has invested \$70,000 in the current space to make the required improvements for the operations of the Parking Department and to facilitate access and functionality for the public.

The Lease Agreement, as negotiated, includes the following additional terms and conditions:

**BASE RENT:**

The City of Miami Beach pays an annual Base Rent for the Demised Premises with an annual increase of CPI or 4% whichever is lower. The rent for the proposed extension year is projected to be \$231,360 annually, or \$19,280 monthly, based on the 4% capped increase. Should the CPI calculate to a lower percentage, the rent will reflect the lower amount. These funds are provided for in the Parking Department's budget. The rent for the first and second years of the Lease Agreement did not have an increase, however, the renewable term and this subsequent extension is subject to the CPI or 4% increase, whichever is lower.

**TENANT RESPONSIBILITIES FOR UTILITIES:**

The City of Miami Beach will pay charges for water and sewer for the first floor which includes a restroom, and electricity cable, internet, and telephone service for the entire Demised Premises provided to the facility including, without limitation, all hookup fees and impact fees. These fees were previously incurred by the City in the Parking Department's location in Historic Old City Hall.

**IMPROVEMENTS:** No additional improvements are needed during this lease term extension.

The Lease Agreement does not have any additional provisions for renewal. The Landlord has agreed to provide the City with a one year extension and two provisions for early termination. The projected completion date of the multipurpose garage office space, including internal finishings, is March 2010. The City has the option to terminate early on January 31, 2010 and again on April 30, 2010 to accommodate fluctuations that may occur in the construction and move-in schedule. All terms of the Lease Agreement remain the same.

Therefore, the Administration recommends that the Mayor and City Commission approve an extension and first amendment of that certain lease agreement between the City of Miami Beach, as Tenant, and Palm Court at 23rd Street, Ltd., as Landlord, for an additional term of one (1) year, commencing on August 1, 2009, and ending on July 31, 2010, during which time development of alternative facilities to relocate the Parking Department operations shall be completed, further authorizing the Mayor and City Clerk to execute same.

**Advisory Board Recommendation:**


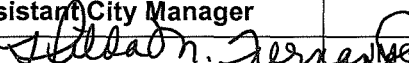

**Financial Information:**

| Source of Funds:       | Amount   | Account          |
|------------------------|----------|------------------|
| 1                      | \$77,120 | 480 0461 000 323 |
| 2                      | \$77,120 | 480 0462 000 323 |
| 3                      | \$77,120 | 480 0463 000 323 |
| <b>Total \$231,360</b> |          |                  |

**City Clerk's Office Legislative Tracking:**

Ana Cecilia Velasco, Asset Manager x 6727

**Sign-Offs:**

| Department Director                                                                        | Assistant City Manager                                                                   | City Manager                                                                          |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| AP ACV  | HMF  |  |

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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

## COMMISSION MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: January 28, 2009

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AN EXTENSION AND FIRST AMENDMENT OF THAT CERTAIN LEASE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH, AS TENANT, AND PALM COURT AT 23<sup>RD</sup> STREET, LTD., AS LANDLORD, FOR AN ADDITIONAL TERM OF ONE (1) YEAR, COMMENCING ON AUGUST 1, 2009, AND ENDING ON JULY 31, 2010, DURING WHICH TIME DEVELOPMENT OF ALTERNATIVE FACILITIES TO RELOCATE THE PARKING DEPARTMENT OPERATIONS SHALL BE COMPLETED; FURTHER AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE SAME.**

### ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

### KEY INTENDED OUTCOMES SUPPORTED

To ensure well-maintained facilities.

### ANALYSIS

Due to the restoration of Old City Hall and the subsequent impact to the space occupied by the Parking Department, the City entered into a Lease Agreement with Palm Court at 23<sup>rd</sup> Street, Ltd., to relocate the Parking Department until such time as the department's permanent space in the multipurpose garage building on Meridian Avenue directly west of City Hall was complete.

The City Commission passed Resolution No. 2006-26223 approving a Lease Agreement with an initial two year terms commencing August 1, 2006 and terminating July 31, 2008. The City exercised a one year renewal provision with a renewal termination date of July 31, 2009. The Landlord has requested 180 days notice should the City wish to extend the Lease. In considering the need to extend the Lease, the City Administration reviewed the Parking Department's operations and the need for installation of a coin room with detailed specifications, including added measures for security in any location. An interim move into unoccupied areas within City buildings was considered. However, the cost to move the Department a second time and the disruption of customer services was deemed to be impractical. Additionally, the City has invested \$70,000 in the current space to make the required improvements for the operations of the Parking Department and to facilitate access and functionality for the public.

The Lease Agreement, as negotiated, includes the following additional terms and conditions:

- **BASE RENT:**  
The City of Miami Beach paid a prorated amount of \$14,375 monthly until the coin room improvement was completed. Beginning in February of 2007, the City paid the full annual Base Rent for the Demised Premises in the amount of \$17,825 per month. There was no provision for an increase in the Base Rent in the second year. The term of Lease provides for an annual increase based on CPI or 4%, or \$18,538 monthly whichever is lower, for the one year renewal term that expires July 31, 2009. The rent for the proposed extension of one year is projected to be \$231,360 annually, or \$19,280 monthly based a negotiated 4% cap increase consistent with the prior renewal term. Should the CPI calculate to a lower percentage, the rent will reflect the lower amount. These funds are provided for in the Parking Department budget.
- **TENANT RESPONSIBILITIES FOR UTILITIES:**  
The City of Miami Beach will pay charges for water and sewer for the first floor, and electricity, cable, internet, and telephone service for the entire Demised Premises provided to the facility including, without limitation, all hookup fees and impact fees. These fees were previously incurred by the City in the Parking Department's location in Historic Old City Hall.
- **IMPROVEMENTS:**  
No additional improvements are required during this lease term.

The Lease Agreement does not have any additional provisions for renewal. The Landlord has agreed to provide the City with a one year extension and two provisions for early termination. The projected completion date of the multipurpose garage/office space, including internal finishings, is March-April 2010. The City has the option to terminate early on January 31, 2010 and again on April 30, 2010 to accommodate fluctuations that may occur in the construction and move-in schedule. All terms of the Lease Agreement remain the same.

#### **CONCLUSION**

The Administration recommends that the Mayor and City Commission approve an extension and first amendment of that certain lease agreement between the City of Miami Beach, as Tenant and Palm Court at 23<sup>rd</sup> Street, Ltd., as Landlord, for an additional term of one (1) year, commencing on August 1, 2009, and ending on July 31, 2010, during which time development of alternative facilities to relocate the Parking Department operations shall be completed, further authorizing the Mayor and City Clerk to execute same.

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**RESOLUTION NO: \_\_\_\_\_**

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AN EXTENSION AND FIRST AMENDMENT OF THAT CERTAIN LEASE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH, AS TENANT, AND PALM COURT AT 23<sup>RD</sup> STREET, LTD., AS LANDLORD, FOR AN ADDITIONAL TERM OF ONE (1) YEAR, COMMENCING ON AUGUST 1, 2009, AND ENDING ON JULY 31, 2010, DURING WHICH TIME DEVELOPMENT OF ALTERNATIVE FACILITIES TO RELOCATE THE PARKING DEPARTMENT OPERATIONS SHALL BE COMPLETED; FURTHER AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE SAME.**

**WHEREAS**, on November 2, 2004, the voters of Miami Dade County approved a referendum supporting the Building Better Communities General Obligation Bond Program (BBC GOB) to provide \$2.9 billion to fund more than 300 capital improvements throughout the County over the next 15 to 20 years; and

**WHEREAS**, the City had a total of eight projects in advanced stages of renovation, including Old City Hall which had incurred structural damage, and further necessitated the need to relocate the Parking Department, which was a tenant in the Old City Hall Building to new leased premises; and

**WHEREAS**, on June 7, 2006 the City Commission passed Resolution No. 2006-26223 approving a Lease Agreement with an initial term of two years, commencing on August 1, 2006 and expiring on July 31, 2008, between the City, as Tenant, and Palm Court at 23<sup>rd</sup> Street, Ltd., as Landlord, for approximately 6,900 sq. ft. at 309 23rd Street (Palm Court), which met the needs of the Parking Department; and

**WHEREAS**, the Lease contains a one year renewal option, exercisable at the City's discretion; the City exercised the option to renew, which terminates on July 31, 2009; and

**WHEREAS**, the construction of the multipurpose garage which will permanently house the Parking Department will not be completed July 31, 2009; and

**WHEREAS**, the Landlord is willing to extend the Lease under the same terms and conditions, for one additional year with an option for early termination at six (6) months and nine (9) months, respectively, to accommodate the construction schedule of the multipurpose garage; and

**WHEREAS**, the monthly rent for the Lease extension is \$19,280.00.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA,** that the Mayor and City Commission hereby approve an extension and First Amendment of that certain Lease Agreement between the City of Miami Beach, as Tenant, and Palm Court 23<sup>rd</sup> Street, Ltd., as Landlord for an additional term of one (1) year, commencing on August 1, 2009 and ending on July 31, 2010, during which time the development of alternative facilities to relocate the Parking Department operations shall be completed; further authorizing the Mayor and City Clerk to execute same.

**PASSED and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2009**

**ATTEST:**

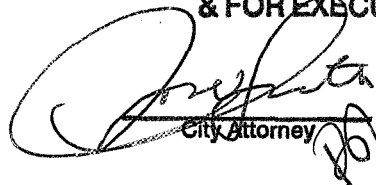
\_\_\_\_\_  
**CITY CLERK**

\_\_\_\_\_  
**MAYOR**

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**APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION**

  
\_\_\_\_\_  
City Attorney

1/22/09  
\_\_\_\_\_  
Date

# FIRST AMENDMENT TO LEASE

THIS AMENDMENT, dated as of the — day of January, 2009, by and between **PALM COURT AT 23<sup>RD</sup> STREET, LTD.**, (hereinafter referred to as "Landlord"), and the **CITY OF MIAMI BEACH**, a Florida municipal corporation, (hereinafter referred to as "City" or "Tenant").

## WITNESSETH

**WHEREAS**, Landlord and Tenant entered into that certain Lease Agreement (the "Lease"), dated August 1, 2006, with respect to certain premises generally described in the Lease as 6,900 rentable square feet consisting of Suites 170 and Suite 200 (as more fully described in Exhibit A and Exhibit B to the Lease) in the property known as Palm Court, located at 309 23<sup>rd</sup> Street, Miami Beach, Florida.

**WHEREAS**, pursuant to section 2.2 of the Lease, Tenant exercised its option to extend the Lease through July 31, 2009;

**WHEREAS**, the Lease does not currently provide for additional extensions of the Lease term;

**WHEREAS**, Tenant desires to extend the Lease term beyond the July 31, 2009 Termination Date;

**WHEREAS**, Landlord agrees to extend the Lease subject to the terms and conditions herein;

**WHEREAS**, all other terms and conditions contained in the Lease shall have the same meanings when referred to elsewhere herein;

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein Landlord and Tenant hereby agree as follows:

1. Article 2.2 is hereby amended as follows:

The Tenant shall have an option, at its sole discretion, to extend the Lease term for an additional one (1) year term, upon the terms and conditions provided herein (**First Renewal Term**). In order to exercise the option, Tenant must furnish written notice to Landlord of its intention to exercise the extension no later than 180 days prior to the Termination Date set forth in subsection 2.1. Tenant's failure to timely furnish such written notice shall be deemed to relieve the Landlord of any obligation to provide such renewal option to Tenant. There shall be a five (5) calendar day grace period for the receipt of such notice. Notice shall be made via certified mail or overnight courier service to the Landlord's place of business, as set forth in Section 27 of the Agreement.

**Following expiration of the First Renewal Term, the Tenant shall have the option, at its sole discretion, of extending the Lease, upon the same terms and conditions provided herein, for a second one (1) year term, commencing on August 1, 2009, and terminating on July 31, 2010, (the Second Renewal Term) by providing written notice to Landlord 180 days prior to expiration of the First Renewal Term. Notwithstanding the preceding, Tenant may terminate this**

**Lease, without cause for convenience, during the Second Renewal Term as follows: Early termination may be exercised by Tenant either on January 31, 2010, or April 30, 2010, by providing written notice to Landlord 120 days prior to the date elected for termination.**

2. Except as hereby modified and amended, all other terms, provisions, covenants and conditions of the Lease shall remain unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have caused these presents to be signed by the respective duly authorized officers and the respective corporate seals to be affixed this \_\_\_\_ day of \_\_\_\_\_, **2009**.

**ATTEST:**

**CITY OF MIAMI BEACH, FLORIDA**

BY: \_\_\_\_\_  
Robert Parcher, City Clerk

BY: \_\_\_\_\_  
Matti Herrera Bower, Mayor

**ATTEST:**

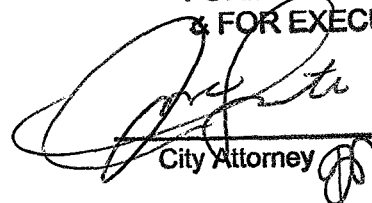
**PALM COURT AT 23<sup>RD</sup> STREET, LTD.**  
Palm Court Inc. (general partner)

BY: \_\_\_\_\_  
Ronald Bloomberg, Secretary

BY: \_\_\_\_\_  
Ronald Bloomberg, President

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**APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION**

  
\_\_\_\_\_  
City Attorney

1/22/09  
\_\_\_\_\_  
Date