



# MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. 195-2012

RECEIVED

2012 JUL 30 PM 2:09

CITY CLERK'S OFFICE  
LETTER TO COMMISSION

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

FROM: Kathie G. Brooks, Interim City Manager

DATE: July 17, 2012

SUBJECT: **LOG CABIN NURSERY**

The purpose of this Letter to the Commission (LTC) is to inform the Mayor and City Commission of the status of the tenancy of the Log Cabin Training Center, operated on City-owned land by Sunrise Community, Inc., at 8128 Collins Avenue, and to provide some background and history on the tenancy. The current Lease Agreement commenced on August 1, 2006 for an initial three year term with two additional options for three years each, at the sole discretion of the City Manager. The first option was exercised in 2009 and expires on July 31, 2012. When the tenant requested to exercise the second option, a default condition existed but has since been remedied. The Administration is processing approval of the renewal option for the final available term through July 31, 2015.

## **BACKGROUND**

The City established and maintained the Log Cabin Training Center from 1975 through 2005 as a service designed to provide vocational training and support for developmentally disabled adults. The Log Cabin Training Center housed three programs: Adult Day Training (ADT), Supported Employment (SE), and Supported Independent Living (SIL). A separate entity and facility, the adjacent Log Cabin Nursery, served as a sheltered work site to provide employment to the clients of the training center. In this way, the clients were able to implement the training they were receiving in the same proximity.

In 2005, after issuing a Request for Proposals (RFP) for an entity to assume the administration and management of the Log Cabin Training Center and its various programs, the City ultimately entered into a Lease Agreement with Sunrise Community, Inc. ("Sunrise") for the scope of services requested in the RFP and included specific language to ensure that existing programming and services remained consistent. The Lease with Sunrise for the Log Cabin Training Center commenced on September 1, 2005 and was expected to expire July 31, 2009. However, on July 1, 2007, Log Cabin merged with Sunrise. The Log Cabin Board of Directors were absorbed by Sunrise, but remained the governing authority over the nursery's sheltered work program in order to sustain the independence of client and provider.

On April 22, 2009 the City Commission approved Amendment No. 1 to Lease Agreement which granted a renewal term and further amended the Lease to include the training center (formerly part of a separate lease with Sunrise), increase the base rent, and expand the use and possession of the premises to include the classroom building and 500 square feet of land in the demised premises. This first renewal term is for a period of three years commencing August 1, 2009 and expiring July 31, 2012. As mentioned above, the Lease contains one remaining renewal term for three years at the sole discretion of the City Manager.

However, on or about May 9, 2011, Log Cabin submitted a hand-written note advising the City that, due to reductions in State funding, it would have to cease operations on June 30, 2011.

Furthermore, Log Cabin indicated it would send a formal letter to the City requesting early termination of the Lease Agreement.

On June 21, 2011, Log Cabin submitted a letter to the City withdrawing its request for early termination. Additionally, on June 21, 2011, Log Cabin submitted a Letter of Intent to the City detailing a proposed recovery plan including a partnership with a for-profit landscaping related company for the management of the nursery operations.

On June 28, 2011, staff met with representatives of Log Cabin to discuss the proposed recovery plan. Staff advised Log Cabin that subleases and/or assignments, as well as for-profit operations, were prohibited under the Lease Agreement due to the requirements stipulated in the RFP. Staff further stressed that the tenant could not use the site for purposes other than those included in its response to the RFP.

Notwithstanding the fact that the Log Cabin was informed that a sublease or assignment to a for-profit entity was not permitted, on March 22, 2012, Log Cabin provided the City with an agreement between Log Cabin and A1A Sod, Sand & Soil, Inc. ("A1A"), which had been dated August 2011, and was entitled "Agreement". This Agreement stated that A1A would operate the nursery at the Log Cabin Nursery and that all revenues from products supplied by A1A would be the sole and exclusive property of A1A. Furthermore, the document stated that A1A would pay specified utility costs to Log Cabin as well as specified payments for labor provided by Log Cabin as part of its Supported Employment program. All profits earned after the aforementioned operational costs would be kept by A1A.

On April 2, 2012, in accordance with the Lease Agreement, Log Cabin requested that the City agree to the second (and final) renewal term for an additional period of three (3) years commencing August 1, 2012 and expiring July 31, 2015.

On May 7, 2012, staff met with representatives of Log Cabin to discuss the Agreement with A1A as well as the services currently being provided by Log Cabin. The City advised Log Cabin that the Agreement with A1A was not acceptable to the City.

On May 14, 2012, the City sent a Notice of Default to Log Cabin explaining that its agreement with A1A is a violation of the Lease Agreement, as is its failure to comply with the Supported Independent Living program which requires that a minimum of five clients are served. The City instructed Log Cabin to take the appropriate measures to cure these defaults within 30 days. Furthermore, in light of the default conditions, on May 14, 2012, the City sent a Notice of Non-Renewal to Log Cabin advising the tenant that the City would not renew the Lease Agreement.

On May 18, 2012, Log Cabin provided the City with a proposed Consignment Agreement between Log Cabin and A1A which purported to replace the previous, disallowed Agreement with A1A. On June 6, 2012, the City sent a letter to Log Cabin advising them that the proposed Consignment Agreement is not acceptable to the City as a cure for the default of the Lease and that Log Cabin had failed to provide evidence that the second condition of default, whereby they are not serving at least five (5) clients in their Supported Independent Living program, had been cured. Furthermore, the City advised Log Cabin that the Notice of Default dated May 14, 2012 remained in full force and effect and that they had until June 15, 2012 to cure the aforementioned defaults.

On June 14, 2012, Log Cabin delivered a letter to the City advising that it had cancelled the Agreement with A1A. Log Cabin also advised the City that it is currently supporting twenty-three people in the Supported Independent Living program. Furthermore, Log Cabin requested, in light of the fact that it had taken the necessary steps to cure the defaults cited in the City's Notice of Default, that the City grant a renewal of the Lease Agreement.

On June 27, 2012, City staff inspected the Log Cabin with representatives of Log Cabin site and verified that A1A Sod, Sand & Soil, Inc. had ceased operations and vacated the property.

On July 16, 2012, the City mailed an "Amendment No. 2 to the Lease Agreement" to Log Cabin granting the second (and final) renewal term for a period of three years commencing August 1, 2012 and expiring July 31, 2015. This Amendment No. 2 is expected to be acknowledged by the tenant and then, finally, by me by July 31, 2012.

JMG\HMF\AP\MM

F:\RHCD\\$\ALL\ECOM\$\ALL\ASSET\Log Cabin\Log Cabin Enterprises - LTC (7-16-12).docx