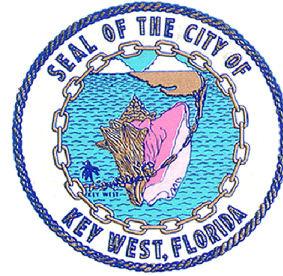


Executive Summary



TO: Key West Bight Board
Community Redevelopment Agency

CC: Doug Bradshaw

FR: Marilyn Wilbarger, RPA, CCIM

DT: March 26, 2014

RE: Sunset Watersports Lease Renewal 201 William Unit C

ACTION STATEMENT

This is a request to approve a lease renewal for Sunset Watersports at 201 William Street Unit C on the first floor.

HISTORY

Sunset Watersports has occupied this space for multiple terms and invested in an expansion with the last lease renewal. During this term the Tenant's use of the space has been materially diminished due to all of the surrounding construction including the elimination of the existing access to their cooler which serves their water excursions and requiring them to accept deliveries and provision their vessels thorough their retail store and a temporary walkway through the adjoining construction area. On a daily basis there is heavy equipment, noise, dust, and general confusion that have affected their business. The storefront is routinely blocked by delivery vehicles that have been forced to find an alternate space to unload due to the construction of the hotel. The parking adjoining their location has been impacted. They have had to replace their AC unit which they believe failed prematurely due to the concrete dust clogging the unit. They will continue to be impacted during the next term of the lease by the William Street outfall re-construction and the creation of the traffic circle/drop off in front of their location. Therefor, a lease renewal is proposed that will reduce the rent to be consistent with their retail space on the Harbor walk and reflective of the current market rate paid by other tenants in the Key West Bight as follows:

Demised Premises: 201 William Street, containing 750 square feet

Use: Ticket sales and check-in of Tenant's patrons for vessels operated by Sunset Watersports, Inc. in the Key West Bight City Marina, retail sale of surf shop apparel, water activity related items and Sunset Watersports logo hats, T-shirts and visors, a walk-in cooler for storage of Tenant's perishable goods and for no other purpose.

Term: 5 years, May 1, 2014

Rent: \$34.00 per square foot \$34.00 per square foot will be adjusted annually by any increase in the Consumer Price Index published by the United States Department of Labor for All Urban Consumers consistent with all of the leases in the Key West Bight.

Additional Rent: Tenant shall pay its pro-rate share of CAM, Taxes, and insurance

Percentage Rent: 6% in excess of the percentage rent base amount for retail sales

Utilities: Tenant shall pay for all utility usage.

FINANCIAL STATEMENT:

Sunset Watersports is a long-term tenant that is in good financial standing and Richard Welter has executed a personal guarantee for the payment of rent. The tenant has never requested a rent abatement due to the diminished use of the space. The rent adjustment will lower the base rent from \$2,878 to \$2,125 per month in year one of the renewal term while the rate remains consistent with other recent leases that are this rate including:

Key West Ice Cream Factory
Hayes Robertson Group
Key West Bait and Tackle (proposed)
Hammerhead Surf Shop (proposed)

RECOMMENDATION:

The rental adjustment is fair in light of the hardships endured by the Tenant that are completely out of their control and solely based upon the location of this space. The proposed rate provides some economic relief yet remains a market rate for similar uses in the Key West Bight.

ATTACHMENTS:

Lease
Personal Guaranty