

Executive Summary



TO: Key West Bight Management District Board
Community Redevelopment Agency

CC: Jim Scholl
Doug Bradshaw

FR: Marilyn Wilbarger, RPA, CCIM

DT: April 4, 2017

RE: Letters of Interest and Lease for 255 Margaret Street

ACTION STATEMENT

This is a request to accept the letter of interest and approve a new lease for Mc Grail & Rowley, Inc. for the demised premises located at 255 Margaret Street.

HISTORY

Pursuant to Florida Statute Sec. 163.380 public notice was given on February 23, 2017 seeking letters of interest for the lease of the space located at 255 Margaret Street. The city received two letters of interest as follows:

1. Proposer: Prince Rengiil

Lease Term: Not specified

Premises: Space as advertised plus two parking places behind the building

Use: A small café style specializing in chicken wings, etc. from different countries, just like Cuban Coffee Queen style with delivery.

Rent: \$26.43 per square foot - \$2500 per month plus 1% of gross sales for the first year and 2% after that

Improvements: Proposer would complete the improvements to make the space move in ready in exchange for a ten-month rent credit or City to complete improvements and proposer receives a one month rent credit
2. Proposer: McGrail and Rowley, Inc.

Lease Term: Five years

Premises: Space as advertised plus loading dock

Use: Operation of a commercial kitchen with on and off premises food sales, beer and wine sales, retail merchandise, rentals, ticket sales and/or office space

Rent: \$33 per square foot or \$3121.25 per month

Improvements: Proposer to complete their improvements after Landlord completes the minimum improvements to meet building code.

After review of the two proposals and further discussions with the proposers a lease has been drafted and is presented here for your consideration:

Tenant: McGrail and Rowley, Inc.

Demised Premises: Building 1196 square feet
Covered Porch 255 square feet
Loading dock 161 square feet

Use: Operation of a commercial kitchen with on and off premises food sales, beer and wine sales, retail merchandise, rentals, ticket sales and/or office space

Term: Five years, effective June 1, 2017 with a fifteen-day rent abatement to allow for tenant fixturing

Rent: \$4,030.00 monthly

Increase: CPI increases in base rent annually

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

Percentage Rent: Six Percent

Utilities: Tenant shall pay for all utility usage.

Improvements: Proposer to complete their improvements after Landlord provides minimum improvements to meet building code

FINANCIAL STATEMENT:

The rent proposed reflects a market rate for the demised premises. Owners Paul Mc Grail and Sean Rowley will sign personal guaranties for the faithful performance of the terms of the lease and post a security deposit equal to two months base rent.

CONCLUSION: An evaluation of the two letters of interest was undertaken and based upon the terms offered it is in the best economic interest to the CRA to move forward with the proposal received from McGrail and Rowley.

ATTACHMENTS:

Public Notice

Letters of Interest

Draft Lease

Corporate Filings