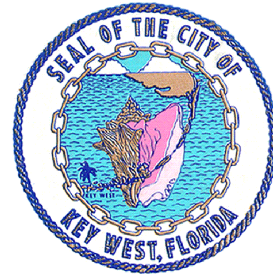


Executive Summary



TO: Key West Bight Board
Community Redevelopment Agency

FR: Marilyn Wilbarger, RPA, CCIM

DT: April 6, 2018

RE: Lease Renewal for Conch Tour Train, Inc at 901 Caroline

ACTION STATEMENT

This is a request to approve a lease renewal for the demised premises located at 901 Caroline Street.

HISTORY: Almost twenty years ago, at the request of the City, the Conch Tour Train built Flagler Station and saved and re-located two additional historic structures to the site; The Maggie Atwell House and the Train Car. The original purpose was to establish a Conch Train station there to attract visitors to the historic seaport to benefit the merchants in the area. Over the years the uses have changed somewhat as the depot did not prove to be as successful as originally planned. The Conch Tour Train remains committed to the site and as such have proposed to keep operating the site as museums for Fort Jefferson including the scale model of the fort as well as the Train Car and Maggie Atwell House with retail and ticket sales.

The original 20-year lease will expire in March of 2019 and the tenant has requested a renewal based upon the following proposed terms:

Demised Premises: A new survey to determine the net usable area has been completed. The Net Usable Square Feet is defined as all interior floor space, any second-floor space, storage, covered outdoor areas or any other area set aside for the exclusive use and economic benefit of the Tenant. The breakdown of the space is as follows:

Building	1342
Covered Outdoor	851
Museum Car, House	1519
Train Booth	100
Grounds area	3548
Total Square Feet	7,360

Term: Ten (10) years

Use: Operation of museums open to the public in the building, covered outdoor platform, train car, and Maggie Atwell House with commercial retail use allowed in the building

only. Ticket booth and passenger drop off and pick up by Conch Tour Train in the driveway, and no other purpose

Base Rent: Base rent will be a market blended rate per square foot that is consistent with other City leases and determined by the improvements and utility/use of the areas within the demised premises, as follows:

Building	1342	\$35.00
Covered Outdoor	851	\$12.50
Museum Car, House	1519	\$12.50
Ticket Booth	100	\$120.00
Grounds area	3548	\$3.29

Annual Base Rent \$100,596.92

Rent Increases: Annual base rent increases based upon the Consumers Price Index (CPI)

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

Additional Rent: Tenant shall pay its pro-rata share of Common Area Maintenance, Property Taxes, and Insurance. Square footage for expense reimbursement purposes is calculated pursuant to the Maximus Report which allocates outdoor space at 50% based upon the new survey

Utilities: The Tenant shall pay for all utility usage.

Repairs and Maintenance: With each existing lease renewal, the City has engaged a third-party firm perform a property inspection to ascertain the current state of maintenance and repairs. This inspection report is also included as an exhibit to the lease and indicates any repairs that need to be made and pursuant to the lease, by whom.

FINANCIAL:

The rent proposed is at a blended market rate based upon the square footage and permitted uses of each of the areas as identified in the lease. The base rent will be increased from the current annual rent of \$53,166.24 to the annual rent shown above. This increase is reflective of the original rent amortizing construction costs over the twenty-year term, hence the substantial increase. The lease is personally guaranteed, the tenant's rent is not delinquent and the leasing history is most satisfactory.

CONCLUSION: Everyone will benefit from having more history in the historic seaport. The Fort Jefferson model coupled with the Train Car and Maggie Atwell house will provide a glimpse into Key West's past that will paint a vivid picture and create a

backdrop for today's activities. Staff recommends approval of the lease renewal as proposed.

ATTACHMENTS:

Lease

Personal Guaranty

Corporate Filings