



MEMORANDUM

Date: June 4, 2025

To: Mayor and Commissioners

Via: Kendal L. Harden
Interim City Attorney

From: Ryan Waterhouse
Assistant City Attorney

Subject: **Settlement Approval of Kava Culture Key West Co vs. City of Key West
Monroe County Case No. 24-AP-000018-K**

Background

In December 2022, the City opened Code Case No. 22-1194 after concluding that Kava Culture Key West Co. ("Kava Culture") needed a specialized "food service" business tax receipt ("BTR") for onsite beverage preparation. On August 31, 2023, the Special Magistrate found a violation and imposed associated fees. Kava Culture appealed the resulting lien in Monroe County Circuit Court. After discussions, a proposed settlement has been reached, subject to City Commission approval, to conclusively resolve any and all claims.

Settlement agreement pending approval

The parties conducted a meeting on April 25, 2025, at which Assistant City Attorney Ryan Waterhouse reached a settlement in principle with Kava Culture Key West Co., contingent on the approval of the City Commission. Based on the proposed Settlement Agreement, the parties agreed to the following key terms:

1. Release of Lien
The City will record a Release of Lien within seven (7) business days of the Agreement's effective date, clearing the current Code Enforcement lien.
2. Dismissal of Appeal
Kava Culture will dismiss its appeal with prejudice, negating further costs or exposure and preventing additional claims/appeals.
3. Mutual Release & No City Payment
Each party releases any and all claims related to Code Case No. 22-1194. Kava Culture has come into compliance with its licensing per City requirements.

4. Effective Date

The Agreement takes effect upon City Commission approval and final signatures, concluding this dispute in full.

Recommendation

Counsel for the City recommends approving this settlement to avoid further litigation and potential exposure to the City. Counsel for the City also recommends authorizing the City Manager or designee to execute any necessary documents, upon consent of the City Attorney.