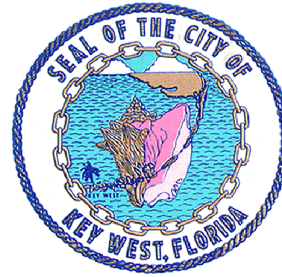


# EXECUTIVE SUMMARY



**TO:** Jim Scholl  
City Commission

**FR:** Marilyn Wilbarger, RPA, CCIM

**DT:** February 22, 2011

**RE:** New Lease for the Building at Simonton Street beach

**ACTION:** This is a request to consider a new lease for the small building located at Simonton Street Beach.

## **BACKGROUND:**

In accordance with City Ordinance 05-15, Sec 2-941 (b), the City advertised for proposals pursuant to sections 2-826 through 2-844 and responses were submitted to the City Clerk's office. The building has been closed and un-occupied for the last several years but was previously utilized as public restrooms to serve the beach area. The City was asked to try and obtain a use for the building or to demolish it to help alleviate the problematic use of the area and therefore the City advertised for proposals to lease the building. In response to the advertisement, the City Clerk received one proposal for the lease of this property based upon the following terms:

**Use:** Operation of a concession stand with water sports activities and beach equipment rentals more fully described in Section 6 of the lease.

**Demised Premises:** 252 square feet

**Term:** Ten years, effective April 1, 2011

**Rate:** Year 1- 6% of gross sales  
Year 2 - Base rent determined by 6% of gross in year one, plus 6% over base rent break point  
Year 3-10 Base rent shall increase 5% annually plus 6% over base rent break point

**Additional Rent:** Tenant shall make all improvements to the building for Tenant's purposes at Tenant's cost and Tenant will clean the adjacent beach and maintain a public restroom during hours of operation. Tenant will install and maintain landscaping and undertake additional beautification improvements with the Landlord's approval.

**Utilities:** Tenant shall pay all utilities

**FINANCIALS:**

The rental rate proposed is reflective of the market rate paid by other city tenants at 6% of gross sales. The Tenant will make all improvements at their cost and the City will gain unbudgeted revenue as well as expense reductions for the beach and bathroom cleaning, landscaping maintenance, and fewer security issues and/or police calls,

**RECOMMENDATION:**

The use proposed is an approved use per the current zoning and will bring life to an under-utilized, blighted area. The proposed tenant is a long term business owner in Key West and has a proven track record of success. Staff recommends approval of the lease as proposed.

**ATTACHMENTS:**

- Public Notice
- Proposal
- Draft lease
- Personal Guaranty