




MEMORANDUM

Date: June 8, 2023

To: Honorable Mayor and Commissioners

Via: Albert P. Childress
City Manager 

From: Gary Moreira
Senior Property Manager

Subject: **Concession Agreement Assignment – Sunset Watersports, LLC**

Introduction

This is a request to approve a concession agreement assignment for the Sunset Watersports concession located at Smathers Beach.

Background

The City of Key West entered into the concession agreement with Richard C. Welter, DBA Sunset Watersports, LLC on June 19, 2018, Resolution #18-200. The concession agreement is for two locations on Smathers Beach as shown on Exhibit A. Concessionee wishes to assign the agreement to Rich Welter II to do business as Sunset Watersports Adventures, LLC and concessionee will remain a guarantor of the agreement as will the assignee. There are no other requested modifications to the current agreement.

Procurement

Demised Premises: Two designated concession areas as shown on Exhibit A.

Term: Existing term expires on September 30, 2028.

Current Rent: 10% of gross or \$5,892.00 per month, whichever is greater.

Rent Increases: Adjusted annually by the Consumer Price Index.

Additional Rent: State excise tax.

Financial: Income to be received over the lease term is as shown above under procurement. Rental income to the city was approximately \$105,000.00 over the past 12 months.

Recommendation

Assignment of the concession agreement is permitted under Paragraph 8B with City Commission approval. A background investigation of the assignee was conducted pursuant to Section 2-871 of the municipal code showing no record of felony convictions in the past five years or of any public entity crime. The approved use remains unchanged and will continue to be used as a watersports concession comprised of rentals, instruction, parasailing, etc., and as further described under Paragraph 3A of the concession agreement. The Sunset Watersports concession is a popular attraction for visitors. Staff recommends the Mayor and Commission approve and execute the assignment of concession agreement.

Exhibits:
First Amendment to Lease