




CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#21-0905

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager 

DATE: September 21, 2021

TITLE: **REVISED R-3** - Resolution Approving the Fifth Amendment to the Ground Lease Agreement with Las Olas SMI, LLC ("Suntex") for City-owned Property Located at 240 East Las Olas Circle – **(Commission District 2)**

Recommendation

Staff recommends the City Commission adopt a Resolution approving the Fifth Amendment to the Ground Lease Agreement with Las Olas SMI, LLC ("Suntex") for City owned property located at 240 East Las Olas Circle, commonly known as the Las Olas Marina.

Background

On June 21, 2016, the City Commission adopted Resolution 16-102 declaring its intent to lease City-owned property known as the Las Olas Marina located on 240 East Las Olas Circle and a portion of the Las Olas Intracoastal Parking Lot located on 201 South Birch Road, both properties commonly known as the Las Olas Marina. Suntex Marina Investors, LLC. ("Suntex") was the sole bid responder. As part of its bid submittal, Suntex included a Base Proposal, an Alternate A Proposal (Base Proposal plus Restaurant), an Alternate B Proposal (Mega Yacht Proposal) and an Alternative C Proposal (Mega Yacht Proposal plus Restaurant). On October 5, 2016, the City Commission approved Resolution 16-175 awarding the Las Olas Marina Lease to Suntex. On October 18, 2016, the City Commission adopted Resolution 16-180 authorizing the negotiation of the lease and the approval of Alternative C-3 Proposal from the Suntex bid package. On July 11, 2017, the City Commission adopted Resolution 17-154 approving the ground lease with Suntex for a 50-year term.

There are four executed amendments related to the initial agreement:

- First Amendment (CAM #19-0394): Extended the pre-development period
- Second Amendment (CAM #19-0708): Replaced the site plan known as Alternate C-3 with a new site plan known as Alternate Proposal Site D
- Third Amendment (CAM #19-1195): Extended the pre-development period
- Fourth Amendment (CAM #21-0031): Clarified Submerged Land Lease and Trustees of the Internal Improvement Trust Fund (TIITF) issues, definition modifications, offset revenues, and other development requirements.

The proposed fifth amendment includes:

- Amending the Possession and Commencement Date to October 1, 2021
- Deferring certain Pre-Development period approval requirements to after the Commencement Date
- Memorializing the Anticipated Expiration Date, Initial Base Rent Period, and Subsequent Base Rent Period
- Ratification of Possession and the Ground Lease as required under the Ground Lease.

All other terms and conditions of the Ground Lease Agreement, as amended, remained unchanged. If approved, Suntex would take occupancy of the site on October 1, 2021 which will relinquish the City from operating and maintaining the current Las Olas Marina.

Resource Impact

As further defined in Exhibit 2, this action will result in an estimated first year negative impact of \$542,257. The negative impact has been incorporated into the FY22 operating budget through a revenue reduction of \$952,622 and expenditure cost avoidance of \$410,365. Exhibit 2 identifies a \$500,000 Initial Base Rent payment; however, the Ground Lease requires a \$550,000 payment. City staff will prepare an FY22 budget amendment in October 2021 for Commission consideration to appropriate the additional funds.

Based on the Suntex financial model, once the marina is constructed and fully operational the City should anticipate an annual positive impact of over \$2,300,000.

The initial base rent payment is \$550,000 of which \$500,000 is included in the FY22 operating budget in the account below and the remaining \$50,000 will be appropriated through an FY22 budget amendment.

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
001-PKR90105-N900	Las Olas Decks	Miscellaneous Revenues/ Miscellaneous Income	\$500,000	\$0	\$500,000

ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
<u>001-PKR90105-N900</u>	<u>Las Olas Docks</u>	<u>Miscellaneous Revenues/ Miscellaneous Income</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$550,000</u>

Strategic Connections

This item is a *2021 Top Commission Priority*, advancing the Parks and Public Places initiative.

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- The Public Places Focus Area
- Goal 3: Build a healthy and engaging community.
- Objective: Improve access to and enjoyment of our beach, waterways, parks and open spaces for everyone

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Here*.

This item supports the *Advance Fort Lauderdale 2040 Comprehensive Plan* specifically advancing:

- The Public Places Focus Area
- The Parks, Recreation & Open Space Element
- Goal 2: Be a community with high quality parks and recreational facilities that highlight the character of our City

Attachments

Exhibit 1 – Fifth Amendment

Exhibit 2 – Las Olas Marina FY22 Decision Package

Exhibit 3 – Resolution

Prepared by: Ben Rogers, Director, Transportation and Mobility

Department Director: Ben Rogers, Transportation and Mobility