



CITY OF FORT LAUDERDALE
Commission Agenda Memo
REGULAR MEETING

#18-0111

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

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: February 20, 2018

TITLE: Motion to Approve a Lease Amendment with PDKN Holdings, LLC

Recommendation

It is recommended that the City Commission approve a lease amendment with PDKN Holdings, LLC, tenant of the property located at 600 Seabreeze Boulevard and formerly known as "Oasis Cafe." The amendment to the lease is to provide for rent abatement retroactive to September 1, 2017, and up until 11 months following the closing of all open renovation permits.

Background

On November 17, 2015, the City Commission approved Resolution 15-262, authorizing execution of a lease agreement with PDKN Holdings, LLC, for lease of the property located at 600 Seabreeze Boulevard. The lease term is for twenty year with two, five year options to renew. Per the terms of the lease, the tenant began paying rent in the monthly amount of \$18,750 six months after the effective date of the lease, February 1, 2016.

On April 19, 2017, the City Commission approved a lease amendment extending the period in which PDKN Holdings, LLC was to receive their Certificate of Occupancy/Certificate of Completion to 21 months from the Effective Date of the lease. Since that time, PDKN Holdings, LLC has not been able to open their restaurant due to permitting issues. In a letter from PDKN Holdings, LLC's legal representation (Exhibit 3), they state that the delay in the completion of the project is due to ongoing modifications to Broward County's re-interpretation of shell permitting requirements and a conflict between the Life Safety Code and the Florida Building Code. They also state that due to the relocation of the water connection line from adjacent to the property to a point under FDOT paved right of way has caused delay and will require further and unforeseen permitting with the State.

PDKN and City staff met on February 13, 2018, to discuss the project and the open issues. After the meeting, PDKN indicated that they believe they have a clear path forward to commencing construction and completing the renovation. As a compromise to the request made by PDKN for rent abatement commencing September 1, 2017, up and until 11 (eleven) months following the closing of all open renovation permits on the property,

City staff has proposed that they receive 18 (eighteen) months of suspended rent from September 1, 2017, after which rent will commence in full regardless of whether the improvements have been completed. They will have 12 (months) from March 1, 2018, to receive their certificate of completion. To date, PDKN Holdings, LLC has paid \$232,909 in rent for 2016 and 2017. They will continue to pay property tax through the period of suspended rent.

Resource Impact

Revenues related to this agreement are included in the FY 2018 operating budget in the accounts listed below. There is a negative fiscal impact associated with this item and is contingent upon the approval March 6th Consolidated Budget Amendment CAM.

<i>Funds available as of February 8, 2017</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE ACTUAL (Character)	AMOUNT
001-PKR100101-N188	Real Estate	Miscellaneous Revenues/ P.D.K.N. Holdings	\$15,090,192	\$296,110	(\$225,000)
APPROPRIATION TOTAL ►					(\$225,000)

Strategic Connections

This item is a Press Play Fort Lauderdale Strategic Plan 2018 initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and sustainably
- Objective 1: Ensure sound fiscal management
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are United.*

Attachments

Exhibit 1 – Resolution 15-262

Exhibit 2 – Executed Lease Agreement

Exhibit 3 – Executed First Amendment to Lease Agreement

Exhibit 4 – 600 Seabreeze Extension Request – Crush Law P.A.

Exhibit 5 – Second Amendment to Lease Agreement

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