

STAFF REPORT REGULAR MEETING

AGENDA DATE: April 18, 2023

DEPARTMENT: Leisure Services

TITLE:

Fourth Amendment to Retail Lease with RTT - Benny's on the Beach, Inc., the current tenant/assignee

SUMMARY:

This amendment authorizes RTT - Benny's on the Beach, Inc., to extend its lease located at the Lake Worth Municipal Ocean Pier and provides for increases in rent during the extension.

BACKGROUND AND JUSTIFICATION:

On February 11, 2013, the City entered into a Lease agreement with RTT - Benny's on the Beach, Inc., for the lease of certain space located at the Lake Worth Municipal Ocean Pier for use as a restaurant and a bait shop. The lease allowed for ten (10) years with the option of renewing initially for an additional eight years. After the initial renewal the lease allows for one additional renewal for twenty-three (23) months.

On August 5, 2015, the City and Tenant entered into the First Amendment of the Lease to address the use of additional outdoor patio area.

On May 19, 2020, the City and Tenant entered into the Second Amendment to the Lease to revise certain terms and conditions as a result of the COVID-19 pandemic.

On February 21, 2023, the City Commission approved a 90-day extension to the Third Amendment at the new lease terms (2% increase in rent) to allow for further negotiations of the proposed lease.

The Fourth Amendment will extend RTT - Benny's on the Beach, Inc., lease at the Lake Worth Municipal Pier for the full nine (9) years and eleven (11) months authorized under the Lease (i.e., eight (8) year "Initial Extension" option and 23 months "Second Extension" option). The amendment provides for an increase in rent beginning April 19, 2023 wherein the Tenant will pay \$42.00 per square foot for the Premises and \$15.30 per square foot for the Patio Area. This rent will increase during the second year of the extension, beginning on February 11, 2024 wherein the Tenant will pay \$44.00 per square foot for the Premises and \$15.30 for the Patio Area. For the remaining 3-9 years and 11 months of the extension, the rent for the Premises and the Patio Area will increase annually by 3.5 percent beginning on February 11th of each year.

MOTION:

Move to approve/disapprove the Fourth Amendment to the lease with RTT - Benny's on the Beach, Inc.

ATTACHMENT(S):

Fiscal Impact Analysis
Exhibit A – Rental Payments
Fourth Amendment Retail Lease
Third Amendment Retail Lease
Second Amendment Retail Lease 2020
First Amendment Retail Lease 2015
Benny's Lease Agreement 2013
Market Rate Analysis Supplemental Information

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Years	2023	2024	2025	2026	2027
Inflows					
Current Appropriation	\$277,737	\$323,851	\$336,506	\$348,283	\$360,473
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
Outflows					
Operating	0	0	0	0	0
Capital	0	0	0	0	0
Net Fiscal Impact	\$277,737	\$323,851	\$336,506	\$348,283	\$360,473
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

Contract Award - Existing Appropriation	
	Revenues
Department	Leisure Services
Division	Beach Fund
GL Description	Leased Properties
GL Account Number	140-0000-362.10-00 / 140-0000-362.40-10
Project Number	N/A
Requested Funds	N/A