



City of Coral Gables
CITY COMMISSION MEETING
October 11, 2022

ITEM TITLE:

Ordinance on First Reading. A Ordinance of the City Commission of the City of Coral Gables, Florida, authorizing the City to enter into a Lease with Francesco Miracle Miles, LLC, a Delaware limited liability company, dba Francesco Restaurant with regard to the City-owned property 278 Miracle Mile, Coral Gables, FL 33134 for a period of seven (7) years and with two (2) additional, five-year renewal options, at the City’s discretion; providing for a repealer provision, severability clause, and providing for an effective date.

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

In July of 2020, the City of Coral Gables (the “Landlord”) took over the city-owned restaurant space at 278 Miracle Mile, Coral Gables, FL 33134 (the “Premises”) from the previous tenant. Since then, the Landlord has been marketing the Premises in search of an experienced restaurateur with a chef-driven restaurant/entertainment concept. The ideal tenant needed to have had a leading role in the design/execution of restaurant build-out project(s) of similar size and/or complexity, given that the Premises needs a full renovation/build-out.

Between May 2020 and April 2022, the City provided information and showed the Premises to over ninety (90) interested parties. The City held two (2) formal advertisement processes, June 23-August 23, 2021, and April 8-26, 2022. The City received eight (8) proposals in response to the latest advertising process that took place April 8-26, 2022. The City Manager reviewed the eight proposals and selected Francesco Miracle Miles, LLC, dba Francesco Restaurant (the “Tenant”) as the proposed Tenant for the Premises.

Experience/Brand/Design/Build-Out:

The Tenant’s chef-driven concept, dba Francesco Restaurant, will be a signature dining experience created exclusively for downtown Coral Gables. Francesco Restaurant’s chef, Franco Danovaro, and his team have had 38 years of experience playing a leading role in both the design/execution of restaurant build-out projects and in day-to-day operations of restaurants in Lima, Buenos Aires, Mexico City, Key Biscayne, and Coral Gables. Chef Danovaro led the operations of the Zagat award-winning Francesco Restaurant on Alcazar and Salzedo between 2001-2016. While at its Coral Gables location, Francesco Restaurant won the Zagat title for the best restaurant in South Florida in 2006 and 2007. Francesco Restaurant has also partnered with V&V Real Estate Group and Fusion

Marketing Agency to carry out the build-out and marketing of the restaurant adding 26 and 10 years of expertise respectively in both real estate development and marketing to its team and on-going operations.



Concept:

The proposed Francesco Restaurant will be a white table-cloth restaurant featuring high-end classic fish and seafood cuisine based on the Peruvian Chalaco gastronomic culture from Port Callao, Peru, combined with international influences from the Italian island of Sardegna. The menu will also feature a modern gastronomic twist that will showcase Florida's seafood and Miami's Latin heritage. Menu items will include ceviches, tiraditos, causa, seafood rice dishes and risottos, grilled fish and meat, and spicy stews for the whole family to enjoy.

The restaurant's design and planned renovations have been specially created to restore the grandeur of its historic iconic Miracle Theatre. The project is inspired in part by the shape and the curve of the marquee, the plate glass entrance doors, and hallway mirrors. It will incorporate terrazzo floors, dark natural wood, touches of reflective stainless steel, and living plants. A contemporary nautical twist that will also add a Latin flare while preserving the elegance and refinement of this iconic historic building.

Proposed Lease Terms:

Premises: 3,147 gross sq. ft. Space is being leased in its "as is" condition.

Tenant Improvements: Tenant will complete renovations required to create a restaurant with a minimum value of no less than \$1,450,000.00 in improvements, no later than twelve (12) months from the Effective Date of the Lease. Any additional funds required

to complete the Tenant Improvements will be the Tenant's responsibility.

Term: Seven (7) years from the Effective Date of the Lease with two (2) additional, five-year renewal options, at the City's discretion.

Base Rent and Escalations: Monthly rent at \$45.00 per sq. ft. on the second year of the term, increasing at the rate of three percent (3%) per annum thereafter.

Lease Year	Rent Per Square Foot	Annual Base Rent
1	\$0.00	\$0.00
2	\$45.00	\$141,615.00
3	\$46.35	\$145,863.45
4	\$47.74	\$150,239.35
5	\$49.17	\$154,746.53
6	\$50.65	\$159,388.93
7	\$52.17	\$164,170.59

Additional Rent: Commencing on the Rent Commencement Date, the Tenant will pay Landlord Tenant's proportionate share of real property taxes and insurance for the Premises on a monthly basis.

Renewal Period Rent Increases: The Tenant will have two (2) additional, five-year renewal options, at the City's discretion. Both the first and second renewal periods shall be subject to an adjustment of no more than eight percent (8%) over the Base Rent plus annual adjustments of three percent (3%).

Rent Commencement: The Tenant will not pay Base Rent for the initial twelve (12) months of the Lease Term while the Tenant performs the \$1,400,000.00 in Tenant Improvements to the Premises.

Security Deposit: Three (3) months at \$45.00 per sq. ft. (\$42,091.13).

The proposed tenant has the required restaurant design, build-out, and operations experience required for the total renovation/build-out and successful operation of the Premises. If approved by the City Commission, the Francesco Restaurant branded, chef-driven, dining concept will contribute to the vibrancy and resiliency of the downtown as the city continues to work towards making Coral Gables one of South Florida's premier dining destinations.

The proposed lease terms were presented to the Property Advisory Board (PAB) on September 14, 2022, the Economic Development Board (EDB) on October 3, 2022, and

the Budget/Audit Advisory Board (BAB) on October 4, 2022. The EDB and PAB both recommended unanimously for the City Commission's approval of the Lease. The BAB recommended that the City Commission approve the Lease but requested that the Tenant provide a personal guaranty for the initial seven (7) year Lease term.

Pursuant to Section 2-1097 of the Division 12- Purchase, Sale, and Lease of Public Property of the City Code, the item's approval requires a four-fifths vote because the term of the Lease and the renewals exceed ten (10) years. Pursuant to Section 2-1089, the City Commission has the authority to waive any condition imposed by the provisions of Division 12 of the Code that may not have been technically followed upon a four-fifths vote where it finds such a waiver to be necessary, in order to proceed with a purchase, sale, or lease which is in the best interest of the City.

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
09/14/22	Property Advisory Board	Recommended unanimously
10/3/22	Economic Development Board	Recommended unanimously
10/4/22	Budget & Audit Board	Recommended the Lease with Conditions

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
460-362-174		Lease Renewal

ATTACHMENT(S):

1. Draft Ordinance
2. Draft Lease Agreement
3. Property Advisory Board Minutes 09.14.22