



City of Coral Gables
CITY COMMISSION MEETING
May 24, 2016

ITEM TITLE:

Ordinance on First Reading. An ordinance of the City Commission of the City of Coral Gables, Florida, authorizing the City to enter into a lease with Starbucks Corporation with regard to City owned property at 292 Miracle Mile, Coral Gables, Florida for a period of ten (10) years with four (4) consecutive five-year renewal options; providing for a repealer provision, severability clause, and providing for an effective date.

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Starbucks has been operating its branch at 200 Miracle Mile and approached the City with its interest to relocate to the approximately 2,250-square-foot City-owned space at 292 Miracle Mile, which is currently occupied by Supercuts. The Economic Development Department believes this move, if approved by the City Commission, could generate much-needed foot traffic at the western end of the 200 block of Miracle Mile. Supercuts would continue to occupy the space on a month-to-month lease, which was approved by the City Commission on January 12, 2016, while an approval for Starbucks to occupy the site is finalized.

The proposed lease terms are as follows:

Premises: Approximately 2,250 square feet located at 292 Miracle Mile, Coral Gables, FL. 33134. Space is being leased in its “as is” condition, and the tenant plans on spending \$800,000 in tenant improvements.

Improvements: The tenant is taking the premises “as-is” with no tenant allowance. Tenant will make approximately \$800,000 in improvements.

Termination Right: Tenant has the right to terminate with 120 days written notice after the 60th full calendar month of the term for a fee of \$100,000.

Term: 10 years commencing on the earlier of issuance of a certificate of occupancy or 120 months after possession date, which is projected to be when Supercuts moves out. The terms are as follows:

LEASE YEAR	BASE RENT PER YEAR	PROPOSED BASE RENT PER SF	SUPERCUTS RATE
Years 1 – 5	\$101,250	\$45.00	\$37.77
Years 6 – 10	\$111,375	\$49.50	

Renewal Terms: Tenant will have 4 consecutive 5-year renewal terms as follows:

LEASE YEAR	BASE RENT PER YEAR	PROPOSED BASE RENT PER SF
Years 11 - 15	\$156,555	\$69.58
Years 16 - 20	\$180,000	\$80.00
Years 21 - 25	Market rent	Market rent
Years 26 - 30	Market rent	Market rent

Abatement: Base Rent for the first three months after the Rent Commencement Date will be abated, but the tenant will pay its share of insurance, real estate taxes and other operating costs during that time. The abatement will be repaid if tenant defaults.

Costs: Tenant will be responsible for its share of common area costs including insurance, real estate taxes, and the BID assessment.

Security: None

Exclusive Use: Tenant's exclusive use of selling coffee and coffee related drinks as its main business for the adjacent City's owned properties (limited to new tenants).

Assignment: Tenant may sublet to a parent, subsidiary or other controlled affiliate of Starbucks; Landlord shall have the right to terminate the lease if it chooses not to assign. (Sale of stock or transfer or capital stock will not be deemed an assignment).

Outdoor Seating: Tenant will be seeking 300 SF of outdoor seating as incentive to go forward with lease.


Broker Fee: 4% fee of the total base rent (\$45,563), to be paid to the Shopping Center Group.

The proposed lease terms were presented to the Property Advisory Board (PAB) on September 16, 2015; the Economic Development Board (EDB) on October 7, 2015, and the Budget/Audit Advisory Board (BAB) on September 17, 2015, all of which have unanimously recommended the City Commission's approval.

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

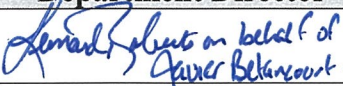
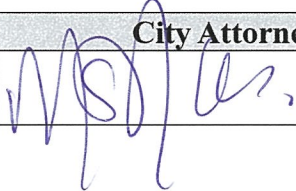

Date.	Board/Committee	Comments
09/16/15	Property Advisory Board	Recommended approval of proposed lease terms
10/07/15	Economic Development Board	Recommended approval of proposed lease terms
9/17/15	Budget and Audit Board	Recommended approval of proposed lease terms

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
001-362-153	\$8,437.50	Rental Revenue (<i>monthly</i>)
001-7000-519-31-90	\$45,562.50	Non-Departmental Budget
	Approved: 	

5/17/16

APPROVED BY:

Department Director	City Attorney	City Manager
 <i>Edward Roberts on behalf of Javier Belandier</i>		

ATTACHMENT(S):

1. Proposed Resolution with Proposed Lease Agreement
2. Excerpt minutes of the Property Advisory Board meeting of September 16, 2015
3. Excerpt minutes of the Economic Development Board meeting of October 7, 2015
4. Excerpt Minutes of the Budget/Audit Advisory Board meeting of September 17, 2015

