

City of Coral Gables City Commission Meeting
Agenda Item F-17
August 22, 2023
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Vince Lago

Vice Mayor Rhonda Anderson

Commissioner Melissa Castro

Commissioner Ariel Fernandez

Commissioner Kirk Menendez

City Staff

City Attorney, Cristina Suárez

City Manager, Peter Iglesias

City Clerk, Billy Urquia

Public Speaker(s)

Agenda Item F-17 [4:43 p.m.]

A Resolution of the City Commission authorizing a two-year extension of the Concession Agreement with Fresh AN, LLC for the Operation of the Café Space at the Coral Gables Golf and Country Club. (Sponsored by Commissioner Menendez)

Mayor Lago: Moving onto F-17.

City Attorney Suarez: F-17 is a Resolution of the City Commission authorizing a two-year extension of the Concession Agreement with Fresh AN, LLC for the Operation of the Café Space at the Coral Gables Golf and Country Club.

Commissioner Menendez: Yes, thank you. This item we're bringing it up in large part because of community input. The folks, I think you all remember, we went through a major transition at the Country Club some time ago, and while we're waiting with great anticipation of Burger Bob's, we had this wonderful family take over the management of Le Parc Café, and they took up that responsibility of providing great food, great service during very difficult times when the pool at the Country Club was still having some issues, didn't pass inspection, like I said, Burger Bob's was not open. People were coming back slowly and there's been so much community support for

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this family. People go there, its like their second home. You go there in the mornings and its packed. The way they treat our residents is truly amazing; the quality of the food is great; and I know that there's been challenges, they've had some challenges, heck, the city has had some challenges, we've all had some challenges, but the fact that they've been able to do such a great job under such difficult circumstances, I'm asking or requesting via legislation that the city provide them and negotiate the terms for a two-year contract so that they continue to provide our community, and that's what they want and that's what they are happy with. So, based on terms that I'm, obviously the city and the Le Parc Management Group will have the opportunity to come up with terms that I think that are fair. I think no term should be one-sided, I think it should be something that's beneficial for the city, beneficial for Le Parc Management, but at the end of the day, the win will be for the community. So, this legislation is to give instructions and the authority for the city to enter into negotiations and enter into a two-year agreement. I would like them to be extended the opportunity to stay there until, let's say, the end of September, to give ample time for an agreement to be reached, but there's been a great deal of community support and I think we should do what we can and see what happens once Burger Bob's is open. I think its important, this is what the people want.

Mayor Lago: Commissioner, if I may. Listen, I think it's great to help them – super nice people. I try to go there a few times a month to support them. Has anybody here on this dais that's elected negotiated a lease for a restaurant? – I have personally. I think it's a very, very slippery sloop. We've gotten into some very bad deals in the past here in the city, and I have full faith and confidence in our team, the Manager, to be able to negotiate. Do I want to give them a six-month extension? – I'll sign it right now. I will approve that. I think we need to be very careful in helping people because they're nice; they are nice people, they are a good family, and I'll prove it to you. Mr. Manager, what are they paying for square foot right now?

City Manager Iglesias: Its under \$5.00.

Mayor Lago: That is unheard of in Miami, unheard of. It doesn't exist. There's not one restaurant that is paying \$20, \$25, \$30, you know its over \$30. I just think that we're setting a bad precedent. We're going back instead of moving forward. Do I like them? – they're awesome. Is there product incredible? – incredible. But it's a bad deal for the city. Just like we need to – same thing with Burger Bob's is, stop sabotaging negotiations and allow the Manager to negotiate with Rita. Rita is going to work for the city, as this Commission said, let's bring Rita in, let her work for the city, but we're going to control the product, we're going to control so we don't get ourselves into a situation again where you know what was happening. I'm just advising you as a person who's done business, signed a lot of leases. Restaurants are very, very tricky, very tricky. Its not just a lease, its also percentage of earnings. There's a litany of different things that go into an actual final contract. I like them, they're great, they are super nice people, but \$5 is sending the wrong message

when the Manager needs to negotiate with another entity. Let's talk about one. How about the new restaurant on Miracle Mile, what are they paying?

City Manager Iglesias: They are above \$40.

Mayor Lago: But Miracle Mile is not a good example. What do you think is a reasonable amount for them to pay? What would you think, knowing that Miracle Mile is \$40, plus they are putting probably, what are they putting, TI?

City Manager Iglesias: We offered them since the pool is up and the Country Club is completely open, we proposed \$25 the first year, and \$35 in the second year, based on 2,500 square feet, which is approximately, which is a little less than what is actually there. So that's what we proposed. We have a lot of expenses. Normally our contracts are triple net, so they pay for everything. So, considering the fact that the pool wasn't there, then we thought about using \$25 the first year and \$35 the next year. I think we can try, if we have an extension until the end of September, so we have two meetings to bring back the contract for the Commission, I think we can work something out, but I think we need to understand that that would be very reasonable. Most of our rentals right now are in the \$45 range, and by the way, with substantial tenant improvements, millions of dollars.

Mayor Lago: That they're paying.

City Manager Iglesias: Senor Martinez is paying over \$2 million dollars in tenant improvements; Ortanique is like \$1.3 million.

Mayor Lago: And we did all the tenant improvements for these individuals.

City Manager Iglesias: It was moving, it was basically moving, and we paid for all the equipment, its going to be about \$180,000.

Mayor Lago: Let me ask you one last question, very simple, put things into context. What does \$5 a square foot represent in their monthly rent? What are they paying?

City Manager Iglesias: Well, right now we are working it backwards based on a level of sales, so we expect them to have to open every day, we expect them to do Uber-Eats and so forth and get that.

Mayor Lago: We need them to be successful.

City Manager Iglesias: Yes.

Mayor Lago: It's a great amenity.

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City Manager Iglesias: I was hoping they would be successful.

Mayor Lago: And they are going to be successful.

City Manager Iglesias: And for instance, cater – we have small parties that they could do, so I think there's a lot of possibilities there.

Mayor Lago: What is their rent at \$5 bucks?

City Manager Iglesias: That's \$7,500.

Mayor Lago: A what?

City Manager Iglesias: A year.

Mayor Lago: \$7,500 a year.

Vice Mayor Anderson: Wow.

Mayor Lago: Is that the wrong number? What is the rent?

City Attorney Suarez: Can I clarify a point though Mayor? Since this is a concession agreement, they are not paying rent.

Mayor Lago: I understand.

City Attorney Suarez: So, I just want to just clarify the terms. It's a split of the revenue, the sales, and so what the Manager is saying that the deal he is trying to negotiate is one where after the city pays its expenses in cost, then it would recuperate approximately \$25 the first year.

Mayor Lago: I'm trying to make a point here.

City Attorney Suarez: Agreed. Agreed. I just want to make sure that we're talking about the right terms.

Mayor Lago: Trust me, I've done this before. I've negotiated restaurant leases.

City Attorney Suarez: I know Mayor.

Mayor Lago: TI's, the whole nine yards.

City Manager Iglesias: We were lower, now we're probably about maybe \$12,5 a year.

Mayor Lago: \$12,500 divided by 12, you're talking about \$1,000 a month; \$1,000 a month just doesn't exist. Why don't we do something which I think would be beneficial. Why don't we give

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them a six-month extension and we do a rent, a percentage rent based on success. Like we say, look, your flat rent is going to be this much and as the business grows, but it has to be real numbers. It can't be like Merrick Park when we sign a deal where we never get any income because we can't even use the parking spaces. That was not a realistic deal, that put the city in a bad position. I want to keep these individuals. They are very sweet, they are very nice, and they have a love and a passion for the city, but I can't vote for something where somebody is paying \$1,000 and we did all the heavy work, all the heavy lifting. So, it's an investment.

Commissioner Menendez: It is my understanding, correct me, and I think the City Attorney clarified that there was a decision by the city at some point that we're doing a concessionaire agreement, and it's different than what we had with Ortanique.

City Manager Iglesias: It's a concessionaire.

Commissioner Menendez: And it's a different type of contract or agreement that we had in fact, I think we are going to apply to Burger Bob's as well. And again, I'm not a restaurateur, I know what the community wants, and I know what the community is happy about. So, they are both frugal, one's apples, the other is oranges. So, I just want to make sure, again, my proposal is two years, no extension. At the end of the two years, if they've proven to be a successful business, we have Burger Bob's open at that point, we can make the decision, hopefully, like the Mayor said, they are shining across the board. Right now, I know the community is happy and the community is very upset that Burger Bob's is not open. So, if we're going to pull the plug on this family while we haven't had anything happen in Burger Bob's, if you want, you can go vote no for it, but I know I'm going to vote yes, because I'm not going down that road.

Mayor Lago: Why don't you meet me halfway and when you say concessionaire agreement – I understand what a concessionaire agreement is. The point is, I'm trying to drill down and make it simple, so everybody understands. When you talk about a concessionaire agreement, there's tiers and you have to hit certain benchmarks. No one is going to understand that. They are all very different. What I want to understand is, what are they paying, when you consider everything that they've paid to the city, if it's \$5 a square foot, you're talking about \$1,000 a month. That falls way short. That sends a bad message for anybody that's doing business. I'm more than willing to give them a six-month extension. I'm not voting against the family. Again, remember, we've been pushing Burger Bob's for the last year and a half, trying to expedite it, but besides the fact that we have to be thoughtful in regard to handing out a two-year extension and then what are you going to do at the end of two years, and they can't come to an agreement. Are we going to kick them out? Why not sign a six-month to say we've got to come to an agreement on this, come to an agreement, and use examples of – there are tons of examples of small, little coffee shops around town that have some sort of lease agreement with their landlords, give you a handful of them. I can give you a copy of one that I have, if you'd like, of one that's in the Gables.

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Commissioner Fernandez: The question for the Manager about the – you said it was \$1,000 a month - \$12,500, is that after our expenses?

City Manager Iglesias: That's after our expenses.

Commissioner Fernandez: So, we're not getting \$12,500, we are really getting what's the amount, after our expenses.

Mayor Lago: Who pays for the expenses?

City Manager Iglesias: Expenses are normally not paid by us.

Commissioner Fernandez: I understand.

City Manager Iglesias: Can I maybe go halfway. We could have a two-year contract; one year it has to be negotiated by the end of September with a 120-day termination for convenience, which allows us in four months to terminate the contract if they are not doing well, Mayor, and have a minimum rent or let's say, work towards a minimum of \$25 this first year with the Country Club completely open and \$35 the second year. Would you be open?

Mayor Lago: I don't have an issue with that.

City Manager Iglesias: This is halfway.

Mayor Lago: I don't have an issue with it. Because we're talking about expenses. All these agreements are triple net leases – insurance, taxes are paid by the tenant. They don't pay that.

City Manager Iglesias: Water, garbage, sewer.

Mayor Lago: Water, garbage, sewer – all the fees are paid by the tenant, literally the bill is sent to the tenant. You've got to pay this, its due. That's what a triple net lease is. They pay everything. Its literally a fee, here you go.

City Manager Iglesias: All our leases are triple net.

Mayor Lago: So, who pays all the expenses?

City Manager Iglesias: We are paying most it now.

Mayor Lago: What would you say, what's the percentage?

City Manager Iglesias: The only thing that we're not paying right now is taxes if its applicable.

Mayor Lago: So, who pays the electricity there?

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City Manager Iglesias: We do.

Mayor Lago: Who pays the water?

City Manager Iglesias: We do.

Mayor Lago: Who cleans the facility?

City Manager Iglesias: We do.

Mayor Lago: I mean guys, it's a good deal. We do everything for them, and they are paying \$1,000 in rent. I'm just looking out for us, because I just think it sends a bad message. If you guys want to approve this, it's fine, but I don't have a sweetheart deal like that.

Commissioner Fernandez: I look at it from a different perspective and I understand your financial points and the Manager, and I had the conversation about the financials as well. But I also see us in a situation where Burger Bob's still isn't open, realistically, we'll have an update later, but we're talking about probably a year before its really open. The community is starting to reach out to us about the fact that they want Le Parc Café to continue to operate. There's also another factor to consider. They started the pool service which is increasing revenues. Like the Manager said, Uber is going to be on the table, increasing the hours and the days of the week, so that should also help to alleviate some of those numbers and increase the revenue the city is getting. I don't think this is – I know in the past you have talked a lot about the 20-year leases that the city has done, 99-year leases that the city's done. I think this is a two-year option. It puts us in much better ground in two years after Burger Bob's is open to make a decision at that point how we're going to move forward. But at this point, the community, the Bob's people are there, and we see them all the time. They are having breakfast there, they are having lunch there, they are enjoying it. Prices were an issue at the beginning. We are not getting the complaints about pricing of the food anymore. I think we've seen the growth and it's not a long-term thing. I think it's a short-term solution to help us get to the next line.

Mayor Lago: How much money do you think they're making, Mr. Manager, you see the receivables. How much money are they making?

City Manager Iglesias: The receivables have been very messy. What they have – they actually have made according to them; they've paid themselves \$200,000 and they've made \$125,000. So, I'm not sure...

Mayor Lago: But what are they grossing a month, would you say because we're paying the electricity, the water.

City Manager Iglesias: They are paying themselves \$200,000.

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City Attorney Suarez: That's in salaries Mayor.

City Manager Iglesias: In salaries, in salaries.

Mayor Lago: That's a lot of money.

Commissioner Castro: We're paying electricity for the whole place, not – I mean.

City Manager Iglesias: We pay for the whole place, but they have 2,500 square feet of it, so we're paying proportionally.

Commissioner Castro: That was my question.

City Manager Iglesias: Proportionally, it's not the whole space. Its proportional to 2,500 square feet. So, everything that we do is proportional to 2,500 square feet.

Mayor Lago: I don't have an issue extending it, but let's extend it reasonably. I think two years is way too long and sends a bad message, she's paying \$1,000 a month.

City Manager Iglesias: The reason I was saying to go halfway is to make sure that we have until September 30th to negotiate a contract and it's something that I would like to handle, but I think they need to understand that they need to work with us, they need to work with us.

Mayor Lago: As the sponsor of the item, what would you like to see?

Commissioner Menendez: So, the Manager made sort of a proposal halfway. The 120 I would like to see that applied to year two, not year one, because by year two you have Burger Bob's open.

City Manager Iglesias: We should finish Burger Bob's by September of next year.

Commissioner Menendez: So, the 120-day, I don't want – I think it could be applied to year two, but not year one, but I'll go with the two years that you mentioned. I think that's fair.

City Manager Iglesias: As long as we have a reasonable return.

Commissioner Menendez: That's reasonable. We're not here to...

City Attorney Suarez: If I could just clarify just because I'm sure they are watching or listening, and I don't want there to be some confusion. What the Manager has conveyed is a revenue split where the city after recuperating its budgeted expenses would make a minimum that would account for approximately \$25 a square foot the first year and then \$35 a square foot the second year. And so, we've conveyed certain terms to them, we haven't heard back from them a yes or no on those, but those are the terms the Manager had conveyed.

City Manager Iglesias: Although the Country Club was not open, they've been there for a year now. Now that the pool is open, their hours of operation should be what they agreed to, which they have not done, but I think they should open seven days, should open for breakfast...take advantage of some of our small venues/large venues, take care of pool service. If they do that, I think they can probably reach the million-dollar plateau that we need somewhere in that neighborhood to come back and make a reasonable return, and the fact that they really have not invested anything in there, we really have, so I think that \$25 is a minimum. I think we can work with that and \$35 the following year, where they've been there now two years, and I'm hoping that this grows, I'm hoping that they do well, and in the future, we can have a larger venue as far as food is concerned, so we can compete better with the Hyatt's and so forth. So, we wish them to do well. But Mayor, that gives us kind of a halfway point. I want to make sure that we get this negotiated by September 30th, by the end of September. We need to get this done. They need to understand that this is the city, and we need to also – we are not a charitable organization. We are here to be a partner, but we also have to have a return on our investment.

Commissioner Menendez: There has to be a meeting of the minds. I am good with what the Manager proposed, the 120 I'd like to push it to year two, not year one, then we have Burger Bob's open. I trust your team to do right by the city, do right by the community. It has to be a meeting of the minds, so both sides have to go to the table and earnestly try to work out a deal, that's a win-win for everyone.

City Manager Iglesias: And they need to understand that they need to negotiate, we both need to negotiate in good faith. We are negotiating in good faith, we are, and we both need to do that to come to some type of agreement.

Mayor Lago: So, when does this come back?

City Manager Iglesias: It will come back first or second meeting in September.

Commissioner Menendez: The sooner you have it.

City Manager Iglesias: The sooner we have it. So, it will be the first or second meeting in September, so we extend it to the end of September it should cover that.

City Attorney Suarez: Correct. The Manager has granted them a very short extension through August 31st, but obviously in order to continue negotiating you all would have to direct a further short extension through September 30th, and actually, I would say through September 26th because that's your second Commission meeting.

City Manager Iglesias: We'll say September 30th just to...

City Attorney Suarez: Close out the month – yes, that makes sense, so through September 30th, but we'll have to bring it back by the latest September 26th, the second September meeting.

Commissioner Menendez: Right.

City Manager Iglesias: That is correct.

Mayor Lago: Would you like to, as the sponsor, would you like to...

Commissioner Menendez: Make a motion.

Mayor Lago: Put together a motion that encompasses the extension, along with having them meet with the Manager to discuss the new potential lease.

Commissioner Menendez: I turn to the City Attorney to or the Clerk to, I guess, put together what has been said to complete the legislation.

City Attorney Suarez: It's a waiver of the Procurement Code, the competitive process of the Procurement Code to authorize a short extension through September 30th. Let me step back. Its actually authorizing a two-year extension, but in the meantime granting a short extension through September 30th to allow time for negotiation of that two-year extension, and that agreement on a two-year deal has to come back to the City Commission. We'll come back either way, if there's no agreement, we'll come back and notify the Commission, but if there is no agreement reached and approved by the City Commission, then the contract will expire September 30th.

Mayor Lago: The only thing, if I may, Commissioner Menendez, I don't want it to be a two-year agreement without it coming back to the Commission. I want to make sure that the Manager has the leeway to get.

City Manager Iglesias: I will bring it back on the first or second meeting in September.

Commissioner Menendez: I absolutely agree with you Mayor.

Vice Mayor Anderson: I will second it with that condition and it comes back to the Commission. The community loves what they are doing. I want them to succeed as well. We have to make sure that we get this negotiation done and doesn't drag on. So, yes, let's bring it back in September.

City Manager Iglesias: Everybody has to understand that we need to come to terms, and it needs to be done by September.

Vice Mayor Anderson: It's going to benefit everybody, them as well.

City Attorney Suarez: I do want it to be clear because I want this to be abundantly clear. While you all are authorizing the Manager to negotiate a two-year extension, they do not have a two-year extension.

Vice Mayor Anderson: Correct.

City Attorney Suarez: Okay. The two-year extension has to be negotiated with the terms and the contract to come back to the City Commission.

Commissioner Menendez: That's correct.

City Manager Iglesias: That is my understanding.

Mayor Lago: So, we have a motion and a second.

City Clerk Urquia: Mr. Mayor before we vote, I have an e-mail that was received and asked to be read on the record.

Mayor Lago: Okay.

City Clerk Urquia: *"For decades residents of Coral Gables in the Greenways have enjoyed a variety of dining options on the golf course at Burger Bob's and the Coral Gables Country Club. Currently, Le Parc, the tenant that leases the space inside the Coral Gables Country Club as a café, is lacking significantly. Extremely minimal options are available to chose from which never changes. This factor has forced surrounding neighbors to leave the area for alternate dining options. What once was a community center and a meeting place, now sits primarily vacant daily due to the abysmal options available to residents. Weekly for the last year, the current owner makes promises of an expanded menu, coming soon, which absolutely no follow-through. Today, the day of the Commission meeting, the excuse from the owner was, the city has tied our hands, taking all my profit and I cannot operate with an expanded menu. This is all we can offer. One year, the time is up. I can only speak for myself, but I know the sentiment is consistent with many residents. Do not renew the lease and place a tenant in their space with a larger menu and a variety of options, once again restoring what was the heart of our community."* Kindly, Matthew Meehan, Coral Gables resident.

Mayor Lago: A resident that lives a few blocks away.

Commissioner Menendez: Okay. We have first and second.

Commissioner Fernandez: Yes

Commissioner Menendez: Yes

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Vice Mayor Anderson: Yes

Commissioner Castro: Yes

Mayor Lago: Yes

(Vote: 5-0)