



City of Coral Gables  
CITY COMMISSION MEETING  
June 12, 2018

**ITEM TITLE:**

A Resolution authorizing the City Attorney and City Manager to negotiate and draft an agreement with the Biltmore Hotel Limited Partnership (the "Hotel") in regards to the City-owned property located at 1200 Anastasia Ave, Coral Gables, FL to redirect up to 50% of the Hotel's rental payments towards capital improvement necessary to preserve the Hotel's historic landmark designation.

**DEPARTMENT HEAD RECOMMENDATION:**

Approval

**BRIEF HISTORY:**

On February 10, 1986, the City executed a lease agreement with the Biltmore Hotel Limited Partnership (the "Hotel") for the City owned property located at 1200 Anastasia Ave, Coral Gables, FL to operate as a hotel that expires on August 5, 2042 subject to two 20-year renewal options.

Numerous amendments ensued:

- July 29, 1999: Amended and Restated Lease Agreement
- January 2, 2001: First Amendment
- January 16, 2002: Deferred Rent and Restoration Agreement
- December 19, 2011: Settlement and Release Agreement

(collectively, the "Lease")

The United States Department of the Interior designated the Hotel as a National Historic Landmark allowing it to be operated as a luxury hotel and to be used and maintained as a historic monument. The City performs biennial compliance reports to the Department of the Interior to ensure the historic monument is preserved. In addition, the City requires the Hotel to operate as a luxury first-class destination resort hotel and conference center with a four-star rating minimum by Forbes Travel Guide.

The City of Coral Gables wanted to ensure the Hotel was adhering to a luxury standard stipulated in the lease. As such, the Hotel hired Hotel Consulting Int'l to complete an assessment report. (Full 15-page assessment report is attached.) The consultant, through analysis and comparisons to other luxury hotels, (one of which is historic), determined the Biltmore Hotel has maintained its luxury standard and there is minimal risk of losing the designation. The consultant noted the Hotel's operating and capital costs were higher than comparable luxury hotels with historic designations. The Hotel has projected a significant amount of capital costs (approx. \$23 Million) but lacks sufficient capital reserves to fund the necessary historic-related renovations; hence, the consultant

recommended the Hotel seek capital funding assistance.

As a result, the Hotel is asking for a rent credit to be used towards capital costs. The Biltmore's executive team projects the improvements will help increase occupancy by as much as 10% (average of 6%), reduce operating expenditures, and help bring its margins more in line with comparable luxury hotels. (See Memo from Staff dated May 26, 2018.) The City's Historic Preservation Officer reviewed the list of improvements and determined approximately \$10.5 Million of capital improvements pertained to the historic monument. City staff is recommending 50% of the Hotel's rent payment be redirected to pay for up to 50% of the historic monument's improvement cost over a 5 year term.

Staff is requesting authorization from the City Commission to allow the City Manager and City Attorney to further negotiate and draft an agreement to provide a rent credit to the Hotel to be used towards City approved capital improvements. In addition, the City Commission is being asked to waive requirements of the Procurement Code pursuant to Sections 2-1089 and 2-1094 of the City Code, which requires a 4/5 supermajority vote.

**FINANCIAL INFORMATION: (If Applicable)**

No.	Amount	Source of Funds
470-362-200	Up to \$5,250,000	General Fund
	Approved:	

**ATTACHMENT(S):**

1. Proposed Resolution;
2. Memo from Staff;
3. Consultant Assessment Report.