



**AGENDA #17-34  
NORTH BEACH PARK  
OPERATING AND MANAGEMENT  
AGREEMENT**

***MARCH 1, 2017***

# HISTORY:

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- July 30, 2012 - Development Agreement, via Resolution # 2012-28 with PRH-2600 Hallandale Beach LLC, also known as the Related Group.
- October 10, 2012 – Lease Agreement for North Beach City Center, Ordinance #2012-39
- December 6, 2012 - Operation and Management Agreement, via Resolution # 2012-103, for Restaurant and Public areas.
- May 20th, 2015, Assignment of Restaurant Operator to SBE via Resolution #2015-39

# NEW RESTAURANT

## BI-CHU BEACH

- Azumi is an award winning global restaurateur.
- Zuma Miami, Opened in 2010, consistently ranks among the top restaurants in South Florida in both cuisine and customer service.
- Zuma Miami currently generates over \$20 Million in yearly revenue.
- The new restaurant, Bi-Chu Beach, is inspired by Azumi's ROKA concept and brings a similar restaurant dining style and vitality to the beachside setting of Hallandale Beach
- Open 7 days a week. 7 days for dinner and 4-5 days for Lunch.

1<sup>st</sup> Floor Beach Bar: 10am – 6pm , everyday

2<sup>nd</sup> Floor: Lunch Service 12:00pm – 2:30pm

Dinner Service 5:30pm – 11:00 pm

## VALUE PROPOSITION:

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- SBE – 2016 Gross Revenue approximately \$6,447,120
- Current City revenue of \$161,178.
- Bi-Chu Beach – Estimated \$10 Million yearly
- **City revenue of \$250,000**
- **Increase in yearly revenue of \$89,000.**

# AMENDMENT #1:

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- **Term**

- Effective date, December 6, 2012.
- Fee Commencement Date of August 17, 2015. 30 Year term.
- **Value – Approximately 3 years in additional revenue.**
- The Related Group has fulfilled all their DA/Operating/Lease Agreement contributions to the City of approximately \$1.4 Million.
- Approximately \$15 to \$16 Million (hard and soft costs) in ground up construction.

- **Resident Discount**

- Not Previously defined.
- **10% off food and beverage – On Menu – Present your ID**
- **20% off all other services – beach chairs/umbrellas, spa services, rentals**

- **Parking**

- Operator maintains parking spaces after 7pm.

# AMENDMENT #1:

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- **Operating Hours**
  - Current – Existing Restaurant Operator not fulfilling hours.
  - New - Defined to reflect business operations of New Operator.
- **Taxes and Assessments**
  - Current – City pays the taxes on the Property under building. Operator pays taxes on building only.
  - **New – City pays no taxes or assessments.**
- **Chairs and Umbrellas**
  - Current – Limits service to 120 people within designated area.
  - **New – As much service as can be provided within designated area**

# AMENDMENT #1:

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- **Operating Fee and City's Option to Buy Out**
  - Operator has agreed to continue to increase the operating fee every five (5) years by \$2,000 monthly or 0.5% of yearly gross revenue, whichever is greater, reaching a max of \$15,000 a month or 5% gross revenue in years 25-30 of the term. At the projected \$10 Million yearly gross revenue, the City will receive \$500,000 in revenue.
  - In the event that Operator transfers, sells or assigns this Agreement at any point during the Term, the City shall receive the greater of \$300,000 or 2% of the sale, assignment or transfer of the agreement.
- **Bridge Painting Reimbursement**
  - The Operator has agreed to reimburse the City up to \$200,000 for out-of-pocket costs for the repainting and beautification of the Hallandale Beach Blvd. Bridge. If the City does not paint the bridge mid-March 2019, payment is not required.

# AMENDMENT #1:

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- **Gross Revenue Reporting**
  - Current – Audit every 5 years.
  - New – Monthly reporting and subject to annual audit.
- **Sales Revenue Reporting**
  - New – If total Gross Revenues for the quarter did not equal or exceed 103% of the total Gross Revenues for the same period in the prior year, then Operator shall submit an outline of its plan to achieve the Growth Target.
- **Periodic Inspection**
  - Inspect the building every 5 years from Fee Commencement Date.

# APPROVAL OF RESTAURANT OPERATOR



## **Restaurant Experience**

Azumi Limited has equal or better experience in the State of Florida (and beyond) when compared to PRH Beachwalk Beachclub LLC. Azumi owns and operates one of the strongest performing restaurants in the Miami market (Zuma). This strong performance has continued and even strengthened over the past several years despite the fact that Zuma has been in operation for more than six years in a market which is fickle as it relates to restaurants.

## **Financial Resources**

Azumi Limited has significant positive cash flow for all three years of operations submitted. Based upon the information provided and reviewed, the operator is of enough operating depth and financial capacity to deliver and support operations of the North Beach Restaurant as they have proposed.

## **Character and Reputation**

Azumi has submitted three letters which are consistent with the requirements of the Operating Agreement and speak positively to the character and reputation of Azumi and/or its Zuma restaurant.

# CITY ATTORNEY REVIEW

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## **No Violations**

It would appear that there are no outstanding material violations of a Government Requirement against it or against any property owned or managed by the proposed assignee in the State of Florida.

## **No Convictions or Indictments**

Zuma Restaurant has a current and active license from the Alcoholic Beverage and Tobacco Division of the Florida Department of Business and Professional Regulation . City Attorney's Office verified that a criminal background check was completed. License requires the applicant to not have any conviction within the last 15 years.

## **No Scrutinized Companies**

Pursuant to State Board of Administration of the State of Florida, Zuma Japanese Restaurant Miami, LLC is not listed as a scrutinized company as defined in Section 215.473 of the Florida Statutes.

# STRATEGIC GOALS

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## **Quality**

- Clarifications and Financial Improvements
- Increased Revenue
- Increased Services
- Renowned Customer Services

## **Vibrant Appeal**

- World Class Operator
- Worldwide Recognition

## **Safety**

- Safe and Welcoming Environment
- Food Safety
- Responsible Alcohol Service

**QUESTIONS?**