



City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	January 23, 2019		Item Type: <small>(Enter X in box)</small>	Resolution	X	Ordinance	Other
Fiscal Impact: <small>(Enter X in box)</small>	Yes	No	Ordinance Reading: <small>(Enter X in box)</small>	1st Reading		2nd Reading	
		X				X	
			Public Hearing: <small>(Enter X in box)</small>	Yes		No	
				X			
Funding Source:	N/A		Advertising Requirement: <small>(Enter X in box)</small>	Yes		No	
				X		X	
Account Balance:	N/A		Quasi-Judicial: <small>(Enter X in box)</small>	Yes		No	
				X		X	
Project Number:	<i>Village at Atlantic Shores Phases 1 and 2</i>		RFP/RFQ/Bid Number:	N/A			
Contract/P.O. Required: <small>(Enter X in box)</small>	Yes	No	Strategic Plan Priority Area: <small>(Enter X in box)</small> Safety <input type="checkbox"/> Quality <input checked="" type="checkbox"/> Vibrant Appeal <input type="checkbox"/>				
	X						
Sponsor Name:	Nydia Rafols-Sallaberry, Interim City Manager		Department: Development Services		Keven R. Klopp, Director Development Services		

SHORT TITLE:

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A TWENTY YEAR LEASE BETWEEN THE CITY OF HALLANDALE BEACH AND ATLANTIC VILLAGE 1 LLC, FOR A PORTION OF THE ALLEY ADJACENT TO THE PROPERTY LOCATED AT 801/811 NORTH FEDERAL HIGHWAY (FOLIO NUMBER 5142 22 29 0022); IN SUBSTANTIALLY THE SAME FORM AS ATTACHED EXHIBIT "A"; AND PROVIDING FOR AN EFFECTIVE DATE. (18-630)

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE A TWENTY YEAR LEASE BETWEEN THE CITY OF HALLANDALE BEACH AND ATLANTIC VILLAGE 2 LLC, FOR A PORTION OF THE ALLEY ADJACENT TO THE PROPERTY LOCATED AT 701/711 NORTH FEDERAL HIGHWAY (FOLIO NUMBER 5142 22 29 0030), IN SUBSTANTIALLY THE SAME FORM AS ATTACHED EXHIBIT "A"; AND PROVIDING FOR AN EFFECTIVE DATE. (18-631)

STAFF SUMMARY

Background:

Atlantic Village 1, LLC (AV 1) and Atlantic Village 2 LLC (AV 2) are the owners and developers of 801 and 711 North Federal Highway, respectively. Both properties are located within the City's Regional Activity Center (RAC).

Village at Atlantic Shores Phase 1, owned by AV 1, is located at 801 North Federal Highway. Recently completed, the Project consists of a two-story commercial building with a total of 31,174 square feet in floor area (Exhibit 3).

In 1989, the City entered into a temporary permit agreement (Exhibit 4) with the former owner of the property for the use of the 15 foot alley west of the property for parking purposes. The alley was leased at a rate of \$417 per month. The new permit was transferrable and runs with the land. AV 1 continues to make the monthly payment pursuant to the terms. The new development includes the use of the alley to accommodate the two loading spaces required for the project.

Village at Atlantic Shores Phase 2, owned by AV 2, is a commercial center presently under construction at 711 North Federal Highway. This Project consists of three commercial buildings with a total of 37,684 square feet in floor area. AV 2 wishes to revise the approved site plan to allow for additional retail tenants and utilize the alley west of this property (Exhibit 6) to meet the City's loading space requirements for retail uses. As such, AV 2 is requesting to enter into a lease agreement for the alley adjoining this parcel.

On January 9, 2019, the City Commission approved First Reading of the subject Ordinances authorizing lease agreements with AV 1 and AV 2 by a vote of 5 to 0.

Current Situation:

Staff has met with Alejandro Chaberman, Manager of both Atlantic Village 1, LLC and Atlantic Village 2, LLC to discuss and update the existing license/lease for the alley next to 801 North Federal Highway (Site 1) and to negotiate terms of a proposed new lease for the alley next to 711 North Federal Highway (Site 2) and have negotiated draft lease agreements. Mr. Chaberman now seeks approval by the City Commission of the terms negotiated (Exhibit 7). A summary of the terms of the proposed leases for the two alleys are as follows:

SITE 1

Owner: Atlantic Village 1, LLC (AV 1)

Project Name: Atlantic Village Phase 1

Project Location: 801 North Federal Highway

Purpose/Use: The subject alley is leased for AV 1's use to meet the loading requirements of the existing development known as the Village at Atlantic Shores Phase 1 approved by the City.

Lease Area: The alley adjacent to the west of 801 North Federal Highway (Exhibit 5). The size of the lease area is 3,264 square feet in area (217 ft x 15 ft wide = 3,264 square feet).

- Two (2) loading spaces are required for the development per of Section 32-457 of the City Code. There are utilities within the alleyway that are integral to the City's water and wastewater systems.
- No building or structure may be erected within the lease area.
- The City shall have access to the area as needed to maintain utilities.

Current Terms: The existing alley west of 801 N. Federal Hwy is leased at a rate of \$417 a month with no expiration and no annual increase.

- The City shall have access to the area as needed to maintain utilities.

Proposed Terms: The rate was set at \$417 a month in the original lease. The new rate will be \$842/month. This rate will be subject to an automatic annual CPI increase based upon CPI (Dept. of Labor, Southeast, All Items - South) effective on each anniversary of the approval of this renewal. This rate equals to approximately \$3.10 per square foot on an annual basis.

Expiration Date: 20 years, renewable for additional 20-year periods thereafter at the discretion of the City Commission. Termination by the City of the lease would not be an action that would make the development non-conforming if the development is still in operation.

Early Termination of Lease: The City may terminate the lease at their discretion should there be a change in the City's loading space requirement whereby the alley is no longer needed for loading purposes.

Maintenance: Tenant shall be responsible for the maintenance of the area.

SITE 2

Owner: Atlantic Village 2, LLC (AV 2)

Project Name: Village at Atlantic Shores Phase 2

Project Location: 711 North Federal Highway

Purpose/Use: The subject alley would be leased for AV 2's use to meet the loading requirements of the development known as the Village at Atlantic Shores Phase 2.

Lease Area: The alley adjacent to the west of 711 North Federal Highway. (Exhibit 6) The size of the lease area is 4,256 square feet in area (284 ft x 15 ft wide for a total of 4,256 sq. ft.).

- Two (2) loading spaces are required for the development per of Section 32-457 of the City Code. There are utilities within the alleyway that are integral to the City's water and wastewater systems.
- No building or structure may be erected within the lease area.
- The City shall have access to the area as needed to maintain utilities.

Current Terms: Not Applicable. (This is a new lease)

Proposed Terms: Using a parcel size of 4,256 square feet for the AV 2 alley and the rate of 3.10 per square foot on an annual basis as calculated for the AV 1 lease, an annual lease of \$1,099 per month results. (By comparison, a rate based upon an estimated market value of \$43 per square

foot and an annual capitalization rate of 7%. would result in a lease rate of \$1,068 per month). The annual lease amount will be subject to an automatic annual CPI increase based upon CPI (Dept. of Labor, Southeast, All Items - South) effective on each anniversary of the approval.

Expiration Date: 20 years, renewable for additional 20-year periods thereafter at the discretion of the City Commission. Termination by the City of the lease would not be an action that would make the development non-conforming if the development is still in operation.

Early Termination of Lease: The City may terminate the lease at their discretion should there be a change in the City's loading space requirement whereby the alley is no longer needed for loading purposes.

Maintenance: Tenant shall be responsible for the maintenance of the area. The lease for both sites would also require proper insurance coverage and hold the City harmless for claims or liability arising from the lease.

Why This Action Is Necessary

Pursuant to Section 5.01 (f) of the City Charter, an ordinance is required to authorize the City Manager to execute the lease agreement attached as Exhibit A.

Analysis/Fiscal Impact

The Lease with AV 1 will generate \$10,104 in the first year. The Lease with AV 2 will generate \$13,188 in the first year. The total annual revenue for both leases will be \$23,292. The lease amount will increase each year with annual CPI adjustment.

PROPOSED ACTION:

Staff recommends approval of the attached Ordinances on Second and Final Reading authorizing lease agreements with Atlantic Village 1, LLC and Atlantic Village 2, LLC; authorizing the City Manager to execute the lease agreements in substantially the same form as attached as Exhibits 1 and 2.

ATTACHMENT(S):

- Exhibit 1 - Ordinance Authorizing a Lease with Atlantic Village 1, LLC
- Exhibit 2 - Ordinance Authorizing a Lease with Atlantic Village 2, LLC
- Exhibit 3 – Renderings of Village at Atlantic Shores Phases 1 and 2
- Exhibit 4 – Temporary Permit for Alley adjacent to 801 North Federal Highway
- Exhibit 5 – Location of Alley adjacent to 801 North Federal Highway
- Exhibit 6 - Location of Alley adjacent to 711 North Federal Highway
- Exhibit 7 - Applicant's Letter
- Exhibit 8 - Lease Agreement Atlantic Village 1, LLC
- Exhibit 9 - Lease Agreement Atlantic Village 2, LLC

Prepared by:


Christy Dominguez
Principal Planner

Concurred with:


Keven R. Klopp, Director
Development Services