



THROUGH CHARTER OFFICER: Edward Lavalley, City Manager **E-SIGN:**
FROM: James R. Clinch, Assistant City Manager
DEPARTMENT: City Manager

DATE: May 6, 2024

MEETING DATE: May 14, 2024

SUBJECT / TOPIC: Approval of Fifth Amendment to Lease
Venice Pier Group, Inc.

BACKGROUND INFORMATION:

The City of Venice has an existing lease agreement with the Venice Pier Group, Inc. (VPG) which establishes both a fixed ground rent and a percentage rent based on the gross receipt of all sales that occur in the leasehold. This lease agreement has been in place since 1986 and has been renewed and amended numerous times since that date. The most current lease renewal was executed in 2008 and has been amended four times since due to capital improvements and seating changes within or adjacent to the leasehold. Proposed is a fifth amendment to the lease agreement based on an upcoming capital reconstruction of the outside dining area.

VPG has been working for several years on the design and permitting of a significant capital improvement within the leasehold to improve the outdoor dining experience at the Sharky's Restaurant. The proposed project is for the installation of a new covered outdoor dining area with sunset deck, renovation to the existing outdoor dining areas, and other structural improvements to help strengthen the building from future storm events. The project will provide significant structural improvement to the property, will meet all current building and hurricane codes, and represents an investment into the property of approximately \$2.5 million dollars. The project will provide for increased outdoor seating optimization and an overall improved dining experience for the restaurant patrons.

In exchange for these improvements within the leasehold, the proposed amendment provides for two additional five (5) year term renewals and adjusts the overall seating capacity thresholds to a minimum of 450 seats and a maximum of 897 seats. Increasing these seating thresholds will allow for optimization of the outdoor dining area and will encourage increased percentage rent payments in the future. Historically, the annual rent revenues from this leasehold have increased significantly, in large part due to the continued capital improvements, operational enhancements, and the optimization of seating capacity:

Venice Pier Group – Annual Rent Payments

FISCAL YEAR	RENT REVENUE
FY15	\$ 637,856.52
FY16	\$ 787,858.09
FY17	\$ 739,068.77
FY18	\$ 753,737.31
FY19	\$ 690,884.76
FY20	\$ 824,803.11
FY21	\$ 700,065.25
FY22	\$ 1,070,130.72
FY23	\$ 1,150,728.88
FY24	\$ 1,204,843.60

The proposed project has received all necessary state and local building permit approvals and is ready to break ground as soon as June 2024. The intent of VPG is to complete the project prior to the 2025 tourist season and the business plans to remain fully operational throughout the duration of the project. This proposal represents a significant investment in the City’s property and an opportunity for enhanced future revenue for the City through this existing lease agreement.

SUPPORTS STRATEGIC PLAN: Goal Five: Encourage and Support a Robust and Diverse Economy

COUNCIL ACTION REQUESTED: Approval of the Fifth Amendment to the Venice Pier Group, Inc. Lease Agreement

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|-------------------------------------|--------------------------|---|
| Yes | N/A | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Document(s) Reviewed for ADA compliance <small>(required if for agenda posting)</small> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | City Attorney Reviewed/Approval |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Risk Management Review |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Finance Department Review/Approval |
| | | Funds Availability (account number): Park Impact Fees |