



CITY OF VENICE
FLORIDA
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Interoffice Memorandum

TO: Mayor and City Council Members

FROM: Edward F. Lavallee, City Manager 

RE: Sharky's and Fins Restaurants: Request Rent Abatement from July 1 - October 31, 2018

DATE: January 16, 2019

The red tide event this past year has had a significant adverse effect on local businesses. Among the local businesses directly affected was the Venice Pier Group (Sharky's). The current lease agreement between the City and Sharky's includes a provision allowing the restaurant to request from the Venice City Council a rent abatement or adjustment in cases where a red tide event caused a specified level of business impairment. During this past summer, the red tide event did meet that threshold in affecting Sharky's business. Based on monthly income data provided by Sharky's representative to the City, the restaurant experienced an income loss approximating \$588,000 for the four affected months. Accordingly, Sharky's representatives have requested an abatement of the base rent for the four specific months when the restaurant business was measurably affected.

Under the terms of the lease agreement, the rent payments are approximately \$10,000 per month, plus an annual payment of 5% of gross income over \$2.2 million. City staff recommends a rent abatement of 50% of the base lease payment for the four affected months (approximately \$20,000), and a deferral of the remaining 50% of base rent until the end of the fiscal year (approximately \$20,000). City staff recommends no adjustment to the annual gross income payment.

Please note that both the rent abatement and the reduction in Sharky's revenues will impact the City's 2019 budget. The combined impact is a loss of revenues of \$49,000 [$\$20,000 + (5\% \times \$588,000)$].

EFL/jg

cc Kelly Fernandez, City Attorney