CITY OF LAKE WORTH
7 North Dixie Highway · Lake Worth, Florida 33460 · Phone: 561-586-1600· Fax: 561-586-1750

AGENDA
CITY OF LAKE WORTH
CITY COMMISSION WORK SESSION
TUESDAY, MAY 19, 2015
IMMEDIATELY FOLLOWING A REGULAR COMMISSION MEETING

1. **ROLL CALL:**

2. **PLEDGE OF ALLEGIANCE:** Led by Commissioner Christopher McVoy

3. **UPDATES/FUTURE ACTION/DIRECTION:**

   A. Lake Worth Beach Complex, Casino Building Vacant Space and Municipal Pool Invitation to Negotiate (ITN)

4. **ADJOURNMENT:**

If a person decides to appeal any decision made by the board, agency or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. (F.S. 286.0105)

NOTE: ONE OR MORE MEMBERS OF ANY BOARD, AUTHORITY OR COMMISSION MAY ATTEND AND SPEAK AT ANY MEETING OF ANOTHER CITY BOARD, AUTHORITY OR COMMISSION.

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AGENDA DATE: May 19, 2015, Workshop **DEPARTMENT:** City Manager

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EXECUTIVE BRIEF

TITLE: Workshop on Lake Worth Beach Complex, Casino Building Vacant Space and Municipal Pool Invitation to Negotiate (ITN)

SUMMARY: The City Commission agreed to discuss the recommendations of the ITN Evaluation Committee in a workshop setting with public comment prior to taking any official action on the recommendations.

BACKGROUND: Since the Casino Building re-opened in the fall of 2012, the City has been grappling with how to fill the vacant commercial space remaining in the building. The City has also had other numerous challenges at the beach including, but not limited to, challenges with the adjacent old pool building; the operation and maintenance of the pool; shortfalls in the Beach Fund; and, operations at the Casino Ballroom. City staff identified utilizing the ITN process as a way to provide the Commission with viable alternatives to address these issues. Unlike other selection processes allowed under state law, the ITN encourages creative proposals, incorporates a negotiation process, and allows for the comparison of 'apples and oranges' proposals. Based upon the previous experience with the other commercially leased spaces in the Casino Building, the intent was to vet the proposals to a feasible and permissible project(s) for consideration by the Commission. Along with the parameters set forth in the ITN document, there are restrictions contained in the Comprehensive Plan and the Zoning Code for the Beach and Casino Zoning District (BAC) (all approved in 2007). Additionally, the City Charter, Article 2, Section 3 states:

> ***"City-owned property east of A1A roadway shall not be declared surplus property and shall not be sold, hypothecated, conveyed, or leased, except for a lease of less than 20 years, without the affirmative vote of a majority of the electors of the City of Lake Worth at a properly noticed and scheduled referendum."***

On September 2, 2014, the City issued the ITN to seek replies for one or more commercial ventures with the following available options (including management and/or development of surrounding areas):

- For the upstairs vacant tenant space at the Casino Building.
- For meeting space (ballroom) and kitchen at the Casino Building.
- For the municipal pool area.

On October 14, 2014, the City received replies from Hudson Holdings; Anderson Carr (on behalf of Oceanside Bar and Grill); and, Wave House Miami. The Evaluation Committee decided in a public meeting to commence negotiations with all three (3) offerors.

The Evaluation Committee conducted several internal negotiation strategy meetings and one meeting to meet with the offerors on their proposed projects. On two occasions, the Evaluation Committee sought additional information from the offerors. Wave House Miami did not submit the requested information on the first

occasion, and the Evaluation Committee decided to move forward with the other two offerors (Hudson Holdings and Anderson Carr). The City received final replies on March 2, 2015 from Hudson Holdings and Anderson Carr. The Evaluation Committee conducted further fact finding on the final replies and, on April 28, 2015, conducted a public meeting to determine its next step(s) in the process. At the April 28, 2015 meeting, the Evaluation Committee made three recommendations to the City Commission:

1. That the City Commission direct City staff (William Waters) to develop a request for qualifications (RFQ) for a qualified firm to prepare a traffic/development impact study with related evaluations in order to discern viable levels of development and intensity of uses at the beach.

2. That during the budget process, the City Commission hold a separate workshop on the Beach Fund in order to address policy decisions that must be made for the FY 2016 Beach Fund budget.

3. That the City Commission continue negotiations with Anderson Carr (on behalf of Oceanside Bar & Grill) for the lease of the upstairs vacant space at the Casino Building and management/lease of the ballroom.

The Evaluation Committee also recommended that the foregoing be concluded within six (6) months. As of April 28, 2015, the Evaluation Committee is dissolved.

Pursuant to the ITN, the City Commission is to consider the recommendations of the City's Evaluation Committee. The City Commission has broad discretion to do the following:

- Determine which offeror(s) should be awarded a contract(s) with the City (with or without further negotiations);
- Request presentations from any and all offerors;
- Request further fact-finding by City staff or other appointee(s) with any and all offerors;
- Reject any and all of the replies;
- Cancel the ITN; and/or,
- Re-issue the ITN.

As to the Evaluation Committee's recommendations related to an RFQ and Beach Fund workshop, it is within the City Commission's discretion to approve or reject such recommendations.

As a summary of each offeror's proposed project, the following information is provided:

For Wavehouse Miami, it proposed utilizing the existing pool area to install a wave-house/wave-pool and similar water recreational features with a surrounding tiki/restaurant facility.

For Hudson Holdings, it proposed a convention/event facility (to compliment the Gulfstream Hotel) with associated retail/restaurant locations, spa, club, pools and a parking structure. Hudson Holdings made revisions to its project during the course of the ITN process.

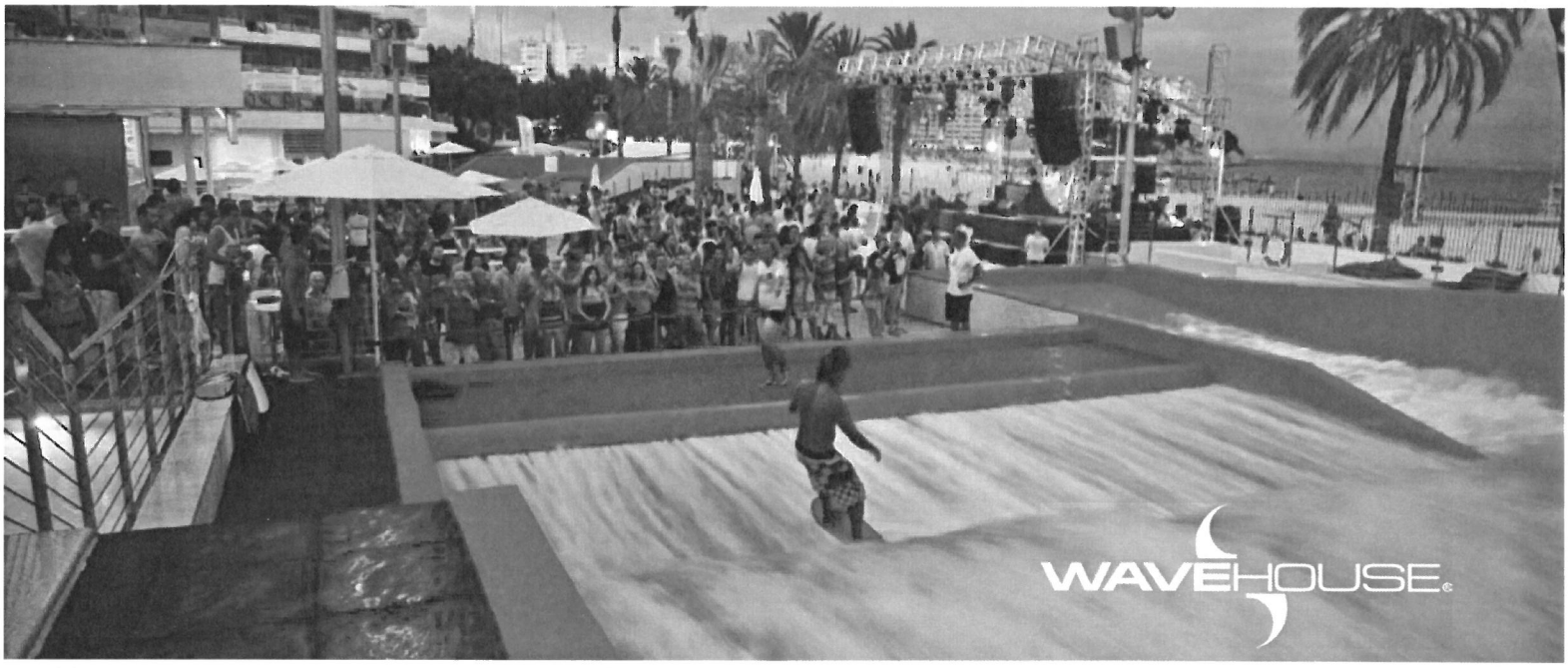
For Anderson Carr (on behalf of Oceanside Bar & Grill), it proposed building out the upstairs vacant space for a restaurant and taking over the management of the ballroom. Oceanside Bar & Grill made revisions to its project during the course of the ITN process.

Attached to this brief is a copy of further background information on each offeror's proposed project:

1. Wavehouse Miami's project approach from its initial reply;
2. Hudson Holdings most recent revised project drawings; and,
3. Anderson Carr's proposed letter of intent from its final reply.

PROJECT APPROACH

WAVE HOUSE PALM BEACH



Offerors shall describe in detail the proposed venture including without limitation location;

NECESSARY FACILITIES

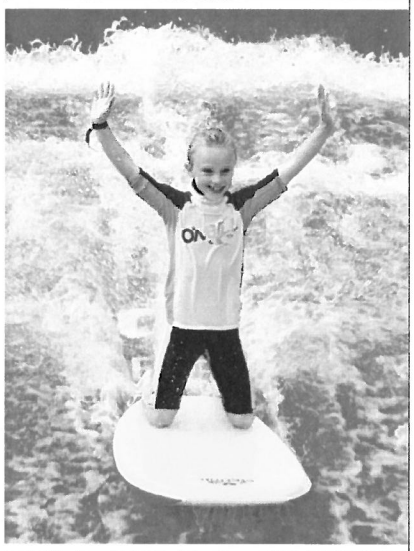
The project Location is comprised of:

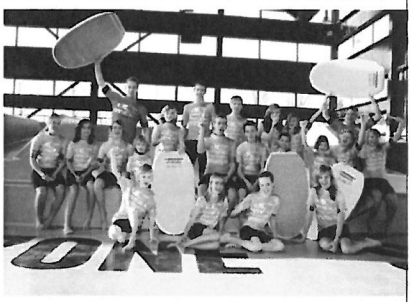
a. Bar
b. Restaurant
c. Wave Attractions
d. Showers
e. Changing rooms
f. Back of house
g. Retail store
h. Storage

NECESSARY PERSONNEL

The Wave House venue will consist of six key management staff, but varies at each location depending upon the venue and the season.

a. Manager
b. Assistant manager
c. Marketing Manager
d. Wave Manager
e. Store manager
f. Food and beverage manager
g. 20x Food & Beverage staff
h. 6x cleaning staff
i. 6x wave instructors
j. 3x marketing assistants
k. 2x accounting
l. 1x Landscaping Maintenance





NECESSARY RENOVATIONS

As per attached layout

NECESSARY EXPANSION

As per attached layout

NECESSARY FINANCIAL INVESTMENT

As per construction cost plus $1,000,000 in working capitol

USE OF CITY RESOURCES AND/OR NECESSARY PARTNERING

Car parking provision

PROPOSED METHOD TO SECURE THE NECESSARY PROPERTY INTERESTS

a. Car parking provision
b. Reduced utility rates
c. Provision of public transport
d. Ability to valet at the parking
e. Reduced parking costs for staff
f. City to promote/market/advertise the venue as a city resource and, the proposed method to secure the necessary property interests.
g. Securitize the leasehold through long term lease financing

KEY STEPS/PHASES TO IMPLEMENT THE PROPOSED VENTURE

Offerors shall also outline key steps or phases to implementing the proposed venture for the City and estimated time for implementation and/or becoming fully operational.

a. Secure agreement from the City
b. Secure financing from partners
c. Design & Engineering
d. Start building
e. Complete by Easter of a given year
f. Approximately 18 months time frame from start of design

DESCRIPTION OF RELATED FINANCING FOR THE PROPOSED VENTURE

If an initial investment is to be made by the offeror, a description of the related financing for the proposed venture should be provided along with source of private funding, dedicated revenue source or proposed debt (e.g., user fees and other service fees).

There is a significant initial investment that is required to bring the Wave House Palm Beach to reality. The amount of capital invested will ultimately be a function of permitted use, duration of lease, and the amount paid for lease of the land. The principals of Wave House Palm Beach have funded hundreds of millions in dollars of municipal leasehold public / private projects. We feel confident that given the proper leasehold terms and entitlements, the subject project is imminently financeable.

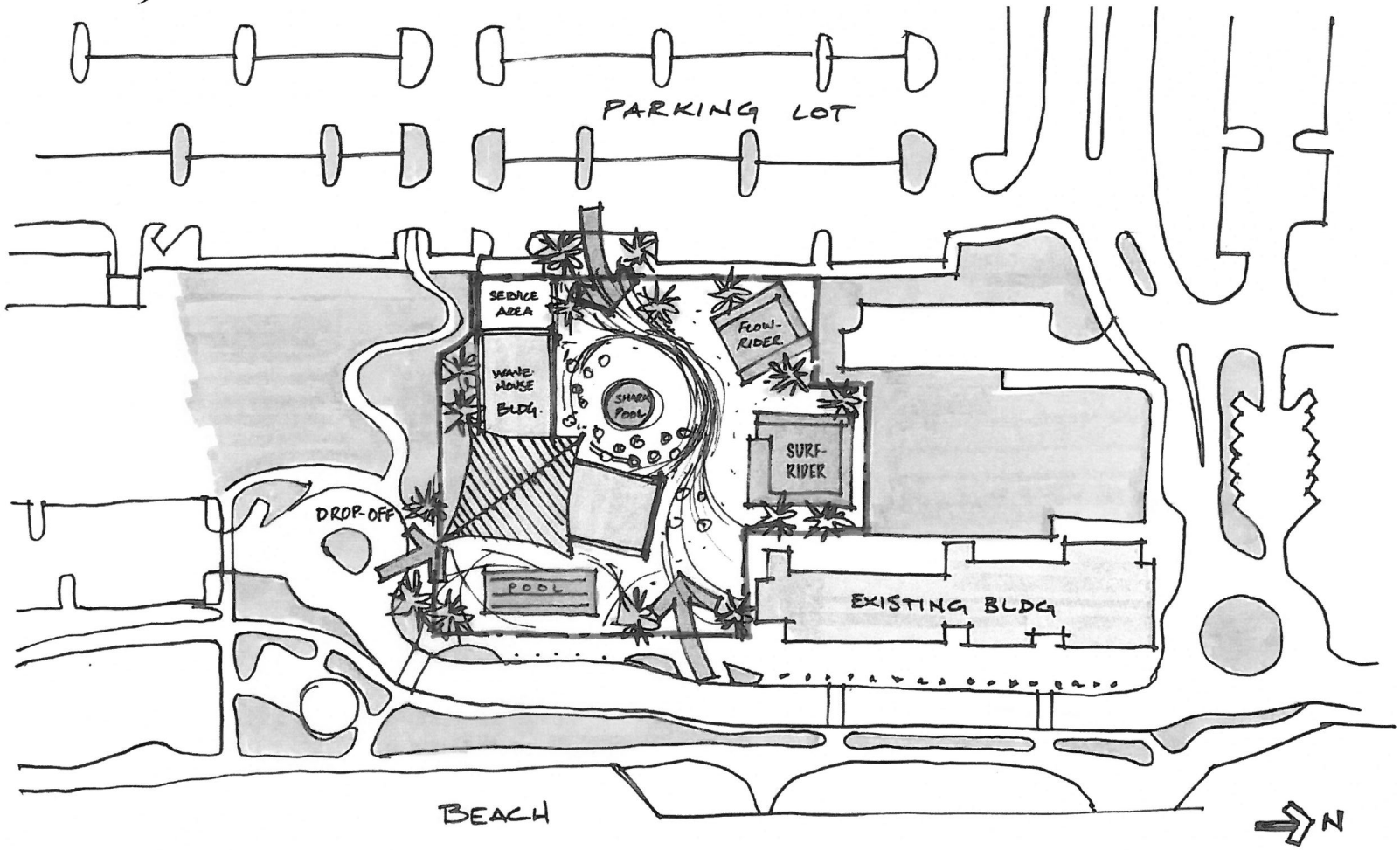
ANTICIPATED IMPACT OF THE PROPOSED VENTURE ON EXISTING TENANTS, PARKING, AND OTHER EXISTING FACILITIES, AND PROPOSED SOLUTIONS FOR SAID IMPACTS (as applicable)

Offerors shall also describe the anticipated impact of the proposed venture on existing tenants, existing parking, and other existing facilities, and propose solutions for said impacts (as applicable).

It is our intent to deliver a signature facility that will drive traffic to the City of Lake worth, the existing and new tenants of the casino building and pier. Thus allowing the City to increase lease rates and create a more stable return on their investment. The facility will fill parking spaces in non-peak times providing the City the vehicle in which to add a parking deck thus creating more revenue from beach parking. Wave House will also create a signature destination facility that doesn't exist on the east coast of the United States thus creating an increasing revenue and occupancy rates at local hotels and restaurants.

WAVEHOUSE® PALM BEACH

SITE PLAN



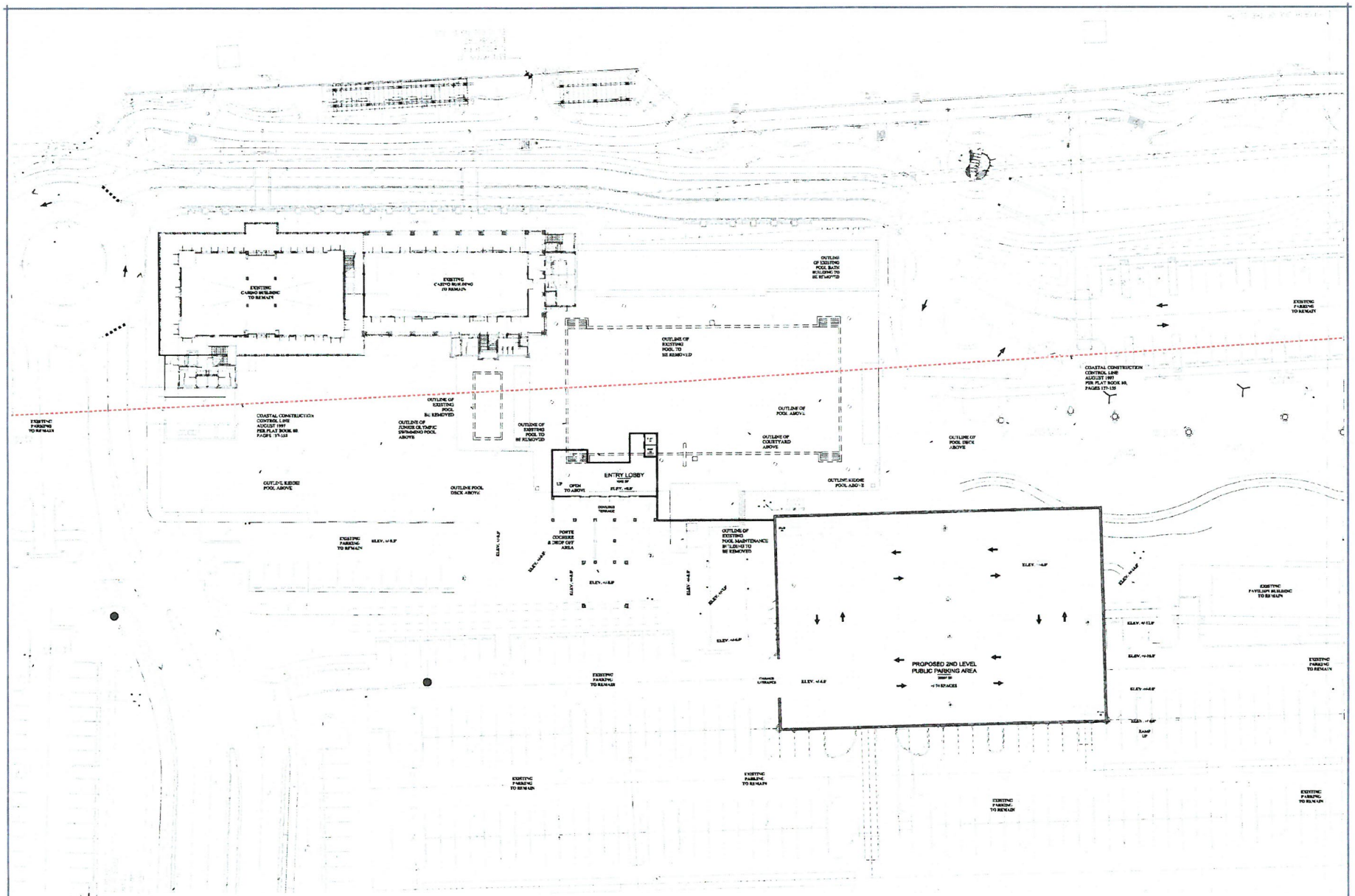
CONCEPTUAL DESIGN OF ALL CHANGES TO BE MADE:

- **Wave House Building**
- **SurfRider**
- **FlowRider**
- **Staging**
- **Patio-Outdoor Dining-Viewing**
- **Pool**
- **Service Area**
- **Shark Pool**

WAVEHOUSE® PALM BEACH

FEATURES

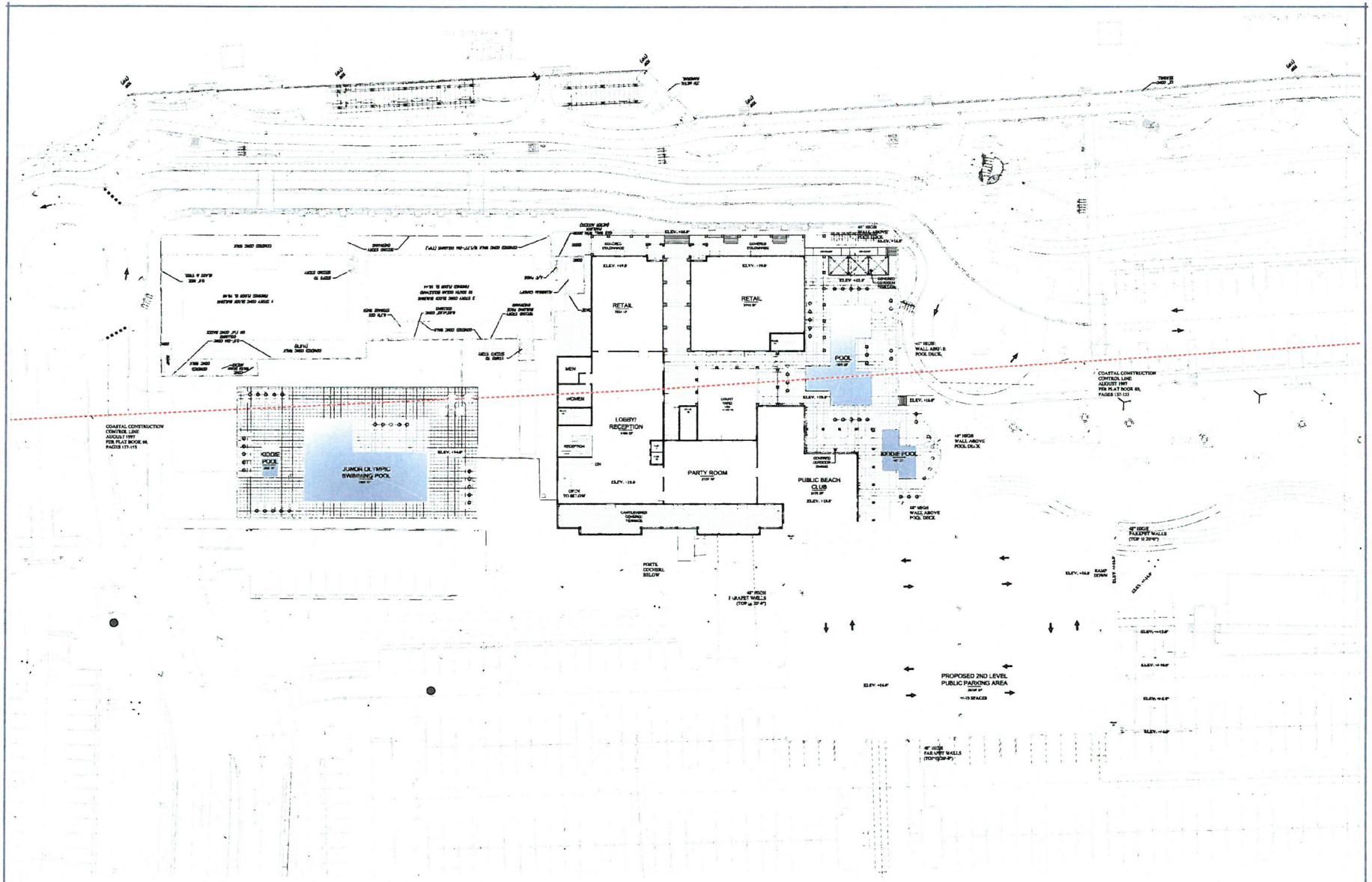
Attractions	Ground SF	Upper SF	Interior SF	Occupancy	Factor	Occupant Load	Parking Factor	Parking Req.
Attractions								
Double Flow Rider	2,295			Pool-Water Ride	Ride Capacity	4		
City Wave	2,295			Pool-Water Ride	Ride Capacity	4		
Hot Tubs	500			Pool-Spa	10 net	50	75 s.f. / 4 occ	13
25y Pool	1,875			Pool	50 net	38	75 s.f. / 4 occ	10
Shark Pool	965			Pool-Water Ride	Ride Capacity	1		
CW Mechanical	700			Mechanical	0	0		
FR & Pool Mechanical	700			Mechanical	0	0		
Food Service								
Outdoor Bars	975			Assembly (U)	15 net	65	75 s.f.	0
Interior Dining Ground floors	1,540	1,540	3,080	Assembly (U)	15 net	206	75 s.f.	42
Exterior Dining Deck Level		4,648	4,648	Assembly (U)	15 net	310	75 s.f.	62
Kitchen	1,950	1,950	3,900	Kitchen	200 gross	20	75 s.f.	52
Retail								
Surf Retail & Ticketing	1,560		1,560	Mercantile	30 gross	52	200 s.f.	8
Facilities - Site								
Road work - Parking								
Utilities								
Landscaping								
General Outdoor	22,369							
Audio Visual Fit-Out								
Main Stage	670			Stage(Platform)	15 net	45		
Hammock Decks	1,200			Assembly (U)	15 net	80	75 s.f. / 4 occ	20
Entry Plaza/ Lobby	728	728	1,456					
Admin Offices	1,008		1,008	Office	100 Gross	11	300 s.f./ .8 occ	9
Restroom/Changing Room	2,080		2,080	Locker Room	50 Gross	42		
Employee Restrooms	150	150	300	Restroom	100 gross	3	300 s.f./ .8 occ	3
Totals	**43,560**	**9,016**	**18,032**			**931**		**219**



LOWER LEVEL LOBBY & PARKING PLAN

LAKE WORTH POOL
& CABANA CLUB
10 SOUTH OCEAN BOULEVARD
LAKE WORTH, FLORIDA 33460

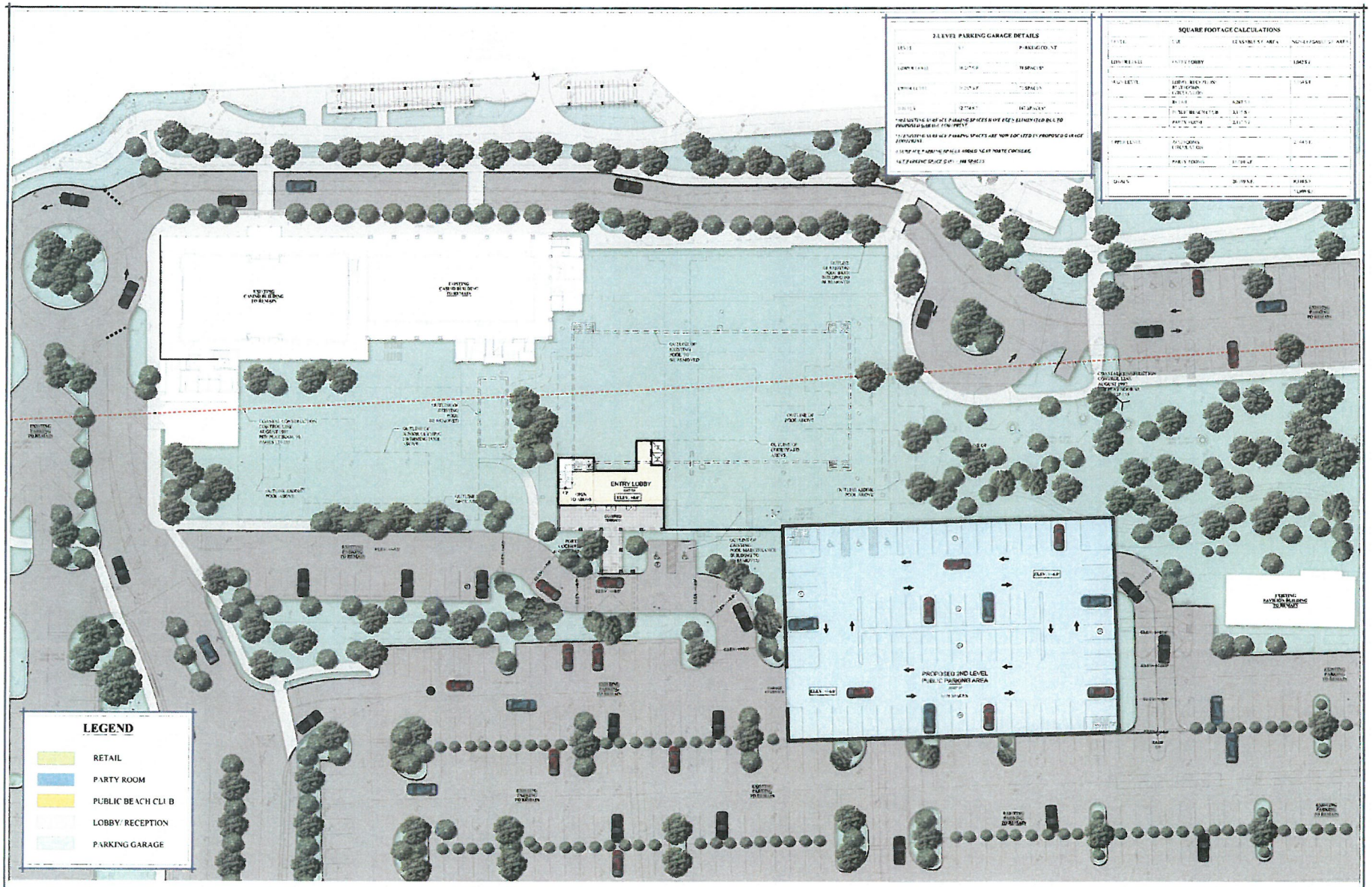
RANDALL STOFFI
Collective, Inspirational Architecture
Delray Beach, Naples, The Carribean



MAIN LEVEL LOBBY & PARKING PLAN

LAKE WORTH POOL
& CABANA CLUB
10 SOUTH OCEAN BOULEVARD
LAKE WORTH, FLORIDA 33460

RANDALL STOFFT
distinctive, responsive, architecture
Delray Beach, Naples, The Caribbean



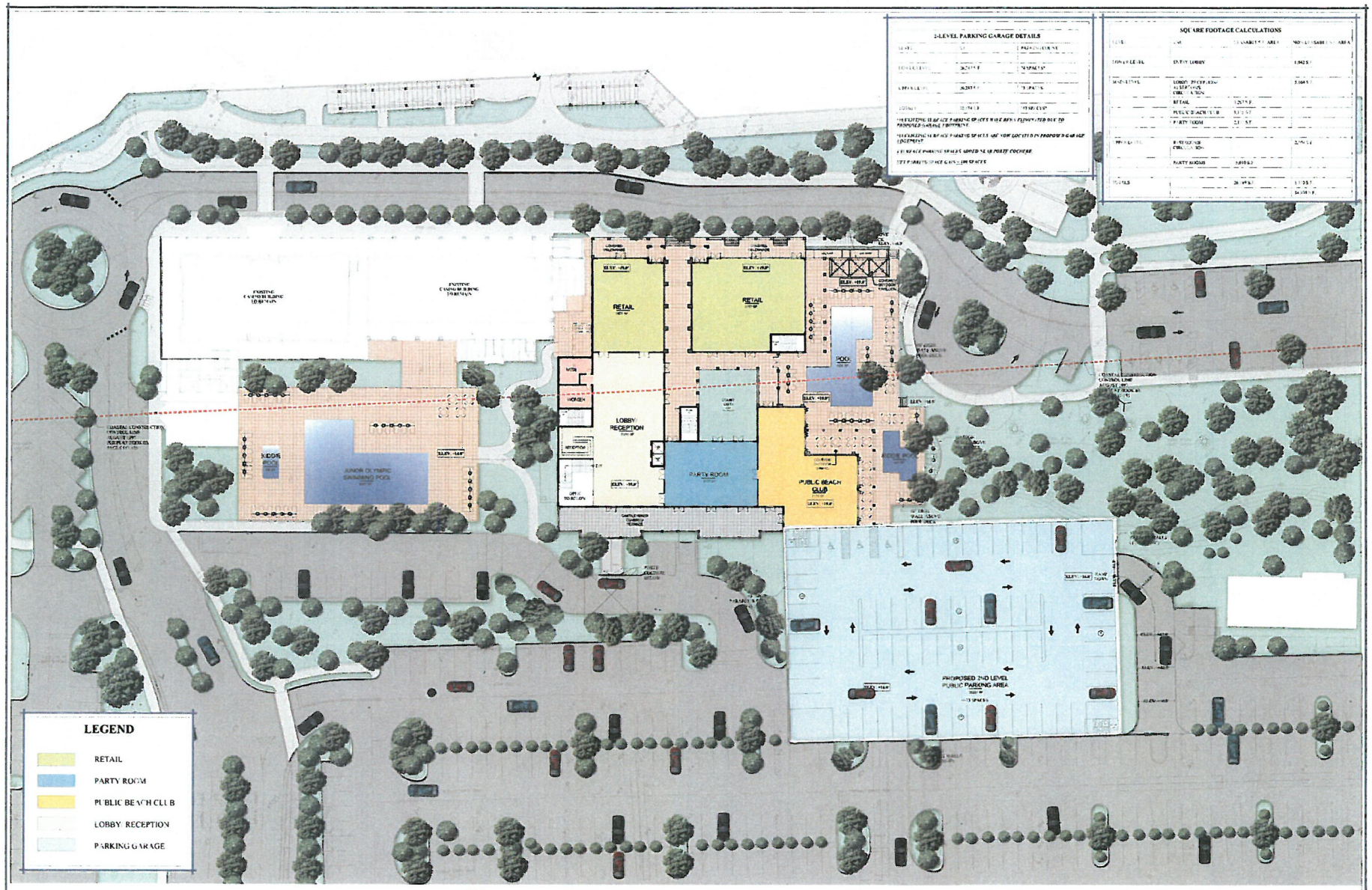
LOWER LEVEL LOBBY & PARKING PLAN

LAKE WORTH POOL
& CABANA CLUB
10 SOUTH OCEAN BOULEVARD
LAKE WORTH, FLORIDA 33460

Lake Worth pool & cabana club

HUDSON HOLDINGS

RANDALL STOFFT ARCHITECTS



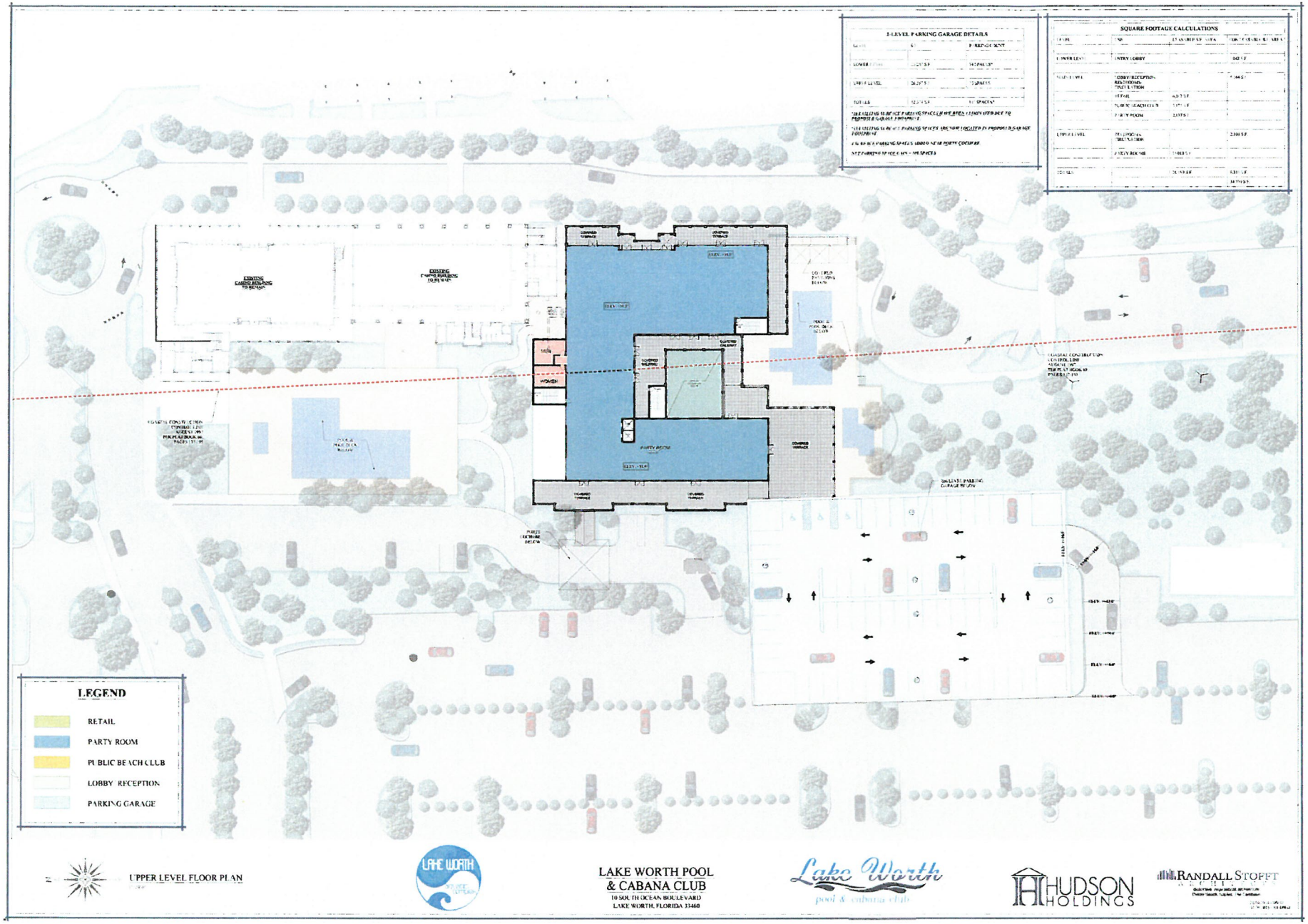
MAIN LEVEL FLOOR PLAN

LAKE WORTH POOL
& CABANA CLUB
1a SOUTH OCEAN BOULEVARD
LAKE WORTH, FLORIDA 33460

Lake Worth pool & cabana club

HUDSON HOLDINGS

RANDALL STOFFT ARCHITECTS


2-LEVEL PARKING GARAGE DETAILS
SQUARE FOOTAGE CALCULATIONS
LEGEND
RETAIL
PARTY ROOM
PUBLIC BEACH CLUB
LOBBY RECEPTION
PARKING GARAGE
UPPER LEVEL FLOOR PLAN
LAKE WORTH POOL
& CABANA CLUB
10 SOUTH OCEAN BOULEVARD
LAKE WORTH, FLORIDA 33460
Lake Worth
pool & cabana club
HUDSON
HOLDINGS
RANDALL STOPPT

ROBERT B. BANTING, PRESIDENT

PAUL H. SNITKIN, Head of Sales and Leasing

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Fax (561) 833-0234

February 23, 2015

Quality Service Since 1947

Michael Bornstein
City Manager
City of Lake Worth
7 North Dixie Highway
Lake Worth, Florida 33460

RE: Proposed Lease by and between City of Lake Worth and/or assigns, (Lessor) and Oceanside Bar and Grill, LLC. (aka 2nd Floor Restaurant and Ballroom/kitchen) and/or related assigns (Lessee) pertaining to Casino Building at the City of Lake Worth Beach, Lake Worth, Florida ("Property").

Dear Michael:

Landlord: City of Lake Worth and/or assigns

Tenant: Oceanside Bar and Grill, LLC and/or related assigns.

Property: Entire second floor of Lake Worth Casino at the City of Lake Worth Beach, 10 South Ocean Boulevard, Lake Worth, Florida 33460

Lease Rate: $20.00/SF on a Gross Basis including CAM, plus Florida sales tax. CPI (Consumer Price Index) increases every year/anniversary date.

Build Outs: Tenant is to build out restaurant space on the north side of the second floor of the Casino building with full kitchen, bar area, dining room, restrooms, and patio seating. Therefore the space will be delivered in "As Is" condition. The permitting process will be on the fast track with the City of Lake Worth building department.

Ballroom Space; Delivered to tenant in "As Is" Condition

Lease Term: A Lease term of ten (10) years, plus three (3) five year each options for a total of twenty five years.

Renewal Option Rates: Tenant has the right to Three (3) renewal periods of Five (5) years each. Tenant needs to notify Landlord in writing that they intend to renew 6 months prior to the expiration of term.

Rental Concessions: Free rent during build-out period. To be 12 months if the tenant has completed renovations or not. First and Security (Security equals one year of rent in the form of a "Letter of Credit" with the City of Lake Worth being the beneficiary.

Access: Lessee shall be provided full access to the Property, at their own risk, during the Free Rent Period for the purpose of conducting all necessary alterations, upgrades, and decorating.

Intended Use: Buyer is leasing the subject property for future use as Restaurant's and Private Event Hall.

Leasing Date: The lease will commence on approximately May 1, 2015 for ten (10) years plus three (3) five year each options for a total of twenty five years.

Property Condition: The Property is being leased in "As Is" condition for the restaurant space, and "As Is" condition for the ballroom.

Brokers: Both parties agree that the only broker involved in this transaction is Anderson & Carr, Inc. who will be compensated by the landlord in this transaction, Based upon previous brokerage agreement.

Additional Terms: Tenant requires complete exclusivity to the upstairs level.

All ballroom rentals will be completely under our control from the time we sign the lease.

Additional Terms Cont.:

Tenant has exclusive rights to all food, beverage and retail merchandise sales on the complete upstairs level, including the ballroom, restaurant, and patio. Tenant will maintain a four foot access and walkway on the upstairs level. The current booking of Event space will stay in place and a separate deal will be worked out with the City.

Tenant has the right to remodel the existing kitchen and ballroom with the city of Lake Worth's approval.

Tenant would like to define the cost to rent the courtyard per usage.

Tenant accepts the complete responsibility and management of booking beach weddings, exclusively.

Tenant request records of financials regarding the ballroom events, beachfront wedding events and business establishments in the casino building (Already Received).

Tenant requires the ability to provide valet/shuttle service to our patrons at the northwest corner of building.

Tenant requires 1-2 parking spaces in the casino lot for management. Also, they require adequate employee parking available within a reasonable distance to the tenant space.

Tenant requires the right to place lighting on the West building facade, with proposals pending city approval.

Tenant required exclusivity of Hot Dog Carts/Stands through-out the entire Lease term, including options.

Time of Acceptance: The offer contained in this Letter of Intent shall expire and be of no further force and effect should Landlord fail to accept by executing a copy of this Letter of Intent and returning it to the Broker, Paul Snitkin of Anderson & Carr, Inc., by the close of business at 5:00 p.m. EST, on March 12, 2015.

This letter constitutes a non-binding Letter of Intent. It sets forth our preliminary understanding of certain of the principal terms and conditions of the proposed transactions. Other terms and conditions are to be resolved in the course of finalizing the Lease. Except as set forth in the following paragraph, the execution of the Lease is a condition precedent to the creation of any binding agreement or legal obligation between Landlord and Lessee. Except as set forth in the following paragraph, nothing contained in this Letter of Intent will create any legally binding obligation on Landlord or Lessee, whether under this letter or otherwise, including without limitation any duty to continue negotiations to reach a written, definitive Lease or to negotiate in good faith. Either party may discontinue negotiations at any time for any reason.

Should the terms of this Letter of Intent be acceptable, please have the appropriate authorized individual(s) indicate acceptance by initialing each page, and affixing their signature below, at which point the Landlord shall proceed with the drafting of the Lease.

ACKNOWLEDGED AND ACCEPTED

(Tenant; George Naser or Oceanside Bar and Grill, LLC):

By: _____ _____

George Naser, President **Date**

ACKNOWLEDGED AND ACCEPTED (Landlord; City of Lake Worth):

By: _____ _____

Michael Bornstein, City Manager **Date**