

Real Property Manager #25-008

March 26, 2025

To: Mayor and City Commission

Through: Gregory P. Harrison, City Manager

From: Cassandra LeMasurier, Real Property Manager *CL*

Subject: City of Pompano Beach (City) Lease with PB Kiosk, LLC for Beach Concession Kiosk at 20 N Pompano Beach Blvd.

Background

As part of the CRA's beach renovations and Pompano Beach Blvd. Streetscape project in 2011/2012, when the great lawn, splash pad, playground, workout equipment, and other improvements were installed, the existing maintenance building was renovated to serve as a concession kiosk. The City issued Request for Proposals T-02-13 to select an operator for the kiosk. The City Commission approved a lease with DiMaria Properties, LLC, on May 15, 2023, for a five (5) year term, with one five (5) year extension option.

On February 9, 2023, the City issued a Request for Proposals (T-14-23) to select a qualified company to manage and operate the City's Beach Kiosk Concession due to the upcoming expiration of the lease, which ended on August 31, 2023. The Evaluation Committee met on March 28, 2023, and ranked PB Pier, LLC as the top-ranked proposer of the four (4) proposals received. The City Commission approved the ranking at the May 9, 2023, meeting and authorized staff to negotiate a lease agreement with PB Pier, LLC. On August 14, 2023, the sole managing member of PB Pier, LLC formed and registered PB Kiosk, LLC with the Florida Division of Corporations to enter into this Lease with the City. While negotiating lease terms, PB Kiosk, LLC obtained minor site plan approval for the new kiosk. The approved site plan is included in Exhibit C of the lease.

Lease Terms

In accordance with Section 250 of the City Charter, the Lessee will invest \$2,000,000 to demolish the existing kiosk and build a new 1,511 sq. ft. kiosk, with a larger kitchen area to offer an expanded menu, restrooms to serve kiosk patrons and the public, and a 2,010 sq. ft. outdoor seating area. The lease area does not extend beyond the circular sidewalks around the existing kiosk building. The Lessee is responsible for obtaining all required permits and licenses and cannot demolish the existing kiosk until all approvals have been obtained for the improvements. PB Kiosk, LLC anticipates it will take five (5) months to complete the construction. The lease requires a certificate of occupancy be obtained within twelve (12) months of the Lease Commencement Date. The Development Timeline is included as Exhibit D of the Lease. At their sole cost, the Lessee is responsible for all maintenance and repairs of the improvements and utilities. The City will continue to provide supplies and conduct daily cleaning of the restrooms, as was done with the prior lease.

The kiosk will be open daily from 8:00 a.m. – 9:00 p.m. The City Manager or his designee must approve any change to the hours of operation. The Core menu items and merchandise with prices will be approved by the City Manager or his designee before being offered for sale. Menu and merchandise prices will reflect the current market rates, with the City reserving the right to request the Tenant make price adjustments if prices do not reflect the current market rate. The core menu items must be unique to the Beach Concession Kiosk. Only non-glass items shall be used for beverages and food. Plastic straws and Styrofoam products are prohibited. Tenant shall decorate and furnish Premises, including the outdoor seating area, with chairs, tables, and umbrellas. All proposed furniture will be preapproved by the City Manager or his or her designee.

The rent will be a Minimum Rent of \$60,000 per year for the first five (5) years of the lease, increasing to \$66,000 for years (6) through ten (10). Beginning in year eleven (11) of the lease, the minimum rent will increase by 7.5% every five (5) years. In addition to the Minimum Rent, the tenant will pay Percentage Rent, which is 5% of the Gross Revenue generated by the kiosk.

The initial lease term will be twenty (20) years, with an option to extend the lease for an additional ten (10) year term. The chart below shows the Minimum Rent and Percentage Rent Threshold Amounts for the initial lease terms and available rental options.

Lease Year	Minimum Rent	Percentage Rent	Percentage Rent Threshold Amount
1 - 5	\$60,000	5%	\$1,200,000
6 - 10	\$66,000	5%	\$1,320,000
11-15	\$70,950	5%	\$1,419,000
16-20	\$76,271	5%	\$1,525,425
21-25	\$81,992	5%	\$1,639,832
26-30	\$88,141	5%	\$1,762,819

For comparison purposes, the prior lease rent was \$33,000 per year or 12% of gross sales, which resulted in approximately \$350,000 in lease revenue to the City. The new lease will generate \$630,000 in Minimum Rent and an anticipated \$370,000 in Percentage Rent over the first ten (10) years of the lease resulting in \$1,000,000 in revenue for the City.