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Date: April 16, 2018

To: Mayor and City Commission

From: Suzette Sibble, Assistant City Manager



Via: Greg Harrison, City Manager

Re: Pier Hotel Parking Space License Agreement

Background

In 2013 and amended in 2014 the City of Pompano Beach ("City") entered into a Development Agreement with a real estate developer ("Pompano Pier Associates") for approximately 6.1 acres of City land known as the "Pier Development" and later known as "Pompano Beach Fishing Village." The Development Agreement was the result of the issuance of a Request for Qualifications in 2011 by the City. The Amended and Restated Development Agreement ("Agreement") approved by the City Commission on July 22, 2014, would ultimately assign lease rights to Pompano Pier Associates via the execution of ground leases pertaining to a total of seven (7) parcels to be developed, inclusive of the development of a hotel. The Agreement required Pompano Pier Associates to obtain City Commission approval of a Master Plan Amendment to develop a hotel in the Pier Development, more particularly situated on Parcel R-5, directly south of the Pier Parking Garage at the SE corner of SR A1A and Pier Street. The City also agreed as part of the Agreement, that it would accommodate parking for the patrons of the hotel within the Pier Parking Garage, as the planned hotel development site could not accommodate significant on-site parking for hotel patrons. The Master Plan Amendment for the hotel was approved by the City Commission on September 26, 2017; the site plan was approved by the Planning and Zoning Board on July 28, 2017; and, the site plan, landscape plan and architecture were approved by the Architectural Appearance Committee on July 26, 2017.

The purpose of this memorandum is to summarize the terms of the proposed Pier Hotel Parking Space License Agreement ("License Agreement") between three parties: (1) the City, as owner of the garage within which the parking for the hotel will be supplied and as lessor of Parcel R-5 to Pompano Pier Associates; (2) Pompano Pier Associates, the Pier Developer, acting as the lessee of the hotel site from the City who in turn found a qualified hotel developer, ("Pompano Beach Pier Hotel" or "Pier Hotel"); and, (3) Pompano Beach Pier Hotel, acting as the sub-lessee for Parcel R-5 and developer of the hotel. A map is attached to the proposed Parking License Agreement describing the 6.1-acre site and the various parcels that are being leased by the City to the Pier Developer. The map also indicates the location of the hotel on Parcel R-5, as well as the location of the Pier Parking Garage (R4).

Pier Hotel Summary

“See attached letter from Pompano Pier Associates/ Pompano Beach Pier Hotel”. Target date for hotel opening is May 2020.

Summary of Terms of the License Agreement

The following summarizes the terms of the Agreement.

Agreement: Pier Hotel Parking Space License Agreement.

Licensors: City of Pompano Beach, owner of the Pier Garage, a facility containing approximately 625 parking spaces;

Licensee: Pompano Beach Pier Hotel, LLC, the developer of a hotel located on Parcel R-5 of the Pier Development. The Licensee is also the sub-lessee of Parcel R-5 under a ground lease.

Licensee: Pompano Pier Associates, LLC, the developer of the Pier Development and lessee of various parcels of land within the Pier Development from the City. Pompano Pier Associates retains certain rights under the Agreement to protect its interest in the parking rights in the event their sub-lessee, Pompano Beach Pier Hotel defaults under the Agreement.

License Area: Pier Garage is the license area where the hotel guests will self-park their vehicles.

No. of Spaces: The Hotel will be licensed for 150 parking spaces in the Pier Garage. No spaces are reserved for the Hotel, and guests will be required to find their own parking space. The City’s parking management company operating the garage will provide the spaces needed, on a daily basis, by communicating daily with the hotel’s front desk to determine the predictable demand for hotel parking on any given day or any given period of time during the day, particularly during peak times.

License Fee: The Licensee or Hotel will pay a daily rate of \$12.00 per space that is utilized for parking by a hotel guest. The rate could increase every three years at an increase percentage equal to increases of the daily garage rate for off-season and season periods. An area analysis of parking costs for guests at nearby hotels is provided herein.

Guest Fee: The maximum a guest can be charged is 200% of the license fee. If the license fee is \$12.00 per day, then the guest may not be charged for parking over a fee of \$24.00 per day. This limits what the Hotel can charge.

Stayover Fee: If a guest wishes to stay over the normal time permitted in the garage on their day of departure due to arranging a late checkout (typically after 11 am or 12 noon), the guest may purchase a stayover pass at the parking office for \$6.00 (one half the daily fee charged by the City).

Parking Pass: The hotel guest will be given an electronic parking pass card or will be able to use their hotel room key card as an electronic parking pass that will enable the guest parking in the garage to either enter or exit at any time during their stay. A special electronic reader and the entry and exit of the garage will read the card.

Employees: The hotel may not use the daily-rate electronic card, but would be able to purchase for its employees a monthly parking pass in the garage currently available on the fifth-floor roof for \$100 per month.

Term: 50 years.

Insurance: Hotel will provide insurance for its guests to park in the garage, in accordance with City requirements.

Proposed Hotel Parking Rate and Economic Impact

The daily parking rate the City proposes charging the Pier Hotel is \$12.00 per space/per hotel day, which is based upon several factors: (1) market survey of hotel parking rates in the area indicates that hotels charge between \$17 and \$23 for self-parking, including the hotel's markup and, (2) the Pier Hotel is leasing a significant number of spaces, which is predicted to be approximately 120 spaces during the season and less during off-season (80% average daily occupancy), and therefore a bulk or discounted rate is implied in the City rate, and (3) it is important to keep the final markup rate charged to the hotel guest as close to the market as possible. At \$12 per day/per space, it is anticipated that once effective, this agreement will generate at least \$400,000 in parking revenues to the Pier Parking Garage annually. It is also anticipated that this private development will generate tax increment revenues, utility taxes, franchise taxes, fire fees, sales and use taxes and lease revenues to the City for the development parcel. Jobs to be created are estimated at 50. This development will further serve as a stimulus to existing businesses in and around the area.

Recommendation

The staff of the City recommends approval of the Pier Hotel Parking Space License Agreement. In addition, the City's CRA has likewise recommended approval.

Attachment A – Area Hotel Parking Rates

Hotel	Self Park Rate	Valet Park Rate	Parking Lot Owner
Nearby Broward County Hotels			
1. Pompano Marriott	None	\$27.00	Hotel
2. Pompano Residence Inn	None	\$25.00	Hotel
3. Pompano Sands Harbor	Free	None	Hotel, COPB
4. Deerfield Wyndham	\$17.00	\$22.00	Hotel
5. Deerfield Embassy Suite	\$23.00	\$26.00	Hotel
6. FLL Sheraton Suites	Free	None	Hotel
7. LBTS Motels	Free	None	Motels, Town
8. FLL Westin	None	\$39.00	Hotel
9. FLL Atlantic Hotel	None	\$35.00	Hotel
10. FLL Ritz Carlton	None	\$45.00	Hotel
11. FLL B Ocean Resort	None	\$25.00	Hotel
Other Oceanfront Hotels			
12. Delray Marriott	\$17.00	\$23.00	Hotel
Hotels Leasing from Municipalities			
13. Ft Myers Hotel Indigo	Garage Rate	\$20.00	City Garage

Notes:

1. Sands Harbor purchases 150 parking hang tags from the COPB for guests and employees for \$50 per month in the Oceanside Lot'
2. Please note that there are no instances of a hotel leasing parking from a city for their valet or self-parking.
3. Ft. Myers leases 30 spaces for \$50 per month for valet parking.