



City Commission Workshop

Thursday, July 20, 2023

7:00 PM

Commission Chambers

CALL TO ORDER AND ROLL CALL

The meeting was called to order on the above date by Mayor Bill Ganz at 7:02 p.m., in the City Commission Chambers, City Hall, Deerfield Beach.

Present:

Commissioner Todd Drosky
Commissioner Michael Hudak
Commissioner Ben Preston
Vice Mayor Bernie Parness
Mayor Bill Ganz

Also Present:

City Manager David Santucci
City Attorney Anthony Soroka
City Clerk Heather Montemayor

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

There was a moment of silence, followed by the Pledge of Allegiance.

DEPARTMENTAL BUSINESS

1. Update regarding the status of the Pier Restaurant Lease negotiations.

David Santucci, City Manager, provided a brief overview of the item. He stated that should questions arise that cannot be answered, staff will ensure answers are provided prior to commission consideration or at the August 1st commission meeting. Thereafter, a PowerPoint presentation was displayed. Mr. Santucci provided a brief background of the steps taken prior to the lease negotiations. Upon commission approval to negotiate with the top two firms, various negotiation committee meetings were held, which were publicly noticed and accessible. The evaluation criteria was outlined in the invitation to negotiate (ITN), which was used to weigh each proposer in the scoring matrix. He explained that the lease payment criteria was not weighed high because the facility is publicly used, and sometimes money does not always bring in the best restaurant.

Moreover, Mr. Santucci said the top two proposers scored within 1.5 of each other. Thereafter, various photographs of each proposal was displayed. LMR, LLC provides an open-air concept, with no windows, and extends the awning from the structure to the leased area and continues past the walkway. The restaurateur is proposing to have tables on the eastside underneath the observation deck, as they feel this extension will activate and maximize the use of the area; however, it is publicly used space, so they advised that they would work within the leased area outlined in the ITN. Mr. Santucci stated that DBC, LLC also said the use of additional space would be beneficial; however, their proposal was exclusive of any additional seating throughout the entire process. LMR is proposing to have high top and low seating on the observation deck with a bar setting in the middle. The menu will be consistent throughout the entire restaurant; therefore, the kitchen will be used to provide service to the observation deck, so an additional stairwell, with an art mural on the wall, will be built on the westside. Further, Mr. Santucci said DBC said the awning will be

DEPARTMENTAL BUSINESS - CONTINUED

affixed to the building and extended to the limit of the outdoor leased area, which will include seating underneath and a bar area in the center. The proposal recommends seating within the public right-of-way to accommodate the grab and go options. Thereafter, various renderings of the proposal were displayed. He stated that the observation deck includes a small center bar, tables and chairs throughout, and a food service counter.

Continuing, Mr. Santucci outlined the considerations during negotiations: lease payments and revenue sharing; qualifications and experience of principals and staff; service concept; design; observation deck; conformity to the ITN scope, procurement process and direction of the City Commission; and construction timeframe and restaurant downtime. LMR's investment, \$4 million, exceeds DBC, \$2.3 million, which means more construction and renovation. The final starting base received by LMR was \$275,000, which staff confirmed is the price within the lease space, and DBC is \$210,000; the annual increase for LMR is 3.5% and DBC is 2%; and the natural breakpoint revenue share is 5% for both proposals. Should the lease commence on November 1, 2023, LMR is proposing to provide 50% of the rent and full rent will be provided six months after permit issuance; DBC is proposing to provide full rent beginning on May 1, 2024. The overall term request is 20 years with two, five-year renewal options, which is the same for both proposals. Further, both restaurateurs have ten or more years of restaurant operation experience and both are highly qualified. LMR currently operates several restaurants in Florida and North Carolina and is skilled at restaurant design and construction. DBC currently operates a restaurant in Deerfield Beach and skilled at restaurant design and construction.

Continuing, Mr. Santucci outlined each proposers service concept. LMR is proposing to provide full table and bar service on the first floor and observation deck, and will include breakfast, lunch and dinner. The hours of operation will be 8:00 a.m. to 10:30 p.m., with the observation deck being noon to 10:30 p.m.; however, hours will be re-evaluated based on demand. DBC is proposing three service levels, first floor will be full table and bar service, and grab and go, and the observation deck will serve tapas and bar, and include breakfast, lunch and dinner. The hours of operation will be 8:00 a.m. to 9:00 p.m., with the observation deck being noon to 9:00 p.m.; however, hours will be re-evaluated based on demand. The design for LMR includes more substantial reconstruction and renovation of the facility on the east, west and south sides of the first floor to create open water views; fixed awning over first floor outdoor patio area; construction of bar and secondary observation deck staircase; complete kitchen redesign; scope of project requires more permitting time; and construction duration is proposed to be six month with a proposed grand opening in November 2024. The design for DBC includes partial construction of east wall to create indoor/outdoor dining experience; fixed awning over first floor outdoor patio area; construction of observation deck bar and food service area; remodel existing kitchen space; scope of project requires less permitting time; and construction duration is proposed to be five months with a proposed grand opening in April 2024.

Continuing, Mr. Santucci outlined each of the proposers use of the observation deck. LMR is proposing full bar and table service, which will be provided through the second stairwell; designate public seating, with no purchase necessary, along east rail of deck; open from 8:00 a.m. to 10:00 p.m.; staff believes this is a workable option; however, the proposer will re-evaluate after operational commencement. DBC is proposing a tapas meals and full bar service, which will be provided from observation deck pizza oven; morning programmed recreation and public access until 3:00 p.m.; open from noon to 10:00 p.m.; staff believes this is a workable option; however, the proposer will re-evaluate after operational commencement. Mr. Santucci outlined each proposer's conformity to the ITN and direction of the City Commission. LMR's response to the ITN included seating outside of the allowed lease space. They provided a best and final offer during the initial negotiation meeting but submitted a revised best and final after the meeting; therefore, staff held an additional final negotiation meeting and requested a written best and final offer, which was provided, \$325,000. Although the menu is consistent, they do not provide a grab and go option which was outlined in the ITN. DBC's response was consistent with the oral presentations, as well as the negotiation process. Their best and final offer was the same throughout the entire process and provides the grab and go option. Further, Mr. Santucci said the construction for LMR would begin May 2024, subject to building permits; whereby, the restaurant would not be operational for 12 months. DBC would begin after November 1, 2023, subject to building permits; whereby, the restaurant would not be operational for seven months.

DEPARTMENTAL BUSINESS - CONTINUED

Lastly, Mr. Santucci said the final decision will be up to the Commission; however, based on the ITN criteria, staff is recommending that the award go to Deerfield Beach Café, LLC, as their proposal meets the most criteria and represents the best value to the City. He stated that a cone of silence is still in affect; nevertheless, the award will be brought to the Commission for consideration on August 1st. Further, due to the length of the lease, approval by ordinance is required, so the first reading will take place on August 15th, and second on August 22nd. The current lease expires on October 28, 2023 and the new lease will commence on November 1, 2023.

Vice Mayor Parness said opening in April makes more sense, as opening in November does not provide enough time to fix issues, if any. Thereafter, he provided a brief background of his restaurant experience.

In response to Vice Mayor Parness' question, Mr. Santucci replied that LMR is proposing to provide 50% rent on November 1, 2023, and full rent six months after permit issuance. DBC is proposing full rent by May 1, 2024.

In response to Commissioner Preston's question, Mr. Santucci replied that criteria and concept was consistent based on the commission's input in December, i.e. family-friendly, affordable menu prices, etc. Further, throughout this process, both proposers ensured residents and visitors were a factor in their design and concept.

Commissioner Hudak said both concepts are extremely impressive, but different; therefore, this commission must determine if the purpose of this facility will be a profit center or place for citizens, visitors, etc. to have options.

In response to Mayor Ganz's question, Mr. Santucci replied that the facility is currently LEED certified, but he is unsure if construction will maintain those standards; nevertheless, he will find out and report back to the Commission.

Commissioner Drosky thanked the committee for their time and hard work, as both proposals are extremely close. Further, he does not object to the lease terms, fixed awning, observation deck or service of alcohol; however, the amount the City receives in rent may be debatable and could be a factor for some. Thereafter, he provided a brief overview of how much the City would receive from each proposer throughout the 20-year period, which isn't really a big difference because one proposal has full table service and longer hours on the observation deck and the other is tapas only. Commissioner Drosky said city staff has made their recommendation, so he would like LMR to advise why their proposal is better and what did the committee miss or get wrong. He asked DBC if they were comfortable with the bidding process that took place throughout the negotiation period. Also, the best and final offer from LMR came after the committee meeting; therefore, he asked if DBR had any objections to that.

Commissioner Preston said whatever decision is made, the residents must be kept in mind; nevertheless, one is more traditional Deerfield.

Mayor Ganz said the concepts presented look very familiar to what was originally proposed, compared to what is currently there. Further, the grab and go component has always been missing, which is a big factor.

Mr. Santucci asked that the Commission provide direction as to how they would like to hear from each proposer on August 1st, i.e. provide a presentation or be available for questions.

Mayor Ganz expressed concerns with one proposer submitting a best and final offer after the fact; nevertheless, excluding them is not in the best interest to the residents. Thereafter, he opened the public hearing.

James McGeary, 1442 SE 6th Street, Deerfield Beach, spoke in opposition to the 10:30 p.m. closing as lighting could be problematic during turtle season, as well as the use of tables underneath the observation deck. Further, he asked if any financial liability would fall onto the City should the chosen proposer be unable to fully fund the construction. He said the pricing is upscale, presenting a problem for residents and suggested a more cost-efficient option. Lastly, the depictions look like there is less beach access.

DEPARTMENTAL BUSINESS - CONTINUED

Barbara Moriarty, 617 Deer Creek Emerald Way, Deerfield Beach, asked why the Commission is only considering two proposals, in lieu of the three, as the current lessee is doing an outstanding job. Thereafter, she spoke in opposition to the upscale options. Further, one of the criteria mentioned compatibility with the City's objectives and asked what those were. Thereafter, she outlined the other criteria and weighted points. Ms. Moriarty commented on the original lease and asked why the lease wouldn't be renewed for the current lessee. Thereafter, she continued to outline the original lease and stated that the current lessee came before the Commission on numerous occasions to revamp the restaurant but was denied.

Denise Bogner, 1157 SW 26th Avenue, Deerfield Beach, commented on the current lessee being denied redevelopment of the restaurant and asked that it be kept in mind. Further, she stated that the City hopes to achieve a facility that is family-friendly, while providing a clean, safe environment, with food and beverage service, which she feels is already being provided. Thereafter, she commented on the current lessee and asked that they be reconsidered as Option 3.

Pam Militello, 716 Deer Creek Emerald Way West, Deerfield Beach, said with upscale restaurants surrounding this facility, the amount of money being proposed to reconstruct the facility is not needed; therefore, the length of the lease should not be granted. Thereafter, she said the current restaurant is an average style, family-friendly place. She expressed concerns with LMR as they already have two large establishments within the City. Lastly, she expressed concerns with the addition of bars as it will change the atmosphere.

Marty McGeary, 1442 SE 6th Street, Deerfield Beach, defined the word café and said the current café is more of resident destination, not tourist. Although this facility is small, it is the most valuable piece of property the City owns. Thereafter, she expressed concerns with there not being an additional elevator, as well as the use of the public area under the observation deck. Lastly, she asked why there are two Deerfield Beach Café, LLC's.

Daniel Shanetzky, 34 Keswick B, Deerfield Beach, provided a brief overview of his experience at the facility. Further, he said both companies provide a family-friendly environment; however, he spoke in support of DBC providing an indoor/outdoor experience, April 2024 grand opening, less permitting time and construction, and grab and go option. He said LMR providing more revenue over the 20-year period is a better deal for the City and asked if the monthly rent can be renegotiated with DBC.

Mayor Ganz closed the public hearing. Thereafter, he commented on the previously discussed lease and how many people were opposed to what is currently there, as it was said to be upscale and too fancy. Mayor Ganz said all three proposers are great restaurateurs and the proposals are the direction the City must take as they are the only establishments that can be created from what is there now; nevertheless, cheaper options are a goal for this Commission. Further, he said the third proposer did not achieve the intended goal, which is why the City is left with two viable options.

Vice Mayor Parness said this restaurant must be an affordable place for both residents and visitors. Thereafter, he provided a brief background of his restaurant experience. Further, he said these restaurateurs are willing to put money into the facility to make it a place for all to come.

ADJOURNMENT

There was no additional business to discuss.

MOTION was made by Commissioner Hudak, seconded by Commissioner Preston, to adjourn the meeting at 8:25 p.m. Voice Vote:

Yeas: 5 - Commissioner Drosky, Commissioner Hudak, Commissioner Preston, Vice Mayor Parness and Mayor Ganz

Nays: 0

CITY OF DEERFIELD BEACH

BILL GANZ, MAYOR

Heather Montemayor, CMC, City Clerk