




RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY

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MEMORANDUM

TO: HONORABLE CHAIR AND CRA BOARD OF COMMISSIONERS

FROM:  JONATHAN EVANS, MPA, MBA, ICMA-CM, CRA EXECUTIVE DIRECTOR

COPY: MICHAEL HAYGOOD, CRA ATTORNEY

DATE: JANUARY 12, 2021

SUBJECT: COMMISSIONER KASHAMBA MILLER-ANDERSON: RAFIKI TIKI OPERATIONS AND COMPLIANCE OF CONTRACT

The operation of Rafiki Tiki Restaurant located within the Marina Village Event Center has been requested to be placed on the CRA Agenda by Commissioner Miller-Anderson. Concerns have been raised over the restaurant's promotion of outdoor events with large crowds, and guests drinking in the adjacent roadway, parking lots, and on the waterfront promenade.

Status Update:

The Rafiki Tiki has proven to be a very popular spot. We believe that in the Spring of 2020, the owners experienced some reduction in business as a result of COVID impacts. The CRA provided forbearance for four months' rent covering March through June to provide some financial assistance to this business as well as other Marina tenants. Thereafter, we believe that Rafiki Tiki has adapted to our "new normal." Note that this forbearance did not preclude Rafiki Tiki from applying to the Payroll Protection Program under the CARES Act nor under the Palm Beach County Business Assistance Program under CARES. Staff does not have information about whether this particular business applied and received funding under either program.

In the late fall, we began to have concerns about the operations of Rafiki Tiki. Staff was asked to monitor and document these concerns. These included:

- Plumbing issues at times of high usage, usually on the weekend. We have had to make a number of emergency plumbing calls to make sure no interruption in business.
- Trash pileup. Ambassadors are expected to transport trash to dumpsters.
- Starting in October, special events, called "SunDaze," attracting large crowds with no special event permit in place. The crowds have spilled into the street and onto the Promenade at times.
 - Alcohol is being sold by the bottle and the cup, to patrons not at the bar or at a table, congregating in these areas of the Marina.
 - No mask policy being enforced.

- Parking lots have been overflowing, impeding other Marina operations
- Inadequate police presence
- Trash and litter left in the street and on the Promenade, requiring the Ambassadors to spend an inordinate amount of time cleaning up on Monday morning after these events.

Notable other issues are:

- On November 10, 2020, staff noticed that the Tenant was again expanding onto Event Center property by building a fence extending to the end of the northeast corner; he was also building a bar area in this location.
- On November 12, we became aware of a social media post for “SunDaze” event at Rafiki Tiki.
- Research has shown that these events started in October, through to January 10th
 - These events require at least two hours of cleanup by three Ambassadors on Monday morning.
 - For special events, the promoter is required to clean up after the event so as not to unduly burden staff
 - The events are getting bigger and bigger, spilling into the street east of the restaurant, with drinking and dancing, and little regard for social distancing. They have blocked off the road without our knowledge or permission of the police, as observed by staff on December 13th.
- Shortly before New Year’s Eve, staff became aware of a huge party planned. The City Manager was informed, who then convened a meeting with RBPD, RBFD, City, and CRA, along with Mr. Demetri Salloum. Due to this meeting, and the assurances gained, this event was well managed.
- This past Sunday, January 10th, it appears that a huge event happened, with hundreds of patrons, no social distancing, etc. Trash was strewn all the way onto Spanish Courts and took the Ambassador team over three hours to clean up on Monday morning. Again, there was no special event permit.

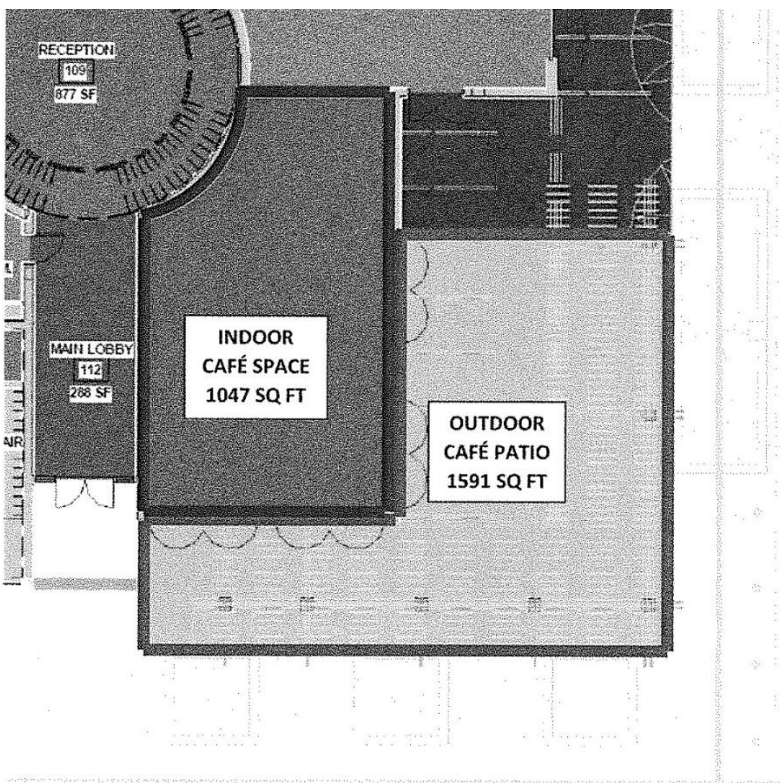
Existing Lease Summary:

The Rafiki Tiki currently pays \$3,821 dollars per month for rent, and common area maintenance. The lease also includes a provision for annual percentage rent, allowing the CRA to participate in the success and profit of the restaurant. The lease provides that the CRA receives 6% of all revenue above \$875,000 each year. For the most recent period of March 2019 through February 2020, the restaurant paid \$10,625 dollars in annual percentage rent. By increasing the outdoor area, the Rafiki Tiki can expand their seating and sales area, increasing their revenue and our percentage rent accordingly. Lease terms are as follows:

- Term – 120 months or 10 years from rent commencement on August 29, 2016.
- Option – So long as Tenant is not in default or rental obligations at the time of option renewal, then Tenant shall have One (1), five (5) year option at then market rents.
- Base Rent - \$25.00 per square foot for the inside conditioned space (1,047 sq. ft.) only. Base rent to increase three percent (3%) annually over the previous year’s Base Rent. Currently this amounts to \$2,612 per month.

- Percentage Rent = Six percent (6.0%) of Tenant's gross sales over a fixed breakpoint of \$875,000.00. (2018; \$5,109 2019; \$10,625 2020 will be due after March 1, 2021)
- Common Area Maintenance (CAM): \$1,208.09 per month
- CRA leased the Rafiki Tiki space unfinished (block walls and dirt floor, however windows and doors were installed). The Tenant was responsible for complete buildout of space.
- The CRA contributed \$40.00 per square foot for Tenant Improvement Allowance to assist in the buildout. (\$41,880)
- The existing lease was amended on December 16, 2016 to allow the sales of any alcoholic beverages (previously beer & wine).

The Existing Lease Area is shown below:



The Rafiki Tiki has been utilizing additional space outside of their current lease and have requested to amend their lease to include the additional outdoor area. (details on next page)

Requested Lease Amendment:

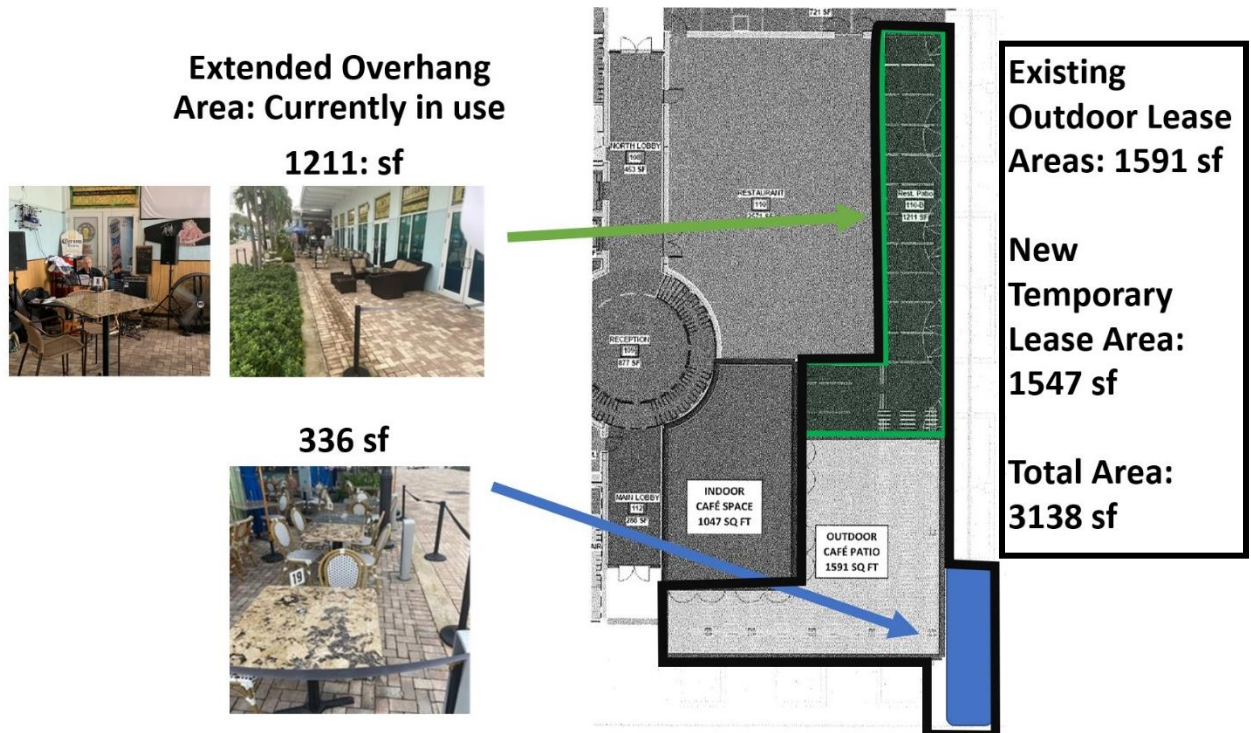
The Rafiki Tiki Restaurant has requested to lease additional outside area to provide additional seating for outdoor food and beverage service on the East side of the Event Center. They are currently utilizing the outdoor space that they have requested to amend the lease to use the space on a temporary basis until the future of the remaining vacant space in the Event Center is determined.

The Proposed lease amendment includes requested improvements that the Rafiki Tiki will be responsible for, including all permitting fees, late submittal fees, building department approvals and construction of the following improvements in accordance with the Florida Building Code:

- High-Top Seating Bar
- TVs, Lighting, and related Electrical and other improvements
- Awning along the East side of the Event Center
(Request is to share the cost of the proposed Awning which will cost approximately \$17,000)

The requested amendment is proposed to be heard by the CRA Board on February 10, 2021. The proposed temporary lease expansion area is below:

Proposed Temporary Lease Expansion Area



Attachments:

Amended Lease Agreement
Existing Lease Agreement
November Letter sent to Rafiki Tiki