

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY

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Meeting Date:	March 23, 2010	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Facilities Development & Operations		

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I. EXECUTIVE BRIEF

**Motion and Title:** Staff recommends motion to:

- A) **adopt** a Resolution authorizing deferral of past due rent, a reduction in the rental rate, the placement of courtyard tables, and finding that the Second Amendment to Governmental Center Lease Agreement with LJL Food Management, Inc. d/b/a Tina's Café (R2002-0829), is in the best interest of the County; and
- B) **approve** a Second Amendment to Governmental Center Lease Agreement with LJL Food Management, Inc. d/b/a Tina's Café.

**Summary:** LJL Food Management, Inc. d/b/a Tina's Café has been the food service provider operating in Suite 110 of the Governmental Center Parking Garage since 2005. In 2009, the Board approved the First Amendment (R2009-0146) that permitted Tina's Café to expand into the adjacent Suite 114 thereby increasing the leased premises from 1,504 SF to 2,554 SF, reduced the rent for a period of two (2) years from \$15.76/SF to \$12.50/SF, and extended the term of the Lease until January 31, 2019. Due to economic conditions, business has declined and Tina's Café has not paid rent for November through January totaling \$6,917.08. This Amendment defers payment of the past due rent until December 2018 and reduces the rent effective January 1, 2010 by ½ from \$33,202.00/yr (\$13.00/SF) to \$16,601.00/yr (\$6.50/SF), for a period of two (2) years. At the end of these two (2) years and every two (2) years thereafter, the parties will re-evaluate the rent. This Amendment also allows installation of four (4) tables for outdoor seating in the courtyard outside the Premises. (PREM) Countywide (HJF)



**Background and Policy Issues:** In 2001, Staff issued an RFP to lease 1,504 SF within Suite 110 of the Governmental Center Parking Garage for operation of a restaurant. LJL Food Management, Inc. d/b/a Cher's Café was the only respondent. On May 21, 2002, the Board approved the initial Lease Agreement with LJL Food Management, Inc. for a period of five (5) years with one (1) five (5) year option. Initial Rent was \$18,012/yr (\$11.98/SF). In September 2005, LJL Food Management, Inc. changed ownership through a private sale of the business, the trade name was changed to Tina's Café and the Consent to Change of Ownership was approved by the Board on October 18, 2005 (R2005-2020). On January 13, 2009, the Board approved the First Amendment to Governmental Center Lease Agreement (R2009-0145 & -0146) allowing Tina's Café to increase the size of their restaurant by 1,050 SF to 2,554 SF by expanding into Suite 114, the space formerly occupied by Channel 20. In addition, the rent was reduced to \$31,925 (\$12.50/SF) and the term extended to January 31, 2019.

Continued on page 3

**Attachments:**

1. Location Map
2. Second Amendment to Governmental Center Lease Agreement
3. Resolution
4. January 13, 2009, Agenda Item 6E-1 (R2009-0145 & -0146)

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Recommended By:		3/8/10
	Department Director	Date
Approved By:		3/18/10
	County Administrator	Date

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## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	2011	2012	2013	2014
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	<u>\$17,984.36</u>	<u>\$16,601.04</u>	<u>\$4,150.26</u>	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u>\$17,984.36</u>	<u>\$16,601.04</u>	<u>\$4,150.26</u>	<u>\$0</u>	<u>\$0</u>
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes \_\_\_\_\_ No \_\_\_\_\_

Budget Account No: Fund 0001 Dept 410 Unit 4240 Object 6225  
Program \_\_\_\_\_

### B. Recommended Sources of Funds/Summary of Fiscal Impact:

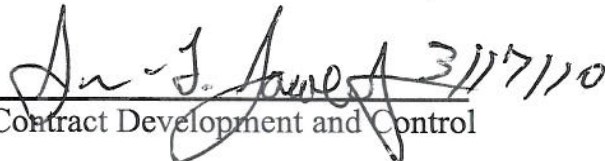

\* Revenue calculations (FY 2010-2012) are based upon rent being reduced by ½ for two (2) years from January 2010 to December 2011. The calculations assume that in 2012, rent will go back to the prior rate and four percent (4%) annual increases in rent will be reinstated. The \$6,917.08 past due rent payment will be deferred until December 2018. However, the parties will re-evaluate the Rent every two years, and if continued rent relief is provided, these calculations will change.

### C. Departmental Fiscal Review: \_\_\_\_\_

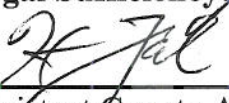
## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Development Comments:

  
\_\_\_\_\_  
OFMB  


  
\_\_\_\_\_  
Contract Development and Control  


### B. Legal Sufficiency:

  
\_\_\_\_\_  
Assistant County Attorney  


### C. Other Department Review:

\_\_\_\_\_  
Department Director

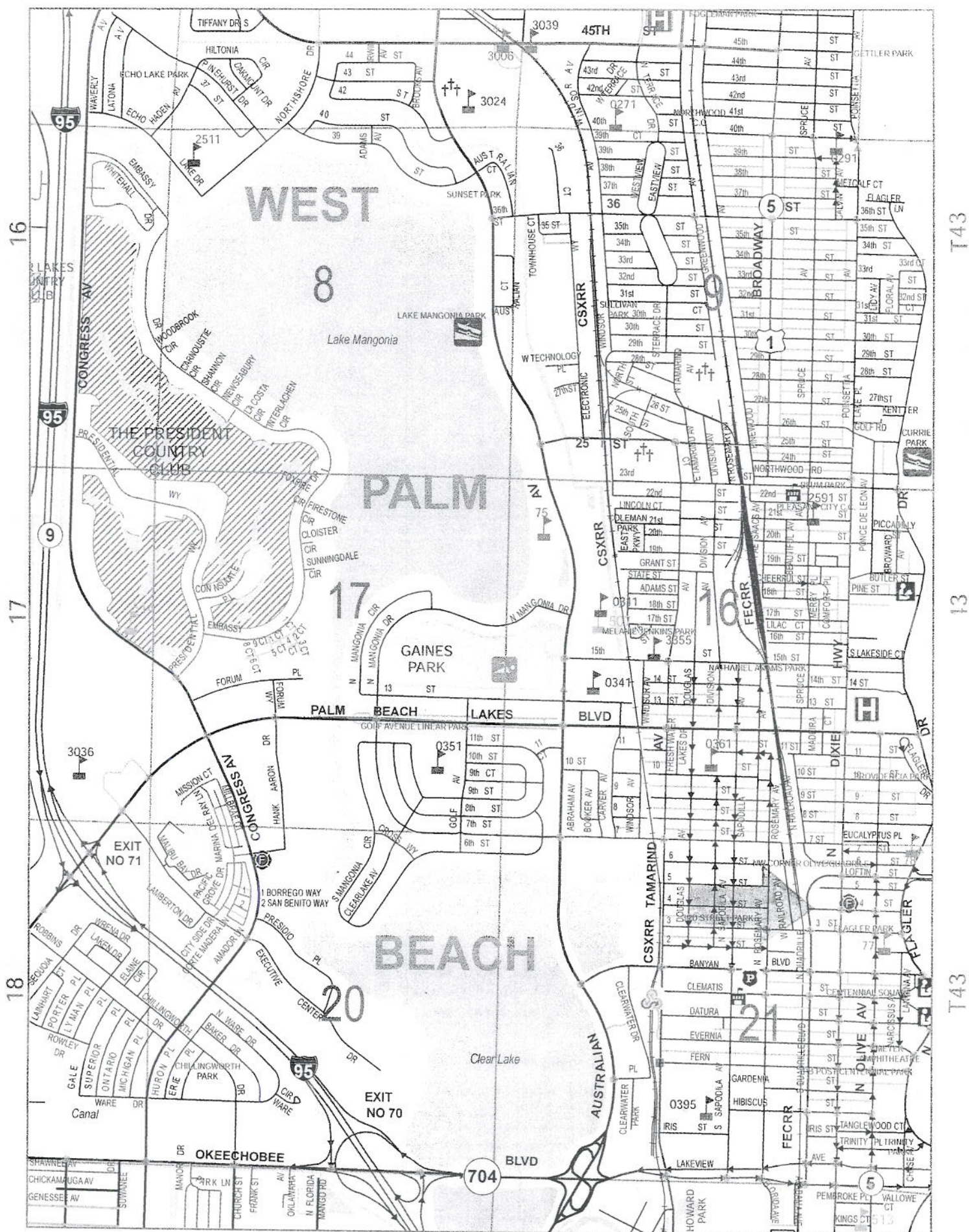
This summary is not to be used as a basis for payment.



**Background and Policy Issues, continued:**

Due to economic conditions, business has declined and Tina's Café has fallen behind in the payment of rent. In response to requests by Staff for payment of rent, Tina's requested that the past due rent be deferred until business conditions improve. It is Staff's opinion that business conditions are unlikely to improve for the next year or so, and that in order to avoid further defaults, the rent should be reduced for two (2) years, with a review of conditions at that time. In late-2011 at the end of the two (2) year rent reduction, and every two (2) years thereafter, the parties will meet to review and evaluate the rental rate to determine if further rent modification is warranted. The rent reduction will be effective as of January 1, 2010, as Staff was in discussions with Tina's regarding a rental reduction at that time. The past due deferment equates to rent from November 2009 to January 2010 and totals \$6,917.08. Rent during the two (2) year reduction is \$6.50/SF. In January 2012, unless the parties agree to further modifications of the rental rate, rent will go back to the full amount (\$13.00/SF) and each September thereafter the rent will increase by four percent (4%). By halving the rent for two (2) years and not increasing the rent in September of 2010 and 2011, the total rent reduction through 2011 will be \$40,755.49.





# LOCATION MAP

ATTACHMENT #



**SECOND AMENDMENT  
TO  
LEASE AGREEMENT**

**THIS SECOND AMENDMENT TO GOVERNMENTAL CENTER LEASE AGREEMENT** (the "Second Amendment") is made and entered into \_\_\_\_\_ by and between Palm Beach County, a political subdivision of the State of Florida ("County"), and LJL Food Management, Inc., a Florida corporation ("Tenant"). County and Tenant are sometimes referred to herein collectively as the "parties".

**WITNESSETH:**

**WHEREAS**, County and Tenant entered into that certain Governmental Center Lease Agreement dated May 21, 2002 (R2002-0829) (the "Lease"); and

**WHEREAS**, County and Tenant entered into the First Amendment (R2009-0146) on January 13, 2009, which increased the gross leaseable area of the Premises as defined in the Lease and established the rental rate for the additional space, provided for a two-year reduction of the rent for the original leased area, and extended the term of the Lease until January 31, 2019; and

**WHEREAS**, Tenant is behind in the payment of rent; and

**WHEREAS**, Tenant has requested (i) further rent relief due to current adverse economic conditions and pending construction, and (ii) authorization to add tables for outside seating to its food service operation, and County has agreed to (i) extend the deadline for payment of the past due rent, (ii) retroactively reduce the rent for a period of two (2) years, and (iii) allow the addition of tables for outside seating subject to the conditions contained herein.

**NOW, THEREFORE**, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The foregoing recitals are true and correct and incorporated herein by reference. Terms not defined herein shall have the same meaning ascribed to them in the Lease.
2. The Annual Rent for the Premises shall retroactively be reduced to Sixteen Thousand Six Hundred One Dollars (\$16,601.00), plus applicable sales tax, effective January 1, 2010. Effective January 1, 2012, (the end of the two year reduction period), the Annual Rent shall be Thirty-Three Thousand Two Hundred Two Dollars (\$33,202.00), plus applicable sales tax and subject thereafter to escalation pursuant to Section 3.03, unless the parties agree at the end of the two year reduction period to further modify the rental rate. The parties shall thereafter evaluate the annual rental rate every two years for the remainder of the term of the Lease.
3. The deadline for payment of past due Annual Rent in the amount of Six Thousand Nine Hundred Seventeen and 08/100 Dollars (\$6,917.08), which sum represents the monthly installments due for November, 2009, December, 2009, and January 2010, shall be extended until the last month of the Lease, at which point the amount of Six Thousand Nine Hundred Seventeen and 08/100 Dollars (\$6,917.08) shall be due in addition to the final monthly installment of Annual Rent.
4. Tenant shall be allowed to place no more than four (4) tables, each seating a maximum of 2 people, in the Common Area outside the Premises in the locations depicted in Exhibit "A", subject to Tenant's compliance with all applicable code requirements including Tenant obtaining any permits that may be required by the City of West Palm Beach. Tenant acknowledges that County will be starting construction of a central air conditioning plant in the adjacent courtyard in the near future. Tenant shall remove the tables during periods of County's construction if so requested by County.
5. This Second Amendment is expressly contingent upon the approval of the Palm Beach County Board of County Commissioners and shall become effective only when signed by all parties and approved by the Palm Beach County Board of County Commissioners.

6. Except as set forth herein, the Lease remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this Second Amendment as of the day and year first written above.

ATTEST:

SHARON R. BOCK  
CLERK & COMPTROLLER

COUNTY:

PALM BEACH COUNTY, a  
political subdivision of the State of Florida

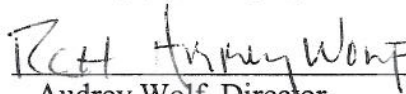
By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Burt Aaronson, Chair

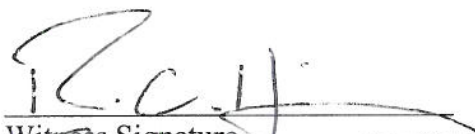
APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY

\_\_\_\_\_  
Assistant County Attorney

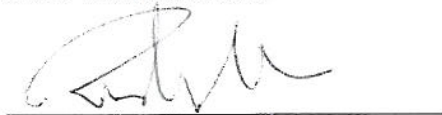
APPROVED AS TO TERMS  
AND CONDITIONS

  
Audrey Wolf, Director  
Facilities Development & Operations

WITNESSES AS TO BOTH:

  
Witness Signature

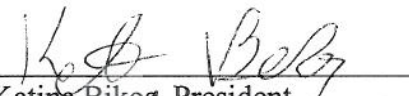
  
Print Witness Name

  
Witness Signature

  
Print Witness Name

TENANT:

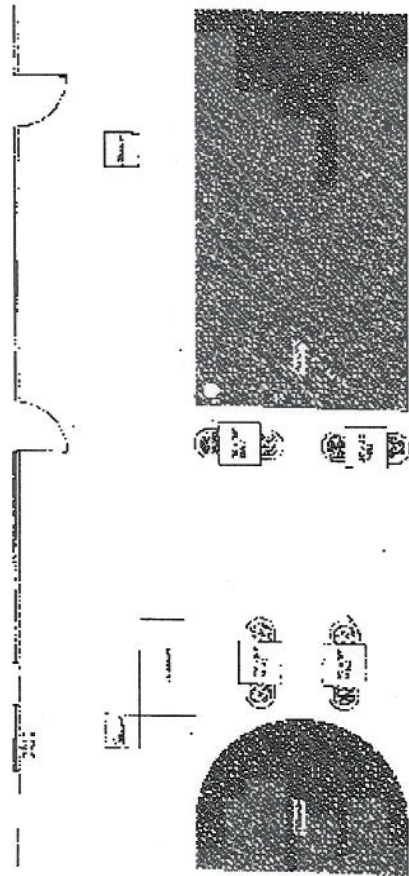
LJL FOOD MANAGEMENT, INC.,  
a Florida corporation

By:   
Katina Bikos, President

By:   
Petro Bikos, Vice-President

(SEAL)

Exhibit "A"



TINA'S OUTDOOR SEATING LAYOUT  
1/8" SCALE



**RESOLUTION NO. 2010-\_\_\_\_\_**

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF  
PALM BEACH COUNTY, FLORIDA, AUTHORIZING A REDUCTION OF  
THE RENT DUE UNDER THE TERMS OF COUNTY'S LEASE OF  
SPACE TO LJL FOOD MANAGEMENT, INC., AND EXTENDING THE  
DEADLINE FOR PAYMENT OF PAST DUE RENT; AND PROVIDING  
FOR AN EFFECTIVE DATE.**

**WHEREAS**, LJL Food Management, Inc., a Florida corporation, ("Tenant"), pursuant to a lease dated May 21, 2002 (R2002-0829), as amended, leases space from County for the operation of Tina's Café, a restaurant located on the first floor of the County-owned Governmental Center Parking Garage;

**WHEREAS**, Tenant has made application to the Board of County Commissioners of Palm Beach County requesting that Palm Beach County provide rent relief due to current adverse economic conditions and pending construction;

**WHEREAS**, Tenant is largely dependent on County-derived business and has seen a reduction in its business in the past year due to a reduction in the customer base;

**WHEREAS**, County is preparing to begin construction that will have an ongoing effect on access to the space leased by Tenant;

**WHEREAS**, Tina's Café provides a service to government employees and visitors to the surrounding government buildings by offering them convenient food service at a reasonable price, and County wishes to retain Tenant's operations in the Governmental Center Parking Garage space;

**WHEREAS**, Tenant has requested rent relief due to the current adverse economic conditions and pending construction, and County has agreed to reduce the rent for a period of two (2) years and extend the deadline for payment of past due rent;

**WHEREAS**, the Board of County Commissioners of Palm Beach County hereby finds that Tenant provides a service to employees and visitors of the Governmental Center and Courthouse that County does not wish to lose, and the rent reduction and extension of the deadline for payment of past due rent is in the best interests of the County.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:**



**Section 1. Recitals**

The foregoing recitals are true and correct and incorporated herein by reference.

**Section 2. Authorization to Adjust Rent**

The Board of County Commissioners of Palm Beach County shall amend its lease agreement dated May 21, 2002 (R2002-0829) with LJI Food Management, Inc., a Florida corporation, by entering into the Second Amendment to Governmental Center Lease Agreement attached hereto and incorporated herein by reference, in order to (i) lease the building space identified in the Lease, as amended, for the use identified above, at an annual rent rate initially reduced to Sixteen Thousand Six Hundred One Dollars (\$16,601.00) for two years, and (ii) extend the deadline for payment of Six Thousand Nine Hundred Seventeen and 08/100 Dollars (\$6,917.08) of past due rent.

**Section 3. Conflict with Federal or State Law or County Charter**

Any statutory or Charter provisions in conflict with this Resolution shall prevail.

**Section 4. Effective Date**

The provisions of this Resolution shall be effective immediately upon adoption hereof.

The foregoing resolution was offered by Commissioner \_\_\_\_\_ who moved its adoption. The Motion was seconded by Commissioner \_\_\_\_\_, and upon being put to a vote, the vote was as follows:

COMMISSIONER BURT AARONSON, CHAIR  
COMMISSIONER KAREN T. MARCUS, VICE CHAIR  
COMMISSIONER JOHN F. KOONS  
COMMISSIONER SHELLEY VANA  
COMMISSIONER STEVEN L. ABRAMS  
COMMISSIONER JESS R. SANTAMARIA  
COMMISSIONER PRISCILLA A. TAYLOR

The Chair thereupon declared the resolution duly passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

PALM BEACH COUNTY, a  
political subdivision of the State of Florida  
BOARD OF COUNTY COMMISSIONERS

SHARON R. BOCK  
CLERK & COMPTROLLER

By: \_\_\_\_\_  
Deputy Clerk

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

APPROVED AS TO TERMS  
AND CONDITIONS

By: \_\_\_\_\_  
Assistant County Attorney

By: Rich Anthony Wong  
Department Director

Agenda Item #: **6E-1**

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

M/C 60  
Approved as  
amended  
R-2009-0145  
and  
R-2009-0146

Meeting Date:	January 13, 2009	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Facilities Development & Operations		

**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to:

A) rescind Board approval of the Resolution and the First Amendment to Governmental Center Lease Agreement as submitted on December 16, 2008 (R-2008-2356); and

B) adopt a Resolution authorizing an expansion of the building space being leased to LJL Food Management, Inc. d/b/a Tina's Café, extending the term of the Lease and finding that the First Amendment to Governmental Center Lease Agreement with LJL Food Management, Inc. is in the best interest of the County; and

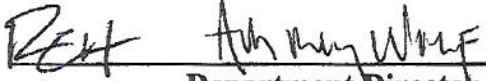
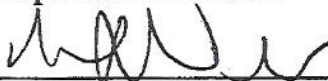
C) approve a First Amendment to Governmental Center Lease Agreement (R2002-0829) with LJL Food Management, Inc. d/b/a Tina's Café, to expand the current leased premises by 1,050 square feet and extend the term of the Lease to a period of ten (10) years, specifying the rental rate.

**Summary:** On December 16, 2008, the Board approved allowing Tina's Café to expand into the adjacent 1,050 square feet of space previously occupied by Channel 20. This item rescinds approval of the prior First Amendment and replaces it. The new First Amendment extends the term of the Lease to a total of ten (10) years. The current term of the Lease expires August 31, 2011, and this Amendment extends the term until January 31, 2019. The current annual rent is \$23,702.64 (\$15.76/sf) and increases annually by four percent (4%). With the inclusion of the additional space, rent will increase to \$40,251.04. Tina's Café has requested that the annual rent be reduced by \$3.26/sf to \$12.50/sf, for a total annual rent of \$31,925 and that annual increases be reduced to 2.5%. While operating statements submitted by Tina's Café indicate that the owners have been losing money on the operation of their business, Staff cannot recommend a rental reduction. This Lease was procured through an RFP process, and general procurement policy would normally require a new competitive process be conducted to make such material changes to the terms of a competitively bid agreement. (PREM)  
Countywide (HJF)

Continued on page 3

**Attachments:**

1. Location Map
2. First Amendment to Governmental Center Lease Agreement
3. Resolution
4. December 16, 2008 Agenda Item 5H-1 (R-2008-2356)
5. December 23, 2008 correspondence from Tina's Café

Recommended By:		1/6/09
	Department Director	Date
Approved By:		1/12/09
	County Administrator	Date

**ATTACHMENT # 4**



## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	(\$9,708.37)	(\$17,267.67)	(\$17,958.40)	(\$45,427.88)	(\$47,244.96)
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	(\$9,708.37)	(\$17,267.67)	(\$17,958.40)	(\$45,427.88)	(\$47,244.96)
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes \_\_\_\_\_ No \_\_\_\_\_

Budget Account No: Fund 0001 Dept 410 Unit 4240 Object 6225  
Program \_\_\_\_\_

### B. Recommended Sources of Funds/Summary of Fiscal Impact:

Revenue calculations (FY 2009-2011) are based upon the existing rental rate and reflect only the additional revenue for the increased square footage, based upon a Rent Commencement Date of March 1, 2009. Base rent increases by 4% annually on September 1<sup>st</sup>.

The original Lease included an option to extend the Term of the Lease through August 31, 2011. This Amendment revises the Lease to extend the Term of the Lease though January 31, 2019, and revenue will continue through FY 2019 for the current and expanded lease areas.

Revenue and will be applied to the General Operating Budget.

### C. Departmental Fiscal Review: \_\_\_\_\_

## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Development Comments:

[Signature] 1-8-09  
OFMB  
[Signature] 1/9/09  
Contract Development and Control  
[Signature] 1/9/09

### B. Legal Sufficiency:

[Signature] 1/9/09  
Assistant County Attorney  
Amendment was not executed at  
time of CAO review.

This amendment complies with  
our review requirements.

At the time of our review  
the Amendment was not  
executed.

### C. Other Department Review:

\_\_\_\_\_  
Department Director

This summary is not to be used as a basis for payment.

**Background and Policy Issues:** In 2001, Staff issued an RFP to lease 1,504 square feet of space within the Governmental Center Parking Garage for operation of a restaurant. LJI Food Management, Inc. d/b/a Cher's Café was the only respondent. On May 21, 2002 (R2002-0829), the Board approved the initial Governmental Center Lease Agreement with LJI Food Management, Inc. for a period of five (5) years with one (1) five (5) year option extending the term until August 31, 2011 (R-2006-1258). In September 2005, LJI Food Management, Inc. changed ownership through private sale of the business and the trade name was changed to Tina's Café. The consent to the assignment of the lease was approved on October 18, 2005 (R-2005-2020).

This First Amendment allows Tina's Café to increase the size of their restaurant by 1,050 square feet by expanding into the suite formerly occupied by Channel 20. The annual rent will be increased based upon the increase in square footage times the existing per square foot rental rate. The increased rent will commence upon issuance of a certificate of occupancy for the additional space or sixty (60) days after approval of this First Amendment, whichever occurs first. All costs associated with renovations of the additional space will be borne by Tina's Café.

The term of the Lease will be extended until January 31, 2019, which is approximately 10 years from approval of this First Amendment. There are no remaining options to extend the term of the Lease.

The current annual rent is \$23,702.64 (\$15.76/sf). The rent is increased annually by 4%. With the increased space, rent will increase to \$40,251.04. Tina's Café has requested a rent reduction of \$3.26/sf which would reduce the total annual rent to \$31,925.00 (\$12.50/sf).