

LRB – FISCAL REVIEW SECTION ANALYSIS

PUBLIC IMPROVEMENTS COMMITTEE

ITEM 12, FILE 031673

MARCH 24, 2004

ANGELYN WARD

File #031673 is a resolution approving the Second Amendment to Lease Agreement with Specialty Restaurants, Inc. by the Port of Milwaukee.

Background and Discussion

1. This resolution approves the Second Amendment to the Lease Agreement with Specialty Restaurants, Inc. beginning February 1, 1998 through January 31, 2008. The lease agreement is for the Pieces of Eight restaurant, owned by Specialty Restaurants, located at 550 N. Harbor Drive. The restaurant has been at this location since December 28, 1966.
2. The initial term of the lease granted the tenant 3 options to continue the lease for additional periods of 10 years each. The initial lease expired on January 31, 1988, and the tenant exercised its first option and renewed the lease from February 1, 1988 through January 31, 1998. With that renewal, the lease was amended for annual minimum rent of \$6,000 per year, \$500 per month and 2% of monthly gross receipts, less the \$500 base rent.
3. The tenant has now exercised its second option and the lease is renewed from February 1, 1998 through January 31, 2008. Through this renewal, the second amendment to the lease is for annual minimum rent of \$75,000 a year, \$6,250 per month from January 1, 2004 through January 31, 2008. In addition, the tenant is paying retroactive rent for February 1, 1998 through December 31, 2003 as a lump sum payment of \$75,000 due with the completion of exterior improvements. The percentage of the gross receipts remains the same.
4. The Board of Harbor Commissioners approved the Second Amendment to the Lease Agreement at its March 3, 2004 meeting.

Fiscal Impact

1. This resolution approves the Second Amendment to the Lease Agreement, with a minimum annual rent of \$75,000 from January 1, 2004 through January 31, 2008, \$6,250 per month, or \$306,250. In addition, a lump sum payment of \$75,000 is made for retroactive rent. The projected revenue is at least \$381,250.

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LRB – Fiscal Review Section
March 22, 2004