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SANTA ROSA ISLAND AUTHORITY BOARD POLICY MANUAL

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TITLE: LEASE FEE REDUCTION POLICY  
ADOPTED: 8-26-2015  
DEPT: ADMINISTRATION & LEASING and FINANCE

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**A. PURPOSE**

The purpose of this Lease Fee Reduction Policy is to reduce all residential and commercial lease fees by fifty (50%) percent beginning October 1, 2015 of all lessees on Santa Rosa Island in Escambia County, Florida ("Pensacola Beach") who have a lease with the Santa Rosa Island Authority ("SRIA"). This policy is based upon Escambia County, Florida ("Escambia") taking over and assuming all monetary, operational and administrative responsibilities for the SRIA Public Works Department and Public Safety Department effective October 1, 2015, including but not limited to all assets, contracts and obligations of any kind existing for the SRIA Public Works Department and Public Safety Department prior to October 1, 2015 via an interlocal agreement between the SRIA and Escambia. It is the purpose of this policy to establish a mechanism to accomplish this purpose.

**B. AUTHORITY**

The SRIA was created pursuant to Chapter 24500, Laws of Florida, Acts of 1947, as amended (the "Act"), to administer Pensacola Beach on behalf of the Escambia and the residents and inhabitants of Escambia, for the purpose of, among other things, establishing, charging and collecting lease fees on Pensacola Beach.

The SRIA has the power under the Act to establish the amount of lease fees to be paid by all lessees on Pensacola Beach who have a lease with the SRIA. Furthermore, the SRIA has the authority under the Act to reduce lease fees for all lessees on Pensacola Beach who have a lease with the SRIA through the adoption of a unilateral policy, which policy may be revoked per Section C.6. herein.

This policy is implemented pursuant to the authority granted to the SRIA and for the purpose stated herein.

**C. GENERAL GUIDELINES**

1. Lease fees for all lessees on Santa Rosa Island who have a lease with the SRIA are reduced as follows:

- a. All individual residential lease fees are reduced by 50%.

- b. All commercial lease fees are reduced as follows:
- (i) Minimum Lease Fees are reduced by 50%;
  - (ii) Percentage Lease Fees are reduced by 50%, e.g., a percentage lease fee of 2% would be reduced to 1%; and,
  - (iii) In order to be eligible for the lease fee reductions described under this Section C.1.b., all commercial lessees, and/or their respective sublessees, that collect from customers a fee, which is equal to Percentage Lease Fees charged by the SRIA to the commercial lessees, or their sublessees, at the pre-October 1, 2015 Percentage Lease Fee rates ("SRIA Fee"), shall remit the full amount of that SRIA Fee collected from the customers to the SRIA along with the monthly report due to the SRIA by the 20<sup>th</sup> day of each month for the preceding month. The purpose of this provision is to insure that no commercial lessee, or sublessee of commercial lessee, collects and pockets an SRIA Fee at a percentage rate higher than the Percentage Lease Fee established by this Section C.1.b.

c. All master lessees (with sublessees) lease fees shall be reduced by 50% contingent upon the master lessee giving the sublessees a dollar-for-dollar proportionate reduction in their sublease fees.

2. The lease fee reductions reflected in Section C.1. herein shall be effective for lease fees due on or after October 1, 2015.

a. The SRIA Finance Department generally issues notices for lease fees a month to six weeks in advance of the due date. For the notices that will go out before October 1, 2015 for lease fees due after October 1, 2015, the SRIA Finance Department will issue the notices for the reduced lease fees reflected in Section C.1. herein.

b. Percentage Lease Fees for commercial leases due with the October 2015 report shall not be subject to the 50% reduction because the Percentage Lease Fees are based on gross revenues collected through September 30, 2015.

c. Any lessee who is in default of the payment of a lease fee due prior to October 1, 2015 and has failed to timely cure that default, shall not be entitled to a lease fee reduction for lease fees due after October 1, 2015 until the prior default is cured to satisfaction of the SRIA.

d. Any lessee who fails to timely cure a default for the payment of a lease fee due after October 1, 2015 per the terms of the lease, shall not be entitled to a lease fee reduction for the SRIA fiscal year that the lease fee is due.

3. This policy shall not apply to any license fee or management contract fee paid to the SRIA under a license or management contract.

4. This policy is not meant to abrogate CPI provisions in the leases. The SRIA may at its discretion consider lease fee increases based on a lease provision allowing for lease fee increases based on the percentage of a CPI increase. Any lease fee increase based on the CPI percentage change shall be applied to the lease fee at the reduced rates established in Section C.1. herein, subject to Section C.2. herein.

5. This policy will not apply to the Little Sabine Park Maintenance Fee.

6. The policy is contingent upon Escambia taking over, and assuming all monetary, operational and administrative responsibilities for, the SRIA Public Works Department and Public Safety Department effective October 1, 2015 including but not limited to all assets, contracts and obligations of any kind existing for the SRIA Public Works Department and Public Safety Department prior to October 1, 2015 via an interlocal agreement between the SRIA and Escambia. This policy can be revoked or amended at anytime by the SRIA if Escambia fails to take over and/or maintain all monetary, operational and administrative responsibilities for the SRIA Public Works Department and Public Safety Department after October 1, 2015 including but not limited to the violation of any terms of the interlocal agreement between the SRIA and Escambia County.

Santa Rosa Island Authority

Subleases reduction

Example of master leaseholder with 15 subleases and a lease fee of \$20,000

Master leaseholder gets a \$10,000 reduction

	Payment	*proportional dollar for dollar	Sublease due dollar for dollar	50%
1	\$ 2,200	\$ 627	\$ 1,573	\$ 1,100
2	\$ 2,000	\$ 570	\$ 1,430	\$ 1,000
3	\$ 2,500	\$ 712	\$ 1,788	\$ 1,250
4	\$ 2,300	\$ 655	\$ 1,645	\$ 1,150
5	\$ 2,000	\$ 570	\$ 1,430	\$ 1,000
6	\$ 2,200	\$ 627	\$ 1,573	\$ 1,100
7	\$ 2,400	\$ 684	\$ 1,716	\$ 1,200
8	\$ 2,500	\$ 712	\$ 1,788	\$ 1,250
9	\$ 2,300	\$ 655	\$ 1,645	\$ 1,150
10	\$ 2,550	\$ 726	\$ 1,824	\$ 1,275
11	\$ 2,450	\$ 698	\$ 1,752	\$ 1,225
12	\$ 2,000	\$ 570	\$ 1,430	\$ 1,000
13	\$ 2,800	\$ 798	\$ 2,002	\$ 1,400
14	\$ 2,300	\$ 655	\$ 1,645	\$ 1,150
15	\$ 2,600	\$ 741	\$ 1,859	\$ 1,300
	<u>\$ 35,100</u>	<u>\$ 10,000</u>	<u>\$ 25,100</u>	<u>\$ 17,550</u>
	\$ (20,000) SRIA		\$ (10,000) SRIA	\$ (10,000) SRIA
	<u>\$ 15,100</u> master revenue		<u>\$ 15,100</u> master revenue	<u>\$ 7,550</u> master revenue

50%

\$ 15,100
<u>\$ (7,550)</u>
\$ 7,550 loss to master lease