

**Subject:** Update on Crabby's Dockside Lease

**Summary:**

This item provides an update on the Crabby's Dockside lease following the tenant's request for rent abatement and subsequent default due to nonpayment of rent and property taxes. The update outlines actions taken by staff in accordance with the lease, the steps taken to secure the premises, and the process underway to formally resolve the lease and reposition the property for future use.

On September 26, 2025, Crabby's Dockside submitted a written request seeking an 18-month rent abatement. On November 19, 2025, the City Manager and City staff met with the tenant to discuss the request and directed the tenant to submit a formal proposal with financial documentation to justify the request. The City received the tenant's supporting materials on December 29, 2025.

During staff's internal review on January 26, 2026, it was discovered that the tenant was in default of the lease due to nonpayment of rent and property taxes. On January 30, 2026, the City issued a formal Notice of Default via certified mail, return receipt requested, requiring full payment of all outstanding rent, late fees, property taxes, and sales tax within ten (10) business days as required by the lease. Delivery was confirmed on February 5, 2026, establishing a cure deadline of February 15, 2026.

Prior to the cure deadline, on February 12, 2026, City staff became aware through a social media posting that the tenant intended to cease operations on February 15, 2026. On the same day, the Marina Director met with Crabby's Operations Manager who confirmed that they were notifying their staff of the closure. The City Manager issued follow-up correspondence to the tenant on February 13 and February 18, 2026 regarding access to the premises and inspection.

The matter was discussed at the February 17, 2026 City Commission meeting.

Staff requested title search quotes on February 18, 2026 to protect the City's position and confirm any encumbrances.

An initial walkthrough was conducted on February 19, 2026 with City Manager, City staff, and a tenant representative. On February 23, 2026, the City Manager sent an email to the tenant following up on outstanding issues including mutual lease termination, settlement pay, final move-out date and walk-through of the premises.

On February 24, 2026, City staff conducted a final walkthrough, received keys to the premises, and secured the property.

The exterior locks have been changed, and the utilities have been transferred to the City of Fort Pierce.

Staff is awaiting completion of title work and will seek legal direction regarding formal lease termination and recovery of outstanding amounts. Upon resolution, staff intends to initiate a competitive RFP process for a new restaurant operator.

Next steps:

1. Review completed title work.
2. Seek legal direction regarding formal lease termination and recovery of outstanding amounts.
3. Initiate competitive RFP process for new restaurant operator.

**Recommendation:**

This item is presented for informational and discussion purposes.

**Alternatives:**

None.

**Responsible Staff:**

Richard D. Chess, City Manager

Dean Kubitschek, Marina Director

Shyanne Harnage, Community and Economic Development Director

**Coordinated with:**

Public Works

Finance

**Fiscal Impact**

<b>Budgeted Y/N</b>	<b>Y</b>
<b>Fiscal Year</b>	<b>2025-2026</b>
<b>Account:</b>	<b>401-00000-362-000-0000-362014</b>
<b>Amount:</b>	<b>\$280,000.00</b>

**FISCAL IMPACT:**

Reduction in lease revenue and sales revenue.

**Past Due Amount: October 2026 to February 2026 - \$209,394.10**

Lease Amount – \$73,402.05

Lease Amount – Late Fees - \$3,670.10

Property Taxes - \$132,299.95 (FY 2023, 2024, and 2025)

Sales Tax – \$22.00

**Lease Amount Outstanding October 2026 to August 2040 - \$3,047,406**