



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#26-0080

TO: Honorable Mayor & Members of the Fort Lauderdale City Commission

FROM: Rickelle Williams, City Manager

DATE: January 20, 2026

TITLE: Motion Approving the Third Amendment to the Lease Agreement between 521 NE 4th Avenue LLC and the City of Fort Lauderdale for Office Space Located at 521 NE 4 Avenue – Annual Total Rent of \$264,561 - **(Commission District 2)**

Recommendation:

Staff recommends that the City Commission approve the Third Amendment to the Lease Agreement between 521 NE 4th Avenue LLC (Landlord) and the City of Fort Lauderdale (Tenant), which extends the existing lease term for an additional three (3) years.

Background:

On March 19, 2019, the City Commission approved a lease agreement with the Landlord for property located at 521 NE 4 Avenue (CAM #19-0248), consisting of approximately 8,017 square feet of office space, for the Department of Sustainable Development's (currently referred to as the Development Services Department) Building Services Division and Construction Enforcement team.

The original sixty-four (64)-month lease commenced on November 6, 2020, following issuance of a Certificate of Occupancy, and is scheduled to expire on March 31, 2026. The City subsequently executed First and Second Amendments to the Lease Agreement to adjust terms and administrative conditions.

Beginning in May 2025, staff initiated a comprehensive search for office space in anticipation of the March 2026 lease expiration at 521 NE 4 Avenue. Staff evaluated multiple buildings, including space at NE 101 Third Avenue (Tower 101), 445 NE 4 Street, 1936 South Andrews Avenue, the former Ocean Bank Branch at 200 NE 3 Avenue, 110 East Broward Boulevard, and One East Broward. Each location was reviewed for suitability, required build-outs, parking availability, cost implications, and overall operational impact. In every case, relocating outside of 521 NE 4 Avenue would have resulted in additional build-out, moving, and reconfiguration expenses, as well as operational disruption during the transition. By comparison, 521 NE 4 Avenue is immediately functional, requires no modifications, and allows the City to maintain operational continuity within an already established and efficient workspace.

The Third Amendment to the Lease Agreement provides the following modifications:

- Term Extension - Extends the lease for three (3) years, from April 1, 2026, through March 31, 2029 ("Extended Term").
- Base Rent - Beginning April 1, 2026, Base Rent will be \$33.00 per square foot (\$264,561 annually / \$22,046.75 monthly). The current rental rate is \$29.82 per square foot. Under the existing Lease, the City's exercise of its option to renew requires the first year of the extended term to be adjusted to market rate, as defined and determined through the Market Rate and arbitration provisions in Section 34. The Third Amendment implements that option by establishing a negotiated Base Rent of \$33.00 per square foot for the extended term and applying fixed three percent (3%) annual increases thereafter. Based on Costar and Colliers International data, comparable office rents in Broward County currently range from approximately \$31.25 to \$37.34 per rentable square foot, with broader South Florida averages ranging from \$34.47 to \$43.80 per rentable square foot, indicating that the negotiated \$33.00 rate is within current market parameters and remains below many South Florida submarket averages.
- Annual Increase - Three percent (3%) each April 1 beginning in 2027.
- Renewal Options - Two (2) additional one (1)-year renewal options provided the City is not in default. The rent during the renewal period shall equal the greater of three percent (3%) or Consumer Price Index (CPI) as published by the U.S. Department of Labor.
- Property Taxes - Tenant will remit annual property tax payments directly to the Broward County Tax Collector in November to obtain an early payment discount.
- Purchase Option - The City's prior purchase option has expired and is no longer in effect.
- Other Terms - All other terms and conditions of the existing lease remain unchanged and in full force and effect.

The proposed Third Amendment is intended as a deliberate and transitional real estate solution that allows the City to maintain continuity of the Building Services Division and Construction Enforcement team operations while the City advances planning, procurement, and construction of a new City Hall facility. The extended lease term provides a predictable, short- to mid-term occupancy horizon aligned with the anticipated City Hall development timeline, while avoiding long-term commitments that could constrain future consolidation efforts. Upon completion and occupancy of the new City Hall, the leased space at 521 NE 4 Avenue is not expected to be required, and the lease structure preserves the City's flexibility to transition these functions into the new municipal facility without disruption or redundancy.

Resource Impact

Funding for the Extended Term will be appropriated from the Building Permits Fund and the Unified Customer Service Fund to cover Fiscal Year (FY) 2026 base rent, taxes, utilities, and related property expenses. FY 2026 base rent and related property expenses equate to \$208,763. Future year expenditures are subject to Commission approval of annual operating budgets.

<i>Funds available as of November 7, 2025</i>					
ACCOUNT NUMBER	COST CENTER NAME	CHARACTER CODE/ ACCOUNT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
10-140-3101-524-30-3319	'Building Permits	Services/ Materials/ Other Facility Rental	\$2,487,807	\$969,686.40	\$181,623.53
10-582-3300-519-30-3319	'Customer Support	Services/ Materials/ Other Facility Rental	\$235,110	\$185,401.93	\$27,139.15
TOTAL AMOUNT →					\$208,763

Attachments

Exhibit 1 – Location Map

Exhibit 2 – Lease

Exhibit 3 – First Lease Amendment

Exhibit 4 – Second Lease Amendment

Exhibit 5 – Third Lease Amendment

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Charter Officer: Rickelle Williams, City Manager