



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

#24-0464

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

FROM: Greg Chavarria, City Manager

DATE: May 7, 2024

TITLE: Motion Approving the Sublease Agreement between Young Men’s Christian Association of South Florida, Inc. and North Broward Hospital District, Subject to Conditions - **(Commission District 2)**

Recommendation

Staff recommends that the City Commission approve a sublease agreement between the Young Men’s Christian Association of South Florida, Inc. (“YMCA”) and the North Broward Hospital District (“Broward Health”) related to City-owned property located at 840 N Federal Highway and NE 6 Terrace, Fort Lauderdale, Florida 33304 (“Premises”). This recommendation is contingent upon the sublease conforming to the terms and conditions presented to the City, and the YMCA sending an executed copy of the sublease to the City once the agreement is executed by both parties.

Background

On November 14, 2016, the City of Fort Lauderdale and YMCA initiated a long-term ground lease agreement ("Agreement") in accordance with Section 8.13 of the City's Charter.

The YMCA, a nonprofit organization committed to community development, plans to construct a modern facility at Holiday Park in Fort Lauderdale for the public's benefit. The lease, spanning fifty (50) years, entails obligations such as providing resident discounts, securing project funding, initiating construction, and submitting progress reports to the City (Exhibit 1).

On June 22, 2021, YMCA formally requested an extension of construction and funding milestones outlined in the Agreement, citing the global COVID-19 pandemic. This request was made under the Force Majeure provision outlined in Section 12.21 of the Agreement (Exhibit 2).

Following this, on July 1, 2021, in adherence to Section 2.5.1 of the Agreement, YMCA formally sought a two (2) year extension until March 1, 2027, to ensure timely completion of the project ("Project") (Exhibit 3).

In April 2024, YMCA requested City approval for a sublease with Broward Health, as per Section 10 of the Agreement, which prohibits assignment or subleasing without prior written consent. YMCA and Broward Health have submitted a term sheet outlining the sublease terms for City consideration (Exhibit 4).

A summary of the sublease terms includes:

- Sublease Term: Thirty (30) years is accompanied by an option to renew for an additional ten (10) years or for the duration remaining on the agreement between the City and YMCA, whichever is longer.
- Effective Date: Once executed by subtenant and sublandlord.
- Use: Free Standing Emergency Department (“FSED”) operating 24/7/365 to provide health care, staffed by certified emergency physicians for faster treatment for local residents.
- Area Lease: Subtenant is leasing 12,000 square feet of space specifically for a dedicated FSED on the ground floor and an additional 2,000 square feet for wellness space on the second floor, totaling approximately 14,000 square feet within the entire constructed building area of 60,000 square feet.
- Rent: subtenant shall pay sublandlord a flat annual rate during the entire term (no escalation) of \$892,000 per annum.
- Build Out: Sublandlord shall be responsible for a turnkey subtenant buildout subject to subtenant approved plans and subtenant shall reimburse sublandlord for actual costs of construction of “grey shell” and of building out premises, which is estimated to be \$14,000,000. (subtenant will be responsible for actual costs once finalized by a General Contractor).

Resource Impact

There is no resource impact associated with this item.

Strategic Connections

This item is a Press Play Fort Lauderdale Strategic Plan 2024 initiative, specifically advancing:

- Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale Vision Plan 2035: We Are United*.

Attachments

Exhibit 1 – YMCA Holiday Park Lease

Exhibit 2 – Extension Letter – Milestones

Exhibit 3 – Extension Letter – Lease

Exhibit 4 – YMCA and Broward Health Sublease Term Sheet

Prepared by: Angela Salmon, Assistant to the City Manager, City Manager's Office

Charter Officer: Greg Chavarria, City Manager