



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

**#13-0472**

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

**FROM:** Lee Feldman, ICMA-CM, City Manager

**DATE:** March 19, 2013

**TITLE:** Motion to approve a 6-year building lease (\$389,920.90 over 6 years) for the City's Health & Wellness Center

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**Recommendation**

It is recommended that the City Commission approve a 6-year building lease (\$389,920.90 over 6 years including \$110,000 for a build-out and furnishings and rent at \$42,682.50 the first year and escalating to \$53,315.01 the sixth year) for the City's Health & Wellness Center at 105 Northeast 3<sup>rd</sup> Street, Suites A & C. The building is one block north of City Hall in downtown Fort Lauderdale.

**Background**

The 2,100 square foot facility is owned by the 105 NE 3<sup>rd</sup> Street, LLC. The City negotiated this 6-year lease which includes 5 free months of rent (one each year for the first five years), a 3% escalator per year, and estimated utility and HVAC maintenance fees.

Office size		2,100 square feet				
Year	Rate	Monthly rent	Gross Estimated Annual Rent	Annual Rent less Free rent	Est Monthly Utilities and HVAC Maintenance	Gross Estimated Average Annual Rent
1	\$21.90	\$3,832.50	\$45,990.00	\$42,157.50	\$525.00	\$42,682.50
2	\$22.56	\$3,947.48	\$47,369.70	\$43,422.23	\$540.00	\$43,962.23
3	\$23.23	\$4,065.90	\$48,790.79	\$44,724.89	\$556.00	\$45,280.89
4	\$23.93	\$4,187.88	\$50,254.51	\$46,066.64	\$574.00	\$46,640.64
5	\$24.65	\$4,313.51	\$51,762.15	\$47,448.64	\$591.00	\$48,039.64
6	\$25.39	\$4,442.92	\$53,315.01	No free Rent	\$609.00	\$53,315.01
					TOTAL	\$279,920.90

City Commission approved a 28-month contract with Marathon Health to operate the City's Health & Wellness Center on October 2, 2012 per RFP 725-11022 (CAM #12-2140). Marathon Health has hired a medical doctor, nurse practitioner and medical assistant and is currently training the medical staff to run the facility.

The owner of the facility (105 NE 3<sup>rd</sup> Street, LLC) refurbished the structure two years ago and has occupied it for their architectural firm. Considerable renovation is required to make Suites A & C into a fully operational medical office.

The build-out and furnishing of the structure will not exceed \$110,000 for a completely operational medical facility and furnishings with 3 examining rooms, a reception area, 2 bathrooms, a laboratory, kitchen, and two offices. Since the lessor is a respected Fort Lauderdale architectural firm they will oversee the design and build-out of the facility which is being paid for by the City.

The 6-year lease includes two 5-year options for the City to extend the agreement for the facility. It also includes an option for the City to lease out Suite B which has an additional 450 square-feet of space.

The lease is undergoing text revisions and will be provided for Commission review on Tuesday, March 19<sup>th</sup>.

Over the 6 years of the lease there is a fiscal impact to the City in the amount of \$389,920.90 (build-out of \$85,000, furnishings of \$25,000, and rent beginning at \$42,682.50 the first year and escalating to \$53,315.01 the sixth-year).

The City's build-out costs for the facility (\$85,000) and furnishings (\$25,000) will include the involvement by City staff to assemble and install furniture, cabinets, and sinks. The tenant improvements provided by the landlord totaling \$85,000 will be paid in installments of \$15,000 to the landlord upon signing the lease; another \$25,000 paid to the landlord 30 days thereafter; a second \$25,000 installment is paid to the landlord after another 30 days; and the balance of \$20,000 is paid to the landlord after a final 30 days.

The total FY 2013 impact is \$119,240 (two months rent at \$7,665, three months maintenance at \$1,575, \$85,000 build-out, and \$25,000 in furnishings).

### **Resource Impact**

This item is contingent upon the completion and approval of an internal budget transfer that is currently in process. Future funding is contingent upon approval and appropriation of the FY 2014 – FY 2019 budgets.

FY	FUND	SUB FUND	FUND NAME	INDEX #	INDEX NAME	SUB OBJECT	SUB OBJECT NAME	AMOUNT
2013	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 7,665
2013	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 1,575
2013	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3925	FURNITURE	\$ 25,000
2013	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	6522	BUILDING RENOVATION	\$ 85,000
2013 TOTAL								\$119,240
2014	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 42,502
2014	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 5,820
2014 TOTAL								\$ 48,322
2015	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 43,778
2015	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 5,988
2015 TOTAL								\$ 49,766
2016	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 45,091
2016	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 6,170
2016 TOTAL								\$ 51,261
2017	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 46,444
2017	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 6,365
2017 TOTAL								\$ 52,809
2018	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 47,837

2018	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 6,555
2018 TOTAL								\$ 54,392
2019	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3319	OFFICE SPACE RENT	\$ 12,303
2019	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	3428	BLDG REP & MAINT	\$ 1,827
2019 TOTAL								\$ 14,130
GRAND TOTAL								\$389,919

Related CAM(s): #12-2140

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Prepared by: Dennis Stone, Employee Benefits Coordinator

Department Director: Averill Dorsett, Human Resources Director