



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CRA BOARD MEETING

#16-0837

TO: CRA Chairman & Board of Commissioners
Fort Lauderdale Community Redevelopment Agency

FROM: Lee R. Feldman, ICMA-CM, Executive Director

DATE: July 12, 2016

TITLE: Office Location Options for the Community Redevelopment Agency (CRA)
and Motion to Execute an Office Lease

Recommendation

The CRA is seeking direction on whether we should explore other CRA office location options. If our current office – 914 Sistrunk Boulevard (Sixth Street Plaza) is the best option, we seek approval to execute the lease and authorize the Executive Director to execute the lease, once it is finalized.

Background

On June 21, 2016 (CAM #16-0749), the CRA proposed submitting an offer (not to exceed \$1,850,000) to purchase Sixth Street Plaza. The CRA Board of Commissioners deferred the item indefinitely. As part of the that CAM, we asked CBRE (*Ryan Nunes, CBRE Advisory & Transaction Services*) about reasonable rent rates for Sixth Street Plaza and we were advised the following:

“Based upon the market comparable, which are fairly limited, we believe a reasonable rent for this property would be between \$19.00/SF-\$23.00/SF net of electric. A generalization of typical office electric use is \$1.50/SF/year. Let us know if you need any additional information.”

The City Attorney’s Office and CRA staff are still working on lease terms with the property owner for Sixth Street Plaza. The lease contemplates a five (5) year term with two additional two (2) year extensions.

Items being finalized include but are not limited to the following:

- Updated language that confirms whether or not the Base Rent includes the CRA’s Proportionate Share of Operating Expenses and Proportionate Share of Impositions,
- Whether or not the Lessor will be responsible for building repairs and maintenance,
- The Lessor must agree that the City will not waive its sovereign immunity,

- There was no reference to a credit for excess rent paid by the CRA starting from September 1, 2015.

Base monthly rent expense for the CRA will be \$8,437.00 plus the proportionate share in excess of the base year.

Base monthly rent expense for the Housing and Community Development (HCD) Division will be \$3,484.17 plus the proportionate share in excess of the base year.

HCD will sublet space in Sixth Street Plaza and will make at minimum, annual payments to the CRA.

CRA staff, the City Auditor, and the City Attorney's Office has had conversations with Mr. Halliday regarding lease terms. The new lease will include reduced rent and occupancy of the entire building at 914 Sistrunk for the additional office space needs for the Housing and Community Development (HCD) Division. The new lease negotiations will include the request for rent credit based on the difference between the old lease rate and new lease during the term of the extension. The rent credit allows the CRA to get the value of a reduced rental rate during the term of the extension. The new lease will increase the amount of leased space from 6,000 square feet to 8,000 square feet.

This will ensure the Beach CRA (which sunsets September 30, 2020) and the Northwest-Progresso-Flagler Heights CRA (*which sunsets on November 28, 2025*) will have a location to operate in for nine (9) years.

If we move forward with a lease for 914 Sistrunk Boulevard, the resource impact is as follows:

Resource Impact

<i>Funds available as of June 14, 2016</i>					
ACCOUNT NUMBER/ INDEX CODE	INDEX NAME (Program)	OBJECT CODE/ SUB- OBJECT NAME	AMENDED BUDGET (Object Code)	AVAILABLE BALANCE (Object Code)	AMOUNT
106-DSD060601-3319	NPF Redevelopment	Services & Materials/Office Space Rent	\$1,454,875.00	\$469,784.00	\$25,594.50
106-DSD060601-3299	NPF Redevelopment	Services & Materials/Other Services	\$1,454,875.00	\$469,784.00	12,999.99
AMENDMENT TOTAL ►					\$38,594.49

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Neighborhood Enhancement Cylinder of Excellence, specifically advancing:

- Goal 5: Be a community of strong, beautiful and healthy neighborhoods.

- Goal 6: Be an inclusive community made up of distinct, complementary, and diverse neighborhoods.

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

Attachment:

Exhibit 1 – Extension of Lease at 914 Sistrunk Boulevard

Prepared by: Jonathan Brown, Northwest Progresso Flagler Heights CRA and
Housing & Community Development

Executive Director: Lee R. Feldman, ICMA-CM, City Manager