



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

#19-0248

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: March 19, 2019

TITLE: Motion to Approve Lease Agreement with 521 N.E. 4th Avenue, LLC for
Property Located 521 NE 4 Avenue - \$1,430,534 (64-month Base Rent
and estimated Property Expenses)

Recommendation

It is recommended that the City Commission approve the execution of a lease agreement for property located at 521 NE 4 Avenue to be used by the Department of Sustainable Development to house the Building Services Division and administrative personnel for the department.

Background

The Department of Sustainable Development ("DSD") currently occupies a 37,000 square foot building located at 700 NW 19 Avenue. The department includes five (5) divisions and 218 employees. The building is at capacity and additional office space is needed to address the growth of the department. DSD will use the leased space for the Building Services Division and move the Construction Enforcement and Call Center functions of Building Services to this location.

The proposed lease is structured for \$26.50 per square feet (8,017) in Year 1 for a 64-month term. The Base Rent will increase by three (3) percent annually. The City has the right to renew the lease for an additional term of five (5) years. The lease is inclusive of four (4) months of Base Rent abatement in years two (2) through five (5). The Landlord will provide a 'turnkey' buildout, inclusive of standard improvements, cost of all architectural design services, engineering costs, project management fees, and construction. The City will be responsible for electricity, water and sewer, custodial equipment, and its percentage share of operating expenses ("Property Expenses"). The estimated Property Expenses, which includes real estate taxes, insurance, and maintenance, is \$6.50 per square foot in Year 1.

A summary of the terms of the lease extension are as follows:

- Lease Term – 64 months with four (4) months of Base Rent abatement
- Commencement Date – The date of the issuance of the Certificate of Occupancy for the Premises.

- Base Rent – \$26.50 per square foot (8017sq/ft) in Year 1 with an annual increase of 3%
- Property Expenses – Estimated \$6.50 in Year 1 with an annual increase in controllable maintenance expenses, not to exceed 5%

In addition, the City will incur one-time costs for associated office equipment, office furniture, information technology, and other related expenses in the amount of \$264,230.

Resource Impact

There is no current fiscal impact associated with this item. There will be fiscal impact in the amount of \$264,561 in Fiscal Year 2020. Future fiscal year expenditures are contingent upon Commission adoption of annual operating budgets.

Strategic Connections

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

- Goal 12: Be a leading government organization, managing resources wisely and sustainably
- Objective 1: Ensure sound fiscal management
- Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services

Attachment

Exhibit 1 – Proposed Lease Agreement

Prepared by: Luisa Agathon, City Manager's Office

Department Director: Chris Lagerbloom, ICMA-CM, City Manager