

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: October 3, 2016

BIS 17-003

File: TMP-2016-464

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, APPROVING AND AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO EXECUTE THE ATTACHED LEASE AGREEMENT BETWEEN THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA AND THE CITY OF HOLLYWOOD, FOR THE MCNICOL COMMUNITY ADMINISTRATIVE CENTER FOR A FIVE YEAR TERM WITH THE FIRST YEAR'S ANNUAL PAYMENT IN THE AMOUNT OF \$39,028.56 PLUS A FLAT RATE FOR UTILITIES IN THE AMOUNT OF \$1,070.10 WHICH UTILITY FLAT RATE INCREASES BY 3% EACH YEAR OF THE AGREEMENT STARTING IN YEAR 2.

Statement of Budget Impact:

1. No Budget Impact associated with this action;
2. Sufficient resources are identified /available;
3. Budgetary resources not identified/unavailable;
4. Potential revenue is possible with this action;
5. Will not increase the cost of Housing;
6. May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks approval and authorization for the appropriate City officials to execute a Lease Agreement between the School Board of Broward County, Florida (SBBC) and the City of Hollywood (City) to continue the City's use of the McNicol Administrative Office Facilities, by the Department of Parks, Recreation and Cultural Arts (PRCA), for a five (5) year term commencing on November 1, 2016 and ending on October 30, 2021.

Pursuant to Resolution Number R-2011-212 which was passed and adopted by the City Commission on September 7, 2011, the City entered into a one (1) year Lease

Agreement with four additional one (1) year automatic renewal period with the SBBC for use of office facilities located on the campus of McNicol Middle School in Hollywood, which will expire on October 31, 2016.

Upon conducting market research, the SBBC have determined that \$11.67 per square foot is a fair market value (FMV) for the lease of the 7,434 sq.ft. portion of the property that will continue to be used by PRCA; however both parties have agreed to reduce the monthly rental payments for the first year of the agreement based on \$5.25 per square foot, increasing in year two to \$8.46 per square foot, and reaching the full FMV of \$11.67 per square foot in year three of the Lease Agreement. The payments for years four and five each include a 3% increase over the previous year as shown in the chart below.

Schedule of McNicol Lease Payments					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Monthly Rent	\$ 3,252.38	\$ 5,240.97	\$ 7,229.57	\$ 7,446.45	\$ 7,669.85
Annual Rental Cost	\$ 39,028.56	\$ 62,891.64	\$ 86,754.84	\$ 89,357.40	\$ 92,038.20
Cost Per Square Foot	\$ 5.25	\$ 8.46	\$ 11.67	\$ 12.02	\$ 12.38

The SBBC will provide heating and air conditioning to the City during the term of the lease, shall maintain the units in working condition, will be responsible for replacement of all bulbs, lamps, tubes and starters in the lighting fixtures, and will invoice the City one-thousand seventy dollars and ten cents (\$1,070.10) per month to cover the utilities expenses. This amount will increase 3% on an annual basis as per the chart below.

Schedule of McNicol Utility Payments					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Monthly Utilities	\$ 1,070.10	\$ 1,102.20	\$ 1,135.27	\$ 1,169.33	\$ 1,204.41
Annual Utility Cost	\$ 12,841.20	\$ 13,226.44	\$ 13,623.23	\$ 14,031.93	\$ 14,452.88

Funding for this agreement has been provided in the City of Hollywood FY 2017 Operating Budget in the Department of Parks, Recreation and Cultural Arts Building / Office Rental account number 01.3160.00000.572.004402, subject to the approval and passage of the FY17 Operating Budget by the City Commission on September 28, 2016, and such funding will continue to be requested and available in subsequent years, subject to the approval and passage of those respective Fiscal Year Operating Budgets.

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