

Memorandum

MIAMI-DADE
COUNTY

Date: May 17, 2005

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

Supplement to
Agenda Item No. 8(F)1a

From: George M. Burgess
County Manager

Subject: Supplemental Information – Agenda Item No. 8(F)(1)(A)
Lease Agreement at 1 SE 3 Avenue, Suite 1100 for Audit and Management
Services

This supplement was prepared in response to questions raised at the May 3, 2005 BCC meeting in order to provide clarification of the financial impact in the first year of the lease.

Historically, agenda items requesting the approval of lease agreements only contained those costs paid through the lease itself. More recently, in an effort to provide more complete disclosure of information to the Board, staff has included estimates of all costs that will be incurred in the lease and occupancy of the space, including both one-time (relocation) and recurring (lease) expenses. Board authorization is only required for the lease of the space; all other costs (e.g. telecommunications, furnishings, utilities) are authorized as part of the using agency's budget.

No lease is presented to the Board without written approval from the Office of Strategic Business Management (OSBM); that approval includes all project expenses, as described above. When GSA establishes its project estimate for OSBM authorization, staff uses conservative assumptions, specifically to prevent unbudgeted expenditures. Thus, the resulting actual project expense is usually less than the estimate, thereby ensuring that OSBM and the using agency have adequately funded the project. In this case, Audit & Management Services' operating budget includes the identified lease payments and the one-time costs are funded in the Capital Outlay Reserve.

Specifically, the line item "relocation costs" may be misleading, as it is not limited to the physical move of the 49 staff members (\$8,894). It also includes (a) all of the space analysis required to evaluate prospective locations, as well as the actual design work for the proposed location (\$17,424); (b) the dismantling of Audit's current office space and the installation of existing and new furniture at the new location (\$24,200). In this case, GSA staff anticipates using surplus furniture in the new location; however, the project estimate includes an amount to cover a partial replacement of furniture (\$72,600). GSA staff is very conscious of reducing costs, and makes every attempt to reuse furniture whenever possible. In some cases, the age of the existing equipment makes reuse impossible.

The costs associated with phone/data installation are also maximum, estimated amounts. The one-time charges include equipment installation (\$33,611.02), computer maintenance and repair (\$2,200), telecommunications (\$34,625), MetroNet services (\$1,800), and design and implementation (\$4,800). The actual charges to Audit and Management will likely be lower.

GSA's lease management fee is 8% of the lease amount (\$15,205.60), and is authorized in the Budget Manual. It covers all real estate management costs associated with the day-to-day lease management, including formal and informal communications with the landlord, responding to maintenance issues and the review and payment of all invoices. Please note that the department is not charged separately for the staff time associated with the identification of potential locations and subsequent negotiations.

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