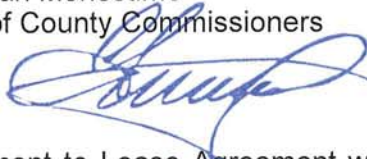


Supplement to
Agenda Item No. 11(A)5

Date: February 2, 2016

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor



Subject: Supplement to Amendment to Lease Agreement with the Florida Nursery, Growers, and Landscape Association, Inc., a Florida Not-for-Profit Corporation, Providing for the Relocation to Another Room in the County-owned Building, Located at 18710 SW 288 Street, Miami, Florida, Reduction in Rent, and Modification of the Lease Term

This supplement is in response to a request from the Strategic Planning and Government Operations Committee at its January 12, 2016 meeting for additional information regarding the Amendment to a Lease Agreement with the Florida Nursery, Growers, and Landscape Association, Inc., a Florida not-for-profit corporation (Tenant). The Amendment to the Lease Agreement provided for the relocation of the Tenant to another room in the Miami-Dade County-owned building, located at 18710 SW 288 Street, Miami, Florida, a reduction in rent, and a modification of the lease term. The lease amendment is in connection with the entity's downsizing efforts. The Tenant utilizes the space to administer services for the community nursery industry, including projects and educational services in the agricultural field at no cost to the community.

The Committee requested the following information:

- Explanation of the difference between the agreed upon rental rate, and the current rental rate;
- Tenant's current rental payment status;
- Responsibility of utilities and maintenance;
- Explanation of the need for a reduction in rent; and
- Fiscal impact to Miami-Dade County.

Explanation of Difference Between the Agreed Upon Rental Rate, and Current Rental Rate

Resolution R-507-06, approved by the Board on May 9, 2006, authorized the execution of the Retroactive Lease Agreement between the Florida Nursery, Growers, and Landscape Association, Inc. and Miami-Dade County (County) for a term of five (5) years with three (3) additional two-year renewal option periods. The leased space consisted of approximately 740 square feet. In a letter dated May 17, 2011, the Tenant requested a reduction of rent due to the economic downturn in the nursery industry and the loss of association members, which greatly impacted the Tenant's ability to generate revenue. The request for a reduction in rent was reviewed, after which it was determined that the rent would be reduced from \$12,328.00 annually (\$1,027.00 monthly) to \$8,880.00 annually (\$740.00 monthly) in an attempt to assist the Tenant. In 2013, pursuant to the Lease Agreement, the rental amount was increased by 3.5 percent to \$9,190.00 annually. In 2015, the rental amount increased to \$9,845.41 in accordance with the terms of the Lease Agreement.

Tenant's Current Rental Payment Status

The Tenant has made consistent rental payments from 2006 through 2015.

Responsibility of Utilities and Maintenance

Pursuant to the lease agreement, *Article III – Utilities*, all utilities shall be placed in the name of the Landlord, which is the County, and the cost of all utilities shall be paid by the Landlord.

Pursuant to the lease agreement, *Article IV - Maintenance*, the Landlord agrees to provide all maintenance, both interior and exterior, of the demised premises except those required as a result of Tenant's negligence, which Landlord will perform at Tenant's expense.

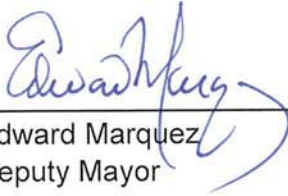
Explanation of the Need for a Reduction in Rent

The tenant has cited operational downsizing, and acquisitions or closures of previously viable nurseries, leading to a decline in marketing dollars for the nursery industry, as explained in "Exhibit A" as a principal reason for the needed rent reduction.

Fiscal Impact to the County

Upon approval of the Amendment to the Lease Agreement, which proposes to reduce the rent to no cost, the County through the Internal Services Department, will continue to be responsible for the cost of the operating expenses (i.e., utilities, janitorial services, and general maintenance of the building's interior and exterior). As a result of the proposed relocation, the leased space will be reduced from 740 square feet to 300 square feet, and the lease term will be modified to add an additional five-year term, with an additional five-year renewal option period.

The total loss of revenue to the Internal Services Department for the first year of the Amendment to the Lease Agreement is estimated to be \$7,683.00 for the new space which is comprised of \$5,100.00 (\$17.00 per square foot) for base rent and \$2,583.00 (\$8.61 per square foot) for operating expenses. The total fiscal impact to the Internal Services Department for the five-year term and the additional five-year renewal option period is estimated to be \$79,283.00 which assumes an annual 2.0 percent increase to the amount for operating expenses.



Edward Marquez
Deputy Mayor

Exhibit A



January 27, 2016

Internal Services Department
Miami Dade County
111 NW 1 Street
Miami, FL 33128

To whom it may concern:

To illustrate the Miami Dade County FNGLA Chapter's request for consideration of a modification to our lease agreement, this is how our Chapter and the Nursery Report have been impacted:

The nursery industry has not seen a significant rise in its per unit sales price(s) in almost 10 years; rather, through the recession and beyond, economic pressures for the industry have resulted in operational downsizing, acquisitions or closures of previously viable nurseries. Yet, the agricultural industry in Miami Dade County continues to be the second largest economic industry in the County, with an annual economic impact of \$2.3 billion. Facing economic pressures, those nurseries who are still viable in our County have had to trim operating expenses such as payroll and marketing expenses that were otherwise available to promote goods and services.

The Nursery Report publication remains an integral part of the sales and service needs of those nurseries and industry affiliates that it serves. The decline in the available marketing dollars for the nursery industry has had an adverse impact on the cash flow and operations of the FNGLA Nursery Report publication, which is the principal source of revenue for the local chapter. The single greatest contributor to that decline is a reduction in ad sales and plant listings in the Nursery Report.

Nursery Report publication historical comparison:

Nursery Report Trends	2007	2016
Monthly Publication, number of pages	92	70
Monthly Full Page Ads	40	10
Monthly Plant Listings	6,700	3,000

For the Miami Dade Chapter FNGLA, staffing expense is our single greatest expense, and like the industry, we've been forced to trim back to only one full time employee. Second to staffing, occupancy expense is the next greatest expense, averaging \$10K annually. Occupancy expense continues to contribute to the dilution of our available cash flow.

The Miami Dade County Chapter FNGLA stands a greater chance of survival and viability for serving its 206 members and a \$2.3 billion industry if our occupancy expense in the county extension office were minimized or eliminated.

We appreciate any support from our County in this matter. We have enjoyed over 20 years of residency at the Dade Cooperative Extension office and wish to stay in this location for many more years.

Sincerely,

Lisa Greer, Treasurer
Miami Dade County Chapter FNGLA, Inc.
Nursery Report

Ivonne Alexander, Board Director and Past Chair
Miami Dade County Chapter FNGLA, Inc.
Nursery Report

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