

Date: July 3, 2012

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

From: Carlos A. Gimenez
Mayor 

Subject: Analysis of Vacant County Office Space

This report is an update to the January 20, 2012 memorandum in response to Resolution R-886-11, which requested: 1) an analysis of overall vacant office space in County facilities, 2) development of a plan to best utilize unused commercial space in Overtown Transit Village South (OTVS) to generate additional revenue for the County, and 3) to provide a methodology and implementation schedule for commercial use of vacant office space in County facilities. This report also responds to the Board's request under Resolution R-1083-11 that directed to identify vacant or unoccupied County-owned properties that may be appropriate for lease to Community Based Organizations (CBOs), and development of a process for selecting CBOs to lease these properties.

Background

At my direction, since October 2011, eleven moves from third-party leased locations to County-owned facilities have been completed or are due to be completed by September 30, 2012. The total square footage of cancelled leased space to date equals 112,701 square feet and equates to approximately \$1.299 million annually no longer being paid to third-party landlords. There is also an additional 65,069 square feet of lease cancellations under consideration that equate to an additional \$1.498 million in annual rent payments to third-party landlords.

Below is a summary of moves that have been completed or are being considered from privately-leased space into County-owned buildings. The summary also includes other departmental operational moves required either as a result of reorganizational activities, or planned construction projects that will displace staff in some County facilities.

Stephen P. Clark Center

The Miami-Dade Economic Advisory Trust recently moved from privately-leased space at 19 West Flagler Street to the 20th floor of the Stephen P. Clark Center (SPCC). The annual value of the cancelled lease space is \$121,818. Other operational efficiencies involving moves into, or out of, SPCC are mentioned in conjunction with other facilities in this memorandum.

Overtown Transit Village South (OTVS)

The State of Florida's Child Support Enforcement Program and supporting functions, which previously paid rent to a third-party, now occupy space at OTVS and pay rent to the County. The rent paid by the State of Florida is offsetting the debt service and building operating costs. As reported in the January 20, 2012 status report, only three of the 16 programmable floors at OTVS remain vacant. For the three unoccupied floors, several options are being evaluated:

- Office of the Inspector General moving from privately-leased space at 19 West Flagler Street to OTVS. The annual value of the cancelled lease space would be \$192,328.
- Commission on Ethics and Public Trust moving from privately-leased space at 19 West Flagler Street to OTVS. The annual value of the cancelled lease space would be \$85,400.
- Clerk of the Courts Recorder's Office moving a portion of their existing 55,200 square feet of privately-leased office space at 22 NW 1 Street to 27,600 square feet that is available at OTVS. The current annual rent paid by the Clerk of the Courts at the privately-leased space is \$1,368,312 annually and the County can realize a savings of approximately \$684,156 per year if Recorder's Office were to move to OTVS.

- Regulatory and Economic Resources Department is planning to move divisions to OTVS from the 19th and 22nd floors of the SPCC (46 staff). This move will likely not occur until 2014 and will generate operational efficiencies rather than lease savings.

We expect to finalize decisions on these potential moves, many of which require further discussions, in the coming months. Completion of these moves would bring OTVS to full occupancy.

Overtown Transit Village North

The Overtown Transit Village North (OTVN) building has been substantially occupied to capacity since 2007. However, there are several moves that have occurred or are under consideration:

- Audit and Management Services Department will be moving from privately-leased space at 1 SE 3 Avenue to OTVN by approximately February 2013. The annual value of the cancelled lease space is \$253,191.
- Miami-Dade Transit has relocated their Call Center from the 11th floor of OTVN to the 12th floor of OTVN as a staff consolidation efficiency. This move has freed up the entire 11th floor for 115 staff from the Community Action and Human Services Department to relocate from the Martin Luther King, Jr. building. The move is due to occur by the end of calendar year 2012.

Martin Luther King, Jr. Building

Due to the upcoming Joseph Caleb Center (Caleb Center) construction project, which includes an atrium renovation, courthouse construction, and parking garage construction, available parking spaces will be limited during the construction period at the Caleb Center. As a result, moving tenants currently on the ground floor at Caleb to the 1st floor of the Martin Luther King, Jr. Building (MLK) is under consideration. This would include Clerk of the Courts (six staff) and Water and Sewer Department (six staff) temporarily relocating to MLK and may require renting vacant retail space at MLK from the private owner to accommodate Clerk of the Courts and Water and Sewer waiting/overflow customers.

Once the Community Action and Human Services Department relocates from MLK to OTVN (as noted above), the 4th floor of the MLK is recommended for other Caleb Center tenants on the 2nd through 7th floors that will be affected by the Caleb Center construction project.

Also under consideration, is the relocation of Public Works and Waste Management Department (126 staff) from the 5th floor of MLK to the SPCC. If this move occurs, it may provide a County-owned location for the Miami-Dade Corrections and Rehabilitation Department to move their Pre-Trial Division (40 staff) from privately-leased space, and save \$283,309 in annual rent payments.

Joseph Caleb Center

As noted above, it is anticipated that ground floor tenants at Caleb Center will be relocated to the 1st floor of the MLK. All or some of the Caleb tenants on the 2nd through 7th floors may be relocated to the 4th floor of MLK.

Staff is having ongoing discussions with all of the Caleb Center tenants to inform of the project's construction plan and ensure any necessary relocations are coordinated and disruptions to operations minimized.

Space for Outside Entities (Profit and Not-for-Profit)

In response to the two resolutions adopted by the Board, staff had to finalize its plan for all moves to determine what space may be available for non-County entities, whether for-profit or CBOs.

For for-profit entities, there may be instances where a business, such as one that provides an amenity to County employees and/or may be unrelated to the operations of the County, can occupy County space. However, not every County building is appropriate for mixed use with private parties. As such,

staff will evaluate each County facility on a case-by-case basis, as appropriate, provide recommendations to the Board if there is an opportunity to generate revenue for the County.

As to the issue of CBOs, the County has traditionally charged enough rent to simply cover operational and maintenance costs, and never enough to generate additional revenue. If the County were to pursue the option of providing lease space to existing or future CBOs at a nominal cost (less than the amount needed to cover operational and maintenance costs), the difference associated with the reduced rent will be reflected in the maintenance and operational services provided by the County at the respective facility.

At the present time, less than four percent of the County's total office space in buildings is suitable for shared use with non-County tenants is vacant. The County needs to maintain a reasonable amount of vacant space for numerous reasons, including:

- the ability to accommodate unanticipated space needs when there is not enough time to contract for private space,
- situations where the space is only needed for a limited period, and
- the need for staging areas to accommodate the internal shifting of agencies and staff within a building.

Given the current percentage of vacant space and the potential moves under consideration, it is not recommended that the County develop or implement procedures to further reduce its available space. Furthermore, it is important to note that most for-profit tenants look for long-term leases (e.g. ten years) without termination rights when using their own capital for renovations. These long-term leases with for-profit entities may generate the County revenue, but they also reduce the County's flexibility to utilize its space in the long-term and in some cases the revenue generated may be negated if the County has to lease privately-owned space in lieu of utilizing County-owned space.

As mentioned earlier, attached is a breakdown of the lease savings to date, as well as a breakdown of the potential lease savings that will occur once the potential moves are completed. This is an ongoing process and the Internal Services Department continues to meet with all departments to understand available opportunities for further elimination of privately-lease space. We will update the Board periodically as this process evolves.

Should you have any questions, please contact Lester Sola, Internal Services Department Director, at 305-375-2363, or me directly.

c: Robert A. Cuevas, Jr., County Attorney
Office of the Mayor Senior Staff
Department Directors
Miriam Singer, CPPO, Assistant Director, Internal Services Department
Charles Anderson, Commission Auditor

Internal Services Department Annual Savings from Lease Cancellations (Actual and Projected)

Leases Cancelled During FY 11-12

PRP #	Address	Department User	Lessor	PRP Size	Monthly Rent	Annual Rent	New Location	Cancellation Date
3040030180010-L01 4003-00-00	8000 NW 7TH ST Suite 200	COMMUNITY ACTION/ AND HUMAN SERVICES	Acosta & Valdes, L.L.C.	6,122	\$14,570	\$174,842	CVAC 2400 S. Dixie Hwy	05/31/2012
0101110501090-L01 4137-00-00	19 W FLAGLER ST Suite M-106	MIAMI-DADE ECONOMIC ADVISORY TRUST	Biscayne Bldg. Inc	6,593	\$10,152	\$121,819	SPCC 20th floor	06/30/2012
3122110040370-L01 2211-00-00	17775 N BAY RD	FIRE RESCUE	Archdiocese of Miami, Inc.	15,200	\$4,004	\$48,048	County-owned Fire Station #10	03/31/2012
2630310290011-L01 3031-00-00	11200 NW 20TH ST 3RD FL	MDPD Homeland Security	Procacci MTF LLC	9,875	\$24,607	\$295,284	Miami-Dade Fire Rescue Headquarters	12/31/2011
3031090000120-L03 3109-00-00	7900 NW 27TH AVE Space D-10	COMMUNITY ACTION AND HUMAN SERVICES	Northside Center LLC	5,460	\$8,322	\$99,863	Program closed due to lack of funding	11/24/2011
0101100202010-L01 4137-00-00	100 S BISCAYNE BLVD 2nd FL & Suite 800	JUDICIAL ADMINISTRATION	Northwestern Capital	19,994	\$40,533	\$486,395	Overtown Transit Village North	12/31/2011
1078130090220-L01 7813-00-00	326 NW 4 ST	FIRE RESCUE	City of Homestead	43,560	\$0	\$0	Property acquired from City of Homestead through land exchange.	03/01/2012
3660070240020-L01 6007-00-00	10700 CARIBBEAN BLVD Suite 306	FIRE RESCUE	Pinnacle Investment Properties	2,262	\$3,713	\$44,553	County Fire Station	09/30/2012
2540060010770-L01 4006-01-00	250 SW 114 AVE	COMMUNITY ACTION AND HUMAN SERVICES	City of Sweetwater	1,450	\$200	\$2,400	Program no longer operated by County	07/30/2012
3421100015020-L01 2110-00-00	16825 NW 22ND AVE	COMMUNITY ACTION AND HUMAN SERVICES	King & Associates of Miami, Inc.	1,360	\$1,247	\$14,960	Program no longer operated by County	07/31/2012
0430021000020-L01 3002-01-00	3794 W 12 AVE	BOARD OF COUNTY COMMISSIONERS	The Cayon Family Limited Partnership No. 2	825	\$932	\$11,179	Relocating to other Commissioner district office.	09/30/2012
Total				Total	\$108,279	\$1,299,344		

Lease Cancellations Under Consideration

PRP #	Address	Department User	Lessor	PRP Size	Monthly Rent	Annual Rent	New Location	Cancellation Date
0101110501090-L04 4137-00-00	19 W Flagler ST 201-207, 209, 215 and 220	INSPECTOR GENERAL	Biscayne Bldg. Inc	9,863	\$16,027	\$192,329	OTVS	TBD
0101110501090-L03 4137-00-02	19 W FLAGLER ST Suite # 820	COMMISSION ON ETHICS & PUBLIC	Biscayne Bldg. Inc	4,290	\$7,117	\$85,400	OTVS	TBD
0101110501030-L01 4137-00-00	22 NW 1ST ST	CLERK OF COURTS	Courthouse Realty Corporation	27,600	\$57,013	\$684,156	OTVS	TBD
0101120003001-L01 4206-00-00	1 SE 3RD AVE Suite 1100	AUDIT & MANAGEMENT SERVICES	CP One S.E. Third LLC	10,616	\$21,099	\$253,192	OTVN	12/31/2012
2630250010291-L01 3025-00-00	6501 NW 36TH ST 2ND	CORRECTIONS & REHABILITATION	AM Group 36, LLC	12,700	\$23,609	\$283,310	MLK	TBD
Total				Total	\$124,866	\$1,498,386		
Grand Total				Grand Total	\$233,144	\$2,797,730		