



**OFFICE OF THE COMMISSION AUDITOR
MIAMI-DADE BOARD OF COUNTY COMMISSIONERS**

**COMMISSION AUDITOR'S
INFORMATIONAL RESEARCH**

CHAIRWOMAN'S POLICY COUNCIL MEETING

June 8, 2020

2:00 P.M.

Virtual Meeting

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Commission Auditor

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**CPC Meeting:
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Research Notes**

**Item No. 3A
File No. 200625**

Researcher: DJ & IL Reviewer: EA & PGE

RESOLUTION APPROVING THE TERMS OF AND AUTHORIZING EXECUTION BY THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE OF A LEASE AGREEMENT BETWEEN MIAMI-DADE COUNTY AND TGC OAKLANE LLC, FOR THE PREMISES LOCATED AT 7845-7855 NW 148 STREET, MIAMI LAKES, FLORIDA TO BE UTILIZED BY THE MIAMI-DADE COUNTY DEPARTMENT OF CORRECTIONS AND REHABILITATION, WITH A TOTAL FISCAL IMPACT TO THE COUNTY ESTIMATED TO BE \$7,558,797.71 FOR A FIVE-YEAR TERM AND ONE FIVE-YEAR OPTION TO RENEW; AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO EXERCISE ANY AND ALL OTHER RIGHTS CONFERRED THEREIN

ISSUE/REQUESTED ACTION

Whether the Board should authorize the lease agreement between Miami-Dade County (Tenant) and TGC Oaklane LLC (Landlord) for the premises located at 7845-7855 NW 148 Street in an amount of \$7,558,797.71 for a five-year term with one, five-year option to renew for the Miami-Dade Corrections and Rehabilitation Department (MDCR).

PROCEDURAL HISTORY

Prime Sponsor: Commissioner Esteban L. Bovo, Jr., representing Commission District 13
Department/Requester: Internal Services

This item was presented at the Chairwoman's Policy Council meeting on April 20, 2020. The item was deferred to no date certain at the request of Commissioner Sally Heyman, who requested that the Internal Services Department (ISD) provide, within two weeks, to the Director of the Corrections and Rehabilitation Department a list of all warehouses owned and leased by the County. Commissioner Heyman voiced that there may be an available County-owned space to fulfill MDCR's operational requirements under the lease agreement, saving the County rental fees.

ANALYSIS

The purpose of this item is for the County to establish a replacement long-term lease agreement between Miami-Dade County and TGC Oaklane LLC (TGC) for the premises located at 7845-7855 NW 148 Street in Miami Lakes for use by MDCR as warehouse and office space. More specifically, the lease is for an area comprised of 40,000 square feet of space together with a 100,000 square foot parking lot. MDCR primarily uses the premises for inventory control and bulk management of supplies and personnel equipment. The facility also serves as storage space for uniforms.

Figure 1 below summarizes the key responsibilities of the County as tenant and of TGC as lessor under the lease agreement.

Figure 1 Roles and Responsibilities

Lessor Obligations	Lessee Obligations
All structural repairs to the common areas	Establishing and paying water service
All repairs to the elevator system	Establishing and paying waste disposal service
All repairs to the building's exterior	Establishing and paying trash disposal service
All repairs to the plumbing system	Establishing and paying janitorial service
All maintenance of the electrical systems	Establishing and paying electrical service

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Maintenance of the Heating, Ventilation and Air Conditioning (HVAC) systems and filters	Establishing and paying telephone service
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As indicated in the mayoral memorandum, under the lease, MDCR will rent the premises from TGC for an initial term of five years plus an optional five-year renewal term for the cumulative value of \$7,558,797.71. The General Fund is the funding source for this item, with a total of \$707,500 approved under the Adopted Budget for Fiscal Year 2019-20. The annual base rent for the first lease year is \$597,116.88 (approximately \$14.93 per square foot). The rent will increase annually by three percent. Per information provided by MDCR, the total fiscal impact for the first lease year is estimated to be \$692,575.30, which consists of the annual base rent (\$597,116.88) and direct expenses (\$95,458.42), i.e., the lease management fee, common area maintenance, taxes and insurance, electricity, waste collection and water and sewer. However, according to the mayoral memorandum, the total fiscal impact for the initial year of the lease is \$689,213.27.

MDCR has occupied the premises since July 1, 2008 pursuant to Resolution No. R-421-08 which approved the prior lease agreement. The prior lease term was for five years with one, five-year option to renew and expired on June 30, 2018. Under that lease, the rent for the first lease year was \$328,000, with the rental rate for the second through fifth years and any subsequent renewal option period increasing by five percent annually. The County incurred a total of \$5,535,681¹ as part of rent expenses during that lease term, from July 1, 2008 through June 30, 2018.

The County has remained in occupancy of the premises as a holdover tenant per the holdover provision of the original lease, requiring the County to pay the equivalent to 150 percent of the monthly rental in effect immediately prior to expiration. Pursuant to the holdover provision, the County has paid TGC a total of \$1,634,787² since the expiration of the lease term, from July 1, 2018 through April 30, 2020. Based on OCA's assessment of the holdover period, MDCR has spent approximately 60 percent more than the average annual rent expenses under the expired lease agreement. Currently, OCA is in communications with MDCR to validate the annual rental payments with the County's financial system of records.

The expenditure table below shows what the County has paid TGC under the lease agreement for the original lease term (from July 2008 through June 2018) and the holdover period (July 2018 through April 30, 2020). The table also shows projected payments under the replacement lease agreement for a 10 year duration.

Figure 2 Comparison of Annual Rent and Monthly Rent between the Prior and Proposed Leases

Proposed Lease for the Term 2020-2030			Previous Lease under R-421-08 for the Term 2008-2018			1 st Holdover Year 2018-2019		2 nd Holdover Year 2019-YTD	
Lease Year	Annual Rent	Monthly Rent	Lease Year	Annual Rent	Monthly Rent	Month	Monthly Rent	Month	Monthly Rent
Year 1	\$597,117	\$49,760	Year 1	\$483,862	\$40,322	Jul.	\$75,902	Jul.	\$73,065
Year 2	\$615,030	\$51,253	Year 2	\$535,204	\$44,600	Aug.	\$75,161	Aug.	\$73,065

¹ Email Correspondence with MDCR dated May 06, 2020

² *Id*

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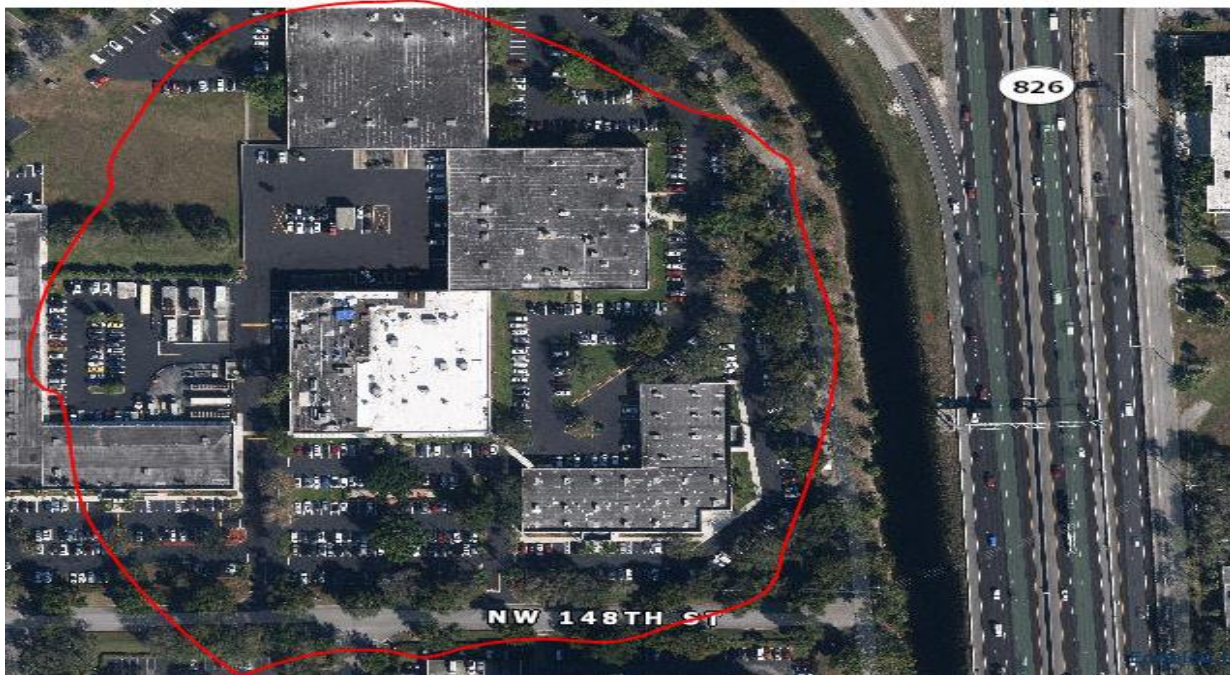
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Year 3	\$633,481	\$52,790	Year 3	\$531,348	\$44,279	Sept.	\$77,937	Sept.	\$73,065
Year 4	\$652,486	\$54,374	Year 4	\$552,276	\$46,023	Oct.	\$78,553	Oct.	\$73,768
Year 5	\$672,060	\$56,005	Year 5	\$583,996	\$48,666	Nov.	\$74,373	Nov.	\$73,768
Year 6	\$692,222	\$57,685	Year 6	\$512,596	\$42,716	Dec.	\$74,373	Dec.	\$73,768
Year 7	\$712,989	\$59,416	Year 7	\$537,067	\$44,756	Jan.	\$74,373	Jan.	\$73,768
Year 8	\$734,378	\$61,198	Year 8	\$554,063	\$46,172	Feb.	\$74,574	Feb.	\$70,255
Year 9	\$756,410	\$63,034	Year 9	\$609,790	\$50,816	Mar.	\$79,406	Mar.	\$73,768
Year 10	\$779,102	\$64,925	Year 10	\$635,480	\$52,957	Apr.	\$74,366	Apr.	\$70,255
						May.	\$74,161	May.	
						Jun.	\$73,065	Jun.	
Total	\$6,845,276		Total	\$5,535,681		Total	\$906,244	Total	\$728,544

The mayoral memorandum advises that the need to rent this space will no longer be necessary after the development of the MDCR Master Plan as the department will utilize a new Master Plan facility. Per information received from ISD relating to Commissioner Heyman's request for a count of ISD-owned and leased warehouse space, the attached table shows that the County owns 26 warehouses and leases six warehouses, inclusive of this proposed lease item.

Figure 3 Illustrates an aerial shot of the premises located at 7845-7855 NW 148 Street, Miami Lakes, FL



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APPLICABLE LEGISLATION/POLICY

Miami-Dade County Code, Section 2-8.6.5, governs the purchase, sale, and lease of real property.

[https://library.municode.com/fl/miami -
dade county/codes/code of ordinances?nodeId=PTIICOOR_CH2AD_ARTIINGE_S2-8.6.5PUSALEREPR](https://library.municode.com/fl/miami-dade-county/codes/code_of_ordinances?nodeId=PTIICOOR_CH2AD_ARTIINGE_S2-8.6.5PUSALEREPR)

Resolution No. R-333-15, adopted April 21, 2015, establishes County policy to require disclosure of market value or market rental in legislative items authorizing the conveyance or lease of County-owned property to promote public disclosure and fiscal responsibility.

<https://www.miamidade.gov/cob/library/Registry/Resolutions/Board-of-County-Commissioners/2015/R-333-15.pdf>

Resolution No. R-421-08, adopted April 21, 2008, authorized the execution of a lease agreement at 7845-55 N.W. 148 street, Miami, with the Graham Companies, a Florida Corporation for a 5 year term with one, five-year option to renew in the amount of \$6,627,544.

<http://www.miamidade.gov/govaction/matter.asp?matter=080542&file=true&fileAnalysis=false&yearFolder=Y2008>

Report of County-owned and County Leased Warehouses



County-owned Warehouses					
Folio	Address	Department User	Square Footage	Available Space Y/N	Property Type
3030350000010	2261,2361,2461 NW 67 AVE (Bldg 700)	AVIATION	115,809	N	Warehouse
3030360000010	2260,2360,2460 NW 66 AVE (Bldg 701)	AVIATION	111,582	N	Warehouse
3030360000010	2261,2361,2461 NW 66 AVE (Bldg 702)	AVIATION	111,641	N	Warehouse
3030350000010	1651,1751,1851,1951 NW 68 AVE (Bldg 706)	AVIATION	180,784	N	Warehouse
3030350000010	6640 NW 22 ST (Bldg 707)	AVIATION	98,614	N	Warehouse
3030360000010	1650,1750,1850,1950 NW 66 AVE (Bldg 708)	AVIATION	174,822	N	Warehouse
3030360000010	5815,5875,5915,5945,5975,5985,6025,6023,6065,6105,6145,6185 NW 18 ST (Bldg 716)	AVIATION	258,906	N	Warehouse
3530280160010	2700 NW 87 AVE	ELECTIONS	121,638	N	Office/Warehouse
3030150100010	8010 NW 60 ST	FIRE RESCUE	25,080	N	Warehouse
3040280000010	6100 SW 87 AVE	FIRE RESCUE	20,000	N	Warehouse
3079010000180	Homestead Air Reserve Base	FIRE RESCUE	14,000	N	Warehouse
3011310010030	20000 NW 47 AVE (Bldg 17)	INTERNAL SERVICES	12,000	N	Warehouse
3011310010030	20000 NW 47th AVE (Bldg 5)	INTERNAL SERVICES	30,000	N	Warehouse and Auditorium
0420250010179	980 W 84 ST	INTERNAL SERVICES	18,613	N	Warehouse
0420250010181	North of Gratigny Expressway behind 980 W 84 ST	INTERNAL SERVICES	19,267	N	Warehouse
2530310280010	11500 NW 25 ST - Integrated command center	INTERNAL SERVICES	273,116	N	Office/Warehouse
3030350020360	2251 NW 72 AVE	INTERNAL SERVICES	41,192	N	Warehouse
3031210000620	3501 NW 46 ST	INTERNAL SERVICES	145,081	N	Office/Warehouse
3079120000124	Former Homestead Air Reserve Base (HARB)	INTERNAL SERVICES	unknown	N	Warehouses
3530330030020	9350 NW 12 ST	INTERNAL SERVICES	50,801	N	Warehouse
3040310000170	10775 SW 84 ST	PARKS, RECREATION, AND OPEN SPACES	2,750	N	Warehouse
3031100290020	7590 NW 24 AVE	PUBLIC HOUSING AND COMMUNITY DEVELOPMENT	3,360	N	Warehouse
0142050000010	1020 Caribbean Way (MSRC Bldg)	SEAPORT	55,763	N	Warehouse
0142050000010	1509 North Cruise Blvd (Shed B)	SEAPORT	201,835	N	Warehouse
0142050000010	514/567 Australia Way (Shed E)	SEAPORT	36,000	N	Warehouse
0142050000010	1470 Bahama Drive (Shed G)	SEAPORT	134,865	N	Warehouse

County Leased Warehouses					
	Address	Department User	Square Footage	Available Space Y/N	Property Type
3220220380010	7845-7855 NW 148 ST	CORRECTIONS AND REHABILITATION	40,000	Y	Office/Warehouse
3030140100360	6326 NW 72 AVE	SOLID WASTE MANAGEMENT	9,000	N	Warehouse
2230100080380	8105 NW 77 ST	FIRE RESCUE	66,461	N	Office/Warehouse
3530340000060	1351 NW 78 AVE	CORRECTIONS AND REHABILITATION	63,389	N	Office/Warehouse
3030150010090	7821 NW 67 ST	POLICE	70,760	N	Warehouse
3030350030090	1775 NW 70 AVE	AVIATION	56,000	N	Warehouse

CONTRIBUTORS

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The Office of the Commission Auditor, Miami-Dade Board of County Commissioners

The Office of the Commission Auditor (OCA) was established in September 2002 by Ordinance 03-2 to provide support and professional analysis of the policy, service, budgetary and operational issues before the Miami-Dade Board of County Commissioners. The Commission Auditor's duties include reporting to the Board of County Commissioners on the fiscal operations of County departments, as well as whether the fiscal and legislative policy directions of the Commission are being efficiently and effectively implemented

These research notes, prepared in collaboration with the Miami Dade County departments as subject matter experts, is substantially less detailed in scope than an audit in accordance with the Generally Accepted Auditing Standards (GAAS). The OCA plans and performs the review to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on its objectives; accordingly, the OCA does not express an opinion on the data gathered by the subject matter expert(s).