



COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: April 23, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO NEGOTIATE A LEASE AGREEMENT BETWEEN THE CITY ("TENANT") AND BCPF AVE, LLC ("LANDLORD"), BASED UPON THE ESSENTIAL TERMS SET FORTH IN THIS RESOLUTION, FOR LEASE OF APPROXIMATELY 24,991 SQUARE FEET OF WAREHOUSE SPACE, LOCATED AT 14101 NW 57TH AVENUE, MIAMI LAKES, FL 33054 ("PREMISES"), TO BE USED BY THE MIAMI BEACH POLICE DEPARTMENT ("MBPD") FOR STORAGE; SAID LEASE HAVING AN INITIAL TERM OF FIVE (5) YEARS, COMMENCING ON AUGUST 1, 2025, WITH ONE (1) RENEWAL TERM OF FIVE (5) YEARS AT THE OPTION OF THE CITY MANAGER; AND FURTHER, FOLLOWING COMPLETION OF SUCCESSFUL NEGOTIATIONS AND REVIEW AND APPROVAL BY THE CITY ATTORNEY, AUTHORIZING THE CITY MANAGER TO EXECUTE THE LEASE AGREEMENT.

RECOMMENDATION

The Administration recommends the Mayor and City Commission adopt the resolution approving a Lease Agreement between the City, as Tenant, and BCPF AVE, LLC, as Landlord, for approximately 29,991 square feet of warehouse space located at 14101 NW 57th Ave, Miami Lakes, FL 33054, for use by Miami Beach Police Department (MBPD) personnel.

BACKGROUND/HISTORY

The Miami Beach Police Department ("MBPD" or the "Department") has served the community for decades, providing law enforcement services, crime prevention programs, and community engagement initiatives. Historically, the Department has managed criminal investigations, evidence retention, and vehicle storage at its headquarters at 1100 Washington Avenue. However, as the City's needs have evolved, so did the demand for additional storage space to support law enforcement operations.

To address this growing demand, MBPD has relied on off-site storage to house evidence, police vehicles, and operational equipment. The current warehouse located at 6700 NW 36th Avenue, Miami, FL 33147, with 18,200 square feet has been leased to accommodate these needs. However, this lease agreement is set to expire on September 30, 2025. Despite serving as a crucial storage location, the facility has deteriorated significantly, requiring extensive maintenance and repairs that make continued use impractical. Upon the expiration of the current Lease Agreement, the Landlord has the right and intends to increase the rent to current market value, which is approximately \$17.00 to \$21.00 per square foot.

Additionally, the current space is insufficient to meet MBPD's operational growth needs and does not provide any office accommodations for law enforcement personnel to conduct on site administrative work. The increasing volume of evidence, police vehicles, and critical law enforcement resources requires a larger, more modern facility. The cost of necessary repairs and upgrades at the current location would be substantial, making it financially prudent to relocate to

a new facility with expanded square footage and improved infrastructure rather than invest heavily in repairs to an inadequate space.

To enhance operational efficiency and uphold law enforcement protocols, the City must secure a larger, more suitable facility that meets MBPD's growing storage and operational needs. This transition will not only optimize resource management but also strengthen MBPD's ability to store and safeguard critical assets with greater security, efficiency, and effectiveness.

In pursuit of this objective, the City has proactively identified potential properties to accommodate MBPD's warehouse requirements. After evaluating multiple venues in collaboration with MBPD personnel, the Administration has determined that the most viable option is outlined in the attached Letter of Intent (LOI) in **Exhibit A**, which details the key lease terms summarized below:

| | |
|----------------------------|--|
| Tenant: | City of Miami Beach, a Florida municipal corporation. |
| Address: | 1700 Convention Center Drive, Miami Beach, FL 33139 |
| Landlord: | BCPF AVE, LLC, a Foreign Limited Liability Company |
| Premises: | 14101 NW 57 th Ave, Miami Lakes, FL 33054 |
| Size of Premises: | Approx. 24,991 rentable square foot ("RSF") |
| Tenant Use: | Office and Storage |
| Lease Term: | Five (5) years from Rent Commencement |
| Base Rent: | \$18.50 triple net per square foot |
| Option to Renew: | Option to Renew for one additional five (5) year term. Notice for Tenant's renewal is 12 months prior to the expiration. The terms of the Option to Renew will be at the greater of the expiring rent or FMV and will be AS IS not to exceed 4% over previous years Base Rent. |
| Rent Increases: | The Base Rent will escalate at 4% per annum starting at Month 13. |
| Additional Rent: | Tenant shall pay its pro rata share of the allocated expenses. Estimated charges for 2025 are approximately \$4.61 per square foot. |
| Lease Commencement: | Lease Commencement date is August 1, 2025. |
| Right to Terminate: | Landlord shall grant Tenant a one-time Right to Terminate the lease at Month forty (40) by providing twelve (12) months' prior written notice. The penalty to terminate will be 6 months of Base Rent and Operating Expenses. |
| Delivery Date: | August 1, 2025 |
| Rent Commencement: | Three (3) Months after Delivery Date. |
| Security Deposit: | Two (2) months of Rent |

- Prepayments:** Upon execution, Tenant shall pay its first month's gross rent including sales tax.
- Tenant's Work:** All Tenant's Work must be approved by Landlord and shall be conducted by a general contractor licensed in the State of Florida.
- Utilities:** Tenant shall be responsible for electricity, water, phone, and gas (if applicable).
- Landlord's work:** Tenant shall accept the premises in its "AS IS" Conditions. NEW CONSTRUCTION.
- Lease Form:** The Lease will be a traditional triple net lease basis.
- Real Estate Commission:** The Landlord and Tenant acknowledge that they have not dealt with any real estate broker(s) in this transaction other than Chariff Realty Group representing the Tenant and CBRE representing the Landlord. Landlord shall be responsible for the payment of the brokerage commission to Broker(s). Chariff Realty Group shall be entitled to a commission of 4% of the gross lease value and to include any expansion or extensions, so long as Chariff Realty produces an exclusive representation agreement for any extension or expansion. Such commission shall be paid 50% upon Tenant executing a lease agreement and the remaining 50% upon Tenant paying rent.

The schedule of Base Rent and Operating Expenses due over the initial term are illustrated in the following chart:

| Square Feet: | | 24,991 | | | | | |
|-------------------------|--------------------------|------------------------------|-----------------------------|---------------------------------------|---|--|---|
| Base Rent: | | \$ 18.50 | | | | | |
| Annual Increase: | | 4% | | | | | |
| <u>Year</u> | <u>PSF Base Rent</u> | <u>Monthly Base Rent</u> | <u>Annual Base Rent</u> | <u>PSF Operating Expenses</u> | <u>Monthly Operating Expenses</u> | <u>Annual Operating Expenses</u> | <u>Total Base Rent & Opex</u> |
| 1 | \$ 18.50 | \$38,527.79 | \$462,333.50 | \$ 4.61 | \$ 9,600.71 | \$115,208.51 | \$577,542.01 |
| 2 | \$ 19.24 | \$40,068.90 | \$480,826.84 | \$ 4.79 | \$ 9,984.74 | \$119,816.85 | \$600,643.69 |
| 3 | \$ 20.01 | \$41,671.66 | \$500,059.91 | \$ 4.99 | \$10,384.13 | \$124,609.52 | \$624,669.44 |
| 4 | \$ 20.81 | \$43,338.53 | \$520,062.31 | \$ 5.19 | \$10,799.49 | \$129,593.91 | \$649,656.22 |
| 5 | \$ 21.64 | \$45,072.07 | \$540,864.80 | \$ 5.39 | \$11,231.47 | \$134,777.66 | \$675,642.46 |

ANALYSIS

The City has been actively seeking new property options to accommodate the Miami Beach Police Department's (MBPD) operational needs. After evaluating multiple locations, Staff found the average rent range between \$17.00 per square foot and \$24.00 per square foot for warehouse spaces. Many of the warehouse options were dated and in immediate need of renovation and/or infrastructure improvements, which would prove to be costly for the City. The proposed lease at 14101 NW 57th Avenue, Miami Lakes, FL 33054, was determined to be the most suitable option. This facility, a newly constructed building, consists of approximately 24,991 rentable square feet and includes 2,200 square feet of air-conditioned office space. The space offers 32-foot ceiling heights, an extra-wide ramp to accommodate large equipment deliveries, and an up-to-date fire and life safety system, ensuring compliance with operational and safety standards. Additional details about the property can be found in the Property Brochure, attached as **Exhibit B**.

Under the proposed lease terms, the base rent was negotiated down to \$18.50 per square foot on a triple-net basis, plus applicable sales tax. The lease includes an initial term of five years from the rent commencement date, with an option to renew for an additional four years and 364 days. The base rent will increase by 4% annually starting on the thirteenth month of the lease term. In addition to base rent, the tenant is responsible for its pro rata share of allocated expenses, which are estimated at \$4.61 per square foot for 2025..

FISCAL IMPACT STATEMENT

The financial impact of this lease agreement is based on the established lease terms and associated costs. Over the initial lease term, the City will pay base rent calculated at \$18.50 per square foot with annual increases of 4%. The estimated operating expense reimbursements, calculated at \$4.61 per square foot for 2025, will contribute to the overall financial obligations of the lease and may be subject to adjustments in subsequent years. The Lease Agreement, attached as Exhibit C, provides further details on these financial obligations.

To secure the lease, the City will provide a security deposit equivalent to two months' rent. The brokerage commission associated with this lease agreement will be paid by the Landlord, who has agreed to compensate Chariff Realty Group with a commission equal to 4% of the gross lease value.

As the unit is a newly constructed space, the City will accept the premises in its "as-is" condition, with no additional tenant improvement reimbursements required. This Lease Agreement provides a cost-effective and long-term solution for MBPD's operational needs, ensuring uninterrupted law enforcement services while optimizing resource allocation and financial efficiency.

Does this Ordinance require a Business Impact Estimate?

(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

CONCLUSION

The Lease Agreement with BCPF AVE, LLC ensures the continued availability of critical storage and operational resources for the Miami Beach Police Department. With the current lease at 6700 NW 36th Avenue set to expire and the facility no longer meeting operational needs, transitioning to a new location with increased square footage and a more modern facility is the most efficient and cost-effective solution. This move will enhance MBPD's ability to store and manage law enforcement resources while improving long-term operational efficiency. By securing this lease, the City upholds its commitment to public safety, crime prevention, and efficient resource allocation. Based on the foregoing, the Administration recommends the Mayor and City Commission adopt the resolution approving a Lease Agreement between the City, as Tenant, and BCPF AVE, LLC, as Landlord, for approximately 29,991 square feet of warehouse space located at 14101 NW 57th Ave, Miami Lakes, FL 33054, for use by MBPD personnel.

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Facilities and Fleet Management

Sponsor(s)

Co-sponsor(s)

Condensed Title

Approve Lease Agmt w/ BCPF Ave, LLC, Warehouse Space at 141 NW 57th Ave for MBPD. FF

Previous Action (For City Clerk Use Only)