



CITY MANAGER'S OFFICE MEMORANDUM

TO: Mayor and City Commissioners

FROM: Jim Scholl, City Manager

DATE: June 22, 2016

SUBJECT: Budget Amendment – Habana Plaza Lease Payments

ACTION STATEMENT:

Respectfully request ratification of the attached Budget Amendment. Approximately \$40,000 a month is required to cover the base rent and CAM charges for City Hall Offices at Habana Plaza. An additional \$120,000 in budget authority is required to cover the July, August and September 2016 base rent and CAM payments to Habana Key West LLC, the lessor of the Habana Plaza offices.

BACKGROUND:

The Fiscal Year Operating Budget provided for base rent and CAM payments for only nine (9) months – October 2015 through June 2016. It was anticipated that Glynn Archer City Hall would have been completed and available for occupancy by July 2016. With recent construction delays, a move to the White Street location is now anticipated no earlier than the middle of September 2016. The City Manager's office has had discussions with the General Contractor on what the City contends are General Contractor delays and would expect such additional lease payments being provided for under this ratification to be recognized by the General Contractor as their responsibility. However, until such time complete agreement between the City and the Contractor has been finalized, lease payment are required to be made by the City.

FINANCIAL IMPACT:

City of Key West Code of Ordinances Section 2-739(2) requires City Commission approval when the budget amendment calls for adjustments not within a category which exceed \$20,000. In this particular Budget Amendment the City Commission is being requested to ratify a budget amendment processed at the direction of the City Manager on June 22, 2016 in which \$80,000 in budget authority was moved from the City Manager's General Fund Contingency account to the General Fund, General

Government, Rental and Leases account. An additional \$40,000 in budget authority was moved from the General Fund's Operating Reserve account to the General Fund, General Government, Rental and Leases account.

RECOMMENDATION:

Approve the attached Budget Amendment in the amount of \$120,000 which will provide budget authority for Habana Plaza lease payments to Habana Key West, LLC for the months of July, August and September 2016.