

Business Operations
J.E. Surash, P.E., Chief Business Officer

SUBJECT: AUTHORIZATION TO EXECUTE A LEASE AMENDMENT WITH COMMUNITY PARTNERSHIP FOR HOMELESS, INC., TO REDUCE THE DISTRICT'S PROPORTIONAL SHARE OF ANNUAL OPERATING EXPENSES AT THE HOMESTEAD HOMELESS ASSISTANCE CENTER, LOCATED AT 28300 SW 152 AVENUE

COMMITTEE: FACILITIES MANAGEMENT

Background

Since July 1999, the Board has occupied a portion of the Homestead Homeless Assistance Center (Center), located at 28300 SW 152 Avenue, in conjunction with Community Partnership for Homeless, Inc. (CPHI), to provide certain services, educational programs, activities, and facilities for the use and benefit of the homeless population of Miami-Dade County. The Board had previously entered into an agreement to participate in the construction of the educational component of the Center, by paying CPHI \$782,670, as the District's proportional share of costs associated with 11,181 square feet of space out of a total of 81,972 square feet, and an agreement to reimburse CPHI annually for the District's proportionate share of the operational expenses incurred due to the presence of the educational program ("Operating Agreement"). The 11,181 square feet of space is reserved for the District's use through April 2039 at a lease rate of \$1 per year.

Modifying Terms of Operating Agreement to Reduce Annual District Cost

The Operating Agreement is currently structured to require CPHI to provide an estimate of the District's proportional share of operating expenses for the coming year, with this amount to be paid to CPHI as rent. The actual cost is not determined until a certified annual audit is completed by CPHI and forwarded to the District. Because of the time delay in generating this audit, additional rent is collected or a rent credit given the following year, as a result of CPHI having under or over estimated the District's actual expense. This accounting method has proven unwieldy and does not allow either the District or CPHI to accurately budget for the expense. As a result, it is recommended that the Operating Agreement be amended to establish a fixed baseline amount, with future annual increases tied to the Consumer Price Index. This method of computing the annual reimbursement for operating costs was implemented in November 2002 for the Miami Homeless Assistance Center, which had a similarly worded Operating Agreement, and has proven to be workable and efficient. CPHI has expressed a willingness to pursue a modification to the Operating Agreement at the Center, under the same scenario.

In an attempt to establish a new baseline amount to reimburse CPHI for the District's proportional share of operating expenses, District staff reviewed the audited actual annual expenses paid by the District since 1999. This cost has increased an average of approximately 4.65% per year, with annual reimbursements ranging from \$85,000 to \$129,000. The District's actual cost for 2002-03 was \$128,735. The amount budgeted by the District for 2003-04 is \$135,000. After various conversations with CPHI, the District proffered, and CPHI agreed to accept, \$88,000 as a baseline amount for operational expenses. Therefore, it is recommended that the Operating Agreement be amended to establish a baseline amount of \$88,000 as the District's proportional share of operating expenses for 2003-04. Thereafter, this amount shall be adjusted annually by the percentage increase reflected in the Consumer Price Index (CPI) for All Urban Consumers. In no event, however, would this amount increase by more than 4% per year.

Terms of Proposed Lease Amendment

The proposed amendment to the Operating Agreement includes, substantially, the following terms and conditions:

- the method for determining the District's proportional share of operating expenses shall be modified to establish a baseline amount of \$88,000 as the District's cost for building operating expenses for the period of July 15, 2003 through July 14, 2004. Thereafter, this amount will be adjusted annually by the percentage increase reflected in the United States Consumer Price Index (CPI) for All Urban Consumers, which amount shall not exceed 4%; and
- at the request of either the Board or CPHI, the other party agrees to review the then current amount being paid by the District as its proportional share of operating expenses and to negotiate for a possible revision to this amount based on market conditions. Any such proposed modification of the amount being paid by the District shall require Board approval.

The proposed amendment to the Operating Agreement shall be reviewed and approved by the School Board Attorney's Office; the Office of Risk and Benefits Management; and the Interim Assistant Superintendent for the Division of Adult, Vocational and Alternative Programs, prior to execution.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize the Superintendent or his designee to execute a lease amendment with Community Partnership for Homeless, Inc., to reduce the District's proportional share of annual operating expenses at the Homestead Homeless Assistance Center, by establishing \$88,000 as the baseline amount due for the period of July 15, 2003 through July 14, 2004, and under the terms and conditions set forth above.

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