

Business, Operations, Finance and Construction  
Ofelia San Pedro, Deputy Superintendent

**SUBJECT: RENEWAL OF LEASE AGREEMENT WITH MIAMI-DADE COUNTY FOR THE SOUTH DADE SKILLS CENTER, LOCATED AT 28300 SW 152 AVENUE, LEISURE CITY**

**COMMITTEE: FACILITIES MANAGEMENT**

**Introduction**

Since 1976, the Board has leased space located at 28300 SW 152 Avenue, for the South Dade Skills Center, from Miami-Dade County (County). Currently, the District occupies 43,282 square feet of the 45,216 square foot facility, with the County utilizing an additional 1,934 square feet for the operation of its Farm Worker Training Program. At its meeting of June 19, 2002, the Board authorized the closure of this facility, in response to a staff report recommending that existing services be offered at various alternate locations in the vicinity. Subsequent to Board action, the community expressed concerns over the proposed closure, and relocation of services to other nearby facilities. In an attempt to address these concerns, District staff met with members of the community on numerous occasions, resulting in a recommendation to the Board to retain District occupancy of the building, which the Board authorized on September 12, 2002.

At a part of its action of September 12, 2002, the Board authorized a lease amendment to reduce the annual rent paid to the County from \$384,688.17 to \$1, with the District to assume responsibility for all building operations expenses. As such, the District is responsible for all building utilities, routine building and grounds maintenance, security and custodial services, as well as repair of major building components, such as exterior walls, windows, roof, air conditioning, plumbing and electrical systems. In addition, the District is obligated to pay a portion of the County's building management staff salaries (estimated at \$43,000 per year). Cost to the District for all building operating expenses for the period of July 1, 2003 to June 30, 2004, was approximately \$352,214. Rent for the same period, under the former lease terms, would have been approximately \$405,644.

**Background**

The Board, at its September 10, 2003 meeting, authorized the lease renewal option for the period of December 1, 2003 to November 30, 2004. Staff was further directed to update in-depth building inspections which were compiled in 2002, in order to determine if the Board may be facing potential extensive repair or maintenance costs. These building inspection reports have recently been updated, and project necessary repair costs over a three-year period of approximately \$939,000 (see Exhibit "A"). Please note that these cost estimates may be significantly impacted by the current economic

environment, which has seen a dramatic escalation in costs for labor and certain construction materials. In addition, the District's Building Official has advised that portions of the building are subject to flood damage, and some of the maintenance needs itemized in Exhibit "A" will require immediate attention to allow continued District occupancy. These include upgrading the fire alarm system to current code, installing a public address system, upgrading the electrical/emergency lighting system, upgrading/repairing exhaust fans and repairing/replacing fencing, at a cost of approximately \$232,000 (see Exhibit "A").

Given such a significant possible capital investment in a non-Board owned facility, staff contacted the County Department of Human Services (which acts in the capacity of landlord), to determine the potential for the District to purchase the building. The Director of Human Services has advised no objection to such a purchase by the District, provided appropriate arrangements are made to allow a continued County presence within the building, and the surrounding community is made aware of such a transfer of ownership in advance, in order to address any concerns they may have involving future use of the facility by the District. In addition, the County's Community Action Agency has expressed a willingness to pursue a trade of the South Dade Skills Center for the Board-owned former Bethune Elementary School facility, currently leased to the County for \$1/year for use as a Head Start facility. Should acceptable terms be negotiated for a possible sale or trade, it is anticipated that a real estate closing could take place in eight to ten months.

For the 2003-04 reporting year, the South Dade Skills Center served 746 adult general education students and 102 vocational students, generating a total of \$573,720 in membership and performance funding. This amount was sufficient to offset the District's building operations expenses for the same period. Market rates for comparable lease space in the community are approximately \$16.50/ square foot (\$714,153 per year for a building of the same size). This market rate does not reflect potential costs to the District resulting from required tenant improvements, moving expenses and telephone/computer infrastructure costs.

The current term of the lease agreement will expire on November 30, 2004, and the Board has the option of renewing the agreement for an additional one-year period. This proposed renewal represents the second of four one-year renewal option periods available under the lease agreement. The Deputy Superintendent, Curriculum and Instruction, recommends that the agreement be renewed for the period of December 1, 2004 to November 30, 2005.

#### **Proposed renewal of lease agreement**

All terms and conditions of the lease agreement will remain unchanged, including the annual rental rate of \$1. The following terms and conditions will also remain unchanged:

- the District is responsible for all building operations expenses, including the payment of water and sewer, electrical, gas, waste removal and any other utilities serving the facility, routine building and grounds maintenance, security and

custodial services, and payment of a percentage of the County's building management staff;

- the County shall reimburse the District for its proportional share of the building utility and maintenance costs for the 1,934 square feet of space it presently occupies;
- the District is responsible for all other maintenance and repair of the building and its major components, such as exterior walls, windows, roof, air conditioning system and plumbing and electrical systems;
- the District has the right to cancel the lease at any time by giving the County sixty (60) days prior written notice; and
- the County has the right to cancel only if the District defaults under the terms of the lease and fails to cure such default.

Staff contacted the principal of the South Dade Skills Center, the Assistant Superintendent of Adult, Vocational and Alternative Education, and the Deputy Superintendent of Curriculum and Instruction, who indicated a continuing need for this facility to operate the South Dade Skills Center for the one-year period commencing December 1, 2004 and ending November 30, 2005. Funding for building operations expenses will be provided through the Office of Adult, Vocational and Alternative Education.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida:

- 1) authorize the renewal of the lease agreement with Miami-Dade County for the South Dade Skills Center located at 28300 SW 152 Avenue, at an annual rental rate of \$1. The term of the renewal option period will commence December 1, 2004 and will end November 30, 2005. All other terms and conditions of the lease agreement will remain unchanged; and
- 2) direct the Superintendent to pursue the possible purchase of the South Dade Skills Center or trade for the former Bethune Elementary School site or other District-owned property, and update the Board at its meeting of November 17, 2004, as to the viability of such a sale or trade.

DR:rr

## EXHIBIT "A"

### PROJECTED MAINTENANCE NEEDS FOR SOUTH DADE SKILL CENTER OVER THREE YEAR PERIOD

MAINTENANCE NEEDS	Estimated Cost YEAR ONE	Estimated Cost YEAR TWO	Estimated Cost YEAR THREE
<b>FIRE ALARM*</b>	\$ 105,000	\$ -	\$ -
<b>PUBLIC ADDRESS*</b>	\$ 85,000	\$ -	\$ -
MASTER CLOCK SYSTEM	\$ 50,000	\$ -	\$ -
<b>ELECTRIC/LIGHTING UPGRADE*</b>	\$ 25,000	\$ 25,000	\$ 15,000
INTRUSION ALARMS REPAIR / REPLACEMENT	\$ 35,000	\$ -	\$ -
AIR CONDITIONING EQUIP REPAIR / REPLACEMENT	\$ 7,500	\$ 3,500	\$ 3,500
PLUMBING REPAIR / REPLACEMENT	\$ 12,000	\$ 1,750	\$ 1,750
PAINTING	\$ 10,000	\$ -	\$240,000
ROOF REPAIRS	\$ 10,000	\$ 10,000	\$ 10,000
<b>EXHAUST FAN REPAIR / UPGRADE*</b>	\$ 7,500	\$ 2,500	\$ -
HOT WATER HEATER	\$ 5,000	\$ 3,000	\$ -
FIBERGLAS DUCTWORK REMOVE & REPLACE	\$ 100,000	\$ -	\$ -
DRAINAGE	\$ 50,000	\$ -	\$ -
LOCK SYSTEM REPAIR / REPLACEMENT	\$ 15,000	\$ 5,000	\$ 5,000
WATER COOLERS REPAIR / REPLACEMENT	\$ 3,500	\$ 3,500	\$ -
CEILING REPAIR / REPLACEMENT	\$ 1,500	\$ -	\$ -
FLOOR TILE REPLACEMENT	\$ 2,500	\$ 5,000	\$ 5,000
SIDEWALK REPAIR	\$ 5,000	\$ 2,500	\$ 2,500
<b>FENCE/GATES REPLACEMENT*</b>	\$ 10,000	\$ 50,000	\$ -
KITCHEN EQUIPMENT	\$ 5,000	\$ -	\$ -
<b>TOTALS / YEAR</b>	<b>\$ 544,500</b>	<b>\$ 111,750</b>	<b>\$282,750</b>
<b>GRAND TOTAL FOR THREE YEARS</b>	<b>\$ 939,000</b>		

***\*Maintenance needs requiring immediate attention to allow continued District occupancy.***