

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: AUTHORIZATION FOR THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE A LEASE AGREEMENT WITH R.K. ASSOCIATES FOR APPROXIMATELY 60,000 SQUARE FEET OF SPACE, LOCATED AT 850 IVES DAIRY ROAD, TO PROVIDE IMMEDIATE RELIEF TO HIGHLAND OAKS MIDDLE SCHOOL AND FUTURE RELIEF TO DR. MICHAEL M. KROP SENIOR HIGH SCHOOL

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

In an effort to address severe overcrowding at Highland Oaks Middle School (Highland Oaks Middle), and Dr. Michael M. Krop Senior High School (Krop Senior) staff conducted a search to identify available buildings for lease that could potentially serve as a temporary educational facility. Such a facility would provide immediate relief to Highland Oaks Middle and future relief to Krop Senior during the interim period prior to construction of permanent facilities.

Funding to construct a new middle school (State School "RR1") to relieve Highland Oaks is included in Fiscal Year 2005-06 of the District's Five-Year Work Program. It is anticipated that this facility will be completed for school opening in 2008. Funding to construct an addition to Krop Senior is included in Fiscal Year 2006-07 of the District's Five-Year Work Program. It is anticipated that this facility will be completed for school opening in 2010. As of October 2004, Highland Oaks Middle and Krop Senior were operating at permanent F.I.S.H. capacities of 214% and 163%, respectively.

As a result of the above referenced search, staff identified a portion of the California Club Shopping Mall (California Club Mall), located at 850 Ives Dairy Road, as the facility that would best accommodate the District's needs (see attached location map). The California Club Mall was built in 1986, and the portion of the mall being considered for lease was formerly operated as a K-Mart retail store.

The proposed facility has been completely gutted, with the exception of a small shipping and receiving area. The facility is complemented with ample parking and easy access from major roads. The District will be responsible for all retrofitting costs. As such, the services of Post Buckley Schuh and Jernigan (PBS&J), were commissioned to develop an estimate to retrofit the facility for use first as a Middle School and later as a High School, once State School "RR-1" is completed. Based on the PBS&J study, the retrofitted facility would be able to accommodate approximately 610 and 674 student stations, respectively, at an estimated cost between \$5,000,000 and \$5,500,000. This work includes new HVAC, Plumbing, Fire Protection, Electrical (power, lighting systems,

distribution, etc), Paving and Grading, Sidewalks/Walkways, Drainage, Utilities, Landscaping, Irrigation, Demolition and Architecture. It is estimated the retrofitting work can be completed in approximately 9 months, allowing for occupancy in January 2006.

After viewing the proposed facility, the Region II Superintendent and Associate Superintendent of Region Operations recommend that a lease agreement be authorized to allow occupancy of this location as an interim relief for Highland Oaks Middle and Krop Senior. This is due, in part, to the building's close proximity to the schools to be relieved and major thoroughfares, immediate availability of the space and the existence of sufficient parking.

The proposed lease agreement will include, substantially, the following terms and conditions:

- the lease shall be for 60,000 net square feet of office space in an as is condition;
- a five-year lease term, beginning on November 1, 2005 or upon completion of the tenant improvements by the District and issuance of the Certificate of Occupancy (CO), whichever occurs first ;
- the District will retrofit the lease space, as described above, at an estimated cost to the District of between \$5,000,000 and \$5,500,000. The District will be responsible for securing the CO and all applicable permits;
- the rental rate for the 60,000 square feet of lease space is staggered through the five-year base term from \$10 per square foot to \$20 per square foot. In addition to rent, the District will pay common area maintenance, at a cost of \$2.50 per square foot the first year, and adjusted 5% annually thereafter. The total rental cost for the five-year period is as follows:

Year 1: \$10 per square foot	\$ 600,000
<u>\$2.50 for common area maintenance</u>	<u>\$ 150,000</u>
Total rental costs for Year 1	\$ 750,000

Year 2: \$10 per square foot	\$ 600,000
<u>\$2.62 for common area maintenance</u>	<u>\$ 157,200</u>
Total rental costs for Year 2	\$ 757,200

Year 3: \$15 per square foot	\$ 900,000
<u>\$2.75 for common area maintenance</u>	<u>\$ 165,000</u>
Total rental costs for Year 3	\$1,065,000

Year 4: \$15 per square foot	\$ 900,000
<u>\$2.89 for common area maintenance</u>	<u>\$ 173,400</u>
Total rental costs for Year 4	\$1,073,400

Year 5: \$20 per square foot	\$1,200,000
<u>\$3.03 for common area maintenance</u>	<u>\$ 181,800</u>
Total rental costs for Year 5	\$1,381,800

Total combined rental costs for the five-year base term are \$5,027,400

- the District shall have three five-year renewal options, at the Board's sole discretion. The rental rate and common area maintenance cost for each year of the five-year option period will be increased annually by 5% over the previous year;
- the landlord shall not be permitted to cancel this lease at any time, other than in the event of default by the District, which default the District fails to cure;
- the District shall have the right to cancel the lease at any time after the initial five-year base term, by giving the landlord a minimum of 360 days prior written notice;
- in the event a portion of the lease space should be destroyed or so damaged by fire, windstorm or other casualty to the extent the District is unable to use the damaged portion, as determined by the District's Department of Safety, the landlord is to repair or render the damaged area tenantable within 90 days from the date of destruction or damage. In the event a majority or all of the leased area is rendered untenable, the landlord is to repair or render the damaged area tenantable within 180 days from the date of destruction or damage. The rental rate shall be reduced proportionately during the period repairs are made and shall resume in whole upon completion of said repairs. Should the landlord not render the facility tenantable in the stipulated time frames, or such other period of time as may be mutually agreed upon, the District shall have the right to immediately cancel the lease without penalty;
- the District shall provide all janitorial, custodial and building maintenance within the lease space, including repair of lighting, electrical, plumbing and air conditioning systems. The District shall be responsible for providing all utilities used within the lease space, for trash removal service, and security personnel to ensure that school operations do not interfere with the business operations and quiet enjoyment of neighboring tenants;
- the landlord, as a part of its common area maintenance, shall retain responsibility for all roof and structural repairs to the building, and will maintain the parking lot and exterior lighting;
- the landlord shall provide sufficient parking spaces for District use;
- the landlord shall indemnify and hold the Board harmless from all liability which may arise as a result of the landlord's negligence, actions or failure to act under the terms of the lease agreement;
- the Board shall indemnify and hold the landlord harmless, to the extent of the limitations included within Florida Statutes, from all liability which may arise as a

result of the Board's negligence, actions or failure to act under the terms of the lease agreement; and

- the Superintendent of Schools shall be the party designated by the Board to grant or deny all approvals required by this lease agreement, or to cancel this lease agreement.

The proposed lease agreement will be reviewed by the School Board Attorney's Office and the Office of Risk and Benefits Management prior to its execution.

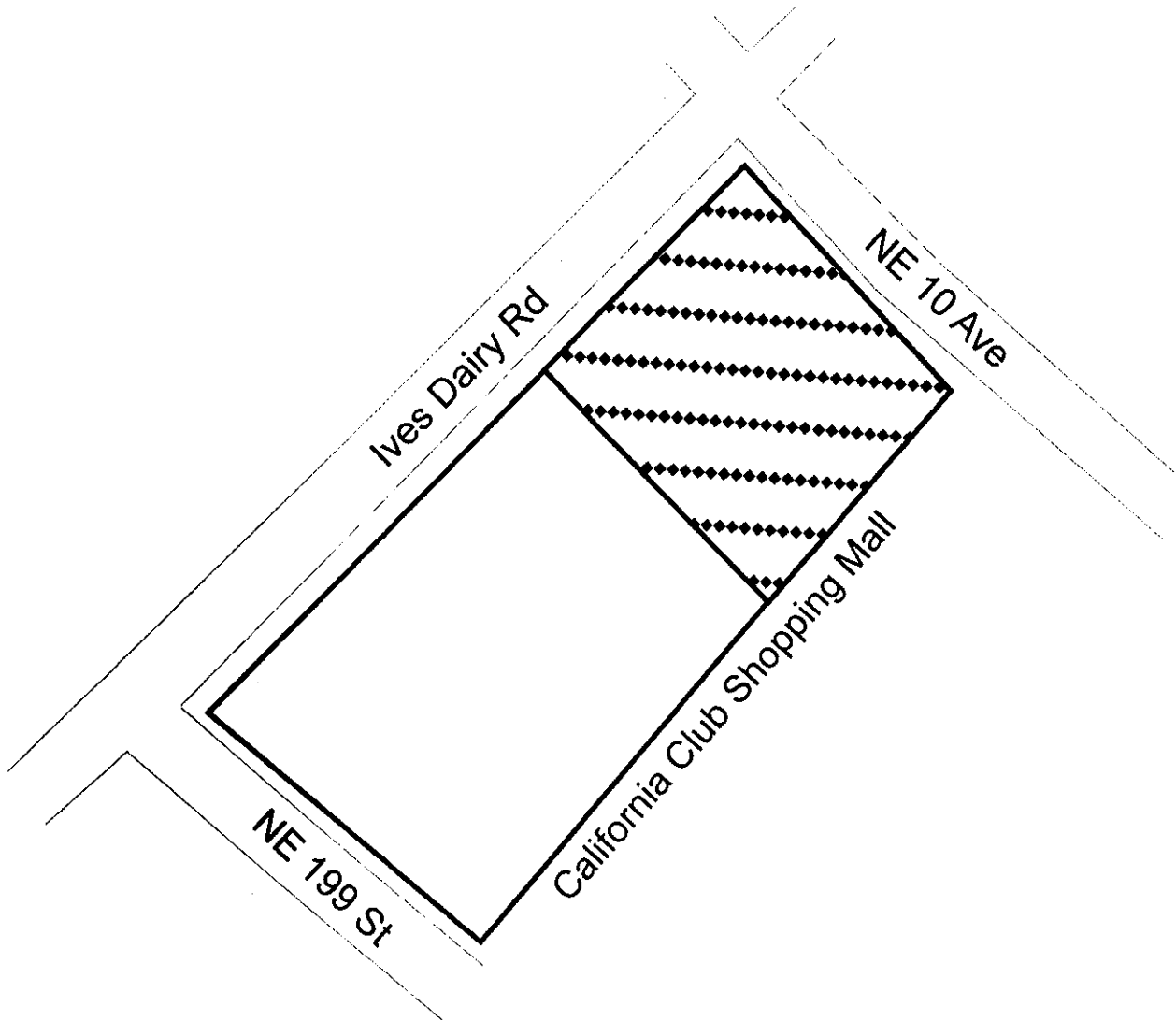
RECOMMENDED:


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

- 1) authorize the Superintendent or his designee to finalize negotiations and execute a lease agreement with R.K. Associates for approximately 60,000 square feet of space, located at 850 Ives Dairy Road, to provide immediate relief to Highland Oaks Middle School and future relief to Dr. Michael M. Krop Senior High School, substantially in conformance with the terms and conditions noted above, including a one-time payment of between \$5,000,000 and \$5,500,000 for retrofitting costs and a total annual rental rate of \$750,000 for the first year of the lease; and
- 2) allocate funding for the lease cost and estimated retrofitting cost in the Fiscal Year 2005-06 budget.

JB:aj

LOCATION MAP



Legend	
	Subject Site Proposed Lease Space 60,000 sq. ft. (NOT TO SCALE)

