

Office of School Facilities
Rose Diamond, Chief Facilities Officer

SUBJECT: AUTHORIZATION FOR THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE A LEASE AGREEMENT WITH 1150 ASSOCIATES, LTD., FOR CLASSROOM SPACE TO HOUSE STATE SCHOOL "MMM-1", AN ACADEMY FOR YOUNG WOMEN IN GRADES 6-12, AND PROPOSED TO RELIEVE MIAMI SENIOR HIGH SCHOOL, TO BE LOCATED AT 1150 SW 1 STREET, MIAMI

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

The School Board, at its meeting of October 19, 2005, authorized the Superintendent to establish an academy for young women in grades 6-12, and to open the facility for grades 6-10 for the 2006-07 school year. The proposed school would provide a choice option for approximately 500 girls to attend a single gender school, and relieve Miami Senior High School. It is anticipated that within this small learning community, students will benefit from a more personalized environment structured to meet their individual needs.

Staff has identified a proposed location to house the program, located at 1150 SW 1 Street, Miami (see location map). The facility is located just north of Riverside Elementary School and is well suited to serve this program. The building owner, 1150 Associates, LTD. (1150 Associates), has indicated a willingness to lease the entire three-story approximate 36,000 square foot building and 136-space parking lot to the District, under a long-term agreement. The structure was formerly utilized as an office building, and will require building retrofit and improvements for school use, estimated to cost the District approximately \$5,000,000. Funding for the work will be provided by the reallocation of a portion of the site acquisition funding available in the District's approved Five-Year Capital Plan, and no longer required for Miami Senior High School. The method of financing will be through a Certificate of Participation.

In order to make the facility available for the 2006-07 school year, District staff and the building owner have developed an aggressive schedule, addressing critical deadlines dealing with plan development and approval, permitting, construction, installation of FF&E and issuance of the Certificate of Occupancy. The building owner has advised that as long as the District meets its critical path commitments consisting of program development, preliminary building layout and building reviews and inspections, the facility will be available for District use for the 2006-07 school year. In the event 1150 Associates fails to secure a Certificate of Occupancy in sufficient time to allow the school to open for the 2006-2007 school year, it will instead open for the 2007-08 school year, and the District will not be obligated to occupy the space or to pay rent until July 1, 2007, unless the District has an interim use for the space and chooses to occupy

it, in which case the payment of rent would commence upon occupancy.

It is recommended that the Superintendent be authorized to finalize negotiations and execute a lease agreement with 1150 Associates under, substantially, the following terms and conditions:

- an annual rental rate of \$13 per square foot, triple net (i.e. the District shall pay all utilities, building maintenance/repair, custodial, insurance, Real Property taxes and any other ownership/operating expenses on the property). Based on the facility's 36,000 square foot size, the combined annual lease cost to the District is estimated at \$714,000 for the first year of the lease, or \$19.83 per square foot;
- the rental rate for each additional year of the term, shall increase by four percent per year;
- a 50-year base term, with no additional option periods. At the completion of the seventh year of the term, and annually thereafter, the District, at its sole option, may cancel the lease, with one year advance written notice. Other than in the event of default on the part of the District, which default is not cured, 1150 Associates shall not have the right to cancel the lease agreement at any time. Alternatively, at the completion of the seventh year of the term, the District, at its sole option, may purchase the building and grounds from 1150 Associates, at a price of \$15,000,000. The purchase price will remain unchanged for the eighth, ninth and tenth year of occupancy, and beginning with the eleventh year, increase by 10% per year;
- all improvements to the building and parking area shall be completed by 1150 Associates at a mutually agreed not-to-exceed price, and paid for by the District. The construction budget for the work (inclusive of all project hard and soft costs), is estimated at approximately \$5,000,000. All work shall be in compliance with applicable code requirements and District Design criteria, with the final space plan to be mutually approved by both parties. As a condition of the lease, 1150 Associates will secure a Certificate of Occupancy in sufficient time to allow the District to occupy the building prior to the commencement of the 2006-07 school year. The services of all design professionals and construction personnel shall be secured by 1150 Associates, which shall generate all drawings and specifications, secure all necessary permits and inspections, and facilitate all other actions necessary to complete the work. The District will cooperate with 1150 Associates as required to facilitate this process. In addition, the District shall generate its Program requirements, and provide all plan review and approvals, inspection services and other actions normally associated with the operations of a Building Department, in conformance with the agreed-to schedule. In the event 1150 Associates fails to secure a Certificate of Occupancy in sufficient time to allow the school to occupy the building prior to the commencement of the 2006-2007 school year (subject to Force Majeure), the

District shall not occupy the space nor be obligated to pay rent to 1150 Associates until July 1, 2007, unless the District has an interim use for the space and chooses to occupy it, in which case payment of rent shall commence upon occupancy;

- the District will provide property insurance or self-insurance in the event of damage or destruction to the facility or grounds. In the event of an incident, the District will be responsible for full restoration, and there will be no rent abatement;
- 1150 Associates shall indemnify and hold the Board harmless from all liability which may arise as a result of its negligence, actions or failure to act under the terms of the lease agreement;
- the Board shall indemnify and hold 1150 Associates 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
- for purposes of this lease agreement, 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 Deputy Superintendent for Curriculum, Instruction, and School Improvement recommends entering into the proposed lease agreement. The lease agreement will be reviewed by the School Board Attorney's Office and Office of Risk and Benefits Management prior to execution.

RECOMMENDED:

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

- 1) authorize the Superintendent to finalize negotiations and execute a lease agreement with 1150 Associates, LTD., for classroom space to house State School "MMM-1", an academy for young women in grades 6-12, and proposed to relieve Miami Senior High School, to be located at 1150 SW 1 Street, Miami, at a combined estimated annual lease cost of \$714,000 for the first year of the lease, and substantially in conformance with the other terms and conditions noted above; and
- 2) authorize an amendment to the Five-Year Capital Plan to reallocate \$5,000,000 from site acquisition previously proposed for Miami Senior High School and no longer needed to fund the necessary buildings improvements.

MAL:srj

LOCATION MAP

