

Office of School Facilities
Rose Diamond, Chief Facilities Officer

**SUBJECT: AUTHORIZE THE SUPERINTENDENT TO FINALIZE
NEGOTIATIONS AND EXECUTE AN AMENDMENT TO THE
LEASE AGREEMENT WITH PICASSO TOWER, INC., FOR
OFFICE SPACE LOCATED AT 2800 BISCAYNE BOULEVARD
FOR THE DIVISION OF SCHOOL CHOICE AND PARENTAL
OPTIONS**

COMMITTEE: FACILITIES AND CONSTRUCTION REFORM

Background Information

Since January 12, 2004, the School Board (Board) has leased 3,885 square feet of office space located at 2800 Biscayne Boulevard, Suite 900 (see location map), for the Division of School Choice and Parental Options (School Choice), from Picasso Tower, Inc (landlord). The District will complete its initial three-year lease term on January 11, 2007. The lease agreement provides for two one-year renewal option periods, with the rental rate for the first option period to be adjusted by 4% or the annual Consumer Price Index (CPI), which ever is less. The landlord has notified the District that market conditions dictate an increase in the current rental rate for the first option period from \$75,636 annually (\$19.47 per square foot) to \$97,125 annually (\$25 per square foot), a one-time increase of 28.4%. The second renewal option term would be adjusted by either a 4% increase or by the increase in the CPI, whichever is less.

Proposed Lease Amendment

Staff conducted a search of available lease space along Biscayne Boulevard and in the vicinity of School Choice's current location. Rental rates for comparable facilities in the vicinity range from \$19 (Downtown Miami), to \$29 per square foot (see rental rate comparison). As noted in the attached chart, six of the nine commercial locations researched did not, at the time of inquiry, have sufficient contiguous space, and thus did not prove feasible for School Choice. The Downtown Miami location, which would have ample contiguous space, is problematic due to lack of sufficient nearby parking for staff and visitors. Out of the initial nine prospects, this process of elimination yielded two viable locations only, both of which are more costly options than the proposed continued occupancy at School Choice's current location. As such, it is recommended that the Board authorize an amendment to the agreement with the landlord, to establish the rental rate at \$97,125, for the period of January 12, 2007 to January 11, 2008, with the second renewal option term to be adjusted by either a 4% increase or by the increase in the CPI, whichever is less. No physical improvements requiring the use of District funds are necessary as a result of the proposed Board action. All other terms and conditions of the lease agreement will remain unchanged, including the following:

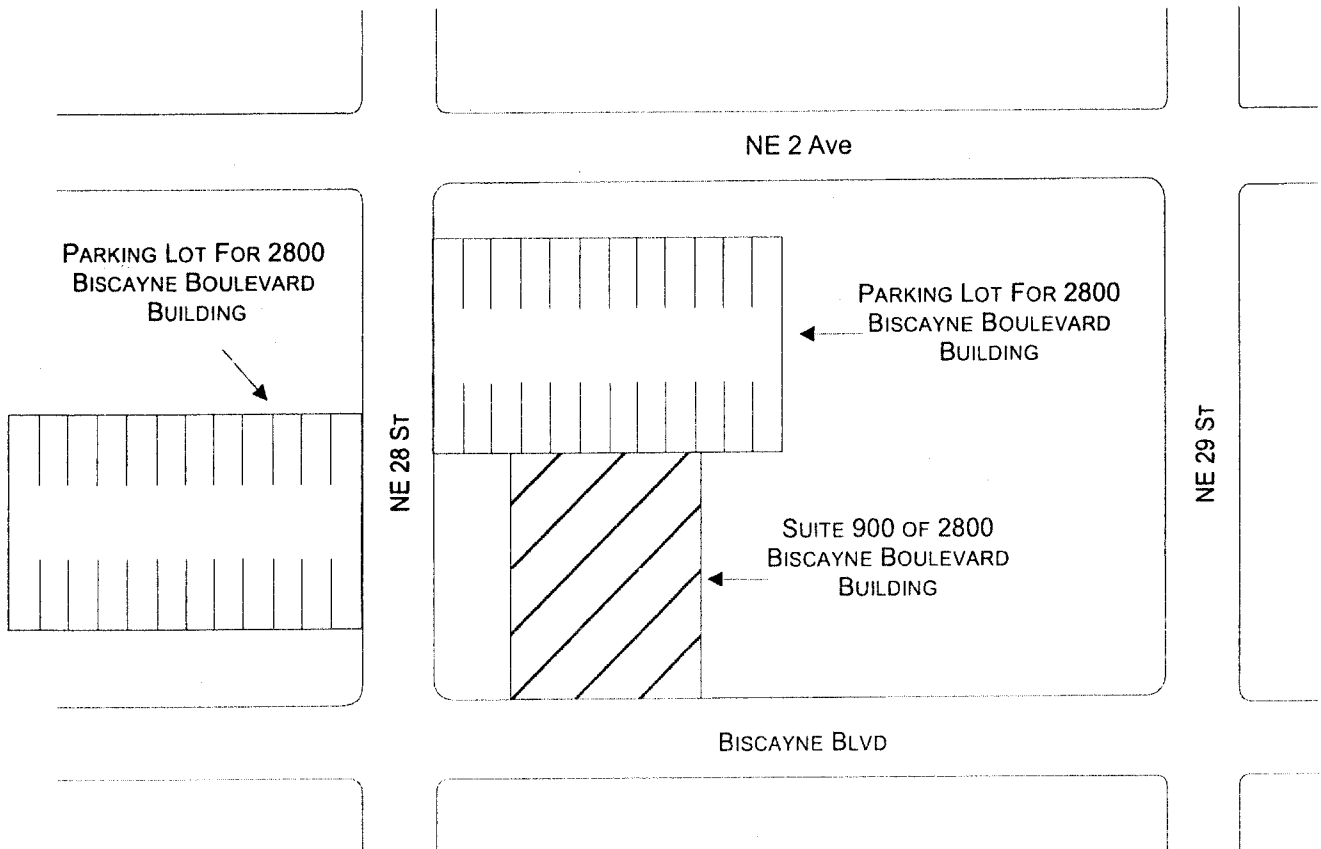
- either party shall have the right to cancel the lease agreement at any time, without penalty, by giving the other party 120 days prior written notice;
- the landlord will provide all building services, including utilities, custodial services and building maintenance, at no additional cost to the District;
- two parking lots, consisting of a total of approximately 125 parking spaces are available to all tenants of the building, on a first-come, first-served basis, at no additional cost;
- 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 Administrative Director of Charter Schools and the Associate Superintendent of School Operations have indicated a continuing need for the lease space for the period of January 12, 2007 through January 11, 2008. The proposed lease amendment will be reviewed by the School Board Attorney's Office and the Office of Risk and Benefits Management prior to execution.


RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent or his designee to finalize negotiations and execute an amendment to the lease agreement with Picasso Tower, Inc., for use of 3,885 square feet of office space located at 2800 Biscayne Boulevard for the Division of School Choice and Parental Options, at an annual rental rate of \$97,125 for the renewal option term commencing January 12, 2007 and ending January 11, 2008, and in conformance with the terms and conditions set forth above.

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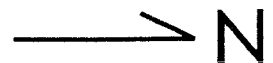
LOCATION MAP



LEGEND

 DEMISED PREMISES
(3,885 SQUARE FEET OF OFFICE SPACE)

(NOT TO SCALE)



Rental Rate Comparison for Division of School Choice and Parental Options

<u>Option</u>	<u>Facility Name / Location</u>	<u>Space Type</u>	<u>Sq. Ft. Available</u>	<u>Leased Cost/Sq.Ft.</u>	<u>Lease Type</u>	<u>Tenant Improvement Cost/Sq.Ft.</u>
1	7100 Biscayne Blvd.	Office	15,000	\$27.00*	NNN	\$23.00
2	36 Street & Biscayne Blvd.	Office	Insufficient	\$22.00	Gross	\$12.00
3	25 SE 2nd Avenue (Downtown)	Office	4,000	\$19.00	Gross	All at Landlord's Expense
4	26 Street & N.E. 2nd Avenue	Office	Insufficient	\$20.00	Gross	\$12.00
5	29 Street & Biscayne Blvd.	Office	Insufficient	\$23.00	Gross	\$12.00
6	4500 Biscayne Blvd.	Office	Insufficient	\$26.50	Gross	N/A
7	11099 Biscayne Blvd	Office	Insufficient	\$29.00*	NNN	All at Landlord's Expense
8	2915 Biscayne Blvd.	Office	4,000	\$28.00*	NNN	N/A
9	225 N.E. 34 Street	Office	Insufficient	\$21.00	Gross	\$4.00

*Includes base rent and approximate cost for taxes, Insurance and operating expenses.