

Facilities Planning and Construction
Suzanne A. Marshall, Chief Facilities Officer

SUBJECT: AUTHORIZATION TO PURSUE A LEASE EXTENSION WITH MIAMI-DADE COUNTY FOR THE NORTHEAST TRANSPORTATION CENTER WHILE PURSUING A PURCHASE AND SALE AGREEMENT FOR THE PROPERTY UNDER REVISED TERMS AND CONDITIONS

At its meeting of September 13, 2000 the School Board authorized entering into a purchase and sale agreement with Miami-Dade County (County) for the Northeast Transportation Center, located at 5901 N.W. 27th Avenue, for a purchase price of \$3,100,000. The approval was subject to seven conditions, one of which has not been agreed to by the County. This condition would have required that: 1) the Miami-Dade County Department of Environmental Resources Management (D.E.R.M.) agree not to impose obligations on the School District relative to environmental conditions at the property; and 2) that the County certify that there are no federal guidelines or restrictions that will negatively impact School District ownership and continued future use of the property. In addition, the Board item indicated that one of the reasons for recommending the purchase of the property above appraised value was that the District would not be required to make additional improvements.

Subsequent to Board action, the School Board Attorney's office prepared a purchase and sale agreement and forwarded same to the County. Said agreement was declined and a substitute agreement was forwarded to the District by the County. This agreement contains provisions requiring the District to purchase the property in an "as is condition", both relative to liability for any hazardous materials on site, and to any deficiencies with the property and structures. Because the "as is condition" conflicted with the prior Board authorization, the School Board Attorney's Office directed staff to renegotiate all terms at issue. In order to ascertain potential environmental liability at the property, as well as code related deficiencies, which might require property improvements prior to occupancy, District staff commissioned both environmental assessments and the required property inspection, vis-à-vis applicable state law. The results are as follows:

1. The environmental assessments (Phase I and Phase II) revealed three areas of concern, which are outlined below.
 - a. A Monitoring Only Plan (MOP) will be required in connection with a former waste oil tank, which has been removed. The cost estimated by the environmental consultant for this monitoring is \$5,000/year for a period of four years, or \$20,000. It should be noted that this is only an estimate, and is predicated on achieving a No Further Action (NFA) status at the end of the monitoring period;

- b. A sanitary sewer line which is cracked and is allowing infiltration into the sanitary sewer collection system. D.E.R.M. requires that the line be repaired, and the environmental consultant estimates the cost of the repair to be \$12,000;
 - c. Samples obtained from one of the monitoring wells installed to monitor groundwater quality, revealed a concentration of Benzo (a) pyrene which exceeds acceptable target levels, and as such, the environmental consultant recommends further investigation, the cost of which would be in the order of \$10,000.
2. The property inspection revealed that there are a number of deficiencies at the property relative to applicable state law, which would need to be corrected prior to certification and occupancy approval. The consultant's order of magnitude cost estimate to bring the facility into code compliance is \$965,000. This estimate excludes the cost of making the bus washing facility operational, and the cost of replacing the roof, which was previously authorized by the Board. The estimate includes the cost of new chillers, which may have been encompassed in the roof replacement bid, and as such, it may be a duplicate requirement.

Last, the cost of the title insurance policy associated with the purchase of the referenced property is estimated at approximately \$10,500. The County will provide only an updated abstract, but not the policy. Because the Board did not previously specifically authorize this expenditure, such authorization would now also be required.

Based on the above, and since the prior Board authorized terms and conditions associated with this purchase cannot be met, renewed direction from the Board is required. Options for the Board's consideration are listed below:

Option 1: Modify the prior authorization to allow the purchase of the referenced property from the County, and assume all potential liabilities for curing environmental issues, assume the cost of the improvements required to meet applicable codes, and assume the cost of the required title insurance policy. Although at this point, all possible costs are not known, at a minimum, the estimates are: \$20,000 for monitoring, \$12,000 for repairs to the sanitary sewer line, \$10,000 for additional assessment of the Benzo (a) pyrene levels, \$965,000 for required property improvements, and \$10,500 for the title policy. These estimates, which total \$1,017,500, do not include: additional environmental costs possibly resulting from the recommended additional environmental assessment, which costs are estimated by the consultant, at a minimum of \$35,000; the cost of making the bus washing facility operational; and the cost of roof replacement (currently underway). Under this option, specific Board authorization would also need to delete the prior contingency requiring D.E.R.M. and the County not to impose obligations on the School District.

Option 2: Pursue an extension of the present lease with the County, which lease expires June 30, 2001, while continuing efforts to renegotiate the terms and conditions of the purchase. It should be noted that if this option were to be authorized by the Board, the County has verbally indicated to District staff, at least on a preliminary basis, that it would seek to raise the yearly lease amount from \$1.00 to 10% of the agreed to sales price, or \$310,000 per year. Additionally, the County has indicated that it would only consider a one-year renewal, pending acquisition of the property; should acquisition by the School District not be consummated within that time, the County has verbally indicated that it will place the property out to bid. If this option is pursued, District staff will investigate the possibility of having lease payments credited against the purchase price.

Option 3: Find an alternate location for the facility prior to June 30, 2001. This does not seem to be realistic, given the amount of infrastructure that would need to be relocated, and the amount of time that would likely be required to make a smooth transition for such a sizable facility.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent or his designee(s) to pursue an extension of the existing lease agreement with Miami-Dade County for the Northeast Transportation Center, at an annual rental amount not to exceed \$310,000, while continuing efforts to renegotiate the terms and conditions of the purchase of said property, as described in more detail in Option 2, above.

DGD:svl