

Business Operations
Joe Arriola, Chief Business Officer

SUBJECT: RENEWAL OF LEASE AGREEMENT WITH 225 BUILDING, INC. FOR SPACE FOR THE SCHOOL FOR APPLIED TECHNOLOGY

Since September 1999, the Board has leased 12,760 square feet of space located at 225 N.E. 34th Street, for the School for Applied Technology to operate an alternative education program for at-risk students, from 225 Building, Inc. (see location map). The District occupies the entire third floor of this facility and is entitled to use 30 parking spaces. The District has completed its initial three-year lease term. The current term of the lease agreement will expire on September 22, 2002, and the Program Director of the School for Applied Technology as well as the Assistant Superintendent of the Bureau of Adult/Vocational and Alternative Education and the Associate Superintendent of Education, have indicated a continuing need for this facility. This proposed renewal represents the first of three one-year renewal option periods available under the lease agreement.

The agreement specifies that the current annual rental rate of \$15.95 per square foot (\$203,522 annually) shall be adjusted by either a 5% increase or by the increase in the June Consumer Price Index (CPI), whichever is less. As the June 2002 CPI is anticipated to be no more than 3.5%, this would effectively increase the annual rent by no more than \$7,145.68. However, in no event could the cost exceed \$16.75 per square foot (\$213,730 annually). The term of the renewal option period will commence September 23, 2002, and will end September 22, 2003. 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:

- the landlord, at its sole cost and expense, is responsible for providing all utilities, custodial services and building maintenance;
- the District may cancel the lease at any time, without penalty, by giving the landlord 180 days prior written notice; and
- the landlord will only have the right to cancel the lease if the District defaults under the terms of the lease and fails to cure such default. However, if the District defaults, and fails to cure such default, the Board will be required to reimburse the landlord for the unamortized portion of the landlord's cost for the build-out of the leased space (in a total amount not to exceed \$225,200).

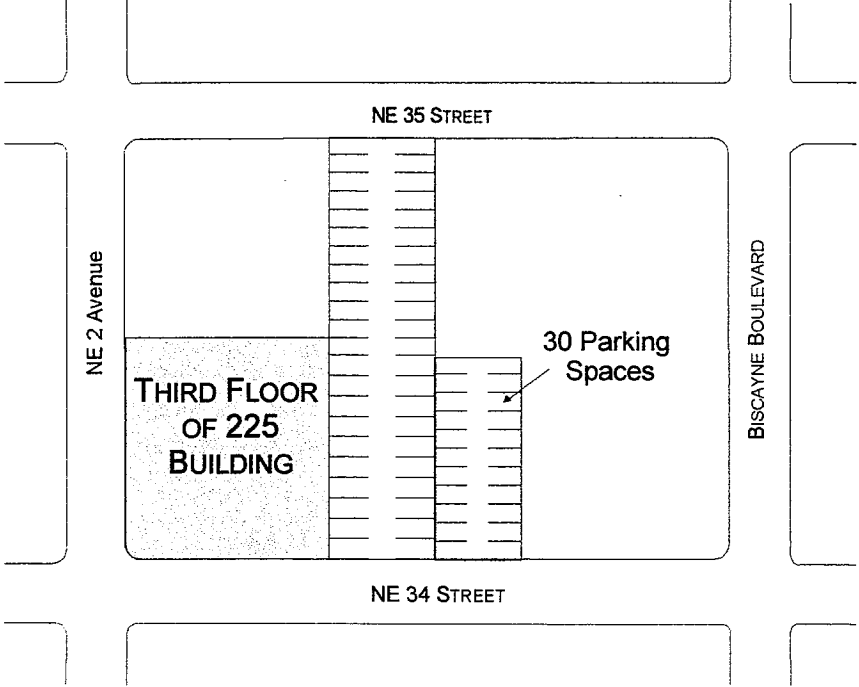
Staff contacted the Program Director of the School for Applied Technology, the Assistant Superintendent of the Bureau of Adult/Vocational and Alternative Education and the Associate Superintendent of Education, who indicated a continuing need for this leased facility for the School for Applied Technology.

In an effort to reduce operational expenses and maximize the use of Board-owned facilities, staff has been reviewing all existing lease agreements to verify that the rental amounts being paid at these facilities are consistent with market conditions. Should this study indicate that relocating the School for Applied Technology to another facility (whether leased or Board-owned) is more cost-effective, the lease agreement can be canceled by the District at any time, without penalty, with 180 days prior written notice to the landlord.


RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the renewal of the lease agreement with 225 Building, Inc., for space for the School for Applied Technology, at an annual rental amount not to exceed \$213,730. The term of the renewal option period will commence September 23, 2002, and will end September 22, 2003. All other terms and conditions of the lease agreement will remain unchanged.

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LOCATION MAP



LEGEND

 DEMISED PREMISES

