

Business Operations  
J.E. Surash, P.E., Chief Business Officer

**SUBJECT: AUTHORIZATION TO EXECUTE A LEASE AGREEMENT WITH 700 WEST 178TH STREET ASSOCIATES, LLC., AND 212 MIDDLENECK, LLC., AS TENANTS IN COMMON, FOR THE OFFICE OF THE INSPECTOR GENERAL, AND CANCEL THE LEASE AGREEMENT WITH BISCAYNE MANAGEMENT CORPORATION**

**COMMITTEE: FACILITIES MANAGEMENT**

Since April 2003, the Board has leased 1,770 square feet of office space, located at 1444 Biscayne Boulevard, Suite 201 (1444 Building), to house the Office of the Inspector General (IG Office). Subsequent to occupying the 1444 Building, the IG Office advised that the space was inadequate to meet its long-term needs; particularly as it relates to security, staff parking and maintenance related issues. As a result, the IG Office has requested that alternate facilities be identified to meet its current and long-term space and operational requirements.

Staff conducted a search of available office facilities within the vicinity of the SBAB complex (see attached chart). As part of this process, staff contacted the landlord of the Bay Point Office Tower (Bay Point), located at 4770 Biscayne Boulevard, who indicated that Suite 950, consisting of 2,622 square feet of office space, is available for lease, and expressed a willingness to enter into a lease agreement. Given the rental rate being offered by the landlord (which falls within the lower range of market lease rates), and the fact that the space would require minimal tenant related improvements, it is recommended that the Board enter into a lease agreement with Bay Point for the IG Office. The proposed lease agreement will include, substantially, the following terms and conditions:

- the lease shall be for 2,622 square feet of space in Suite 950;
- a five-year lease term, with no renewal options;
- either party may cancel the lease agreement at any time by giving the other party 90 days prior written notice;
- the landlord shall modify the existing improvements within Suite 950 to meet the IG Office's operational needs. Work shall include hiring an architect, relocating walls, painting, new carpet, interior windows, modifications to the air-conditioning, lighting and fire-sprinkler systems, and new kitchen cabinets. The cost for the work is estimated at \$15 per square foot over the standard tenant improvement allowance

amount, but in no event shall exceed \$39,330. This work shall be completed within 90 days from the execution of the lease, at no additional cost to the District, and in accordance with all applicable building codes;

- prior to the end of the third year of the lease term, in the event the District cancels the lease without cause or if the landlord cancels the lease because the District defaults under the terms of the lease, and fails to cure the default, the District will be obligated to reimburse the landlord for the unamortized portion of the amount expended by the landlord for interior improvements beyond the standard tenant allowance; but in no event shall this amount exceed \$39,330. This amount will be amortized equally over the 3 year (36 month) period;
- in the event significant portions of the Bay Point building and/or Suite 950 should be destroyed or so damaged by fire, windstorm or other casualty to the extent Suite 950 is rendered untenable or unfit for the District, and should the landlord fail to repair or render the area tenantable within ninety (90) days from the date of destruction or damage, then the District shall have the right to cancel the lease with cause, and the Board shall have no obligation to reimburse the landlord for the unamortized portion of the tenant improvements;
- the rental rate will be \$18.00 per square foot for the first year (\$47,196 annually), with a fixed 3% annual increase thereafter for each additional year of the five-year term. This rental rate is exclusive of relocation costs, such as data and telephone-related improvements and relocating or purchasing furniture and equipment;
- the landlord shall provide free rent for the first month (\$3,933.00), and the twenty-fifth month (\$4,172.52), of the five-year term;
- the landlord shall provide utilities, custodial services, and building maintenance as part of its routine building services;
- the District shall pay its proportional share of the increase in building operating expenses over the base year. This amount shall not exceed \$1,050 for the first year of the lease, and shall not increase by more than 7.5% each year thereafter;
- the landlord shall provide up to 12 parking spaces (2 reserved and 10 unreserved) to IG Office staff at a rate of \$25 per space per month. This cost is in addition to monthly rent. Visitor parking is available, with the first hour free (the standard building hourly parking fee will apply thereafter);
- the landlord shall provide air-conditioning from 8:00 a.m. to 6:00 p.m., Monday through Friday and 9:00 a.m. to 1:00 p.m. on Saturday. After hours air-conditioning will be provided at a charge of \$20.00 per hour;

- the landlord shall provide 24-hour card access security to the parking garage and building entrances. The landlord, at its expense, shall also install a video camera outside the entrance to Suite 950 (which will be monitored by IG Office Staff), and an entry door buzzer to assure authorized access to the area. In addition, the landlord will install a motion activated camera within Suite 950 to record any after-hours entry into the suite;
- 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.

Since build-out of the new IG Office lease space will take approximately 90 days, and the 1444 Building lease requires 90-day prior written notice to cancel, there may be a brief overlap in lease payments between both facilities. The Office of Budget Management has confirmed that funds are currently available in the General Fund of the 2003-04 Adopted Budget (function 7900, program 9616, object 5360, location 9217 and function 7100, program 7690, object 5510, location 9010), to cover this cost and any other costs related to the move of the IG Office from the 1444 Building to Bay Point.

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, authorize the Superintendent or his designee to:

- 1) execute a lease agreement with 700 West 178<sup>th</sup> Street Associates, LLC., and 212 Middleneck, LLC., as Tenants in Common, for 2,622 square feet of office space at the 4770 Biscayne Boulevard Building for use by the Office of the Inspector General, at an annual rental rate of \$47,196 for the first year of the five year term, and substantially in conformance with the terms and conditions set forth above; and
- 2) cancel the lease agreement with Biscayne Management Corporation for the 1444 Building.

## OFFICE SPACE SEARCH RESULTS

Property Address	Square Feet of Office Space	Parking Spaces	Rental Rate (per square foot)	Basic Office/Net Costs
700 Royal Poinciana Boulevard Miami, FL	3,250	6 free reserved spaces in parking garage; 6 free unreserved in surface lot; plus free visitor parking on first-come, first-serve basis.	\$17.50 to \$18.50 depending on lease term.	full service
4770 Biscayne Boulevard Miami, FL	2,622	12 spaces in parking garage (two reserved and ten unreserved at \$25 per space per month).	\$18.00 with 1 <sup>st</sup> & 25 <sup>th</sup> month's free rent.	full service; with share of increase in building operating expenses over the base year (not to exceed \$1,050) and with 7.5% annual cap thereafter.
225 N.E. 34 Street Miami, FL	3,360	1 reserved parking space, then first-come, first-served.	\$18.00	full service
4500 Biscayne Boulevard Miami, FL	3,200	5 free reserved spaces in parking garage, with additional free spaces available in surface lot on first-come, first-served basis.	\$20.00	full service