

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

SUBJECT: DIRECTION TO INITIATE TWO SEPARATE REQUESTS FOR PROPOSAL FOR THE POSSIBLE COMMERCIAL DEVELOPMENT OF ANY OR ALL EXISTING BOARD-OWNED PARKING FACILITIES IN THE VICINITY OF THE SCHOOL BOARD ADMINISTRATION BUILDING, AND BRING THE RESULTS TO THE BOARD FOR FURTHER COMMENT AND DIRECTION

COMMITTEE: FACILITIES MANAGEMENT

Introduction

Because of growth in real estate development potential in the vicinity of the School Board Administration Building (SBAB), due, in part, to the imminent opening of the Performing Arts Center (PAC), the District has been contacted by a number of private developers, seeking long-term use of one or more existing Board-owned surface parking lots for the construction of a commercial enterprise. In the case of the Board-owned parcel located south of SBAB at 1302 N.E. 2 Avenue (parcel "A"), Prime Garage, LLC (Prime Garage), owns the adjacent property at 1370 N.E. 2 Avenue (1370 parcel), and is seeking to develop the two parcels as one overall facility, including a parking garage, retail store space, office space and residential space. Use of parcel "A", under a similar scenario, has also been solicited by the Miami Parking Authority and Biscayne Associates, Inc. (Biscayne Associates). The District has also received a request from Biscayne Associates for use of the Board-owned parcel located northeast of SBAB at 1535 N.E. 2 Avenue, (parcel "B") in conjunction with the adjacent land at 1550 Biscayne Boulevard (1550 parcel), which is owned by Biscayne Associates (see location map).

Initial terms being offered by Prime Garage for use of parcel "A" are included in Attachment "1". Initial terms being offered by Biscayne Associates for use of parcel "B" are included in Attachment "2". Staff has not entered into negotiations with Prime Garage, the Miami Parking Authority, Biscayne Associates or any other developer, and the terms included in Attachments "1" and "2" are only as initially proffered by the developers.

Additional Information

Because of the unique nature of this issue, staff requested clarification from the School Board Attorney's Office as to the ability of the District to pursue a long-term lease with a developer, under a scenario similar to the above. The School Board Attorney's Office has indicated that, in compliance with Florida Statute, the Board has the authority to lease any land owned by it to any person or entity for such term, rent and upon such terms and conditions as the Board determines to be in its best interest.

The District currently provides a total of 1,543 parking spaces for SBAB visitors and staff, through a combination of Board-owned (1,118 parking spaces) and leased facilities (425 parking spaces). Annual rent for leased parking facilities is approximately \$157,500. It is also anticipated that in the near future most, if not all, of these leased parking facilities may be unavailable for continued District use. Just such an event has recently occurred with the loss of the Florida Grand Opera (Opera) lot, effective November 30, 2003, due to pending construction of the new Opera Headquarter Building. The loss of the parking spaces from the Opera lot will be offset by leasing additional spaces within the 1444 Biscayne Boulevard garage, at an increased rental rate.

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Staff believes it would be timely to develop a long-term parking strategy to address the issue of lease costs and parking availability, and that this may best be handled by initiating one or more Requests for Proposal (RFP), which encompasses any or all of the five potentially developable Board-owned parking facilities in close proximity to SBAB (see parcels "A"- "E" on the enclosed location map). However, due to the time sensitive nature of determining a future course of action for parcel "A" (adjacent to the PAC), it is recommended that RFP criteria be developed by staff initially only for parcel "A", for concurrence by the Board at its December meeting. Similar RFP criteria would then be developed for parcels "B"- "E" for review and approval by the Board at a subsequent meeting. In this way, the District can better meet critical community needs, while providing the District with a means of meeting its long-term parking requirements.

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Recommended Action Plan

It is recommend that a RFP be initiated to permit a developer to seek use of parcel "A" for commercial development. Prior to issuance of the RFP, specific criteria are to be developed by staff, for review and concurrence by the Board at its meeting of December 10, 2003. RFP criteria are to include, substantially, the following basic parameters:

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- the Board will enter into a long-term lease agreement for commercial use of the land;
- the developer will, as part of its development plans, construct a minimum number of parking spaces for use by District staff and visitors, at no cost to the Board;
- the District will provide no funding towards the construction of the facility;
- the developer will operate the facility as a profit making venture, with the District to receive monthly rent and/or a minimum share of all profits; and
- during any time that existing District parking facilities are rendered non-usable to District staff due to construction related activities, the developer is to provide comparable parking facilities to the District, at no cost.

Subsequent to securing Board authorization to issue the RFP for parcel "A", staff is to develop appropriate RFP criteria for parcels "B"- "E", for review and approval by the Board. A RFP for parcels "B"- "E" will then be issued.

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RECOMMENDED:

That The School Board of Miami-Dade County, Florida, direct the Superintendent to:

1. initiate two separate Requests for Proposal (RFP) for the possible commercial development of any or all existing Board-owned parking facilities in the vicinity of the School Board Administration Building, with RFP criteria for the parcel located adjacent to the Performing Arts Center to be brought to the Board at its December meeting, and under substantially the terms noted above; and] REVISED
2. bring the results of each RFP, along with a recommendation for further action, to the Board at a future Board meeting for comment and direction.] REVISED

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ATTACHMENT 1

Initial terms being offered by Prime Garage for use of parcel "A" are:

- as part of the development of the combined parcel "A" and 1370 parcels, Prime Garage shall construct one overall mixed-use project consisting of a parking garage, retail store space, office space and residential space;
- a 99-year lease, with rental payments to the District of \$50,000 per year;
- Prime Garage shall be responsible for all insurance costs, maintenance costs and real estate taxes attributed to parcel "A" and the 1370 parcel;
- Prime Garage or its designee shall operate the parking garage, with all proceeds derived from the management and/or operation of the parking facilities to be collected by Prime Garage. On a quarterly basis, Prime Garage shall remit to the Board 10% of the net parking revenue;
- Prime Garage shall establish the schedule and parking rates for the parking garage. However, from 7:00 a.m. to 6:00 p.m., Monday through Friday, the parking facility will be available free of charge to visitors and SBAB employees. Said free parking shall not apply to faculty and students of the District;
- in addition to the collection of revenues from the operation of the parking garage, Parking Garage shall collect and retain all revenues associated with the operation, rental, and/or sale of residential space, office space, and/or retail space developed on parcel "A" and the 1370 parcel during the term of the lease; and
- in connection with obtaining construction financing, Prime Garage may grant the lender a mortgage on its leasehold interest in parcel "A". Please note that, subsequent to receipt of the proposal from Prime Garage, the School Board Attorney's Office indicated that this issue may prove to be problematic in that the Board is prohibited by the Florida Constitution from becoming a joint owner with or giving, lending or using its taxing power or credit to aid any corporation, association, partnership or person. Furthermore, State law prohibits the mortgaging of property owned by the District.

ATTACHMENT 2

Initial terms being offered by Biscayne Associates for use of parcel "B" are:

- as part of the development of the combined parcel "B" and 1535 parcels, Biscayne Associates will construct a parking garage with a minimum of 140 spaces to be available for District use, at no cost to the Board;
- during construction of the new facility, Biscayne Associates will provide alternate parking facilities, at no cost to the Board, for those spaces currently on parcel "B";
- effective with execution of an agreement between the Board and Biscayne Associates, the developer will pay the District an option fee of \$25,000 per year, for a period not to exceed three years, while plans are developed and City approvals are acquired;
- the proposed new parking garage will be connected to the adjacent Annex Building by a "sky-bridge", similar to those connecting other Board-owned building in the complex;
- a 50-year lease, with rental payments to the District of \$100,000 per year; and
- two 50-year options, and a right of first refusal on any future sale of the land by the District.

LOCATION MAP

