

Office of School Facilities
Jaime G. Torrens, Chief Facilities Officer

SUBJECT: AUTHORIZE THE SUPERINTENDENT TO FINALIZE NEGOTIATIONS AND EXECUTE AN AMENDMENT TO THE LEASE AGREEMENT BETWEEN THE SCHOOL BOARD AND RK 750 IVES DAIRY, LLC, A FLORIDA LIMITED LIABILITY COMPANY, FOR CLASSROOM SPACE USED AS AN ANNEX TO AVENTURA WATERWAYS K-8 CENTER, LOCATED AT 850 IVES DAIRY ROAD, MIAMI, FLORIDA 33179

COMMITTEE: FACILITIES AND CONSTRUCTION

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

Background

Since November 2005, the Board has leased retail storefront space within the California Club Shopping Mall for use as classroom space (“Agreement”). The facility, located at 850 Ives Dairy Road, consists of 55,800 square feet of indoor space, which was fully built-out by the District. In addition to the classroom space, there is an outdoor patio area of 5,252 square feet, for a total usable area of 61,052 square feet. Leasing of the facility has provided interim relief for Highland Oaks Middle School and Dr. Michael M. Krop Senior High School, while permanent capacity was being built, and currently for Aventura Waterways K-8 Center. The current term of the Agreement will expire on June 30, 2019. The Deputy Superintendent/Chief Operating Officer, School Operations, recommended having District staff pursue an agreement with the landlord to allow continued District use of the facility beyond June 30, 2019. The current landlord, RK 750 Ives Dairy, LLC, was contacted and indicated a desire to work collaboratively with the District to extend the term for a four (4) year period, and to hold the rental rate for the first year unchanged from the current rental amount. Each successive year will increase by three percent (3%).

The original terms of the Agreement provided the District with the option to renew the term for three additional five-year periods, during which the rental rate was to be adjusted by 5% over each previous year. Beginning in 2010, staff contacted the landlord and negotiated a series of amendments to the Agreement to extend the term and reduce the annual rental obligation to an amount below market rate, including a total of eight months at no rent. The current annual rental rate is \$1,041,862 (\$18.67/square foot).

Terms of the proposed amendment include a four (4) year extension, with the rental rate for the first year to remain unchanged from the current rental rate. Each successive year will increase by three percent (3%): annual rent for the period of July 1, 2019 through June 30, 2020 at \$1,041,862 (\$18.67/square foot); annual rent for the period of July 1, 2020 through June 30, 2021 at \$1,073,118 (\$19.23/square foot); annual rent for the period of July 1, 2021 through June 30, 2022 at \$1,105,311 (\$19.80/square foot); and annual rent for the period of July 1, 2022 through June 30, 2023 at \$1,138,470 (\$20.40/square foot).

Proposed Lease Amendment

The Deputy Superintendent/Chief Operating Officer, School Operations, recommends amending the Agreement to extend the term for an additional four year period (July 1, 2019 through June 30, 2023). Accordingly, it is recommended that the Agreement be amended to provide, substantially, the following terms and conditions:

- the current term of the Agreement, which expires on June 30, 2019, will be extended for the four (4) year period ending June 30, 2023; and
- the total rental obligation on the part of the District during the proposed four (4) year extension shall be as detailed above.

All other terms and conditions of the Agreement will remain unchanged, including:

- the District will not be permitted to cancel or terminate the Agreement before June 30, 2023, other than in the event of Damage or Destruction, or in the event of an uncured default on the part of the landlord;
- the District shall have no options to renew the Agreement beyond June 30, 2023, unless the Agreement is subsequently amended by mutual agreement of the parties;
- the District will pay all utility charges and retain responsibility for routine maintenance and custodial services for the facility;
- in the event that the applicable Florida Statute is amended to provide that any facility, or portion thereof, which is leased for use as a traditional public school, is exempt from ad valorem or other taxes, the rental amount due under this Agreement shall be reduced by the amount of the exempted ad valorem or other taxes assessed to the property, as prorated for the period of the District's occupancy. This rent reduction does not apply, however, to any abatement and/or reduction of taxes that is independent of any tax exemption specifically pertaining to the use of the property as a public school;
- the landlord shall maintain and repair the parking lots and walking surfaces, exterior lighting and the structural elements of the building, including the roof; and
- the District will have use of 125 parking spaces within the parking area.

The proposed Amendment has been reviewed by the School Board Attorney's Office and Office of Risk and Benefits Management for legal sufficiency and risk management issues, respectively, and found to be in compliance.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize the Superintendent to finalize negotiations and execute an amendment to the Lease Agreement between the School Board and RK 750 Ives Dairy, LLC, a Florida limited liability company, for classroom space used as an annex to Aventura Waterways K-8 Center, located at 850 Ives Dairy Road, Miami, Florida 33179, to extend the term of the Lease Agreement from July 1, 2019 to June 30, 2023, including an annual rental rate of \$1,041,862 for the period of July 1, 2019 through June 30, 2020, \$1,073,118 for the period of July 1, 2020 through June 30, 2021, \$1,105,311 for the period of July 1, 2021 through June 30, 2022; and \$1,138,470 for the period of July 1, 2022 through June 30, 2023, and under, substantially, the terms and conditions noted above.

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