

TOWN OF MIAMI LAKES, FLORIDA

Town Council

Mayor Michael Pizzi
Vice Mayor Nick Perdomo
Councilmember Mary Collins
Councilmember George Lopez
Councilmember Robert Meador II
Councilmember Richard Pulido
Councilmember Nancy Simon

AGENDA **SPECIAL CALL COUNCIL MEETING** **September 2, 2010**

6:00 PM

TOWN HALL

15700 N.W. 67th Avenue, Suite 302
Miami Lakes, Florida 33014

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE**
- 4. MAYOR'S INTRODUCTION**
- 5. PUBLIC COMMENTS**
- 6. DISCUSSION AND/OR ACTION ITEMS:**
 - A. New Town Government Center/Town Hall**
 - B. Hiring Freeze**
 - C. School FCAT Funding**
- 7. FUTURE MEETINGS**

September 14, 2010 Regular Meeting, 16500 NW 87th Avenue, Miami Lakes 6:30 pm
September 16, 2010 First Budget Hearing, 16500 NW 87th Avenue, Miami Lakes 5:01 pm
- 8. ADJOURNMENT**

This meeting is open to the public. A copy of this Agenda and the backup therefore, has been posted on the Town of Miami Lakes Website at www.miamilakes-fl.gov and is available at Town Hall, 15700 NW 67th Avenue, Miami Lakes, FL. In accordance with the Americans with Disabilities Act of 1990, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact Town Hall at 305-364-6100 two days prior to the meeting.

Anyone wishing to appeal any decision made by the Miami Lakes Town Council with respect to any matter considered at this meeting or hearing will need a record of the proceedings and for such purpose, may need to ensure that a verbatim record of the proceedings is made which record includes the testimony and evidence upon which the appeal is to be based.

Any member of the public wishing to speak on a public hearing matter on this Agenda or under public comments for items not on this Agenda, should fill out a speaker card and provide it to the Town Clerk, prior to commencement of the meeting. Any person presenting documents to the Town Council should provide the Town Clerk with a minimum of 12 copies.



Town of Miami Lakes

Office of Town Clerk
15700 NW 67th Ave
Miami Lakes, Florida 33014

ITEM 6 A

A. Executive Summary

The current lease option for the Town Hall of Miami Lakes will expire on February 28, 2011. For this reason, the Town is considering alternative Town Hall options, recognizing that real estate market conditions are ideal.

Property prices and interest rates are at historically low prices, making purchase options very attractive (See Appendix D & E). Purchasing will allow the Town to accurately forecast the future costs for occupying a Town Hall. In other words, instead of paying rent where the terms of the lease could change when the lease expires, the Town would be making constant bond or other loan payments.

Lease options are also at historically low values (see Appendix E) and the 40 year cash flow analysis of some lease options are comparable to some of the purchase options if we assume that rent and operating expenses increase at a rate of 3%. However, the terms of the lease could change unfavorably after the expiration of the lease. In addition, at the end of the 40 year time frame, the Town does not own the property.

Purchase Options

For the purchase options, the following properties were evaluated:

- Graham new building
- Capitol Building- assuming the Town receives rental income for 8,250 SF of the building only for the first two years.
- Capitol Building - assuming the Town receives rental income for 8,250 SF for the 40 years of the analysis with a vacancy rate assumption of 15%. Note that this option does not meet the criteria of sole tenancy that was presented by the Town Council. However, it does make this option more financially attractive.
- Oaks Plaza
- Capeletti Building

The parameters below were considered to evaluate the properties:

- Cost to the Town- Based on the present value of 40 years of cash flows.
- Best Value- Based on the present value of 40 years of value per SF
- Location and Access of the properties
- Presence of the Building
- Ability to Accommodate the Commission Chambers within the property (assuming that the chambers has to accommodate at least 40 persons and have ceiling heights of 20 feet or more)
- Ability to adapt to the future needs/growth of the town
- Parking Convenience

The table Grading Metrics and Scale below summarizes the relative importance assigned to each of the parameters, the rankings associated with values of the parameters, and the points associated with the rankings. The grading metrics and scale is then used to grade each property, resulting in the ranking matrix that follows. The ranking matrix values are then replaced by the importance points that apply (the higher the score the better), resulting in the outcome matrix. For each option (column) in the outcome matrix, the sum of the importance points across the parameters results in a score that can be easily compared against the other options.

Grading Metrics and Scale					
	Importance				
Cost to the Town	25	Ranges	4.5M -6.5M	6.6M -8.5M	8.6-10.5M
Present value of 40 year cash flows		Ranking	3	2	1
		Points	25	17	8
Best Value	25	Ranges	\$240-\$387	\$388-\$534	\$535-\$680
Present value of 40 year cash flow per SF		Ranking	3	2	1
		Points	25	17	8
Location and Access	10	Ranges	Ideal location	Access not ideal, Geographic center of Town	Remote Location
Based on convenience of access and appeal immediate vicinity		Ranking	3	2	1
		Points	10	7	3
Presence of Building	15	Ranges	Excellent	Good	Acceptable
Based on quality of the building and appearance		Ranking	3	2	1
		Points	15	10	5
Ability to Accommodate Commission Chambers for 40+ people with ceiling heights of	10	Ranges	Yes	No	
Based on the ability to construct a Commission Chambers		Ranking	1	0	
		Points	10	0	
Ability to adapt to future needs/growth of Town	10	Ranges	Yes	No	
Based on the SF of the building and the flexibility that will give the Town to adapt to its growth needs		Ranking	1	0	
		Points	10	0	
Parking Convenience	5	Ranges	Enough parking (parking ratio above 3.5 per 1000 SF)	Limited parking (parking ratio between 3.0 and 3.5 per 1000 SF)	Insufficient (parking ratio below 3.0 per 1000 SF)
Based on parking ratio		Ranking	2	1	0
		Points	5	2.5	0
Total	100				

Base Matrix

	Do Nothing	Graham	Capitol (without rental)	Capitol (with rental income)	Oaks Plaza	Capeletti
Cost to the Town	\$8,816,263	\$9,971,681	\$10,287,341	\$8,214,939	\$9,220,277	\$4,918,675
Best Value	\$671.72	\$398.87	\$311.74	\$248.94	\$374.93	\$293.25

Ranking Matrix

	Do Nothing	Graham	Capitol (without rental income)	Capitol (with rental income)	Oaks Plaza	Capeletti
Cost to the Town	1	1	1	2	1	3
Best Value	1	2	3	3	3	3
Location and Access	2	3	2	2	1	1
Presence of Building	1	3	1	1	2	1
Ability to Accommodate Commission Chambers for 40+ people with ceiling heights of approx 20'	0	1	0	0	0	0
Ability to adapt to future needs/growth of Town	0	1	1	1	1	0
Parking Convenience	1	2	1	1	1	0

Outcome Matrix

	Do Nothing	Graham	Capitol (without rental)	Capitol (with rental income)	Oaks Plaza	Capeletti
Cost to the Town	8	8	8	17	8	25
Best Value	8	17	25	25	25	25
Location and Access	7	10	7	7	3	3
Presence of Building	5	15	5	5	10	5
Ability to Accommodate Commission Chambers for 40+ people with ceiling heights of approx 20'	0	10	0	0	0	0
Ability to adapt to future needs/growth of Town	0	10	10	10	10	0
Parking Convenience	3	5	3	3	3	0
TOTAL	31	75	58	66	59	58

Color Legend

1
2
3

The Graham and the Capitol Building (assuming the Town receives rental income for 8,250 SF for 40 years of the analysis- not in accordance with the sole tenancy criteria defined by the Town Council) were the two best purchase options based on this analysis. The Oaks Building was a close third. The three properties are being recommended for further evaluation and discussion with the proposers.

It should be noted that when the current cash outlays required by the town hall lease are compared to the purchase options, there is a significant increase in the cash outlays (in the range of \$200k - \$300K depending on the option) made by the Town on the initial years. However, after the end of the bond term the cash outlays for the Town will be significantly less. The cash flow analysis for the 40 years, which is a long term approach analysis, shows that from a cash perspective the current lease option and the purchase options are about the same in cost (some of the purchase options are higher and some are lower), even though in the purchase options we are nearly doubling the square footage.

Lease Options

The lease options evaluated were:

- Current lease
- Graham temporary lease
- Prestige building
- Kislak building

It should be noted that Oaks Plaza has a lease option for \$15.25 per square foot triple net (i.e. does not include operating expenses). This lease was not evaluated because the Prestige property, which is in the same vicinity and has approximately the same square footage, is offering a superior lease at \$16 per SF including operating expenses. (Operating expenses are approximately \$9.25 including real estate taxes in this market).

For the lease options, a 40 year cash flow analysis including the annual cost of the rent and operating expenses for each of the properties was evaluated. The parameters considered were:

- average annual cost- defined as the average annual cost for the term of the lease including rent and operating expenses
- average annual cost per square foot- average annual cost as defined above per square footage

The result of the analysis was the following:

Summary Table

	Average Annual Cost	Square Footage	Average Annual Cost per SF
Do Nothing	\$422,281	13,125	\$32.17
Graham	\$371,408	18,722	\$19.84
Prestige	\$459,000	25,000	\$18.36
Kislak	\$559,770	25,125	\$22.28

The Graham option has the most economical average annual cost and the Prestige building has the most economical average annual cost per square foot. Note that the Graham option would only be available if we decide to purchase the Graham building.

Recommendation

Based on the outcome of the analysis and on the preferences expressed by the Town Council, we recommend that the Graham, the Capitol Building and the Oaks Plaza be considered as purchase options. Further discussion/negotiations with the proposers are needed to clarify details in the proposals.

The different purchase options are associated with different construction timelines to be ready for occupancy. Given the different construction timelines and the outcome of the analysis, the most feasible combination of options are:

- The full Graham option- Lease their temporary building and buy the new building when it is built. The temporary lease showed to be the best lease option when compared to the other candidates, so this is the temporary solution that should be selected while the building is being constructed. Also, it is a practical solution as if there are any delays in the delivery of the new building, the Graham Companies would be responsible for extending the lease in the temporary space.
- Stay in the current town hall for approximately six (6) months and buy either the Oaks or the Capitol Building: Both Oaks and the Capitol Building require tenant build outs of approximately six (6) months before the Town can move into the properties. However, for such a short period of time, it does not make sense to move into a temporary space as the loss in employee efficiency caused by the move would counteract any possible savings that could be achieved in the move.
- Do not buy and lease the Prestige Building- The Prestige lease is the most economical lease option available. The cash outlays required to pay the rent and operating expenses is similar to the current town hall option and it allows the town to occupy a space of 25,000 SF, almost twice what it currently has.

These options are the ones that we recommend for further consideration and negotiations with the proposers.

B. Introduction

The current Town Hall of Miami Lakes is located on 15700 NW 67th Avenue Miami Lakes. The Town of Miami Lakes entered into a lease contract on the 15th day of December in 2005 and this contract will end on February 28, 2011. During the five years of the contract, the need for space for the town has increased and the real estate market conditions for both purchase and lease options have changed favorably for the Town. For this reason, the Town is evaluating the purchase and/or lease options that will adapt to their increase need of space and that are more economically favorable.

On the January 28, 2010 meeting, the Town Council directed staff to explore options that would allow the Town to achieve a cost savings or lease more space for less money. Staff used the following methods to collect information about the available options:

- Direct Mailings
- Publicly Accessible real estate information sites such as Loopnet and other sources
- Contacting properties that were posted as available
- Unsolicited information from property owner managers

Staff initially received information about fifteen properties (see Table 1 below). The properties ranged in size, construction type, location and access, cost required to build out the space, etc. The map below identifies the properties that were selected for further analysis based on the criteria defined by the Town Council.

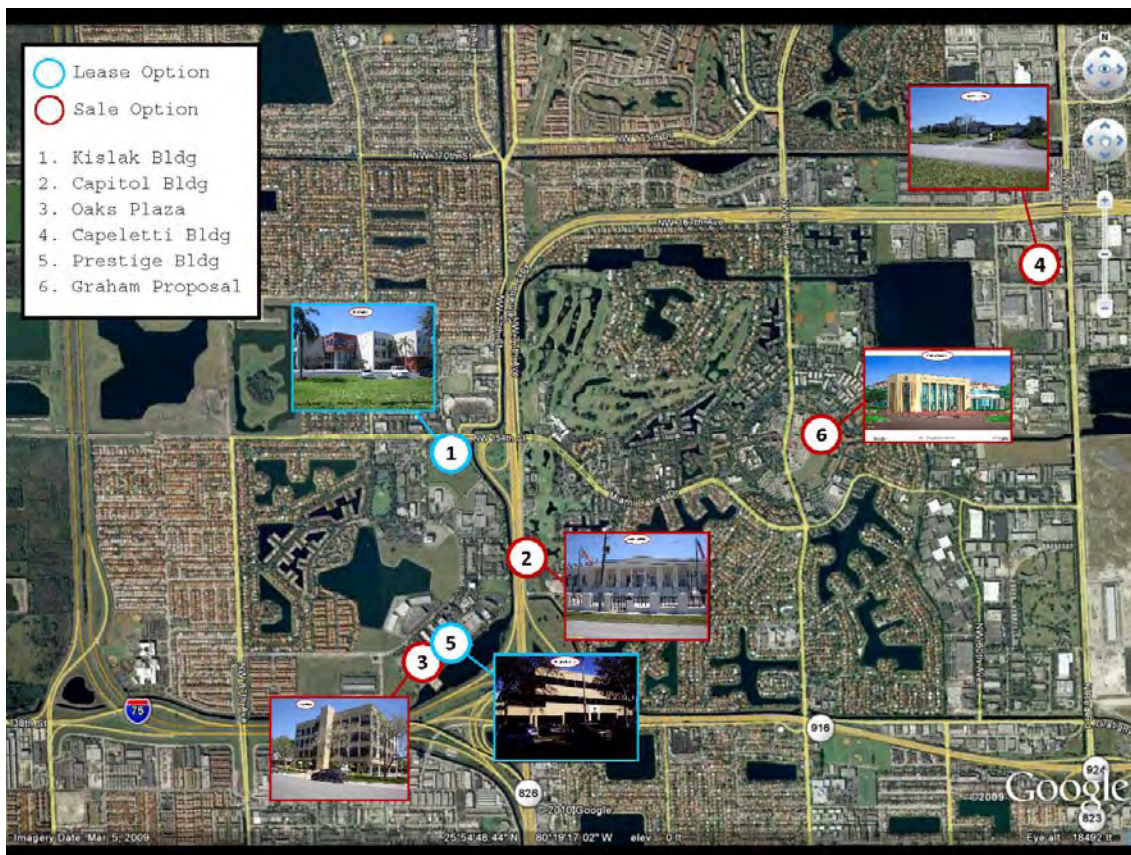


Table 1

Synopsis of Town Responses- Initial

Number	Name	Address	Total Building (Sg. Ft)	Square Footage Offered	Type	Single or Multiple Stories	1st Floor Available	Currently Built Out	EOC Possible	Allowance (Per Foot)	Furnished	Triple Net	Rent (\$ Per Foot)	Rent Increases	Total Cost Per Foot	Total Cost Per Year (1st Year)	Term
1	Parkside Corporate Center IV	14900 NW 79 Court, Miami Lakes, FL 33016	39,283	26,283	Class A/B	2 Stories	Yes (3,880 square feet out of the 26,283 square feet available on 1st floor)	No	Yes (Need Generator)	\$30.00	No	Yes	15.60	3%	\$25.60	\$672,840	5 years
2	Parkside Corporate Center II	15150 NW 79 Court, Miami Lakes, FL 33016	37,853	20,000	Class A/B	2 Stories	Yes (20,000)	No	Yes (Need Generator)	\$15.00	No	Yes	\$14.25	3%	\$25.05	\$501,000	5 Years
3	Leroy Collins Building	7900 Oak Lane, Miami Lakes, FL 33016	63,794	20,000 - 30,000	Class A Office	4 Stories	Yes (1st, 3rd and 4th Floors)	No	Yes (Need Generator)	\$30.00	No	Yes	\$16.80	3%	\$26.90	\$538,000 - \$804,000	5 Years
4	Miami Lakes Business Park East - Building #45	15900 NW 57 Avenue, Miami Lakes, FL 33014	24,373	24,373	Flex	1 Story	Yes	Yes - Remodel will be required	Not referenced	0	No	Yes	\$10.00	5%	\$13.20	\$321,723 plus electric, phone	5 years
5	Kislaq Office Building	7900 Miami Lakes Drive, Miami Lakes, FL 33016	76,874	25,125	Class A Office	3 Stories	No (2nd Floor Available)	Yes (Small Buildout Anticipated)	Yes	None	Yes (Some furniture may be necessary)	Yes	\$17.00 (1st Year)	2-5 years - \$21.00, \$23.00, \$24.00, \$25.00	\$17 plus janitorial and telephone/data	\$427,125	5 Years
6	Capitol Office Center	15025 NW 77 Avenue, Miami Lakes, FL 33014	33,000	33,000	Class A Office	2 Stories - leaseable space located on one floor	No	Yes	Yes	No	Yes (Upon Request)	Yes	22 (15 if Lease Option)	4%	\$27.30 (\$20.30 if lease option)	\$900,900	5 years
7	Oaks Plaza	14125 NW 80 Avenue, Miami Lakes, FL 33014	24,592	24,592	Class A Office	3 Stories over Covered Parking	No	No (Shell)	Yes	\$30.00 per foot increase to rent of \$4.00	No	Yes	\$15.25 (base shell triple net)	3%	\$24.20 (With \$30 per foot build out)	\$592,900	5 Years
8	Proposal by: Capeletti Bros. Inc.	16401 NW 58 Avenue, Miami Lakes, FL 33014	16,773	16,773	Class C Office	2 Stories	Yes	Yes (Remodel Required)	No	No	No	Yes	\$0.00	N/A	\$7	\$121,437	5 years
9	Miami Lakes Office Center / Nationwide Finance	14411 Commerce Way, Miami Lakes, FL 33016	40,000	40,000	Class B Office	4 Stories	No	No	No	No	No	No	\$20.00 (Full Service)	Not mentioned	\$20	\$400,000	Not listed
10	Global Lakeside Development, LLC	14575 NW 77 Avenue, Miami Lakes, FL 33014	40,000	40,000 (Assume we lease 20,000)	Class A Office (Assumed)	n/a	n/a	n/a	Yes and Buildout Required	Not Listed - 2	Yes	Yes	\$0.00	Years 2-5 - \$5, \$6, \$7, \$8 and \$9	\$2,45 1st Year (\$7.45 2nd Year)	\$149,000 (Year 2 at 20K sq. ft)	6 years
11	Furniture Power	14100 NW 60 Ave, Miami Lakes, FL 33014	228,181	30,000 - 60,000	Industrial	2 stories	Possible with build out	Yes and Buildout Required	Yes	None	No	Yes	\$0.00	Not listed	\$10	\$273,625	Not listed
12	Coulter	14175 NW 60 Ave, Miami Lakes, FL 33014	27,500	27,500	Industrial	1 Story	yes	Yes (Remodel Required)	Yes	Negotiable	No	Not Mentioned	\$9.95 (Tenant Pays Electric and Utilities)	Not listed	\$10	\$273,625	Not listed
13	Lakeside Corporate Center	NW 143 St & Commerce Way, Miami Lakes, FL 33014	36,000	36,000 - 38,400	Flex	1 story	Yes	No	Yes	Not Listed	No	Yes	10.95	Not listed	\$15	\$504,000	N/A
14	Miami Lakes Business Center	5875 NW 163 St, Miami Lakes, FL 33014	144,000	20,000	Class A	2 stories	Yes	No	Yes	Landlord will complete with standard finishes	No	Partial	\$21.50 (full service, net of electric)	3%	TBD	\$430,000 (plus electric)	10 years
15	Miami Lakes Office Park II	Vacant	Not listed	Not listed	Class B Office	build-to-suit	Yes	Vacant/Land	TBD	Build To Suit	No	Not	Not listed	Not listed	Not Listed	Not Provided	Not Listed

Note 1: All Amounts Above Subject to Applicable Taxes
Note 2: In the event above information is different than as presented in responses received, information in responses is to be utilized. Information is provided for reference purposes only, copies of proposals are available in Town Hall

At the March 31, 2010 meeting, staff requested additional direction from the Town Council to be able to narrow down the options. After much deliberation, the following criteria was provided:

1. Move Before End of Year
2. Option to Purchase
3. Period of Free Rent
4. Must include furniture
5. More Square Footage and Parking at Same or Less Cost
6. Exclusive Use of Building
7. Must be able to include a Council Chambers

From the fifteen options above only four have an option to purchase: the Capitol, Oaks Plaza, Capalletti and Global Lakeside LLC. Global Lakeside LLC is about 40,000 SF which is too large of a space for the Town to occupy as a single or main tenant. In addition to the options presented in the matrix above, the Graham Companies presented a proposal to custom build a Town Hall and allowing the Town to move into an 18,722 SF space rent free for two years while the structure is being built. These four purchase options are the ones evaluated in this analysis.

Leasing options are also at historically low values (see Appendix E) and need to be considered from a cash flow perspective. The best value option will be the one that yields the lowest net present value for the 40 year cash flow of the options. Given the market conditions, a lease option could be very competitive. It should be noted, though, that it is unknown how much the terms of the lease will change at the expiration date.

In addition, it is important to understand the value of the different lease options because the purchase options require different levels of build out that can take anywhere from six (6) months to two (2) years to construct. For the options where we would be able to move in six (6) months, the Town should stay in the current location for that time frame as it does not make sense to move into a temporary space for such a small period of time. The lost in employee efficiency would not justify any achievable monetary savings. However, for the Graham option where it would take two (2) years to build the space, we need to evaluate whether the best options is to move to: i) the temporary space rent free but have to invest in tenant improvements of the space of approximately \$10 per SF and in furniture (where some of it would not accommodate to the new custom built space) or ii) one of the available lease options.

The following lease options were evaluated: current lease option, Graham (temporary lease option), the Prestige and the Kislak buildings.

C. Purchase Options

i. Analysis Approach

To evaluate the purchase options, a 40 year cash flow analysis considering costs such as mortgage payments, operating costs, necessary tenant improvements, furniture allocation, cost of moving and financing costs was performed. This cash flow analysis was used to evaluate both the cost to the Town as well as the value of the property (i.e. cost per square foot).

In addition to this, other intangible aspects were incorporated into a grading matrix to make sure all relevant parameters were considered. The grading matrix uses ranges shown below to evaluate the different parameters:

Grading Metrics and Scale					
	Importance				
Cost to the Town	25	Ranges	4.5M -6.5M	6.6M -8.5M	8.6-10.5M
Present value of 40 year cash flows		Ranking	3	2	1
		Points	25	17	8
Best Value	25	Ranges	\$240-\$387	\$388-\$534	\$535-\$680
Present value of 40 year cash flow per SF		Ranking	3	2	1
		Points	25	17	8
Location and Access	10	Ranges	Ideal location	Access not ideal, Geographic center of Town	Remote Location
Based on convenience of access and appeal immediate vicinity		Ranking	3	2	1
		Points	10	7	3
Presence of Building	15	Ranges	Excellent	Good	Acceptable
Based on quality of the building and appearance		Ranking	3	2	1
		Points	15	10	5
Ability to Accommodate Commission Chambers for 40+ people with ceiling heights of	10	Ranges	Yes	No	
Based on the ability to construct a Commission Chambers		Ranking	1	0	
		Points	10	0	
Ability to adapt to future needs/growth of Town	10	Ranges	Yes	No	
Based on the SF of the building and the flexibility that will give the Town to adapt to its growth needs		Ranking	1	0	
		Points	10	0	
Parking Convenience	5	Ranges	Enough parking (parking ratio above 3.5 per 1000 SF)	Limited parking (parking ratio between 3.0 and 3.5 per 1000 SF)	Insufficient (parking ratio below 3.0 per 1000 SF)
Based on parking ratio		Ranking	2	1	0
		Points	5	2.5	0
Total	100				

The table Grading Metrics and Scale summarizes the relative importance assigned to each of the parameters, the rankings associated with values of the parameters, and the points associated with the rankings. The grading metrics and scale is then used to rank and subsequently assign points to each property. Based on the ranking, a percentage of the total points would be assigned (e.g. if for “best value” a property ranks 2, then it would receive 2/3 of the total point for that category. That would be 67% of 25 point or 17 points). The higher the score the better the property based on the parameters.

ii. Property Options

The table below summarizes some of the most important features for the purchase options under consideration.

Purchase Options					
Description	Town Hall	Graham	Oaks Plaza	Capitol	Capelletti
Property and Building Description					
Year Built	1987	2013	2009	2002	1971
Site Size	51,836	72,300	39,600	82,811	159,772
Site Acreage	1.19	1.66	0.91	1.90	3.67
Age of Building (Years)	23	0	1	8	39
Gross Square Feet Building	20,228	25,000	24,592	33,000	16,773
Gross Square Feet (Leased)	13,125	25,000	24,592	33,000	16,773
Height	3 floors	2 floors	4 floors (1 parking)	2 floors (1 Parking/Elevator)	2 floors
Market Value 2009 (as per MDC Property Appraisers Website)	\$1,966,032	N/A	N/A (Vacant)	\$5,949,000	\$3,224,672
Purchase Price	N/A	\$6,175,000 *	\$6,000,448 *	\$6,900,000 **	\$3,000,000
Purchase Price per SF	N/A	\$247.00	\$244.00	\$209.09	\$178.86
Council Chambers	No	Yes	Yes (if build out but not with 20' ceilings)	Yes (if build out but not with 20' ceilings)	No
Single Tenant	No	Yes	Yes (If fully leased)	Yes (if fully leased)	Yes
Covered Parking	No	Depends on preference	Yes	Yes (66)	No
# Parking Spaces (in lease)	45	100	84	110	46
Parking Ratio per 1,000 sq. Ft.	3.43	4.00	3.42	3.33	2.74
Hurricane Protection	None	Yes	Impact Glass and Possible Generator If Build out	Accordion Shutters and Possibility of Generator w/ build out	None
Type of Construction		To be determined as per Town preference	Masonry Walls with Concrete Roof Deck	Filled Cells Masonry Walls Concrete Deck	Masonry Walls with concrete Deck 1st Floor and wood truss roof)
Build out Necessary	N/A	Yes- Full buildout as this is not included in the base price	Full build out required (Building is a shell)	Partial Remodel to include Chambers	Partial
* Purchase Price does not include build out					
** As per proposal, purchase price will be the minimum of \$6,900,000 or 95% of Fair Market Value					

Property characteristics such as: year built, square footage, appraisal value, purchase price, parking ratio, etc. for each of the properties can be seen side by side on the table above to help compare the relevant property features.

The map in Appendix C shows the purchase and lease options properties on a map.

iii. Analysis

The purchase analysis was performed for the Graham options, the Capitol Building, Oaks Plaza and Capeletti. In addition, the cash flow analysis for the existing town hall was done to use as a basis of comparison.

The following general assumptions were made for the four properties:

- Furniture Allocation of \$10 per SF
- Financing rate of 5%
- Financing Term of 20 years
- Bond Fees of 3%
- Assumes purchase price and tenant improvements can be a 100% financed over the 20 year term.
- Discount rate for cash flow of 6%

Note that some of the purchase options offered financing options. However, we did not consider the alternative financing as the Town has a better ability to secure funds in the bond market.

For the Graham option, the following assumptions were made:

- Square footage of final building: 25,000 SF
- Purchase Price of \$6,175,000 (shell)
- Operating costs of \$5.70 per SF once the building is purchased
- Operating expense increase of 3% per year
- Tenant improvements required for the new building \$40 per SF
- 4 parking spaces per 1000 SF
- 5% supervisory fee charged by Graham (on build out portion)

Appendix A shows the detailed 40 year cash flow analysis and Appendix G shows the proposal for this option.

For the Capitol Building, the following assumptions were made:

- Square footage of 33,000 SF
- Purchase Price of \$6,900,000. This was the price assumed in the model. However, as per the proposal, the purchase price will be the minimum of \$6,900,000 or 95% Fair Market Value. An mutually agreeable appraisal would have to be performed to determine whether a lower purchase price could be achieve based on appraisal.
- Operating expenses of \$5.70 per SF
- Operating expense increase of 3% per year
- Tenant improvements required for the new building \$10 per SF
- Parking 3.33 spots per 1000 SF
- A rental income of \$120,000 for the first two years. Owner guarantees that this income on the first two years

- Free rent until March 1, 2011
- Building is available in 6 months
- Assumes only one move is required.
- Two alternatives regarding the potential of rental income are considered:
 - i. Rental income for 8,250 SF of the building (approximately 25% of building) will be received for the first two years
 - ii. Rental income for 8,250 SF of the building will be received during the 40 years of the analysis (assumes a 15% vacancy rate on this portion of the building)

Appendix A shows the detailed 40 year cash flow analysis and Appendix H shows the proposal for this option.

For the Oaks Plaza, the following assumptions were made:

- Square footage of 24,592 SF
- Purchase Price of \$6,00,448 (based on 16 times base rent as per proposal)
- Operating expenses of \$5.70 per SF
- Operating expense increase of 3% per year
- Necessary tenant improvement of \$40 per SF
- Parking ratio: 3.42 spaces per 1000 SF
- Free rent until Jan 1, 2011
- Building is available in 6 months
- Assumes only one move is required.

Appendix A shows the detailed 40 year cash flow analysis and Appendix I shows the proposal for this option.

For the Capeletti Building , the following assumptions were assumed:

- Square footage of 16,773 SF
- Purchase Price of \$3,000,000
- Operating expenses of \$5.70 per SF
- Operating expense increase of 3% per year
- Necessary tenant improvement of \$15 per SF.
- Parking ratio: 2.74 per 1000 SF
- Free rent until Jan 1, 2011
- Building is available in 6 months
- Assumes only one move is required.

Appendix A shows the detailed 40 year cash flow analysis and Appendix J shows the proposal for this option.

The result from the cash flow analysis of the different properties is summarized below:

Base Matrix

	Do Nothing	Graham	Capitol (without rental)	Capitol (with rental income)	Oaks Plaza	Capeletti
Cost to the Town	\$8,816,263	\$9,971,681	\$10,287,341	\$8,214,939	\$9,220,277	\$4,918,675
Best Value	\$671.72	\$398.87	\$311.74	\$248.94	\$374.93	\$293.25

The properties were evaluated using the grading matrix described in the Analysis Approach Section. The ranking and outcome results are shown below.

Ranking Matrix

	Do Nothing	Graham	Capitol (without rental income)	Capitol (with rental income)	Oaks Plaza	Capeletti
Cost to the Town	1	1	1	2	1	3
Best Value	1	2	3	3	3	3
Location and Access	2	3	2	2	1	1
Presence of Building	1	3	1	1	2	1
Ability to Accommodate Commission Chambers for 40+ people with ceiling heights of approx 20'	0	1	0	0	0	0
Ability to adapt to future needs/growth of Town	0	1	1	1	1	0
Parking Convenience	1	2	1	1	1	0

Outcome Matrix

	Do Nothing	Graham	Capitol (without rental)	Capitol (with rental income)	Oaks Plaza	Capeletti
Cost to the Town	8	8	8	17	8	25
Best Value	8	17	25	25	25	25
Location and Access	7	10	7	7	3	3
Presence of Building	5	15	5	5	10	5
Ability to Accommodate Commission Chambers for 40+ people with ceiling heights of approx 20'	0	10	0	0	0	0
Ability to adapt to future needs/growth of Town	0	10	10	10	10	0
Parking Convenience	3	5	3	3	3	0
TOTAL	31	75	58	66	59	58

Color Legend

1
2
3

As can be seen from the outcome matrix above, the Graham option and the Capitol Building (assuming rental income for 8,250 SF of the building will be received for the 40 years of the analysis at an 85% occupancy rate) come out as the best two options. Oaks Plaza comes in as a close third.

D) Lease Options

i. Analysis Approach

To evaluate the lease options, a 40 year cash flow analysis considering costs such as rent payments, operating costs, necessary tenant improvements, furniture allocation, and cost of moving was performed. Since they are temporary solutions, average annual cost and average annual cost per square foot (measuring value) were the only parameters considered.

ii. Property Options

The table below summarizes some of the most important features for the lease options under consideration:

Lease Options				
Description	Town Hall	Graham	Prestige	Kislak
Property and Building Description				
Year Built	1987			1986
Gross Square Feet Building	20,228	37,853		76,874
Gross Square Feet (Leased)	13,125	18,722	25,000	25,125
Height	3 floors	2 floors	3 floors	3 floors
Council Chambers	No	No	No	No
Single Tenant	No	No	No	No
# Parking Spaces (in lease)	45	75	75	384
Parking Ratio per 1,000 sq. Ft.	3.43	4.00	3.00	5.00

The map in Appendix C shows the purchase and lease options properties on the map.

iii. Analysis

Four properties were considered in the lease option analysis: the current lease, the Graham options, the Prestige lease and the Kislak Building.

For the current Town Hall, the following assumption was used to perform a 40 year cash flow analysis.

- Square Footage of 13,125 ft²
- Current rent rate of \$328,794 (includes some operating costs – based on historical information)
- A rate increase rate of 0.79% for the next 5 years (based on the average increase for the last five years)
- Assuming a rent increase of 3% from year 6-40 year
- Operating expenses \$6.33 per SF
- Operating expenses increasing at 3% annually
- No tenant improvement or furniture allocation
- Parking ratio: 3.43 spaces per 1000 SF

Appendix B shows the detailed 40 year cash flow analysis and Appendix F shows the current lease agreement for this option.

For the Graham lease option, the following assumptions were made:

- Square footage of temporary building: 18,722 ft²
- Free rent for the temporary option
- Operating expenses including real estate taxes for temporary option: \$9:25 per SF
- Operating expenses increasing at 3% annually
- Necessary tenant improvements on temporary space is \$10 per SF
- A furniture allocation of \$10 per SF
- A 60% percent recoverable rate for the furniture (i.e. 60% of the furniture can be used on the new facility)
- A first move expense allocation of \$5,000 and \$10,000 allocation for the second move (second move will include furniture).

- 6 months needed to move to the temporary building
- New build out space available in two years

Note this option is only available if we choose to purchase the Graham option.

Appendix B shows the detailed 40 year cash flow analysis and Appendix G shows proposal for this option.

For the Prestige lease option, the following assumptions were made:

- Square Footage of 25,000 SF
- Full Service of \$16 per SF on year 1 and increasing at 5% for the next five years
- Operating expenses included in full service lease
- Necessary tenant improvements: \$2 per SF
- Furniture Allocation of \$2 per SF- The building has some existing furniture that is in good condition
- Percent of owner purchased furniture that will be usable in the new location: 60%
- Two moves would be required: one from current town hall and one to the final town hall location.
- There are 3.0 parking spaces per 1000 SF.

Appendix B shows the detailed 40 year cash flow analysis and Appendix K shows proposal for this option.

For the Kislak lease option, the following assumptions were made:

- Square Footage of 25,125 SF
- Full Service of \$17 per SF on year 1, \$21 per SF on year 2, \$23 per SF on year 3, \$24 per SF on year 4 and \$25 per SF on year 5
- Operating expenses included in full service lease
- Necessary tenant improvements: \$0 per SF. Building is ready to be occupied and in good condition.
- Furniture Allocation of \$2 per SF- The building has some existing furniture that is in good condition
- Percent of owner purchased furniture that will be usable in the new location: 60%
- Two moves would be required: one from current town hall and one to the final town hall location.
- There are 5.0 parking spaces per 1000 SF.

Appendix B shows the detailed 40 year cash flow analysis and Appendix L shows proposal for this option.

The table below summarizes the lease options results based on the average annual cost (which includes rent and operating cost) and the average annual cost per SF.

Summary Table

	Average Annual Cost	Square Footage	Average Annual Cost per SF
Do Nothing	\$422,281	13,125	\$32.17
Graham	\$371,408	18,722	\$19.84
Prestige	\$465,000	25,000	\$18.60
Kislack	\$565,800	25,125	\$22.52

As reflected on the table above, the Graham option has the most economical average annual cost and the Prestige building has the most economical average annual cost per square foot. Note that the Graham option would only be available if we decide to purchase the Graham building.

- **Recommendations**

Based on the outcome of the analysis and on the preferences expressed by the Town Council, we recommend that the Graham, the Capitol Building and the Oaks Plaza be considered as purchase options. Further discussion/negotiations with the proposers are needed to clarify details in the proposals.

The different purchase options are associated with different construction timelines to be ready for occupancy. Given the different timelines and the outcome of the analysis, the optimal combination of options are:

- The full Graham option- Lease their temporary building and buy the new building when it is built. The temporary lease showed to be the best lease option when compared to the other candidates, so this is the temporary solution that should be selected while the building is being constructed. Also, it is a practical solution as if there are any delays in the delivery of the new building, the Graham Companies would be responsible for extending the lease in the temporary space.
- Stay in the current town hall for approximately six (6) months and buy either the Oaks or the Capitol Building: Both Oaks and the Capitol Building require tenant build outs of approximately six (6) months before the Town can move into the properties. However, for such a short period of time, it does not make sense to move into a temporary space as the loss in employee efficiency caused by the move would counteract any possible savings that could be achieved in the move.
- Do not buy and lease the Prestige Building- The Prestige lease is the most economical lease option available. The cash outlays required to pay the rent and operating expenses is similar to the current town hall option and it allows the town to occupy a space of 25,000 SF, almost twice what it currently has.

These options are the ones that we recommend for further consideration and negotiations with the proposers.



Town of Miami Lakes

Office of Town Clerk
15700 NW 67th Ave
Miami Lakes, Florida 33014

ITEM 6 B



Town of Miami Lakes

MEMORANDUM

To: Honorable Town Council

From: Mayor Michael Pizzi

Date: September 1st, 2010

Re: Hiring Freeze

We have a new manager starting on September 6th. He is requesting clarification, before he starts, of his authority to fill positions. The Council is fully aware of this issue and since I believe it is reasonable to give him this direction prior to this start date, I have placed it on the agenda. While I do not favor creating any new positions in these difficult economic times, I do believe that we should give the new manager the flexibility to hire people to fill openings, as that is his role under the Charter. A brief clarification of Council direction prior to his start date seems reasonable.



Town of Miami Lakes

Office of Town Clerk
15700 NW 67th Ave
Miami Lakes, Florida 33014

ITEM 6 C



Town of Miami Lakes

MEMORANDUM

To: Honorable Town Council

From: Mayor Michael Pizzi

Date: September 1st. 2010

Re: School FCAT funding

I received a written request (attached) as well as several phone calls from the K-8 PTSA asking that I place consideration of Councilman Lopez's item regarding using certain unallocated funds from last year's budget to assist in allowing the schools to adapt to changes in FCAT format through tutoring efforts. This is an issue that the entire Council is familiar with. The PTA advises that our decision will effect their actions in setting their budget next week. Thus, they requested that I add it to the Special Call.

From: nelson rodriguez [mailto:lifesaversfd@yahoo.com]
Sent: Sunday, August 29, 2010 7:38 PM
To: Pizzi, Michael
Subject: School Tutoring

Mayor Pizzi,

As you know the State has changed the FCAT testing again this year. Now more than ever the financial support the Town gives our school will be needed. As PTSA President of Miami Lakes K-8 Center, I ask for your help in obtaining those so needed dollars for tutoring. In the past the town has given our school over \$5000 dollars and I hope you can give at least that or more. I ask that you consider expediting this request on behalf of myself and all the parents, teachers, and students of Miami Lakes K-8 Center. As the PTSA board finalizes our fundraising plan for this year, we need to know if the Town will support our students with FCAT tutoring again this year as it has in the past.

Nelson Rodriguez

PTSA President

Miami Lakes K-8 Center

Lifesavers CPR

"Teaching you how to save lives."

305-281- 3001

CPR Instruction in English and Spanish at your home or office.



Town of Miami Lakes

15700 NW 67TH Avenue
Miami Lakes, FL 33014

To: Honorable Mayor and Town Council

From: Councilmember George Lopez

Date: July 13, 2010

Subject: Enhanced Educational Initiatives

I am proud that my children go to our Town's public schools. Since our Council has saved certain funds from other areas, I would like us to consider placing these savings into our educational initiatives that directly impact our children's preparation for the standardized testing that will help determine their future. These include the FCAT and SAT preparation courses.