



Date: September 12, 2018

TO: THE DISTRICT BOARD OF TRUSTEES
OF VALENCIA COLLEGE

FROM: SANFORD C. SHUGART
President

RE: FACILITIES USE AGREEMENT – CAREER SOURCE OF CENTRAL FLORIDA

On June 28, 2017, the Valencia College District Board of Trustees approved the budget for the building of the Careers in Industry and Technology Building on the Osceola Campus. This two-story 35,000 square foot facility would be home to a new and growing AS degree program and contain lab and classroom spaces. The building was scheduled to be open by fall 2019.

Subsequent to the original development, the College was approached by Career Source of Central Florida relative to a need for space for their Osceola/Kissimmee location. They are currently in a lease that expires on December 31, 2019. At that time, discussions were held to understand their needs and how it could align with the facility being built. It was determined after an architectural review and discussions with Career Source of Central Florida that the best solution was to add an additional floor to the Careers in Technology Building.

Career Source will lease and occupy approximately 12,731 square feet of the floor while the remaining space will be used for classrooms. This arrangement will provide for a consistent revenue stream via the lease payments, enhance the relationship with Career Source of Central Florida (a major funding source for our Continuing Education programs), as well as give the College the opportunity to increase College access to the thousands of persons who come to the Career Source site each year, all of which would contribute financially to paying for the construction of the new space. We expect that the building will open on January 1, 2020 and Career Source of Central Florida will occupy the building on December 1, 2019. Lease proceeds from the annual lease payments (\$190,965 per year) will be used to replace funds taken from the quasi endowment fund to fund balance and the remainder (approx. \$93,000 per year) will pay for operating costs associated with the opening of the third floor.

RECOMMENDED ACTION:

The President recommends that the District Board of Trustees of Valencia College complete negotiations and finalize the lease agreement based on the memorandum of understanding with Career Source of Central Florida.

President

**Facilities Use Agreement
Summary of Terms**

Parties	The District Board of Trustees of Valencia College (Valencia) and Career Source of Central Florida (CSCF)
Background	<p>Valencia is constructing the 35,000 square foot Careers in Industry and Technology Building on its Osceola Campus, with lab and classroom spaces to house a new and growing AS degree program, which is scheduled to open by Fall 2019.</p> <p>In response to recent inquiries by CSCF with respect to the availability space on Valencia’s campus to serve as its as its new Osceola/Kissimmee location, Valencia is pursuing plans to add an additional floor (18,000 square feet) to the CIT building. CSCF would be provided use of approximately 12,000 square feet, with the remainder being used to add Valencia classrooms.</p>
License Term	Five (5) year license term (Initial Term). Termination rights will be provided to CSCF that allows for termination for cause (with opportunity to Valencia to cure) and an early termination right, with 10 months’ written notice, only in cases of insufficient funding provided to CSCF by the State of Florida.
Renewal Option	CSCF shall have two (2) five year options at the base fee rates defined in the license fee section of the Agreement (Additional Terms). Tenant’s written notice of termination must be received by Valencia 90 days in advance of the expiration of the Initial Term or Additional Term.
Base Rate	<p>Year 1 – 5 \$15 per square feet of gross space (\$181,927)</p> <p>Year 6 –10 \$16 per square feet of gross space (option) (\$194,056)</p> <p>Year 11-15 \$17 per square Feet of gross space (option) (\$206,185)</p>
Licensed Space	12,129 gross square feet on the third floor of the Careers in Industry and Technology (CIT) Building on the Valencia Osceola campus. Space subject to final verification.
Security Deposit	Waived
License Fees	Annual license fee amount (including base rate plus operating expenses) to be billed 30 days prior to due date. Payment for annual amounts due to be paid by CSCF on or before January 1 of each year to the Valencia’s payment location. First invoice would be dated on December 1, 2019. First payment would be paid by CSCF to Valencia on or before January 1, 2020.

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Commencement Date	January 1, 2020
Initial Term Expiration Date	December 31, 2024
Operating Expenses	<p>Schedule of Operating Expenses: Operating Expenses will be payable by CSCF to Valencia on an annual basis, and will be combined with the base fee payment each year. The Operating Expenses are calculated based on current activity, with a 2% escalation factor applied annually to Operating Expenses, as set forth below.</p> <p>Year 1 (2020) \$7.36 per square foot Year 2 (2021) \$7.51 per square foot Year 3 (2022) \$7.66 per square foot Year 4 (2023) \$7.82 per square foot Year 5 (2024) \$7.98 per square foot</p>
Operating Days and Hours	CSCF will provide Valencia with its intended Operating Calendar by July 1 of each year, to inform Valencia for purposes of building operations and security, janitorial, and maintenance services.
Parking	General access to the parking lot located adjacent to the Building will be made available to employees, visitors, and clients of the CSCF.
Additional Space	On occasion, CSCF may have the occasional need for additional space beyond the allocated square footage. Valencia will endeavor to accommodate CSCF's request for the temporary use of extra classroom and/or other space on a reasonable basis and at no additional charge to CSCF, subject to availability. In its sole discretion, Valencia will have the right to approve or deny the provision or use of any extra space as may be requested by CSCF. The approval of space will be the responsibility of the Osceola Campus Operations Manager.
Signage	Wayfinding signs will be provided by Valencia on the first floor and at the entrance of the building. The size and content will be appropriately sized relative to other customary signage in the area.
Common Areas	CSCF will have access to common areas in the Building as well as all campus common areas outside of the Careers in Industry and Technology Building.

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Internet/Phone Services	CSCF shall be responsible for setting up and paying for its own equipment and connections to the internet and the related communications costs such as long distance and access to local calling, using Valencia's internet/telephone provider.
Furniture/Technology	CSCF will be responsible for the purchase, placement, and replacement of all furniture and computers in their areas. Efforts will be made to be consistent with Valencia's furniture styles.
Auxiliary Services	CSCF will required to utilize the food service provider for the College should it host an event which includes catering. College will own and service all vending machines located on all floors of the Building, including the Licensed space.
Policies and Procedures	CSCF will abide by all applicable College policies and procedures, including without limitation those relative to conduct and facilities use. Valencia will provide access to all policies and the CSCF will review and acknowledge having reviewed them.
Mail Service	The CSCF will make arrangements for mail to be delivered to the location. Any shipping or receiving of express packages will be coordinated by the CSCF.
Copier and printer services	To be provided by Valencia. This item would be billed separately based on device and usage.

Facilities Use Agreement Summary of Terms

Definitions

Additional Space – CSCF shall have the opportunity to use certain additional classroom or lab space located on the Osceola Campus, subject to availability. Separate rate schedules, as may be amended from time to time, will be provided to define additional costs associated with using certain rooms.

CAM – Allocated capital maintenance costs related to the issues that impact the long term status of the building. CAM is accumulated over time and covers longer term issues such as HVAC, elevators, general repairs to building/equipment/windows, etc.

Operating Calendar – Summary of business days that CSCF is open and the hours of service.

Operating Expenses – Shall mean all costs of operating, servicing, managing, repairing and maintaining the area. All costs of operating, servicing, managing, repairing and maintaining the area will be calculated in accordance with generally accepted accounting principles. These expenses include the following:

- Utilities - Includes electricity, water, and waste removal. It does not include phone services or internet connectivity.
- Custodial Services includes general cleaning consistent with the practices of the college
- Security which includes general services as well as issuance of badges and parking passes to CSCF personnel.
- Maintenance costs include repairs, and replacement of capital related area including those in common spaces. Specific areas of focus would include electrical, plumbing, elevators, and significant capital maintenance (e.g. HVAC replacements).
- Grounds includes the cost of maintaining the exterior of the building.
- Printer Services to be coordinated with Valencia.

Operating expenses do not include depreciation, planning costs, CSCF improvements, marketing costs, any expenses that the Valencia is reimbursed, nonstandard services, mark-ups on utilities, general overhead and administration, attorney's fees, interest on debt or federal or state states.

Licensor – District Board of Trustees of Valencia College, Florida

Licensee – Central Florida Regional Workforce Development Board, Inc.

Payment Location – 1768 Park Center Dr, MC: DO-331, Orlando FL 32835

Project Location – Valencia College, 1800 Denn John Lane, Kissimmee Florida, 34744. Third floor of the new Careers in Industry and Technology building.

Termination Rights – With respect to CSCF, for cause, with reasonable written notice and reasonable opportunity for Valencia to cure; for convenience, with 12 months written notice; and with 45 days written notice in the event CSCF experiences a material and significant decrease in the funding it receives from the State of Florida.

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Exhibit 1 - Calculation of operating costs:

In each of the following categories, the campus budget as a whole was obtained and divided by the sq. ft. of the Valencia College Campus. Career Source of Central Florida = 12,133 sq. ft. Total building space is 55,000 square feet. Proportion of space is 22.06%. The following are base year annual calculations.

Utilities (Electricity, water, sewer)

55,000 square feet * \$1.94 per sq. ft. per year = \$106,590 x 22.06% = \$23,514

Janitorial (Custodial Services consistent with College services)

55,000 square feet * \$2.18 per sq. ft. per year = \$120,054 x 22.06 % = \$26,438

Maintenance (repairs and upkeep to the area)

55,000 square feet * \$1.09 per sq. ft. per year = \$60,027 x 22.06 % = \$13,242

Insurance (General insurance to cover damage to the building)

55,000 square feet * \$.20 per sq. ft. per year = \$11,220 x 22.06% = \$2,475

Grounds (minor upkeep to areas around the building)

55,000 square feet * \$.41 per sq. ft. per year = \$22,440 x 22.06 % = \$4,950

Security (Services consistent with College services)

55,000 square feet * \$.10 per sq. ft. per year = \$5,610 x 22.06% = \$1,237

Sustainability (Services to monitor and manage electrical activities)

55,000 square feet * \$.05 per sq. ft. per year = \$2,805 x 22.06% = \$618

CAM (long term deferred maintenance)

55,000 square feet * \$1.39 per sq. ft. per year = \$76,296 x 22.06% = \$16,830