



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: City Council Special Session **MEETING DATE:** November 16, 2021
FROM: Mike Null, Assistant City Manager
SUBJECT: City Council modification of lease agreement with AMIkids Clay County, Inc. to lease a portion of the August Savage Arts and Community Center (ASACC) Classroom Building.
Mike Null

BACKGROUND

At the April 20, 2021 City Council meeting, Council approved the form of an agreement with AMIkids Clay County, Inc. Following is backup information from that meeting:

(Begin background from April 20 meeting)

AMIkids of Clay County, Inc. has approached the City about leasing space at the ASACC Classroom Building. They propose to lease four rooms to be utilized as classrooms and one room as an office. Attached is a flyer that was distributed at a previous City Council meeting where Maria Przybylski introduced the program and some of her students to the Council that gives information about their program and what they do.

Under the proposed lease agreement, the City of Green Cove Springs will fund and construct improvements to the five rooms as well as the gang bathrooms at the south end of the classroom building. AMIkids will be responsible to repay the construction cost of the five rooms plus a portion of the ADA improvements that will be required in the walkway area outside of the classrooms.

The amount of the repayment is estimated at \$250,000 at this time. Under this lease as drafted, AMIkids would repay \$25,000 as an upfront payment, then the balance monthly over ten (10) years at 2.5% interest. This would result in a monthly payment of approximately \$2,500 to repay the construction cost. In addition, they will pay a rental cost for the first ten (10) years in an amount sufficient to cover utilities (estimated at \$500 - \$700 per month).

Once construction is complete, the lease agreement will be modified to reflect the actual cost of construction. The monthly repayment amount will then be modified to reflect the new amortization.

Staff is recommending approval of the form of this lease agreement based on the numbers outlined above as well as authorization to work with a contractor to obtain a bid for the construction cost. Both items would be returned to Council at the May 4, 2021 City Council meeting for final approval to move forward.

(End background from April 20 meeting)

At the June 1, 2021 meeting, City Council approved the final version of the lease agreement which incorporated the construction number from a construction bid for the project.

As part of that agreement, the agreement would come back before council if needed to reflect that actual construction cost that AMikids was to re-pay. There were two change orders during the project. All parties agreed to add replacement of the exterior windows in the amount of \$15,200, which was half of the original quote. The second change order was for \$13,326,00 to install exterior doors in all classrooms to meet fire code requirements per the Fire Marshal. This brings the total contract amount with AMikids to \$367,715.00. Considering the \$25,000 down payment, the monthly payment works out to \$3,230.77 plus utilities as reflected in the attached modified agreement.

The construction will be complete within the next two weeks, allowing AMikids to move in ahead of schedule.

FISCAL IMPACT

2.50% annual interest return on investment.

RECOMMENDATION

Approve the updated lease agreement with AMikids Clay County, Inc. and authorize the Mayor to execute same.