



Staff Recommended Model Center Lease Agreements

Peter Zanoni, Deputy City Manager

Pre-K 4 SA Initiative Overview

- **High-quality prekindergarten education provided to over 22,000 four-year-olds:**
 - **At four Model Centers**
 - **Through Competitive Grant Awards**
 - **With Professional Development for educators Pre-K through 3rd grade**
- **Eight-Year Program Period**
 - **First 3 years for ramp-up, last 5 years at full-service & assessment**



Pre-K 4 SA Initiative Overview

- **In partnership with ISDs and other education providers**
- **Initiative funded with 1/8 cent City sales tax and State and Federal pass-through funds**
 - **Sales tax levy effective April 1, 2013**



Service Model

Service	Children Served							
	Aug 2013	Aug 2014	Aug 2015	Year 4: 2016	Year 5: 2017	Year 6: 2018	Year 7: 2019	Year 8: 2020
 Initial Two Model Centers	700	800	900	1,000	1,000	1,000	1,000	1,000
 Additional Two Model Centers		700	800	1,000	1,000	1,000	1,000	1,000
 Competitive Grants in ISDs & Partner Programs				1,700	1,700	1,700	1,700	1,700
Total Served	700	1,500	1,700	3,700	3,700	3,700	3,700	3,700



Facility Site Selection Process

- **At City's request, two real estate brokerage firms placed multiple area-wide announcements for properties that met Pre-K Model Center real estate requirements**



Kuper Sotheby's International Realty

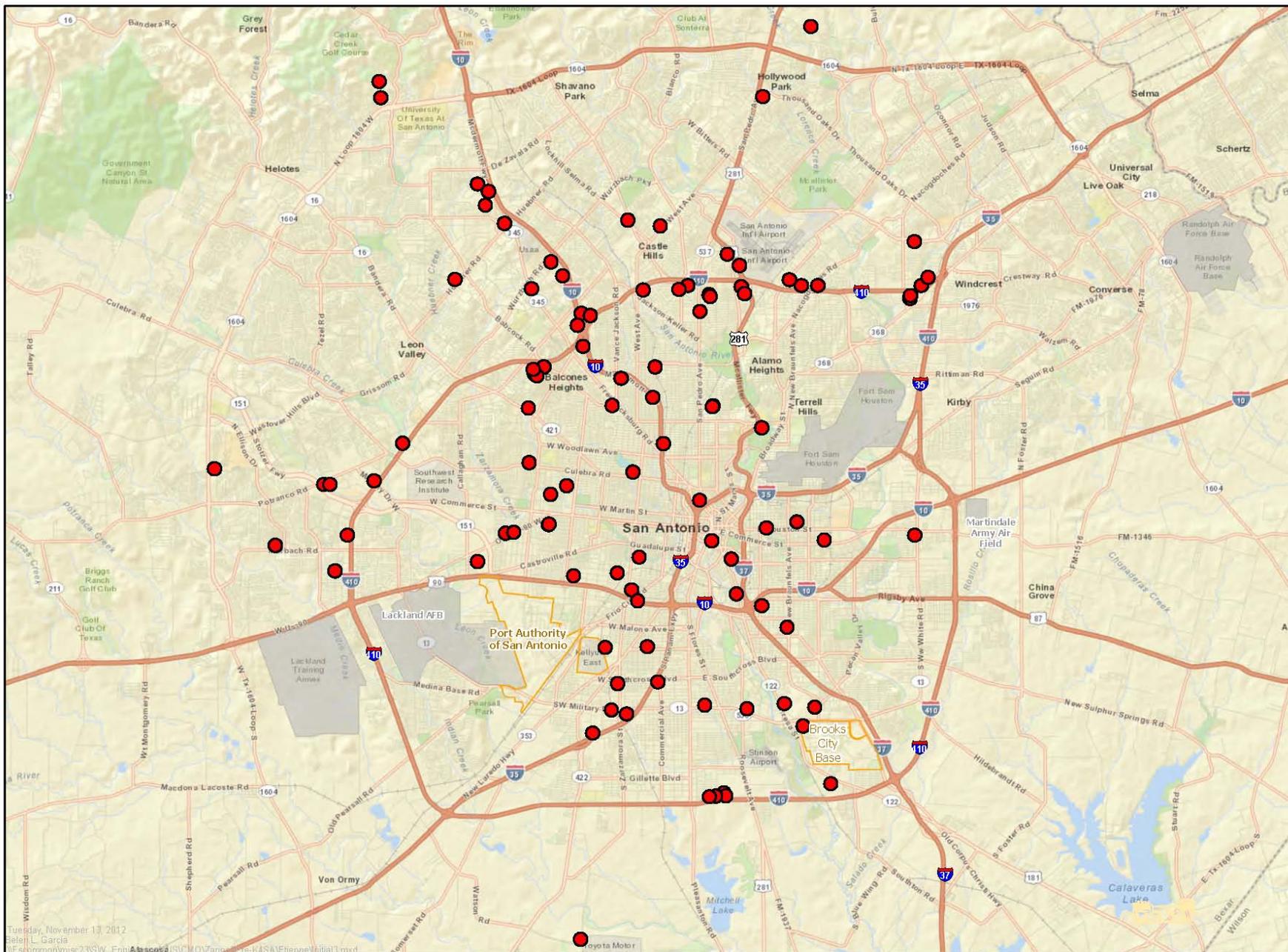


Providence Commercial Real Estate

- **Using the Council reviewed site selection criteria, CIMS / City Manager Office staff and City's Real Estate Broker vetted over 100 properties**



Over 100 Sites Considered for Initial 2 Model Centers



Facility Site Selection Process

- **100 point selection criteria scale developed and reviewed with City Council**
- **Properties reviewed included those owned by:**
 - **City, SAWS, CPS, federal government**
 - **NEISD, SAISD, HISD, EISD**
 - **churches, and private commercial properties**
- **A Review Panel of internal staff and external real estate experts was convened to review and evaluate initial list of properties**



Site Selection Criteria (100 Point Guide)

Score	Criteria
30	<ul style="list-style-type: none"> • Northwest location: north of Hildebrand but not much beyond N Loop 410; between Hwy 281 and IH-10 • Southeast location: south of downtown but not much beyond S Loop 410; between I-37 and Lackland AFB
20	<ul style="list-style-type: none"> • Existing facility with at least 30,000 sq. ft with ample parking and sufficient first floor square footage for pre-K services; single story, stand alone building • Vacant land on 5-6 acres for construction of at least 30,000 sq. ft. one-story building
15	<ul style="list-style-type: none"> • Cost to acquire site, to lease existing facilities, or to renovate existing facilities
10	<ul style="list-style-type: none"> • Easy access to major highways
5	<ul style="list-style-type: none"> • Visibility from major highways or major streets
5	<ul style="list-style-type: none"> • Safe vehicular traffic staging area (for parents, children, buses, etc.)
5	<ul style="list-style-type: none"> • Proximity to bus line
5	<ul style="list-style-type: none"> • Neighborhood conditions (safe, clean environment preferred)
3	<ul style="list-style-type: none"> • Proximity to high-density poverty population
2	<ul style="list-style-type: none"> • Proximity to other assets such as parks, libraries & employment centers



Facility Site Selection Process

- **Staff presented recommended lease terms for initial two Model Centers to Educational Excellence Committee, Tuesday, November 13**
 - **Educational Excellence Committee recommended forwarding the staff recommended leases to the full Council**



Recommended Pre-K 4 SA Model Centers



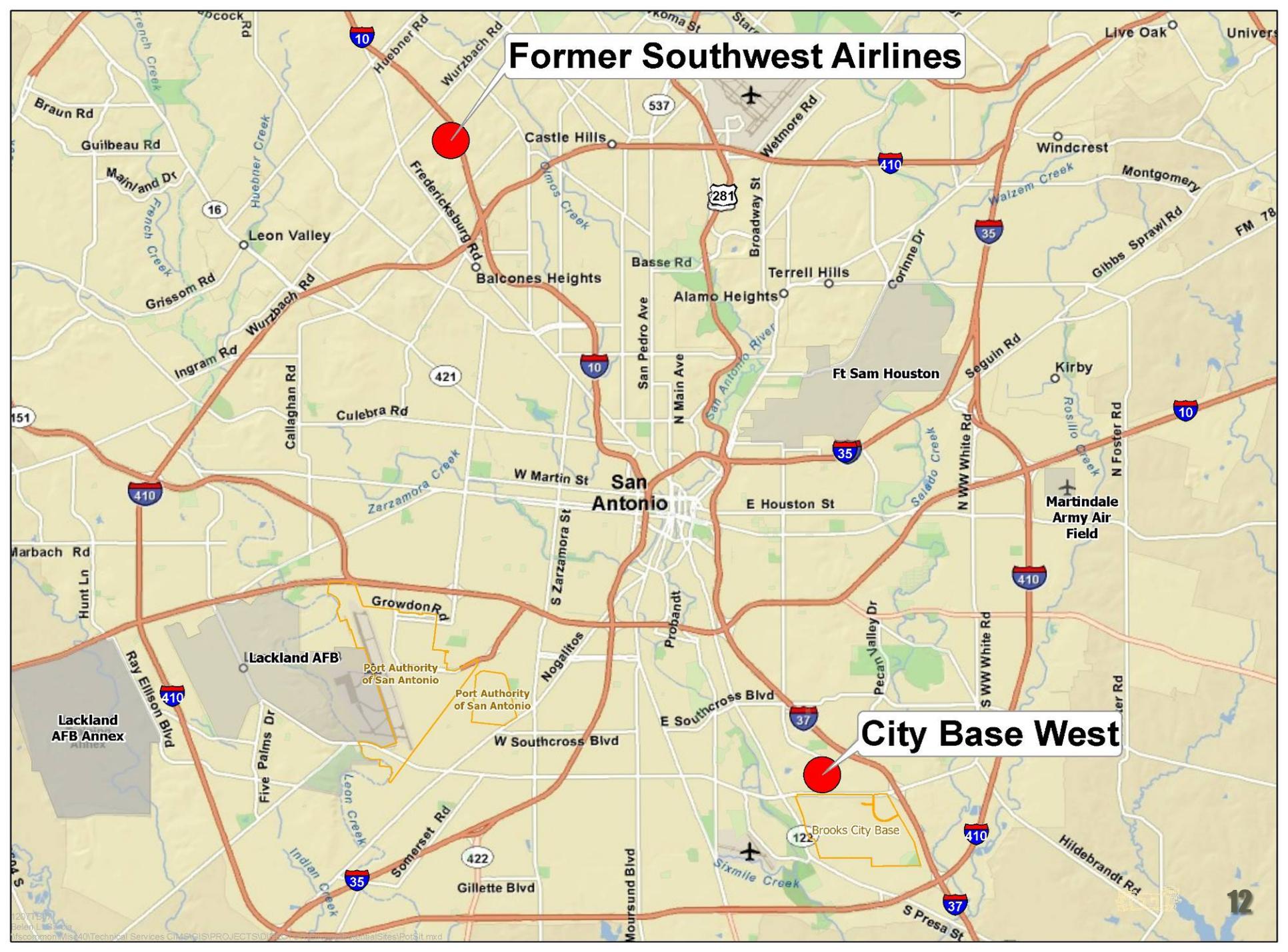


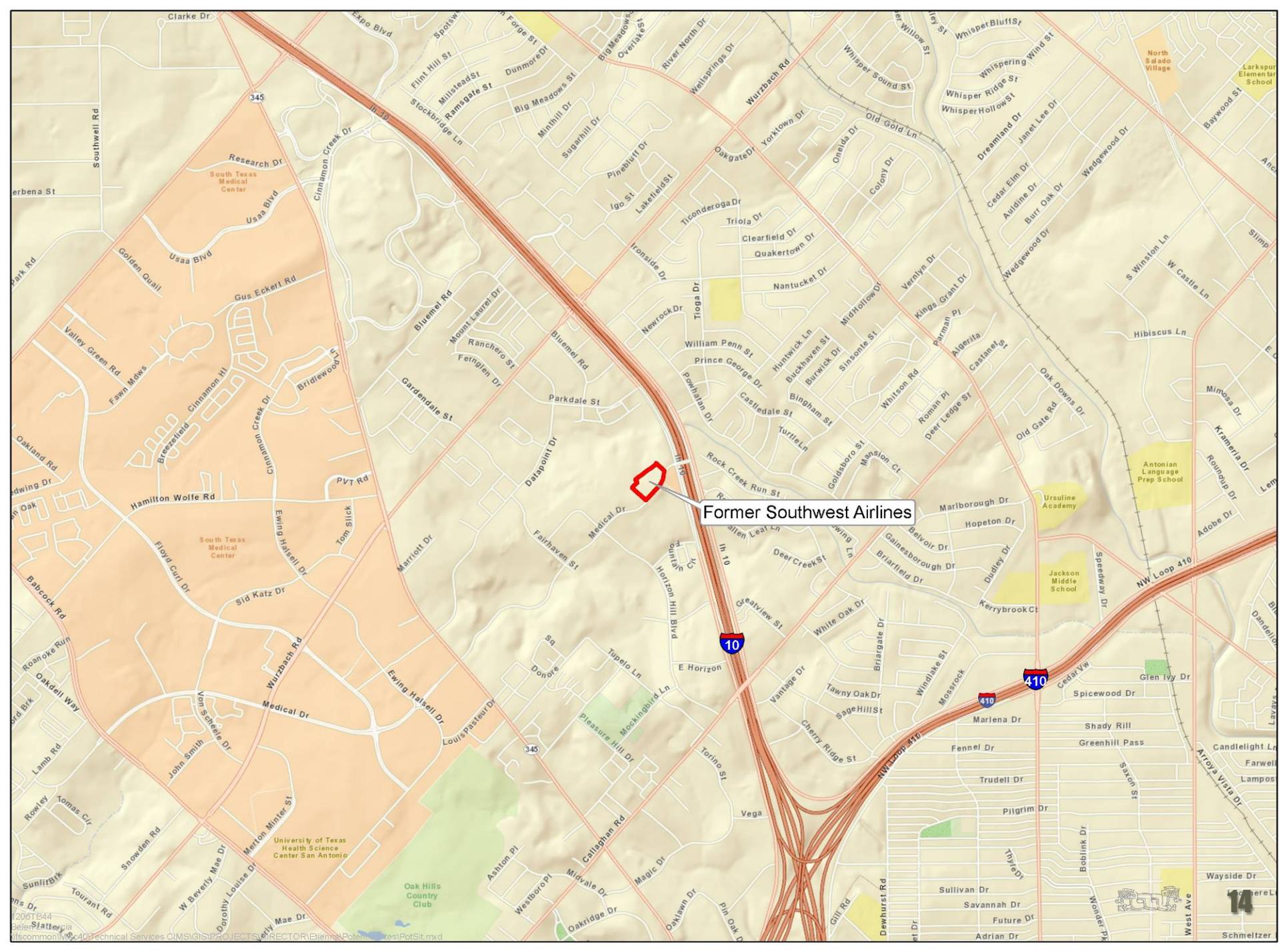
NORTHWEST MODEL CENTER

Former Southwest Airlines



City Base West





Former Southwest Airlines



Northwest Model Center Details



Southwest Airlines agreed to sell Medical Drive property for 1/3 its appraised value benefitting San Antonio

- **30,000 sq. ft. building rehabilitation**
- **Future expansion of 20,000 sq. ft. scheduled**
- **5 acre site**
- **18 initial classrooms; 25 with expansion**
- **5 large playgrounds**
- **Family Resource Room**
- **Gated parking lot**
- **125 parking spaces**
- **Children's Garden area**



Northwest Model Center Lease Terms

3536 Medical Drive

- **Lease Executed with Children's Cay, LP**
- **8 year lease term with two 8 year options for renewal**
- **Expansion to 50,000 sq. ft. by August 1, 2014**
- **Total annual lease payments funded from Pre-K 4 SA Annual Budget**
 - **At 30,000 sq. ft.: \$649K**
 - **At 50,000 sq. ft.: \$1.1M**
 - **\$16.75 per sq. ft. base lease**
 - **\$4.90 per sq. ft. for real estate taxes, building insurance, and maintenance**



Northwest Model Center Lease Terms

3536 Medical Drive

- **Lease terms include \$1.85M in tenant improvements from developer**
- **City to provide up to \$1.5M for additional tenant improvements keeping annual lease payments lower**
 - **Funded with prior approved funds from City Capital Budget**
- **Termination penalty included in the lease**
 - **Equivalent to 4 months rent if first renewal option is not executed**
- **Option to purchase available to City after year 8: \$13.4M**





SOUTHEAST MODEL CENTER



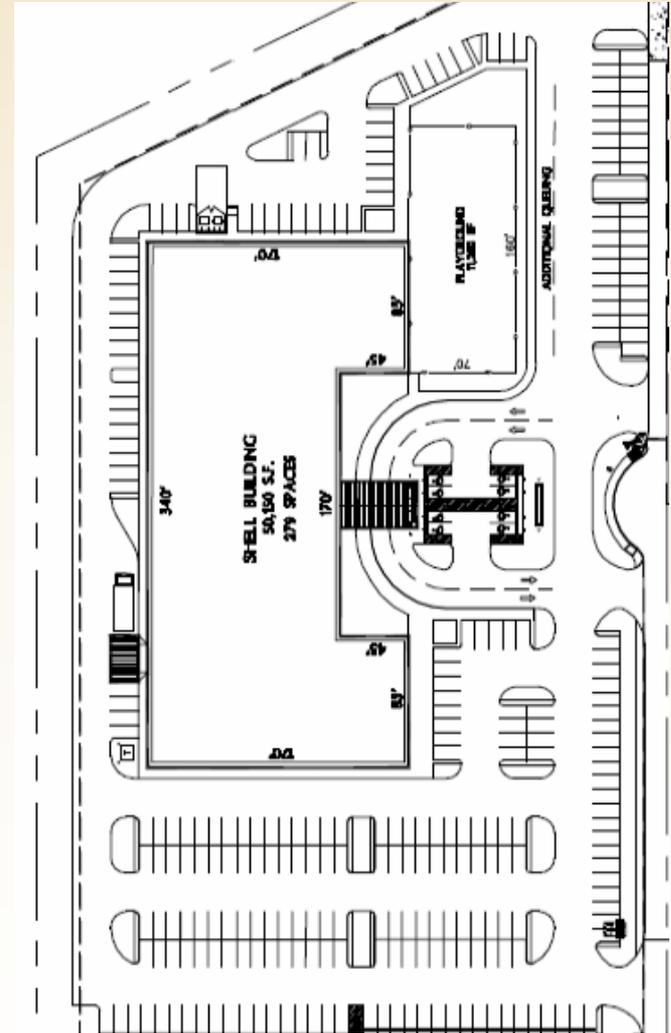
City Base West

2535 SE Military Drive
School District - SAISD



Southeast Model Center Details

- **50,000 sq. ft. – new construction**
- **6 acre site**
- **260 parking spaces**
- **25 classrooms**
- **7 playgrounds**
- **Children's Garden area**
- **Family Resource Room**
- **2 Large Training rooms of 1,800 sq. ft.**
- **Conference rooms**
- **Admin. Staffing Offices**



Southeast Model Center Lease Details

2535 SE Military

- **Lease executed with City Base West, LP**
- **8 year lease term with two 8 year options for renewal**
- **Total annual payments: \$1.1M**
- **\$17.35 per sq. ft. base lease**
- **\$4.90 per sq. ft. for real estate taxes, building insurance, and maintenance**
- **\$1.85M in tenant improvements from developer**



Southeast Model Center Lease Details

2535 SE Military

- **City to provide up to \$4.2M for additional tenant improvements**
 - **Funded with prior approved funds from City Capital Budget**
 - **City to be reimbursed \$1.65M of its tenant improvement funds at conclusion of primary lease term**
- **Termination penalty included in lease**
 - **Equivalent to 4 months rent if first renewal option is not executed**
- **Option to purchase available to City after year 8: \$13.88M**



Staff's Recommendation on Northwest & Southeast Model Center Lease Agreements

Staff recommends that City Council authorize the execution of lease agreements with terms and conditions specified herein for both recommended Model Center locations





Southeast Model Center

- **VIA's Brooks Transit Center in development stages for City's south east side**
 - **Transit Hub / Park & Ride**
 - **VIA working with Federal Transit Authority in final site selection process**
 - **8 preferred sites with several located at Brooks City-Base**
 - **Scheduled opening late 2015**



Southeast & Northwest Model Centers E-Rate Federal Subsidy Program

- **City is aware of funding from the Federal Communications Commission to provide subsidies toward the costs for certain telecommunication and IT services**
 - **Program known as “E-rate” was designed to ensure eligible schools and libraries have affordable access to modern telecommunications and information services**
 - **City will evaluate possibly of utilizing program for Model Centers**
 - **\$2.25 billion available annually nation-wide**



Model Center Design Services

- **Design Team provided input on facility layout**
 - **City staff**
 - **External professionals in Architectural & Engineering Services and early childhood education**
- **Both facilities to include LEED features and infrastructure for technology devices such as “smart boards” and networked computers in all classrooms**



Model Center Design Services

- **Both recommended Model Centers fully designed today**
 - **Northwest: Deborah Dockery & Associates**
 - **Southeast: Villa Park Architects**
- **Design firms coordinated work allowing for similar interior floor plans and facility amenities**



