



Legislation Text

File #: 42738, **Version:** 1

Fiscal Note

The proposed resolution authorizes execution of a lease with SMP Partnership, LLP for storage of Monona Terrace furniture, equipment, and decorations. The initial term of the lease is five years and one-half month. The total rent paid by the City for the first five-year term shall be \$122,897. After the first term, the City will have four options to extend the lease for an additional term of three years individually. In addition to rent, the City shall be responsible for expenses associated with janitorial services, telephone and data/computer installations and services, as well as insurance to cover any and all loss or damage to the City's property located within the premises. All expenses, including rent, will be absorbed within Monona Terrace's 2016 Adopted Operating Budget.

Title

Authorizing the execution of a lease with SMP Partnership, LLP for storage space located at 1020 Stewart Street for storage of Monona Terrace furniture, equipment, and decorations.

Body

WHEREAS, the City of Madison operates the Monona Terrace Community and Convention Center ("Monona Terrace") (collectively referred to as the "City"); and

WHEREAS, Monona Terrace is currently sub-leasing space roughly 5000 square feet from Madison Public Library ("Library") within the new Library's new warehouse storage facility; and

WHEREAS, the Library now needs the entirety of its storage space and can no longer sub-lease storage space to Monona Terrace; and

WHEREAS, Monona Terrace desires to lease replacement storage space, consisting of approximately 6,000 square feet, within the building located at 1018 Stewart Street and owned by SMP Partnership, LLP ("Lessor"); and

WHEREAS, the terms of a lease have been negotiated between Lessor and the City's Office of Real Estate Services.

NOW, THEREFORE, BE IT RESOLVED that the Common Council hereby authorizes the Chair and Director of Monona Terrace to execute a lease ("Lease") with SMP Partnership, LLP ("Lessor"), for storage space within the building located at 1018 Stewart Street ("Building") on the following general terms and conditions:

- 1. Leased Premises.** The leased premises shall consist of the middle portion of the Building, comprised of approximately 6000 square feet with an address of 1020 Stewart Street, as described in Exhibit A, together with the adjacent loading dock area (collectively, the "Leased Premises").
- 2. Term.** The initial term of the Lease (the "Initial Lease Term") shall be for a period of five (5) years and one-half month, commencing on June 15, 2016 (the "Lease Commencement Date") and ending on June 30, 2021, unless extended by the City as hereinafter provided.
- 3. Option to Renew.** If, at the end of the Initial Lease Term of the Lease, the City is not in default under the terms and conditions of the Lease, then the City shall have four (4) options to extend the Lease for an additional term of three (3) years each (individually "Option Term 1," "Option Term 2," "Option Term 3," and "Option Term 4" (collectively, the "Option Terms"), under the same terms and conditions provided in

the original Term of the Lease, except that monthly rent during the Option Terms shall be as described in Paragraph 4 below. Rent is payable on the first day of the month throughout Option Term 1, Option Term 2, Option Term 3 or Option Term 4, as applicable.

If the City desires to renew the Lease, the City must give notice in writing to the Lessor a minimum of ninety (90) days prior to the expiration of the Initial Lease Term or then exercised Option Term. All notices under this paragraph shall be given as specified in Paragraph 25 of the Lease.

4. Rent. The first rent payment shall be due on July 1, 2016 in the amount of \$2,000. Thereafter, the City shall pay to the Lessor a monthly rent ("Rent") in the amount of according to the below table. All subsequent Rent payments shall be due on or before the first day of each following month throughout the term of the Lease, including any Option Term. Payments are to be made payable to the Lessor and sent or personally delivered to the Lessor at the address specified in Paragraph 25 of the Lease.

<u>Initial Lease Term</u>	<u>Per Sq. Ft. Rent</u>	<u>Monthly Payment</u>	<u>Annual Payment</u>
Month 1-partial month (1)*	none	none	not applicable
Months 2-12 (11 months)	\$4.00	\$2,000.00	\$22,000.00
Months 13-24 (12 months)	\$4.08	\$2,040.00	\$24,480.00
Months 25-36 (12 months)	\$4.16	\$2,080.80	\$24,969.60
Months 37-48 (12 months)	\$4.24	\$2,122.42	\$25,468.99
Months 49-60 (12 months)	\$4.33	\$2,164.86	\$25,978.37
<u>Option Term 1</u>			
Months 61-72 (12 months)	\$4.42	\$2,208.16	\$26,497.94
Months 73-84 (12 months)	\$4.50	\$2,252.32	\$27,027.90
Months 85-96 (12 months)	\$4.59	\$2,297.37	\$27,568.46
<u>Option Term 2</u>			
Months 97-108 (12 months)	\$4.69	\$2,343.32	\$28,119.83
Months 109-120 (12 months)	\$4.78	\$2,390.19	\$28,682.22
Months 121-132 (12 months)	\$4.88	\$2,437.99	\$29,255.87
<u>Option Term 3</u>			
Months 133-144 (12 months)	\$4.97	\$2,486.75	\$29,840.98
Months 145-156 (12 months)	\$5.07	\$2,536.48	\$30,437.80
Months 157-168 (12 months)	\$5.17	\$2,587.21	\$31,046.56
<u>Option Term 4</u>			
Months 169-180 (12 months)	\$5.28	\$2,638.96	\$31,667.49
Months 181-192 (12 months)	\$5.38	\$2,691.74	\$32,300.84
Months 193-204 (12 months)	\$5.49	\$2,745.57	\$32,946.86

*(1) June 15-June 30, 2016

5. Operating and Maintenance Expenses. Rent shall include, without limitation due to enumeration, all real estate taxes, assessments; all utility connections, all utility expenses-heating and cooling, all water and sewer costs, storm water charges, light bulbs and any interior or exterior lighting repairs, maintenance and use costs including without limitation all fire and extended coverage insurance premiums (per Paragraph 12 of the Lease); snow removal, Building repair and maintenance costs, including those related to base Building systems (e.g., fire alarm, sprinkler and electrical systems); roof repair and replacement; HVAC expenses, parking expenses, landlord's management and administration fees.

6. City Expenses. The City shall be responsible only for the following costs and expenses associated within the Leased Premises: (a) janitorial service and (b) telephone and data/computer installations and services.

7. Use. The Leased Premises shall be used for storage of furniture, equipment, and supplies belonging to Monona Terrace.
8. Lessor's Work. The Lessor agrees to have the Leased Premises in broom clean condition on the Lease Commencement Date. Additionally, the Lessor shall ensure all of the light bulbs inside and outside the Leased Premises are in working order.

During the Initial Lease Term and any subsequent Option Term, the Lessor shall provide the City with a dock plate for the City's use. Upon the expiration or termination of the Lease, the City shall return the dock plate to the Lessor.

9. Assignment and Subletting. The City shall not assign, mortgage, pledge, sell, or in any manner transfer the Lease or any estate or interest hereunder and shall not sublet the Leased Premises or any part or parts thereof, without the prior written approval of the Lessor.
10. Maintenance by Lessor. The Lessor shall keep the foundations; roof; sewer system; loading dock, concrete floors, HVAC system, plumbing system, electrical system, structural portions of the walls; and all other structural members, both interior and exterior, of the Leased Premises, in good order, condition and repair, and shall make any repairs/replacements at the Lessor's cost. The term "repair" shall include replacements or renewals when necessary and all such "repairs" shall be equal in quality and class to the original work. Notwithstanding the foregoing, the City shall be responsible for the cost of repairs/replacements required by reason of acts or omissions of the City, the City's employees, agents, invitees, vendors, licensees or contractors. The City shall give the Lessor written notice of the necessity for repairs/replacements coming to the City's attention, following which the Lessor shall have a reasonable time to undertake and complete such repairs.
11. Maintenance by City. Except as may be covered by the Lessor's insurance policy for the Building, the City shall keep and maintain the interior of the Leased Premises in good order and condition. The City shall be responsible for cleaning the Leased Premises and maintenance and repair of any personal property installed within the Leased Premises.
12. Insurance by Lessor. Beginning on the Lease Commencement Date and continuing throughout the term of the Lease, the Lessor shall maintain the following insurance coverages: A policy of comprehensive fire, extended coverage, vandalism, malicious mischief and other endorsements deemed advisable by the Lessor insuring the Leased Premises and all appurtenances thereto (excluding the City's inventory, trade fixtures, furniture, furnishings, equipment and personal property) for the full insurable replacement value thereof, with such a deductible not to exceed \$10,000. Additionally, the Lessor shall carry commercial general liability insurance covering as insured the Lessor and naming the City, its officers, officials, agents and employees as additional insureds, with a minimum limit of \$1,000,000 per occurrence. This policy shall also be endorsed for contractual liability in the same amount, apply on a primary and noncontributory basis, and provide the City thirty (30) days advance written notice of cancellation, non-renewal or material changes to the policy during the term of this Agreement. As evidence of this coverage, the Lessor shall furnish the City with a certificate of insurance on a form approved by the City, and, if requested by the City Risk Manager, the Lessor shall also provide copies of additional insured endorsements or policy. If the coverage required above expires while the Lease is in effect, the Lessor shall provide a renewal certificate to the City for approval.
13. Insurance by City. The City shall maintain, at its sole cost, throughout the Initial Lease Term, and any subsequent Option Term, personal property insurance in an amount to cover any and all loss or damage to the City's personal property located within the Leased Premises.

14. Brokerage Fee. The Lessor has engaged ReMax Wisconsin as its broker. The City is not liable to pay

any brokerage fees in connection with the Lease.

BE IT FURTHER RESOLVED that the Chair and Director of Monona Terrace be authorized to execute the Lease and any and all other documents necessary to complete this transaction.