



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 42489

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File Type: Resolution

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Reference:

Controlling Body: BOARD OF ESTIMATES

File Created Date : 04/12/2016

File Name: Authorizing the execution of a lease at 2422 Pennsylvania Avenue for warehouse space for Metro Transit and amending the 2016 Adopted Operating Budget to appropriate \$62,537 from Metro Fund Balance.

Final Action: 05/03/2016

Title: Authorizing the execution of a lease at 2422 Pennsylvania Avenue for warehouse space for Metro Transit and amending the 2016 Adopted Operating Budget to appropriate \$62,537 from Metro Fund Balance.

Notes: 11015 Metro Lease 2422 Pennsylvania Ave

CC Agenda Date: 05/03/2016

Sponsors: Larry Palm

Effective Date:

Attachments: 11015 2422 Pennsylvania Ave Exhibit A- Copy.pdf,
11015 2422 Pennsylvania Ave Exhibit B.pdf

Enactment Number: RES-16-00329

Author: Kris Koval, Real Estate Agent 3

Hearing Date:

Entered by: afreedman@cityofmadison.com

Published Date:

Approval History

Version	Date	Approver	Action
1	04/13/2016	Travis J. Martin	Approve

History of Legislative File

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Economic Development Division	04/13/2016	Referred for Introduction				
	Notes:	Board of Estimates					
1	COMMON COUNCIL	04/19/2016	Refer	BOARD OF ESTIMATES			Pass
	Notes:	Additional Referral to Transit and Parking Commission					

1	BOARD OF ESTIMATES	04/20/2016	Refer	TRANSIT AND PARKING COMMISSION	
	Notes:				
1	BOARD OF ESTIMATES	04/25/2016	RECOMMEND TO COUNCIL WITH THE FOLLOWING RECOMMENDATION S (15 VOTES REQUIRED)		Pass
	Notes: Adopt and Refer adopted copy of resolution to Transit & Parking Commission as an Informational Item				
1	COMMON COUNCIL	05/03/2016	Adopt - 15 Votes Required		Pass
	Notes:				

Text of Legislative File 42489

Fiscal Note

The proposed resolution amends the 2016 Adopted Operating Budget to appropriate \$62,537 from Metro’s fund balance costs associated with the leased maintenance facility for Metro. The recommended funding level will support terms in lease agreement, upfront costs, and the associated utility costs for the remainder of 2016. The intent of the proposed leased facility is to increase available space to support the repair and maintenance services required for the transit fleet in Metro’s fixed route and para-transit programs. Following the transfer of these funds, the remaining balance in Metro’s 2016 contingency will be \$7,391,029. The proposed lease agreement incorporates an annual 3% increase in both lease and utility cost for each subsequent year.

The proposed resolution approves the five year lease agreement for an estimated total cost of \$441,451. The annualized cost of the five year term by fiscal year, including utilities, is as follows:

Fiscal Year	Annualized Cost
2016	\$ 62,537
2017	\$ 83,290
2018	\$ 85,736
2019	\$ 88,295
2020	\$ 90,970
2021	\$ 30,623
Total	\$ 441,451

Title

Authorizing the execution of a lease at 2422 Pennsylvania Avenue for warehouse space for Metro Transit and amending the 2016 Adopted Operating Budget to appropriate \$62,537 from Metro Fund Balance.

Body

This lease will help free up space within Metro’s bus barn by removing the building and grounds maintenance operation vehicles and equipment which is estimated to occupy roughly 17,000 square feet. This lease opens up space to park an additional 6 to 7 buses and an area to conduct maintenance on the buses. Space located at 2422 Pennsylvania Avenue has been identified by staff as suitable for accommodating F-450 trucks, maintenance operations,

equipment and supply storage.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute a lease (the "Lease") with CAG Development, LLC or assigns (Owner) subject to the following terms and conditions:

1. Leased Premises. The Lessor hereby leases to the City the northerly portion of Building, consisting of approximately 13,696 square feet, the exclusive adjacent fenced area, driveway access and 11 surface parking stalls in the adjacent parking facility as described in Exhibit A (collectively, the "Leased Premises"). The City will allow the Lessor to keep his trailer in the fenced area.
2. Term. The initial term of this Lease (the "Initial Lease Term") shall be for a period of five (5) years, commencing on May 16, 2016 (the "Lease Commencement Date") and ending on May 31, 2021, unless extended by the City as hereinafter provided.
3. Option to Renew. If, at the end of the Initial Lease Term of this Lease, the City is not in default under the terms and conditions of this Lease, then the City shall have three (3) options to extend this Lease for an additional term of three (3) years each (individually "Option Term 1", "Option Term 2" and "Option Term 3" (collectively the "Option Terms"), under the same terms and conditions provided in the original Term of this Lease, except that monthly Rent during the Option Terms shall be as described in Paragraph 4 below. The Rent is payable on the first day of the month throughout Option Term 1, Option Term 2 or Option Term 3, as applicable.

If the City desires to renew this 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 upon the Lease Commencement Date in the amount of \$3081.60. 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 this 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.

<u>Initial Lease Term</u>	<u>Per Sq. Ft. Rent-Annual</u>	<u>Annual Rental Rate</u>	<u>Monthly Payment</u>
Month 1-partial month	not applicable	not applicable	\$3,081.60
Months 2-12 (11 months)	\$5.40	\$67,795.20	\$6,163.20
Months 13-24 (12 months)	\$5.56	\$76,177.15	\$6,348.10
Months 25-36(12 months)	\$5.73	\$78,462.47	\$6,538.54
Months 37-48(12 months)	\$5.90	\$80,816.34	\$6,734.70
Months 49-60 (12 months)	\$6.08	\$83,240.83	\$6,936.74
<u>Option Term 1</u>			
Months 61-72(12 months)	\$6.26	\$85,738.06	\$7,144.84
Months 73-84 (12 months)	\$6.45	\$88,310.20	\$7,359.18
Months 85-96 (12 months)	\$6.64	\$90,959.50	\$7,579.96
<u>Option Term 2</u>			
Months 97-108 (12 months)	\$6.84	\$93,688.29	\$7,807.36
Months 109-120 (12 months)	\$7.05	\$96,498.94	\$8,041.58
Months 121-132 (12 months)	\$7.26	\$99,393.91	\$8,282.83

Option Term 3

Months 133-144 (12 months)	\$7.47	\$102,375.72	\$8,531.31
Months 145-156 (12 months)	\$7.70	\$105,446.99	\$8,787.25
Months 157-168 (12 months)	\$7.93	\$108,610.40	\$9,050.87

5. Operating and Maintenance Expenses. Rent shall include, without limitation due to enumeration, all real estate taxes, assessments; all utility connections, maintenance and use costs including without limitation all fire and extended coverage insurance premiums; snow removal, Building repair and maintenance costs, including those related to base Building systems (i.e., fire alarm, sprinkler and electrical systems); roof repair and replacement; HVAC expenses, parking expenses, 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 (b) telephone and data/computer installations and services (c) electrical, heating and air conditioning use charges (c) water and sewerage use charges (d) storm water charges and (e) light bulbs and any interior lighting repairs. The Leased Premises shall be separately metered for such utility services, except for storm water charges which shall be prorated based on the space occupied by the City and the total space of the Building.

7. Use and Hours of Operation. The Leased Premises shall be used for the Metro Transit's storage of equipment and vehicles relating to its building and grounds division, including but not limited to, maintenance operations, equipment and supply storage.

8. Lessor's Work. The Lessor agrees to perform at its sole expense certain improvements (the "Lessor's Work") to the Leased Space and Building, as outlined in Exhibit B of this agreement and described below as follows:
 - a. Create a floor to ceiling insulated demising wall to separate the City's Leased Premises from the adjacent space in the dock area.

 - b. Install a 12' by 12' steel drive-in door in the area as noted in Exhibit B. This door will be electronically wired so it can be opened via a remote control.

 - c. Insert a 14' by 14' opening in the wall as noted in Exhibit B so the adjacent area can be accessed with trucks.

 - d. Overlay the existing flooring in the area noted on Exhibit B with new linoleum flooring approved by the City.

 - e. Install a light in the ceiling in the area that is being walled off by the loading docks as noted in Exhibit B.

 - f. Replace the existing water heater with a new 40 gallon energy efficient water heater.

 - g. Add "Metro Transit" to half of the pylon sign and on the canopy outside the entrance noted on Exhibit B.

 - h. Remove the area that was previously rented by the library from the utility meters per Exhibit B, since it is now being rented by another user.

i. Build a handicap accessible shower in the area noted on Exhibit B at the City's cost. The cost will not exceed \$8600, and includes all fees relating thereto (architect and permit). The Lessor shall invoice the City for this work at the completion of work. The invoice will be due and payable upon 30 days from the completion of work.

j. Replace all the light bulbs in the Leased Premises with 5000k bulbs.

The Lessor's Work shall be substantially completed on or before June 3, 2016, unless a later date is otherwise agreed to in writing by the parties.

9. Assignment or Subletting. The City shall not assign, mortgage, pledge, sell, or in any manner transfer this 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 the Lessor. The Lessor shall keep the foundations; roof; sewer system; concrete floors, 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 and do such painting of the exterior as may be required. 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 and expenses 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 attention of the City, following which the Lessor shall have a reasonable time to undertake and complete such repairs.

11. Maintenance by the 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. The Lessor shall be responsible for washing all windows. The Lessor shall keep the foundations; roof; sewer system; concrete floors, elevators, structural portions of the walls; plate glass windows and all other structural members, both interior and exterior, of the Building, in good order, condition and repair, and shall make any repairs/replacements and do such painting of the Building exterior as may be required. The term "repair" shall include replacements 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 and expenses of repairs/replacements required by reason of acts or omissions of the City, its employees, or its agents.

BE IT FURTHER RESOLVED the 2016 Adopted Operating Budget is amended to appropriate \$62,537 from Metro fund balance to offset costs associated with the leased facility; and

BE IT FINALLY RESOLVED that the Mayor and City Clerk are hereby authorized to execute the lease and all additional documents that may be required to complete this transaction. This resolution also permits Metro to use its budget contingency to pay for the rental costs associated with this Lease.