



Legislation Text

File #: 15139, **Version:** 1

Fiscal Note

This lease amendment requires the City to pay initial annual rent for calendar year 2010 of \$44,434.64, less one-time rent credit of \$1,000. Rent is subject to a 3% increase every year thereafter. Funding will be included in future Planning Division operating budgets. Lease amendment results in a 5% reduction in the rent that would otherwise be payable by the City under its existing lease renewal options, resulting in a net savings of \$8,228 over the next three (3) years.

Title

Authorizing the execution of a second amendment to lease with Spring Properties LLC, et al., providing for a three-year extension of the lease of office space at 121 South Pinckney Street for the Madison Metropolitan Planning Organization.

Body

WHEREAS, the City of Madison currently leases 2,378 square feet of office space in the Cantwell Building, located at 121 South Pinckney Street, for the Madison Metropolitan Planning Organization ("MPO"); and

WHEREAS, the initial term of the Lease was for the period from December 1, 2001 through December 31, 2003, and the Lease was renewed for three (3) subsequent one (1)-year periods (i.e., from January 1, 2004 through December 31, 2006); and

WHEREAS, pursuant to a First Amendment to Lease by and between the parties, dated June 28, 2006 (the "First Amendment"), the term of the Lease was extended for the three (3)-year period running from January 1, 2007 through December 31, 2009 (the "First Extended Term"); and

WHEREAS, the City has three (3) options to renew the Lease for subsequent periods of one (1) year each; and

WHEREAS, the owners, Spring Properties LLC and Spring Time LLC (collectively, the "Lessor"), have offered to extend the term of the Lease for an additional three (3) year period, with the City retaining three (3) options to renew thereafter for periods of one (1) year each; and

WHEREAS, such offer by the Lessor includes a one-time \$1,000 rent credit and a 5% reduction in the rent that would otherwise be payable by the City under its existing renewal options, resulting in a net savings of \$8,228 over the next three (3) years; and

WHEREAS, the City's Office of Real Estate Services has negotiated the terms of an amendment to the Lease with the Lessor; and

WHEREAS, the MPO and Planning Unit staff have reviewed and approve of the terms of the amendment to the Lease.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute a Second Amendment to Lease with Spring Properties LLC and Spring Time LLC (collectively, the "Lessor"), subject to the following terms and conditions:

1. The term of the Lease shall be extended for the three (3)-year period commencing on January 1, 2010 and expiring on December 31, 2012 (the "Second Extended Term").

2. The rent schedule (based on annual escalation of 3%) during the Second Extended Term shall be as follows:

<u>Period</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
1/1/2010-12/31/2010	\$44,434.64	\$3,702.89
1/1/2011-12/31/2011	45,767.68	3,813.97
1/1/2012-12/31/2012	47,140.71	3,928.39

3. The City shall receive a renewal incentive credit of One Thousand and no/00 Dollars (\$1,000.00) against rent payable during the first month of the Second Extended Term (i.e., January 2010).

4. At the end of the Second Extended Term, provided the City is not in default under the Lease, the City shall have three (3) successive options to extend the Lease for additional periods of one (1) year each, under the same terms and conditions in the Lease, except that rent during the renewal periods shall be as set forth in Paragraph 5 below.

5. The rent schedule (based on annual escalation of 3%) during the renewal periods following the Second Extended Term shall be as follows:

<u>Period</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
1/1/2013-12/31/2013	\$48,544.93	\$4,046.24
1/1/2014-12/31/2014	50,011.58	4,167.63
1/1/2015-12/31/2015	51,511.93	4,292.66

6. The Lessor shall, at its sole cost and expense, complete the following maintenance tasks prior to the commencement of the Second Extended Term:

- i. Clean carpet throughout the entire leased premises.
- ii. Touch-up paint as needed in the main reception area and interior hallways of the leased premises.
- iii. Clean carpet in fourth (4th) floor hallway of the building.

7. All other provisions of the Lease remain unchanged and in full force and effect.

BE IT FURTHER RESOLVED that the Mayor and City Clerk are hereby authorized to execute any and all additional documents that may be required to complete this transaction.