



Legislation Text

File #: 41417, Version: 1

Fiscal Note

Funds for the temporary lease locations will be split between the operating and capital budget. During the life of the lease the operating budget will contribute 36% of the annual lease costs while the capital budget will contribute 64%. Operating costs will be factored into future budgets for the impacted agencies; ongoing capital funding for the MMB Renovation project will include the capital portion of lease costs. Due to the timing of the lease there will be no charges incurred during the 2016 operating budget.

Title

Authorizing the execution of a lease at 30 West Mifflin Street for the temporary relocation of a portion of the City employees currently located in the Madison Municipal Building during the building's renovations.

Body

On November 10, 2015, the Common Council approved the capital budget for renovations to the Madison Municipal Building ("MMB"). Renovations will require the temporary relocation of City of Madison employees currently working in the MMB. Space within the building located at 30 West Mifflin Street (the "Building") has been identified by staff as suitable for accommodating a portion of the City employees needing relocation. The construction schedule for the MMB renovations is estimated at eighteen (18) to twenty-four (24) months. During construction, City employees will be relocated to the Building's entire fifth, eighth, and ninth floors, along with a portion of the tenth floor. The lease term for the 30 W. Mifflin St. location will be twenty-four (24) months, with three (3) additional renewal options of two (2) months each to allow time for delays.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute a lease (the "Lease") with Madison Real Estate Properties, a Wisconsin general partnership and Madison East Shopping Center Partners, LLP, a Wisconsin limited liability company or assigns (collectively, the "Lessor"), subject to the following terms and conditions:

1. **Leased Premises:** The "Leased Premises" shall consist of approximately 22,500 net square feet ("s.f.") consisting of the following: the entirety of floors five, eight and nine; and approximately three thousand (3,000) s.f. on floor ten (10) in the Building; together with the nonexclusive use in common with others entitled thereto of the "Common Areas".
2. **Parking:** Lessor shall provide to the City, at no additional cost, thirty (30) total monthly parking stall permits during the Term or any Option Term, as those terms are defined in the Lease, at the State Street Capital Parking Ramp located at 214 N. Carroll Street and/or the Dane County Parking Ramp located at 113 S. Henry Street.
3. **Term:** The initial term of the Lease shall be twenty-four (24) months commencing on November 1, 2016 (the "Effective Date") and ending on October 31, 2018 (the "Term").
4. **Rent:** The City shall pay to the Lessor rent for the Leased Premises in the amount of \$33,656.00 payable in monthly installments ("Rent") on the first day of each month throughout the Term of the Lease.

The Lease shall be a gross lease, see the Lessor's Responsibilities paragraph below for details.

5. **Option to Renew:** If, at the end of the Term of the Lease, the City is not in default under the terms and conditions of the Lease, then the City shall have three (3) options to extend the Lease for an additional term of two (2) months 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 Term of this Lease, except that Rent during any exercised Option Term shall be \$34,665.68, payable on the first day of the month throughout the period of the exercised Option Term.

In the event the City decides to vacate any portion of the Leased Premises during any of the Option Terms, then Option Rent will be pro-rated on an a occupied square footage basis. The new monthly Option Rent shall be calculated by the following method:

- i) Dividing the new total occupied square footage by 22,500 square feet, and
- ii) Multiplying the result in (i) by the Option Rent (the "Revised Option Rent").

If the City leaves during after the first of any calendar month, the Revised Option Rent will be pro-rated based on the number of days in a calendar month the City occupied said month.

If the City desires to exercise Option Term 1, the City must give notice in writing to the Lessor a minimum of sixty (60) days prior to the expiration of the Term. Thereafter, if the City desires to exercise Option Term 2 or Option Term 3, then it should provide Lessor with thirty (30) days written notice prior to the expiration of the then exercised Option Term.

6. Access Prior to Effective Date: City is allowed to store furniture and equipment that the Madison Fire Department left behind after its tenancy, which expired on December 31, 2015, on floors eight and nine, that the City intends to use during the Term. A list of this personal property will be inventoried and attached to the Lease. In addition, the City can move furnishings and equipment into the Leased Premises after the Lease has been executed by Lessor and City. At the end of the Lease Term or Option Term, the City will meet with the Lessor to inform them of any furniture it decides not to move. The Lessor at such time can decide to keep any of the unwanted furniture or have the City move it.
7. Access: The City shall have the right to access the Leased Premises twenty-four (24) hours a day, seven (7) days per week. The Lessor shall provide a HID Corporation card access system. The City shall have the right, at the City's sole cost, to install a security system for the Leased Premises.
8. Common Areas: The Lessor grants to the City and the City's employees, agents, customers, invitees, vendors, licensees, and contractors the right to use, in common with all others to whom the Lessor has or may hereafter grant rights to use the same, the "Common Areas" located on the Property. The term "Common Areas" is defined as the hallways, restrooms, elevators, stairwells, and all other areas or improvements which may be provided by the Lessor for the common use or benefit of occupants of the Building. The Lessor reserves the right to control and manage the Common Areas in its sole discretion and to establish rules and regulations for the use thereof. The Lessor shall be responsible for cleaning, maintaining, lighting, heating, cooling, insuring and repairing the Common Areas and the costs relating thereto.
9. Lessor's Responsibilities:
 - a. The Lessor shall pay all operating and maintenance expenses relating to the Leased Premises including, but not limited to, taxes, lighting, electricity, heating, air conditioning, water and sewer service, storm water utility charges, garbage removal and administration.
 - b. The Lessor shall at all times, and at Lessor's sole cost, keep and maintain the Leased Premises in good order and condition, including the heating, ventilating and air conditioning system; the electrical, plumbing and sewer systems; water softener; water heater; window frames; windows and structural portions of the walls; all doors, door locks and door operating devices; floor coverings; fixtures; and shall make any repairs/replacements required thereto.
 - c. The Lessor shall, at the Lessor's sole cost, replace or professionally clean all carpets and touch up

paint as necessary. The City and Lessor shall walk the Leased Premises and jointly agree in writing as to which carpeting needs to be replaced or cleaned. The Lessor shall also pay for signage in the Building directory and for signage on each floor. On floor ten (10), Lessor will update the life/fire safety equipment, fix any malfunction of the HVAC, and repair the roof leak. On floor five, the Lessor shall install a sink in the work/kitchen area. Finally, the windows in the Leased Premises should be cleaned.

10. City's Responsibilities:

- a. The City shall pay for the installation, use and maintenance of all data, computer and telephone services and any other specialized equipment in the Leased Premises.
- b. The City shall be responsible for the cleaning, maintaining and repairing of any personal property installed within the Leased Premises.

The City shall have the right to maintain and operate, at its sole cost, telecommunications cables, antennas and related equipment (collectively, the "Facilities") to serve the City's wired and/or wireless intranet, internet, communications and security networks. In connection therewith, the City may run through the Building and to the roof thereof, lines, conduits, cables, risers and any other lines and/or equipment necessary or desirable in connection with installing and operating the Facilities. Plans and specifications for the Facilities shall be subject to the Lessor's prior written approval, which approval shall not be unreasonably withheld or delayed.

- c. The City will maintain, at its costs, janitorial services for the Leased Premises.

BE IT FURTHER 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 on forms approved by the City Attorney.