



Legislation Text

File #: 41419, 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 126 S. Hamilton 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 126 S. Hamilton 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, a portion of the City employees will be relocated to the entire Building. The lease term at 126 S. Hamilton Street 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 Lar-Dol Entrepreneurs, Inc., a Wisconsin corporation or assigns (the "Lessor"), subject to the following terms and conditions:

- 1. Leased Premises:** The Lessor shall lease to the City the Building, consisting of 20,844 square feet ("s.f.") in total, which consists of 15,594 s.f. located on floors one through three (collectively the "Office Space") plus roughly 5,250 s.f. in the basement (the "Basement Space"), (collectively, the "Leased Premises").
- 2. Parking:** Lessor shall allow the City at no additional rent to use the enclosed parking garage in the Building.
- 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 \$23,067.00 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 \$23,759.00, 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 20,844 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: The City can move its furnishings and equipment into the lower level of the Building before the Effective Date, provided this Lease has been executed by Lessor and City. The City can make its tenant improvements after October 1, 2016; any tenant improvements must be approved in writing by Lessor.

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 City's 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 working HID Corporation card access system on the South Fairchild Street side of the Building. The Lessor will provide City with 24 cards to access the Building on the South Fairchild Street at its cost; if the City needs more than this amount it must pay for extra cards at its cost. If City wants a card access system on the South Hamilton Street of the Building it should pay for this system at its cost. The City shall have the right, at the City's sole cost, to install a security system for the Leased Premises.

8. Use and Hours of Operation. The City will occupy and use the Leased Premises for administrative offices and activities related thereto, and for no other purposes without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, delayed or conditioned. Throughout the Term, the City shall be permitted to use the Lessor's furniture and fixtures currently located within the Building.

The City's business hours of operation for the Building shall be Monday through Friday, 6:30 a.m. to 6:00 p.m. During said business hours the Building shall be cooled or heated within the following range: 70 to 72 degrees Fahrenheit, depending on the season and outside temperature. Periodically, City staff will need to work hours different from the aforementioned business hours; as such the City staff will need to adjust the Building's heating and cooling manual over-ride control settings so the temperatures within the Building conform to the above-referenced degree range.

9. Common Areas: The term "Common Areas" is defined as the hallways, restrooms, elevator, and stairwells. The Lessor shall be responsible at its cost for lighting, heating, cooling, insuring and repairing the Common Areas and the costs relating thereto.

10. Lessor's Responsibilities:

- a. The Lessor shall pay all operating and maintenance expenses relating to the Leased Premises and Building including, but not limited to all taxes, lighting, electricity, heating, air conditioning,

water and sewer service, insurance, storm water utility charges, snow removal and Lessor's administration costs. It is understood between the parties that Mall Maintenance takes care of snow removal on the South Hamilton Street side of the building and Lessor will remove snow on the South Fairchild Street sidewalks.

- b. The Lessor shall at all times and at Lessor's sole cost, keep in good order and working condition the following: the heating, ventilating and air conditioning system; the fire alarm, 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; fixtures; and shall make any repairs/replacements required thereto.
- c. The Lessor shall, at the Lessor's sole cost and expense complete the cleaning, painting and repairs noted in Exhibit A of the Lease before the Effective Date. It is understood between the parties that Lessor will replace any stained vinyl floor on the second floor, if it is unable to remove the large stains thereon and it shall match the remaining floor area. The Lessor also shall professionally clean the cubicle furniture noted in Exhibit A to the Lease, that the Lessor is allowing the City to use during the Term. Finally, the windows in the Leased Premises should be cleaned.

11. 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, insuring and repairing of any personal property it installed within the Leased Premises. In addition, the City will maintain the Lessor's furniture and fixtures it is using during the Term, barring any normal wear and tear.
- c. The City shall have the right to maintain and operate, at its sole cost and expense, telecommunications cables, antennas and related equipment (collectively, the "Facilities") to serve the City's wired and/or wireless intranet, internet, communications and security networks.
- d. The City will maintain janitorial services and garbage/recycle material removal for the Leased Premises at its cost.
- e. The City shall pay for any signage for the Building at its cost.
- f. The City shall leave the Leased Premises in the same condition as it was delivered on November 1, 2016.

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.