Legislation Text

File #: 44247, **Version:** 1

Fiscal Note

The proposed resolution authorizes the execution of a lease for Public Health - Madison and Dane County (PHMDC) for additional space at The Village on Park effective January 1, 2017. The 2017 PHMDC Operating Budget request includes $61,429 for annual rent at 2701 International Lane. The 2017 annual rent for the alternative space at The Village is $46,010, a savings of $15,419. Utilities and janitorial services are estimated to increase about $14,000 at The Village which is offset by the decrease in rent. No appropriation is required.

Title

Authorizing the execution of a lease with Board of Health for Madison and Dane County on behalf of Public Health-Madison and Dane County for office space at The Village on Park.

Body

WHEREAS, the Community Development Authority of the City of Madison ("CDA") is the owner of The Village on Park, located at 2300 South Park Street ("The Village"); and

WHEREAS, Public Health - Madison and Dane County ("Public Health") currently leases Suite 2011 at The Village and leases additional office space located at 2701 International Lane; and

WHEREAS, Public Health is consolidating and relocating its operations at 2701 International Lane to The Village; and

WHEREAS, as a joint department of the the City of Madison and Dane County, Public Health requires both City Council and Dane County Board approval prior to entering into a lease such as this; and

WHEREAS, the CDA and Board of Health for Madison and Dane County, on behalf of Public Health, have negotiated the below terms and conditions to a lease for additional office space at The Village within Suites 2012 and 2022, and a kitchen space adjacent to Suite 2011.

NOW, THEREFORE, BE IT RESOLVED that the Common Council of the City of Madison hereby authorizes the Board of Health for Madison and Dane County on behalf of Public Health -Madison and Dane County ("Lessee") to execute a lease, as tenant, with the Community Development Authority of the City of Madison ("CDA"), as landlord, for office space at The Village on substantially the following general terms and conditions ("Lease"):

1. Leased Premises: 2300 South Park Street, Suites 2012, Suite 2022, and the kitchenette area adjacent to Suite 2011 ("Kitchen Area"), consisting of approximately 3125 rentable square feet, collectively, as shown in the attached Exhibit A ("Leased Premises").

2. Building: The Village on Park mall in its entirety ("Building").

3. Landlord: Community Development Authority of the City of Madison ("CDA")

4. Tenant: Board of Health for Madison and Dane County on behalf of Public Health-Madison and Dane County

5. Use: Lessee shall use the Leased Premises for general office purposes. Upon approval of the CDA's

property management team, Lessee will be permitted to use the Building's community room for up to eight (8) hours per calendar month. Lessee shall provide a minimum of three (3) days notice to the CDA's property management team of Lessee's desire to use the community room, subject to availability.

6. Initial Term: Five (5) years, commencing on January 1, 2017 and ending on December 31, 2021 ("Initial Lease Term").

7. Delivery Date: The Delivery Date of the Leased Premises to the Lessee is currently estimated to be January 1, 2017.

8. Early Access: Beginning on December 1, 2016, Lessee shall be permitted to begin moving furnishings and equipment into Suites 2012 and 2022 prior to the Delivery Date, provided the Lease has been executed and CDA has received an approved certificate of insurance.

9. Rental Rate: "Base Rent" shall be according to the following rent schedule:

Initial Lease Term	Annual Rent	Monthly Rent
1/1/2017-12/31/2017	$ 46,010.00	$ 3,834.17
1/1/2018-12/31/2018	$ 47,390.30	$ 3,949.19
1/1/2019-12/31/2019	$ 48,812.01	$ 4,067.67
1/1/2020-12/31/2020	$ 50,276.37	$ 4,189.70
1/1/2021-12/31/2021	$ 51,784.66	$ 4,315.39
Renewal Term 1		
1/1/2022-12/31/2022	$ 53,338.20	$ 4,444.85
1/1/2023-12/31/2023	$ 54,938.35	$ 4,578.20
1/1/2024-12/31/2024	$ 56,586.50	$ 4,715.54
1/1/2025-12/31/2025	$ 58,284.09	$ 4,857.01
1/1/2026-12/31/2026	$ 60,032.61	$ 5,002.72
Renewal Term 2		
1/1/2027-12/31/2027	$ 61,833.59	$ 5,152.80
1/1/2028-12/31/2028	$ 63,688.60	$ 5,307.38
1/1/2029-12/31/2029	$ 65,599.26	$ 5,466.60
1/1/2030-12/31/2030	$ 67,567.24	$ 5,630.60
1/1/2031-12/31/2031	$ 69,594.25	$ 5,799.52

10. Renewal Option: Upon agreement of the parties, the Lease may be renewed for two (2) subsequent five (5)-year terms (individually, "Renewal Term 1," and "Renewal Term 2"; in the singular, "Renewal Term"; collectively, "Renewal Terms"). Lessee shall provide the CDA written notice of its desire to renew the Lease no later than nine (9) months prior to the expiration of the Initial Lease Term or current Renewal Term. Base Rent during the Renewal Terms shall increase by three percent (3%) per year compounded annually.

11. Operating Expenses: The Lease shall be a gross lease. The CDA shall be responsible for paying

prorated real estate taxes, common area maintenance charges, insurance premiums and utilities for the: common areas, Suite 2012, and the Kitchen Area.

The Lessee shall be responsible for paying all telephone, internet and data charges, in-suite janitorial, and electricity for Suite 2022, and any other additional requested services associated with the Leased Premises.

12. Assignment and Subletting: Lessee shall neither sublet the Leased Premises, or any portion thereof, nor assign its interest in the Lease without the CDA's prior written consent, which consent the CDA may withhold in its sole discretion.

13. Repairs & Maintenance: The CDA shall be responsible for the maintenance and repair of the Building's roof, exterior walls and foundation throughout the term of the Lease. The CDA shall also be responsible for repairs, maintenance and replacement of the Leased Premises' HVAC unit, ceiling tile, light fixtures and light bulbs.

14. Tenant Improvements: Lessee may install tenant improvements, furniture, fixtures, and equipment in the Leased Premises with the CDA's prior written approval.

15. Landlord Improvements: The CDA shall complete the following work ("CDA Improvements"), at its own expense, prior to the Delivery Date.

Suite 2012:

a. Install additional LED lights within space.

b. Install Lessee's trade name/logo/sign on the Building's directory and install a suite sign consistent with those in the Building's atrium.

c. Install a window in the existing door.

d. Paint the two walls to match the other two walls recently painted.

e. Clean the carpet

Suite 2022:

a. Paint the walls.
b. Analyze the condition of the carpet after the current tenant leaves. If it is in bad condition, the CDA will replace; if not, the CDA will clean the entire carpet.
c. Install Lessee's trade name/logo/sign on the Building's directory and install a suite sign consistent with those in the Building's atrium.

15. Leasing Commission: None

16. Right of First Refusal: Lessee shall have a right of first refusal ("ROFR") to lease Suite 2024 in the Building in the event it becomes vacant during the Initial Lease Term or Renewal Terms. In the event Lessee exercises its ROFR, the terms of this Lease will apply to Suite 2024, with the exception of the CDA Improvements. The CDA shall notify Lessee of the availability of Suite 2024 and Lessee shall provide the CDA with a written response, exercising or declining the ROFR, within 15 days of receipt of notice.

17. Asbestos Abatement: Prior to the Lessee moving in, the CDA will abate the existing sprayed on asbestos material in Suite 2022.

18. Parking: Three reserved parking spots will be dedicated and signed for the Lessee during the Initial Term and any Renewal Terms exercised.

BE IT FURTHERED RESOLVED that Public Health's execution of the lease is contingent upon CDA Board approval which is scheduled for September 8, 2016, and Dane County Board approval through a separate Dane County resolution, scheduled for October 6, 2016. Dane County's resolution will be referred to its Personnel and Finance Committee and the Board of Health for Madison and Dane County, prior to adoption by the County;

BE IT FINALLY RESOLVED that the Director of Public Health-Madison and Dane County, on behalf of the Board of Health for Madison and Dane County, as tenant, subject to the other approvals mentioned above, is hereby authorized to execute, deliver and record the Lease and all additional documents that may be required to complete this transaction on forms approved by the City Attorney, and to take any actions as shall be necessary or desirable to accomplish the purposes of the resolution.

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