



Legislation Text

File #: 53037, Version: 1

Fiscal Note

The proposed resolution authorizes execution of a lease for the Pinney Library temporary space at 209 Cottage Grove Avenue. The initial term of the Lease will be from December 1, 2018 to January 31, 2020, unless extended by City. The monthly rent for the temporary space is \$12,387, or \$161,031 over the term of the lease. The Library's 2018 Adopted Operating Budget has sufficient funding for the one month of rent in 2018 and has included funding for rent of temporary space in their 2019 Operating Budget request. No additional City appropriation is required.

Title

Authorizing the execution of a lease with Star Investments LLC for temporary space at 209 Cottage Grove Avenue for the relocation of the Pinney Library. (15th A.D.)

Body

WHEREAS, the current lease for the Pinney Library located at 204 Cottage Grove Road expires on December 31, 2018 with no options to extend; and

WHEREAS, on June 20, 2017, the Common Council adopted RES-17-00539 (File No. 47522) authorizing the execution of a Purchase and Sale Agreement with RDC Development, LLC ("RDC") for the purchase of a gray box condominium unit ("Unit") for the Pinney Library located at 516 Cottage Grove Road ("the Property"); and

WHEREAS, the City expects to close on the Unit in the March 2019 depending on the current construction schedule, and is planning a nine months to build out the interior of the Unit with an additional month to move from this temporary location at 209 Cottage Grove.

NOW THEREFORE BE IT RESOLVED that the Common Council authorizes the Mayor and City Clerk to execute and record a lease ("Lease") with Star Investments LLC ("Lessor") on substantially the following terms and conditions:

- 1. Leased Premises.** Lessor hereby leases to City the "Leased Premises" described as follows: Consisting of approximately 11,138 rentable square feet of the basement (the "Basement") and 7,746 rentable square feet of space of first floor space (the "First Floor") or a total of 18,884 rentable square feet in the commercial building located at 209 Cottage Grove Road, Madison, Wisconsin ("Building"); together with the nonexclusive use in common with others entitled thereto of the "Common Areas" (as described in Paragraph 8). The Leased Premises are depicted on the attached Exhibit B.
- 2. Property.** The Building and Common Areas are located upon real estate ("Property") more specifically described in Exhibit A.
- 3. Loading Area.** City shall be permitted to use the eastern side of the Building for loading/unloading activities into the elevator that directly connects to the Leased Premises. The Lessor shall not block the loading area at any time.
- 4. Term.** The initial term ("Initial Term") of the Lease shall be for a period commencing on December 1, 2018 ("Effective Date") and ending on January 31, 2020, unless extended by City as hereinafter provided.
- 5. Rent.**

- a. The City shall pay to the Lessor rent for the Leased Premises in the amount of Twelve Thousand Three Hundred Eighty Seven Dollars and no/cents (\$12,387) per month ("Rent"), payable in advance on the first day of each calendar month throughout the Initial Term of this Lease. This Lease shall be a modified gross lease, as specified in the Lessor's Responsibilities and City's Responsibilities paragraphs described below.
 - b. All rent payments shall be made payable to "Star Investments LLC" on behalf of the Lessor and sent or personally delivered to the address specified in the Lease.
6. Option to Renew. If, at the end of the Initial Term of this Lease, the City is not in default under the terms and conditions of the Lease, then the City shall have four (4) options to renew this Lease for an additional term of one (1) month each (in the singular, "Renewal Term"; collectively "Renewal Terms"), under the same terms and conditions provided in the Initial Term of this Lease, At least thirty (30) days prior to the expiration of the Initial Term and any then exercised Renewal Term, the City shall advise Lessor in writing if the City desires to renew this Lease. All notices under this paragraph shall be given as specified in the Lease.
7. Use. City will occupy and use the Leased Premises for the operation of a library and storage of City Library's records, supplies and equipment and for no other purposes without the prior written consent of Lessor, which consent shall not be unreasonably withheld, delayed or conditioned. City shall not use the Leased Premises for purposes of performing repairs or other work activities. Further, City's use shall specifically exclude the storage of any gas-powered equipment or hazardous materials. City shall share the elevator and stairwell connecting the Basement area to the First Floor with the unit occupied by the City Park's department. The City shall have the right to access the Leased Premises 24 hours per day, 7 days per week.
8. Common Areas. Lessor grants to City and City's employees, agents, customers, invitees, vendors, licensees, and contractors the right to use, in common with all others to whom 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 exterior parking area, sidewalks, alley, driveway and all other areas or improvements, which may be provided by Lessor for the common use or benefit of occupants of the Building. 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. Lessor shall be responsible for cleaning, maintaining and repairing the Common Areas.
9. Lessor's Responsibilities.
 - a. Lessor shall pay all Common Area operating and maintenance expenses relating to the Leased Premises, Building and Property including, but not limited to, property taxes, assessments, special assessments and charges, lighting, electricity, heating, air conditioning, water and sewer service, storm water and urban forestry utility charges, landscaping, garbage removal, plowing and snow removal insurance and administration, except as described below in the City's Responsibilities paragraph in the Lease.
 - b. Lessor shall at all times, and at Lessor's sole cost, keep and maintain the Leased Premises in good order and condition, including the elevator, heating, ventilating and air conditioning system; the mechanical, electrical, plumbing and sewer systems; water softener; water heater; window frames; foundations; roof; concrete floors; elevators; windows and structural portions of the walls; all doors, door locks and door operating devices; ; fixtures; and shall make any repairs/replacements required thereto.

City shall give Lessor written notice of the necessity for repairs/replacements coming to the attention of City, following which Lessor shall have a reasonable time to undertake and complete such repairs. For the purposes of so maintaining the Leased Premises, Lessor reserves the right, upon a minimum of twenty-four (24) hours' notice and at times reasonable for City, to enter and inspect the Leased Premises and to make any necessary repairs thereto, or at any time in the event of an emergency.

- c. The Lessor shall, at the Lessor's sole cost, be responsible for any damage resulting from the negligence of the Lessor or its officers, officials, members, agents, employees, assigns, guests, invitees, sublessees or subcontractors. Notwithstanding the foregoing, the City shall be responsible for the cost of insuring its contents and for the cost of damage to the City's contents in the Leased Premises which would be covered by properly maintained insurance, and for the cost of repairs/replacements to the Building or Leased Premises or Common Areas caused by the sole negligence of the City or its employees.
- d. Prior to the Effective Date, the Lessor shall perform the below work to the Leased Premises at its cost:
 - i. Strip the floor and have it in broom clean condition. If any floor tiles are in bad condition after the previous tenant removes its shelving, then the Lessor will replace the tiles that are in bad condition and use best efforts match to the existing color.
 - ii. Build a floor to ceiling demising wall separating the Leased Premises from the adjacent Vacant Space per attached floor plan in Exhibit B. The 5/8" type X drywall will be installed to each side of the metal stud wall. Drywall to be fire taped on both sides and painted on the side that faces the Leased Premises. The drywall will be flush with the western edge of the beam that separates the Leased Premises so the City can access any of the utilities located above the beam. Lessor will comply with all building and fire codes required in connection with the addition of this demising wall.
 - iii. Repair any holes in the walls, and paint all the walls white on the First Floor. Any exposed nails where the pegboard was removed on the First Floor do not need to be filled before painting.
 - iv. Disable roof top unit 4 that heats/cool the Vacant Space.
 - v. Disable the lights in the Vacant Space (or a majority thereof since this space is on the main meter).
 - vi. Make sure all the light bulbs in the Leased Premises work.
- e. If the Lessor locates a tenant for the Vacant Space or portion thereof, then Lessor shall perform the following before any tenant improvement work commences in the Vacant Space and the new tenant occupies the Vacant Space:
 - i. Separately meter the gas, electric and water/sewer for the Vacant Space.
 - ii. If the new tenant wants to use a portion of Library's Cottage Grove main entrance, then Lessor will build a vestibule that provides direct access therefrom into the new tenant's space. Lessor shall provide any plans to the City for the vestibule for its review and approval.

10. City's Responsibilities.
- a. 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. City shall be responsible for the cleaning maintaining and repairing of any personal property installed within the Leased Premises.
 - c. City will maintain janitorial services for the Leased Premises at its cost.
 - d. The City shall be responsible for disposing of its garbage at its cost.
 - e. The City shall be responsible for the utility charges for electricity, heating, air conditioning, water and sewer service charges for the Leased Premises.
 - f. The City shall be responsible to replace any light bulbs that burn out in the Leased Premises during the term of the Lease.
11. Construction. The City will evaluate the construction of a vestibule at its cost to be situated at the Cottage Grove Road main entry into the Premises. No construction, modification, improvement, alteration, redecoration, or remodeling of the Leased Premises shall be undertaken without prior written approval of Lessor, and any plans for any of the same are subject to written approval of Lessor. Any such construction, modification, improvement, alteration, redecoration, or remodeling shall remain for the benefit of Lessor, unless otherwise provided in such written approval.
12. Brokerage Costs. The City is not responsible for any brokerage costs in connection with the Lease.
13. Right of First Refusal. The City shall have the Right of First Refusal on the adjacent space in the Basement of the Leased Premises as depicted in Exhibit C as the Right of First Refusal Space (the "ROFR Space") that City Parks will be occupying.
- In the event the Lessor has a commercially reasonable and acceptable offer from a prospective tenant (the "Offer") on the ROFR Space, then the Lessor will submit the written Offer to the City with all the terms noted therein. The City will have 10 business days after receipt of the Offer to notify the Lessor in writing that it will lease the ROFR space at Eight Hundred and Fifty Dollars (\$850) per month and the term will coincide with this Lease. The City and Lessor will sign an amendment to the Lease to memorialize the expansion into the ROFR Space at all the same terms and conditions of the Lease except the new monthly rent shall be Thirteen Thousand Two Hundred Thirty Seven and 00/no Dollars (\$13,237) .
- If the City does not accept want to expand into the ROFR Space then the Right of First Refusal shall terminate and the Lessor can lease the ROFR space to the prospective tenant and must build a floor to ceiling high demising wall to separate the ROFR Space from the Leased Premises. The Right of First Refusal shall not be revived unless the prospective tenant does not occupy the space pursuant to the Offer.
14. Early Access. Lessor agrees to provide the City with a key to the Leased Premises after the floors are stripped/finished so the City can: take measurements, create drawings, analyze a floor plan and start its work on the Leased Premise.

BE IT FURTHER RESOLVED that the Common Council authorizes the Mayor and City Clerk to execute such

documents as are necessary to carry out the intent of this resolution in a form authorized by the City Attorney.