

COUNCIL COMMUNICATION

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|  | Number: | 20-529 | Meeting: | December 7, 2020 |
| | Agenda Item: | 42 | Roll Call: | [] |
| | Submitted by: | Erin Olson-Douglas, Development Services Department Director; Steven L. Naber, P.E., City Engineer | | |

AGENDA HEADING:

Resolution approving form and authorizing execution of a short-term lease with U.S.S. HUSMANN, L.L.C. for the rental of warehouse space at 301 SE 8th Street for temporary use by the Public Works Department.

SYNOPSIS:

Recommend approval of a short-term lease for temporary warehouse space at 301 SE 8th Street, which is needed to temporarily relocate the Public Works vector truck equipment facility. The proposed lease will provide a temporary location for the vector truck equipment facility, currently located at 310 S.E. 4th Street, until its permanent location is completed as part of the Municipal Service Center – Phase 2 project. This action is required by Iowa law prior to making a final determination on the proposed lease by resolution.

FISCAL IMPACT:

Amount: \$194,966.80 total estimated lease costs.

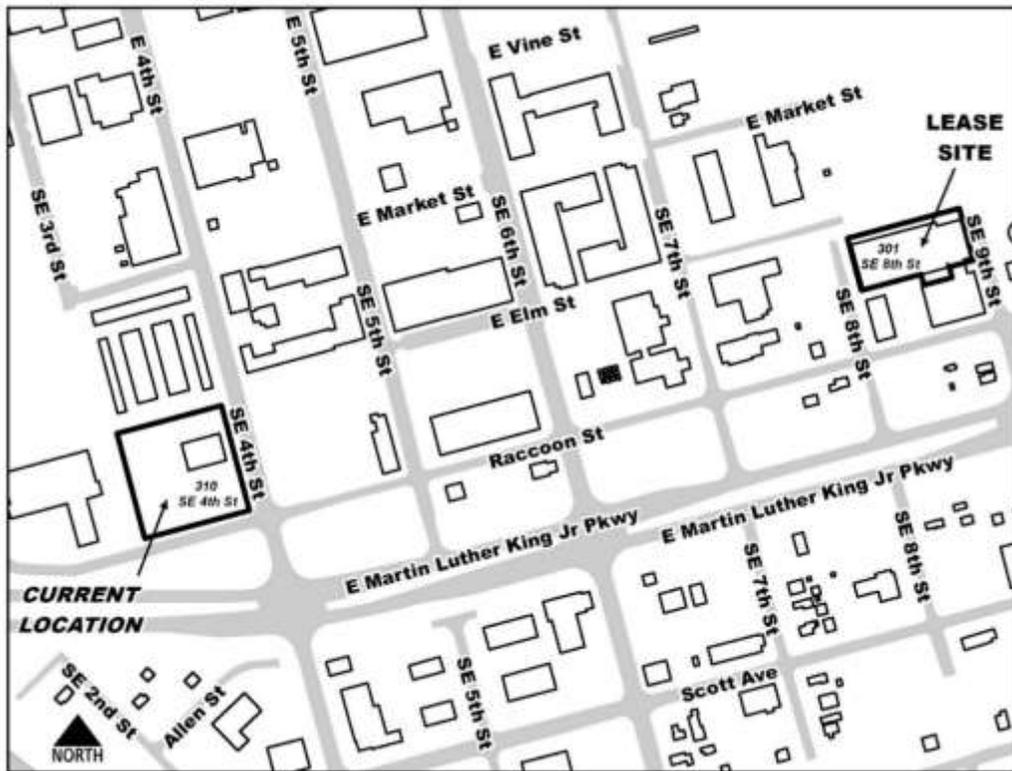
Funding Source:

- \$127,401 for lease from 2020-2021 Operating Budget, page 36, S743, Economic Development Enterprise Account (\$63,701), page 90, ND405643, General Fund – Non-Departmental (\$63,700)
- \$67,565.80 for utilities from 2020-21 Operating Budget, Page 215 - Sanitary Sewer Maintenance; and Page 224 – Storm Sewer Maintenance. Sewer cleaning costs are allocated between these two (2) funding sources at 55% and 45% respectively.

ADDITIONAL INFORMATION:

- The City's vector truck equipment facility is currently located at 310 S.E. 4th Street.
- The initial phase of the redevelopment of an 11 block, 39-acre area generally located around S.E. 4th Street and E. Market Street is anticipated to begin in 2021. The initial phase of redevelopment includes the block where the City's vector truck equipment facility is located.

- The draft Urban Renewal Development Agreement with The District Developers, LLC requires acquisition of approximately the southern half of the City-owned parcel at 310 SE 4th Street on or by August 31, 2021, for purposes of constructing mixed-use redevelopment. The developer is required to fully reimburse the City's cost of the lease if they do not close on the property by August 31, 2021. The redevelopment of property at 310 SE 4th Street is intended to be the first phase of construction within The District Developer's LLC's larger efforts in the Market District.
- The City fleet uses on the property will be temporarily relocated to other nearby City and developer-owned property and potentially use spaces leased in the PDM parking structure at 220 SE 6th until the Municipal Service Center - Phase 2 is completed. City costs will include surface treatment and fencing for the temporary fleet use.
- The Municipal Service Center – Phase 2 project, which will be the future permanent location of the City's vector truck equipment facility, is anticipated to be complete in the spring 2022.
- The proposed lease will provide a temporary location at 301 SE 8th Street for the vector truck equipment facility until the Municipal Service Center – Phase 2 is complete.
- The following terms of the Lease Agreement have been negotiated, which are equal to fair market lease terms, as determined by the City's Real Estate Division of the Engineering Department:
 - Possession of the premises will be given to the City on January 1, 2021.
 - The initial lease term shall be 21 months.
 - The premises contain a total of 20,800 square feet.
 - The City shall pay an estimated total of \$194,966.80 for the initial term of the Lease Agreement, as follows:
 - \$10,401 for the first three (3) months of the Lease Agreement
 - \$117,000 for months four (4) through 21 of the Lease Agreement
 - \$67,565.80 total estimated proportionate share of utilities and building expenses for the entire initial 21-month lease term
 - Upon giving at least 90 days' notice prior to the expiration of the initial lease term, the City shall have the right to extend the Lease Agreement on a month-to-month basis for up to an additional 6-month period at a monthly rental cost of \$7,800 for base rent, plus an estimated \$3,217.42 monthly for the City's proportionate share of utilities and building expenses.
 - Prior to the commencement of the lease, landlord shall update the leased premises to include 10, 30-amp outlets. In addition, landlord shall build a 2-hour fire wall to separate the City's space from one (1) other tenant in the building.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 8, 2020

Roll Call Number: [20-0914](#)

Action: [Preliminary](#) terms of an Urban Renewal Economic Development Agreement with The District Developers, LLC for the phased, master planned redevelopment of 11 blocks of property within the Market District. ([Council Communication No. 20-261](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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