



City of Grand Island

Tuesday, October 14, 2014

Council Session

Item I-1

**#2014-319 - Consideration of Approving a New Lease Agreement
with the Grand Generation Center**

Staff Contact: Robert Sivick

Council Agenda Memo

From: Robert J. Sivick, City Attorney

Meeting: October 14, 2014

Subject: Consideration of a Lease with Senior Citizens Industries, Inc. for the Grand Generation Center Building

Item #'s: I-1

Presenter(s): Robert J. Sivick, City Attorney

Background

Since the 1970s the building located at 304 East Third Street in Grand Island has been used to provide a variety of services to the area's senior citizens. Presently it is owned by the City of Grand Island. Senior Citizens Industries, Inc. occupies the building and uses it to provides services to seniors within the structure and throughout the community.

The condition of the building and the present lease agreement have been a matter of public discussion for the last two years. The building had deteriorated to an alarming state and the lease in force did not reflect the reality of the situation.

Over the last few months the City Legal Department has met with representatives of Senior Citizens Industries, Inc. for the purpose of negotiating a lease agreement which would better reflect the reality of the building, the building's management, and the needs and concerns of both parties. The document before you for consideration this evening is the culmination of those efforts.

Discussion

In general terms the lease is on a year to year basis with each party being permitted to terminate the lease within sixty days of the end of the lease period or for a material breach at any time. It mandates the City is responsible for the maintenance of the building's exterior, parking lot, and HVAC, plumbing, and electrical systems. Senior Citizens Industries, Inc. is responsible for the regular day to day maintenance of the building.

With regard to appropriations for the City's responsibility to conduct necessary repairs and maintenance, that amount is capped at One Hundred Thousand Dollars annually.

Anything above that amount would require specific Council consideration and action. In addition, the City will maintain exclusive control over all aspects of procurement, performance, or contracting regarding those repairs and maintenance.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve.
2. Refer the issue to a Committee.
3. Postpone the issue to future date.
4. Take no action on the issue.

Recommendation

The City Administration recommends the Council approve Resolution 2014-319 which authorizes the Mayor to sign on behalf of the City the lease with Senior Citizens Industries, Inc. for the Grand Generation Center building.

Sample Motion

Move to approve Resolution 2014-319 which authorizes the Mayor to sign on behalf of the City the lease with Senior Citizens Industries, Inc. for the Grand Generation Center building.

LEASE AGREEMENT

This Agreement made by the City of Grand Island, Nebraska (City), and Senior Citizens Industries, Inc. (SCI) does hereby set forth the terms and conditions of a lease between the parties as follows:

I.

- A. The City owns the real property commonly known as 304 East Third Street, Grand Island, Hall County, Nebraska including all buildings, improvements, and the parking area located there (real property).

Legal description: All of Lots, 1,2,3,6,7,& 8,
the east 30' of lots 4 & 5,
Block 52,Original Town.

- B. The City agrees to lease the real property to SCI on a year to year basis with the lease term running concurrently with the City's fiscal year (October 1 to September 30). This lease shall commence on October 1, 2014 and the annual rental payment shall be One Dollar (\$1.00). This lease shall remain in effect until altered as agreed to by the parties in writing or termination of the lease pursuant to the procedures stated in paragraph IV of this Agreement

II.

- A. The City agrees to maintain the following features of the real property:

1. Building Exterior including Roof;
2. Parking Lot;
3. HVAC System;
4. Electrical System;
5. Plumbing; including the annual testing of backflow prevention devices.
6. Fire Sprinkler System; including annual testing.

- B. The City agrees the real property shall meet all current applicable code requirements, including but not limited to fire/life safety codes and the American with Disabilities Act.

- C. The City agrees to expend up to One Hundred Thousand Dollars (\$100,000.00) per lease term to meet its obligations listed in this paragraph. SCI shall inform the City of any necessary repairs but the City shall have exclusive control over all aspects of building improvements and/or maintenance and the expenditure of funds to do so.

III.

SCI agrees it is responsible for the real property to include but not limited to the following items:

- A. Day to day maintenance of the real property including Cleaning and trash removal;
- B. Lawn maintenance and removal of snow and ice;
- C. Unclogging toilets and sinks;
- D. Replacing light bulbs;
- E. Replacing HVAC filters;
- F. Cleaning grease traps;
- G. Cleaning gutters;
- H. Paying the pro rata share of the City's General Liability Insurance Policy covering buildings as determined by the City;
- I. Utilities; monthly service fees;
- J. Kitchen Hood Systems; annual test; and
- K. Allowing City officials to inspect the real property at least twice during the lease period with reasonable advanced notice.

IV.

- A. Either party may terminate this lease for cause for material breach of this Agreement. This Agreement shall not be terminated until the breaching party is provided written notice by the other party specifying why a breach has occurred, an opportunity is provided to cure the breach in no less than thirty (30) days, and the breaching party has not cured the breach upon the expiration of the stated period in the written notice.
- B. Either party may terminate this lease without cause at the termination of the lease period by providing the other party written notice of its intent to do so no less than sixty (60) days prior to the expiration of the lease period.

V.

The parties agree that if any provision of this Agreement is declared void or illegal by a Court of law, all other unaffected provisions shall remain in full force and effect.

VI.

The parties agree this document constitutes the entirety of the terms and conditions of this Agreement. This Agreement shall not be altered or modified in any way unless agreed to by all parties thereto, memorialized in writing, and executed by the parties.

Witness Our Hands:

THE CITY OF GRAND ISLAND

Date

By _____
Jay Vavricek, Mayor

SENIOR CITIZENS INDUSTRIES, INC.

Date

By _____

RESOLUTION 2014-319

WHEREAS, the building located at 304 East Third Street is owned by the City of Grand Island and presently leased to Senior Citizens Industries, Inc. for the purpose of providing a variety of services to the area's senior citizens; and

WHEREAS, a new lease agreement was necessary to better reflect the reality of the situation and the responsibilities and needs of both the City and Senior Citizens Industries, Inc.; and

WHEREAS, the City Legal Department has negotiated a lease that has been approved by Senior Citizens Industries, Inc. and that lease is also in the best interests of the City of Grand Island.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is authorized to sign on behalf of the City the lease agreement with Senior Citizens Industries, Inc. for the Grand Generation Center building located at 304 East Third Street.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 14, 2014.

Jay Vavricek, Mayor

ATTEST:

Nicki Stoltenberg, Assistant to the City Administrator

Approved as to Form	☐ _____
October 10, 2014	☐ City Attorney