



City of Grand Island

Tuesday, January 25, 2011

Council Session

Item I3

**#2011-27 - Consideration of Amending the Lease Agreement for
the One Stop Building**

Staff Contact: Craig Lewis

Council Agenda Memo

From: Craig Lewis, Building Department Director

Meeting: January 25, 2011

Subject: Request of Becky Niewohner-Dailey, Property Program Manager, State Building Division, Administrative Services, State of Nebraska to Amend the Lease Agreement for the City Owned Building at 1306 West 3rd Street

Item #'s: I-3

Presenter(s): Craig Lewis, Building Department Director

Background

This is a request to modify a lease agreement entered into in February of 2001 with the Department of Administrative Services, State Building Division and Agency of the State of Nebraska for the City owned property at 1306 West 3rd Street. The lease agreement set terms and cost for the State to lease a part of the 18,773 square foot building through June of 2006. The lease included a rate of \$8.00 per square foot for 2,500 usable square feet with a yearly rental cost of \$20,000 in monthly installment of \$1,666.67.

In July of 2001 the lease agreement was amended to include 7,072 additional square footage of office space at the \$8.00 rate for a total of 9,572 square feet with a total annual rental rate of \$76,576.00 to be paid monthly at \$6,381.33.

At the expiration of the original lease in June of 2006 a second lease addendum was approved by the City Council in May of 2006 for 9,572 square feet at a rate of \$8.71 per square foot for a total of \$83,372.12 to be paid in monthly installments of \$6,947.68 for 5 years and to expire on June 30, 2011.

On December 30, 2010 the State Building Division sent the City of Grand Island a letter requesting a reduction of the leased space from 9,572 square feet to 7,590 square feet reducing the monthly installment from \$6,947.68 to \$5,509.08 for the remaining term of the lease or for the last four months, reducing the income to the City by \$5,754.40.

Discussion

Within the terms of the original lease section #4 TERMINATION, identifies provisions for the reduction in the rental if the Governor's budget message is such that it does not include funds to pay the rental and any such reduction shall be agreed upon by both parties.

The City currently has utilized storage in the northern section of this building and allowed the State to lease the office space in the central and southern part of this building. The lease does allow for the state to sublease and they have exercised this provision throughout the term of this lease.

As the lease will expire in June of this year, the City may choose to either approve the reduction and renegotiate the lease in June or begin negotiations now on a new or renewal of the existing lease or seek to terminate the lease and seek proposals for an alternative lease of the facility or explore alternative uses for the building and or seek to sell the building finding the City no longer has a need for this facility.

Alternatives

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

The Council may:

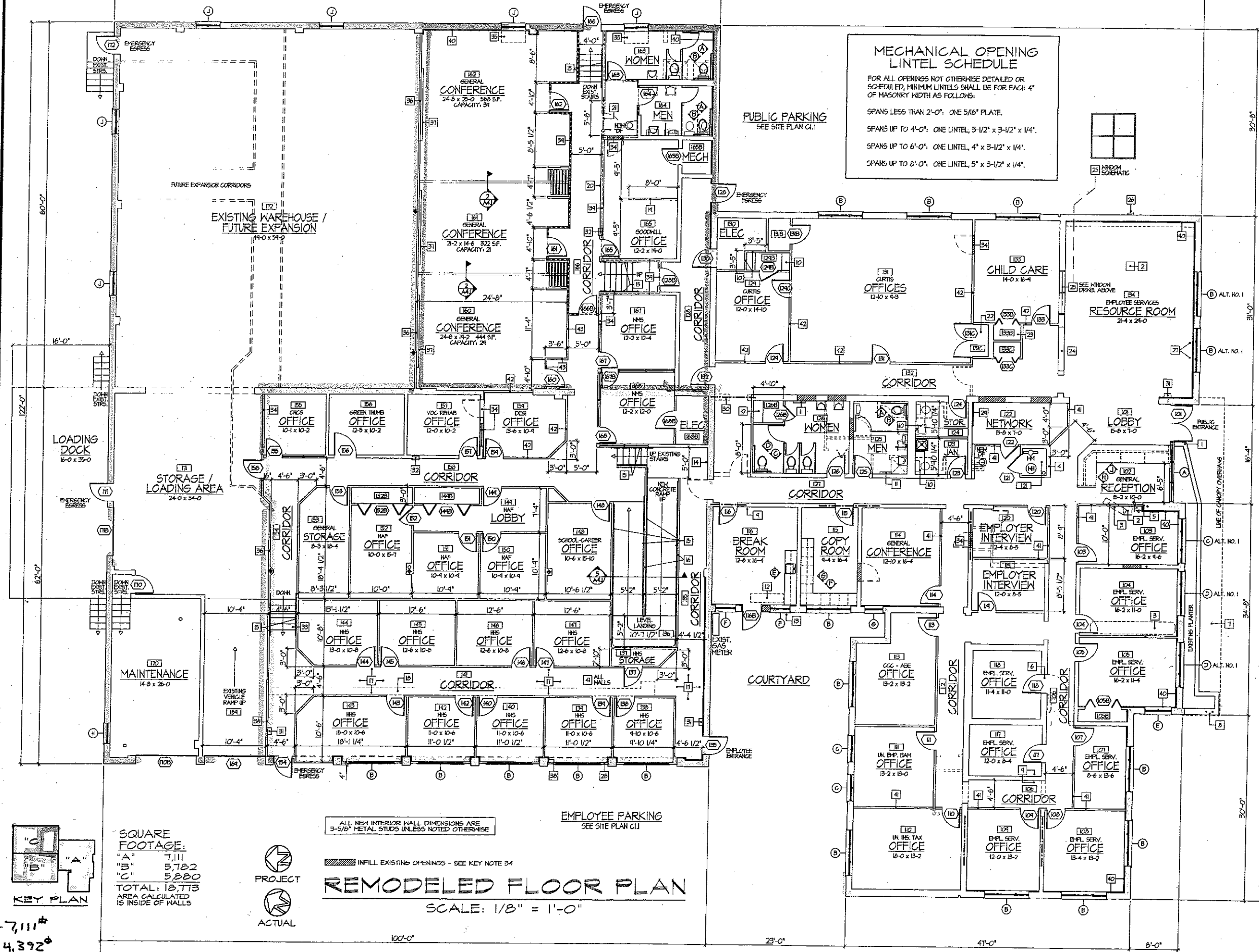
1. Approve the request for a reduction in the remaining months of the lease.
2. Disapprove or /Deny the Request.
3. Modify the terms of the lease to meet the wishes of the Council.
4. Table the issue.

Recommendation

City Administration recommends that the Council either deny the request and begin negotiations for a renewal of the existing lease to expire on June 30, 2011, appreciating that the current sublease has not been able to maintain funding and that in the past any dollars realized by subleasing the property was a benefit to the current principal lessee, or approve the request for a reduced lease fee and negotiate a new lease written by the city attorney.

Sample Motion

Move to deny the request to reduce the square footage in the lease agreement and recommend that negotiations begin to develop a new lease for the property with the State Building Division.



MECHANICAL OPENING LINTEL SCHEDULE

FOR ALL OPENINGS NOT OTHERWISE DETAILED OR SCHEDULED, MINIMUM LINTELS SHALL BE FOR EACH 4" OF MASONRY WIDTH AS FOLLOWS:

SPANS LESS THAN 2'-0": ONE 5/16" PLATE.

SPANS UP TO 4'-0": ONE LINTEL, 3-1/2" x 3-1/2" x 1/4".

SPANS UP TO 6'-0": ONE LINTEL, 4" x 3-1/2" x 1/4".

SPANS UP TO 8'-0": ONE LINTEL, 5" x 3-1/2" x 1/4".

1. RESET LOOSE STONE SILLS AT PLANTER.
2. CUT OFF ALL CONDUIT AT FLOOR AND LEVEL FLOOR WITH GROUT.
3. LEVEL CONCRETE FLOOR WITH GROUT.
4. REMOVE PLASTIC BRICK PANELS ON WALL.
5. SAW CUT EXISTING FIELDSTONE FOR FLAT SURFACE TO ACCOMMODATE NEW 3-5/8" METAL STUD WALL 4" FROM EAST FACE AS SHOWN ON FLOOR PLAN.
6. REMOVE EXISTING VAULT DOOR AND THRESHOLD DOWN TO FLOOR LEVEL. PREPARE OPENING TO ACCEPT NEW DOOR ACCORDING TO DOOR SCHEDULE.
7. REPAINT EXISTING EXTERIOR SOFFIT.
8. REPAINT EXISTING STEEL SUPPORT COLUMNS.
9. SHUT OFF PLUMBING (IF STEEL CONNECTED) AND REMOVE ALL FIXTURES AND PLUMBING.
10. PROVIDE 5 NEW 18" DEEP, 3/4" PLYWOOD SHELVES. SEE DETAIL 3 ON SHEET A-1.
11. ATTACH NEW BABY CHANGING STATION TO HALL ACCORDING TO MANUFACTURER. SEE SPECS.
12. FILL EXISTING OPENINGS IN FLOOR USING TREATED 2x4 FRAMING, 3/4" PLYWOOD AND GROUT. SMOOTH FLOOR TO MATCH EXISTING FLOOR LEVEL.
13. REUSE EXISTING STONE SILL AT LOWER (TO BE REMOVED) FOR SILL AT NEW WINDOW. NEW SILL SHALL BE IN 2 SECTIONS OF EQUAL SIZE AND GROUTED INTO PLACE.
14. REMOVE EXISTING AUTOMATIC FIRE DOOR AND ALL RELATED HARDWARE.
15. PROVIDE NEW 1-1/2" HANDRAILS OR MODIFY EXISTING, AT BOTH SIDES OF STAIRS AND HANDICAP RAMP WHERE INDICATED. SEE DETAIL 3 ON SHEET A-1.
16. NEW 42" HIGH 3-5/8" METAL STUD WALLS WITH 1/2" HOOD CAP AND MATCHING HOOD TRIM. SEE DETAIL 5 ON SHEET A-1.
17. APPLY LIGHTWEIGHT CONCRETE FLOOR SLAB TO EXISTING CONCRETE FLOOR TO PROVIDE LEVEL SURFACE WHERE SLOPES TO EXISTING HUD TRENCH GRATING (TO BE REMOVED).
18. CLEAN OUT AND FILL IN EXISTING MID GAMP AND TRENCH WITH TREATED 2x4 FRAMING AND 3/4" PLYWOOD. LEVEL FLOOR ACCORDING TO NOTE 11 ABOVE.
19. NEW 6" HIGH 3-5/8" METAL STUD WALLS WITH 5/8" GYPSUM BOARD AND 2 1/2" HOOD CAP AND MATCHING TRIM.
20. REMOVE EXISTING EXHAUST FAN LOUVER AND DUCTS AND SEAL WALL TO PROVIDE A I-R. FIRING RATING.
21. PROVIDE NEW STEEL ANGLE LINTELS AT ENLARGED OPENINGS. SEE DETAIL 5 ON SHEET A-1.
22. REMOVE EXISTING KITCHENETTE AND SHUT OFF AND REMOVE ALL PLUMBING. RETAIN WALL CABINETS IN ROOM B-10.
23. RETAIN EXISTING SHELVES.
24. REMOVE PREVIOUSLY ADDED FILL MATERIAL IN ORIGINAL WINDOW OPENINGS. CASE NEW OPENING WITH HOOD TRIM - ALL FOUR SIDES.
25. REMOVE PREVIOUSLY ADDED FILL MATERIAL IN ORIGINAL WINDOW OPENINGS. INSTALL NEW 1/4" FLOAT SAFETY GLASS AND CASE NEW OPENING WITH HOOD TRIM. DIVIDE WINDOW INTO QUARTERS.
26. REMOVE EXISTING EXHAUST FAN LOUVER. PATCH OPENING WITH BRICK TO MATCH EXISTING.
27. FILL EXISTING (APPROXIMATELY 46) 12" x 2-1/4" RETURN AIR OPENINGS WITH 2x TREATED HOOD HEDGED FIR4" TO OPENINGS AND GROUTED OVER TO PROVIDE SMOOTH AND LEVEL FLOOR AT EXISTING CEILING HEIGHT.
28. NEW 6" METAL STUD WALLS IN EXISTING 10' x 12' HALL OVER DOOR OPENINGS. REMOVE OR DOORS AND ELECTRIC OPENERS AND RETURN TO OWNER. SEE WALL SECTION DETAIL 4 ON SHEET A-1 AND WINDOW SCHEDULE ON SHEET A-1.
29. FASTEN NEW SHEET OF 4x8 3/4" THK. PLYWOOD SHEATHING TO THE EASTERNMOST LOCATION ON THE NORTH HALL FOR THE INSTALLATION OF TELEPHONE EQUIPMENT (D-HALL).
30. PROVIDE NEW STEEL ANGLE LINTELS AT EXISTING BEARING WALL TO CREATE NEW HALLWAY OPENING. SEE DETAIL 6 ON SHEET A-1.
31. NEW "ABC" TYPE FIRE EXTINGUISHER IN NEW HALL MOUNTED GABINET. SEE SPECS.
32. NEW "ABC" TYPE FIRE EXTINGUISHER IN EXISTING RECESSED CABINET. SEE SPECS.
33. HIDE EXISTING CONCRETE STAIRS TO 4'-6". PROVIDE HANDRAILS AS DESCRIBED IN KEY NOTE B.
34. FILL IN WINDOW AND/OR DOOR OPENING WITH METAL STUDS @ 16" O/C AND APPLY 1 LAYER OF 5/8" GYPSUM BOARD EACH SIDE. SEE FINISH SCHEDULE.
35. SLOPE ACOUSTICAL CEILING TILE TO ALLOW FULL INTERIOR VIEW OF WINDOW.
36. NEW 3-5/8" METAL STUD WALL W/ 4" BATT SOUND INSULATION AND ONE LAYER OF F.G. 5/8" GYPSUM BOARD BOTH SIDES TO UNDERSIDE OF EXISTING METAL ROOF DECK. FINISH AND PAINT SOUTH WALL. FIRE TAPE ONLY ON NORTH HALL.
37. 4" H. x 12" H. MARKER BOARD MOUNTED TO WALL. SEE SPECS. PROVIDE ADEQUATE IN-HALL BLOCKING TO PROPERLY SUPPORT BOARD.
38. FURR OUT WALLS AROUND EXISTING BLOCK WALLS BETWEEN OVERHEAD GARAGE DOORS (TO BE REMOVED) WITH 2" Z" CHANNELS AND 2" RIGID INSULATION 5/8" F.G. GYPSUM BOARD AND PAINT EXPOSED ROOM SURFACE. RUN FULL HEIGHT OF WALL UP TO EXISTING ROOF DECK.
39. DASHED LINE INDICATES LOCATION OF 1-HOUR FIREHALL NEW NORTH CORRIDOR WALL. EXTEND NEW 3-5/8" METAL STUD WALL WITH ONE LAYER OF 5/8" F.G. GYPSUM BOARD ON EACH SIDE TO UNDERSIDE OF METAL ROOF DECK. FIRE TAPE ALL JOINTS. EXISTING SOUTH CORRIDOR WALL. APPLY ONE LAYER OF 5/8" F.G. GYPSUM BOARD TO WALL. EXTENDING FROM 12" BELOW TOP OF BLOCK TO UNDERSIDE OF METAL ROOF DECK. FIRE TAPE ALL JOINTS. BUILD NEW 3-5/8" METAL STUD WALLS WHERE NECESSARY TO SUPPORT NEW GYPSUM BOARD.
40. FURR OUT INSIDE OF EXISTING EXTERIOR WALLS W/ 2" Z" CHANNELS, 2" THICK RIGID INSULATION BOARD AND 5/8" F.G. GYPSUM BOARD AND PAINT EXPOSED ROOM SURFACE. RUN FULL HEIGHT OF WALL UP TO EXISTING ROOF DECK.
41. NEW 3-5/8" METAL STUD WALL AND ONE LAYER OF 5/8" F.G. GYPSUM BOARD BOTH SIDES UP TO 4'-0" AFF.
42. EXISTING METAL STUD WALLS TO REMAIN.
43. BUILD FULL HEIGHT OF WALL UP TO ROOF DECK.

GENERAL NOTES:

- A. REPLACE LOWER PORTION (APPROXIMATELY 24" ABOVE FINISH FLOOR) OF EXISTING ORTHAL THAT HAS WATER DAMAGE OR IS HOLDY. THE UPPER PORTION TO REMAIN.
- B. REMOVE EXISTING WOOD & METAL DOOR JAMBES AND TRIM AT LOCATIONS WHERE DOORS ARE TO BE REMOVED.
- C. REMOVE ALL EXISTING HOOD PANELING AND BASE.

SQUARE FOOTAGE:

"A"	7,111
"B"	5,782
"C"	5,880
TOTAL:	18,773

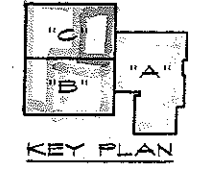
AREA CALCULATED IS INSIDE OF HALLS

ALL NEW INTERIOR WALL DIMENSIONS ARE 3-5/8" METAL STUDS UNLESS NOTED OTHERWISE

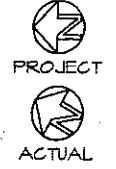
INFILL EXISTING OPENINGS - SEE KEY NOTE 34

REMODELED FLOOR PLAN

SCALE: 1/8" = 1'-0"



7,111#
4,392#
2,880#
4,560#



Systems Furniture & Spec Divisions EG & JOTCEATA A HOLLING!

Dave Heineman, Governor

44-04230-7
44-04240-6
44-04260-4

December 30, 2010

City of Grand Island
P O Box 1968
Grand Island, NE 68802-1968

CERTIFIED MAIL

RE: Lease Agreement: Contract No. 65010223
Tenant Agency: Department of Labor
Demised Premises: 1306 West 3rd Street

Dear Sir or Madam:

This is to advise you that the Department of Administrative Services, State Building Division, as directed by the Department of Labor, is hereby exercising its rights as outlined in section 4. **TERMINATION** of the Lease Agreement for the office space occupied by Department of Labor at the 1306 West 3rd Street in Grand Island, Nebraska.

Said paragraph states "If any Governor's budget message is such that it does not include funds to pay rentals hereunder, or if any Sub-Lessee funding source is such that it does not include funds to pay rentals hereunder, notice of such fact shall be given promptly to Lessor. If only a portion of the funds necessary to pay the rentals hereunder are appropriated or provided for, the lease may be kept in force with a prorata share of the space and corresponding rental decreased. Any such reduction shall be agreed upon by both parties."

Due to non-appropriation funds of the Sub-Lessee, the Department of Health and Human Services were forced to terminate the Sub-Lease Agreement and vacate the demised premises. As per the terms and conditions of this Lease Agreement, Lessee may decrease the prorata share of the space and corresponding rent by providing Lessor with written notice. We request on behalf of the Department of Labor a reduction of the leased space from 9,572 sf to 7,590 sf no later than 5:00 P.M. on February 28, 2011.

State Building Division • Rodney Anderson, Administrator

Administrative Services • Suite 500, Executive Bldg. • 521 S 14th Street • Lincoln, Nebraska 68508-2707 • Phone: 402-471-3191 • Fax: 402-471-0403

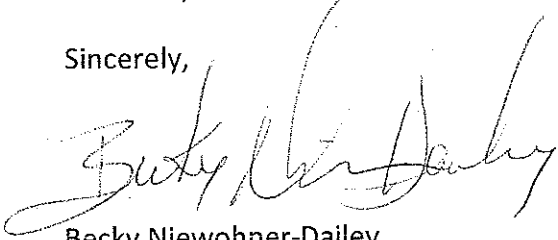
City of Grand Island

CA: 65010223

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If you have any questions or comments regarding this situation, please feel free to contact this office at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Becky Niewohner-Dailey". The signature is fluid and cursive, with the first name "Becky" being the most prominent.

Becky Niewohner-Dailey
Property Program Manager
AS – State Building Division

CC: Denise Schroeder, Department of Labor

GRAND ISLAND LEASE INFO

1-18-11

7/1/2006-6/30/2011 Grand Total lease payments - \$416,860.80

5/2001 – 6/30/2006 Grand Total investment - - - - -\$709,277.00

At the end of the current lease in 2006, the City will have received a total of \$382,880 in rental fees and the lessee will have paid an additional \$143,580 in facility services. In addition the Lessee has made the following contributions to the property over the course of the original lease:

a. Original Remodeling	\$160,000
b. Window Blinds	\$ 870
c. Window Tinting	\$ 395
d. Parking Lot Fence	\$ 6,485
e. Tile Flooring	\$ 7,567
f. Addtl Tile Flooring (2006)	<u>\$ 7,500</u>
Total	\$182,817

GI Lease Info – Jan 2011

Sq Ft

- 2,500 May 2001 original lease
- 9,572 Jan 1, 2001 amendment when we increased for partners moving in
- 7,590 Jan 2011 to June 30, 2011– we are requesting a reduction to 7,590 since HHS moved out in October.
- 7,259 July 2011 Requesting another reduction to cover DOL space needs plus the current partners we have.

Labor ----- 2,500 sf

Common Space (conf rooms, etc.) -- 2,929 sf

Current Partners thru 6-30-11 ----- 1,830 sf

Multicultural Coalition	600 sf
Odle	156
NAF	590
UNL Ctr for Children	120
Safety (LL & Elevat)	220
UI Tax	<u>144</u>
	1,830



MEMORANDUM

DATE: October 14, 2010
TO: Denise Schroder
Department of Labor
FROM: Vicky DeWald
AS – State Building Division
RE: LEASE RENEWAL REQUEST

Please review the following information regarding Lease Agreement **CA-65010223** located at 1306 West 3rd Street in Grand Island, Nebraska and complete the form.

Current Lease Information: 7,259
Office Square Feet **9,572.00 @ \$8.71**
Current Term Expiration **6/30/2011**
Annual Cost **\$ 83,372.12**
Lessor **City of Grand Island**

Please complete the form below and return it to me as soon as possible. According to your Lease Agreement, we are expected to give 180 days written notice. Please act accordingly in getting this document returned in an appropriate time frame.

Indicate if you would like to extend or terminate your current lease:

- Yes, this lease is to be extended 5 year(s).
- No, this lease should not be extended.

If no, please indicate your future plans. If no plans are included, DAS will prepare to send a termination letter at the earliest possible date, in accordance with the Lease Agreement, or at the date you indicate here as your termination date.

The following services are provided by the Tenant Agency: **Maintenance, Janitorial, Electrical, Lawn Care, Snow/Trash Removal, Sewer/Water.**

If you would like to negotiate any of the above listed services into the base rental rate, please indicate so here. You may also specify any additional changes or tenant improvements (Utilities, carpet cleaning, painting, etc.) you would like to see made to your lease:

We are requesting to reduce sq ft to 7,259 and add a 6 month cancel clause for any reason.

Denise Schroder
Authorized Agency Representative
Department of Labor

11/8/11
Date

OK
DS
1-18-11

RESOLUTION 2011-27

WHEREAS, The State of Nebraska, State Building Division has submitted a request to reduce the amount of the lease payment for the City owned building at 1306 West 3rd Street, in conformance with section 4 of the lease agreement, and

WHEREAS, such lease identifies the terms of the agreement between the City of Grand Island and the State of Nebraska for such lease; and

WHEREAS, the terms of lease agreement states that any such reduction shall be agreed upon by both parties.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the lease agreement is amended to reduce the amount of the rental fee to \$5,509.08 per month for the remaining term of the lease which will expire on June 30, 2011

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, January 25, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
January 19, 2011	☐ City Attorney