

### **Highlight of Lease Terms**

**Location:** Entire 6<sup>th</sup> Floor of One Clearwater Tower

**Size:** 13,024 SF

**Rent:** \$18.50/PSFPY which escalates by 3% annually.

**Security:** There is a locked door between the elevators and the work space which can be opened by an ID card or at the reception desk, which effectively controls access to the work area.

**Parking:** The rate does not include parking and none will be provided by the landlord. The landlord could provide parking as part of this lease, however, staff is recommending that parking available at Garden Avenue Parking Garage and Station Square be used instead.

**Build Out Allowance:** The landlord will do \$97,680 worth of improvements to the space. Unused funds are reimbursed to the City of Clearwater. The City is currently working on adjustments to the floorplan, however staff is confident the allowance should cover most, if not all, of the improvements we need completed. Should we need additional funds, we anticipate using some capital funds that have been put away in anticipation of City Hall renovations.

**Renewal:** The City has the ability to renew the lease for an additional five years at a rate calculated without the tenant build out amount. (If renewed the cost would reduce from \$20.82 PSFPY in year 5 to \$19.90 PSFPY in year 6). Should this be needed, the City has a 270 day prior notice requirement.

**Building Services:** The lease includes all costs for janitorial services, maintenance of the elevators, restrooms and drinking fountains, common areas, and supply of water, sewer, and electric. The City will need to work with a third party for Phone/Internet, however that has been calculated in our cost comparison.

**FF&E:** The lease includes use of the furniture in the space. The City will transfer any of the equipment it needs from City Hall.

## **Summary**

There are three areas of note when reviewing the cost savings. Staff has separated those because each have very different effects from a budget perspective.

### **Operating Items**

The impact to the operating items shown on the attached spread sheet are minimal (\$15,319 Annual, \$76,595 for the life of the initial lease term). That said, moving is shown to be a positive from an operating perspective, with the potential for additional savings as costs are refined and efficiencies are achieved.

### **Capital Items**

The impact to capital items is significant (\$185,000), however the bulk of the flooring expenditures would not be considered by staff to be safety issues. That said, the city has not been focused on putting away for major repair and replacement items in city hall, which creates the potential for additional expenditure if a major issue is identified. Finally, in January of 2017, staff looked at the cost of upgrades to the building if we were to stay for a longer period. That project was estimated at around \$2.1 million.

### **Other Items**

The impact to other dollar-based items relates to the ongoing capital set aside. As identified above, that number has been significantly reduced over the last several years. Staff would recommend continuing to fund this item at its current level so that a base for repair and replacement exists for after the new city hall is completed, or if an additional build out is desired in the temporary space.

### **Intangibles**

While these costs are important to consider when deciding whether to move City Hall, there are many other, non-monetary items to consider also.

1. Council Meetings would not be held in the temporary space, but would instead be held at the Main Library. Recent upgrades to the technology in the meeting room at that facility had made it possible to stream meetings live in the space. While the first public meeting held in the space had some acoustical challenges, staff believes that they have been addressed and we will continue to improve the meeting experience in that space.
2. The City Hall site is a key part of Imagine Clearwater, but the availability of that site is effected by a number of other decisions. City staff is currently working with Pinellas County to explore the feasibility of a shared City/County facility, but some of the sites being discussed are also effected by decisions related to the multi-modal facility PSTA has been working towards. PSTA's timeline for the facility is 2021, and both City and County funding for either joint or separate facilities is not available until later in Penny IV. Vacating the City Hall site provides us the flexibility to redevelop the site without being effected by these other decisions and we believe its vacancy enhance its attractiveness to developers.

3. City Hall is an old building whose deterioration seems to be accelerating. The longer we stay in the building, the more opportunity for negative financial impact we have due to that deterioration. Additionally, staff views moving to the temporary building as an opportunity to improve the work space for its employees, which we believe will have positive effects on employee wellness and morale,
4. Finally, from a communications standpoint, staff believes that vacating and eventually demolishing City Hall shows continued commitment towards the implementation of Imagine Clearwater. We hope to demolish Harborview following the completion of the 15% concept validation plan, which we believe will show positive movement, and similarly, vacating and eventually demolishing City Hall will provide another sign of progress in a time where much of the progress towards imagine is difficult to show.