

Legislation Details (With Text)

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On agenda: **Final action:** 6/17/2021

Title: Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into a sublease agreement with Chestnut Street Realty Limited Partnership, LP, for use by the City, of a portion of the premises located at 1327-29 Chestnut Street, Philadelphia, Pennsylvania, all under certain terms and conditions.

Sponsors: Councilmember Squilla

Indexes: AGREEMENTS, PUBLIC PROPERTY

Code sections:

Attachments: 1. CertifiedCopy21029300.pdf

Date	Ver.	Action By	Action	Result	Tally
7/1/2021	0	MAYOR	SIGNED		
6/17/2021	0	CITY COUNCIL	READ AND PASSED	Pass	17:0
6/10/2021	0	CITY COUNCIL	SUSPEND THE RULES OF THE COUNCIL		
6/10/2021	0	CITY COUNCIL	ORDERED PLACED ON THIS DAY'S FIRST READING CALENDAR		
6/10/2021	0	CITY COUNCIL	READ AND ORDERED PLACED ON NEXT WEEK'S SECOND READING CALENDAR		
5/28/2021	0	Committee on Public Property and Public Works	HEARING NOTICES SENT		
5/28/2021	0	Committee on Public Property and Public Works	HEARING HELD		
5/28/2021	0	Committee on Public Property and Public Works	REPORTED FAVORABLY, RULE SUSPENSION REQUESTED		
4/8/2021	0	CITY COUNCIL	Introduced and Referred		

Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into a sublease agreement with Chestnut Street Realty Limited Partnership, LP, for use by the City, of a portion of the premises located at 1327-29 Chestnut Street, Philadelphia, Pennsylvania, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to enter into an amendment to a sublease agreement with Chestnut Street Realty Limited Partnership, LP, with the City as tenant, for use by the City, of a portion of the premises located at 1327-29 Chestnut Street, Philadelphia, Pennsylvania, pursuant to terms substantially set forth in the document attached hereto as Exhibit "A".

SECTION 2. The City Solicitor is hereby authorized to review and to approve the lease and other

documents necessary to effectuate this Ordinance, which lease and documents shall contain such terms and conditions as the City Solicitor shall deem necessary and proper to protect the interests of the City of Philadelphia and to carry out the purpose of this Ordinance.

EXHIBIT "A"

Terms of Proposed Sublease
For 1327-29 Chestnut Street, Philadelphia, PA

1. Landlord: Chestnut Street Realty Limited Partnership, LP
2. Tenant/Sublandlord: Philadelphia Municipal Authority
3. Subtenant: The City of Philadelphia
4. Premises Address: 1327-29 Chestnut Street, Philadelphia, PA
5. Use of the Premises: Approximately 200,114 rentable square feet, to be used for office space.
6. Term of Sublease: 6 years in addition to the current term that expires in 2026, extending the end date until 2032.
7. Rent: The annual base rent beginning in 2026, will be approximately \$27.75 per rentable square foot and will escalate at a rate of approximately 2.7% per rentable square foot for the first year and at the same rate each year thereafter. At approximately 200,114 rentable square feet, the first year's annual base rent will be approximately \$5,553,163.50.
8. Cost Savings: Rent shall be abated for one and one half (1.5) months for calendar years 2021 and 2022 and one half (0.5) month for each calendar year until the end of the sublease in 2032, resulting in a cost savings of approximately \$3,626,980.13.
9. Operating Expenses: The City shall be responsible for its proportionate share of taxes, operating expenses and janitorial expenses, but these shall not increase more than 4% annually over the previous year's expenses.
10. Tenant Improvements: Landlord, under the lease, shall deliver additional premises improvements of approximately \$960,547.20 in cost, including, without limitation, construction of a new conference room within the Premises.