

Legislation Text

File #: 200662, **Version:** 1

Authorizing the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into a sublease agreement with the Philadelphia Municipal Authority, for use by the City, of a portion of the premises located at 11311 Roosevelt Boulevard, 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 a lease agreement with the Philadelphia Municipal Authority for use by the City, of a portion of the premises located at 11311 Roosevelt Boulevard, 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 sublease and other documents necessary to effectuate this Ordinance, which sublease 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 11311 Roosevelt Boulevard, Philadelphia, PA

- 1. Sublandlord:** The Philadelphia Municipal Authority (The Philadelphia Municipal Authority will enter into a prime lease for the premises with Covington Property Partners, LLC.)
- 2. Subtenant:** The City of Philadelphia
- 3. Premises Address:** 11311 Roosevelt Boulevard, Philadelphia, PA
- 4. Use of the Premises:** Approximately two hundred twenty nine thousand four hundred fifty nine (229,459) rentable square feet, to be used for warehouse and office space for the City Commissioners.
- 5. Term of Lease:** Initial Term of Sixteen (16) years with an option to renew for two (2) additional five (5) year terms.
- 6. Rent:** The first year annual base rent will be approximately \$1.91 per rentable square foot and represents a blended rent amount for two hundred sixteen thousand eight hundred seventy six (216,876) square feet of warehouse space and twelve thousand five hundred eighty three (12,583) square feet of office space. The blended rent amount will increase at varying rates annually as shown on Exhibit A-1.

At approximately 229,459 rentable square feet, the first year’s annual base rent will be approximately \$438,798.00.

- 7. **Utilities:** Tenant shall pay monthly for utility usage at the premises.
- 8. **Tenant Improvements:** Landlord shall turn-key the premises based on a mutually accepted space plan.

EXHIBIT “A-1”

Rent Chart

	Total SF	Base Rent PSF	Monthly Rent	Annual Rent
YR1*	229,459	\$1.91	\$36,566.52	\$438,798.23
YR2	229,459	\$6.26	\$119,655.55	\$1,435,866.64
YR3	229,459	\$6.61	\$126,387.46	\$1,516,649.50
YR4	229,459	\$7.22	\$138,045.42	\$1,656,545.00
YR5	229,459	\$7.40	\$141,586.92	\$1,699,043.01
YR6	229,459	\$7.58	\$144,954.90	\$1,739,458.76
YR7	229,459	\$7.78	\$148,691.73	\$1,784,300.70
YR8	229,459	\$7.97	\$152,436.13	\$1,829,233.53
YR9	229,459	\$8.17	\$156,188.29	\$1,874,259.52
YR10	229,459	\$8.37	\$160,129.15	\$1,921,549.77
YR11	229,459	\$8.58	\$164,078.16	\$1,968,937.88
YR12	229,459	\$8.80	\$168,216.26	\$2,018,595.08
YR13	229,459	\$9.01	\$172,362.93	\$2,068,355.11
YR14	229,459	\$9.24	\$176,699.11	\$2,120,389.30
YR15	229,459	\$9.47	\$181,044.29	\$2,172,531.53
YR16	229,459	\$9.71	\$185,579.44	\$2,226,953.26
YR17	229,459	\$9.95	\$190,304.77	\$2,283,657.25
YR18	229,459	\$10.20	\$195,039.80	\$2,340,477.59
YR19	229,459	\$10.46	\$199,965.49	\$2,399,585.93
YR20	229,459	\$10.72	\$204,901.38	\$2,458,816.52
YR21	229,459	\$10.98	\$210,028.43	\$2,520,341.15
YR22	229,459	\$11.26	\$215,346.91	\$2,584,162.96
YR23	229,459	\$11.54	\$220,676.37	\$2,648,116.41
YR24	229,459	\$11.83	\$226,197.80	\$2,714,373.54
YR25	229,459	\$12.13	\$231,911.48	\$2,782,937.72
YR26	229,459	\$12.43	\$237,636.97	\$2,851,643.66

*Year 1 is presented as the "License Year" from November 1, 2020 to November 1, 2021. Eight (8) months of free rent was provided to DPP .

**Years 17 through 26 of the rent schedule represents two (2) five (5) year renewal options available for the City of Philadelphia to exercise per lease agreement

In addition to the Monthly Base Rent, Tenant will be responsible for its pro rata share of estimated operating expenses for the Premises, including real estate taxes, building property insurance, common area maintenance and property management:

Real Estate Taxes	\$0.49
CAM	\$0.70
Storm Water	\$0.03
Insurance	\$0.10
Property Management	\$0.25
Estimated Operating Expense	\$1.57 / year

Based on pro rata share, Tenant shall pay all taxes (including real and personal property, occupancy, franchise, sales, gross receipts and rent taxes), all charges for any easement or agreement maintained for the benefit of the Leased Premises, all assessments and levies, all permit, inspection and license fees, all rents and charges for water, sewer, utility and communication services relating to the Leased Premises.

Pro rata share = 100% (City of Philadelphia to occupy entirety of the 229,459 SF building)