City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

Legislation Text

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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.

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