

# **FWPDA STAFF RECOMMENDATION**

## **ArtX Lease Terms and Conditions—Building 306**

### **Leased Premises:**

- Building 306
- 2,176 square feet
- Lease is “As-Is”

### **Lease Term:**

- 2 years
- Two consecutive 5-year renewals available
- Lease cannot be assigned or subleased

### **Tenant Improvements:**

- Lessee proposes \$40,385 in tenant improvements (see Attachment 1)
- All tenant improvements must be approved in advance by executive director
- Lessee responsible for all permits, inspections and tenant improvements
- Due to the nature and scope of the tenant improvements, the PDA agrees to credit up to \$12,000 of the tenant improvements in lieu of a portion of its monthly rent payments over the first 24 months

### **Base Rent:**

- Rent will be paid at 0.50 per square foot per month at 2,176 square feet for a monthly total of \$1,088 for the first 24 months.
- A monthly leasehold rate of 12.84% will be added to the base rent

### **Base Rental Adjustment:**

- Rent will be adjusted \$500.00 per month for 24 months as an allowance to help offset tenant improvements plus the monthly leasehold rate. Leasehold rate is required to be paid on the monthly base rate of \$1,088.00.
- After 12 months of operation, the PDA reserves the right to adjust the annual rental rate based on the Lessee’s contributions to:
  - Increasing heads in beds
  - Increasing food service meals
  - Contributes to lifelong learning center goals
- These three criteria may be modified based on the outcomes of the business development process. These criteria will be used in determining the base rent after the first 24 months.
- The annual base rent may be adjusted due to CPI increases but will be capped at 3%.

### **Rent Payments:**

- Monthly rent of \$588.00 per month will be due between the first and tenth day of the month. A late fee of \$25.00 will be assessed for late payments. Late payments over 30 days will be assessed a \$100.00 late penalty.
- Late payments of 60 days will be cause to terminate the lease.

**Deposit:**

- PDA policies require a two month advance rental deposit. The Board may waive this deposit in lieu of the tenant improvements completed prior to full occupancy.

**Utilities:**

- Lessee will pay for water, electric and fuel oil costs. Fuel oil costs will be billed at the PDA's preferential rate plus a \$25.00 administrative utility fee
- Lessee must install water and electric meters at its cost as well as a fire and security alarm
- In year 2, the Lessee will pay an annual fee of \$225 for the fire and alarm service

**Internet and Phone:**

- The PDA will provide up to two phones, high speed internet and wi-fi for ArtX employees and users. Monthly cost is \$150.00. Additional phones may be requested at a rate of \$25.00 per line. No other internet or phone supplier is allowed in the PDA leased area. A one-time installation charge of \$350.00 will be waived in lieu of tenant improvements.

**Fixtures and Equipment:**

- Personal property, trade fixtures and equipment (e.g., washer, dryer, sinks, etc.) used in the conduct of the business and placed by Lessee in the premises shall not become part of the PDA real property.
- All other fixtures, equipment and improvements (e.g., lights, carpet, tile, etc.) constructed that or installed in the building are deemed part of the real property and shall become part of the real property of the PDA.

**Insurance:**

- Lessee shall provide liability insurance of not less than one million dollars combined single limit per occurrence with a general aggregate limit of not less than two million dollars during the full lease term.
- The lessee shall provide industrial insurance coverage as required by L&I for itself and its employees.
- The lessee shall provide a fire liability policy in the amount of \$50,000 naming the PDA as the beneficiary.
- The Lessee will provide a hold harmless agreement to defend and to hold and save the PDA harmless from all liability or expense of litigation in connection with any such action of actual or alleged injury or damage.

**Use of premises:**

- Use of premises is for ArtX's visual arts and craft programs and the leased spaces shall not be used for any other purpose without the prior written consent of the PDA.

**Other Terms:**

- The PDA shall stripe 15 parking spaces in front of Building 324. These parking spaces are not exclusive to the use of the Lessee's employees and customers. The PDA will stripe a handicapped parking space and load/unloading area adjacent to Building 306.
- The PDA shall work with State Parks to relocate the recycling and dumpsters away from its current location.
- The Lessee may reserve and have use of the Dunbar room for four hours per month at no cost.
- ArtX may advertise and market its programs in the Fort Worden Vista at no cost.
- Any signage proposed by the Lessee must be approved the executive director and park manager.
- ArtX may use the grassy area next to Building 306 for an outdoor seating area.

**Additional items for Board consideration** (based on 3/23/15 discussions)

- ArtX has requested an additional \$11,000 in tenant improvements to be provided by the PDA to upgrade the electrical power in Building 306. These costs would be offset by a reduction in the monthly rent.
- The PDA will identify and reserve space for ArtX to develop a botanical garden during the Master Use Plan process.
- ArtX has requested the PDA donate a three compartment sink that is currently stored and unused in Building 304. Gee has estimated the value of the sink as \$1,800.
- The PDA will install outdoor lighting on Building 306 as well as additional exterior lighting in the adjacent area for safety issues.

## Attachment I

### Building 306 Rehab & Tenant Improvement Summaries for ArtX — The Center for Art Exploration

List of Items	Rehabs	TI's
1) Repair exit door (code issue)	\$1,250	
2) Structural columns for beams (code)	2,000	
3) Eliminate bat entrance in roof	500	
4) Repair decks, stairs & add railings (code)	3,000	
5) Repair exterior damage to siding	500	
6) Remove 1st floor concrete trip hazard (code)	500	
7) Disposal costs	1,000	
8) Stairway electrical panel (code)	1,500	
9) Handrails for stairs and ADA bathroom (code)	500	
10) Emergency exit signage (code)	????	
	Subtotal	
	\$10,750	
O/H and Profit (10%)	\$1,075	
Sales Tax @ 9%	\$1,064	
	<b>Total Preliminary Estimate for Rehabs</b>	
	<b>\$12,889</b>	
1) Architect, drawings & permitting		\$2,500
2) Interior construction, sheet rock, bathroom & painting		12,000
3) Electrical upgrades		11,000
4) Plumbing ( 2 bathrooms, washer, sinks)		<u>8,000</u>
	Subtotal	\$33,500
	O/H and Profit (10%)	3,550
	Sales Tax @ 9%	3,335
	<b>Total Preliminary Estimate for TI's</b>	<b>\$40,385</b>