

**COMMISSION FILE NO:** 25-052-4 **DATE INTRODUCED:** April 14, 2025

**INTRODUCED BY:** Executive Director (Signature on File in the Office of the Commission)

**REFERRED BY COMMISSION CHAIRPERSON TO:** Policy, Finance, and Personnel Committee

**RELATING TO:** Authorize the Executive Director to Execute a New Lease for the Milwaukee River Flushing Station

**SUMMARY:**

The Commission is requested to authorize the Executive Director to execute a new lease for the Milwaukee River Flushing Station (MRFS) with Colectivo Coffee Roasters, Inc., (Colectivo) on behalf of the Commission.

Colectivo occupies much of the MRFS located on the lakefront at the corner of North Lincoln Memorial Drive and Lafayette Hill Road and has been an excellent tenant since 2002. Colectivo would like to make a significant investment upgrading some of their internal operating components and approached the District requesting an additional lease extension to ensure the lease duration provides an adequate payback period for their investment.

The current lease was approved by the Commission in March 2009 for an initial term of three years, with two five-year extensions, and an expiration date of August 31, 2022. In 2016, Colectivo requested, and the Commission approved, a 10-year extension (two five-year extensions) that would expire August 31, 2032. Other details of that amendment included that:

- The District may initiate a market rental study for the beginning of each future lease extension.
- Colectivo will install signage with District name and logo in the outdoor patio area.
- The District shall have final approval of all plans and specifications for any temporary or permanent improvements to the property.
- The District shall have final approval of all plans and specifications to any temporary or permanent extensions or additions to the building.
- The rent will be escalated annually by the change in the Consumer Price Index (CPI).

**ATTACHMENTS:** **BACKGROUND** ☐ **KEY ISSUES** ☐ **RESOLUTION** ☒

**FISCAL NOTE** ☐ **S/W/MBE** ☐ **OTHER** ☐ \_\_\_\_\_

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**COMMITTEE ACTION:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**COMMISSION ACTION:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

## **SUMMARY (Cont'd)**

### **Authorize the Executive Director to Execute a New Lease for the Milwaukee River Flushing Station**

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Since the original lease was signed in 2009, several additional amendments have been agreed to between the District and Colectivo including:

- Updating the legal name from Alterra to Colectivo.
- Permitting the sale of beer only.
- Adjusting the rent because of the Coronavirus 2019 pandemic.
- Extending the lease by 14 months due to rent adjustments, with an expiration date of October 31, 2028, for the current term and October 31, 2033, for the final extension.

For the period September 2024 through August 2025, Colectivo's annual rent is \$196,506. It is adjusted annually by the change in the CPI.

Due to the number of changes and amendments to the original lease, it is proposed to enter into a new lease that supersedes the existing lease and incorporates all of the previous amendments, including the annual rent adjustment factor and ability to conduct a market rent analysis. The new lease will have an initial five-year lease term commencing on June 1, 2025, and three five-year lease extension options available to the tenant, with the final term expiring on May 31, 2045.

## **RESOLUTION**

Authorize the Executive Director to Execute a New Lease for the Milwaukee River Flushing Station

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**RESOLVED**, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to execute a new lease with for the Milwaukee River Flushing Station with Colectivo Coffee Roasters, Inc., commencing on June 1, 2025, for an initial five-year period, with three five-year extension options.