

COMMISSION FILE NO: 16-122-9 **DATE INTRODUCED:** September 12, 2016

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 Lease Extension for the Milwaukee River Flushing Station

SUMMARY:

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

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 in the outdoor seating area and approached the District earlier this year requesting a lease extension to ensure the lease duration provides an adequate payback period for their investment.

The existing 10-year lease (five years plus a tenant renewable option for an additional five years) was approved by the Commission in March 2009 and became effective September 1, 2012, expiring August 31, 2022. The proposed lease extension would contain two five-year tenant renewable options, expiring August 31, 2032.

In 2015, Colectivo requested an amendment to their lease to change some of their operating parameters. Due to this request, the District undertook a market rent analysis with Valbridge Property Advisors (Valbridge) to assess potential impact of these changes on the amount of rent the District should expect. Valbridge concluded that the current rent charged by the District was slightly higher than the market rent established by the study for the changing operating parameters. For the period September 2015 through August 2016, Colectivo's rent is \$157,145 and is adjusted 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 Lease Extension for the Milwaukee River Flushing Station

The proposed lease extension would keep all the existing lease terms in place, including an annual adjustment to the rent based on increases in CPI and no change to the amount of interior square footage being leased. Proposed additions to the lease terms include:

- The District's ability to conduct a market rent analysis at the beginning of each lease extension period and to adjust the rent accordingly.
- The District shall have final approval of all plans and specifications to 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.
- Colectivo shall install, at its expense and with the District's approval, a sign bearing the District's name and logo in the new outdoor area.

RESOLUTION

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

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the Executive Director is authorized to execute a lease extension for the Milwaukee River Flushing Station with Colectivo Coffee Roasters, Inc., for the period of September 1, 2022 to August 31, 2032.