

FISCAL IMPACT NOTE

Legislation No: O-22-15

First Reader Date: 5-11-15

Note Date: 5-15-15

Legislation Title: Lease of 145 Gorman Street

Description: For the purpose of approving an Amended and Restated Agreement of Lease between KDBA, LLC and the City of Annapolis for the use of non-city owned property by the City of Annapolis.

Analysis of Fiscal Impact: This legislation provides an approval of a lease between the City of Annapolis and KDBA, LLC for the lease of the entire second and third floors of the Building at 145 Gorman Street along with the first floor lobby and stairway areas providing access to such second and third floors, and the underground equipment room and stairway area beneath the Lobby. The total area is approximately twenty thousand three hundred seventy-two square feet.

The lease shall be for a term commencing on July 1, 2015 and expiring on June 30, 2030, unless sooner terminated. Commencing on the Effective Date and continuing through June 30, 2016, the City will pay "Basic Rent" in the amount of \$378,308.04, payable in equal monthly installments of \$31,525.67. Basic Rent will increase 3% per annum commencing on July 1, 2016 and on every July 1 thereafter, for a total fiscal impact of \$7,036,118.66 over the course of fifteen years. The following table represents the annual rent through June 30, 2013:

| | | |
|----------|----|------------------------|
| 1-Jul-15 | \$ | 378,308.04 |
| 1-Jul-16 | | 389,657.28 |
| 1-Jul-17 | | 401,347.00 |
| 1-Jul-18 | | 413,387.41 |
| 1-Jul-19 | | 425,789.03 |
| 1-Jul-20 | | 438,562.70 |
| 1-Jul-21 | | 451,719.58 |
| 1-Jul-22 | | 465,271.17 |
| 1-Jul-23 | | 479,229.31 |
| 1-Jul-24 | | 493,606.19 |
| 1-Jul-25 | | 508,414.37 |
| 1-Jul-26 | | 523,666.80 |
| 1-Jul-27 | | 539,376.81 |
| 1-Jul-28 | | 555,558.11 |
| 1-Jul-29 | | 572,224.85 |
| | | <u>\$ 7,036,118.66</u> |