

FISCAL IMPACT NOTE

Legislation No: O-5-18

First Reader Date: 1/8/18
 Note Date: 1/17/18

Legislation Title: Lease of the Market House – New Market, LLC

Description: For the purpose of authorizing the precursory lease of the Market House to New Market, LLC, the Master Tenant for a certain period of time, subject to certain terms, provisions and conditions; and matters generally relating to said lease.

Analysis of Fiscal Impact: This legislation would permit a lease between the City (the Lessor), and New Market LLC (the Lessees) for a period of time from 2018 to 2023, with the option to renew for up to five (5) successive terms of five (5) years each. This lease will provide the City with a “Basic Rent” in equal monthly installments of \$8,000, for an annual “Basic Rent” of \$96,000; however, the lease also states that the Lessee shall pay no basic rent from the effective date through December 31, 2018, and then shall pay Basic Rent in equal monthly installments of \$4,000 from January 1, 2019 through June 30, 2019. The Basic Rent for each Renewal Term shall be the previous term’s Basic Rent multiplied by 1.05%, so that each subsequent term’s Basic Rent increases by 5%. The table below illustrates this rent for two consecutive terms assuming the effective date of April 1, 2018.

	FY 2018	1st Term - 5 year					2nd Term - 5 year					Total Ten Year
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
New Market LLC		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Base Rent (5 years, plus 5 - 5 year renewals)	24,000	96,000	96,000	96,000	96,000	96,000	100,800	100,800	100,800	100,800	100,800	1,008,000
Less: Rent Abatement	(24,000)	(72,000)	-	-	-	-	-	-	-	-	-	(96,000)
Base Rent, Net of Abatement	-	24,000	96,000	96,000	96,000	96,000	100,800	100,800	100,800	100,800	100,800	912,000

In addition to Basic Rent, the Lessee shall pay to the City annual “Performance Rent” based upon two (2) percent of the Lessees annual gross revenues (exclusive of sales taxes) over \$1,500,000 received during each Lease Year. The Lessee shall also pay a security deposit in the amount of \$8,000 by the effective date of the lease, which may be applied to outstanding amounts due under this lease and restored upon request within ten (10) business days.

The Lessee is also responsible for any applicable taxes, as well as, insurance as required by the Lease. Utilities and Repair and Maintenance costs and expenses related to the operation of the Market House are at the sole cost and expense of the Lessee, with the exception of the roof, foundation, exterior walls and HVAC System.