

Item Title: Approve a Lease Agreement for a 6,156 Square Foot building located at 5800-105 Duraleigh Road, Raleigh, NC for the Duraleigh Road Community Library

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to execute an 84-month lease for 5800-105 Duraleigh Road, Raleigh, NC, along with any other necessary documentation, on behalf of Wake County, subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board of Commissioners must approve all County multi-year leases.

Background: In 1991, Wake County entered into the original lease agreement with widgeon Associates, LLC, a North Carolina Limited Liability Company, to establish what is now known as the Duraleigh Road Community Library. The lease has been amended four times since 1991 to include an expansion of services and leased area. The most recent lease amendment was set to terminate June 30 of this year, but lease has continued on a month to month basis due to the COVID-19 pandemic and approval of this proposed amendment.

Board Goal: This action supports standard County operations.

Fiscal Impact: The annual cost of the lease is \$63,635 and the lease term length is 7 years with the option to extend the lease term. The lease payments will be funded through the Community Services General Fund budget. Existing funding is sufficient to cover the FY21 lease payments. The additional upfit costs (\$18,580) and costs associated with moving and storage during the upfit (\$7,682) will be covered by project savings in the County Capital Library CIP. Additional funds will be required to fund the lease in future years and will be included as part of the annual budget process.

Additional Information:

For nearly thirty years, Wake County has operated a community library at the current location on Duraleigh Road in west Raleigh. In 2016, library staff requested a study to access how service could be improved for patrons utilizing this library branch. The study indicated that an increase in useable area was needed, so a search for a new location began. The search yielded a number of sites, but no one site quite matched up with the identified needs. As a result, Library staff began to work with the Landlord to address the identified changes needed. After working with the Landlord's designers and contractors, an acceptable plan was devised to meet the needs without having to relocate – a good

outcome for both parties and the library customers. As a result, a new long-term lease has been developed.

As part of the incentive to sign this long term lease, the Landlord has agreed to rearrange the layout of the leased area to allow for better utilization of the space, relocate staff offices, upgrade restroom facilities and replace all carpet tiles, along with some other upgrades. Community Services and Library staff have worked closely with GSA and FDC staff to ensure this space will meet library needs in west Raleigh for years to come. The terms of the proposed lease are as follows:

1. Commencement Date November 1, 2020
2. Total Term of the Lease: 84-month term, through October 31, 2027
3. Total Rental rate for Year 1: \$10.34 per Square Foot
4. Landlord Concessions: \$32.50/SF Tenant Improvement (TI) allowance to upfit the space before the projected move in date anticipated in January 2021(subject to permitting and COVID-19 restrictions).
5. Within 60 days of the execution of this lease addendum by all parties, Tenant shall pay the Landlord \$18,580 to cover special upfit items requested by the Tenant in addition to the Landlord Concessions referenced above and detailed in Exhibit B of the attached lease.
6. Escalation: 3.00% annually

The lease rent schedule is as follows:

Duraleigh Library Base Rent Schedule 2020-9-3

Size of Space:	Minimum			Maximum		
6,156 Square Feet	Annual	Minimum	Minimum	Annual	Maximum	Maximum
	Base Rent	Monthly	Annual	Base Rent	Monthly	Annual
	per Square Foot	Base Rent	Base Rent	per Square Foot	Base Rent	Base Rent
Lease Year*	per Annum	Installments	per Lease Year	per Annum	Installments	per Lease Year
1	\$10.34	\$5,302.90	\$63,634.80	\$10.34	\$5,302.90	\$63,634.80
2	\$10.34	\$5,302.90	\$63,634.80	\$10.65	\$5,461.99	\$65,543.84
3	\$10.34	\$5,302.90	\$63,634.80	\$10.97	\$5,625.85	\$67,510.16
4	\$10.34	\$5,302.90	\$63,634.80	\$11.30	\$5,794.62	\$69,535.46
5	\$10.34	\$5,302.90	\$63,634.80	\$11.63	\$5,968.46	\$71,621.53
6	\$10.34	\$5,302.90	\$63,634.80	\$11.98	\$6,147.51	\$73,770.17
7	\$10.34	\$5,302.90	\$63,634.80	\$12.34	\$6,331.94	\$75,983.28
(Option Exercised) 8	\$10.34	\$5,302.90	\$63,634.80	\$12.71	\$6,521.90	\$78,262.78
9	\$10.34	\$5,302.90	\$63,634.80	\$13.09	\$6,717.56	\$80,610.66
10	\$10.34	\$5,302.90	\$63,634.80	\$13.49	\$6,919.08	\$83,028.98
11	\$10.34	\$5,302.90	\$63,634.80	\$13.89	\$7,126.65	\$85,519.85
12	\$10.34	\$5,302.90	\$63,634.80	\$14.31	\$7,340.45	\$88,085.45
13	\$10.34	\$5,302.90	\$63,634.80	\$14.74	\$7,560.67	\$90,728.01
14	\$10.34	\$5,302.90	\$63,634.80	\$15.18	\$7,787.49	\$93,449.85

*The Lease Year shall Commence the later of November 1, 2020 or the first day of the month after Landlord obtains a CO from the City.
The Base Rent is adjusted each year by the US Consumer Price Index, capped at 3%, on the anniversary of the commencement date.
The Estimated TICAM charge as of November 1, 2020 is \$2,62.49 per month (\$5.00 per Square Foot per Annum)
The Estimated TICAM charge is adjusted and estimated versus actual expensed settled up each year on the anniversary of the commencement date.

Attachments:

1. Draft of Proposed Lease
2. Upfit Floor Plans