

EXECUTIVE SUMMARY



TO: City Commission

CC: Jim Scholl

FR: Marilyn Wilbarger, RPA, CCIM

DT: June 5, 2012

RE: It's Just 4 Kids, Inc. Lease

ACTION STATEMENT:

This is a request to enter into an under market lease agreement with the It's Just 4 Kids, Inc., a Florida Non-Profit Corporation, for the occupancy of a portion of the city owned building at 727 Fort Street.

BACKGROUND:

The tenant has occupied space at the Fort Street location for several years and is requesting a lease going forward, as follows:

PREMISES: Approximately 1067 square feet as shown on Exhibit "A" of the lease

TERM: Five (5) years with a ninety (90) day cancellation provision for both parties

USE: Continuous operation of the Tenant's after school art instruction program and no other purpose.

RENT: \$1.00 per year

AUDIT: The rent subsidy is subject to City Ordinance Sec. 2-872 which provides that the city may inspect the books and records of the tenant and audit the program results to determine whether the objectives of funding established by the city are being met.

INSURANCE: Tenant has provided a commercial liability policy naming the City of Key West as an additional insured

EXPENSES: The Tenant will pay for operating costs including all utilities, repairs and maintenance, replacements and renovations necessary to keep the premises in good repair and condition.

IMPROVEMENTS: The Tenant will accept the space in an "as is" condition

FINANCIAL:

This agreement transfers the costs of utilities, maintenance and repairs to the tenant eliminating City expenses going forward. The market rate rent for this demised area would be comparable to a storage rate as the improvements are minimal therefore the annual rent would be in the range of \$12,500 to \$15,000 if the spaced were leased commercially.

RECOMMENDATION:

Staff recommends the continued support of the programs provided by It's Just 4 Kids, Inc through utilization of the city owned building at 727 Fort Street.