



Legislation Text

File #: 16-0737, **Version:** 1

Resolution to Approve Lease Agreement between the City of Ann Arbor and The Regents of the University of Michigan for the Lease of 406 N. Ashley Street - The Community Dental Center **(8 Votes Required)**

The City of Ann Arbor and the Regents of the University of Michigan wish to sign a new commercial lease agreement for the lease of City-owned property at 406 N. Ashley Street for use as a Community Dental Center. The University of Michigan has leased a portion of the City-owned building since 1981 to provide dental services to low-income Ann Arbor residents at the Community Dental Center.

The current lease renewal agreement will expire on June 30, 2018. However, a portion of the property previously retained for use by the Housing Commission administrative operations was planned to be vacated and the Community Dental Center has requested full use of the building and a revised lease for occupancy of the entire building. The Community Dental Center desires to expand its services to the community by adding a dental clinic to treat special needs patients and support interprofessional education.

As the sole lessee of the building, the University has agreed to assume responsibility for the costs for capital improvements/repairs and maintenance to the building, including the HVAC system (\$16,000 to \$18,000) and elevator (\$50,000 to \$60,000), during the lease term. In addition the University has accepted responsibility for payment of costs associated with the upgrade of the building electrical service, if required, to support a new/expanded dental clinic within the building. Snow removal/ice control and lawn care service, will be contracted by the City, and paid for by the University.

The term of the new lease will be for 5 years, terminating June 30, 2021. The University has the option to renew the lease once for an additional 3 year period.

In discussions with the Executive Director of the Ann Arbor Housing Commission, she has indicated that original plan to move the AAHC administrative offices to Miller Manor is not feasible due to the conflicting space needs to provide services to tenants at Miller Manor. The AAHC is working with City Administration to find a long-term solution to the office space needs of the AAHC. She has also suggested that the property would be a good location for a future affordable housing project and asked that Council consider the long-term use of the property.

The City Administration believes Housing Commission staff can be accommodated on other Housing Commission property or city office space and recommends approval of the University of Michigan's request for a new commercial lease agreement to modify the term of the previous agreement and amendment.

Prepared by: Mary Joan Fales, Senior Assistant City Attorney

Approved by: Tom Crawford, Interim City Administrator

Whereas, The University of Michigan has leased a portion of the City-owned building at 406 N. Ashley Street since 1981 for use by the Community Dental Center;

Whereas, The City of Ann Arbor has contracted with The University of Michigan to provide dental services to low-income Ann Arbor residents at the Community Dental Center since 1981;

Whereas, The portion of the building not currently occupied by the Community Dental Center is anticipated to be vacant and the University has requested use of the entire building for a new or expanded dental clinic;

Whereas, The City Administrator has negotiated a new lease with the University of Michigan which provides for a 5-yr term and requires the assumption by the University of costs for maintenance and repair and capital improvements anticipated or in connection with their occupancy of the entire building; and

Whereas, The Administration recommends approval of a new commercial lease agreement to modify the terms of the previous agreement;

RESOLVED, That City Council approve the Commercial Lease Agreement between the City of Ann Arbor and The Regents of the University of Michigan for lease of City-owned property at 406 N. Ashley Street to provide for a new 5-year renewal term commencing October 1, 2016 and terminating June 30, 2021 with an option to renew the lease for three (3) additional one-year terms subject to approval of the renew by the City Administrator; and

RESOLVED, That the Mayor and Clerk are authorized and directed to execute the Commercial Lease Agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney.