



Legislation Text

File #: 19-0229, **Version:** 1

Resolution to Approve an Amended Five-Year Lease Agreement with the Ann Arbor Public Schools for Eberbach Cultural Arts Building (**8 Votes Required**)

Attached for your review and approval is an amended five-year lease agreement with the Ann Arbor Public Schools (AAPS) for Eberbach Cultural Arts building at 1220 Wells Street for use as a public recreation facility. Per the lease agreement, the AAPS will pay the City \$1.00 per year in rent and make capital facilities payments annually for each year of this lease.

The Eberbach Cultural Arts building is owned by the City and part of the Park system. The AAPS Recreation and Education Department has used the Eberbach Cultural Arts building exclusively for various cultural arts programming for over 30 years. Prior to 2009, the City had paid for all maintenance and capital expenses associated with the building and grounds. This proposed amended lease agreement will continue to provide for the AAPS to cover the operating, maintenance and anticipated capital expenses associated with the building and grounds during this lease period.

In exchange for the \$1.00 annual rent payment, the AAPS will be responsible for maintaining the premises in a condition that is satisfactory to the City and will perform numerous routine maintenance activities at its sole cost and expense with respect to the building and grounds. In addition, the Ann Arbor Public Schools will continue to be responsible to provide all utilities, including electricity, heat, air-conditioning, ventilation, water, and sewer services.

Since 2009 the AAPS has made annual payments to the City that are kept in a balance sheet designated for maintenance expenses associated with the Eberbach Cultural Arts building. This arrangement has created a funding mechanism whereby the building can be properly maintained. The balance of the Eberbach balance sheet account as of January 1, 2019 is \$52,475.00. If the fund balance as of March 1st of each calendar year of this lease is at \$50,000.00 or greater then no capital facilities expense shall be due from the AAPS in that year. If the fund balance is between \$40,100.00 and \$49,999.00 on March 1st AAPS shall pay the difference between the fund balance and \$50,000.00 by April 1st. If the fund balance is less than \$40,100.00 a capital facilities payment in the amount of \$9,900.00 shall be due by April 1st. Annual capital facilities payments will continue to be deposited in a balance sheet account designated for the Eberbach location. These funds shall only be used for the capital facility needs for Eberbach, as well as for repairs and general maintenance for the premises that exceed \$3,000 per incident. Such work will be managed by the City in collaboration with the AAPS.

The Park Advisory Commission recommended unanimously the approval of this lease at their January 29, 2019 meeting.

Prepared By: Colin Smith, Manager, Parks and Recreation

Reviewed By: Derek Delacourt, Community Services Area Administrator

Approved By: Howard S. Lazarus, City Administrator

Whereas, The Eberbach Cultural Arts building at 1220 Wells Street is a City-owned park facility;

Whereas, The Ann Arbor Public Schools (AAPS) uses the Eberbach Cultural Arts building for various cultural arts programming and has a desire to continue to have exclusive use of the building for continued cultural arts programming;

Whereas, The City and AAPS have collaborated successfully together over the last five years under the terms of the previous lease agreement;

Whereas, The City and AAPS have developed an amended and restated lease agreement that will allow the AAPS to continue to use the facility for public recreational programming while having the AAPS cover the operating, maintenance and anticipated capital expenses associated with the building and grounds during the lease period;

Whereas, The Parks Advisory Commission recommended approval of this lease at their January 29, 2019 meeting; and

Whereas, The City Administrator recommended that the City not expend money on an appraisal report prior to executing this lease for the reasons outlined in his memo dated February 1, 2019;

RESOLVED, That an appraisal report is not necessary as the lease's purpose is not to generate the maximum revenue for the City but is instead intended to: (1) promote educational and cultural opportunities for Ann Arbor residents; (2) help lessen the maintenance burden to the City; and (3) promote cooperation with another public entity;

RESOLVED, That City Council approve the amended five year lease agreement with the Ann Arbor Public Schools for Eberbach Cultural Arts Building;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the lease agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator be authorized to take all necessary administrative actions to implement this resolution.