

COUNCIL ACTION FORM

SUBJECT: JEFFERSON LINES LEASE AT INTERMODAL FACILITY

BACKGROUND:

Under the approved Intermodal Facility operating agreement between the City of Ames and Iowa State University, CyRide staff is charged with negotiating leases for the terminal area of the building. Last year, staff prepared a one-year agreement for Jefferson Lines that expired June 30, 2013 and is currently operating month-to-month until a new agreement can be approved. Their service began operating from the Intermodal Facility on July 1, 2012. Over the last seven months, staff has worked with the carrier to negotiate a second year lease agreement that will provide office/waiting room space for Jefferson.

In negotiating a new lease agreement, the following sections of the existing lease agreement were modified.

- Contract term
- Determination of utility costs
- Parking spaces for employee vehicles within the facility
- Insurance and indemnity clauses
- New section on termination for convenience

Each of the contract terms that were changed are summarized below and highlighted in red.

1. Basic Provisions –

- Lease starts on July 1, 2013 and expires June 30, 2016 with an option of two additional years upon mutual consent of both parties (Discussions about the renewal would start in January of each year.)
- \$900.00 per month lease rate with Producer's Price Index used to calculate the increase each year. Utilities would be \$200 per month with an annual reconciliation of actual versus paid tenant costs. Rent would be paid to ISU's Parking Division Manager.
- Two parking spaces will be provided, one at no cost, with the second one at the covered annual permit rate.

2. Insurance and Indemnity –

- CyRide/City of Ames is insured against all risk for full replacement cost
- Jefferson will have a comprehensive general liability policy for its premises of single limit liability of \$1 million per occurrence, provide a certificate of insurance to CyRide and a new one upon its expiration, and that, not maintaining this insurance is a material default of the contract. City of Ames, CyRide, ISU and Board of Regents will be named on coverage as additional insureds.
- Tenant will have a personal property policy for the premises for full replacement cost value. The landlord has no obligation to insure and no liability for personal property.

- Tenant will have an automobile insurance policy for \$1,000,000 combined single limit for owned, leased, unowned, hired or employee's vehicles.
 - Tenant will have worker's compensation and employer's liability for Coverage A and B in the amounts listed in the lease.
 - Insurance companies providing the coverage will have AM Best Rating of A-VII.
 - Each party indemnifies the other for actions of negligence or wrongful acts of its employees. ISU, Board of Regents and State of Iowa are added to this provision. Jefferson/CyRide will provide their own legal counsel to defend against a claim filed against their firm/agency.
3. **Termination for Convenience** – Tenant or landlord can terminate the lease when it is in their best interest with 90 days notice in writing.

The agreement has been reviewed and approved by:

- City of Ames Legal Counsel and Risk Manager
- ISU's Project Manager for the Intermodal Facility as well as its legal and risk management personnel

The 2013-2014 lease rate was unchanged from the first year based on a review of the Producer's Price Index (PPI) as of January 2013, which is unchanged from the 2012 PPI rate.

The Transit Board of Trustees approved the Jefferson three-year lease at its June 12, 2013 meeting

ALTERNATIVE:

1. Approve the Ames Intermodal Facility Commercial Tenant Lease with Jefferson for a three year period.
2. Direct staff to renegotiate a lease with Jefferson, with City Council direction on items to be renegotiated.
3. Do not approve a lease with Jefferson for space within the Ames Intermodal Facility.

MANAGER'S RECOMMENDED ACTION:

One of the two main purposes of the Ames Intermodal Facility is to coordinate transportation services within a single location. This agreement allows for this coordination to continue based on a negotiated lease rate. With Executive Express, Jefferson Lines and Burlington Trailways all housed at this facility, Ames residents and visitors can easily access transportation to locations outside of the community.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby entering into a three-year agreement with Jefferson for space within the Ames Intermodal Facility.