

COUNCIL ACTION FORM

**SUBJECT: **APPROVAL OF LAND LEASE AT 205 SOUTH WALNUT TO
HEARTLAND SENIOR SERVICES****

BACKGROUND:

On July 1, 1988, the City entered into the original lease with Story County Council on Aging, now Heartland Senior Services (HSS), at 205 South Walnut. This property, formally an Ames grade school site, was acquired by the City using Community Development Block Grant (CDBG) funding through the State of Iowa for the purpose of providing to the community a Senior Center along with the associated services.

As the building has far exceeded its useful life, the Heartland Board of Directors (HBOD) initiated a campaign to solicit donations for a new building. While numerous sites were considered for the new facility, ultimately it was determined that it would be best to remain at the current site. Subsequently, the HBOD approached the City Council about preparing a new long-term lease for the site to house a new facility.

In response to this request, the City Council directed staff to negotiate a new land lease. Attached for your approval is the proposed lease which contains the following stipulations:

Paragraph 1. Term

The term of the lease will be fifty years commencing on February 1, 2022.

Paragraph 5. Consideration

No payments will be required of Heartland. Rather Heartland will be required to provide needed services to our senior citizens in the community during the duration of the lease, along with other responsibilities.

Paragraph 6. Use of Property

The property can be used by Heartland to provide only senior services on the site, and not for any other purpose.

Paragraph 11. Insurance Protection

Heartland will indemnify, defend, and hold the City harmless against any and all claims, maintain a \$5 million liability coverage, and name the City as an additional insured.

Paragraphs 13 & 14. Prior Approval

Heartland must receive prior approval from the City Council for the initial building and site improvement plans, future buildings/additions/site improvements, and any subleasing or selling of buildings.

Paragraphs 12 & 15. Maintenance of Property

Heartland will be responsible for maintaining the lawn, sidewalks (including snow and ice removal from sidewalks); and maintaining and repairing buildings, structures, and site improvements.

Paragraph 9. Comply with all City laws, etc.

Heartland will be required to comply with all city, state, and federal laws as well as city rules, regulations, and ordinances.

Paragraph 16. Termination

The lease can be extended by mutual consent of the parties. Heartland has 30 days to cure any default before the lease will be terminated. At the end of the term of the lease whether extended or not, all buildings on the property will become property of the City.

ALTERNATIVES:

- 1) The City Council can approve the attached lease agreement with Heartland Senior Services.
- 2) The City Council can approve the attached lease agreement with Heartland Senior Services, with modifications.
- 3) The City Council can decide not to enter into a lease agreement with Heartland Senior Services to serve as a site for their new facility.

CITY MANAGER'S RECOMMENDED ACTION:

Heartland Senior Services has done an excellent job over the years in providing much needed services to our senior citizens. Allowing the continued use of the City's property will facilitate the construction of new facility.

Therefore, it is the recommendation of the City Manager that the City Council support Alternative #1 and approve the attached lease agreement with Heartland Senior Services.

LEASE AGREEMENT

THE CITY OF AMES, IOWA TO HEARTLAND SENIOR SERVICES

THIS LEASE AGREEMENT, is made and entered into this _____ day of February, 2022, between the Lessor City of Ames (hereinafter "City"), a municipal corporation, and Lessee Heartland Senior Services (hereinafter "Heartland"), a nonprofit corporation,

WITNESSETH:

1. The City hereby agrees to lease to Heartland the property known locally as 205 S. Walnut (hereinafter "property"), for the purpose of Heartland providing services to senior citizens in the city. **PROPERTY DESCRIPTION OF 205 S. WALNUT:**
Lots 1, 4, 5, 8 of the West 52' of Lot 9, and the E1/2 of the vac. Alley abutting the west line thereof, all in Block B of Black's Second Addition to the City of Ames, Story County, Iowa.
2. The term of this lease agreement shall be fifty (50) years, commencing on February 1, 2022, and ending at midnight on January 31, 2072, unless earlier terminated by mutual agreement of the parties or per operation of this lease agreement.
3. The prior lease on this property, Instrument #0002, filed July 1, 1988 at Book 267, Page 295 is hereby terminated. Any and all other leases or sub-leases on the property are hereby terminated.
4. **PUBLIC PURPOSE:** This lease agreement is being entered into by the City for the public purpose of procuring needed services to the senior community in Ames. Heartland has as its mission, and is uniquely qualified and prepared, to provide senior services which include, but are not limited to, activities in the areas of physical activity, social networks, health, intergenerational activities, and nutrition. Senior services are badly needed in the Ames community as the number of citizens, 60 years of age or older, continues to grow.

5. There shall be no monetary payments due or owing the City under this Lease Agreement. The full, complete, and satisfactory consideration for this Lease Agreement shall be and is the promise hereby made by Heartland to:
 - a. Demolish the existing city-owned building on the property at Heartland's expense and no expense to the City.
 - b. Construct a building or buildings on the property and develop site improvements that are designed, equipped, and continually operated so as to provide senior services. Senior services include, but are not limited to, activities in the areas of physical activity, social networks, health, intergenerational activities, and nutrition.
 - c. Provide such senior services to seniors in Ames for the duration of this Lease Agreement.
 - d. Transfer to the City of Ames the adjoining property, as provided below, at no cost to the City, within three (3) months of the effective date of this lease agreement at Heartland's cost and expense.
 - e. Maintain the property, as provided below, including but not limited to regular lawn mowing and snow removal from sidewalks.
 - f. Maintain general liability and property/casualty insurance on the property for the duration of the lease, as provided below.
6. Said property shall only be used by Heartland to provide senior services, and not for any other purpose. Senior services include, but are not limited to, activities in the areas of physical activity, social networks, health, intergenerational activities and nutrition.
7. Heartland shall construct or have made substantial progress towards construction a building or buildings on the property, within two (2) years of the effective date of this lease agreement, and develop site improvements that are designed, equipped, and continually operated so as to provide senior services as defined above. Heartland shall then use the building to provide such senior services for the duration of this Lease Agreement.
8. Heartland will transfer, at no cost to the City, the adjoining property to the 205 S. Walnut, locally known as 219 S. Walnut, and will be responsible for assuring that platting is done, and City ordinances are followed to combine this property into one parcel with the 205 S. Walnut property. The City shall be responsible for preparing the documents necessary for the property transfer, and Heartland shall be responsible for any filing fees or other costs. This property transfer will take place no later than three (3) months after the effective date of this lease. Upon the successful transfer of the property to the City's ownership, the new, combined parcel will be incorporated into this lease agreement as the subject property. PROPERTY DESCRIPTION OF 219 S. WALNUT: Lot 9, except the West 52' thereof, Block B of Black's Second Addition to the City of Ames, Story County, Iowa.

9. Heartland agrees to comply with all applicable City, State, and Federal laws as well as the City rules, regulations, and ordinances on all matters, including but not limited to the City Zoning Code and Building Code. Heartland agrees that any building shall be constructed and operated in compliance with all fire and safety codes in effect or that may become in effect.
10. Heartland may grade the property and install utilities as necessary to construct its building and provide services but must follow all City ordinances in doing so.
11. Heartland agrees to indemnify, defend, and hold the City harmless for any and all matters or claims, whether in tort or any other type of claim, regarding the property while this lease agreement is effective. Heartland is required to maintain \$5 million general liability insurance coverage and Heartland's insurance carrier must name the City as an Additional Insured. Heartland is also required to maintain sufficient property & casualty insurance on Heartland's building to cover the total loss of the building, and to list the City of Ames as an Additional Insured on the policy. Heartland is required to provide the City with Certificates of Insurance showing the City as an Additional Insured for both the general liability and property & casualty insurance, which also states that Heartland's insurance policy is primary and non-contributory.
12. Heartland will be responsible for maintaining the lawn and sidewalks, including removal of snow or ice from sidewalks.
13. Heartland must seek and receive prior approval from the Ames City Council for the initial building and site improvement plans as well as any future buildings, building additions, and other site improvements.
14. Heartland is prohibited from subleasing the building(s), or any portion thereof, or selling the building(s) and other future improvements on the site, or any portion thereof, without the approval of the Ames City Council.
15. After constructing its building(s), Heartland will be responsible for maintaining and repairing all buildings, structures, and site improvements on the leased property.
16. **TERMINATION:** This lease shall terminate upon expiration of this lease unless it is earlier terminated by mutual agreement of the parties or as otherwise set forth in this paragraph. In recognition that Heartland might want to make additional improvements that will require additional time to appreciate, it is agreed that Heartland may request, and the City may grant extensions to this Lease Agreement at any time. This lease may also be terminated if the building(s) and property cease to be used entirely for the purpose stated in Paragraph 4 of this lease agreement. In the event that the building or buildings are destroyed or significantly damaged by fire, tornado or other reasons, Heartland shall, within eighteen (18) months of the destruction, begin renovation, construction, or replacement of the improvements destroyed. Failure to begin construction, replacement, or renovation within eighteen (18) months of the damage will terminate this lease. At the end of the fifty (50) year term of the lease, the lease

may be extended, or a new lease may be entered into by mutual agreement of the parties; if the lease is not extended or a new lease entered into, all buildings on the property shall become the property of the City of Ames at no cost to the City. If Heartland abandons the building at any time during this lease, all buildings and structures on the property shall become the property of the City of Ames. In the event of lease termination or Heartland's abandonment of the building, Heartland may remove any of its moveable equipment. In the event of Default by Heartland on this lease agreement, the City will notify Heartland that it is in default, and Heartland will have 30 days to cure the default before the lease will terminate.

IN WITNESS WHEREOF, the parties have hereunto set their hands and signatures the day and year above first written.

CITY OF AMES, IOWA

By: _____
John A. Haila, Mayor

ATTEST: _____
Diane R. Voss, City Clerk

HEARTLAND SENIOR SERVICES, INC.

By: Leo G. Milleman, M.D.
Leo Milleman, Board President

By: Nancy Carroll
Nancy Carroll, Executive Director