



Legislation Text

File #: 121117., Version: 1

Power District Catalyst Project Lease Amendment (B)

This is a request for the City Commission to approve the lease amendment for the Power District Catalyst Project.

In November 2011, the City received a letter of intent from Prioria Robotics expressing interest in the Catalyst Project warehouse site to house its operations. In response to this request, in December 2011, the Catalyst Project site was, per statutory requirement, advertised publicly to invite all interested parties to apply for the lease and/or purchase of an approximately 22,000 square foot building with loading docks and associated property for commercial, office, warehouse and/or light industrial uses in the Power District. The closing date for candidates' application submittal was January 25, 2012. The City received one proposal, from Prioria Robotics. Evaluation of the candidate submittal was based on the following factors/criteria: intended use for the site and its suitability for furthering Power District redevelopment goals, and the candidate's legal and financial ability to enter into a long term lease or purchase agreement. Based on these criteria, the City Commission requested that staff move forward with negotiations with Prioria Robotics to occupy the project site. Negotiations were successful, and the City reached an agreement with Prioria to enter into a long-term lease for the project site. Building improvements required by the terms of the lease were completed in early February 2013 and Prioria moved into the building on February 7, 2013 on the lease commencement date.

As negotiated, the lease with Prioria includes: a single tenant lease; a seven year lease term; \$13.75/ft² - \$16.42/ft² triple net rental rate (Prioria is responsible for paying sales tax on the rental rate, property taxes, insurance, maintenance and utilities separately); and right of first refusal for purchase of the site.

This redevelopment project enabled Prioria to remain in Gainesville and it is anticipated that the redevelopment of this site will serve as a catalyst for additional development in the Power District. Prioria Robotics expects to make a strategic investment, over the next five years to grow its business by establishing long-term facilities in Gainesville's Power District to house its rapidly growing workforce.

Prioria's business is contract-based and thus its operations and workforce expands and contracts in response to the specific needs of current contracts. Prioria has requested a lease amendment to allow for the ability to sublet unused portions of the building to other entities during times when they are not making full use of the entire building. Authorizing this lease amendment would provide the ability to make full and productive use of the building at all times and would further redevelopment goals by bringing additional uses, activities and exposure to the Power District. Full occupancy of the building will provide significant redevelopment and economic development benefits to the Power District.

The proposed lease amendment would allow Prioria to sublet up to a maximum of 10,000 square feet of the approximately 22,000 square feet of the building for commercial, office, light industrial or clean technology uses consistent with the targeted vision for the Power District and consistent with the land use and zoning designations for the premises. Prioria will be required to collect and submit sales taxes to the State for any rent it receives for a sublease. Prioria will remain fully responsible for the lease, and will be required to provide the

City an executed copy of the sublease within 10 business days of entering into a sublease.

None at this time.

The City Commission: 1) approve the lease amendment; and 2) authorize the City Manager to execute the lease amendment subject to approval as to form and legality by the City Attorney