

DESCRIPTION OF LEASE APPROVALS FOR CONSIDERATION

October 6, 2016

MEDICAL UNIVERSITY OF SOUTH CAROLINA

PROJECT NAME: 99 WestEdge Parking Garage
REQUESTED ACTION: New Lease Approval
REQUESTED ACTION AMOUNT: \$46,075,456
INITIAL CHE APPROVAL DATE: N/A

DESCRIPTION:

The Medical University of South Carolina requests approval to lease approximately 322 parking spaces located within the 99 WestEdge Parking Garage. WestEdge is located along the Ashley River in downtown Charleston between Lockwood Boulevard, Hagood Avenue, and Spring Street.

This is a new lease with the purpose to replace parking spaces that will be lost due to the WestEdge Development Project. The cost per space, per month for this lease is \$125.00. The monthly rental rate in the first year will be \$40,250, resulting in an annual rent of \$483,000. The rent shall increase annually by the lessor of 3%, or the City of Charleston’s internal parking rate. The renewal option shall also contain an option to increase the number of parking spaces up to a total of 500 for the same lease terms and conditions based on availability by the City of Charleston.

<u>Term</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>	<u>Rent Per Space</u>
Year 1	\$483,000	\$40,250	\$125
Year 2	\$497,490	\$41,458	\$129
Year 3	\$512,405	\$42,700	\$133
Year 4	\$527,784	\$43,982	\$137
Year 5	\$543,626	\$45,302	\$141
Year 6	\$559,932	\$46,661	\$145
Year 7	\$576,741	\$48,062	\$149
Year 8	\$594,051	\$49,504	\$154
Year 9	\$611,864	\$50,989	\$158
Year 10	\$630,218	\$52,518	\$163
Year 11	\$649,113	\$54,093	\$168
Year 12	\$680,180	\$56,682	\$176
Year 13	\$711,826	\$59,319	\$184
Year 14	\$732,846	\$61,071	\$190
Year 15	\$754,832	\$62,903	\$195
Year 16	\$777,475	\$64,790	\$201
Year 17	\$800,814	\$66,735	\$207
Year 18	\$824,848	\$68,737	\$213
Year 19	\$849,578	\$70,798	\$220
Year 20	\$875,080	\$72,923	\$226
Total	\$13,193,705		

The renewal option is for five terms that are five years each. The total lease cost is \$46,075,456 when including the five renewals of five years each.

The following chart represents comparable lease rates:

Location	Rent Per Space
106 Coming Street	\$285
158 Meeting Street	\$168
George Street	\$250

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Department of Administration.

DESCRIPTION OF LEASE: This lease is for approximately 322 parking spaces located within the 99 WestEdge Parking Garage. The purpose of this lease is to replace parking spaces that will be lost due to the WestEdge Development Project. The cost per space, per month for this lease is \$125.00. The monthly rental rate will be \$40,250.00, resulting in an annual rent amount of \$483,000.00. Rent shall increase annually the lesser of ; CPI, 3% or City of Charleston’s internal parking rate.

This renewal shall also contain an option to increase the number of parking spaces up to a total of 500 for the same lease terms and conditions based on availability by the City of Charleston.

Cost per Parking Space:	\$125.00						
Lease Term:	20 Years [3/1/2017-2/28/2037]						
Annual Lease Cost:	\$483,000.00						
Year 2	\$497,490.00	Year 7	\$576,740.64	Year 12	\$680,179.92	Year 17	\$800,814.00
Year 3	\$512,405.04	Year 8	\$594,051.36	Year 13	\$711,826.08	Year 18	\$824,848.08
Year 4	\$527,783.76	Year 9	\$611,864.40	Year 14	\$732,846.24	Year 19	\$849,577.68
Year 5	\$543,626.16	Year 10	\$630,218.40	Year 15	\$754,832.40	Year 20	\$875,080.08
Year 6	\$559,932.24	Year 11	\$649,113.36	Year 16	\$777,475.44		

Renewal Option: 5 terms, 5 years each

Year 1	\$901,316.64	Year 1	\$1,044,902.88	Year 1	\$1,211,325.36	Year 1	\$1,404,293.52	Year 1	\$1,627,941.84
Year 2	\$928,364.64	Year 2	\$1,076,239.92	Year 2	\$1,247,646.96	Year 2	\$1,446,411.12	Year 2	\$1,676,782.80
Year 3	\$956,224.08	Year 3	\$1,108,542.96	Year 3	\$1,285,089.12	Year 3	\$1,489,803.84	Year 3	\$1,727,092.08
Year 4	\$984,894.96	Year 4	\$1,141,812.00	Year 4	\$1,323,651.84	Year 4	\$1,534,510.32	Year 4	\$1,778,908.32
Year 5	\$1,014,454.56	Year 5	\$1,176,047.04	Year 5	\$1,363,373.76	Year 5	\$1,580,530.56	Year 5	\$1,851,590.16

Total Lease Cost: \$46,075,456.29

Annual Operating Costs: Full Service

Comparable Rates:	106 Coming Street	\$285.00 per Space	Full Service
	158 Meeting Street	\$168.00 per Space	Full Service
	George Street	\$250.00 per Space	Full Service

Capital Projects & Leases Processed by Staff								
September 2016								
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
Maintenance Needs Projects using FY 2015-16 Lottery Allocation and Match								
Routine Staff Approvals								
Close-Outs								
9/16/2016	9554	Coastal Carolina	Atheneum Hall Renovations	Decrease Budget, Close Project	(\$454,056)	\$2,545,944	4/18/2008	-
9/19/2016	9774	Clemson University	Clemson Architectural Center in Charleston Construction ¹	Decrease Budget, Close Project	(\$16,072,419)	\$7,627,581	4/9/2001	-
¹ The project budget was decreased by a significant amount due Clemson's decision not to go forward with the construction portion of the project at this time after a lawsuit by local Charleston residents relating to the facility's design.								