

## Council Agenda Report

**Date:** December 12, 2017

**Prepared and Submitted by:** Sandra Tripp-Jones, City Manager 

**SUBJECT:** Lease of Governors Hall to the American Legion Post 91

**Recommendation:** That Council amend the approved lease terms to provide for two annual payments of \$10,000 upon verification that the Legion has taken in at least \$55,000 in from Governors Hall operations in that calendar year.

**Discussion:**

The Governors Hall Management Agreement with Sailwinds of Cambridge, Inc. has expired and the building is cleared. Sailwinds of Cambridge, Inc. did not donate or otherwise make available the equipment in the building to the American Legion Post 91. The Legion bought 700 chairs at the auction held by Sailwinds of Cambridge, Inc. Nevertheless, City Staff and individual Commissioners are working with the Legion to restore essential equipment to operate the building as a public venue and to house their lounge.

The Legion is concerned about revenues given the reduced kitchen equipment. Staff recommends that the rental rates remain the same already approved - \$20,000 for two years with a monthly rate of \$833/month for every month after the first two-year period, if the lease extends beyond two years. The modification would be that \$10,000 will be due at the end of the calendar year upon verification that the Legion has taken in at least \$55,000 in Governor's hall income. If not, then the \$10,000 would be prorated based on the percentage of \$55,000 taken in. For example:

If the revenue is only \$40,000 in either year:

$$\$40,000 = 73\% \text{ of } \$55,000$$

$$\$10,000 \times 73\% = \$7,300 \text{ to be paid for that year.}$$

Staff believes that this a reasonable modification to the terms in that the average income of Governors Hall was \$107,000 – per the Profit and Loss Statements of Sailwinds of Cambridge, Inc. for 2013, 2014, 2015 which they claimed to be depressed years due to uncertainty about continuation. The American Legion Post is motivated to make more than \$55,000 as that money will stay with Post 91. American Legion Post 91 has agreed to this modification.

**Fiscal Impact:** The estimated cost to keep Governors Hal open during wharf repair is \$80,000 to \$100,000. Under this agreement, the American Legion Post 91 will pay \$20,000 toward that cost, and the City will still be paying between \$60,000 and \$80,000. The City may pay more if the Legion realizes less than \$55,000/year in income and their rent is reduced.