



City of Rochester

City Hall Room 308A, 30 Church Street
Rochester, New York 14614-1290
www.cityofrochester.gov

**NEIGHBORHOOD &
BUSINESS DEVELOPMENT
INTRODUCTORY NO.**

34, 35, 36, 37

Lovely A. Warren
Mayor



January 6, 2020

NBD 30

TO THE COUNCIL

Ladies and Gentlemen:

Re: Purchasing the Maguire Building – Purchasing and
Leasing Former Chamber of Commerce Building

Council Priority: Jobs and Economic Development

Comprehensive Plan 2034 Initiative Area: Fostering
Prosperity and Opportunity

Transmitted herewith for your approval is legislation authorizing the City to acquire both the former Chamber of Commerce Building and the Maguire Building from the Rochester Economic Development Corporation (REDCO) and to lease back to REDCO a portion of the former Chamber of Commerce Building, all in order to promote the redevelopment and use of both facilities. This legislation will:

1. Authorize the negotiated purchase of the former Chamber of Commerce Building and adjacent parking located at 55-57 and 61 St. Paul Street (Chamber Building) from REDCO for the purchase price of \$1,580,000, the amount REDCO paid for it in November 2020.
2. Authorize the issuance of bonds totaling \$1,630,000 to finance the purchase of the Chamber Building and up to \$50,000 of necessary closing costs.
3. Authorize the Mayor to enter into lease agreement that allows REDCO to continue to occupy up to 5,000 square feet of office space in the Chamber Building. The lease is anticipated to encompass approximately 3,110 at the outset with the right to build out and occupy additional space later on. The agreement will have a term of 10 years with one 10-year renewal option. During the initial term, REDCO will pay an annual rental based on the amount of spaced lease and a rate of \$12 per square foot, with the rental for each subsequent year to be adjusted based on the amount of leased space and the Consumer Price Index. The rent payments will cover the costs of gas and electric utilities (estimated to be \$4.00 per square foot), building security (\$1.00 per sq. ft.) and janitorial services (\$1.00 per sq. ft.). The annual rental payment for the optional 10-year renewal shall be based on the market rate.
4. Authorize the negotiated purchase of the Maguire Building located at 448 Smith Street from REDCO for \$425,000, to be paid in the form of credits against the lease payments that REDCO will be required to pay for its space in the Chamber Building as authorized in item 3 above.

The legislation will allow the City to complete the transformation of the Maguire Building on the campus of the soccer stadium from a warehouse-type facility into the indoor portion of the Rochester Community and Youth Sports Complex. REDCO presently owns the Maguire



Building and leases it to the City. The City has been working to transform the building, in combination with the adjacent soccer stadium, into a combined indoor and outdoor community sports complex. Funds for this project include a generous grant of \$460,000 from the Ralph C. Wilson, Jr. Foundation. In Ordinance No. 2020-329, the City has authorized the issuance of \$925,000 of bonds to complete the project. In order to use the bond funds, the City needs to demonstrate control and/or ownership of the facility. This legislation serves that purpose and will fund the purchase price of \$425,000 by granting REDCO credits of an equal amount toward the rent that REDCO will owe for its lease of the Chamber Building.

The Chamber Building was previously owned by the State for the Rochester MetroCenter campus of SUNY Brockport. SUNY Brockport left the building in 2017 in order to consolidate its Rochester facilities at the Rochester Education Opportunity Center building at 165 Chestnut Street. Since then, by means of a lease and sublease and, eventually, REDCO's purchase of the Chamber Building from the State (which closed last November for a purchase price of \$1,580,000), REDCO and the City have relocated some of their facilities to the building, including REDCO's headquarters and the headquarters and offices for the Department of Recreation and Human Services (DRHS).

The purchase of the approximately 109,000 square-foot Chamber Building and the lease back to REDCO of a portion thereof will maximize the usefulness of this historic building for years to come. In accompanying legislation, the City has appropriated a portion of the racial equity initiative funds necessary to relocate the offices of the Victims Assistance Unit and Family Crisis Intervention Team (FACIT) from the City's Public Safety Building to the Chamber Building. This move will embed these services in the same space as the rest of the DRHS Crisis Intervention Services Unit. The building's location directly across the street from public transportation will make the services easily accessible.

The lease to REDCO of a portion of the Chamber Building will provide useful office space to REDCO in return for the payment of rent to the City, a portion of which will fund the City's aforementioned acquisition of the Maguire Building. REDCO will be responsible for making any improvements to the leased space and may finance those improvements through the City, at cost plus 10%, by means of supplemental rent payments amortized over 10 years at an annual interest rate of 5%. The City also will grant REDCO the right of first refusal to rent additional space, up to 5,000 square feet, in the Chamber Building. Moreover, if the City sells the building during the term of the lease, the City will offer suitable replacement office space to REDCO without increasing REDCO's rent.

Respectfully submitted,



Lovely A. Warren
Mayor

INTRODUCTORY NO.

DRHS #30a

34

Ordinance No. 30

Authorizing the acquisition of 55-57 and 61 St. Paul Street

BE IT ORDAINED, by the Council of the City of Rochester as follows:

Section 1. The Council hereby approves the acquisition by negotiation of the parcels described below for a maximum aggregate purchase price of \$1,580,000. The purchase price as well as necessary closing costs shall be funded from the proceeds of a concurrent bond ordinance.

Address	S.B.L.#	Lot Size	Owner
55-57 St. Paul Street	106.79-1-61	±0.53 acres	Rochester Economic Development Corporation
61 St. Paul Street	106.79-1-62	±0.23 acres	Rochester Economic Development Corporation

Section 2. City taxes and other current-year charges against said parcel shall be canceled from the date of closing forward. If the present owner has paid any taxes or other current-year charges attributable to the period after the closing, such charges shall be credited to such owner at closing, and may, if appropriate, be refunded. Any taxes levied after the date of closing, while the City owns the parcel, shall also be cancelled. The property shall be conveyed to the City with no other outstanding liens or encumbrances.

Section 3. This ordinance shall take effect immediately.

INTRODUCTORY NO.

35

DRHS #30b

Ordinance No.

Bond Ordinance of the City of Rochester, New York authorizing the issuance of \$1,630,000 Bonds of said City to finance costs to acquire the former Chamber of Commerce Building property at 55-57 and 61 St. Paul Street

BE IT ORDAINED, by the Council of the City of Rochester as follows:

Section 1. The City of Rochester, in the County of Monroe, New York (herein called "City"), is hereby authorized to finance the costs to acquire the former Chamber of Commerce Building and adjoining parking lot located at 55-57 and 61 St. Paul Street, respectively, collectively the "Property"). The estimated maximum cost of said class of objects or purposes, including the purchase price, closing costs, other preliminary costs and costs incidental thereto and the financing thereof, is \$1,630,000, and said amount is hereby appropriated therefor. The plan of financing includes the issuance of \$1,630,000 bonds of the City to finance said appropriation and the levy and collection of taxes on all the taxable real property in the City to pay the principal of said bonds and the interest thereon as the same shall become due and payable.

Section 2. Bonds of the City in the principal amount of \$1,630,000 are hereby authorized to be issued pursuant to the Constitution and laws of the State of New York, including the provisions of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York (herein called the "Law"), this Ordinance, and other proceedings and determinations related thereto.

Section 3. The City intends to finance, on an interim basis, the costs or a portion of the costs of said improvements for which bonds are herein authorized, which costs are reasonably expected to be reimbursed with the proceeds of debt to be incurred by the City, pursuant to this Ordinance, in the amount of \$1,630,000. This Ordinance is a declaration of official intent adopted pursuant to the requirements of Treasury Regulation Section 1.150-2.

Section 4. The period of probable usefulness of said class of objects or purposes described in Section 1 of this Ordinance, within the limitations of 11.00 a.12(a)(1) of the Law, is twenty-five (25) years.

Section 5. Each of the bonds authorized by this Ordinance and any bond anticipation notes issued in anticipation of the sale of said bonds shall contain the recital of validity as prescribed by Section 52.00 of the Law and said bonds and any notes issued in anticipation of said bonds, shall be general obligations of the City, payable as to both

principal and interest by an ad valorem tax upon all the taxable real property within the City without limitation as to rate or amount. The faith and credit of the City are hereby irrevocably pledged to the punctual payment of the principal of and interest on said bonds and any notes issued in anticipation of the sale of said bonds and provision shall be made annually in the budget of the City by appropriation for (a) the amortization and redemption of the bonds and any notes in anticipation thereof to mature in such year and (b) the payment of interest to be due and payable in such year.

Section 6. Subject to the provisions of this Ordinance and of said Law, and pursuant to the provisions of Section 30.00 relative to the authorization of the issuance of bond anticipation notes or the renewals thereof, and of Sections 50.00, 56.00 to 60.00 and 168.00 of said Law, the powers and duties of the City Council relative to authorizing the issuance of any notes in anticipation of the sale of the bonds herein authorized, or the renewals thereof, and relative to providing for substantially level or declining debt service, prescribing the terms, form and contents and as to the sale and issuance of the bonds herein authorized, and of any notes issued in anticipation of the sale of said bonds or the renewals of said notes, as well as to executing agreements for credit enhancement, are hereby delegated to the Director of Finance, as the Chief Fiscal Officer of the City.

Section 7. The validity of the bonds authorized by this Ordinance and of any notes issued in anticipation of the sale of said bonds may be contested only if:

(a) such obligations are authorized for an object or purpose for which the City is not authorized to expend money, or

(b) the provisions of law which should be complied with at the date of the publication of such Ordinance are not substantially complied with, and an action, suit or proceeding contesting such validity, is commenced within twenty (20) days after the date of such publication, or

(c) such obligations are authorized in violation of the provisions of the Constitution.

Section 8. This Ordinance shall take effect immediately, and the City Clerk is hereby authorized and directed to publish a summary of the foregoing Ordinance, together with a Notice attached in substantially the form prescribed by Section 81.00 of the Law in "The Daily Record," a newspaper published in Rochester, New York, having a general circulation in the City and hereby designated the official newspaper of said City for such publication.

Ordinance No.

Authorizing a lease agreement for 55-57 St. Paul Street

WHEREAS, in a concurrent ordinance Council has authorized the City to purchase from the Rochester Economic Development Corporation (REDCO) the former Chamber of Commerce Building located at 55-57 St. Paul Street (the Property);

WHEREAS, the City of Rochester has received a proposal from REDCO to lease approximately 5,000 square feet of space on the lower level of the Property;

WHEREAS, pursuant to Section 21-23 of the Municipal Code, the Council is required to follow additional procedures due to the length and the amount of annual rent of the proposed lease;

WHEREAS, the Council affirmatively finds that the proposed lease authorized herein is in the public interest because it will complete the City's acquisition of the Property from the State University of New York with the cooperation of REDCO as intended while allowing for continued use of the leased office space by REDCO, a valued partner in the City's mission to promote community-based community development; and

WHEREAS, the Council affirmatively finds that the term of such proposed lease, which is ten years with one 10-year renewal option, is reasonable and necessary in light of the lease's intended purpose and that the public will benefit throughout that term.

NOW, THEREFORE, BE IT ORDAINED, by the Council of the City of Rochester as follows:

Section 1. Upon the City's acquisition of the Property, the Mayor is hereby authorized to enter into a lease agreement with the Rochester Economic Development Corporation for up to approximately 5,000 square feet of space on the lower level of the former Chamber of Commerce Building. The agreement shall have a term of 10 years with one 10-year renewal option contingent upon the approval of Council in accordance with City Code §21-23(D)(2).

Section 2. The annual rental amount for the first year of the term shall be up to \$60,000, based on the amount of space leased at a rate of \$12 per square foot. The annual rental amount for each subsequent year during the initial 10-year term shall be adjusted based on the amount of space leased and the Consumer Price Index for All Urban Consumers (CPI-U). The annual rental amount for the renewal term, if so elected, shall be based on the market rate.

Section 3. REDCO shall be responsible for its own leasehold improvements or may finance those improvements, at cost plus 10%, through the City by means of supplemental rent payments fully amortized over 10 years at an annual interest rate of 5%.

Section 4. The lease shall grant REDCO the right of first refusal to rent up to 5,000 square feet of additional space in the building. If the City sells the Property during the term of the lease, the City shall offer suitable alternative office space to REDCO in return for rental payments that do not exceed the annual rental amounts provided for herein.

Section 5. The lease agreement shall have such additional terms and conditions as the Mayor deems appropriate.

Section 6. This ordinance shall take effect immediately.

Ordinance No.

Authorizing the acquisition of 448 Smith Street

BE IT ORDAINED, by the Council of the City of Rochester as follows:

Section 1. The Council hereby approves the acquisition by negotiation of the parcel described below from the present owner Rochester Economic Development Corporation (REDCO) for a maximum purchase price of \$425,000. The purchase price shall be paid in the form of future credits in the amount of \$425,000 against the annual rental payments that REDCO will be obligated to pay for office space in the former Chamber of Commerce Building located at 55-57 St. Paul Street, pursuant to a lease authorized by a concurrent ordinance. Necessary closing costs for the acquisition shall be funded from 2020-21 Cash Capital.

Address	S.B.L.#	Lot Size	Owner
448 Smith Street	105.76-1-58	±1.5 acres	Rochester Economic Development Corporation

Section 2. City taxes and other current-year charges against said parcel shall be canceled from the date of closing forward. If the present owner has paid any taxes or other current-year charges attributable to the period after the closing, such charges shall be credited to such owner at closing, and may, if appropriate, be refunded. Any taxes levied after the date of closing, while the City owns the parcel, shall also be cancelled. The property shall be conveyed to the City with no other outstanding liens or encumbrances.

Section 3. This ordinance shall take effect immediately.