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MEMORANDUM Community and Neighborhood Services Department Memo No. CNS15-020

DATE: NOVEMBER 8, 2014

TO: MAYOR AND CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER
NACHIE MARQUEZ, ASSISTANT CITY MANAGER
JENNIFER MORRISON, COMMUNITY AND NEIGHBORHOOD SERIVCES DIRECTOR

FROM: KURT KNUTSON, HOUSING AND REDEVELOPMENT MANAGER

SUBJECT: ORDINANCE NO. 4585 AUTHORIZING AND APPROVING A FIVE-YEAR LEASE BETWEEN THE CITY OF CHANDLER HOUSING DIVISION AND MAC-GRAY SERVICES, LLC, FOR LAUNDRY EQUIPMENT AND THE USE OF 120 SQUARE FEET PORTION OF A BUILDING KNOWN AS THE COMMUNITY BUILDING AT 127 NORTH KINGSTON STREET FOR A LAUNDRY ROOM AND AUTHORIZING THE COMMUNITY AND NEIGHBORHOOD SERVICES DIRECTOR TO EXECUTE THE LEASE.

RECOMMENDATION: Staff and the Public Housing Authority Commission recommend to City Council the introduction and tentative adoption of Ordinance No. 4585 authorizing and approving a five-year lease between the City of Chandler Housing Division and Mac-Gray Services, LLC, for laundry equipment and the use of 120 square feet portion of a building known as the Community Building at 127 North Kingston Street for a laundry room and authorizing the Community and Neighborhood Services Director to execute the lease.

BACKGROUND: Washers and dryers, or washer/dryer hook-ups are not available in the thirty- seven (37) individual apartments at our senior complex known as Kingston Arms Apartments. Instead, there is a small 120 square foot, coin operated laundry facility on the site located in the senior Community Building.

The Housing and Redevelopment Division has leased two coin operated washers and dryers from Mac-Gray Services, LLC since 1983. The current and proposed lease agreement stipulates that the Housing Division provide the space and utilities for the laundry equipment. Mac-Gray supplies and services the washer and dryer units. The revenue generated by the washers and dryers is split between Mac-Gray and the Housing Division. Forty- five percent of the revenue goes to Mac-Gray and the Housing

Division receives fifty-five percent. The total monthly revenue generated by the laundry equipment is approximately $300.

DISCUSSION: For the new lease term, Mac-Gray has proposed to supply two new high efficiency, front load, coin operated commercial Maytag washers and dryers. The terms and conditions of the new five-year lease remain unchanged. The Housing Division will continue to receive fifty-five percent of the revenue generated from the laundry equipment, less applicable fees, and/or taxes. The fee to do a load of laundry will remain unchanged. Use of the washers will cost $1.50 per load and dryers will cost $1.00 per load.

FINANCIAL IMPLICATIONS: The anticipated revenue from this lease agreement is estimated to be approximately $150 per month, before deducting the utility costs associated with operating the laundry equipment and room. While this lease generates revenue for the Housing Division, the principle benefit is to provide the senior residents with an option for convenient access to coin operated laundry services.

PROPOSED MOTION: Move to introduce and tentatively approve Ordinance No. 4585 authorizing and approving a five-year lease between the City of Chandler, Housing Division, and Mac-Gray Services, LLC. for laundry equipment and the use of 120 square feet portion of a building known as the Community Building, at 127 North Kingston Street, for a laundry room and authorizing the Community and Neighborhood Services Director to execute the lease.

Attached: Exhibit A

ORDINANCE NO. 4585

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING AND APPROVING A FIVE-YEAR LEASE BETWEEN THE CITY OF CHANDLER HOUSING DIVISION AND MAC-GRAY SERVICES, LLC, FOR LAUNDRY EQUIPMENT AND THE USE OF 120 SQUARE FEET PORTION OF A BUILDING KNOWN AS THE COMMUNITY BUILDING AT 127 NORTH KINGSTON STREET FOR A LAUNDRY ROOM.

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

SECTION 1. The City Council of the City of Chandler, Arizona, does hereby authorize and approve a lease in the form attached as Exhibit "A" for 120 square feet portion of a building known as the Community Building at 127 N. Kingston Street for a laundry facility and laundry equipment. This is a five-year lease with an automatic renewal option.

SECTION 2. The lease will provide the Housing Division an income from the rental equipment an amount equal to approximately fifty-five percent (55%) of the income, less refunds, applicable fees and/or taxes and the Community and Neighborhood Services Director is hereby authorized to execute the lease.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler, Arizona, this ___ day of _____, 2014.

ATTEST:

_____ _____

CITY CLERK MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day of _____, 2014.

ATTEST:

_____ _____

CITY CLERK MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4585 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2014 and that a quorum was present thereat.

APPROVED AS TO FORM:

_____ _____

CITY ATTORNEY GAB CITY CLERK

LAUNDRY SPACE LEASE AGREEMENT **Exhibit A**

This lease is between Mac-Gray Services, LLC, with its local branch at 2831 W. Indian School Road Phoenix, AZ 85017, hereinafter called Lessee, and CITY OF CHANDLER currently located at PO BOX 4008 ATTN: KURT KNUTSON CHANDLER, AZ 852444008, hereinafter called Lessor. In consideration of the mutual covenants hereinafter contained, and the duties and obligations set forth, the parties agree as follows:

1.) The Lessor hereby leases to the Lessee the exclusive use and possession of those certain areas, spaces and or rooms being the laundry facilities of the Lessor's premises located at 127 N Kingston St Chandler, AZ 85225-9468 (hereinafter "Leased Premises").

2.) The Lessee agrees to install at the Leased Premises the following pay-per-use laundry equipment: 2 washer(s) and 2 dryer(s) (hereinafter "Equipment"). The Lessee agrees to service and keep the Equipment in good repair at its own cost and expense. Vending prices shall be determined by Lessee. Title to the Equipment will remain with the Lessee at all times. Lessor agrees that Lessee shall have the right of quiet enjoyment of the Leased Premises, including unobstructed access and egress to the Leased premises at all times.

3.) The Lessor shall not move or remove, disconnect or tamper with the Equipment for any reason whatsoever and Lessor further agrees that it will not permit any other pay-per-use or free laundry machines for the use of its tenants on the premises whether the same be owned and operated by the Lessor or others. The Lessor will promptly report any machine malfunction to the Lessee.

4.) The Lessor shall, at its own expense, clean the common areas of the Leased Premises and maintain same in good condition and repair. Lessor shall provide to the Lessee, and bear the expense of, electricity, plumbing, water, gas, sewage disposal, drainage, and all other utilities required for the proper and safe use of the Equipment. The Lessor shall be responsible for ensuring that the Leased Premises comply with all state, county or municipal building and safety codes including fire safety codes.

5.) Lessee will pay rental for the Leased Premises in arrears, the amount of fifty-five (55%) percent of the gross revenue derived from the operation of Equipment, less any sales, use, or property taxes and / or license or occupational fees..

6.) This lease is for a term of Five years from the date hereof and shall not be amended except upon mutual written consent of the parties. The described lease term for later constructed sections or phases of the premises shall commence on completion of such construction. This lease shall be automatically renewed for successive month-to-month terms unless either party notifies the other by certified mail, return receipt requested, of its intent to terminate. All terms and conditions of this lease shall apply to the renewed terms of this lease.

7.) This lease shall be binding upon and inure to the benefit of the heirs, assigns, personal representatives and successors of the parties hereto. If any litigation results in connection with this lease, the prevailing party shall be entitled to reasonable attorney's fees and costs from the other party.

8.) This lease is entered into by Lessor through its duly authorized agent or owner with full knowledge of the contents hereof and acquiescence thereto by the owner of the Leased premises.

9.) Lessor is responsible for all security and maintenance of the laundry rooms. Lessor is responsible for any claims of personal injury or property damage arising from lack of appropriate security. Lessor is responsible for any theft or vandalism of the Equipment, including consequential damages and lost revenue to Lessee. Lessee shall repair/replace such stolen/vandalized equipment as needed and invoice Lessor, with the right to set off against future rent due.

10.) Lessor represents and warrants that there is no other lease license or agreement in effect covering the premises and will defend Lessee against all claims to the contrary.

APPROVED AS TO FORM

CITY ATTORNEY GAB

ACCEPTED: Date: _____

LESSOR: City of Chandler

By: _____
Authorized Agent

_____
Witness

_____
Witness

LESSEE: Mac-Gray Services, Inc.

By: _____
District Sales Mgr.

_____
Witness

_____
Witness

Schedule A

1. **Leased Premises Description**

Location Name	Room Name	Address
Kingston Apartments	Main	127 N Kingston St

2. **Equipment Detail**

Room Name	Quantity	Equipment Description
Main	Two	New Maytag washers MVW18PDAWW
	One	New Maytag stack dryer MLE24PDAYW

3. **Other:**

LESSOR Date

LESSEE (Sales Representative) Date

CLIENT REGISTRATION

Direct Deposit Registration

Direct deposit speeds your payment to your bank account, reducing paper, processing time, lost/missing checks.

- *An exact copy of the check stub detail is available online*
- *You receive email notices when payments are processed*
- *Remittance information can be downloaded to your accounting software.*

Direct Deposit setup **__Yes__ No**
Direct Deposit Contact Name: _____
Contact Phone: _____
Contact Email: _____
(email address required so we can send you registration code and a link to the registration web site)

LaundryLinx Registration

LaundryLinx allows you and/or your customers to place service requests via the web.
Please provide contact information for your property for service related issues.

LaundryLinx Service setup? **__Yes__ No**
□ Contact Info same as above OR:
Property's Service Contact: _____
Service Contact Phone: _____
Service Contact Email: _____
Do you want this contact to receive email copies of all service requests for your property?
__Yes__ No

Client Resource Center (CRC) Registration

The Client Resource Center allows you to view and download information related to your account, such as collection detail, payment history, and more.

CRC setup? **__Yes__ No**
□ Contact Info same as above OR:
Property's CRC Contact: _____
CRC Contact Phone: _____
CRC Contact Email: _____
(email address required so we can send you a username, password and a link to the CRC.)

NOTE: ALL SERVICES WILL BEGIN AFTER FINAL INSTALLATION OF EQUIPMENT. CLIENT RESOURCE CENTER SERVICES WILL BEGIN AFTER FIRST PAYMENT.

Form **W-9**
(Rev. January 2002)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.

Name

Business name, if different from above

Check appropriate box: ☐ Individual/ Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ► ..... ☐ Exempt from backup withholding

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 2.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 2.

Note: *If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.*

Social security number
___ ___ ___ - ___ ___ - ___ ___ ___ ___

or

Employer identification number
___ ___ - ___ ___ ___ ___ ___ ___ ___

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item **2** above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item **2** does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here Signature of U.S. person ► Date ►

Purpose of Form

A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

If you are a foreign person, use the appropriate Form W-8. See **Pub. 515,** Withholding of Tax on Nonresident Aliens and Foreign Entities.

Note: *If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.*

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments **after** December 31, 2001 (29% **after** December 31, 2003). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will **not** be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 2 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

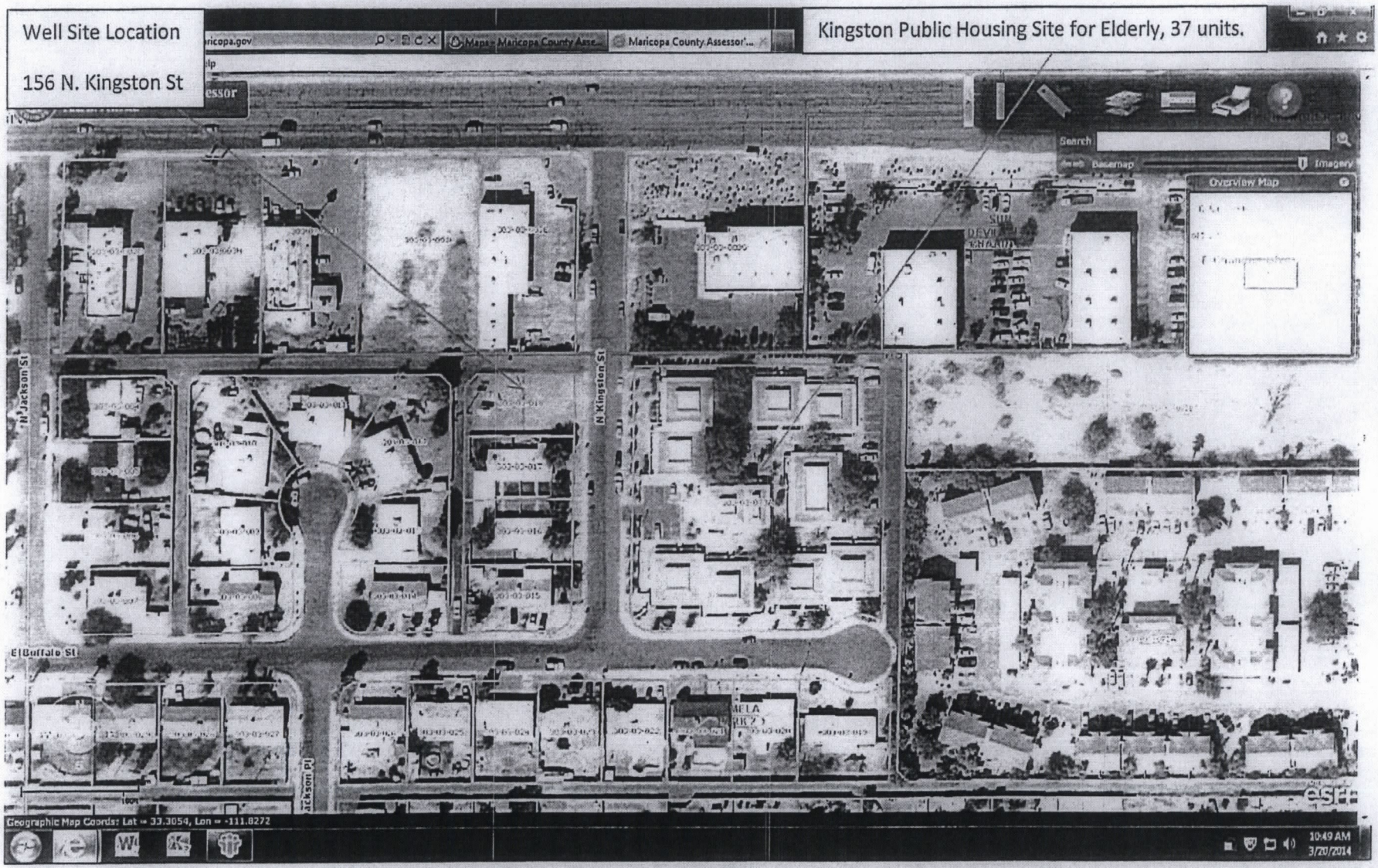
Certain payees and payments are exempt from backup withholding. See the instructions on page 2 and the separate **Instructions for the Requester of Form W-9.**

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Location Map for Kingston Wellsite