

# City of La Crosse and The Hatchery LLC Lease Agreement Summary and Operational Expectations

This summary is intended to assist in the understanding of the lease agreement prepared between the City of La Crosse and The Hatchery LLC. Specifically, in regards to the operations and improvements related to the Fish Lab building located in Riverside Park. With the importance of location and public involvement, this document will serve to address previously asked questions that the Parks and Recreation Department would like to provide further clarification. It is the intent of the Department to continue utilizing this document for annual review/updates to the Board of Park Commissioners. This review/update will commence during the January Park Board meeting cycle.

## Financial Summary of Lease Agreement

- The Hatchery LLC strategic business plan may be modified according to changes in both market needs and business climate while still maintaining the foundation set forth in this initial lease agreement.

- The lease is a 20-year agreement, beginning on the completion date of current City funded construction project.

- Lease payment schedule:

Year 1-4	\$2,200/month + 2.5% above \$26,400
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Year 5-9	\$5,000/month + 2.5% above \$60,000
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Year 10-14	\$7,000/month + 2.5% above \$84,000
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Year 15-19	\$7,000/month + 2.5% above \$84,000
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- Total Lease Payment \$1,245,600

- No Cap on the 2.5% (percent based on gross income)

- Standard City 1.5% monthly late fee assessed on all delinquent payments

- Hatchery LLC will pay personal property tax on equipment used or owned by Hatchery LLC

- Rent credit afforded Hatchery LLC in years 1-9 total \$254,400

- Initial Capital Improvements funded by Hatchery LLC: Based on current estimates.

\$100,000	Electrical Upgrades
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\$100,000	Plumbing Improvements
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\$50,000	Garage Windows
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\$50,000	Garage Doors
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\$50,000	Flooring
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\$100,000 Sprinkler System

\$100,000 Brick/Masonry Work

- Capital Improvement Total (but not limited to) \$550,000.
- Security deposit of \$1,000 (reduced due to financial contribution by Hatchery LLC to Capital Improvements)
- Hatchery LLC is responsible for all maintenance related to the buildings up to \$10,000 per occurrence per calendar year.
- Up to \$10,000 of the Hatchery LLC lease payments will go directly to the International Friendship Gardens annually.

### **Operational Expectations and Requirements of Hatchery LLC**

#### Airbnb

- Airbnb will be operated out of the second floor of the Fish Lab. This will be a 1-unit rental for up to 10 people. This Service will target small groups, such as wedding parties.
- The Airbnb will be offered to the City of La Crosse for up to 5 nights, free of charge. These room nights can be utilized for accommodating outside visitors, such as Sister City travelers.
- Airbnb users will be informed of park hours prior to booking and will be monitored via *Verkada Guest*.
- *Verkada Guest* is a visitor management solution that allows seamless interaction between hosts and guests. This also allows hosts to monitor activity during the stay.
- In the event of continued non-compliance from Airbnb guests the City of La Crosse will enact the 1-year termination clause.
- Hatchery LLC will pay room tax on Airbnb.
- Hatchery LLC will work with the City of La Crosse to block out the (5) calendar dates for visiting guests of the city.
- All guests are verified and vetted through the Airbnb platform. (Government photo ID, valid email, valid phone)
- Airbnb guests are required to repair any damages/vandalism created on premise and if they fail to do so, Hatchery LLC has \$1.5 million in coverage through AirCover.

#### Interior Ground Floor

- Operated as an event rental space not to exceed 99 people
- The lower level will be equipped with a holding kitchen.
- Operations will end no later than 10:30pm with staff leaving the premise by 11:00pm
- Space may be utilized for public use to sell food and beverage

### Patio and Garage

- No amplified music allowed greater than 70 dB
- All music to be complete by 9:00 pm
- Outdoor Patio must close no later than 10:00 pm
- Outdoor Patio will serve food and or beverage to the public during operations
- Electric vehicles may receive permission from the Board of Park Commissioners to operate during special events. If allowed, all vehicles must comply with electric vehicle operation standards.
- Any exterior alterations proposed by Hatchery LLC must be approved by both Heritage Preservation Committee and Board of Park Commissioners.

### Miscellaneous

- In accordance with park hours, all deliveries i.e. garbage, food service, etc. Shall be restricted to park hours
- Hatchery LLC is expected to offer food and beverage options to park visitors as often as possible, specifically targeting high volume days and times. These include but are not limited to "Big Boat" stops, special events, and holidays
- Hatchery LLC will give Riverfest first right of refusal for building use during the Riverfest event.
- Hatchery LLC will coordinate schedule and accommodate park needs with Rotary Lights
- Hatchery LLC shall hold quarterly meetings with the Riverside International Friendship Gardens leadership, River Place Apt. management, Friends of Riverside Park, and other related Riverside Park Stakeholders
- Vandalism, trash, and noise violations will be monitored daily by park staff, Hatchery LLC staff, and area surveillance equipment
- The use of the Fish Lab building and Outdoor Patio shall be restricted to the use as an event center, overnight room rental, and outdoor patio space. Any deviation from these uses need to be approved by the City of la Crosse Board of Park Commissioners