



CITY of NOVI CITY COUNCIL

**Agenda Item H
July 7, 2008**

SUBJECT: Approval to award a contract to Automatic Apartment Laundries beginning September 1, 2008, for laundry service at Meadowbrook Commons

SUBMITTING DEPARTMENT: Parks, Recreation & Forestry

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Currently Meadowbrook Commons provides laundry facilities equipped with washers and dryers on each floor of the building for the residents. The current seven year contract with Automatic Apartment Laundries (AAL) expires August 31, 2008.

Keystone Management Group (KMG) Prestige has obtained quotes from the only two companies in the area for equipment and service for the laundry rooms at Meadowbrook Commons.

After reviewing both contracts, KMG staff recommends awarding the seven year contract to AAL for the following reasons. AAL has provided excellent customer service in the past, has agreed to replace machines as needed, service and maintain nine Maytag commercial coin activated washers and nine Maytag commercial coin activated dryers, all with energy efficient design.

With no cost to the city, as consideration for the seven-year term, AAL will pay monthly rental equal to 50% of collections. Revenue collected from AAL from June 30, 2006 – April 31, 2008 is \$15,350. In addition, AAL will pay a one-time "Lease Administrative Fee" in the amount of \$12,200 which is an increase from the original contract of \$9,000, upon execution of the contract. AAL will also continue with the price of \$1.00 per wash cycle and \$1.00 per 60-minute dry cycle which is no increase to the residents.

RECOMMENDED ACTION: Approval to award a contract to Automatic Apartment Laundries beginning September 1, 2008, for laundry service at Meadowbrook Commons.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Capello				
Council Member Crawford				
Council Member Gatt				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				



Keeping America Clean
One Laundry Room At A Time

MEADOBROOK COMMONS APARTMENTS

May 22, 2008

COINMACH COMPETITIVE LEASING PROGRAM

LEASE TERM	COIN PRICE	LEASE BONUS
5 - Years	Wash / Dry \$1.25 / \$1.00	\$3,800.00
7 - Years	“ “	\$6,500.00
10 - Years	“ “	\$9,500.00

Coinmach will pay (50%) Fifty percent of the laundry room revenue

NEW SPEED QUEEN HIGH EFFICIENT EQUIPMENT

3 ea. Speed Front Load Washer

6 ea. Top Load Washers

9 ea. Dryers

- Collections are on a monthly basis and checks are made promptly
- Above Lease includes maintenance

SERVICE

- Factory trained technicians
- Monday Through Friday
- 12 - Hour service response guarantee
- Technicians wear recognizable uniforms
- Clearly marked vehicles
- Statewide part depots

INSURANCE

Coinmach Corporation carries liability insurance on all of our
Equipment in the amount

Of

\$1,000,000.00



June 2, 2008

Meadowbrook Commons
Ms. Bobbie DeWitt
25075 Meadowbrook
Novi, MI 48375

Dear Ms. DeWitt,

Thank you for your interest in AAL-Automatic Apartment Laundries, Inc. Per your request we have surveyed the laundry facilities at Meadowbrook Commons and we are please to present the following proposal for your consideration.

Equipment: AAL will replace as needed, service and maintain 9 Maytag commercial coin activated washers and 9 Maytag commercial coin activated dryers. All equipment will be of the latest, most energy efficient design.

Financial: As consideration for a seven-year lease term, AAL will pay monthly rental equal to 50% of collections. In addition, AAL will pay a one-time "Lease Administrative Fee" in the amount of \$12,200.00 upon acceptance of this agreement.

Vend Price: This proposal is based on a recommended vend price of \$1.00 per wash cycle and \$1.00 per 60-minute dry cycle.

If you have any questions, or, if you would like to discuss additional options, please contact me at 800-521-9938 ext. 15

Sincerely,

Don Eckardt
Sales Representative

LAUNDRY FACILITIES LEASE

This Lease ("Lease") is entered into this 9th day of June 2008 by and between Automatic Apartment Laundries, Inc. ("Tenant"), whose address is 30295 Schoolcraft Road, Livonia, Michigan 48150 and City of Novi ("Landlord"), whose address is 45175 West Ten Mile Road, Novi, Michigan 48375 upon the following terms and conditions:

1. **Leased Premises.** Landlord is the owner of Meadowbrook Commons, located at 25075 Meadowbrook, Novi, Michigan 48375 (the "Property"). Tenant shall install nine (9) automatic coin-operated washers and nine (9) coin-operated dryers (individually, a "Machine", collectively, The "Machines") within the Property. Landlord hereby leases to Tenant the exclusive use and possession of the Leased Premises within the Property for the purposes of installing, operating, maintaining and servicing the Machines. The "Leased Premises" consist of the area within each building within the Property that is directly beneath each Machine installed by Tenant. The actual location of the Machines shall be conclusive evidence of the location of the Leased Premises within the Property. Following Tenant's installation of the Machines, Landlord may not alter the location of the Machines without Tenant's consent.

2. **Term.** The "Term of the Lease shall be seven (7) years from September 1, 2008 (the "Commencement Date"). The Term shall be automatically renewed for successive terms of the same number of years as set forth above, unless terminated by Landlord or Tenant by written notice to the other party, sent by registered or certified mail, return receipt requested, no less than ninety (90) days but not more than one hundred twenty (120) days prior to the expiration of the initial term, or any then current renewal term, as the case may be. Time shall be of the essence. Tenant shall install its Machines with reasonable dispatch following the Commencement Date. However, Tenant shall not be responsible for any delays in installation caused by the acts or omissions of Landlord or its agents.

3. **Rent.** Tenant shall pay to Landlord rental equal to fifty (50%) percent of the gross amount collected each month by Tenant from the Machines. Rent shall be paid to Landlord or Landlord's designated agent on a monthly basis for the prior monthly rental period. The above notwithstanding, the minimum amount of collections to be retained by Tenant shall not be less than the sum of one vend per machine multiplied by the number of days in the rental period.

4. **Gas, Water, Heat and Electricity.** Landlord shall provide, at its sole cost and expense, all water, electricity, gas, sewer, ventilating and other related facilities, lines and/or outlets necessary for the installation, operation and/or use of Tenant's Machines and other equipment within the Leased Premises. Landlord further agrees that it will, at its sole cost and expense, adequately heat and light the space wherein the Leased Premises are located and will maintain such space and all property and fixtures therein not belonging to Tenant, in clean condition and in good repair.

5. **Repairs.** Tenant shall, at its own expense, maintain in good condition and repair all Machines and any other equipment installed by Tenant within the Leased Premises. Landlord agrees to promptly notify Tenant in the event that any of Tenant's Machines and/or equipment cease to operate in a normal manner.

6. **Title to Equipment.** All Machines and equipment installed or furnished by Tenant under this Lease shall at all times remain Tenant's personal property, and such Machines and equipment shall not be deemed to be a fixture, regardless of how such Machines and equipment may be installed within the Leased Premises. All Machines, equipment, tables and any other property furnished by Tenant may be removed by Tenant or its authorized representatives or assigns within a reasonable time following the expiration of the Term or any renewal thereof. Tenant shall have the absolute right to determine the price of each washing cycle and each drying cycle for the Machines.

7. **Insurance.** Tenant shall maintain, at its cost and expense, public liability and property damage insurance for harm to persons or property occurring in the use of the Machines within the Leased Premises. Landlord shall maintain, at its sole cost and expense, any additional casualty insurance and/or public liability and property damage insurance covering any and all events of casualty and/or occurrences within the portions of the Property that contain the Leased Premises.

8. **Casualty.** In the event the Leased Premises are damaged or destroyed in whole or in part by fire or other casualty, Landlord shall, to the extent reasonably possible, provide Tenant with temporary facilities to operate its Machines and Landlord shall repair and restore the Leased Premises to tenantable condition with reasonable dispatch. Rental shall abate for any period that Tenant is unable to occupy the Leased Premises and operate its Machines and the Term or any renewal thereof shall automatically be extended for a period equal to the period that Tenant was unable to occupy the Leased Premises and operate its Machines within the Leased Premises. Tenant shall be responsible for repairing or replacing any Machines that are damaged or destroyed in whole or in part by fire or other casualty.

9. **Quiet Enjoyment; Exclusivity.** Tenant shall have exclusive and quiet use, possession and enjoyment of the Leased Premises during the Term and all renewals thereof. Landlord agrees that it will provide the residential tenants of its Property free and reasonable access to the portions of the Property that contain the Leased Premises. In addition, Landlord agrees to permit Tenant, through its authorized representatives, free and unobstructed access to the Leased Premises in each building within the Property during reasonable business hours. The foregoing right of access shall be deemed appurtenant to the Leased Premises and an integral part of this Lease. Landlord shall not install or permit the installation or use of any type of laundry equipment at or in the building(s) and/or any other portion of the Property by any person, firm or corporation other than Tenant during the Term or any renewal thereof. Landlord shall not move, remove, disconnect or tamper with Tenant's Machines for any reason whatsoever.

10. **Successors and Assigns Bound.** This Lease shall be binding on and shall inure to the benefit of Landlord and Tenant and their respective successors, heirs and assigns, including without limitation, successors in interest to the Property. In the event all or any portion of the Property is sold, assigned or otherwise transferred, (regardless of whether or not the sold, assigned or transferred portion contains the Leased Premises), the purchaser, assignee or transferee shall be bound by the terms and provisions of this Lease. If Landlord's purchaser, assignee or transferee fails to assume and/or perform Landlord's obligations under this Lease, then, in addition to any rights Tenant may have to enforce this Lease against Landlord's purchaser, assignee or transferee, Landlord shall remain liable for Landlord's obligations under this Lease.

11. **Tenant Default.** If Tenant fails to pay rent, or otherwise fails to perform its obligations, under this Lease and such failure is not cured within thirty (30) days from Tenant's actual receipt of written notice of default (except in the event of a non-monetary default that cannot reasonably be cured within such thirty (30) day period, in which case Tenant shall have a reasonable time to cure such default, provided Tenant proceeds with due diligence), Landlord shall have the right to terminate this Lease and re-enter the Leased Premises pursuant to legal proceedings and remove Tenant's Machines from the Leased Premises.

12. **Landlord Default.** If Landlord fails to perform its obligations under this Lease, which failure is not cured within thirty (30) days from Landlord's receipt of written notice of default, or if Landlord or Landlord's successor, heir or assign removes Tenant's Machines from the Leased Premises prior to the expiration of the Term or any renewals thereof, then in addition to any remedies Tenant may have at law or in equity (which rights are cumulative) Tenant shall be entitled to recover from Landlord, at Tenant's option, liquidated damages equal to the sum of: (i) Tenant's average net monthly receipts (ie. gross receipts less rent payments to Landlord) collected from the Machines over the six (6) month period immediately prior to Landlord's breach (or such applicable shorter period if the Lease term has not been in effect for six (6) months), multiplied by the number of months remaining in the Term or any renewal thereof, plus: (ii) the unamortized portion of any administrative fees, advance rental, laundry room improvement payments or other consideration paid by Tenant to Landlord. For purposes of the foregoing, the administrative fees, advance rentals, laundry room improvement payments and other similar consideration shall be deemed evenly amortized over the initial term. Tenant shall have the option, but not the obligation, to exercise its right to liquidated damages, and Tenant's failure to exercise such option shall not constitute a waiver of Tenant's right to seek any other remedies available at law or in equity. In addition to, and not in limitation of, the foregoing, if Landlord or Landlord's successor, heir or assign removes Tenant's Machines from the Leased Premises prior to the expiration of the Term or any renewals thereof, Landlord shall indemnify Tenant for any and all direct and indirect damages, costs and expenses (including court costs and reasonable attorney's fees) suffered or incurred by Tenant as a result thereof.

13. **Cancellation by Tenant.** If Tenant's net receipts from its Machines are less than Twenty (\$20.00) Dollars per Machine per month in any three (3) month period, Tenant shall have the option to terminate this Lease, in which event Tenant shall remove all of its equipment and Machines upon thirty (30) days written notice to Landlord, and the parties shall thereafter have no further rights or obligations under this Lease.

14. **Miscellaneous.** Landlord represents and warrants to Tenant that the signatories to this Lease have the full power and authority to enter into this Lease. In addition, if the signatory to this Lease is not the title owner of the Property, the party executing this lease on behalf of Landlord represents and warrants to Tenant that such party is the properly authorized agent of Landlord and the execution of this Lease is within the scope of such party's agency. Except as otherwise provided in this Lease, all notices under this Lease shall be sent via first class mail or overnight courier to the respective parties at their addresses set forth in this Lease. This Lease constitutes the entire agreement between the parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect hereto. No amendment, modification or rescission of this Lease shall be effective unless set forth in writing signed by a duly authorized representative of each party hereto. Except as otherwise expressly provided herein, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective, permitted transferees, successors, assigns and legal representatives. This Lease shall be governed in all respects by the laws of the state in which Property is located. The titles to the paragraphs and subparagraphs of this Lease are included herein solely for convenience, are not a part of the Lease and do not in any way limit or amplify the terms of this Lease. If any term, covenant or condition of this Lease or the application thereof shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition shall not be affected hereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

15. Tenant will pay to Landlord a one-time lease administrative fee in the amount of \$12,200.00 payable upon the installation of the Machines.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand as of the day and year first above written.

LANDLORD:

City of Novi

By: _____

Its: _____

TENANT:

Automatic Apartment Laundries, Inc.,
a Michigan Corporation

By: _____

Richard D. Colton

Its: President

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT, entered into this **9th** day of **June 2008**, by and between **AUTOMATIC APARTMENT LAUNDRIES, INC.**, a Michigan Corporation, the address of which is 30295 Schoolcraft Road, Livonia, Michigan 48150, ("Tenant") and **City of Novi** ("Landlord") the address of which is **45175 West Ten Mile Road, Novi, Michigan 48375** in reference to **Meadowbrook Commons** ("the Property") located at **25075 Meadowbrook, Novi, Michigan 48375**.

WITNESSETH:

On **June 9, 2008**, Tenant and Landlord entered into a Laundry Facilities Lease to lease certain premises located within Landlord's property (the "Lease Agreement") and they desire to enter into this Memorandum of Lease Agreement to give record of notice of the existence said Lease Agreement and of the Tenant's Interest thereunder.

Landlord acknowledges and agrees that the property which is more fully described on Exhibit A attached hereto, is the subject of the Lease Agreement, the terms of which are incorporated herein by this reference.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease Agreement as of the date and year first above written.

WITNESSES:
(Please print name under signature)

"TENANT"
AUTOMATIC APARTMENT LAUNDRIES, INC.
a Michigan Corporation

1) _____

(Printed Name)

By: _____
Richard D. Colton

2) _____

(Printed Name)

Its: _____
President

STATE OF MICHIGAN)
) SS.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by Richard D. Colton, President of AUTOMATIC APARTMENT LAUNDRIES, INC., a Michigan Corporation, on behalf of the corporation.

Notary Public

WITNESSES:
(Please print name under signature)

"LANDLORD"
City of Novi

1) _____

(Printed Name)

X By: _____

2) _____

(Printed Name)

Its: _____

STATE OF)
) SS.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by _____, of _____, on behalf of the corporation.

Notary Public

Drafted by and Return To:
AUTOMATIC APARTMENT LAUNDRIES, INC.
30295 Schoolcraft
Livonia, MI 48150