

Staff Report

**PARKING AGREEMENT WITH YOUTH AND SHELTER SERVICES
FOR MUNICIPAL LOT P**

June 12, 2012

BACKGROUND:

On May 22, 2012, City Council discussed the request from Youth and Shelter Services (YSS) regarding their desire to renew the parking agreement for Municipal Lot P at 308 5th Street. Municipal Lot P was leased to YSS as part of the Development Agreement for renovation of the old City Hall at 420 Kellogg Avenue beginning in 1995. During that meeting, Council directed staff to determine a cost estimate for the City to take over the maintenance of Municipal Lot P. YSS currently pays an estimated \$15/space/month for maintenance, which is reflected by the current lease rate of \$20/space/month. (The City typically charges \$35/month to rent spaces) Staff analyzed the last three fiscal year's typical maintenance expenses to restripe, clean, and remove snow on the remainder of the City's parking lots, and found the approximate cost to be \$9/space/month.

YSS is also proposing that, with renewal at the current lease rate, they would also be willing to split the cost of a pavement repair project on the lot estimated to cost \$4,500. The cost to the City for this major repair would then be approximately \$2,250. After further discussions between maintenance staff from the City and YSS, it has been determined that the scope of the project is more accurately a resurfacing of the center drive aisle of the lot. Under the current terms of the agreement, this work is the responsibility of the City. However, because the current agreement states that this project would happen at a time chosen by the City, YSS is offering to pay half as an incentive to initiate the project.

In its recent letter to City Council, YSS proposed to keep with current lease rate of \$20/space/month, reiterating that the reduced rate is related to the annual maintenance costs that have held constant over time. The proposed term of the new lease would expire on June 30, 2017. All other provisions related to the maintenance, use, and proof of current liability coverage for the lot would remain the same.

OPTIONS:**Option 1**

Direct the City Attorney to create a new lease agreement with Youth and Shelter Services for exclusive use of Municipal Lot P expiring June 30, 2017, at a rate of \$20/space/month, maintain all other provisions of the current agreement, and set the date for public hearing for July 24, 2012.

Option 2

Direct the City Attorney to create a new lease agreement with Youth and Shelter Services for exclusive use of Municipal Lot P expiring June 30, 2017, at a rate \$35/space/month, have the City assume responsibility for all maintenance and repairs, and set the date for public hearing for July 24, 2012.

Option 3

Do not enter into a new lease agreement with Youth and Shelter Services (YSS), making spaces in Municipal Lot P available for general public lease at the City's standard rate of \$35/space/month.

STAFF COMMENTS:

City staff remains appreciative of YSS for locating their offices in the Downtown Business District and renovating the historic city hall building for that purpose. In order to assist with the continued viability of their efforts, staff supports the continued leasing of the 16 parking spaces in Municipal Lot P for an additional five year period to YSS. Additionally, staff is supportive of the terms of the existing agreement pertaining to parking. These terms provide for liability protection, assign maintenance responsibilities to the lessee, and allow the City to cancel the agreement after a 90 day notice if the parking on the site is needed for a development project in the Downtown Business District.

The two issues that remain for Council consideration are establishment of the monthly rental fee, and determination of who should be responsible for routine maintenance of the lot. Based on the City's current maintenance cost of \$9/space/month, it would appear to be in the City's interest to take over routine maintenance of the lot and to charge YSS \$35/space/month as reflected in Option 2. Based upon the maintenance cost information provided by YSS, this change should not result in any net additional cost to YSS.

In a conversation with YSS Director Belitsos, he stated that they prefer Option 1. He believed that maintenance costs borne by YSS actually approach \$35/space/month; which would bring the net YSS monthly costs under Option 1 to \$55/space. Nevertheless, he feels there is great intrinsic value with being able to manage the timing and quality of the routine maintenance for which they would be responsible under this option. Examples cited include such tasks as trimming, stall painting, and snow removal and hauling. **Staff concurs that that if the City assumes responsibility for the maintenance activities as proposed in Option 2, the work will not match the timing or frequency desired by YSS.**

If either Option 1 or Option 2 is selected, a new agreement is will be required to lease the parking spaces to YSS for another five year period. Under either of these options, the City Council should confirm the terms of the new contract at this meeting and set a date of public hearing for the new lease as the July 24, 2012, which allows for at least 30 days of notice.

No matter which option is selected, it has now been determined that a partial resurfacing of this lot is now needed and is the responsibility of the City. The only decision regarding this resurfacing issue is to determine when this unbudgeted improvement will be made. If Option 1 is supported by the Council, YSS is willing to split this cost as an incentive to accelerate the completion of this improvement during the summer of 2012. Therefore, a condition for approval of Option 1 should be that YSS pay for half of the cost for this resurfacing.