

ITEM # 21
DATE: 5-10-16

COUNCIL ACTION FORM

SUBJECT: **PARKING LEASE FOR WELCH LOT T**

BACKGROUND:

On May 12, 2015, City Council approved a one-year extension with Pizza Pit for the lease of Campustown Lot T located at 209 Welch Avenue. Welch Lot T contains 29 spaces including 10 rented and 19 metered spaces. The City receives revenue from this lot through 1) the leasing of the rental spaces and 2) from the coin revenue from the meters. **The lease will expire in May of 2016.**

Staff met with Tom Northrup, the owner of the property, and he has requested that the City approve another one-year extension keeping all terms and fees the same. Therefore, the lease would be for Welch Parking Lot T at the rate of \$15,142.05 per year, and for 44.9% of the annual property taxes, with financing from the City's Parking Fund through May of 2017. A brief history of previous leases and financial impacts are provided, below:

Previous Lease Terms:

Lease Period	Annual Amount	Monthly Lease	% of Property Tax
1992-2002	\$12,600	\$1,050.00	44.9%
2002-2012	\$14,490	\$1,207.50	44.9%
2012-2015	\$15,142	\$1,261.84	44.9%
2015-2016	\$15,142	\$1,261.84	44.9%

Financial Summary:

Lease Period	Lease Period	Revenue	Expense	Net
1992-2002	10 years	\$ 61,949	\$ 181,789	\$(119,840)
2002-2012	10 years	\$ 83,541	\$ 287,058	\$(203,517)
2012-2015	3 years	\$ 28,661	\$ 88,622	\$ (59,961)
2015-2016	1 year	\$ 10,407	\$ 27,550	\$ (17,143)
Subtotal =				\$(400,460)

Staff has also spoken with Campustown Action Association (CAA) in order to determine their position regarding this lease renewal. Welch Lot T is used annually for several special events sponsored by CAA. It is also one of the few public parking areas in Campustown. A letter from CAA has been attached in support of extending the lease.

ALTERNATIVES:

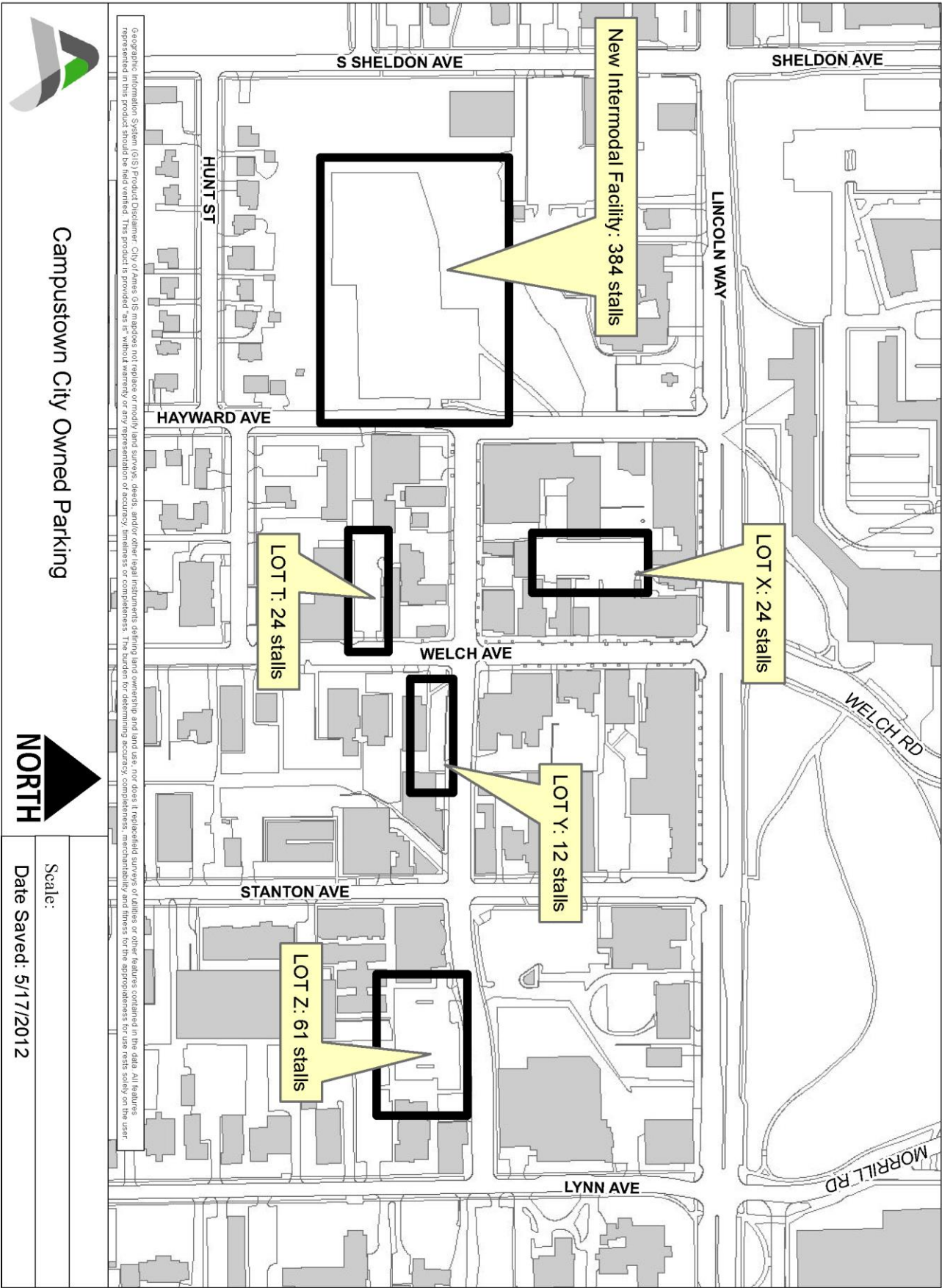
1. Approve a 1-year lease extension for the Welch Parking Lot T at the rate of \$15,142.05 per year, and for 44.9% of the annual property taxes, with financing from the City's Parking Fund. The lease would expire in May 2017.
2. Do not approve a lease extension.

MANAGER'S RECOMMENDED ACTION:

The leasing of Lot T has created an annual net loss to the Parking Fund given the cost to rent the spaces, maintain the lot, and reimburse the cost of the City's portion of the property taxes compared to the combined revenue generated by parking meters and reserved stalls. **From a strictly business perspective, this arrangement has had a negative impact on the City's Parking Fund balance.** However, the public is accustomed to the availability of these spaces and the lot has been used for several special events during the year.

Also, staff will be working on an evaluation of the City's Parking Fund to bring back to City Council at a future date. This process is anticipated to take some time given the complexity of parking fund finances being shared across the Public Works, Police, and Customer Service departments. Once complete, staff will present a report to City Council with recommendations to the overall system that will support the long-term sustainability of the Parking Fund.

Because this long-term financial plan has not been completed, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.



Campustown City Owned Parking



Scale:
Date Saved: 5/17/2012

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campustown
action
association

May 1, 201

Mayor and City Council
Ames City Hall
515 Clark Ave
Ames, IA 50010

Dear Honorable Mayor Campbell and City Council,

Damion Pregitzer from the City's Planning Department contacted me last week regarding the lease of Welch Lot T in Campustown.

The responses I received from the CAA Board and area businesses were in favor of Tom Northrup's request to extend his lease with the City for another year. We have consistently been in support of diversifying the use of space in the right of way for uses such as parklets, sidewalk extensions, sidewalk cafes and bike facilities, while encouraging people to use our underutilized parking lots and the Ames Intermodal Facility. As this lot provides almost the same amount of the spaces that both sides of Welch Avenue does, we are in favor of keeping it as Welch Lot T and available for public use.

Our organization also uses that space for our public community events and we are in favor of renewing the lease with the City for that reason as well.

Please let me know if you have any questions or concerns.

Sincerely,

Anne M. Taylor
CAA Promotions Chair
CAA Past President