

COUNCIL ACTION FORM

SUBJECT: PARKING LEASE FOR WELCH LOT T

BACKGROUND:

On May 22, 2018, City Council approved a one-year extension to the lease of the lot located at 209 (known as the Welch Avenue Campustown Lot T) which is owned by Green Book LLC (Pizza Pit). Welch Lot T contains 29 spaces, including ten rented and 19 metered spaces. The City receives revenue from this lot through the leasing of the rental spaces and from the revenue from the meters. **The current lease expired at the end of May 2019, but has voluntarily been extended by the lessor.**

The owner of the property has agreed to a new three-year lease, keeping the majority of terms the same, only asking that the previous annual lease amount be increased by 5% (prior amount = \$15,142.05, which was set in May 2016). **The new rate would be \$15,900 per year** and would remain the same for all three years of the lease. The lease rate that Pizza Pit pays for their four reserved stalls will also increase by 5% to \$36.75 or \$1,764 annually.

The lease agreement also includes an option for an additional three-year extension. If the City chooses to enter into this extension, the new rate will increase by 6.6% to \$16,950 for each of the additional three years.

Also in the lease, **the City will pay for 63% of the taxes on the value of the land only, which based on the most current tax information (2017) equates to approximately 40.3% of the total annual property taxes that is estimated to be \$7,455 in the first year of the lease.** This provision was included in all previous lease agreements but has been updated to more accurately reflect current conditions as compared to 1994 when the lease originated. The expense for the City’s portion of the taxes and the annual lease rate is budgeted from the Parking Fund. The following tables summarize how the City’s portion of the taxes is to be calculated:

	SQ.FT.	%	Valuation (2017)	%
Building/Misc. Area =	6,017	37%	Land Value =	476,100 64%
Parking Lot Area =	10,340	63%	Building Value =	270,600 36%
Total Area =	16,357		Total Value =	746,700

Example Calculation:

$$\begin{array}{rcl} \text{City's Share} = & 63\% \times 64\% & = & 40.3\% \\ & \text{2017 Taxes} = & \$18,496.00 & \\ \hline & \text{City Share} = & & \$7,455 \end{array}$$

It should be noted that the agreement allows either party to cancel this agreement with 90-day notice.

ALTERNATIVES:

1. Approve the attached three-year lease agreement for the Welch Parking Lot T.
2. Do not approve a lease at this time and loose access to these spaces.

MANAGER'S RECOMMENDED ACTION:

The City Council should understand that expenses to maintain these 29 parking stalls exceed the anticipated revenue by approximately \$10,285 over each of the next three years. Given the recent Council action to remove parking spaces along Welch Avenue, it seems advisable to make sure that the parking spaces in this lot remain available to the public. In addition, the lot is used for several special events during the year and, therefore, is a critical parking asset for Campustown.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

DO NOT WRITE IN THE SPACE ABOVE THIS LINE; RESERVED FOR RECORDER

Prepared by: Mark O. Lambert, City of Ames Legal Department, 515 Clark Ave., Ames, IA, 50010; 515-239-5146
Return document to: Ames City Clerk, 515 Clark Ave., Ames, IA, 50010

**LAND LEASE
WELCH AVENUE PARKING LOT**

THIS LEASE AGREEMENT is made and entered into effective the 1st day of June, 2019, by and between Green Book, LLC, hereinafter referred to as Lessor, and the City of Ames, Iowa, a municipal corporation, hereinafter referred to as Lessee.

In consideration of the rents and agreements herein contained, Lessor does hereby lease to Lessee and Lessee does lease from Lessor the following described real estate situated in Ames, Story County, Iowa, to wit:

The south 60 feet of Lot 24, Block 3 of Auditor's Plat of Blocks 3, 4, and 5
Beardshear's Addition and Walter's Subdivision to Ames, Iowa,

as shown on the attached plat.

1. The term of this lease shall be for a period of three (3) years, commencing on June 1, 2019, and terminating on May 31, 2022.

2. The Lessee agrees to pay to the Lessor for the use of said premises herein mentioned the following: \$15,900.00 per year, payable in monthly installments of \$1,325.00 per month, the first rent payment becoming due on the 1st day of June, 2019.

3. Lessee shall be entitled to possession on the first day of the term of this lease.

4. Lessee covenants and agrees to use and to occupy the leased premises only for a paved municipal parking lot.

5. Lessor covenants that its estate in said premises is fee simple absolute and that the Lessee, on paying the rent herein provided and performing all agreements by the Lessee to be performed as provided in this lease, shall and may peaceably have, hold and enjoy the premises for the term of this lease free from molestation, eviction or disturbance by the Lessor or any other person or legal entity whatsoever.

Lessor shall have the right to mortgage all of its right, title and interest in said land at any time without notice, subject to this lease.

6. Lessee may, at its option, cause this lease to be extended for an additional term of three (3) years at a rental amount six and six tenths percent (6.6%) greater than stated in paragraph 2 above, all other agreements, terms and conditions to remain the same, except as noted in paragraph 12, below. The Lessee's option to extend the lease as aforesaid shall be exercised by enactment of a resolution of its city council to that effect and purpose. Written notice shall be given to Lessor upon enactment of a resolution not less than thirty (30) days prior to expiration.

7. All real estate taxes levied or assessed by lawful authority (but reasonably preserving Lessor's rights of appeal) against said real property shall be timely paid in full by Lessor. Beginning with the taxes first due and payable after the effective date of this lease, Lessee shall reimburse Lessor, upon being billed by Lessor, for the portion of the taxes attributable to the assessed value of the land only which is leased to Lessee. The property leased by Lessee is 63% of the square footage of the total parcel.

8. Special assessments shall be timely paid in full by the Lessor.

9. Except as to any negligence of the Lessor, Lessee shall protect, indemnify and save harmless the Lessor from and against any and all loss, costs, damage and expenses occasioned by, or arising out of, any accident or other occurrence causing or inflicting injury and/or damage to any person or property, happening or done in, upon or about the leased premises, or due directly or indirectly to the tenancy, use or occupancy thereof, or any part thereof by Lessee or any person claiming through or under the Lessee.

10. This lease shall terminate upon expiration of the demised term; or if the option provided in paragraph 6 is exercised by Lessee, then this lease will terminate at the expiration of the option term. Additionally, either party shall have the right to cause this lease to terminate at any time upon ninety (90) days written notice to the other party.

11. Lessee may cause parking meters and/or other forms of parking control apparatus to be installed. Such parking control apparatus shall be removed by Lessee at Lessee's expense upon termination of this lease.

12. Lessee agrees to reserve up to a maximum of four (4) parking spaces on the leased premises for the exclusive use of the business which occupies the building on the other portion of this lot. The reservation of these parking spaces shall be at the rate of \$36.75 per space per month, with Lessee's option to increase the rate by the same percentage as in paragraph 6 above, beginning with approval of a three-year extension.

13. Notices shall be given to the respective parties hereto at the respective addresses as follows:

Green Book, LLC
207 Welch Ave., Suite 201
P.O. Box 1131
Ames, IA 50014

City Clerk
City of Ames, Iowa
515 Clark Ave.
Ames, IA 50010

unless either party notifies the other, in writing, of a different address.

14. Each and every covenant and agreement herein contained shall extend to and be binding upon the respective successors, heirs, administrators, executors and assigns of the parties hereto; except that if any part of this lease is held in joint tenancy, the successor in interest shall be the surviving joint tenant.

IN WITNESS WHEREOF, the parties have hereunto set their hands and signatures the day and year first above written.

GREEN BOOK, LLC

CITY OF AMES, IOWA

By: _____
Douglas G. Pyle, Member/Manager

By: _____
John A. Haila, Mayor

ATTESTED TO:

Diane R. Voss, City Clerk

Approved as to Form:

By: _____
Mark O. Lambert, City Attorney

Attachment: Plat of Leased Area

STATE OF IOWA)
)ss:
COUNTY OF STORY)

This instrument was acknowledged before me on this ____ day of June, 2012, by Douglas G. Pyle as Member/Manager of Green Book, LLC.

Notary Public in and for the State of Iowa

STATE OF IOWA)
)ss:
COUNTY OF STORY)

On this ____ day of June, 2019, before me, a Notary Public in and for the State of Iowa, personally appeared John A. Haila and Diane R. Voss, to me personally known, and who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Ames, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation, by authority of its City Council, as contained in Resolution No. _____ adopted by the City Council on the ____ day of _____, 2019, and that John A. Haila and Diane R. Voss acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

Notary Public in and for the State of Iowa