

**COUNCIL ACTION FORM**

**SUBJECT: PARKING LEASE EXTENSION FOR WELCH AVE. PARKING LOT T**

**BACKGROUND:**

On May 28, 2019, City Council approved a three-year lease of the lot located at 207 Welch Avenue (known as the Campustown Welch Ave Parking Lot T) which is owned by Green Book LLC (Pizza Pit). 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 lease agreement includes a provision for an additional three-year extension, at the City's option. If the City chooses to enter into this extension, the current rate of \$15,900 per year will increase by 6.6% to \$16,950 for each year of the additional three years. The lease rate that Pizza Pit pays for their four reserved stalls will increase by 6.6% from \$36.75 per space per month to \$39.18, or \$1,880 annually.

Also in the lease, **the City will pay 63% of the taxes on the value of the land only, based on the most current tax information, which equates to approximately 61.7% of the total annual property taxes and is estimated to be \$12,069 in the first year of the lease.** 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 (2020)	%
Building/Misc. Area =	6,017	37%	Land Value =	849,800 98%
Parking Lot Area =	10,340	63%	Building Value =	16,000 2%
Total Area =	16,357		Total Value =	865,800

**Example Calculation:**

City's Share =	63%	x	2%	=	61.7%
					2020 Taxes = \$19,548.00
					<hr/> City Share = \$12,069

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

**ALTERNATIVES:**

1. Approve a three-year lease extension 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 lease the lot and maintain these 29 parking stalls exceed the anticipated revenue by approximately \$19,000 over each of the next three years. With recent improvements removing 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



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**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

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**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 1<sup>st</sup> 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 2/3<sup>rd</sup> 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  
707 5<sup>th</sup> St., Suite 201  
Ames, IA 50010

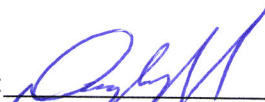
City Clerk  
City of Ames, Iowa  
515 Clark Ave.  
Ames, IA 50010

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

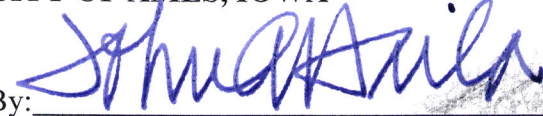
14. Each and every covenant and agreement herein contained shall extend to and be binding upon the respective successors, heirs, administrators, executors and assigns of the parties hereto; except that if any part of this lease is held in joint tenancy, the successor in interest shall be the surviving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

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

**GREEN BOOK, LLC**

By:   
Douglas G. Pyle, Member/Manager


**CITY OF AMES, IOWA**

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        )

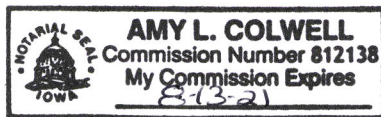
This instrument was acknowledged before me on this 24 day of June, 2019, by Douglas G. Pyle as Member/Manager of Green Book, LLC.

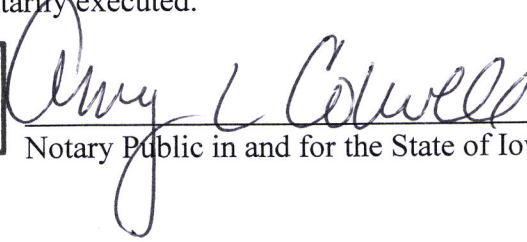


  
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Notary Public in and for the State of Iowa

STATE OF IOWA            )  
  )ss:  
COUNTY OF STORY        )

On this 20<sup>th</sup> 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. 19-303 adopted by the City Council on the 25<sup>th</sup> day of June, 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.



  
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Notary Public in and for the State of Iowa