



19-0919

TITLE: Conduct a Public Hearing to Consider/Discuss/Act on the Purchase of the Parking Garage Located on the Southeast Corner of Chestnut Street and Herndon Street

COUNCIL GOAL: Financially Sound Government
(4A: Provide funding and organizational framework to ensure continual economic improvements)

MEETING DATE: November 5, 2019

DEPARTMENT: City Manager's Office

CONTACT: Barry Shelton, Assistant City Manager

RECOMMENDED ACTION:

- Approval of the purchase of the parking garage.

ITEM SUMMARY:

- This request is to authorize the use of TIRZ 1 fund balance to purchase the 310-space parking garage on the southeast corner of Chestnut Street and Herndon Street.

BACKGROUND INFORMATION:

- On November 15, 2016 the City Council approved a development agreement with the owners of the property on the northeast corner of Chestnut Street and Virginia Street for the design, construction and lease of a parking garage.
- On April 4, 2017, the City Council approved a resolution authorizing the City Manager to execute a lease agreement with the property owner.
- The parking garage received a temporary certificate of occupancy on February 1, 2019, at which time the City began making monthly rent payments.
- The lease agreement required an initial payment of \$3.0 million and 60 monthly payments of \$86,405.84. These payments are being made using funds from TIRZ 1 and are included in the annual budget each year.
- By exercising the early option to purchase on December 1st, the city will save approximately \$535,000 in interest and insurance costs that would otherwise

accrue over the life of the lease.

FINANCIAL SUMMARY:

- The purchase price, assuming a December 1st closing date, will be \$3,908,579.
- The FY 2019-2020 budget allocated \$1,100,000 from the TIRZ 1 Town Center Fund to pay the annual lease for the garage. Two lease payments will have been made by December 1st, leaving \$927,188 in the fund.
- An additional \$2,981,391 will be transferred to the general fund to complete the transaction.
- The City Council will be asked to approve the budget amendment on the November 5, 2019 regular council agenda.

SUPPORTING MATERIALS:

[Presentation](#)