



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 17-354, **Version:** 1

Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Parking Garage Lease Between Virginia@5, LLC, SP2 301 E Virginia, LLC and the City of McKinney

COUNCIL GOAL: Direction for Strategic and Economic Growth
Enhance the Quality of Life in McKinney

MEETING DATE: April 4, 2017

DEPARTMENT: City Manager's Office

CONTACT: Barry Shelton, Assistant City Manager

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of the Resolution.

ITEM SUMMARY:

- 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.
- The first phase of the development agreement was for schematic design services for the purpose of obtaining preliminary cost estimates.
- On March 7, 2017, four options were presented, with estimated construction costs, for the City Council's review.
- The City Council selected option "C" as the preferred option and directed staff to move forward with the development of the lease agreement. Option "C" is for a five story parking structure that would leave Herndon Street open and only utilize the subject property for the construction of the garage.
- The attached Resolution will authorize the City Manager to execute a lease agreement with the property owners, Virginia@5, LLC and SP2 301 E Virginia, LLC. The lease agreement will be executed upon the award of a construction contract for the structure.

BACKGROUND INFORMATION:

- Downtown public parking has been a topic of conversation for many years. These discussions have intensified recently with the introduction of structured parking garage concepts and the recent ground breaking of the mixed-use development on the "9-Acre site" located on the southeast corner of Davis St. and Tennessee St.
- The City Council formed a downtown parking committee to investigate options for improving downtown parking. On June 6, 2016, the committee presented long term recommendations,

which were accepted by the City Council.

- The committee made the following recommendations related to a downtown parking structure:
 - The Northeast and Southeast sectors of downtown should be considered for future structured parking.
 - Areas west of Kentucky Street should not be considered at this time for parking structures.

FINANCIAL SUMMARY:

- The lease agreement proposes an initial payment of \$3,000,000 upon completion of construction, with the remaining cost being paid over 60 monthly payments.
- The City will take ownership of the parking structure upon completion of the 60 monthly payments. At that time, the City will have made all base rent payments required by the lease.
- The City will have an early option to purchase. Such early purchase will be in the amount of the remaining loan balance at the time of purchase.