



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 18-043, **Version:** 1

Consider/Discuss/Act on a Resolution Revising the Lease Agreement for the Downtown Parking Garage, Generally Located on the Northeast Corner of Chestnut Street and Virginia Street

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

MEETING DATE: January 16, 2018

DEPARTMENT: City Manager's Office

CONTACT: Barry Shelton, AICP, Assistant City Manager

RECOMMENDED CITY COUNCIL ACTION:

- Staff recommends approval of the resolution revising the lease agreement.

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.
- On April 4, 2017, the City Council approved a Resolution authorizing 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.
- The previously approved lease is being amended as follows:
 - The deadline for completion of the garage is being extended until December 1, 2018.
 - The City will be responsible for the cost to relocate one power pole from the south side of Herndon Street.
 - The City will waive development fees for the project.
 - The City will be responsible for up to an additional \$35,000 for associated utility, paving and landscape construction or repair.

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 construction of the Davis at the Square 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.
- Fee waivers associated with the revised lease agreement include building permit fees, utility impact fees, engineering inspection fees, water meter fees and fire permit fees totaling approximately \$41,000.
- The cost to relocate the Oncor Electric power pole is estimated to be approximately \$40,000.

BOARD OR COMMISSION RECOMMENDATION:

- N/A