STAFF REPORT

City Council Date: February 28, 2023

Subject: Lease Agreement between the City of Asheville and the City of Asheville Board of Alcoholic Control

Staff Resource(s): Nikki Reid, Director of Community & Economic Development

Action Requested: Adoption of a resolution authorizing the City Manager to enter into a Lease Agreement with the City of Asheville Board of Alcoholic Control for real property located at 179 S. Charlotte Street.

Background:

- The property at 179 S. Charlotte Street has been in operation as an ABC Store since 1984.
- The ABC Board considers this site strategic because it functions as a retail outlet and also as a mixed beverage (commercial sales) outlet for downtown businesses.
- The current lease is on a month-to-month basis and the ABC Board wishes to execute a new lease at this time.
- The Board of Alcoholic Control has offered to enter into a new lease that has the following terms and conditions:
    - Term of five years with five, one-year renewals at the sole discretion of the City Manager
    - Annual rental fee of $64,714 with a 3% escalation fee per year
    - Lessee to pay all utilities and maintenance associated with premises
    - Right of either party to terminate at any time with 180 days notice
- The City acknowledges that the ABC Board will need adequate time to make alternate arrangements should they have to vacate this convenient, downtown location.
- The lease specifies a notice to vacate of 180 days.
- A Broker's Price Opinion was secured to estimate fair market rent for this location.
- Since this property came to the City's ownership via Urban Renewal, all proceeds of this lease are required to benefit the Community Development Block Grant as Program Income and redistributed into the community through the annual CDBG Grant process.
- Long-term considerations for this site include the potential of combining it with adjacent City-owned properties for future redevelopment.

Council Goal(s):

- A Well Planned and Livable Community

Committee(s):

- None

Pro(s):

- Strategic real property management, through the renewal of lease agreements, presents the City with revenue enhancements, which in this case benefits the Community Development Block Grant program.
- The Asheville ABC Board has consistently agreed to pay fair market lease rates.

Cons:

- None

Fiscal Impact:

- The City will be compensated $64,714 annually for the use of this property, generating revenue for the CDBG program that is invested into the community through the CDBG grant process.

Suggested Motion:

- Motion to adopt a resolution authorizing the City Manager to execute the lease agreement with the City of Asheville Board of Alcoholic Control on behalf of the City of Asheville.

Attachment(s):

- Resolution
- S. Charlotte Location Map
- Building Layout

RESOLUTION NO. 23-_____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LEASE AGREEMENT WITH THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL FOR PREMISES LOCATED AT 179 S. CHARLOTTE STREET

WHEREAS, N. C. Gen. Stat. sec. 160A-272 authorizes the City to enter into leases of up to ten (10) years upon resolution of the City Council adopted at a regular meeting after 30 days public notice; and

WHEREAS, the City of Asheville is the owner of real property located at 179 S. Charlotte Street, comprised of three parcels identified as PIN #s 9648-48-4274-00000, 9648-48-4149-00000, and 9648-48-4134-00000; and

WHEREAS, the City of Asheville Board of Alcoholic Control requests to enter into a five (5) year lease, with five (5), one(1) year renewals at the City Manager's sole discretion, for the continued operation of the ABC retail store on the premises; and

WHEREAS, the City of Asheville Board of Alcoholic Control, as Lessee, will be responsible for a fair-market rent of $64,714.00 per year, with a 3% escalation fee paid in monthly installments, plus utilities and maintenance associated with the premises; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Manager is hereby authorized to execute the Lease Agreement between the City of Asheville and the City of Asheville Board of Alcoholic Control for real property located at 179 S. Charlotte Street, Asheville NC. In addition, the City Manager is hereby authorized to execute any and all documents necessary to give effect to this resolution, subject to approval by the City Attorney, and compliance with applicable North Carolina law.

Read, approved and adopted this 28th day of February, 2023

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney