THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: October 11, 2022

Subject: The City of Asheville is proposing to lease the facility at 81 Thompson Street for use by Parks Maintenance

Staff Resource(s): Ellen McKinnon, Real Estate Coordinator, D. Tyrell McGirt, Director Parks and Recreation, Jade Dundas, Director of Capital Projects, Jannice Ashley, Senior Assistant City Attorney

Action Requested: Adoption of a resolution authorizing the City Manager to execute a lease agreement with the North Carolina Department of Transportation (NCDOT) Rail Division for the facility at 81 Thompson Street.

Background:

- The City's Parks Maintenance Division is currently located at 8 Hunt Hill Place.
- 81 Thompson Street has been identified as a preferred alternative to house the Parks Maintenance Division.
- Located along the Swannanoa River, the parcel at 81 Thompson Street was jointly purchased by NCDOT and the City of Asheville in 2005 to support a future implementation of a multi-modal transportation and passenger rail station.
- Norfolk Southern Railroad has an active rail line along the rear property line.
- NCDOT's Rail Division owns 90% of 81 Thompson Street (PIN #9648-70-6712) and the City of Asheville owns a 10% share of the property.
- For over ten years, G3 Medical, a medical supply company has been leasing the facility.
- They have recently terminated the lease and vacated the facility.
- The facility is a mix of office and warehouse space for a total of 18,456 square feet.
- The City of Asheville has offered to lease the facility from the NCDOT Rail Division for $8.00 per square foot with a 10% discount applied because of the City's ownership share.
- This would equate to $7.20 per square foot, or $11,073.60 per month or $132,883.20 per year.
- The rent rate would increase 2% per year.
- The City has agreed to replace the roof of the facility.
- In return, the City will receive rent credit until the total cost is satisfied.
- The proposed term of the lease is for a period of 10 years with the option to renew for one additional five year period.

Council Goal(s):

- A Well Planned and Livable Community

Committee(s):

- None

Pro(s):

- Parks Maintenance will be able to move out of the current Hunt Hill location, reducing the impact to the surrounding neighborhood into a more workable office/warehouse space that is within City limits.
- This relocation allows the building on Hunt Hill to be repurposed.
- In review of area comparable rents, this represents a favorable deal to the City and is at or below market value for this type of space in this convenient location.

Con(s):

- None noted.

Fiscal Impact:

- Funding for this lease was budgeted and is available in the Parks and Recreation Department operating budget.

Suggested Motion:

- Motion to approve the resolution authorizing the City Manager to execute a lease agreement with NCDOT for the facility located at 81 Thompson Street.

Attachments:

- Resolution
- Location Map
- Facility Layout

RESOLUTION NO. 22-_____

RESOLUTION AUTHORIZING A LEASE BETWEEN THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION AND THE CITY OF ASHEVILLE FOR PROPERTY LOCATED AT 81 THOMPSON STREET

WHEREAS, N. C. Gen. Stat. 160A-274 authorizes any governmental unit, upon such terms and conditions as it deems wise, to lease property to/from any other governmental unit upon approval by the governing unit; and

WHEREAS, the City of Asheville is a part owner of real property located on 81 Thompson Street with a 10% share; and

WHEREAS, the North Carolina Department of Transportation is a part owner of real property located at 81 Thompson Street with a 90% share; and

WHEREAS, the North Carolina Department of Transportation extended a new lease to the City of Asheville to lease the structure and grounds for a ten year term with one (1) five (5) year renewal; and

WHEREAS, the rental for the leased premises is $11,073.60 per month with an escalation rate of 2% to be applied at the beginning of each new lease year;

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

The City Manager is hereby authorized to execute a Lease between the the North Carolina Department of Transportation and the City of Asheville for property located at 81 Thompson 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 11th day October, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney