

**City Council Work Session  
May 16, 2022**



# **City Leases**

**Defined As:**

**City owns the property (or jointly-owns) and Leases to Others**

**Or**

**The Property is Privately owned and the City is a Tenant**

## **City Leases:**

- **City is Property Owner – City Leases Property to Other Entity**
  - **Ground Lease**
  - **Building or Building Space**
  - **Both Property and Building**
- **Property is Owned by Private Sector – City is Tenant in the Space**
- **Property is Jointly Owned (typically owned by City & County) – Space is occupied by Other Entity**
- **Other – Land License, MOU, Use Agreement, etc.**

# City Leases:

## **NOT INCLUDED: Outdoor Café Space**

- **total active Outdoor Café space leases: 43**
- **approx. total SF of Café space(s): 21,000 square feet**
- **approx. range of SF leased space(s): 48 – 1,350**
- **approx. total Annual rent received: \$115,000**
- **approx. range of Annual rent(s): \$240 - \$6,750**
- **Rents received goes to Parks & Rec maintenance budget**

# **LEASE FUN FACTS**

- **Approx. Total Building square footage City leases out: 145,275 SF**
- **Approx. Total acreage (Ground Lease) City leases out: 50 ac**
- **Number All Leases, Other, etc.: 51**
- **Oldest Active Lease: 1922, Lambeth Pump Station  
(City is tenant)**

## **Disclaimers:**

- **Not always comparing “apples to apples”**
  - **Ex: City as Tenant in Water Street Parking Garage**
- **“Market Values” provided are “best guess” and not verified with appraisals, etc. - Market Values are provided as a range**
- **Some Square Footage (SF) or acreage calculations are “best guess” estimates**

## SUMMARY

Type of Lease	Number of Agreements
<b>City is Property Owner – City Leases Property to Other Entity</b> <ul style="list-style-type: none"> <li>• <b>Ground Leases</b></li> <li>• <b>Building/Property Leases</b></li> </ul>	<u><b>22</b></u> <b>7</b> <b>15</b>
<b>Property is Owned by Private Sector – City is Tenant</b> <ul style="list-style-type: none"> <li>• <b>Lease - Building space / storage space</b></li> <li>• <b>Lease - Land/Property/Cell Tower/parking spaces</b></li> <li>• <b>SubLease (City is Tenant through SubLease Agreement)</b></li> <li>• <b>City &amp; County Joint Lease</b></li> </ul>	<u><b>20</b></u> <b>11</b> <b>6</b> <b>1</b> <b>2</b>
<b>Property is Jointly Owned (typically owned by City &amp; County) - Property is Leased or Used by Other Entity</b>	<b>2</b>
<b>Other</b>	<b>5</b>

**City is Property Owner – City Leases Building/Property to Other Entity**

<b>Number of Leases (not including Ground Leases or Other)</b>	
<b>Active Leases</b>	17
<b>Expired Leases (still active occupancy)</b>	4
<b>Used with No Lease in Place</b>	1
<b>Approximate Total Annual Rent (not including Ground Leases or Other)</b>	\$580,000
<b>Approximate Annual Market Value of Leases (not including Ground Leases or Other)</b>	\$3,000,000 - \$4,000,000
<b>Leases for \$0-1/year</b>	7

**City is Property Owner – City Leases Property**

<b>Leases for \$0-\$1/year</b>	<b>Market Value (Est.)</b>
<b>First Amendment Monument / Community Chalkboard</b>	<b>\$605</b>
<b>Boys &amp; Girls Club</b>	<b>\$24,000- \$48,000</b>
<b>Piedmont Family YMCA</b>	<b>Not determined</b>
<b>Botanical Garden of the Piedmont</b>	<b>\$642,074 - \$1,284,149</b>
<b>Charlottesville Albemarle Rescue Squad (CARS)</b>	<b>Not determined</b>
<b>S&amp;P Global (Lease to CIDA n/k/a CEDA)</b>	<b>\$1,423,350 - \$1,581,500</b>
<b>Charlottesville Pavilion (Lease to CIDA n/k/a CEDA)</b>	<b>\$653,400 - \$980,100</b>

## City is Property Owner – City Leases Property

Where do the Rent Payments Go?	Approx. Annual Rent/Other
<b>Parking Enterprise Fund</b>	
801-805 E Market St. (Lucky 7 and Guadalajara)	\$135,000
all Market Street Parking Garage retail spaces	\$189,000
<b>CEDA (Charlottesville Economic Development Authority)</b>	
Charlottesville Pavilion (*additional rent to commence after loan repayment)	\$100 *
S&P Global	\$240,000
<b>General Fund</b>	\$15,900
* Not including Ground Leases or Other	

## Property is Owned by Private Sector – City is Tenant

<b>Number of Leases</b>	
<b>Active Leases</b>	<b>18</b>
<b>Expired Leases (still active Occupancy)</b>	<b>2</b>
<b>Approximate Total Annual Rent Paid</b>	<b>\$1,270,000</b>
<b>Leases for \$0-\$1/year</b>	<b>4</b>

**Property is Jointly Owned (typically owned by City & County) - Tenant is Other Entity**

**Number of Properties**

**2**

**Others – Not Included (examples)**

**Libraries**

**2**

**Court System**

**5**

**CATEC**

**1**

## Other

Type of Lease / Agreement	Number of Agreements
<b>(Land) License/Use Agreement</b>	<b>3</b>
<b>MOU – Dept. of Social Services</b>	<b>1</b>
<b>Jefferson School City Center</b>	<b>1</b>

# **Current Challenges with Leases:**

- **Need for Point Person**
- **Need for consistent policies/procedures:**
  - **Lease creation/renewal**
  - **Lease rates**
    - **Standardized lease rates**
    - **Currently we don't typically collect % increases**
  - **Property inspections**
  - **Tenant and City responsibilities (i.e. maintenance & repairs, etc.)**
- **Need for system to track Lease Renewals**

## **Current Challenges with Leases:**

- **Need for system to track Rent Payments and increases in Rent**
- **Need for system to track Property Inspections**
- **Need for system to track Maintenance Requests and track Maintenance costs to the City**
- **Need for information on updated Market Value for city-owned properties during lease discussions**

## Staff Recommendations:

ITEM	RECOMMENDATION
<b>Need for Point Person</b>	<p>One point person to be the official contact with “Leases”. This person will coordinate with various departments, etc. for new leases and lease renewals.</p> <p>In addition, identify a departmental staff Point of Contact for each Lease. This POC will be responsible for tracking expiration, renewals, tenant contact information, negotiations, etc.</p>

## Staff Recommendations:

ITEM	RECOMMENDATION
<b>Need for Consistent Policies/Procedures</b>	
<b>Lease creation/renewal</b>	<p>A standard template will be created for Leases and renewals/amendments. However, each Lease will be customized to address specific terms and other considerations.</p>
<b>Lease rates</b>	<p>Every Lease should include information on the current Market Value of the proposed Premises.</p>

## Staff Recommendations:

ITEM	RECOMMENDATION
<b>Need for Consistent Policies/Procedures</b>	
<b>Property inspections</b>	City staff will schedule and inspect Premises on an ongoing basis, as well as prior to a new Lease or renewal/amendment.
<b>Tenant and City responsibilities</b>	Maintenance and repairs, as well as other considerations will be clearly defined in each Lease. In addition, City responsibilities should be commensurate to the Rent paid.

## Staff Recommendations:

ITEM	RECOMMENDATION
<b>Need for system to track Lease Renewals</b>	City staff will create a system to track lease renewals, and compliance with leases.
<b>Need for System to track Rent Payments</b>	City staff will create a system to track rent payments, increases in rent payments, and reporting.
<b>Need for System to track Property Inspections</b>	City staff will create a system to schedule and inspect Premises on an ongoing basis, as well as prior to a new Lease or renewal/amendment.

## Staff Recommendations:

ITEM	RECOMMENDATION
<b>Need for system to track Maintenance Requests and track Costs to the City</b>	City staff will create a standard point of contact and procedures to handle maintenance requests. This information will be included in all Leases. In addition, maintenance and repair costs to the City will be tracked.
<b>Need for information on updated Market Value for city-owned properties during lease discussions</b>	Every Lease discussion should include information on the current Market Value of the proposed Premises

## Leases Required (City Owns Property)

TIMEFRAME	# LEASES
<b>Currently No Lease in Place</b>	<b>1</b>
<b>City of Promise</b>	
<b>Expired Leases (renewal needed)</b>	<b>5</b>
<b>ecoREMOD, 608 Ridge St.</b>	
<b>McGuffey Art Center</b>	
<b>Meadow Creek Golf Course</b>	
<b>Omni Terrace Cafe</b>	
<b>Carver Rec Center sublease</b>	
<b>Renewals Needed 2022</b>	<b>1</b>
<b>Mr. Fix Cell Phone Repair</b>	

# Leases Required (City Owns Property)

TIMEFRAME	# LEASES
<b>Renewals Needed 2023</b>	<b>7</b>
<b>Davis Field</b>	
<b>Albemarle Charlottesville Historical Society</b>	
<b>CRHA</b>	
<b>Tastings</b>	
<b>Sealed With a Kiss</b>	
<b>USPS</b>	
<b>Verizon</b>	
<b>Next Expiration Dates</b>	
<b>2026, 2037, 2043, 2047, 2048, 2061</b>	

## Leases Required (City is Tenant)

TIMEFRAME	# LEASES
<b>Expired Leases (renewal needed)</b>	<b>2</b>
<b>Avon/Levy Parking Lot</b>	
<b>Lambeth Pump Station</b>	
<b>Renewals Needed 2022</b>	<b>1</b>
<b>City Market</b>	
<b>Renewals Needed 2023</b>	<b>1</b>
<b>Charlottesville Community Media Center</b>	
<b>Next Expiration Dates</b>	
<b>2034, 2047, 2055</b>	

## **Next Steps:**

- **Implement Recommendations**
- **Assess Expired Leases and Leases Due for Renewal**
- **Assess Compliance of existing Leases (i.e. rents received, reporting, etc.)**
- **Assess Maintenance and Repair Costs to City**