

MEMORANDUM

TO: Parks Advisory Commission

FROM: Josh Landefeld, Parks & Recreation Services Manager

DATE: July 16, 2024

SUBJECT: Resolution to recommend approval of the Fuller Park Parking Lot Land Lease with the University of Michigan

Attached for your review is a resolution to recommend approval of a land lease agreement with the University of Michigan to lease the three parking lots at Fuller Park.

The existing lease expires on August 31, 2024. The term of the new lease agreement is proposed to be for five years, with an option to renew the lease administratively for two additional two-year periods. The proposed new lease includes a few changes from the expiring one:

- Due to the University switching Lot A back to yellow, the City and the University have agreed that the annual lease payment will be reduced by 64% which matches the increase agreed upon in the last agreement.
- The City will increase the use in Lot B to the 3 weeks prior Memorial Day to accommodate opening the pool earlier. This usage includes the four northern most rows of the parking lot.
- The City and University have agreed to increase the rental rate of Lot B by 1.5% to offset that increased use.
- The University agrees to a 3% rental increase for Lot C.
- Total annual revenue is \$109,768, which will be a reduction from \$137,332.

The three lots are the existing parking lot south of Fuller Road adjacent to the railroad tracks (Lot A), the paved parking lot north of Fuller Road at Fuller Park (Lot B) and the unpaved parking lot also north of Fuller Road at Fuller Park (Lot C).

Lot A has been leased to the University for parking since 1993. Lots B & C have been leased since 2009. The primary function of the three parking lots is to provide parking for park visitors and the hours that the lots are available for university use is determined with this in mind. For example, Lot B, nearest the pool will not be available for university use from three weeks prior to Memorial Day until two weeks after Labor Day. As Park staff have extended the pool schedule beyond traditional summer days, the University has worked with the City to adjust the agreement to help provide additional parking during those shoulder seasons.

The revenue derived from the lease is recognized in the Park & Recreation Services General Fund revenue budget. Annual revenue per terms of the lease will be \$109,768 for the September 1, 2024 - August 31, 2025. Each additional year of the lease will be subject to a 3% increase on all lots. If the lease is renewed administratively, the lease is subject to annual 3% increases for all three lots unless otherwise negotiated by both parties.

Exhibit A of the agreement contains provisions for maintenance, security and signage, and specifies the days and times of use. Lot A will be leased to University for twenty-four hours a day, seven days a week. The City shall have the option to use the lot for special events and other park activities up to ten times annually. Lot B (paved lot) will be leased from 5:00 am to 5:00 pm Monday through Friday, two weeks after Labor Day through the Friday two weeks before Memorial Day, excluding holidays. For the two-week period following Labor Day and

the two weeks prior to Memorial Day, the two southernmost rows of Lot B will be leased to the University. Lot C (unpaved lot) will be leased from 5:00 am to 5:00 pm Monday through Friday, excluding holidays.

RESOLUTION TO RECOMMEND APPROVAL OF THE FULLER PARK PARKING LOT LAND LEASE WITH THE
UNIVERSITY OF MICHIGAN

Whereas, On September 29, 1993, an agreement was entered into between the City of Ann Arbor and University of Michigan for the establishment and operation of a parking lot on City-owned property at Fuller Park, located south of Fuller Road;

Whereas, The parking lots north of Fuller Road have been leased to the University since 2009; Whereas, The lease generates significant revenue for the Parks & Recreation General Fund;

Whereas, It is the desire of the City and the University to continue the lease arrangement; and

Whereas, The term of the agreement shall be five years, with an option to administratively renew the lease for two additional two-year terms;

RESOLVED, That the Park Advisory Commission recommend that City Council approve the attached Fuller Park Parking Lot Land Lease with the University of Michigan ("Lease").