

MEMORANDUM

TO: Parks Advisory Commission

FROM: Colin Smith, Parks & Recreation Services Manager

DATE: August 3, 2020

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, 2020. The term of the new lease agreement is proposed to be for one year, with an option to renew the lease administratively for two additional one-year periods. The proposed new lease includes some notable changes from the expiring one:

- The University agrees to a rental increase in the amount of \$28,348 for the Lot A (South Lot) to reflect the change from Yellow to Blue permit.
- The University agrees to a 3% rental increase for Lot B and Lot C.
- Total annual revenue is \$127,007, up from \$94,248.
- The University is requesting 24/7 access to Lot A.
- A certain number of spots in Lot A will be reserved for park use only.
- The City will have the ability to use Lot A for special events and weekend access.
- The North lots will have a start time of 5 am.

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 is not available for University use between Memorial Day and Labor Day.

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 \$127,007 for the September 1, 2020 - August 31, 2021 which is nearly a 35% increase from the current year amount. If the lease is renewed administratively the lease is subject to annual 3% increases.

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 on weekends for special events and other park activities. 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 before Memorial Day, excluding holidays. For the two-week period following Labor 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 one year, with an option to administratively renew the lease for two additional one-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").