# City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: City Utilities - Water and Light
To: City Council
From: City Manager & Staff
Council Meeting Date: May 16, 2022
Re: Authorizing a lease agreement with White Oak Investments, LLC to allow construction of parking facilities on a portion of the Columbia Terminal Railroad (COLT) right-of-way on Fay Street.

## Executive Summary

Staff has prepared for Council consideration a resolution authorizing the City Manager to execute a lease agreement with White Oak Investments, LLC for construction of parking facilities on Columbia Terminal Railroad right-of-way on Fay Street. This agreement formalizes the terms and conditions which will allow White Oak Investments to construct parking facilities on a portion of the railroad right-of-way for use by Logboat Brewing Company (partner of White Oak Investments, LLC). The lease rate is based on recovering the value of the property over a 25 year period with a credit of 50 percent applied annually until a total credit equal to $17,650 has been applied. This is the amount that Logboat/White Oak will spend to remove the building located on the right-of-way. This results in an annual lease rate of $852.61 the first year, escalating at a rate of 2.5 percent annually. The lease is for a ten year period with an automatic renewal for an additional 10 year period.

## Discussion

Logboat Brewing Company is expanding their facility at 504 Fay Street and is required to provide additional parking. White Oak Investments, LLC owns property adjacent to the railroad right-of-way, southwest of the Fay Street railroad crossing where the additional parking is proposed to be constructed. The City was contacted to determine if it would be possible to have an agreement which would allow White Oak Investments. LLC to construct a portion of the additional required parking on the adjacent railroad right-of-way. Staff determined the proposed parking would not interfere with future railroad operations. The use of the right-of-way would allow for 22 additional parking spaces to be constructed. The layout of the proposed parking lot and area to be leased are shown in Exhibit A to the resolution.

At the May 2, 2022 Council meeting, a report was provided which discussed the potential lease of the right-of-way and what appropriate lease rates might be. Following Council direction, staff has renegotiated the terms and conditions of the lease with Logboat Brewing/White Oak and both parties are agreeable to the terms and conditions of the attached lease, Exhibit A to Resolution.

The attached lease agreement will allow a portion of the parking lot on the railroad right-of-way. The agreement allows for the removal of the existing shed and installation of pavement, storm water facilities, sidewalk along Fay Street across the railroad crossing, and

landscaping and includes maintenance of the landscaping and parking area. This agreement is similar to other lease agreements for use of the railroad right-of-way. The lease rate is based on recovering the value of the property over a 25 year period with a credit of 50 percent applied annually until a total credit equal to $17,650 has been applied. This is the amount that Logboat/White Oak will spend to remove the building located on the right-of-way. This results in an annual lease rate of $852.61 the first year, escalating at a rate of 2.5 percent annually. The lease is for a ten year period with an automatic renewal for an additional 10 year period.

## Fiscal Impact

Short-Term Impact: The annual lease rate for the property will be approximately $852.61 the first year.
Long-Term Impact: The annual lease rate for the property will escalate by 2.5% annually each year during the initial term of the agreement.

## Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:
Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:
Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

## Legislative History

| Date | Action |
|---|---|
| 05/02/2022 | REP33-22 Proposed lease agreement with White Oak Investments, LLC to allow the construction of parking facilities on a portion of the Columbia Terminal Railroad (COLT) right-of-way on Fay Street. |

## Suggested Council Action

Approval of the resolution.