

October 20, 2021

To: Mayor and Members of City Council 2021029998
From: Paula Boggs Muething, City Manager
Subject: **Ordinance – Authorizing Lease and Management Agreement with The Northside Business Association**

Attached is an Ordinance captioned:

AUTHORIZING the City Manager to execute a *Lease and Management Agreement* with The Northside Business Association, pursuant to which the City will lease a public parking lot commonly known as the Lingo Street Parking Lot in the Northside neighborhood for up to 20 years.

BACKGROUND/CURRENT CONDITIONS

The subject ordinance would authorize the continuation of a longstanding arrangement in which a City-owned parking lot has been operated by a non-profit neighborhood group in Northside, similar to how other City-owned public parking lots are operated in neighborhoods such as Corryville, Hyde Park, and East Walnut Hills.

The City owns several parcels of real estate at 4162-4166 Hamilton Ave. and 1557 Chase Ave. (“Property”) within a parking lot located near the intersection of Hamilton Ave. and Lingo St., commonly known as the Lingo Street Parking Lot or Lingo Lot. The Lingo Lot is located within the heart of the Northside business district and serves as critical parking infrastructure to support the many nearby businesses along Hamilton Ave.

The Lingo Lot’s unique ownership dates back to at least the 1970s; the City owns roughly 70% of the parking lot, while The Northside Business Association (“NBA” or “Lessee”) owns roughly 30%. NBA’s portion is located in the middle section and bisects the Lingo Lot. Since the 1990s, the City has leased the Property to NBA, which has allowed the Lingo Lot to be efficiently managed under a single operator that also owns and operates other public parking lots in Northside. The most recent lease and management agreement between the City and NBA, which was executed in 2016, expired in 2021. Since that time, NBA has continued to lease the Property on a month-to-month basis.

During the most recent lease term, NBA worked with the City to successfully implement digital payment technology in each of its parking lots – including the Lingo Lot. NBA was also successful in introducing increased hourly parking rates that are closer to market rates, and in bringing in a professional parking management company to handle the day-to-day operations. These important steps have allowed NBA to increase its revenue collections, improve compliance, reduce volunteer strain, and stabilize the operations of its parking system. The modest net operating income produced from these parking lots

either goes toward capital improvements to the parking lots or is invested back into other NBA projects that enhance the business district.

LESSEE INFORMATION

The Lessee, The Northside Business Association, is a nonprofit organization that has existed under several different names since 1907, making it one of the oldest such organizations in Cincinnati. As previously mentioned, Lessee has a long history of operating business district parking lots in Northside, as well as implementing numerous economic development projects within the business district, often in collaboration with the City and/or the other associations in Northside such as NEST and NCC.

DESCRIPTION OF PROPOSED LEASE

Under the proposed terms of a new lease (“Lease”), the City would lease the Property to Lessee for an initial (5)-year term as a public parking lot for the benefit of the general public. In addition to the initial term, there would be (3) renewal periods of (5) years each. As long as the parties continue to renew every 5 years, the Lease would run for up to 20 years. The Lease is a “fully net” lease, meaning that the Lessee is responsible for all costs associated with operation, maintenance, repair, and replacement of the Property, including any real estate taxes.

The City determined that the Property has a fair market rental value of approximately \$12,300 per year. However, the City is agreeable to lease the Property to the Lessee for \$0 because the City will receive benefits from the Lease that equal or exceed the fair market value in that the City will be relieved of the expense and administrative burden of the operation and maintenance of the Property. The Lease also requires that all revenue derived from the use of the Property are restricted funds to be reinvested into the operation and maintenance of the Property, with any excess revenue to be used to construct City-approved public improvements in the Northside business district.

The proposed Lease terms were approved by the City Planning Commission at its meeting on September 17, 2021.

RECOMMENDATION

The Administration recommends approval of this Ordinance.

Attachment: A. Property location and photographs

Copy: Markiea L. Carter, Director, Department of Community & Economic Development

Attachment A: Location and Photographs

