



AGENDA ITEM COVERSHEET

PREPARED BY: Kim Ward, Town Clerk

DEPARTMENT: Clerk

MEETING: Town Council Meeting 1/9/2024

SUBJECT: Consider Entering a Lease Agreement for Town Owned Property at 3 Carolina Beach Avenue South (PID: R09006-021-004-000)

BACKGROUND:

Carolina Beach Land Holdings, LLC has requested a ten-year lease for the Town's lot at 3 Carolina Beach Avenue South at \$400 a month. North Carolina General Statutes only allow municipalities to lease property for under ten years. Therefore, the proposed lease in your packet is for a term of 9 years and 11 months. The Town originally entered a one-year lease with Carolina Beach Holdings, LLC in April of 2022. The lease expired at the end of March but was renewed in May of 2023 for a term that expired on January 1, 2024.

The original use of the property was described to support apparatus and/or cueing area for a Ferris wheel that was to be located on an adjacent property but encroached on the Town's property. In October of 2023, the Town was approached about the possibility of a long-term lease for the support apparatus for the Ferris wheel. After reviewing General Statutes, the following options were presented to Carolina Beach Land Holdings, LLC.

1. Enter into a new lease for less than year or until September.
2. Enter into a new lease of town lot beyond a year. The term of the lease can be greater than a year but not longer than 10 years if the Town Council determines that the property will not be needed by the town for the term of the lease. This option will require a published 30-day notice to the public that includes the terms of the lease including rental or lease payments and will have to be adopted at a regular council meeting.
3. The parties could execute an encroachment agreement for the Ferris wheel support apparatus.
4. The parties could exchange equal pieces of real property.
5. An offer to purchase the property could be presented to the Town. If the offer is accepted it would be subject to the upset bid requirements defined in North Carolina General Statutes.

Carolina Beach Land Holdings, LLC asked to pursue a ten-year lease. Before you is a resolution that would grant the proposed lease at \$400.00 a month. As required by General Statute, the Town published a 30-day notice that the Town Council would consider the resolution to consider the lease at its January 9, 2024, regular meeting.

Also included is the current loan information for the property that was purchased by the town in 2019. This loan was approved by the Local Government Commission. The public purpose provided at the time was for use as a facility for Ocean Rescue. Ocean Rescue is now located on Hamlet Avenue and this site is not needed for that use. However, there are plans to use it as a lay down/staging area for the proposed boardwalk bathroom facility that is scheduled to begin next fall.

Staff recommends against any long-term leases for town property and recommends the lease payments be, at a minimum, equal to the debt service on the property during the term of the lease.

ACTION:

Discuss and make a motion to approve or deny the request.

Project	Loan	% of Loan	Debt Service
Hamlet	840,897.17	70.07%	\$ 74,201.33
3 CBAS	359,102.83	29.93%	\$ 31,689.63
	1,200,000.00		105,896.00
3 CBAS Debt Service			
Paid	Loan Payment	Hamlet %	Debt Service
12/5/2023	103,904.00	29.93%	31,098.47

The loan is fixed principal, so the payment amount goes down each year.