



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 11/22/22

REQUESTER: Elisabeth Muckala, Assistant City Attorney

PRESENTER: Elisabeth Muckala, Assistant City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, OR POSTPONEMENT OF AMENDMENT NO. ONE TO CONTRACT K-2021-85: A GROUND LEASE FOR PARKING BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA AND THE UNITED STATES POSTAL SERVICE, PROVIDING REPLACEMENT PARKING SPACES TO ACCOMMODATE THE MUNICIPAL COMPLEX RENOVATIONS.

BACKGROUND:

The City of Norman has historically rented parking spaces to the United States Postal Service ("USPS") for use by USPS customers and employees, in parking lots located at Santa Fe/Gray, and Tonhawa/James Garner. The most recent written lease terms were last entered into January 21, 2021 as Contracts K-2021-83 and K-2021-85.

The Ground Leases each have initial five-year terms for stated annual rental payable in installments at the end of each calendar month. Unless the Ground Lease is otherwise terminated by either party, it may be renewed by the USPS for two additional five-year terms, with a 10% increase in annual rental for each such renewal. Revenue from the leases is deposited into the General Fund, Rental-Parking Lot (Account No. 109-362544). The basic lease terms are very similar to past USPS leases for these parking spaces, with both parties agreeing to follow applicable law and the USPS taking responsibility for those portions of the premises it has historically maintained.

DISCUSSION:

At the time the new lease was requested by USPS, City staff negotiated terms allowing the City of Norman flexibility in renegotiating the leases in the case that the rented parking spaces are affected by upgrades to the Municipal Complex that are anticipated to begin in the coming calendar year. The City invoked this process via notice letters sent in August 2022. Since that time, the USPS and City have negotiated in good faith to reach new agreements regarding parking arrangements that will accommodate the Municipal Complex remodel.

This lease, Contract K-2021-85, concerns parking provided in the parking lot located adjacent to the intersection of James Garner Avenue and Tonhawa Street. The use of the currently leased parking spaces will be reallocated for City use following completion of the renovations.

Thus, USPS was offered, and has accepted, replacement parking spaces (in the same amount as the original lease) along the eastern side of James Garner Avenue, and as demonstrated on the updated Exhibit A to the amendment.

Additionally, these replacement spaces will be impacted by the upcoming improvements to James Garner Avenue, which improvements may also result in a reduction of parking spaces. To streamline the City's provision of parking spaces to accommodate this construction, and in finalizing a letter amendment adjusting the final parking space total (and any pro-rata reductions, as applicable), this Amendment 1 allows for an administrative adjustment to be approved by the City Manager without the necessity of bringing a formal amendment back for City Council consideration.

If approved, these amendments will be effective November 22, 2022.

RECOMMENDATION:

Based on the foregoing, City Staff recommends approval of Amendment No. 1 to Contract K-2021-85.