



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: June 28, 2022

REQUESTER: Darrel Pyle, City Manager

PRESENTER: Kathryn Walker, City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT OR POSTPONEMENT OF CONTRACT K-2122-141: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND PINNACLE VIEW, L.L.C., FOR THE LEASE OF PROPERTY LOCATED AT 307 WEST GRAY STREET FOR A PERIOD OF THREE YEARS SUBJECT TO ANNUAL APPROPRIATION OF FUNDS.

BACKGROUND:

The City purchased the three adjoining buildings located at 101, 113, and 115 West Gray Street in 2011 “for municipal purposes” with funds obtained through a financing pledging capital fund revenues for \$1,650,000. At the time, potential uses for the space were identified, including relocation of the Facilities Maintenance Division, Municipal Court, central location for Development Services, storage, and expansion of municipal and public parking. Ultimately, the space was used to house the Facility Maintenance Division and for storage of old records and surplus furniture.

The City was approached in the spring of 2021 by Factory Obscura about the creation of a large-scale immersive art museum experience in Downtown Norman; this site was identified as a possible location. Council first discussed the project at its meeting on April 13, 2021 and discussed it most recently at its meeting on November 2, 2021, where the consensus was to pursue a contractual agreement for the sale or lease of this property to Factory Obscura. Since then, Council has approved a lease for the relocation of the Facilities Maintenance Division from these properties to 1910 Research Park. Space is still needed to store old records and surplus furniture and equipment.

DISCUSSION:

Staff identified available vacant space in close proximity to the City complex at 307 W. Gray. The space is adequately sized to meet the storage needs of the City at this time. Staff approached the property owner, Pinnacle View, LLC, and negotiated a lease for the property after an on-site visit confirmed its suitability for the City’s needs.

The term of the proposed lease is for 3 years, beginning on July 1, 2022. The lease can be terminated on an annual basis if adequate funds are not appropriated by Council to cover the cost of the lease.

The annual base rent is \$27,600 payable monthly at a rate of \$2,300 per month. The lease can be renewed for an additional one-year rental rate of \$2,600 per month, provided 90 days written notice is provided to Pinnacle.

The City will be required to maintain its premises as is; Pinnacle is responsible for maintenance and repairs of the exterior of the building and common areas, as well as the plumbing, electrical, heating and air conditioning systems, provided any damages necessitating the repairs are not caused by the City.

Funds are available in Rentals & Leases – Office Space (10110110-44503), subject to approval of \$27,600 in Fiscal Year 2022-2023 funds.

RECOMMENDATION:

Staff recommends approval of Contract K-2122-141, subject to approval of \$27,600 in Fiscal Year 2022-2023 General Fund balance.