

FOR THE PURPOSE OF DECLARING CERTAIN PROPERTY SURPLUS AND AUTHORIZING A LEASE OF A PORTION OF THE IRVING STREET GARAGE

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Department: Capital Asset Management
Meeting Date:

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Presenter(s), (if applicable): N/A
Length:

ISSUE STATEMENT

Boyland Auto Portland, LLC has proposed to lease three floors of the Irving Street Garage (adjacent to the Metro Regional Center), in which they would house inventory for the Kia car dealership across the street. The proposed four-year lease would be at a rate of \$21,000 per month – or \$1.01 million over the initial four-year term. Metro would retain one floor of the garage for its continued use.

Per State law and the Metro code, Council action is needed to declare the garage as surplus and authorize the COO to enter into the lease.

ACTION REQUESTED

As per the resolution attached, two actions are requested:

1. Declare the Premises surplus property because it is not needed for public use during the term of the proposed lease.
2. Authorize the Chief Executive Officer to enter into a lease agreement with Boyland on terms substantially similar to those attached to the resolution.

IDENTIFIED POLICY OUTCOMES

This resolution generates additional revenue, supports employee safety, and provides flexibility for future uses:

- The additional \$1.01 million in General Fund discretionary revenue can be used to support MRC operations and capital needs, along with other Metro priorities;
- Boyland will secure and maintain the entire garage, relieving MRC campus operations staff of having to deal with potentially unsafe conditions;
- The initial four-year lease period gives Metro flexibility to reevaluate the garage for future uses and opportunities. Although Boyland has options to renew, Metro may reject such options should it desire the lease to expire at the end of the term.

POLICY QUESTION(S)

Should Metro enter into the lease with Boyland Auto Group for the next four years or explore other uses of this parking structure?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

If Metro does not lease the garage, Metro could either (1) retain the current use of the garage, or (2) explore other uses of the garage.

1. Retain current use of the garage. Under this scenario, Metro would continue to operate the garage at a loss of \$40,000/year (inclusive parking management agreement, pressure washing, and biohazard expensive; exclusive of staff time and vandalism costs). Safety, cleaning, and vandalism issues would remain a concern.
2. Explore other uses of the garage. The primary purpose of the garage is to house vehicles. Currently, there is no demand for parking in the Lloyd District as a result of the dramatic shift in employees working from home in neighboring businesses. Due to the location to the inner city and transit, the location of the Irving Street Garage likely has better purposes that would be more consistent with Metro values, such as affordable housing. This type of project would take multiple years to advance prior to construction in order to secure land use, financing, partnerships etc. The current lease terms provide Metro with the flexibility to develop options for other uses by not committing to a longer-term lease.

STAFF RECOMMENDATIONS

Staff recommends taking the actions listed above. Doing so will bring revenue to Metro and make the MRC a safer campus.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

Beginning in FY 19-20 with the onset of the pandemic, annual revenue from the Irving Street garage fell to \$590,000, with total net revenue for the past two years of \$8,700. Average parking collections per month are about \$4,300, while average expenses are approximately \$5,000, equating to a roughly \$700/month loss.

The annual revenue from this lease is \$252,000. This is a significant revenue increase for Metro compared to current day trends and has been confirmed to be a fair current market price by our broker. The 4-year lease requires Boyland to keep the structure maintained and secure, and provides us flexibility to decide whether or not to extend the lease at the end of the term.

This agreement will also address cleaning/maintenance and safety needs of garage.

Cleaning and Maintenance Needs. Currently, Metro's MRC Campus Operations team cannot keep up with the cleanup needs of the vacant garage. Several times a week the garage is vandalized, experiences vehicle break-ins, has people camping in it, finds its stairwells littered with human waste and drug paraphernalia, and has water lines and electrical outlets broken to gain access to these resources. Rapid Response, Metro's biohazard clean-up contractor, is onsite Sun – Thursday when they clean human waste, trash and drug paraphernalia; Metro pays \$2100 per month for this service. Additionally, Metro pays \$550 per visit for monthly pressure washing of the garage stairwells, primarily to address human waste.

Safety Needs. Current conditions are a safety issue for MRC Campus Operations staff and other staff coming to the MRC to work. Employee vehicles have been broken into and many of the individuals encountered in the garage have been verbally abusive and physically threatening to Campus Operations staff.

As part of the lease, the Boyland will secure, clean, and provide day-to-day maintenance of the entire garage, including the one floor retained by Metro. This lease should ensure better management of the garage/property, bring revenue back to the agency and address the safety issues it poses.

BACKGROUND

Adjacent to the Metro Regional Center is a 4-level, 460 stall public parking garage referred to as the “Irving Street Garage”. Metro has owned and contracted out the operation of this garage since the agency occupied the MRC in 1992. Pre-pandemic, the garage catered to customers seeking monthly and daily parking and was used by visitors to the Lloyd District and the MRC, employees of businesses and agencies within the Lloyd District, and by Metro employees. Annual average revenues from the Irving Street garage were \$802,000 on average.

The property immediately to the north of the MRC (720 NE Grand Ave) has been acquired by an affiliate of Boyland Auto Group. The site is currently undergoing a million-dollar renovation to open a Kia dealership but requires additional parking to house their inventory. Boyland has requested to lease the 2nd, 3rd and 4th floors of the Irving Street Garage, which consists of 360 parking spaces.

If this lease is implemented, the first floor of the Irving garage will remain open to Metro staff and visitors at the current daily rate of \$10. This lease does not affect the underground garage in the MRC. Metro will continue to maintain employee parking in the MRC underground garage.

ATTACHMENTS

[For work session:]

- Is legislation required for Council action? Yes No
- If yes, is draft legislation attached? Yes No
- What other materials are you presenting today? [INSERT]

