



Legislation Details (With Text)

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Title: Approval of RC Williams Building Lease Terms for the Fayetteville Cumberland Economic Development Corporation (FCEDC)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Letter of Intent - Fayetteville Cumberland County Economic Development Corporation

Date	Ver.	Action By	Action	Result
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TO: Mayor and Members of City Council

THRU: Evelyn O. Shaw, Chairwoman
Fayetteville Public Works Commission

FROM: Fayetteville Public Works Commission

DATE: October 9, 2017

RE:
Approval of RC Williams Building Lease Terms for the Fayetteville Cumberland Economic Development Corporation (FCEDC)

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:
Diverse and Viable Economy

Executive Summary:
The Fayetteville Public Works Commission during their September 27, 2017, meeting agreed to accept a proposal, in the form of a Letter of Intent from the Fayetteville Cumberland Economic Development Corporation to lease a portion of the fourth floor of the RC Williams Building.

Background:
The Fayetteville Public Works Commission, during their September 27, 2017, meeting agreed to

accept a proposal, in the form of a Letter of Intent, from the Fayetteville Cumberland Economic Development Corporation to lease a portion of the fourth floor of the RC Williams Building.

On July 17, 2017, the Fayetteville Cumberland Economic Development Corp (EDC) made a proposal to the Fayetteville Public Works Commission (PWC), via a Letter of Intent to lease approximately 4099 sq. ft. of the fourth floor of the RC Williams Building. The EDC has expressed that having a presence in Downtown Fayetteville and in particular the RC Williams Building is "The absolute best headquarters location from which to promote, highlight, and sell Fayetteville and our broader community." The EDC proposed in the Letter of Intent that PWC, in support of its economic development activities, agree to charge a lease rate below the current \$16.00/sq. ft. market rate for that space. The EDC proposed a rate of \$4.00/sq. ft. for the first year and \$8.00/sq. ft. for years 2-5.

At its July 26, 2017 meeting, the Commission discussed the EDC proposal and within its authority under Chapter 6A of the City of Fayetteville Charter rejected the EDC proposal and authorized our CEO and General Manager to communicate a counterproposal to the EDC.

The Commission approved counterproposal balanced the desire to support the EDC and its mission and also meet the Commission's fiduciary responsibilities to effectively manage the property under its management and control.

The Counterproposal offered included the following terms;

Lease Rate

- Year 1 - \$8.00/sq. ft.
- Year 2 - \$10.00/sq. ft.
- Year 3 - \$12.00/sq. ft.
- Year 4 - \$14.00/sq. ft.
- Year 5 - \$16.00/sq. ft.

Other Terms

- All up fit costs for the space shall be the responsibility of the EDC
- If PWC sells the RC Williams Building the discounted lease rate is terminated and reverts to market (\$16.00/sq. ft.) for the remainder of the lease term. This will negate any negative impact on a potential buyer of assuming a below market lease should the Commission decide to market the RC Williams Building for sale in the future
- That prior to executing the lease, approval of the terms by Fayetteville City Council may be required.

On September 15, 2017, the EDC submitted a revised Letter of Intent accepting the July 26th Commission approved counterproposal. At its September 27, 2017, Commission meeting the Commissioners voted to accept the EDC proposal and directed our CEO and General Manager to execute the Letter of Intent on behalf of PWC and to obtain from City Council the authorization for PWC to enter into a below market lease consistent with the terms in the Letter of Intent.

Issues/Analysis:

As mentioned in the “Other Terms” the Commission believes that City Council must also agree to these terms prior to the lease being executed. Because this lease would be below market and is being accepted in support of economic development we believe this lease is subject to Section 6A.7 (7) of the City of Fayetteville Charter that places limitations on PWC’s ability to offer financial incentives. In part, this section states; “Notwithstanding any other provision in this Charter, the Commission shall have no authority, absent prior approval given by the City Council, to make or give grants, contributions, gifts, donations, or sponsorships or to expend any funds or to offer any financial incentives for any purposes not directly related to the powers and duties of the Commission under this section. This includes, without limitation, any activities for economic development”.

Budget Impact:

N/A

Options:

N/A

Recommended Action:

The Fayetteville Public Works Commissioners request that City Council approve, per Section 6A.7(7) of the City of Fayetteville Charter, authorization for the Fayetteville Public Works Commission to enter into a lease with the Fayetteville Cumberland Economic Development Corporation, under the terms described herein, and authorize PWC’s CEO and General Manager to execute a lease consistent with those terms.

Attachments:

Executed Letter of Intent