



Legislation Text

File #: 17-468, Version: 1

TO: Mayor and Members of City Council

THRU: Jay Reinstein, Assistant City Manager

FROM: Randy Hume, Transit Director

DATE: October 9, 2017

RE: Approval of Greyhound Lease Agreement for the FAST Transit Center

COUNCIL DISTRICT(S):

All

Relationship To Strategic Plan:

Goal 4: Desirable Place to Live, Work and Recreate

Objective D: To develop and maintain public transportation investments with high quality transit and airport services

Executive Summary:

In November 2015, City Council approved the terms of a lease with Greyhound Lines to lease portions of the new multimodal transit center being constructed at 505 Franklin Street. During the course of negotiating the actual lease agreement, Greyhound determined the need to revise the terms previously approved by City Council due to changes in their operations.

The final agreement has been signed by Greyhound and ready for the City to execute. The revisions include: 1) a reduction in the monthly rental from \$5,655 to \$5,365 per month; and 2) a reduction in Greyhound's share of common area maintenance, security and utility expenses from 10.5% to 9.0%. Greyhound still will pay 100% of these expenses during late nights and on those days that FAST is not operating.

The monthly rent is based on a rate of \$26.80 per square foot, plus a share of the costs to construct the customer waiting areas and bus bays. The expense share is based on the total number of bus trips entering the facility. In addition, Greyhound modified the design of their space so Greyhound can operate during late night hours without keeping the large waiting areas in the building open. Federal Transit Administration (FTA) has approved the lease as "incidental use" which is required since grant funds have been used to build the new center.

Background:

FAST is constructing a new multimodal transit center to replace a temporary transfer site it has been using since 2003. After initially declining to participate in the new center during the study and design phases of the project, Greyhound approached staff about moving to the new center in early 2015. City Council authorized staff to negotiate lease terms in June 2015 and approved a term sheet for the lease at the November 23, 2015 Council meeting. Transit has worked with Police on a security plan and moving Greyhound's operations from Person Street to the new center is supported by the Police Department.

Since that time, staff has reviewed multiple versions of a lease agreement with Greyhound. Attached is the final version which has been signed by Greyhound and ready for execution by the City.

During this review period Greyhound noted its concern about the expenses related to the lease. In an effort to save on operating costs, Greyhound decided to reconfigure its dedicated space to provide public restrooms and the ability to operate late nights and Sundays within their space. This means the large common waiting areas and restrooms will close when FAST ends its operations each night. Security services will still be provided during all Greyhound's operating hours (i.e., 24/7)

In addition, Greyhound provided a new operating schedule that reduced the number of bus trips using the center each week. The percentage of total bus trips had been used to develop each party's share of the common costs. That allowed Greyhound to reduce its share of these costs from 10.5% to 9%. In an effort to keep Greyhound committed to the project, staff also agreed to reduce the rent from \$5,655 per month to \$5,365 per month. Due to delays in construction the lease date has been moved from June 2017 to December 2017.

Other terms remain unchanged, including deferring the basic rent payment for 270 days and the provisions for Greyhound to reimburse the City for completing the tenant improvements. FTA requires any use of grant funded facilities for non-transit activities be approved as "incidental use". FTA has approved the use of this space by Greyhound.

Issues/Analysis:

None

Budget Impact:

The revised rental rate was included in the FY 2018 Budget. Budgeted operating costs were also adjusted as the new budget was prepared. Both revenues and expenses will be less than budgeted due to the delay in opening the facility.

Options:

Approve the Lease Agreement with Greyhound;
Reject the lease and provide direction to staff.

Recommended Action:

Approve the Lease Agreement.

Attachments:

Lease Agreement