



Legislation Text

File #: 15-251, **Version:** 1

AUTHORIZATION TO ENTER INTO AN AMENDMENT TO THE GLENDALE WESTGATE LODGING INVESTORS II, LLC GROUND LEASE AGREEMENT

Staff Contact: Jack Friedline, Director, Public Works

Purpose and Recommended Action

This is a request for City Council to authorize the Acting City Manager to enter into an amendment to a ground lease agreement with Glendale Westgate Lodging Investors II, LLC (GWLI) for the lease of property located directly east of the Hampton Inn & Suites Phoenix Glendale-Westgate in order to meet the city's contractual obligations.

Background

The city is required to provide parking spaces at Westgate City Center through its agreements with the Arizona Sports and Tourism Authority (AZSTA) and the Arizona Cardinals. Until full build-out of this Planned Area Development, it has always been the understanding of the parties involved that the city's parking allocation may be relocated as necessary to accommodate construction while maintaining the minimum number of parking spaces required.

Since June 2012, the city has been leasing 516 parking spaces on six acres of property from GWLI to help fulfill the city's parking requirements as it relates to the stadium uses. GWLI intends to develop a portion of the property currently used for parking by the city, leaving approximately 257 spaces available for lease under the same conditions included in the June 2012 agreement. However, should timing for the development be delayed, GWLI agrees to continue to allow the city to use the entire six-acre property for parking under the same terms of the agreement.

Analysis

As a condition of using the property, the city is required to pay rent in an amount equal to the proportional amount of the property tax assessment for the useable space paid by GWLI each tax period from the effective date until either the expiration of the lease or termination of the lease. The property tax valuation is currently estimated at \$35,000. This fee allows for the city to have access to the property for up to 15 events per year. Currently, this rate translates to approximately \$4.50 per space per event, and is lower than other options that have been used on an individual event basis.

Continued use of this property is necessary to meet the parking obligations required of the city. Additionally, this parking location is included in the city's current traffic management plan for large stadium events and its use will allow for seamless implementation of traffic control and guidance for guests for the 2015 football season.

Previous Related Council Action

On June 12, 2012, City Council approved a ground lease agreement with GWLI for the use of approximately six acres of property with 516 improved parking spaces to be used for parking at up to 15 events.

On September 28, 2004, Council adopted a resolution authorizing the entering into of a Memorandum of Agreement with the Arizona Cardinals and the AZSTA for a multiuse stadium and related improvements.

On May 27, 2003, Council authorized the approval of the Parking License and Agreement with Covenants, Conditions and Restrictions with the AZSTA and the Arizona Cardinals. That agreement was amended on August 15, 2005.

Budget and Financial Impacts

Based on the previous agreement, the rent is estimated at \$4.50 per space per event, or a total of approximately \$35,000 for the entire six acres (516 spaces). The amount may be reduced proportionally if fewer spaces are leased. The associated cost for rent is an estimate subject to change as it is based on the rate equal to the full amount of the property tax assessment paid by GWLI each tax period, and depends on the amount of land available for lease. Pending Council approval, funding is available in the Fiscal Year 2015-16 operating budget.

Cost	Fund-Department-Account
\$35,000	1000-13462-518200, Stadium - Transportation Ops

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No