



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: K-2021-85**

**File ID:** K-2021-85

**Type:** Contract

**Status:** Consent Item

**Version:** 1

**Reference:** Item 41

**In Control:** City Council

**Department:** Legal Department

**Cost:**

**File Created:** 12/22/2020

**File Name:** USPS Ground Lease Tonhawa

**Final Action:**

**Title:** CONTRACT K-2021-85: A GROUND LEASE FOR PARKING BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND THE UNITED STATES POSTAL SERVICE FOR AN ANNUAL RENTAL OF \$19,305 FOR AN INITIAL TERM OF FIVE (5) YEARS FOR PARKING SPACES WITHIN THE CITY PARKING LOT LOCATED GENERALLY AT THE INTERSECTION OF TONHAWA STREET AND JAMES GARNER AVENUE.

**Notes:** ACTION NEEDED: Motion to approve or reject Contract K-2021-85 with the United States Postal Service for an annual rental fee of \$19,305 for an initial term of five (5) years; and, if approved, authorize the execution thereof and the City Manager to execute all related documents including the brokerage agreement and appropriate \$3,861 from Rental-Parking Lot (109-362544) to Business Services - Other (10120430-44199).

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 01/12/2021

**Agenda Number:** 41

**Attachments:** K-2021-85 Tonhawa Ground Lease, Broker Letter re Leases and Comm Agmts, K-2021-86 - JLL Comm Agmt Ton

**Project Manager:** Beth Muckala, Assistant City Attorney

**Entered by:** beth.muckala@normanok.gov

**Effective Date:**

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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### Text of Legislative File K-2021-85

Body

**BACKGROUND:** The City of Norman has historically rented parking spaces to the United States Postal Service ("USPS") for use by USPS customers and employees, in parking lots located at Santa Fe/Gray, and Tonhawa/James Garner. The most recent written lease term has

since expired and the City and USPS have been continuing the agreement “month to month” since that time.

**DISCUSSION:** USPS has requested a new formal lease and City staff has negotiated terms that will allow the City of Norman flexibility in renegotiating the leases in the case that the rented parking spaces are affected by upgrades to the Municipal Complex that are anticipated to begin in the coming calendar year. Leases for both parking lots have been negotiated for increased rental amounts and identical terms accommodating the Municipal Complex Remodel.

Since the time the last lease was entered into with the USPS for these parking spaces, the USPS has internally altered the process by which it acquires interests in real property. The USPS has nationally retained a brokerage firm, Jones Lang LaSalle (“JLL”) to acquire property interests on its behalf. The USPS’s brokerage fee is to be paid by the USPS through the annual rental of the real estate interests JLL acquires on its behalf. Because this rental is paid directly to the Lessors, in this case the City, the USPS/JLL process requires that an upfront payment of this Commission Fee be paid by the Lessor, here the City, in a lump sum.

Per the terms of these Commission Agreements negotiated by City Staff, such payment would be due to JLL within thirty (30) days of complete execution of all lease documents by all parties. The brokerage fees (which are \$1801.80 for the Santa Fe/Gray lot and \$3,861 for the Tonhawa/James Garner lot) will be completely repaid to the City during the first five-year term of the lease. Commission Agreements are included in the agenda item and will be paid from the General Fund, Business Services - Other (Account Org. 10120430; Object 44199).

The Ground Leases each have initial five-year terms for stated annual rental payable in installments at the end of each calendar month. Unless the Ground Lease is otherwise terminated by either party, it may be renewed by the USPS for two additional five-year terms, with a 10% increase in annual rental for each such renewal. Revenue from the leases will be deposited into the General Fund, Rental-Parking Lot (Account No. 109-362544). In all other respects, these leases are extremely similar to past USPS leases for these parking spaces, with both parties agreeing to follow applicable law and the USPS taking responsibility for those portions of the premises it has historically maintained.

**RECOMMENDATION:** Staff recommends that the City Council approve the Ground Leases for both parking lots (K-2021-83 and K-2021-85). Staff further recommends that the City Council authorize the execution of all related documents, including the execution of the Commission Agreements (K-2021-84 and K-2021-86) by the City Manager, and the provision of all information to USPS and JLL, as is necessary to consummate the transactions contemplated by these contracts.

Staff also recommends that an appropriation of \$3,861 from the Rental-Parking Lot Account (number 109-362544) to Business Services - Other (10120430-44199) be approved.