



Date: April 21, 2015

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Transportation Director

Subject: Durham Amtrak Station Agreements

Executive Summary

The City of Durham currently contributes towards the annual cost of the North Carolina Department of Transportation’s (NCDOT) lease of the Walker Warehouse (601 W. Main Street) for the Durham Amtrak Station. This contribution is offset by the value of NCDOT’s lease of the City of Durham’s gravel parking lot located at 501 W. Main Street. The lot provides for overflow parking from the Amtrak Station. Two agreements were executed in 2008 between NCDOT and the City of Durham that provide for this contribution and lease of City property. These agreements expire in 2015. Approval of a new Reimbursement Agreement and amended Lease Agreement is needed to continue this arrangement.

Recommendation

Staff recommends that the City Council:

1. Authorize the City Manager to execute the Reimbursement Agreement with the North Carolina Department of Transportation for the Durham Amtrak Station; and,
2. Authorize the City Manager to execute the First Amendment to City of Durham/NCDOT Lease Agreement (Walker Warehouse Building Parking Lot Lease) with the North Carolina Department of Transportation at a seven-year total cost of \$194,527.77 after deducting the lease fee for the City parking lot.

Background

Prior to 2008, the Durham Amtrak Station was located in a temporary modular building at 400 W. Chapel Hill Street across the tracks from the current Durham Amtrak Station. At the time, the City of Durham leased the property for the station from the North Carolina Railroad at a cost of \$7,000.00 per year.

The City of Durham worked with NCDOT to relocate the station to the Walker Warehouse at 601 W. Main Street which was in the process of being renovated. As part of the City’s partnership with NCDOT on the relocation of and significant improvement in the rail station facility, the City agreed to contribute 25 percent of the cost for NCDOT’s lease of the building. NCDOT covers expenses for utilities, property taxes, insurance, and common area maintenance. Furthermore, the Reimbursement Agreement also provided for the City to offset this contribution through the cost for leasing parking spaces to NCDOT at 501 W. Main Street for overflow Amtrak Station parking.

The Reimbursement Agreement was executed on May 13, 2008 and the Lease Agreement was executed on October 27, 2008. Both agreements are effective for seven years and will expire this year. NCDOT has been invoicing the City for the agreed upon contribution at the beginning of each fiscal year first beginning July 1, 2009. The City has made six payments thus far and is paid through June 30, 2015.

Issues and Analysis

The City's reimbursement to NCDOT has been steadily rising over the past six years from \$30,937.88 in FY 2010 to \$37,524.26 in FY 2015. The City has paid a total of \$205,429.18 over the six payments or an average of \$34,238.20 per year. NCDOT's lease with Walker CST LLP for the Amtrak Station requires that their rent increases by 2.75% per year thus the City's 25% contribution has also increased annually by 2.75%. The original Reimbursement Agreement and Lease Agreement valued the 40 gravel parking lot spaces at \$30 per space per month or \$14,400.00 per year for the lot. No rate increase for the gravel lot was provided for in the original Reimbursement or Lease Agreements.

The current rate for downtown parking in a surface lot is \$55 per space per month. This would equal \$26,400.00 annually for the 40-space lot. The Durham Comprehensive Parking Study recommends that the rate increase in FY 2018 by 20% to \$66 per space per month or \$31,680.00 annually for the 40-space lot. This is the recommended rate according to the study. Actual parking rate changes will be considered by the City Council in future years.

NCDOT has agreed to lease the City's gravel parking lot for \$26,400.00 per year in FY 2016 and 2017 and \$31,680.00 per year in FY 2018 through 2022 for a total of \$211,200. The new Reimbursement and amended Lease Agreements reflect these values and will be effective for this gravel lot whether or not parking rate increases are otherwise approved by City Council for any other City downtown parking lots. The total estimated seven-year cost to the City, after deducting the lease fee for the parking lot, is \$194,527.77 or an average of \$27,789.68 per year. The annual lease cost is included in the Transportation Department's annual operating budget.

Alternatives

The City could not agree to share in the costs of NCDOT's rental of the Walker Warehouse for the Amtrak Station and lease the gravel parking lot to NCDOT for Amtrak Station use. This would end the partnership with the NCDOT that has created a much improved rail station facility in the City of Durham.

Financial Impact

The total cost to the City of Durham over the seven year contract, after deducting the lease fees for the City parking lot, is \$194,527.77.

SDBE Summary

NCDOT agreements require that their contracting procedures be followed for these projects. The Department of Equal Opportunity/Equity Assurance did not review this item for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Attachments

Recommended Reimbursement Agreement
Original City of Durham/NCDOT Lease Agreement

Recommended First Amendment to the City of Durham/NCDOT Lease Agreement