



HISTORIC
FRANKLIN
TENNESSEE

ITEM #18
WRKS 08/28/2012

MEMORANDUM

August 21, 2012

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator
Russ Truell, Assistant City Administrator
Brian Wilcox, Purchasing manager

SUBJECT: Proposal for Lease of Five Points Property

Purpose

The purpose of this memorandum is to report on the proposals received in response to a Request for Proposal (RFP), Solicitation #20133-004

Background

The City issued a request for proposals for the possible lease of the real property at 510 Columbia Avenue, commonly referred to as the Five Points Post Office property. Deadline for proposals was August 16, 2012. The City received one proposal, that of First Bank, a Tennessee state Banking Corporation.

The proposal appears to be responsive in large degree to the requirements of the RFP. The proposal acknowledges the historic importance of the site and the need to bring the building up to current City codes in order to fully utilize the building. The proposal identifies certain capital needs and provides a general idea of the cost of improvements. It states clearly that plans and specification for all improvements will follow applicable regulations, including design review by the Historical Zoning Commission. The proposal recognizes the City's request to facilitate the retention of existing tenants, where possible, while still arranging for optimum usage of the space available. Further, the proposal encapsulates to a large extent the implication of the RFP for a triple net lease arrangement, whereby the proposer will take the responsibility for taxes, insurance, maintenance, landscaping, utilities, and other recurring costs during the term of the lease.

Financial Impact

As envisioned in the RFP, a successful leasing arrangement would reduce current costs resulting from City management of the Five Points property; would create some additional revenue; and would put the property back on the tax rolls. It would also avoid additional costs to the City that will be necessary to bring the building up to code and keep it properly maintained.

Options

Instruct the City Administrator and City Attorney to negotiate a lease with the proposing entity, subject to conditions of the RFP, or reject the current proposal and keep the property under full City control.

Recommendation

Staff recommends that the City Attorney draft a lease and the City Administrator negotiate elements of the lease to the City's satisfaction. The negotiated lease would be presented at a later date for Board approval.