



Legislation Details (With Text)

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Title: Consideration of a Lease Agreement Between the City and Sheikh Mohammad Arshad to Continue the Use of City-owned Property at 206 Strand Street.
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Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 6, 2023
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
THROUGH: JAMES F. PARAION, CITY MANAGER /s/
FROM: JEREMY MCPIKE, DIRECTOR, GENERAL SERVICES

DOCKET TITLE:

Consideration of a Lease Agreement Between the City and Sheikh Mohammad Arshad to Continue the Use of City-owned Property at 206 Strand Street.

ISSUE: Consideration of a lease agreement with Sheikh Mohammad Arshad to continue the use of City-owned property at 206 Strand Street for the operation of a commercial parking lot.

RECOMMENDATION: That City Council:

- (1) Receive this report and set the Agreement to lease City-owned property for public hearing on June 17, 2023, and after the public hearing approve the proposed one (1) year lease agreement; and
- (2) Authorize the City Manager to execute the proposed Lease Agreement with

Sheikh Mohammad Arshad.

BACKGROUND: As part of the property acquisition and exchange agreement with the Old Dominion Boat Club in 2014, the City acquired land on Strand Street from private property owners with the intent to use this land to expand Point Lumley Park and to accommodate the continuous Waterfront walkway and expansion of the pedestrian walkway area on Strand Street. The land had been used as a commercial parking lot on Strand Street since 1972.

In 2015, following the acquisition of the land on Strand Street, the City entered into a one-month lease agreement with parking lot operator, Sheikh Mohammad Arshad, owner of Strand Parking Company that continued on a 14-day to 14-day basis. The intent of the lease was to allow continued operation of the existing commercial parking lot, providing needed public parking while the development of the Old Dominion Boat Club site and building at 0 Prince Street and 200 Strand Street were being planned and executed.

Shortly after the initial lease was executed, City staff determined that, based on the projected Point Lumley Park project schedule and the ongoing need for public parking at the waterfront, the optimal interim use of the property was to maintain a public parking lot at this location until these waterfront projects were initiated. Staff performed an analysis to determine the best and most efficient means of keeping this lot open and available to the public, including adding this lot to the City's parking management contract, converting the lot to an automated metered parking lot, or leasing the lot to the existing operator. Based on the analysis, it was determined to be most cost effective to lease the lot to the existing parking lot operator rather than have the City operate and maintain the parking lot.

Based on the results of the analysis, the City entered into a second month-to-month lease agreement in 2015 with Mr. Arshad that would continue to offer parking options to the public while providing the City with the flexibility it required to continue planned waterfront projects and improvements.

DISCUSSION: Mr. Arshad has been the operator of this parking lot for almost 30 years, providing daily and monthly parking to customers seven (7) days per week.

The City last entered into a lease agreement with Mr. Arshad in July 2022 for a period of one (1) year at a rate of \$6,000 per month, or \$72,000 per year, with an expiration date of June 30, 2023. The terms of the lease allowed for the lease to continue on a month-to-month basis and could be renewed at any time after the Lease Expiration Date.

The proposed new lease agreement will provide for another one-year term at a rate of \$7,000 per month, or \$84,000 per year that will continue on a month-to-month basis following the first year of the lease, with this month-to-month term not to exceed four (4) years. The lease may be terminated by either party with thirty (30) days' notice. The term of this lease is consistent with the City's waterfront project schedule as confirmed with Recreation, Parks, and Cultural Activities and the Department of Project Implementation. The one-year term, including the month-to-month extension, will continue to provide public parking at the waterfront, lease revenue for the City, and provide the flexibility to terminate the lease to accommodate the Point Lumley Park and other waterfront projects when they are scheduled to begin.

The tenant, per the terms of the lease, is required to maintain the property in good, secure, and substantial condition and repair, including removal of litter, leaves, weeds, snow, and ice. City staff inspect the site every two weeks to ensure compliance with the terms set forth in the lease.

FISCAL IMPACT: The proposed lease for the continued use of City-owned property at 206 Strand Street

provides for a term of one-year at a rate of \$7,000 per month, or \$84,000 per year, which reflects an increase of \$12,000 per year compared to the existing lease, and will continue month-to-month for a maximum monthly term of four (4) years, with the right to terminate by either party with thirty (30) days' notice.

ATTACHMENT: Lease Agreement

STAFF:

Yon Lambert, Deputy City Manager

Alfred Coleman, Deputy Director, General Services

Dominique de' la Bay, Real Estate Specialist, General Services