



Legislation Text

File #: 19-0216, **Version:** 1

Item:

Restaurant Lease for Admin Building II, Suite 140

Date of BOCC Meeting: May 13, 2019

Request for Board Action:

The Board is requested to approve and authorize execution of a Lease Agreement with Neighbor's LLC to operate a restaurant in the County Administration Building II located at 201 E Main Street, in accordance with the terms and conditions as set forth in the Lease Agreement attached to this Agenda Item. This lease is for 3291 square feet of restaurant space located in the County Administrative Building II, Suite #140. The lease term is 10 years with options for two 5-year renewals. The starting lease rate for the first 10 years is \$52,656 per year for the first two years, increasing to \$65,820 for years 9 and 10. The lease agreement requires that Neighbor's complete all upfit construction within 180 days at their cost, with the County contributing \$100,000 toward the total cost for all tenant improvements which will be provided in the form of a rental offset. We anticipate the restaurant will be open in the 4th quarter of 2019. Neighbor's will be a diner style restaurant, serving breakfast, lunch and dinner. The owners also intend to seek an ABC permit to sell beer and wine.

Renovation of the Durham County Administration Building II included two unfinished spaces on the first floor designed and constructed to be leased restaurant space, based on the Board's direction in 2015 to have ground floor commercial in the renovated building. In June 2018, staff presented to the Board a set of Guiding Principles that outlined the County's objectives for the new restaurant spaces. The Board sought a process and tenants that would activate East Main Street, offer strong business plans and solid financials, encourage diverse and small business participation, provide quality menu options at moderate prices, and offer something unique in the market.

Neighbor's LLC responded to the County's Request for Proposals in January 2019. Their proposal was evaluated, found to be in alignment with the standards of the RFP, and a Letter of Intent and Lease Agreement were subsequently negotiated.

Alignment with Strategic Plan: The attached Lease Agreement supports Goal 1 "Community Empowerment and Enrichment," and Goal 5 "Accountable, Efficient and Visionary Government"

Resource Persons: Jane Korest, Open Space & Real Estate Manager; Nancy Mitchell, Senior Real Estate Officer; Peri Manns, Deputy Director of Engineering and Environmental Services.

County Manager's Recommendation: The County Manager recommends that the Board approve and authorize execution of a Lease Agreement with Neighbor's LLC to operate a restaurant in the County Administration Building II located at 201 E Main Street, in accordance with the terms and conditions as set forth in the Lease Agreement attached to this Agenda Item.

County Manager: _____