

**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

REPORT TO THE COMMISSIONERS

DATE: MARCH 5, 2025

REGARDING: RESOLUTION APPROVING AND AUTHORIZING ENTERING INTO A LEASE AGREEMENT WITH AVIS BUDGET CAR RENTAL, LLC FOR RETAIL AND PARKING SPACE IN THE BLOCK 19 PARKING RAMP LOCATED AT 151 7TH STREET E., DISTRICT 17, WARD 2

Requested Board Action

Hold a public hearing and approve and authorize a resolution entering into a lease agreement with Avis Budget Car Rental, LLC for retail and parking space in the Block 19 Parking Ramp located at 151 7th Street E, District 17, Ward 2.

Background

The HRA owns and operates the Block 19 Parking Ramp (“Ramp”) and the retail space therein. Music Forest Café previously leased a retail space comprised of approximately 1,300 square feet at the Ramp in 2014 which lease terminated in July 2023. The space has been vacant since the termination of the Music Forest Café lease.

Avis Budget Car Rental, LLC (“Avis”) currently operates its business at the Securian parking lot at 7th and Jackson; its lease with Securian expires as of February 28, 2025 (but could be extended). Avis approached PED staff to request rental of the vacant retail space previously occupied by Music Forest Cafe in the Block 19 Parking Ramp with an address of 151 7th Street E along with 40 parking spaces. The terms of the proposed lease negotiated by staff include the following:

- Avis will pay a security deposit of \$4,000
- The initial term of the lease will be five (5) years beginning March 1, 2025, or as soon as a lease is approved by the HRA Board and executed by the authorized official(s).
- There will be two 5-year renewal options; if exercised, the total lease term could be up to 15 years

- Retail space lease payment will be \$2,000 per month with a 5% increase for each renewal option; the initial term annual lease payment is \$24,000
- Parking space lease payment will be \$120 per space per month (40 spaces x \$120 per month = \$4,800 per month) with a 5% increase for each renewal option; the initial term annual lease payment is \$57,600
- As Avis will improve the space for its needs, HRA will provide an \$18,000 tenant buildout allowance to Avis for the out-of-pocket costs actually incurred for such work in the premises necessary to make it suitable for Avis' occupancy. Any improvements will require staff approval and must be done in accordance with all legal requirements.

Staff believes that entering into a lease with Avis for the use of the retail and parking space will reactivate the space and provide other benefits as noted in the accompanying resolutions. Additionally, lease payments will contribute to the HRA parking operations fund.

Budget Action

The \$18,000 tenant buildout allowance shall be paid on a reimbursement basis from the Block 19 Capital Repair Account. No formal budget action is required.

Future Action

None.

Financing Structure

See the agreed upon terms of lease above.

PED Credit Committee Review

N/A

Compliance

Construction of the tenant space by Avis will be required to comply with the Two-bid Policy for internal purchase order requirements. No other compliance areas applicable.

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance:

Leasing of the retail and parking space in the Block 19 Parking Ramp is consistent with existing and future plans for the area. Specifically, Avis has operated its business at the Securian lot (7th and Jackson) for a number of years. Its lease with Securian expires as of February 28, 2025. Entering into a lease with Avis at the Block 19 Ramp responds to a new market opportunity for the HRA-owned property and will foster economic growth by retaining the business in downtown St. Paul and allows for the business's expansion into the HRA owned ramp. According to the 2040 Comprehensive Plan regarding Land Use, the following goals will be met:

- Policy LU-5: encourage flexible building design to ensure ongoing functionality and viability, and to respond to new market opportunities
- Policy LU-6 provides to foster equitable and sustainable economic growth by facilitating business creation, attraction, retention and expansion
- Policy LU-22 aims to continue to invest in Downtown and promote a broad mix of uses to ensure Downtown's vitality.
- Policy LU-23 looks to strengthen connections to and within Downtown Saint Paul through development and improvements
- Policy LU-24 prioritizes public and private investments in infrastructure
- Policy LU-26 objective is to support office and commercial development to maximize jobs, business and tax base

Statement of Chair (for Public Hearing)

Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of entering into a long-term lease with Avis Budget Car Rental, LLC, with an initial term of 5 years and two 5-year renewal options (up to 15 years total), for certain retail and parking space located in the Block 19 Parking Ramp by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA). Notice of time, place, and purpose of this hearing was published on the HRA regular agenda for March 5, 2025. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing closed and the Commissioners will proceed to deliberate which will result in a motion and vote to either approve or deny entering into the proposed lease agreement.

Recommendation:

The Executive Director recommends approval of the lease terms and entering into a lease agreement with Avis Budget Car Rental, LLC in accordance with the attached resolution.

Sponsored by: Rebecca Noecker

Staff: Gary Grabko

Attachments

- **Neighborhood Profile**