

Legislation Details (With Text)

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Title: Charlotte-Mecklenburg Government Center Restaurant Lease Amendment
Attachments:

Date	Ver.	Action By	Action	Result
6/24/2019	1	City Council Business Meeting	Pulled by Staff	

Charlotte-Mecklenburg Government Center Restaurant Lease Amendment

Action:

Approve a lease amendment with Showmars Inc. in the Charlotte-Mecklenburg Government Center.

Staff Resource(s):

Mike Davis, Engineering and Property Management
Tony Korolos, Engineering and Property Management

Explanation

- It is recommended the current lease with Showmars Inc. (Showmars), in Council District 1, be amended to reduce the rent from \$3,000 per month to \$500 per month for the remaining term of the agreement.
- Showmars management has requested a reduction in rent at the Charlotte-Mecklenburg Government Center (CMGC) location for the following reasons:
 - Showmars endures flattened sales and very limited profitability,
 - Showmars can only provide 10 services per week instead of the standard 21 services, and
 - Showmars continues to experience lower revenue due to the installation of security check stations since 2012.
- Showmars will continue to offer a 10 percent discount to all employees who work in the CMGC.
- Showmars is committed to continue providing exceptional level of service by retaining customer-focused and experienced employees.
- Under General Statute 160A-272, the city is not legally required to advertise for a new food service provider.

Background

- On October 19, 1999, the city entered into a Food Service Facility Agreement with Showmars with an initial term through December 31, 2004. Subsequently, the city and Showmars entered into a Lease and Food Services Rights Agreement on February 1, 2005, with a term of 10 years and an additional five-year renewal term.
- On July 1, 2016, Showmars entered into a new lease agreement with the city for a term of five years with a five-year renewal term. The new lease addressed kitchen improvements and dining room renovations, as well as the addition of healthier menu items and more sustainable practices.

- Since 2016, Showmars has implemented sustainability practices and incorporated healthier menu items. Based on the feedback from the most recent survey, Showmars will continue to add more healthy options, focusing on breakfast.
- Under the current lease, Showmars invested \$55,380 to replace the kitchen equipment with new energy efficient appliances and remains responsible for all repair bills for kitchen equipment and related plumbing.
- Showmars is a financially stable company with over 51 years of experience and 31 restaurants in the Charlotte area.
- In 2015, Showmars scored four out of five in overall customer satisfaction survey. The 2019 customer survey, with more than 500 CMGC employees, indicated 75 percent are satisfied with the quality of food and 90 percent are satisfied with the level of service.
- Showmars provides a wide variety of freshly prepared food at competitive prices for the uptown area.
- Prior to Showmars, the city experienced high turnover of different restaurant businesses operating in the same space due to lack of quality and less than optimal service.

Fiscal Note

Funding: Revenue from the lease agreement will be deposited into Engineering and Property Management's Operating Budget