



STAFF REPORT

DATE: August 15, 2017

TO: Ronald L. Olson, City Manager

FROM: David A. Olson, Executive Director of Public Works

SUBJECT: Approval of Lease Agreement for Old Transfer Station Building

BACKGROUND AND FINDINGS:

City staff was approached by a representative of Nugen Recycling, seeking to lease the old transfer station building for the operation of a metal recycling facility. The old transfer station building is not currently being used by the City. The lease terms will be \$4,000 per month for one year, beginning on September 1, 2017, and shall be automatically extended for up to five successive one-year terms. Both parties can terminate the lease with two months' notice prior to the last day of initial term or any subsequent extended term. Exhibit A provides the area to be leased.

THE ALTERNATIVES CONSIDERED:

The alternatives are: (1) do not lease the old transfer station building which will leave it vacant and idle or (2) approve the lease with Nugen Recycling which will provide rental revenue of \$4,000 per month.

Which alternative is recommended? Why?

Staff recommends alternative two. Allowing Nugen Recycling to lease this vacant building will increase rental revenue which is in the best interest of the City.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

The City will receive \$4,000 rental income from Nugen Recycling each month for annual revenue of \$48,000 for the initial term of the lease.

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City staff recommends that City Council approve the lease and authorize the City Manager or his designee to execute the agreement.

DEPARTMENTAL CLEARANCES:

Public Works

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Map

Lease Agreement