

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: February 14, 2023

Subject: Resolution 23-010: Intent to Lease Real Property to Rural Technologies, Inc.

Person(s) Responsible: Mike Struck, Community Development Director

Summary:

Adoption of the proposed Resolution and approval of the recommended actions will allow the City to enter into a lease agreement with Rural Technologies, Inc. for office and lab space at the Research and Technology Center located at 801 32nd Avenue for 2023, with the option to renew for two additional one-year terms for 2024 and 2025.

Background:

The City owns the Research and Technology Center at 801 32nd Avenue and has operated the facility as a business incubator for twenty plus years. Rural Technologies, Inc. has been a tenant at the facility since 2013. The City leases space in the facility to new and expanding businesses, which provides extra income for the City.

Item Details:

The proposed lease maintains the current terms and conditions, whereby the lease rate is \$10.00 per square foot for the office and lab space and \$4.00 per square foot for the unfinished garage space. The lease is a month to month lease with the option to renew not to exceed December 31, 2025.

A public hearing and adoption of a Resolution is required as per SDCL 9-12-5.2 to lease to a private person:

9-12-5.2. Powers - Lease to private person - Resolution - Notice - Hearing - Authorization.

If the governing body decides to lease any municipally owned property to any private person for a term exceeding one hundred twenty days and for an amount exceeding five hundred dollars annual value it shall adopt a resolution of intent to enter into such lease and fix a time and place for public hearing on the adoption of the resolution. Notice of the hearing shall be published in the official newspaper once, at least ten days prior to the hearing. Following the hearing the governing body may proceed to authorize the lease upon the terms and conditions it determines.

The Notice of Public Hearing was published on February 3, 2023.

Legal Consideration:

The City Attorney reviewed the lease agreement.

Strategic Plan Consideration:

The lease furthers the strategic initiative of financial responsibility, whereby the City receives revenue from the lease.

Financial Consideration:

The City will enter into a one-year contract for 2023 with Rural Technologies, Inc. for the annual sum of \$118,106.00. The lease may be renewed for two additional, one-year terms, for 2024 and 2025.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a work session
5. Discuss / take no action / table

Staff recommends approval of the resolution and recommended actions, as presented.

Supporting Documentation:

Memo

Resolution

Notice

Lease

Exhibits