

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: March 10, 2020

Subject: R & T Center Lease – Northern Plains Power Technologies

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

Summary:

Northern Plains Power Technologies (NPPT) has been leasing space in the Research and Technology Center since 2012. Northern Plains Power Technologies is seeking to renew their lease on a month-to-month basis.

Background:

Northern Plains Power Technologies has been leasing space in the Research and Technology Center at 807 32nd Avenue since 2012. The most recent lease agreement expired on December 31, 2019. Staff has been working with the company to determine its intentions on a location decision and was recently informed the company plans to vacate the premise during the second quarter of 2020.

The City is proposing to lease space in the Research and Technology Center located at 807 32nd Avenue to Northern Plains Power Technologies. The lease will be on a month-to-month basis for a period not to exceed one year. Staff is proposing a lease rate of \$10.00 per square foot based upon the occupied space of 2,066 square feet. The Notice of Public Hearing was advertised one time ten days prior to the hearing. This resolution will allow the City to enter into a lease agreement with Northern Plains Power Technologies on month-to-month basis.

Discussion:

The tenant is currently occupying the space and plans to vacate the space during the second quarter of 2020. Renewing the lease agreement on a month-to-month basis will ensure an active lease during the remaining few months of their tenancy. The Research and Technology Center is not actively being marketed as it is scheduled for demolition in 2021.

The City has the ability to enter into lease agreements with private entities. The original mission of the Research and Technology Center was as a business incubator and the lease agreement and company are consistent with the mission.

Legal Consideration:

The following statutes provide guidance for municipalities leasing property.

9-12-5.1. Powers - Lease of property - Term and conditions.

Every municipality may lease its municipally-owned property. Any such lease shall be for a term and upon the conditions provided by resolution of the governing body.

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.

Financial Consideration:

Monthly revenue = \$1,721.66

Options:

The City Council has the following options:

1. Approve as presented
2. Approve with recommended adjustments
3. Deny
4. Do nothing

Recommendation:

Staff recommends approval of the Resolution of Intent to Lease Real Property to Northern Plains Power Technologies.

Action Requested:

Approval of Resolution 20-029, authorizing a Lease Agreement with Northern Plains Power Technologies.

Supporting Documentation:

1. Resolution
2. Lease Agreement
3. Notice of Public Hearing