

City Council Agenda Memo

From: Mike Struck, Community Development Director

Council Meeting: December 8, 2020

Subject: Resolution 20-105: R&T Center Lease – RTI, LLC

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

Summary:

RTI, LLC has been leasing space in the Research and Technology Center since 2013. RTI, LLC is seeking to renew their lease on a month-to-month basis.

Background:

RTI, LLC has been leasing space in the Research and Technology Center at 801 32nd Avenue since 2013. The most recent lease agreement expires on December 31, 2020. RTI, LLC is proposing to continue leasing space at the Research and Technology Center and desires to relocate from one suite to another suite to centralize their operations.

The City is proposing to lease space in the Research and Technology Center located at 801 32nd Avenue to RTI, LLC. Staff is proposing a lease rate of \$10.00 per square foot based upon the occupied office space of 10,957 square feet and a lease rate of \$4.00 per square foot based upon the occupied garage space of 2,091 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 RTI, LLC on a month-to-month basis.

Item Details:

The tenant is currently occupying 10,434 square feet of office space and 2,091 square feet of garage space. The tenant would like to centralize their office operations by relocating to a vacant office space adjacent to their main office. Renewing the lease allows a research-based company to continue operations in Brookings. A month-to-month lease is desirable from the City's perspective as the Research and Technology Center could be redeveloped in the future should a higher and better use be identified for the property.

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.

Strategic Plan Consideration:

The proposed lease agreement is consistent with the Economic Development goals of the City Strategic Plan.

Financial Consideration:

Monthly revenue = \$9,842.17

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Approve with recommended adjustments
3. Deny
4. Move to a study session
5. Do nothing

Staff recommends approval of the resolution of intent to lease real property to RTI, LLC.

Supporting Documentation:

Resolution

Notice of Public Hearing

Lease Agreement