



## **REPORT TO CITY COUNCIL**

**To:** Honorable Mayor and Members of the City Council

**From:** Grant Yates, City Manager

**Prepared By:** Jason Simpson, Assistant City Manager

**Date:** March 26, 2019

**Subject:** Addendum No. 3 to Commercial Lease Agreement

### **Recommendation**

Authorize the City Manager to execute Addendum No. 3 to Commercial Lease Agreement for premises located at 114 S. Main Street in such final form as approved by the City Attorney.

### **Background**

The City currently leases the premises at 114 S. Main Street. This building provides office space for the City's Conference Room B, Information Technology Division, and the Fire Marshal. The City entered into the original Commercial Lease and Addendum No. 1 on December 18, 2006 for a five (5) year term, with an initial rent of \$1,780 per month subject to annual adjustments. The City extended the Commercial Lease by Addendum No. 2 in January 2013 for an additional five (5) year term with an initial rent of \$2,000 subject to annual Consumer Price Index (CPI) adjustments. Thereafter, the Commercial Lease continued on a month to month basis.

### **Discussion**

City staff desires to extend the term of the Commercial Lease at 114 S. Main Street, for an additional three (3) year term commencing April 1, 2019. The initial rent will equal \$2,250.00 per month and increase annually by \$100.00 each April 1. All other terms of the Commercial Lease as amended by Addendum No. 2 shall remain in effect, except that the non-major repairs limit is \$2,500 and the City has first right of refusal should the Lessor entertain the idea of selling the property.

### **Fiscal Impact**

Approval of this Commercial Lease will commit the City beginning April 1, 2019 to rent payments of \$2,250.00 per month plus annual increases of \$100.00 for the term of the lease. This expense is budgeted for in the FY18-19 operating budget.

### **Exhibits**

A - Addendum No. 3 to Commercial Lease

B - Addendum No. 2, Addendum No. 1 & Original Agreement