



City of Grand Island

Tuesday, October 26, 2021

Council Session

Item G-13

**#2021-294 - Approving Lease Agreement with Union Pacific
Railroad for Property at Street Division and Fleet Services Facility**

Staff Contact: John Collins, P.E. - Public Works Director

Council Agenda Memo

From: Shannon Callahan, Street Superintendent

Meeting: October 26, 2021

Subject: Approving Lease Agreement with Union Pacific Railroad for Property at Street Division and Fleet Services Facility

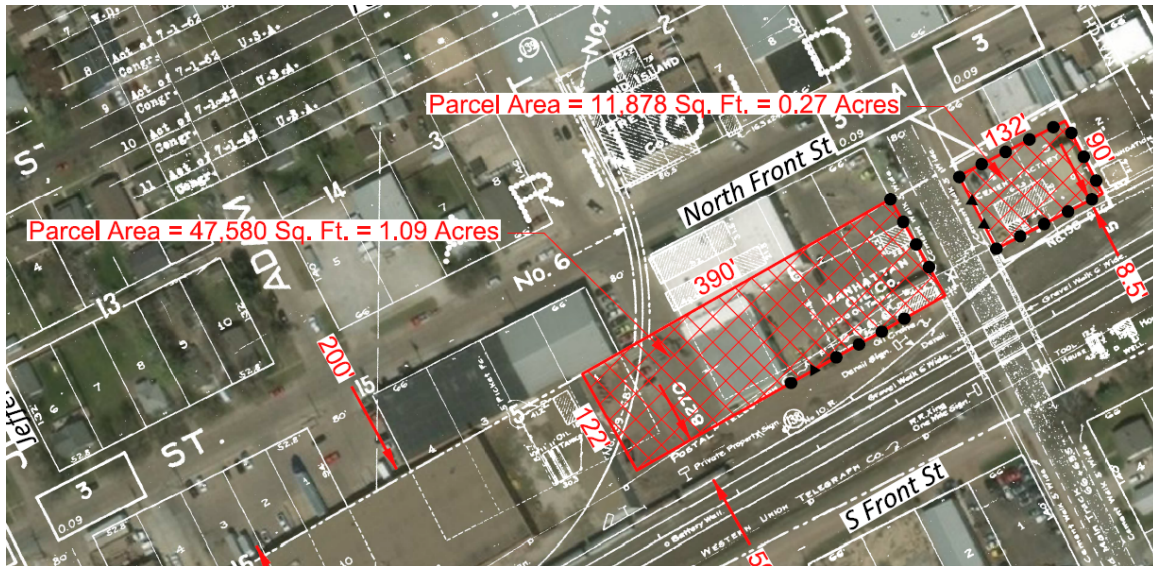
Presenter(s): John Collins PE, Public Works Director

Background

The Streets Division (and Fleet Services) main campus located at North Front and Lincoln St is comprised of property highlighted below. A large portion of this property is owned by the Union Pacific Railroad (UPRR) and leased by the City of Grand Island.



Streets Division/Fleet Services Campus at 1111 W. North Front St.



Property leased from the Union Pacific Railroad

This property is the majority of the equipment storage available at this location. It is also used for some material stock piling. The current 20-year term lease agreement cost \$75,822.00 and began on November 1, 2003. This lease agreement will expire on October 31, 2023.

Prior to this agreement, the property was leased with payments made on an annual basis with and escalator clause.

Discussion

The UPRR was contacted to begin negotiations for another long-term lease agreement or possible sale of the property in August 2021. The UPRR Real Estate Manager stated that the property would not be offered for sale since the UPRR right-of-way is consistent at this location and the UPRR no longer offers long term leases.

The UPRR is offering a new fixed rent lease with the following terms:

- Beginning on November 1, 2023.
- Annual fixed rent of \$14,300.00; the rent shall be automatically increased by three percent (3%) annually.
- Not more than once every three (3) years, Lessor may re-determine the fixed rent.

The UPRR has indicated that the annual fixed rent cost of the offered lease is based on 2018 property valuations and are willing to honor this pricing if the agreement is signed before 2022.

If approved, the funds for the first lease payment will be included with the Streets Division's proposed budget next fiscal year (2022-2023).

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the lease agreement with Union Pacific Railroad for property located at or near 1111 W. North Front St to begin on November 1, 2023.

Sample Motion

Move to approve the lease agreement with Union Pacific Railroad for property located at or near 1111 W. North Front St to begin on November 1, 2023.



LEGEND:

LEASE AREA



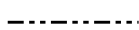
GATE



FENCE



UPRRCO. R/W OUTLINED



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NOTE: BEFORE YOU BEGIN ANY WORK, SEE
AGREEMENT FOR FIBER OPTIC PROVISIONS.

EXHIBIT "A"

UNION PACIFIC RAILROAD COMPANY

GRAND ISLAND, HALL COUNTY, NE

M.P. 147.4 - KEARNEY SUB

UP NE V-3 / S-17A
SCALE: 1" = 200'

OFFICE OF REAL ESTATE
OMAHA, NEBRASKA DATE: 5/11/2018
AJM FILE: 205-38

RESOLUTION 2021-294

WHEREAS, the City of Grand Island leases property at and near 1111 West North Front St from Union Pacific Railroad Company in which the Streets Division and Fleet Services facilities are located; and

WHEREAS, the existing lease agreement will expire on October 31, 2023; and

WHEREAS, Union Pacific Railroad Company has proposed a new lease agreement to begin on November 1, 2023 with a first annual fixed rent payment of \$14,300 and be automatically renewed each year with a fixed rent price increase of three percent (3%).

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Lease of Property by and between the City of Grand Island, Nebraska and the Union Pacific Railroad Company for use of property at and near 1111 West North Front St is hereby approved; and the Mayor is hereby authorized and directed to execute such agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, October 26, 2021.

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
October 22, 2021	☐ City Attorney