



City of Grand Island

Tuesday, December 23, 2003

Council Session

Item G4

#2003-364 - Approving Long Term Lease Agreement with Union Pacific Railroad for Property at Street & Transportation and Fleet Services Facilities

Background:

A portion of the property where our Street and Transportation and Fleet Services (Shop) Facilities are located, are on property owned by the Union Pacific Railroad. This includes most of the main facility area located at 1111 W. North Front Street, which is west of Lincoln Avenue, and also for our facilities east of Lincoln Avenue.

Discussion:

The City of Grand Island has leased this property from the Union Pacific Railroad for many years. The payments on this lease has always been due on an annual basis. The current lease has an escalator clause wherein the lease amount increases approximately 3% annually. During the most recent year the lease amount was \$7,582.23. The railroad has proposed a 20 year lease with an up front cost of \$75,822.00. We do plan to use these facilities for at least the next 20 years. The item was pulled from the December 9, 2003 meeting to allow further discussion with the railroad.

Recommendation:

In view of the current annual lease amount, along with the 3% annual escalator, this 20 year proposal is considered desirable, and it is recommended that Council approve this 20 year lease.

Financial Implications:

We have budgeted adequate funds for this in the Street and Transportation Division 2003/2004 budget.

Alternatives:

Not approve the 20 year lease agreement and continue with the annual lease payments as we currently do.

Staff Contact: Steve Riehle, Public Works Director/City Engineer

RESOLUTION 2003-364

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

WHEREAS, the payments on the lease have been made on an annual basis and include an escalator clause; and

WHEREAS, Union Pacific Railroad Company has proposed a 20-year lease for the same property for a one-time cost of \$75,822.00; and

WHEREAS, the City would realize a substantial cost savings with the 20-year lease agreement.

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, a corporation, for use of railroad property at and near 1111 West North Front Street for Street and Transportation and Fleet Services (Shop) facilities 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, December 23, 2003.

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
December 18, 2003	☐ City Attorney