

# Memorandum Public Works Department



**To:** City Manager  
**Subject:** Vacant Lot Lease – Michels Power, Inc  
**Date:** August 31, 2022  
**Number:** 2022-140

---

Michels Power, Inc is looking for a temporary yard for an upcoming construction project. The yard would be used to store equipment and materials for the replacement of an underground high voltage line for MidAmerican Energy.

The ideal temporary yard for Michels is one that is in close proximity to their work and in a secured area.

The City of Rock Island owns a lot that fits their needs. The corner lot at 7<sup>th</sup> Avenue and 2<sup>nd</sup> Street. The location is in proximity to their work and has security camera coverage. In addition, the lot is across the street from the Municipal Services Division Garage which ensures plenty of activity in the area.

In exchange for leasing the space, Public Works requested that Michels pay for half the materials to fence the area off (\$8,000). This benefits Michels in that they will have the secured space they are looking for and Public Works will benefit from having a fenced in yard for future use.

It is the intent of Public Works to utilize this yard after Michels to store raw materials such as asphalt and rock as well as traffic control and other equipment.

The City Attorney has drafted and approved the attached Lease Agreement. This Agreement is for one year and states that Michels Power pay an annual cash rent of \$8,000 (half the cost of fence materials) in exchange for leasing the lot.

The City of Rock Island Public Works will install the fence and cover the other half of the materials.

## **Recommendation**

The Public Works Department recommends that the City Council direct the City Manager to sign the Lease Agreement with Michels Power, Inc. and authorize the City Attorney to make any minor modifications.

**Submitted by:** Michael T. Bartels, Public Works Director  
Luke VanLandegen, Municipal Services Superintendent

---

**Approved by:** Todd Thompson, City Manager

## LEASE

WHEREAS, City and Tenant desire to enter into a lease agreement to allow Tenant to store certain personal property and equipment on City owned property: and

WHEREAS, City and Tenant desire to set for the terms of said Agreement herein; and

WHEREAS, City and Tenant, in their mutual interest, wish to enter into a rental Agreement;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Tenant agree as follows:

In consideration of the mutual covenants and agreements set forth herein below, the CITY and TENANT agree as follows:

### **SECTION 1- PREMISES**

The CITY rents and leases to the TENANT approximately +/-acres, of (hereinafter also referred to as "Premises"), Tax Parcel No. \_\_\_\_\_, particularly described in the legal description attached hereto and incorporated herein as Exhibit A.

### **SECTION 2 -TERM OF AGREEMENT**

A. TERM - The term of this Agreement, hereafter called LEASE, shall be from \_\_\_\_\_, 2022 through \_\_\_\_\_, 2023 and the TENANT shall surrender possession of the Premises at the end of the term identified above.

B. RENEWAL - Should the *TENANT* desire to extend the LEASE in succeeding years, the term of the LEASE will be renegotiated at least thirty (30) days prior to the end of the Term of this lease. Any intent to extend the LEASE beyond the above-stated term shall be placed in writing and delivered to the CITY at least thirty(30) days prior to the end of the current term.

C. RIGHT TO TERMINATE - The CITY or *TENANT* shall have the right to terminate this LEASE before the end of the term upon giving a thirty(30) day written notice of such termination.

D. DEFAULT- If either party fails to carry out substantially the terms of the lease in due and proper time, the other party may serve a notice of default citing the instance(s) of default. If the default is not cured within 15 days after notice is sent

as provided in Section 9 below, the lease may be terminated by sending notice of termination on or after the 16<sup>th</sup> day following the notice of default.

E. YIELDING POSSESSION -The TENANT agrees at the expiration or termination of this lease to yield possession of the Premises to the CITY without further demand or notice, in as good order and condition as when TENANT entered upon the lease, loss by fire, flood, or tornado, and ordinary wear excepted. If the TENANT fails to yield possession, the TENANT shall pay to the CITY an amount of rent per day that is equal to double rent based on payment made during the prior year for each day the TENANT remains in possession, in addition to court costs and attorney fees, and any damages caused by the TENANT to the CITY'S land, improvements, or personal property. TENANT shall not have any claim to land and improvements.

### SECTION 3 - RENT

A RENT - The TENANT agrees to pay annual cash rent for the above-described Premises in the amount of \$ 8,000 to the CITY. Said rent shall be due and payable in full to the City on or before \_\_\_\_\_. Should the TENANT and CITY extend the LEASE for succeeding years, the annual cash rent shall be due and payable in full to the CITY on or before \_\_\_\_\_ of each year.

C. ACCELERATION CLAUSE - If, during the term of this lease, any of the machinery, equipment, goods, and chattels of the TENANT shall be seized or taken by creditors of the TENANT or if the TENANT becomes bankrupt or insolvent, then the current year's rent shall become due and payable and the term shall immediately be forfeited and void at the option of the CITY, the CITY having full and unrestricted access to the land as though the lease had not been made.

### SECTION 4 - USE OF PREMISES

TENANT may use the Premises for storage of equipment and material only. Any other use shall be deemed a material breach of this lease, unless authorized in writing by the CITY.

### SECTION 5 - CITY'S INVESTMENT AND EXPENSES

The CITY agrees to provide the property.

A six-foot-tall security chain link fence and gates as allowed by the zoning restrictions and ordinances. The fencing shall be installed in accordance with the written specifications

provided by the City Public Works Department. Approval of the fencing shall be in the City's sole discretion. Tenant shall be responsible for one half (1/2) costs of materials of fencing at the site. The fencing shall be a permanent fixture and remain at the premises.

## **SECTION 6 -TENANT'S INVESTMENT AND EXPENSES**

The TENANT shall procure and provide to the City a certificate of insurance naming the City as an Additional Insured on Tenant's general liability insurance policy, which shall have limits not less than five million dollars (\$5,000,000.00) per occurrence with the city listed as additional insured.

## **SECTION 7-TENANT'S DUTIES**

The TENANT further agrees to perform and carry out the stipulations below:

1. To keep the Premises neat and orderly.
2. To prevent all unnecessary waste, loss, or damage to the property of the CITY.
3. To comply with pollution control and environmental protection requirements,
4. To practice fire protection, follow safety rules, and abide by restrictions in any applicable insurance contracts.
5. To use prudence and care in transporting, storing its equipment to and from the property and adjoining areas;
6. Any fuel, chemicals or other dangerous materials shall be properly stored in compliance with and Federal, State or Local environmental law requirements.
7. Not to assign this LEASE to any person or persons or sublet any part of the Premises herein leased.
8. Not to displace any property pins, grading or utilities installed upon the Premises.
9. Not to erect or permit to be erected any structure or building or to incur any expense to the CITY for such purposes other than the erection of fencing as contemplated above in this agreement.
10. Not to permit, encourage, or invite other persons to use any part of the Premises for any purpose or activity not directly related to its use for equipment storage

purposes.

11. Not to erect or permit to be erected any commercial advertising signs on the property.
12. To comply with all state and federal laws, rules and regulations relating to the Premises.

**SECTION 8-ADDITIONAL PROVISIONS AND AGREEMENTS**

A CITY'S RIGHT OF ENTRY - The CITY reserves the right personally or by agents, employees, or assigns, to enter upon the Premises at any reasonable time to view them, to work or make repairs or improvements thereon, to have access to any portion of the Premises or improvements that have been excepted from this lease.

The aforementioned terms are agreed to.

Lessor, City of Rock Island

Michels Power Inc.

---

Todd Thompson  
City Manager City of Rock Island

---