

**CITY OF BLAINE
REQUEST FOR COUNCIL ACTION
MEETING DATE:**

SUBJECT: Parcel C Lease – Don Nelson

SUBMITTING DEPT: City Manager

PREPARED BY: Gary Tomsic

AGENDA LOCATION: Comments/Communications Consent Committee Reports
Unfinished Business New Business Public Hearing Standing Committees

ATTACHMENTS: E-mail correspondence on the issue

ANALYSIS/SUMMARY: Mr. Nelson has expressed an interest in leasing 10,000 square feet of Parcel C. Parcel C is 14,000 sq. feet in size. He intends to use the property to sublease for automobile storage. If he leases the site, it must be fenced with temporary chain link. He has leased Parcel C before. Mr. Nelson presented his request to the airport commission. They have recommended that the Council approve a 1 year lease of Parcel C with a 60 day clause to terminate the lease if need be. If the City terminates the lease before 1 year, then the City would pay for the remaining cost of leasing the fencing. The lease rate would be about 20 cents per square foot/month or about \$200 month. In an e-mail to the airport commission (attached), the City Manager suggested that the Commission might consider the lease compensation on the basis of sharing in the revenues. I have been told that the automobile companies pay as much as \$5/day for each car. The Airport Commission decided that they could only lease the land on the basis of the formula provided by the Council and recommended such.

RECOMMENDATION: Waive 2nd Reading: (Include conditions of approval if applicable) Staff recommends that City Council

The Airport Commission recommends that the Council approve the lease of Parcel C on the basis as set forth above.

FISCAL ANALYSIS:

REVIEWED BY:

City Manager _____ Finance Dir. _____ City Clerk _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to: _____

COUNCIL ACTION: _____

Gary Tomsic

From: Gary Tomsic
Sent: Thursday, November 15, 2007 2:58 PM
To: Bob&Lois Franco; Doug Fenton (dougf104@comcast.net); Gary Tomsic; Jerald Wilson; John Schuman, Jr.; Len Beckett; Nancy Hobberlin
Subject: Lease Inquiry.

I have had two inquiries regarding the parcel c at the airport. A fellow who imports cars called to see if he could lease the parcel. I told him that it is available, but he should make certain that he can access the property across Nelson's lease. He called back and said that Don Nelson was not open to allowing him access. I told the fellow that I did not think that we could allow him to use an active taxiway for access.

The next day, I received a voice mail from Don Nelson who wants to lease Parcel C. Don has leased the property in the past. I don't see any reason not to lease him the property for automobile storage. I would suggest that the lease be for twelve months. Also, the lease rate is something like \$275.00 month. Someone told me that these car importers pay as much as \$5/car/day. If that is the case, we are leaving a lot of rent on the table and I would suggest that we should ask for substantially more, like a percentage of his net revenues from the cars. Something to think about.

Gary

Gary Tomsic

From: Don Nelson [nelsbldg@msn.com]
Sent: Monday, November 19, 2007 3:15 PM
To: Gary Tomsic
Cc: Doug Fenton
Subject: Re: Parcel C Lease

Thanks Gary,

I believe the \$250.72 was for a 14,000 sq ft portion of what has been described as Parcel "C". That was I believe at the same rate as Parcel "A", or \$.1782 per sq ft annually; a rate that remains constant thru November of 2008.

Are you saying we would have to lease the same 14,000', or would the 10,000 ft be pro-rated, or we'd be paying the \$287.71 for the 10,000 ft?

I will wait to hear what the council decides before contacting my client with a proposal.

In meantime, if we should go ahead, FYI the 1 year Statewide Fence annual rental on 250' of temporary fence w/o gates is \$550 (\$2.20 per ft) plus tax, for an approx' total of \$600; or \$50 per month. I would expect us to agree on that value, although I may opt to install fencing that I have an overabundance of.

In that case we would own the fence and would not have to rent it again if you did not terminate the lease and we continued on a month to month basis. If you did terminate the lease, you can have the fence.

BTW, the COLA adjustment, at least for us Social Security recipients, averages under 3% for the last 5 or 6 years, depending on which 5 year period you choose. For 2008 it's 2.3%.

Regards, Don

----- Original Message -----

From: Gary Tomsic
To: nelsbldg@msn.com
Sent: Monday, November 19, 2007 1:40 PM
Subject: Parcel C Lease

Don,

I have applied a COLA of 3.5%/year to the figure you were paying for parcel C (250.72) in June 2003. The new figure would be \$287.71. The lease would be for twelve months beginning December 1, 2007. There will be a 60 day notice by either party. If the City gives notice before the twelve month period is up, we will pay you the equivalent of 1/12 the cost of the fence rental for each month left on the lease. We will determine at the beginning of lease what your fence costs are.

These are the terms that I believe the airport commission recommends to the Council. I will share with the Council the same e-mail that I sent to the Airport Commission suggesting that the City share in the revenues generated by the lease instead of the sq.ft. lease amount. They will have to make the decision as to which way to go.

The council will discuss the lease at their next meeting on November 26, 2007.

Gary Tomsic

Gary Tomsic

From: Don Nelson [nelsbldg@msn.com]
Sent: Monday, November 19, 2007 4:01 PM
To: Gary Tomsic
Subject: Re: Parcel C Lease

OK, thanks.
Don

----- Original Message -----

From: [Gary Tomsic](#)
To: [Don Nelson](#)
Sent: Monday, November 19, 2007 3:48 PM
Subject: RE: Parcel C Lease

I ran the 2003 figure for the full 14,000 sf through the Department of Labor inflation calculator and came up with \$284.92. This is 20.3 cents/sf. So for 10,000 sf. It would be \$200.30 mo.