



CITY COUNCIL MEETING

AGENDA ITEM

Prepared By: <i>Allie Polsfuss, City Administrator, Joe Zierden Public Works Director</i>	Meeting Date: <i>09/14/2026</i>	Item Name: <i>Lease Agreement with Tremolo</i>
---	---	--

BACKGROUND

In 2012, the City Council approved a land lease for the building structure located behind the ball fields off North Drive for cable and telecommunications purposes for approximately \$200.00/month. The lease agreement ended in 2023. Following Charter's departure from the building, the structure has been used by the City's Public Works Department for storage.

In July 2026, Tremolo Communications approached the City regarding leasing the building for its telecommunications operations. Staff has worked with Tremolo to develop the proposed lease agreement included as Attachment A.

OVERVIEW

Below is a summary of the terms of agreement:

Term & Rent

- Initial term: 10 years — January 1, 2027 through December 31, 2036.
- Rent: \$1,000/month (\$12,000/year).
- Rent is paid annually in advance on January 1.
- No security deposit.
- Tenant may renew for additional 10-year terms, with no stated limit on the number of renewals.
- Rent increases 5% at the beginning of each renewal term.
- Tenant is generally required to provide 180 days' notice regarding renewal.

Other Key Terms

- City is responsible for snow and ice removal from the access drives, parking areas, walkways, and entrances outside the tenant's fenced area.
- Tenant is responsible for utilities, including electricity, gas, water/sewer, telecommunications, and refuse.
- Tenant is responsible for routine interior maintenance and repairs.
- City remains responsible for certain major building components and capital replacements, as outlined in the lease agreement.
- Tenant may make certain nonstructural improvements and install telecommunications equipment, cabling, conduit, and related infrastructure in accordance with the lease.
- Tenant is required to maintain specified liability and property insurance coverage

After discussions with Public Works Director Zierden, the department will relocate its equipment currently stored in the building and identify alternative storage. Public Works will have the building ready for lease to Tremolo. Staff believes this is a good opportunity to put the City-owned building to productive use while generating rental income for the City. Legal Counsel has reviewed the proposed agreement

STAFF RECOMMENDATION:

Approve the agreement as presented.