

Memorandum

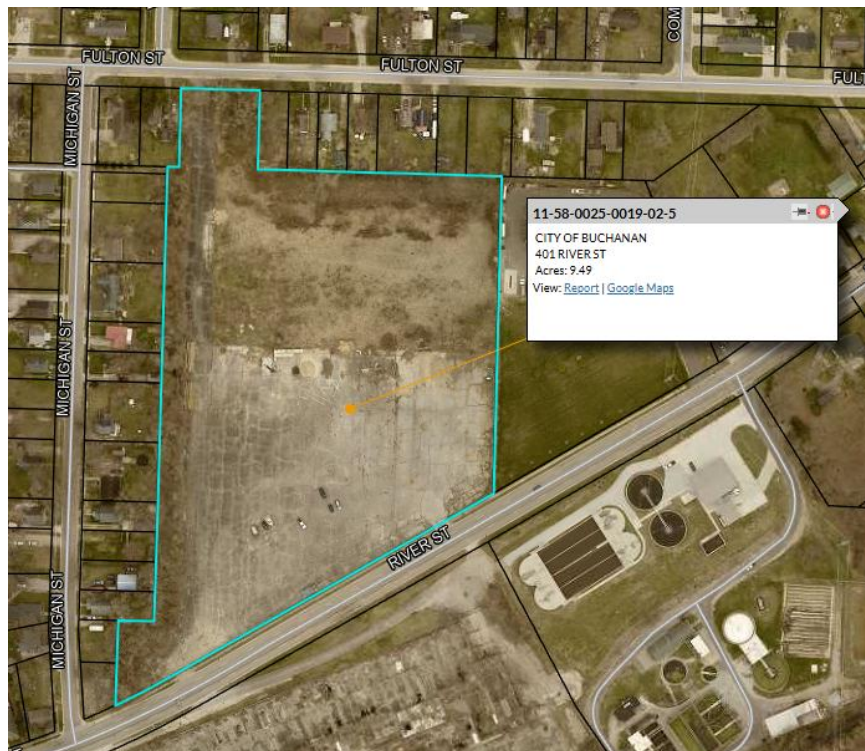


Date: July 9, 2026
To: Buchanan City Commission
From: Tony McGhee
Subject: Lease of City Owned Property at 401 River Street

Background

The item before you is the consideration of a lease agreement for the City-owned property located at 401 River Street. The property is approximately 9.5 acres and is currently not being actively used by the City for daily operations. Staff is recommending approval of a lease with MJ Electric, LLC, of Fort Wayne, Indiana, for the temporary use of the property as an operations center in support of the AEP transmission line construction project in the Niles area.

Under the proposed lease, MJ Electric would lease the property beginning July 27, 2026, and the lease would run through June 2027. The lease amount would be \$3,000 per month. MJ Electric would be responsible for maintaining the lot during the lease period, which helps ensure the property remains in orderly condition while also limiting the City's maintenance responsibility during the



term of the lease. The lease would also be assignable in the event the City sells the property during the lease period, which preserves the City's flexibility and ensures the lease does not create an unnecessary obstacle if a sale opportunity moves forward.

MJ Electric is the contractor for AEP on the transmission line project in the Niles area. The company is seeking a location to serve as its project operations center during construction. The 401 River Street property would be used for storage of project materials, equipment, and a job trailer. Given the size of the property, its location, and the temporary nature of the requested use, staff believes this is an appropriate interim use of the site that can generate revenue for the City while supporting a significant regional infrastructure project.

The lease also provides a direct financial benefit to the City. At \$3,000 per month, the lease would generate meaningful revenue from a City-owned property that is otherwise not currently producing income. Over the proposed lease period, this would provide a new revenue stream while still allowing the City to maintain long-term control over the property and continue evaluating future development or sale options.

Beyond the lease revenue itself, there is also a broader community benefit to having MJ Electric's operations center located in Buchanan during the project. Their workers will be coming in and out of the community regularly throughout the construction period. Those employees will need fuel, food, supplies, lodging, convenience items, and other goods and services while they are working in the area. While not every dollar will be spent in Buchanan, having the project operations center located here increases the likelihood that local restaurants, gas stations, stores, service providers, and other businesses will see additional activity from workers associated with the project. This is the type of secondary economic activity that can be helpful to the local business community, especially when it comes from a temporary use of property that does not interfere with the City's long-term planning for the site.

Staff also views this as a practical and efficient use of the property during an interim period. The City has continued to evaluate long-term opportunities for the 401 River Street property, and nothing in this proposed lease would prevent that work from continuing. By including assignability if the property is sold, the City can move forward with the lease while still protecting its ability to respond to a sale or redevelopment opportunity should one come forward during the lease term.

The lease will include standard protections for the City, including maintenance responsibilities, insurance requirements, limits on permitted uses, restoration of the site at the end of the lease, indemnification, and compliance with all applicable local, state, and

federal requirements. Staff would work with the City Attorney to finalize the lease language before execution.

Recommended Motion:

Staff recommends that the City Commission approve the lease of the City-owned property located at 401 River Street to MJ Electric, LLC, beginning July 27, 2026, through June 2027, at a rate of \$3,000 per month, with MJ Electric responsible for maintaining the lot during the lease period, and with the lease being assignable if the City sells the property during the lease term.