



TO: FRUITA CITY COUNCIL AND MAYOR

FROM: MARGARET SELL, FINANCE DIRECTOR/CITY CLERK

DATE: FEBRUARY 20, 2024

AGENDA TEXT: RESOLUTION 2024-05 – Approving the lease of the Fruita Museum Property located at 432 E Aspen Avenue to the Fruita Chamber of Commerce

BACKGROUND

The City of Fruita owns the building known as the “Old Fruita Museum” located at 432 E. Aspen. The building has been leased to the Fruita Chamber of Commerce since March 1, 2003. This lease has several benefits:

- 1) The building is occupied, thus preventing the natural deterioration that occurs with vacant and unoccupied buildings.
- 2) Lease of the building to the Chamber does not compete for tenants with existing property owners in the downtown and commercial business districts within the City.

The Fruita City Charter requires that leases that are for a period of time longer than one year be approved by Ordinance. State Statutes require that leases of less than one year in length be approved by resolution or ordinance.

Significant conditions of the lease agreement include the following:

- 1) The City will lease the property to the Chamber for no charge.
- 2) The City will maintain the grounds and building systems.
- 3) The Chamber is responsible for routine maintenance and upkeep of the interior and exterior of the building (janitorial services, trash removal, etc.).
- 4) The City will provide all utilities with the exception of phone service. The Chamber will be responsible for the phone system and monthly service.
- 5) The City will maintain its’ own property and liability insurance on the Museum. The Chamber will maintain property insurance to cover their property within the building.
- 6) The term of the lease is for one year.

FISCAL IMPACT

The fiscal impact of this lease agreement includes the potential loss of revenue from lease of the property to another party, utilities and maintenance costs. Costs for maintenance of the grounds and building facilities would likely be incurred regardless of the tenant.

Estimates

Lease Revenues (\$1000 x 12 months)	\$12,000
Utilities (Electricity, water and sewer)	3,000
Building Maintenance	<u>2,750</u>
	\$17,750

APPLICABILITY TO CITY GOALS AND OBJECTIVES

A vital and stable Chamber of Commerce is an integral part of the health of the business community and supports the Economic Health of the community. Providing this facility for use by the Chamber will help to give them a separate identity, ensure their stability, and allow them to focus more of their efforts on achieving their mission.

OPTIONS AVAILABLE TO THE COUNCIL

- Approve the resolution and one-year lease agreement as presented
- Approve the resolution and lease agreement with amendments (rent amount, payment of utilities, etc.)
- No action and provide direction to staff on how to proceed with future use of the property. This could include:
 - Month-to-month tenancy with the Chamber
 - Termination of the lease with the Chamber
 - Rental to another agency or individual
 - Leave the property vacant
 - Enter into a long-term lease (in excess of one year) by Ordinance with the Chamber or another party

RECOMMENDATION

It is the recommendation of staff that the Council, by motion:

ADOPT RESOLUTION 2024-05 APPROVING THE ONE YEAR LEASE OF THE PROPERTY LOCATED AT 432 E ASPEN TO THE FRUITA CHAMBER OF COMMERCE AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE LEASE AGREEMENT