

RESOLUTION NO. 4587

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A RESOLUTION ESTABLISHING MINIMUM BASE RENT FOR INDUSTRIAL SITE AND OTHER CITY LEASEHOLDS; ~~AND~~ ADDING AN ESCALATION CLAUSE FOR LONG-TERM LEASES; AND ADDING AN ADMINISTRATIVE PROCESSING FEE

WHEREAS, the City of Miles City owns various lands, facilities and improvements;

AND WHEREAS, the City leases these lands, facilities and improvements for the benefit of the general community, to provide for appropriate area for the location of industrial businesses and similar entities, to manage special use properties, and to generate appropriate public revenues therefrom;

AND WHEREAS, the City Council of the City of Miles City, pursuant to its lease policies, shall from time to time establish minimum base rent for certain leaseholds within the Industrial Site, and other leaseholds owned by the City, and the City Council desires to do so at this time, along with an Escalation Clause for long-term leases that provides for rental amounts to increase periodically over time to account for changing market conditions.

NOW THEREFORE BE IT RESOLVED by the City Council of Miles City, Montana, as follows:

1. Lease Rates for City Owned Leaseholds; New and Renewed Lease Agreements.

Industrial Site lease agreements entered into during and subsequent to FY 2024-2025 shall utilize the following minimal rentals:

- a) Tracts with Highway 10 & 12 frontage: \$0.051 per square foot per year
- b) Tracts with paved road frontage: \$0.032 per square foot per year
- c) Tracts with gravel road frontage: \$0.026 per square foot per year

Rates above these minimal base rates may be charged based on the cost of City services or City-owned improvements provided as part of the lease.

Rates for leases of City owned property outside of the Industrial Site will be evaluated on a case by case basis.

2. Lease Rates for City Owned Leaseholds; Existing Lease Agreements with Remaining Effective Terms.

Lease agreements established prior to the effective date of this resolution that have remaining effective terms shall be subject to the following provisions:

- a) Lease agreements with set rental rates lower than those established by Section 1 above shall be subject to annual rental rates as outlined by Section 1 for FY 2024-2025.

- b) Lease agreements with set rental rates lower than those established by Section 1 above shall be subject to the higher annual rental rates as outlined by the effective lease agreement.
- c) Lessees/tenants that are current on their annual rental payments as of the effective date of this resolution shall be deemed to remain current on said payments for the current fiscal year, and the increase in rental amounts provided by this resolution shall become effective July 1, 2025.
- d) Lessees/tenants that are not current on their annual rental payments as of the effective date of this resolution shall be subject to annual rental rates as outlined by Section 1 for the current fiscal year. Said rental amounts past due are subject to any late fees, penalties, and enforcement provisions of the effective lease agreement.

3. Escalation Clause for Long-Term Leases.

Lease agreements entered into during and subsequent to FY 2024-2025 with combined terms of greater than five (5) years, inclusive of the initial lease term and any options to renew for additional terms, shall be subject to an "Escalation Clause". This Escalation Clause provides for such long-term lease agreements to include rental amounts that increase periodically over time, such as once every five (5) years to account for changing market conditions, including inflation and property value increases. Said increases will be determined by the City Council and its Finance Committee when lease agreements are developed and entered into.

4. Administrative Processing Fees.

In addition to the above, the City hereby establishes an administrative processing fee to defray the City processing costs when any lessee/tenant or prospective lessee/tenant proposes changes to a lease agreement, enter into a new lease agreement, renewals, amendments, assignments, and other lease-related actions required by the City. The process shall be \$500, to be paid in advance of the City processing the request(s).

4.5. Effective Date. This Resolution supersedes and replaces Resolution No. 4124 and shall become effective _____, 2024.

SAID RESOLUTION FINALLY PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AT A DULY CALLED MEETING THIS ____ DAY OF _____, 2024.

ATTEST:
ATTEST:

Dwayne Andrews, Mayor

Mary Rowe, City Clerk

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