



## **AGENDA MEMORANDUM**

Future item for the City Council Meeting of August 25, 2015  
Action item for the City Council Meeting of September 8, 2015

---

**DATE:** August 7, 2015

**TO:** Ronald L. Olson, City Manager

**THRU:** Gustavo Gonzalez, P. E., Assistant City Manager of Public Works and Utilities  
gustavogo@cctexas.com  
(361) 826-3897

Valerie H. Gray, P. E., Executive Director of Public Works  
valerieg@cctexas.com  
(361) 826-3729

**FROM:** Jeffrey Edmonds, P. E., Director of Capital Programs  
jeffreye@cctexas.com  
(361) 826-3851

<p style="text-align: center;"><b><u>Five-Year Ground Lease</u></b> <b><u>Haas-Anderson Construction, Ltd.</u></b></p>
--

**CAPTION:**

Ordinance authorizing the City Manager, or his designee, to execute a five (5) year ground lease with Haas-Anderson Construction, Ltd. for 3.89-acres out of a 25.06-acre tract formerly known as the Hala Pit Landfill located next to the City's vehicle impound yard off of Greenwood Drive and approving the cash rental fee of \$9,600 per year from October 1, 2015, to September 30, 2020; providing for an effective date; and providing for severance.

**PURPOSE:**

The City owns a 25.06-acre abandoned landfill known as the Hala Pit located off of Greenwood Drive, north of Holly Road. The Police Vehicle Impound Yard has been constructed on 11.2 acres of this landfill. The adjacent landowner, Haas Anderson Construction, Ltd., has requested a third renewal of their ground lease which occupies 3.89 acres between their property and the City's impound yard area. Leases of City property extending beyond one year require City Council approval.

## **BACKGROUND AND FINDINGS:**

The subject tract of land, containing 25.06 acres, was acquired by the City on March 26, 1965 from V. Hala and wife, Marie Hala. This site is located west of Greenwood Drive and north of Holly Road as shown on the attached Location Map. The tract was acquired primarily for landfill operations as a disposal site. The landfill was operated for such purposes until 1971. Since that time the land has not been used for any City operations. An affidavit of Closed Municipal Solid Waste Landfill was recorded for public record in August 2001. This notice places restrictions on the development or lease of this land as required by the Texas Health and Safety Code, Chapter 361 and Title 30, Chapter 330, Subchapters R and T, Texas Administrative Code. Since it is zoned I-3, Heavy Industrial, the land remains suitable for surface use as a storage area of vehicles or equipment. No construction is permitted on this lease area. The lease is not assignable and can be terminated by the City with a ninety (90) day notice.

In 2005, Haas-Anderson Construction, Ltd., contacted the City to lease the southern 3.89 acre portion of the 25.06-acre tract. This acreage encompasses an area approximately 300 feet by 565.7 feet. Mr. Anderson co-owns a tract of land directly south and abutting the City property. The City entered into a five (5) year lease for \$3,600 per year which began October 1, 2005 and expired on October 1, 2010. The lease was renewed for another 5-year term in October 2010 at \$4,800 per year. This lease will expire on September 30, 2015. Haas-Anderson has submitted a written request to the City for use of the 3.89-acres for another five-year term.

The City and Haas-Anderson have negotiated a renewal for another five-year term at the rental rate of \$9,600.00 per year based on similar terms and conditions. The lease rate is calculated at 3.89 acres at a market value of \$24,680 per acre with an annual rate of return of 10%. As part of the original lease, Haas Anderson erected a chain link security fence between their property and the City's remaining property. In addition, they have placed a caliche base on the leased area for their parking use. As part of the lease document, they will abide by the restrictions imposed by the Texas Health and Safety Code and the Texas Administrative Code for use of this closed landfill.

## **ALTERNATIVES:**

1. Execute the Ground Lease with Haas-Anderson Construction, Ltd. (recommended).
2. Do not execute the Ground Lease and retain the 3.89-acres. (not recommended).

## **CONFORMITY TO CITY POLICY:**

The ground lease is permitted by City Charter, Article IX, Section 3, Ordinance granting franchise or lease.

## **EMERGENCY / NON-EMERGENCY:**

Not applicable

## **DEPARTMENTAL CLEARANCES:**

Capital Programs

**FINANCIAL IMPACT:**

<b>Fiscal Year 2014-2015</b>	<b>Project to Date Expenditures</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget				
Encumbered / Expended Amount				
Ordinance				
Revised Budget				
<b>This item</b>				
Future Anticipated Expenditures This Project				
BALANCE				

**RECOMMENDATION:**

City staff recommends passage of the Ordinance approving the five-year ground lease with Haas-Anderson Construction, Ltd.

**LIST OF SUPPORTING DOCUMENTS:**

Location Map  
Ordinance  
Ground Lease agreement