



City Council Agenda Item

City Council Meeting Date: August 15, 2023

TO: Dean Albro, City Manager

FROM: Richard Fernbaugh, Transit. Airport Administrator
r_fernbaugh@ci.lompoc.ca.us

SUBJECT: Approval of Agreement to Lease to V & J Rock Transport Inc. Approximately 7.44 Acres of City-Owned Property Located At 1655 North V Street (Portions of APNs 93-040-20 and 93-040-40); Authorize the City Manager to Sign the Lease Agreement

Recommendation:

Staff recommends the City Council approve, and authorize the City Manager to execute, a Lease Agreement (Agreement) with V & J Rock Transport, Inc. (attached).

Background:

In 1989, Assembly Bill 939 (AB 939) established the current organization, structure and mission of CalRecycle. The purpose was to direct attention to the increasing waste stream and decreasing landfill capacity, and to mandate a reduction of waste being disposed. Jurisdictions were required to meet diversion goals of 25% by 1995 and 50% by the year 2000. A disposal reporting system was established with CalRecycle oversight, facility and program planning was required, and cities and counties began to change the way they had been addressing their waste disposal. V & J Rock Transport, Inc. (V & J) operates a materials recovery facility and is an important City partner in meeting the mandated AB 939 recycling goals.

Since 1994, V & J has recycled over 727,000 tons of asphalt and concrete. If V & J were not in Lompoc, then the majority of that material would otherwise be diverted into the City Landfill. Similarly, various City Departments and numerous Public Works projects have utilized V & J for both construction export and for material supply, thereby saving transportation costs and dump fees for those projects.

On August 1, 2018, the City Council entered into a lease agreement to lease approximately 7.44 acres of City-owned property located on North "V" Street (V Street Property) to V & J for material storage. The property is comprised of 3.59 acres of City of Lompoc Wastewater Division property and 3.85 acres of Airport property. That lease agreement expired on July 31, 2023.

Discussion:

Staff has developed a new Lease Agreement that outlines the terms of the lease of the V Street Property including (but not limited to):

- The term is August 1, 2023, through July 30, 2028;
- Initial monthly rent of \$1,672 per month;
- Deposit of \$1,672;
- Annual cost of living increases in the monthly rent effective July 1 of each year (beginning July 1, 2024) based on the annual inflation index as measured by the US Department of Labor; and
- Insurance coverage and limit requirements.

Fiscal Impact:

Based on the initial monthly rent of \$1,672, the City will receive \$20,064 annually beginning August 1, 2023, with the initial cost of living adjustment effective July 1, 2024. The rent provides revenue streams that assist the operations of both the Airport Fund and the General Fund.

The agreement provides for the continuation of the tenancy relationship on a month-to-month basis after it expires. V & J has paid the City monthly for the month-to-month tenancy in accordance with their agreement for the property rent.

Conclusion:

Staff recommends the City Council approve the Agreement and direct the City Manager to execute it. This Agreement provides a continuing operational agreement for V & J, a local business, and also provides a continuing important revenue stream for the Airport Fund and the General fund.

Respectfully submitted,

Richard Fernbaugh, Aviation/Transportation Administrator

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Michael W. Luther, Public Works Director

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V & J Rock Transport Inc. Lease Agreement
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APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: V & J Lease Agreement