



City of Biggs

Agenda Item Staff Report For the Regular City Council Meeting: July 9, 2013

TO: Honorable Mayor and Members of the City Council

FROM: City Administrator

SUBJECT: Consideration of City House Rental

Background:

The attached staff report from March 2010 outlines the topic from 2010 which led to the rental of the house until June 2013 by City employee James Pruitt (AKA: James Bone).

Mr. Pruitt is requesting to again rent the house from the City of Biggs.

Many of the benefits to the city outlined in the 2010 staff report are still valid. Conversely, Council has expressed a desire to remove the house from the site. However, that action (removal of the house) appears to be some months into the future.

Disclosing that the city was considering sale or relocation of the house, the prior rental agreement reserved the right of the City to issue a 60-day notice to vacate with or without a stated cause.

Attached:

- 1) March 2010 Staff report.
- 2) Property rental agreement

Recommendation:

Consider the request, direct staff.

Mark Sorensen, City Administrator



City of Biggs

Agenda Item Staff Report for the next regular City Council Meeting: March 15, 2010 6:00 PM

DATE: March 11, 2010
TO: Members of the City Council
FROM: City Administrator
SUBJECT: City-owned House (Discussion/Action)

City administrator will ask council to consider disposition and potential authority to rent out the City-owned house at Ninth and B Streets.

Background:

A brief discussion of this subject a few months ago indicated mixed feelings among council members about renting out the house. Additional information has recently been obtained to add to the council's consideration.

Market rent for the property is approximately \$600/mo. It is a 3 bedroom 1 bath, very old house with some upgrades. 1900 sq ft. Kitchen is in fair condition. Some parts of the interior are being repaired due to recent vandalism. Window air conditioning, wall heater. Small yard but next to city park.

Generally, the city cannot offer perquisites to employees that are not offered to residents. However, if it is determined to be in the City's interest to have a City employee located in close proximity to the City's main park and freshwater well facilities, the City can offer this directly and exclusively to an employee.

Potential benefits to the City of having a City employee occupy the house include:

- Reduced exposure to vandalism to the house, well, hydropneumatic tank, water tower, historic municipal building and park facilities.
- Increased speed in identification of nuisance and crime issues, with immediate notification to law enforcement.
- Optimum speed of response to freshwater pumping and delivery system issues.

Vandalism to the park and house in the past year has resulted in thousands of dollars of damage, safety risk to Public Works employees in eradicating tower graffiti, police and insurance adjuster response to house break-ins, and increased visual blight. The risk

for vandalism expense will increase somewhat with the installation of a new hydro-pneumatic tank.

An employee may be induced to accept the responsibilities – which would be stated in a rental contract as partial consideration for rental value – at \$300-400/mo. Rental agreement would also include stated maintenance property responsibilities. Termination of employment would prompt termination of the rental agreement.

City and employee would need to consider possible income tax implications if a portion of the rental agreement value is considered reportable compensation. City would also expect to resume property tax payments to county if the property is used for income; max \$1500/yr.

Recommendation:

Authorize city administrator to offer the City-owned house for rent to an employee, with stipulated responsibilities for property maintenance and consideration of possible tax implications.

Alternatives to recommendation: leave the house empty pending marketability of the structure; change its use to some public use; demolish the house at city cost.

Fiscal Impact:

Potential for approximately \$4200 in General Fund rental revenue, undetermined reduced costs of vandalism remediation and reduced cost of property maintenance; less cost of parcel-related utilities (approx \$720) and property tax (up to \$1500/yr). Net can be expected to be approximately \$3000 in increased revenue and decreased expenses.

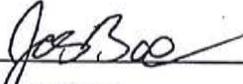
**Property Rental Agreement
Between City of Biggs (City) and James Bone (Mr. Bone)
3005-B Ninth Street, Biggs**

City agrees to rent the use of the house and immediate yard and parking area to Mr Bone with the following restrictions, requirements, and mutual understandings:

1. Mr Bone will occupy the residence and may do so with his family.
2. Mr Bone cannot sublet to anyone.
3. Rental rate includes compensation for approximate value of being generally present at the city park location with acknowledged responsibility to notify police of suspicious activities and respond as needed to park and well operations incidents.
 - No additional wages will be paid for incidental security checks, city or public inquiries, or law enforcement notification requiring less than 30 minutes per incident. Such tenant-based security checks, inquiries and notification are not considered City Public Works activities.
 - Standard call-out compensation will be paid for extenuating circumstances as determined by the Public Works Superintendent and in accordance with city personnel manual and labor agreement.
 - Mr Bone may be asked occasionally to issue and receive keys for third party rentals of the Biggs Community Hall at no extra compensation. Such issuance and receipt are not considered City Public Works activities.
- 4: City crews will maintain park (outside the fence), repair vandalism to facilities, and perform major house maintenance to include but not be limited to roof, installed appliance repair, etc (typical landlord responsibilities).
5. Mr Bone will maintain house and yard (inside the fence) to neat and clean appearance (typical tenant responsibilities) and perform minor maintenance such as interior painting, minor electrical and plumbing repairs. Supplies required are reimbursable by City if pre-approved by the Superintendent. Property upgrades are negotiable.
6. City will provide new locks for doors but will not be responsible for losses incurred by theft or Acts of God. Mr Bone is advised to consider privately obtaining renter insurance.
7. City may inspect conditions of house interior from time to time with at least 24-hr advance notification.
8. Mr Bone reserves the right to terminate the agreement and vacate the premises at any time with a 7-day written notice. Security deposit to be refunded upon satisfaction of

notice and inspection indicating reasonable good condition (conditions similar to rent start date).

9. City is passively marketing the house for sale/relocation, and may market same more actively in coming years. City reserves the right to issue 60-day notice-to-vacate to Mr Bone with or without stated cause. Failure to vacate could result in eviction and/or tripling of rent rate and forfeiture of security deposit.
10. House availability and rental start date is: 4/15/10.
11. City to pay monthly water, sewer and garbage fees. Mr Bone to pay monthly electric and gas bill.
12. Rent rate is \$350 per month, payable to City of Biggs by the fifth day of each month. Security deposit is additional \$350. Rate may be adjusted after 12 months with 60-day advance notice.
13. Rental agreement and implied compensation is "stand-alone," having no effect whatsoever on Mr Bone's employment with the City nor is it affected in any way by the labor agreement with Laborers Local 185. Mr Bone will continue to be assigned on-call duties with the Public Works crew as if he were not renting a City-owned facility.
14. This document constitutes the entire agreement. It may be amended as needed from time to time with the written consent of the parties to this agreement.



James Bone

3-29-10
Date

For the City:



Peter R. Carr, City Administrator

4-12-10
Date

Rent payments to start 5-1-10.

Move-in approved 4-15-10.

James in process of completing repairs to house.