

City Council – Action Request Form

Date: December 10, 2018

To: The City Manager

From: Damon C. Dequenne, Assistant City Manager
S. Kirk Bjorling, Real Estate Administrator

Council Action Requested:

Consideration of a Resolution Authorizing the Modification of a Lease Extension with Pratt Recycling, Inc. for a Portion of the Building Located at 2000 Lowery Street (East Ward)

Strategic Focus Area: Service Excellence

Strategic Objective: Maintain City’s Financial Strength

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

On April 29, 2011, the City of Winston-Salem purchased 51.56 acres of land and a 370,000 square foot warehouse type building located at 2000 Lowery Street. The property now serves as an extension of City Yard. At the time of purchase, a tenant, Visy Recycling, Inc., was leasing approximately ten percent of the building. Pratt Recycling, Inc. (Pratt), who was the successor to Visy Recycling, Inc., desired to extend the lease with the same options which existed on the assumed lease. A lease extension was granted which extended the initial term for five years until March 31, 2016. This lease extension included a lease option for one (1) three year renewable option followed by one (1) two year renewable option. In 2016, the three year option was exercised, which will run until March 31, 2019. One (1) two year option remains which, if it were exercised, would extend the lease until March 31, 2021.

Pratt has invested a substantial amount in machinery and upgrades over the past several years and has been very satisfied with the facility, but they have contacted the City and explained that they have lost the account of their primary customer. They are seeking new customers to replace this account but, under the circumstances, are requesting that the two year lease extension option previously authorized be modified to a month-to-month lease beginning April 1, 2019. This month-to-month lease modification would extend for no more than two years, or until March 31,

Committee Action:

Committee	_____	Action	_____
For	_____	Against	_____

Remarks: _____

2021, at which time a new lease would need to be authorized by City Council. Staff has determined that the leased space will not be needed by the City for the additional two year term of the lease and is supportive of the modification of the lease extension.

The attached resolution authorizes a lease modification with Pratt Recycling, Inc. as described herein and as approved by the City Attorney.