

BOARD OF PORT COMMISSIONERS
PORT OF REDWOOD CITY

AGENDA SHEET

**SUBJECT: ORDINANCE OF THE BOARD OF PORT
COMMISSIONERS OF THE CITY OF REDWOOD CITY
APPROVING SECOND AMENDMENT TO LEASE
AGREEMENT - (ROMIC ENVIRONMENTAL
TECHNOLOGIES CORPORATION)**

DATE: June 14, 2006
ITEM NO.: IV-B
Submitted by: Michael J. Giari

<u>AGENDA CLASSIFICATION</u>			<u>PROGRAM AREA</u>
<input type="checkbox"/> Policies	X	Leases	<input type="checkbox"/> General Operations
<input type="checkbox"/> Finance	<input type="checkbox"/>	Construction	<input type="checkbox"/> Marine Terminal Operations
<input type="checkbox"/> Legal	<input type="checkbox"/>	Maintenance	<input type="checkbox"/> Yacht Harbor Operations
<input type="checkbox"/> Personnel	<input type="checkbox"/>	Other	<input type="checkbox"/> Property Management
			<input type="checkbox"/> Administration

BACKGROUND

On July 25, 2001 Romic Environmental Technologies Inc. entered into a ten year lease with the Port on .87 acres located on Herkner Road between Pabco Gypsum and Central Concrete. They have made significant tenant improvements to the site to be able to safely transfer hazardous liquids between tanker trucks and rail cars. These include a sunken containment area, rail track improvements and a foam fire suppression system. Romic does not utilize maritime facilities at the Port.

The ten year lease consists of the initial five year term that commenced April 1, 2001 and ended on March 31, 2006 with a renewal term (one five year extension). Although Romic did not provide proper notification of their intention to renew the lease, they are a tenant in good standing and the Port entered into negotiations with them on the terms of the renewal for a five year term.

Under the current lease, in the first year Romic paid rent of \$5685, which through an annual 5% increase grew to \$6581 in the lease year that concluded March 31, 2006. Additionally Romic has been paying a tank car fee of \$300 each per the first five outbound rail cars and \$275 for the sixth and higher car per calendar month. They also paid \$200 per incoming loaded rail car during the initial term. Their Minimum Guarantee has been \$1500 per month.

Under the proposed lease amendment the terms are:

Base Rent

Year Six	(2006-7):	\$6900 per month (\$82,800 per year)
Year Seven	(2007-8):	\$6900 per month (\$82,800 per year)
Year Eight	(2008-9):	\$7245 per month (\$86,940 per year)
Year Nine	(2009-10):	\$7607 per month (\$91,284 per year)
Year Ten	(2010-11):	\$7987 per month (\$95,844 per year)

Tank Car Charges

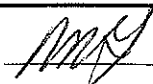
1. \$320.00 per outgoing rail car for the first 6 outgoing rail cars per month.
2. \$290.00 per outgoing rail car after the sixth rail car per month.
3. \$200.00 per incoming loaded rail car.

Minimum Guarantee

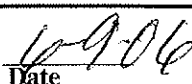
The minimum guarantee per month for outgoing rail cars remains at 5 per month. The monthly payment under the minimum guarantee is \$1,600.00.

Romic has agreed to these terms, which are to be retroactive to April 1, 2006. Port staff highly recommends the approval of the lease amendment.

Executive Director's Approval



Date



ORDINANCE NO. P-_____

**ORDINANCE OF THE BOARD OF PORT COMMISSIONERS OF
THE CITY OF REDWOOD CITY APPROVING SECOND
AMENDMENT TO LEASE AGREEMENT**

(ROMIC ENVIRONMENTAL TECHNOLOGIES CORP.)

**BE IT ORDAINED BY THE BOARD OF PORT COMMISSIONERS OF
THE CITY OF REDWOOD CITY, AS FOLLOWS:**

Section 1. Public hearing having been duly noticed for, and held on _____, 2006, on the question of approval of the second amendment to the lease agreement hereinafter described and, pursuant to the provisions of Section 48a the Charter of the City of Redwood City, the Board of Port Commissioners of the City of Redwood City does hereby approve that certain second amendment to the lease agreement entitled "Lease Agreement – Romic Environmental Technologies Corporation," by and between the City of Redwood City, a municipal corporation of the State of California, acting by and through its Board of Port Commissioners ("Landlord") and Romic Environmental Technologies Corp. ("Tenant"), and approved by the Board of Port Commissioners on June 13, 2001, under which certain Port owned lands are leased to the Tenant to be used for the purpose of transferring industrial materials to and from trucks to or from rail tank and box cars and for incidental parking of Tenant's trucks as is necessary for the transfer of both bulk and other material authorized under the lease agreement, for a remaining term of Five (5) years commencing on April 1, 2006 and terminating on March 31, 2011, all subject to the terms, covenants, and conditions therein contained, and which second amendment provides for the modification of the rental amounts (starting rent of \$82,800 per year for the first Two (2) years with yearly

increases thereafter) and certain Tariff Charges, a copy of which second amendment to lease agreement entitled, "Romic Environmental Technologies Corporation Second Amendment to Lease Agreement" is on file in the office of the Port Executive Director, to which copy reference is hereby made for the full particulars thereof.

Section 2. The President and Secretary of the Board of Port Commissioners of the City of Redwood City are hereby authorized and directed to execute the aforesaid amendment to lease agreement for and on behalf of the City of Redwood City, acting by and through its Board of Port Commissioners.

Section 3. This ordinance shall be effective thirty (30) days after its adoption and the modified rent and Tariff Charges shall be deemed in full force and effect as of April 1, 2006.

* * * * *

Introduced on the _____ day of _____, 2006.

Passed and adopted as an ordinance of the Board of Port Commissioners of the City of Redwood City this _____ day of _____, 2006.

AYES, COMMISSIONERS:

NOES, COMMISSIONERS:

ABSENT, COMMISSIONERS:

President, Board of Port Commissioners

Secretary, Board of Port Commissioners