CITY OF STOUGHTON, 207 S FORREST ST, STOUGHTON, WISCONSIN

RESOLUTION OF THE COMMON COUNCIL		
Authorizing and directing the proper city officials to enter into the second renewal period for the agreement for a leaseback addendum to amendment and extension of real estate lease		
Committee Action:	Utilities Committee recommended approval ___ on ____ Finance Committee recommended approval ___ on ____	
Fiscal Impact:		
File Number:	R-xxx-2023	**Date 7/11/2023**

The City of Stoughton, Wisconsin, Common Council does proclaim as follows:

RECITALS:

WHEREAS, an agreement was made by and between the City of Stoughton (City) and Stoughton Utilities (Utility), as a further amendment to the parties' real estate lease which was effective January 1, 1995; and;

WHEREAS, the City approved the first leaseback addendum to amendment and extension of real estate lease agreement between the City and Utility under R-20-2018 approved by the Common Council on February 13, 2018; and,

WHEREAS, the Utility accepted the first renewal period as outlined in R-20-2018 on March 2, 2018; and,

WHEREAS, the first leaseback addendum was effective March 1, 2018 through February 28, 2023; and,

WHEREAS, the City has the right to renew the term of the lease for another consecutive period of five (5) years; and,

WHEREAS, both the City's Director of Finance/Comptroller and the Utility Finance Manager desire the lease term to be stated in terms of calendar years as opposed to fiscal years in order to enable easier budgeting; and,

WHEREAS, the renewal period shall be broken down into (a) one ten-month period ending December 31, 2023, (b) one-two year sub-term effective January 1, 2024 through December 31, 2025 and (c) one-two year sub-term effective January 1, 2026 through December 31, 2027; and,

WHEREAS, the annual rent for the final fiscal year (March 2022 through February 2023) of the first leaseback addendum was $113,722.68 for Stoughton Utilities; and,

WHEREAS, the US Bureau of Labor Statistics (BLS) publishes the CPI-U (Consumer Price Index-Urban) data but the data for Madison, WI falls in the East North Central Division of

the Midwest Region; and,

WHEREAS, the Wisconsin Department of Revenue has indicated that there is no state-level or city-level CPI for Wisconsin cities but indicated the City could consider using Midwest City Class Size B/C; and,

WHEREAS, the Wisconsin Department of Revenue advises the Wisconsin Employment Relations Commission (WERC) of the CPI-U increase applicable to one-year collective bargaining agreements as required under 2011 Wisconsin Act 32 for limits to non-protective governmental employees pay increases; and,

WHEREAS, the Director of Finance/Comptroller and Utilities Finance Manager recommend using the WERC data provided at http://werc.wi.gov/doaroot/cpi-u_chart.htm should be used to calculate the annual increase in the annual leaseback amount; and,

WHEREAS, the data from the WERC for January 1, 2023 indicates a CPI-U of 7.17%; and,

WHEREAS, the base rent shall be adjusted for each sub-term using the WERC's CPI-U data or three percent per year, whichever method results in a larger rate increase; and,

WHEREAS, the annual leaseback payment for calendar year 2023 would be calculated at $120,517.58; and,

WHEREAS, each subsequent calendar year will be calculated using the same methodology as above,

NOW THEREFORE BE IT RESOLVED, that the Common Council of the City of Stoughton authorizes and directs the proper city official(s) to enter into the Second Renewal Period for the Agreement for a Leaseback Addendum to Amendment and Extension of Real Estate Lease for a period of 4 years and 10 months effective March 1, 2023.

Council Action: ☐ **Adopted** ☐ **Failed** **Vote** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____

Mayor Tim Swadley Date

Council Action: _____ ☐ **Override** **Vote** _____