

CC Regular Session**7. 0.**

Meeting Date: 06/26/2012
By: Chris Anderson, Community Development

Information**Title:**

Consider East Side Oil Equipment Lease

Background:

On May 8, 2012, the City Council discussed an opportunity to partner with East Side Oil Companies to utilize a 2,000 gallon tank for collection of used motor oil from residents. The tank would be located at the Public Works campus so that it could be readily monitored during the week and to limit/minimize illegal dumping. There was a general consensus of the City Council supporting this service to the residents; however, Staff was directed to research several items including contacting the City of Elk River to solicit their input on this program, to negotiate a lease agreement with East Side Oil Companies that addresses the issue of liability, and to explore the option of leasing land to East Side Oil Companies for placement of their equipment.

As a reminder, Councilmember McGlone is currently an employee of East Side Oil Companies. Council Member McGlone reports that he has no financial gain of any kind resulting from this potential agreement between the City and East Side Oil Company. City Attorney Goodrich has been consulted and can respond to any questions regarding this matter.

Observations:

Staff did contact the City of Elk River and, upon their recommendation, also contacted Sherburne County staff, to discuss their views/opinions of the East Side Oil Companies program. All three individuals had only positive remarks for the program and the company. The City of Elk River executed the lease agreement that was provided by East Side Oil Companies as presented, without any revisions. While the Sherburne County staff do not have direct involvement with lease agreements, they were unaware of any concerns/difficulties that communities within their jurisdiction have had with this program.

The City Attorney is working with the League of Minnesota Cities for sample environmental indemnity language in the event of an oil spill. Once that language is finalized, it will be provided to East Side Oil Companies for review and approval (they expressed a willingness for that type of clause to be added, but would still need to have their legal counsel review it). The attached lease agreement does not yet include the indemnity language.

Staff is not aware of any other jurisdictions that lease the area required for the tank to the collector. As long as there is an indemnity clause that protects the City (and that East Side Oil Companies is comfortable with), Staff believes that this should be sufficient to address environmental concerns. Furthermore, if a concern does develop, the agreement can always be terminated (as outlined in the lease agreement).

Recommendation:

Based on communications with other jurisdictions and their positive remarks concerning this opportunity and East Side Oil Companies, Staff would recommend executing a revised lease

agreement, with the environmental indemnity language, with East Side Oil Companies to utilize a 2,000-gallon tank for the collection of used motor oil from residents.

Funding Source:

There is no direct cost to the City related to this opportunity.

Council Action:

Motion to authorize Staff to execute an equipment lease agreement, which contains environmental indemnity language to protect the City in the event of an oil spill, with East Side Oil Companies, subject to review by the City Attorney as to legal form.

Attachments

City Council Meeting Minutes Dated May 8, 2012

East Side Oil Companies Lease Agreement (w/o Indemnity Language)

Form Review

Inbox
Bill Goodrich
Tim Gladhill
Kurt Ulrich

Reviewed By

Date

Form Started By: Chris Anderson

Started On: 06/19/2012 11:33 AM