

ITEM #:	<u>4</u>
DATE:	<u>12-23-25</u>
DEPT:	<u>PW</u>

COUNCIL ACTION FORM

SUBJECT: EXTENSION OF LEASE FOR 220 FREEL DRIVE

BACKGROUND:

The City of Ames has an executed installment purchase contract with Freel Family LP for land at 220 Freel Drive. **This property is one of the lots where plans are being developed for the new Resource Recovery and Recycling Campus (R3C).** The City closed on this property on July 18, 2025. The installment purchase contract obligates the City to pay the owner over several years.

At the time the contract was executed, Freel Family LP was leasing the land at 220 Freel Drive to Waste Management of Iowa, Inc. for a staging area for roll-off dumpsters and other waste receptacles for servicing Waste Management's customers. This lease was known by the City at the time of closing on the property. **The existing lease was inherited by the City of Ames through the installment purchase contract and is set to expire on December 31, 2025. In September 2025, staff issued a notice to Waste Management that the lease would not be renewed.**

Staff from Waste Management of Iowa, Inc. has approached the City in an effort to obtain an extension to the end date of the lease in order for them to continue planning for a new location for their services and assist in the logistics of moving their equipment off the property at 220 Freel Drive. **In exchange for the extension, a lease payment of \$750 will be made by Waste Management of Iowa. It is important to note that under the City's current installment purchase contract all lease payments, including this extension, are payable to Freel Family LP.**

Waste Management originally requested a lease extension of 60 days. However, City staff was concerned about the impact of this request on the City's ability to proceed in a timely manner on construction of the R3C. However, acknowledging the disruption this transfer of ownership has on Waste Management, and potential to further disrupt Waste Management's service to Ames customers, staff believes a 30-day extension can be accommodated.

Additionally, Waste Management of Iowa, Inc. has been a long-term partner at the existing Resource Recovery Plant (RRP) by providing services for hauling reject material to the Boone County Landfill. This partnership has been key in the success of the RRP and this lease extension will help Waste Management of Iowa, Inc as it transitions to a new property.

A 30-day extension should not have a substantial impact on the R3C project. The extension contains a provision that excuses the City from having to issue a new notice of termination of the lease. No onsite work will be occurring during this requested 30-day extension. The only onsite activities that need to occur during the winter months is clearing and removal of trees that will conflict with the location of future R3C construction activities.

The tree clearing activities will be contracted separately by the City and must be completed prior to April 1, 2026 in order to be in compliance with the Endangered Species Act regarding the Indiana Bat. These activities can take place in the months of February and March 2026, which is likely the same time frame that bids will be received for the R3C construction.

ALTERNATIVES:

1. Approve the lease extension with Waste Management of Iowa, Inc. by thirty (30) days with an expiration on January 30, 2026.
2. Direct staff to negotiate different terms for the lease extension.
3. Do not approve a lease extension with Waste Management of Iowa.

CITY MANAGER'S RECOMMENDED ACTION:

The extension of the lease by thirty days will not impact the continued development of the R3C project. Waste Management of Iowa, Inc. has been a vital team member in the current RRP process and accommodating this request builds upon that relationship as City transitions away from waste-to-energy into the new R3C project. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative 1, as described above.

ATTACHMENT(S):

[Seventh Amendment to Lease \(Ames IA\) 11.26.25.docx.pdf](#)
[220 Freel Drive.pdf](#)