

## **MEMORANDUM**

**TO:** Claire Powell, City Manager

**FROM:** David Salmon, P.E., City Engineer

**VIA:** Jim Proce, ICMA-CM, Assistant City Manager

**DATE:** July 1, 2024

**SUBJECT:** **Approval of a Lease Agreement Between the City of Lewisville and SEMA Construction Inc. for SEMA Construction's Temporary Use of 4.68 Acres of City-Owned Property Also Known as Part of Tract 5, Abstract 0255A, R. Craft Survey, Denton County, Texas, Located on the East Side of I-35 E, South of Valley Ridge Circle and North of Milligan Drive; and Providing Authorization for the City Manager, or Her Designee, to Execute the Agreement on Behalf of the City.**

### **BACKGROUND**

The Texas Department of Transportation hired SEMA Construction Inc. to reconstruct the interchange on I-35E at FM 1171 (Main Street) within the City of Lewisville. Construction has been ongoing for several months and is expected to continue until sometime in 2026. SEMA Construction approached City staff several months ago to lease a vacant, unplatted parcel of city-owned property adjacent to I-35. It was previously owned and operated by a private party as a construction yard. The previous owner dedicated the property to the City in November 2016. Texas New Mexico Power Company recently leased the same property from the City of Lewisville as a staging area relative to relocating their facilities in preparation for the I-35E construction at Main Street. Texas New Mexico Power vacated the site earlier this year. SEMA Construction intends to use the property for staging and storage of equipment and materials related to construction of the I-35E at Main Street interchange. They have agreed to a two-year term and an annual lump sum payment of \$20,000 with options to extend the lease on a month-to-month basis on the same terms.

### **ANALYSIS**

The proposed lease agreement between the City of Lewisville and SEMA Construction Inc. is for temporary use of vacant city-owned property described as 4.6825 acres out of Tract 5, Abstract 0255A, R. Craft Survey, Denton County, Texas. The vacant property is generally located on the east side of I-35 E, south of Valley Ridge Circle and north of Milligan Drive. The proposed lease agreement allows SEMA Construction Inc. to use the parcel to store equipment and store and assemble materials used to reconstruct the interchange on I-35E at Main Street in Lewisville. As the property is largely within the floodplain and floodway, there will be no enclosed or permanent structures or fill allowed on the property. Temporary fencing will be installed to secure equipment and materials. The site will be restored to as close to its original condition as possible by SEMA Construction once the interchange project is completed. Utility service will be limited to providing temporary security lighting on the site. Lighting will be directed away from adjacent residential properties to the south. SEMA has also agreed to remove an old pole sign on the property within 60 calendar days of executing the lease. The lease provides for an annual lump sum payment of \$20,000 up front for the 24-month term beginning upon execution of the lease agreement. The lease

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agreement also provides for additional prorated payment to the City in the event the lease requires extension. The lease agreement can be terminated by either party with a minimum of 60 days written notice.

**CITY STAFF'S RECOMMENDATION**

That the City Council approve the lease agreement and authorize the City Manager, or her designee, to execute the agreement as set forth in the caption above.