

# MEMORANDUM

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**To:** SFSWMA Joint Powers Board  
**From:** Randall Kippenbrock, P.E., Executive Director <sup>RLK</sup>  
**Date:** May 17, 2026  
**Subject:** Request for Approval of Amendment No. 1 to the Lease Agreement between the Santa Fe Solid Waste Management Agency and the City of Santa Fe, a Municipal Corporation, for the Buckman Road Recycling and Transfer Station.

## SUMMARY:

The Agency is requesting the Board approve Amendment No. 1 to the Lease Agreement between the Agency and the City of Santa Fe for the Buckman Road Recycling and Transfer Station.

The Amendment amends the rent so that the first option term of the Lease Agreement commences on June 1, 2026, with an annual rent of \$266,000. The rent increases to \$277,774.80 for FY-27, effective July 1, 2026.

The Amendment also amends the rent so that the second option term of the Lease Agreement commences on June 1, 2032, with an annual increase of 2.5% until June 30, 2038, and a total rent of \$386,173.10.

## BACKGROUND

On September 22, 2005, the Board ratified the Lease Agreement for the City of Santa Fe's transfer station, subject to the condition that the Agency not assume control of the facility until an amendment is executed to address several issues raised by the Agency's attorney. The articles at issue include the following: repair and maintenance, exculpatory clause, lease option, property insurance, and emergency use.

On November 3, 2005, the Board approved Amendment No. 1 to the Lease Agreement.

On January 1, 2006, the Agency assumed control of the City's transfer station and renamed it the Buckman Road Recycling and Transfer Station (BuRRT) for the purpose of operating a transfer station, regional material recovery facility, green waste processing facility, scrap tire processing facility, and scrap metal collection facility.

In September 2012, the Agency opened a permanent HHW Collection Center at BuRRT. The Agency also relocated the recycling drop-off center to the side of the outbound lane, before the scale house, to better serve the public and improve operational efficiency, with an annual usage of approximately 23,000 customers.

The 2005 Lease terminated on August 1, 2015, and was replaced by a new Lease Agreement, effective October 1, 2016, and terminating September 28, 2024, for the Agency's continued occupancy of the BuRRT facility.

The Lease Agreement had an initial term of 8 years, with two additional 6-year option terms. Each option term requires the Agency to notify the City at least one year prior to the termination of the then-current term; and

On October 4, 2024, the Agency notified the City of its intent to exercise the first option term of the Lease Agreement. The Agency has also continued to occupy BuRRT under a month-to-month tenancy.

The Lease Agreement requires that the rent for each option term be negotiated in good faith. The Lease Agreement also provides that if, after 180 days, the parties have not negotiated the option term rent, it shall be established by a real estate appraisal.

On September 12, 2025, real estate appraiser Hippauf Dry & Connelly conducted a market rent survey for the BuRRT facility. According to the survey report, both the Agency and the City acknowledge that the “fair market value” identified in the report signifies a substantial increase over the existing annual rent of \$266,000 for the BuRRT facility. The prevailing market rent for the three City-owned structures—the scale house, administrative building, and transfer station—is \$324,874 per year. Furthermore, the Agency and the City recognize that such a significant rent increase may require the Agency to raise fees ultimately paid by the general public to cover the increase. In the end, the Agency and the City have agreed to phase in the rent increase over 5 years, through June 30, 2031, and to extend the first option term by 8 months.

During the second option term of the Lease, commencing June 1, 2032, the rent will increase by 2.5% annually until June 30, 2038, with an annual rent of \$386,173.

**ACTION REQUESTED:**

The Agency respectfully requests the Board's approval of Amendment No. 1 to the Lease Agreement between the Agency and the City of Santa Fe for the BuRRT facility.

Attachment: City of Santa Fe Amendment 1 to Lease Agreement Between the City of Santa Fe and the Santa Fe Solid Waste Management Agency

**ATTACHMENT**

**City of Santa Fe Amendment 1 to Lease Agreement Between the City of Santa Fe and the  
Santa Fe Solid Waste Management Agency**

**CITY OF SANTA FE AMENDMENT 1 TO LEASE  
AGREEMENT BETWEEN THE CITY OF SANTA FE AND THE  
SANTA FE SOLID WASTE MANAGEMENT AGENCY**

This Amendment 1 to the City of Santa Fe lease agreement entitled “Lease Agreement Between the City of Santa Fe and the Santa Fe Solid Waste Management Agency”, with an effective date of October 1, 2016, Item #16-0828 (“Lease Agreement”), is made and entered into as of the date of the last signature (“Effective Date”), by and between the CITY OF SANTA FE, a municipality chartered under the laws of New Mexico (“Lessor” or “City”) and the SANTA FE SOLID WASTE MANAGEMENT AGENCY, an agency created under the terms of the New Mexico Joint Powers Agreement Act (“Lessee” or “SFSWMA”), together the “Parties”.

**WHEREAS**, SFSWMA was formed in 1995 under the terms of the New Mexico Joint Powers Agreement Act, NMSA 1978 Sections 11-1-1 through 11-1-7, by the City of Santa Fe and Santa Fe County, New Mexico; and

**WHEREAS**, the Joint Powers Agreement delegated SFSWMA the power to plan for, operate, construct, maintain, repair, replace or expand the City’s Buckman Road Recycling & Transfer Station (“BuRRT”) and the Santa Fe County Caja Del Rio Landfill; and

**WHEREAS**, Lease Agreement Item #05-0780 dated September 22, 2005, between the City and SFSWMA (“2005 Lease”), as amended, leased the BuRRT facility to SFSWMA for the purpose of operating a Transfer Station, Regional Material Recovery Facility, Green Waste Processing Facility, Scrap Tire Processing Facility, and Scrap Metal Collection Facility; and

**WHEREAS**, the 2005 Lease terminated on August 1, 2015, and was replaced by the Lease Agreement (Item #16-0828) with an effective date of October 1, 2016, and a Termination Date of September 28, 2024, for Lessee’s continued occupancy of the BuRRT facility; and

**WHEREAS**, the Lease Agreement had an initial term of 8-years with two Option Additional Terms of 6-years each (“Option Term”); each Option Term requires that Lessee notify the City at least 365 days prior to the termination of the then current term; and

**WHEREAS**, Lessee notified the City of its desire to exercise the first Option Term of the Lease Agreement, and has continued to occupy BuRRT in a month-to-month tenancy; and

**WHEREAS**, the Lease Agreement requires that the rent for each Option Term be negotiated in good faith, and if after 180-days the Parties have not negotiated the Option Term rent, it shall be established by a real estate appraisal; and

**WHEREAS**, the Parties now desire to extend the term of the Lease Agreement and adjust the rent based on an appraisal of the BuRRT Facility completed by Hippauf Dry & Connelly with an effective date of valuation of September 12, 2025 (“2025 Appraisal”); and

**WHEREAS**, the Parties recognize that the “fair market value” as determined in the 2025 Appraisal represents a significant increase over the current rent being paid for the BuRRT Facility; and

**WHEREAS**, the Parties further recognize that a significant increase in rent may result in SFSWMA having to raise fees ultimately paid by the general public to cover the increase; and

**WHEREAS**, the Parties have agreed to phase in the rent increase over 5-years and extend the duration of the first Option Term by 8 months.

#### **AMENDMENT:**

Pursuant to Section 25 of the Lease Agreement, and for the good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, agree that the Lease Agreement is amended as follows:

**1.** The first Option Term of six (6) years, as provided for in Section 3 (TERM), is hereby extended by 8 months and approved by Lessor with an effective date of June 1, 2026, and a termination date of May 31, 2032.

**2.** Section 4B (Rent during Optional Additional Term(s)) is hereby deleted in its entirety and replaced with the following:

**B.** Rent during First Optional Term. Commencing June 1, 2026, Lessee shall pay Option Additional Term annual rent pursuant to **Exhibit B** attached hereto.

**C.** Rent during Second Optional Term. Commencing June 1, 2032, Lessee shall pay Option Additional Term annual rent pursuant to **Exhibit B** attached hereto.

**D.** Rent Payments. All rents are due on the Effective Date of each Option Additional Term and thereafter due in full on the first day of each year during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to: City of Santa Fe, Accounts Payable Division, 200 Lincoln Ave., Room 114, Santa Fe, NM, 87504. ***Please include Item #16-0828 on all payments.***

**3.** Sections 4C and 4D are hereby added as follows:

**C.** Penalty for Late Rent Payment. If money payable to Lessor as a condition of this Lease Agreement is not paid in full when due, a penalty of 10% of the amount due and unpaid shall be added to the amount due, and the total sum of the then-due rental payment plus penalty shall become immediately due and payable to Lessor. A further penalty of 10% of the amount due and unpaid, including previously assessed penalties, shall be added for each additional month that said amount remains unpaid. The assessment and collection of the 10% penalty is in addition to any other rights of Lessor, if Lessee does not faithfully perform the terms, covenants and conditions of this Lease Agreement.

**D. Rent Schedule.** In consideration of this Lease Agreement, City and Lessee agree to the Rent Schedule for the Option Terms attached as **Exhibit B**.

Except as specifically provided in Amendment 1 the Lease Agreement shall remain in full force and effect, in accordance with its terms.

**IN WITNESS WHEREOF**, the Parties have executed Amendment 1 as of the last date of signature below,

LESSOR: **CITY OF SANTA FE**

LESSEE: **SANTA FE SOLID WASTE  
MANAGEMENT AGENCY**

\_\_\_\_\_  
MICHAEL J. GARCIA, MAYOR

\_\_\_\_\_  
LISA CACARI STONE, CHAIR

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
GERALYN F. CARDENAS, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
RUBY A. CREWS, ASSISTANT CITY ATTORNEY

APPROVED AS TO FINANCE:

\_\_\_\_\_  
ANDREA K. PHILLIPS, INTERIM FINANCE DIRECTOR  
Object Org. Code 2122800-460150

*[REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]*

## Exhibit B – Option Term Rent Schedule

Option Years	Year	Term Dates		Acres	Total Annual Rent	Escalation	Monthly Rent
<b>Hold Over</b>		10/1/2024	6/30/2026	24.07	\$266,000.00		
*	11	7/1/2026	6/30/2027	24.07	\$277,774.80		
*	12	7/1/2027	6/30/2028	24.07	\$289,549.60		
*	13	7/1/2028	6/30/2029	24.07	\$301,324.40		
*	14	7/1/2029	6/30/2030	24.07	\$313,099.20		
*	15	7/1/2030	6/30/2031	24.07	\$324,874.00		
*	16	7/1/2031	6/30/2032	24.07	\$332,995.85	2.50%	
**	17	7/1/2032	6/30/2033	24.07	\$341,320.75	2.50%	
**	18	7/1/2033	6/30/2034	24.07	\$349,853.76	2.50%	
**	19	7/1/2034	6/30/2035	24.07	\$358,600.11	2.50%	
**	20	7/1/2035	6/30/2036	24.07	\$367,565.11	2.50%	
**	21	7/1/2036	6/30/2037	24.07	\$376,754.24	2.50%	
**	22	7/1/2037	6/30/2038	24.07	\$386,173.10	2.50%	
* First Option Term, ** Second Option Term							