



Legislation Text

File #: 15-00741, **Version:** 1

A Resolution approving the revision to Chapter 10 of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests* with respect to removing the revocability of leases.

Legislative

From:

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Summary:

The proposed Resolution, if adopted, approves the revision to Chapter 10 of The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests ("RES Manual") to remove the revocability of leases. The removal of revocability in leases will recognize the definition of a lease, and will bring the City's leasing practice in-line with other public and private leasing efforts.

Previous Council Action:

Upon direction from City Council, from 2006 to 2007 the Real Estate Services Division, with the assistance of the Office of the City Attorney and a committee of stakeholders representing Colorado Springs Utilities, Memorial Health System, and other City staff worked together to create a blueprint and policy manual for the acquisition and disposition of real property interests by the City. To accomplish its goal, the Committee utilized the City Charter, City Code, State and Federal Regulations, Colorado Department of Transportation Manual Chapter 8, and the City's previous Real Estate Manual. The adoption of the RES Manual and City Code section 7.7.1803 requiring compliance therewith resulted from the process.

The City has utilized and complied with the RES Manual for many significant public projects, as well as all real estate projects managed on a daily basis by the Real Estate Services Division. The RES Manual has proven to be a valuable resource that provides specific instructions to staff and the public regarding the acquisition and disposition of real property interests and assures compliance with the City's adopted real estate processes.

Background:

When the RES Manual was adopted, City Council made leases of City-owned property subject to section 10-100 of the City Charter. City Charter section 10-100 requires the revocability of temporary permits, licenses and easements of City-owned property. Leasing is not mentioned within the City Charter and leases of City-owned property do not fit within the intent of this section of the Charter.

To remove the revocability of leases of City-owned property from RES Manual requirements would

set forth that the lease would either expire or terminate by typical default situations. For example, in the absence of a revocable lease clause a tenant would rely on the terms and conditions of the lease in order to avoid a catastrophic loss of capital investment through the City's use of a revocable clause in the lease. Staff is requesting City Council's consideration of a revision to the RES Manual to remove the revocability of leases of City-owned property. There are numerous public and economic development benefits to the City through the proposed amendments.

Financial Implications:

Eliminating the revocability of leases of City-owned property will result in a real estate practice similar to other public and private leasing arrangements. In addition, the proposed revision will enhance the negotiation process between landlord and tenant relationships, will provide more certainty for lessees and the City, as well as the possibility of enhancing capital investment by tenants with lease terms standard to the real estate industry.

Board/Commission Recommendation:

None

Stakeholder Process:

Staff has received input from City departments and enterprises, and they support, and are in agreement with the proposed revision to the RES Manual.

Alternatives:

1. Adopt the Resolution as proposed by staff;
2. Adopt the Resolution with modifications;
3. Deny the Resolution and the RES Manual remains unchanged; or
4. Postpone action

Proposed Motion:

Move to approve the Resolution adopting amendments related to the revocability of leases of City-owned property in Chapter 10 of "The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests."

N/A