

DATE: May 4, 2010
STAFF: Helen Matson
Kayla Ballard

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

17

SUBJECT

Resolution 2010-024 Authorizing the Lease of City-Owned Property at 200 West Mountain Avenue, Suite A, for Up to Two Years, As Part of the Rocky Mountain Innovation Initiative Program.

EXECUTIVE SUMMARY

The City has leased space to the Rocky Mountain Innovation Initiative (RMI2) Program and its participating clients since the summer of 2004. Currently, RMI2 leases space at 200 West Mountain Avenue, Suites A and C, 321 Maple Street, and 212 West Mountain Avenue. Until the new RMI2 building is complete in late 2010/early 2011, RMI2 clients will continue leasing space from the City.

BACKGROUND / DISCUSSION

With support from the City of Fort Collins, Colorado State University, and the Northern Colorado Economic Development Corp, RMI2 was created in 1998. The program provides critical business assistance to the most promising high tech startup companies in the community. To date, RMI2 has assisted 29 companies. In the aggregate, these firms have created 115 full time jobs, with an average annual salary of \$55,077, and have raised in excess of \$47 million in equity capital. The "bottom line" of this program is the creation of good paying jobs from within the community. The program achieves its success through services such as entrepreneurial advisory boards, access to a multitude of CSU resources, internal resource sharing, counseling, training and networking.

RMI2 has significantly enhanced the level of service to its client companies by offering below market lease space. In this way, RMI2 not only helps to mitigate the very tight cash flow situation encountered by most startup companies, but also provides a synergistic, collaborative environment in which the talented young companies can thrive. Key operational aspects of the program are as follows:

- Provides lease space to qualified candidates on a sliding scale depending on their year with RMI2. Companies in their first year in the program will pay \$7/SF with a \$1/SF increase in the second year and \$1/SF increase in the third year of their leases. The rent charged will be a gross lease, meaning that all expenses are included in the lease payment. Tenants are only responsible for their own janitorial services and communication expenses.
- RMI2 is responsible for the startup program, including selection, business assistance, annual review, graduation, etc. The City's Real Estate Services staff provides property management duties, including lease execution, rent collection, and addressing any concerns with the facility.

Due to the nature of leasing the facility to many different tenants at different lease rates, it is difficult to accurately project City revenue or City expenses on a yearly basis. The costs to be paid by the City include: taxes, janitorial for common areas, utilities, maintenance, snow removal and trash/recycling services. Some of these expenses are ongoing regardless if this space is leased to RMI2 and their clients or left vacant. Currently, 200 West Mountain Suite A, 212 West Mountain and 321 Maple Street are fully occupied. Suite C at 200 West Mountain is approximately two-thirds occupied.

The City's annual profit and/or subsidy (deducting ongoing City expense) for 200 West Mountain Suite A, based on 100% occupancy and rent at \$9 per square foot, is approximately \$3,740.

FINANCIAL IMPACT

Rent collected from this lease varies year to year, depending upon what year the tenants are in their lease term. With 200 West Mountain, Suite A occupancy level at 100% and the majority of the RMI2 clients in the third year of their lease term (\$9/SF), the leases generate approximately \$29,800 in Miscellaneous Revenue-General Fund.

SUSTAINABILITY: ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

The RMI2 program positively influences the economic health of Fort Collins by providing critical business assistance to the most promising high tech startup companies in the community, which in turn, creates good paying jobs from within the Fort Collins community.

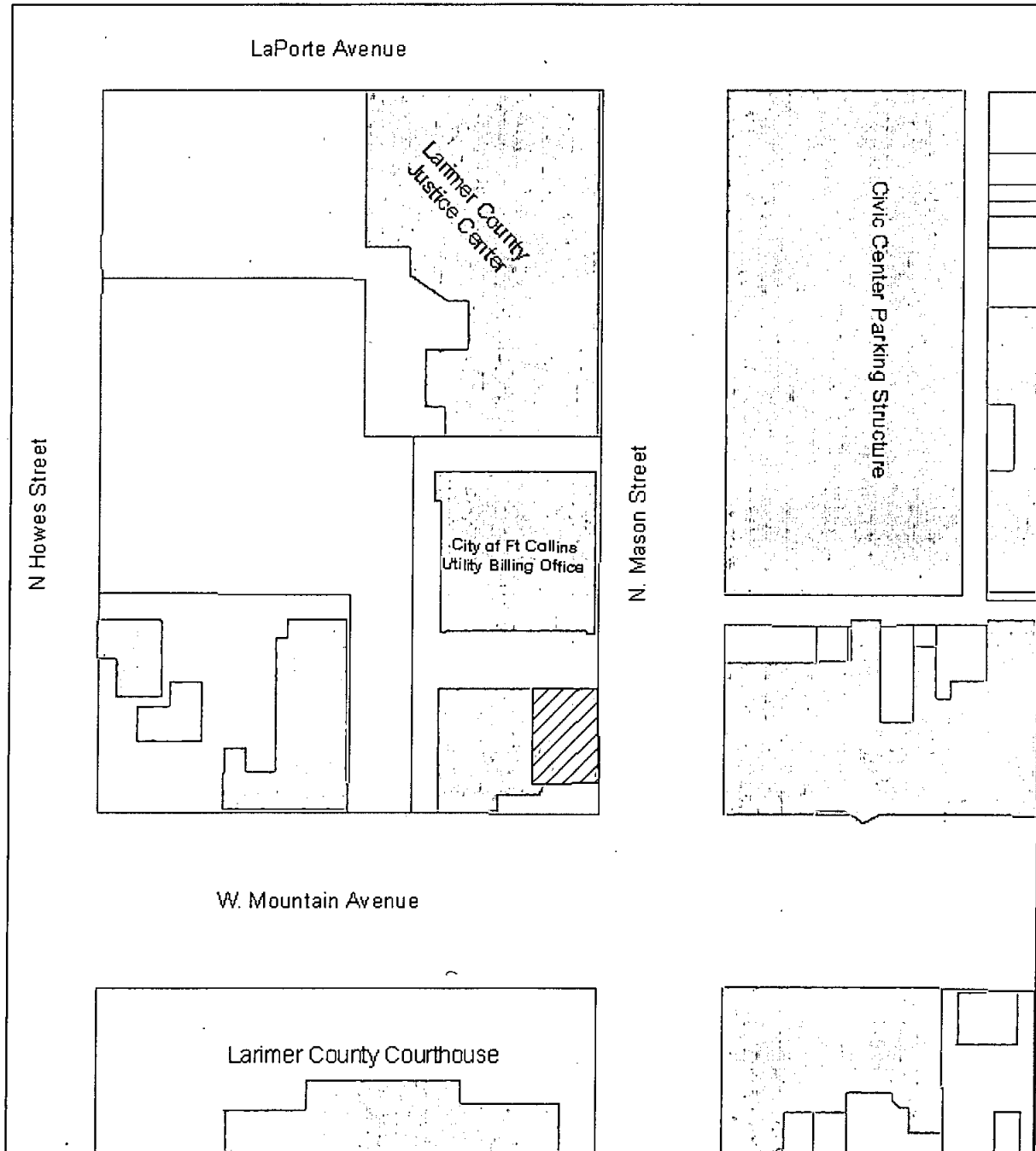
STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

ATTACHMENTS

1. Location map

200 W. Mountain Ave Ste A - RMI2 Lease Location Map



200 W. Mountain Avenue Suite A Location



RESOLUTION 2010-024
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING THE LEASE OF CITY-OWNED PROPERTY AT
200 WEST MOUNTAIN AVENUE, SUITE A FOR UP TO TWO YEARS AS PART OF
THE ROCKY MOUNTAIN INNOVATION INITIATIVE (“RMI2”) PROGRAM

WHEREAS, the City is the owner of the property legally described as a portion of Lot 2, Replat Lots 1-49, Block 31, Fort Collins, Colorado and also known as 200 West Mountain Avenue, Suite A (the “Property”); and

WHEREAS, the City purchased the Property for the Civic Center Master Plan and has not yet finalized specific plans for the Property; and

WHEREAS, since 1998, the City has supported the efforts of the Rocky Mountain Innovation Initiative Program (“RMI2”) and this Program has provided critical business assistance to high tech startup companies in the Fort Collins community; and

WHEREAS, RMI2 wishes to increase its service by offering below market lease space to their client companies; and

WHEREAS, the RMI2 Program will benefit the City by replacing primary jobs lost by citizens, increasing the economy in the downtown area, and enhancing the sales tax base; and

WHEREAS, the City desires to lease portions of the Property to RMI2 and its clients for a term of one year, with the option to renew for an additional year or until the new RMI2 building is constructed and they vacate the Property; and

WHEREAS, RMI2 and its clients will continue their current lease payments for the duration of their terms; and

WHEREAS, under Section 23-114 of the City Code, the City Council is authorized to lease any and all interests in real property owned in the name of the City, provided that City Council first finds that the lease is in the best interests of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby finds that leasing the Property under the terms listed above is in the best interests for the City.

Section 2. That the City Manager be authorized to execute such lease agreements for the Property, consistent with the terms of this Resolution, together with such additional terms and conditions as the City Manager, in consultation with the City attorney, determines to be necessary and appropriate to protect the interests of the City.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins this 4th day of May A.D. 2010.

Mayor

ATTEST:

City Clerk