

DATE: December 21, 2010
STAFF: Helen Matson

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

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SUBJECT

Second Reading of Ordinance No. 132, 2010, Approving the Terms of the City's Lease of Office Space for Police District One at 144 North Mason Street.

EXECUTIVE SUMMARY

The Police District One Office moved from Old Town Square to 144 North Mason, Suites 1, 2, and a portion of 3 in 2010. This Ordinance, unanimously adopted on First Reading on December 7, 2010, approves the terms of the lease dated May 1, 2010, for the new space.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - December 7, 2010
(w/o attachments)

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FORT COLLINS CITY COUNCIL

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SUBJECT

First Reading of Ordinance No. 132, 2010, Approving the Terms of the City's Lease of Office Space for Police District One at 144 North Mason Street.

EXECUTIVE SUMMARY

The Police District One Office moved from Old Town Square to 144 North Mason, Suites 1, 2, and a portion of 3 in 2010. This Ordinance approves the terms of the lease dated May 1, 2010, for the new space.

BACKGROUND / DISCUSSION

In order for this portion of the property to become tax exempt, state law requires that the Council approve the terms of the lease by Ordinance.

Police District One was located in Old Town Square since 1996. The existing lease was due to expire at the end of December 2009 and since the District One staff had outgrown their rental space, staff was looking for available sites. Prior to the lease termination date, staff located this new space in the Civic Center Village (ground floor of the Civic Center Parking Garage). The new space gives District One room for growth, has high visibility and better parking. As part of the Lease Agreement, the Landlord completed tenant-finish improvements that included joining the suites. During the construction period, staff negotiated with the Old Town Square Landlord to remain on a month-to-month lease until the new space was available. Improvements were completed and the Lease Agreement was effective May 1, 2010.

The term of the new lease is one year, with four one-year extensions. The Police District One Office contains 3, 802 square feet. The negotiated lease rate is \$12.95/square foot until the fourth year, when the lease rate increases to \$13.34 and the last year increases to \$13.76/square foot.

The lease requires that the City pay the appropriate property taxes for the space, if the property remains on the tax rolls. Once Council approves this Ordinance, staff will present the Ordinance and Lease to the County Assessor's Office requesting removal of this portion of 144 North Mason Street from the tax rolls.

FINANCIAL / ECONOMIC IMPACTS

Adoption of this Ordinance authorizes the terms of the City's lease of 144 North Mason Street, Suites 1, 2, and a portion of 3, and will permit the Larimer County Assessor's Office to remove the leased office space from the tax rolls in accordance with C.R.S. Sections 31-15-801 and 802. The current lease agreement from the Landlord requires the City to pay property taxes, if assessed. If the leased property remains on the tax rolls, the City would be responsible for paying the taxes.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

ATTACHMENTS

1. Location Map

ORDINANCE NO. 132, 2010
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROVING THE TERMS OF THE CITY'S LEASE OF OFFICE SPACE FOR
POLICE DISTRICT ONE AT 144 NORTH MASON STREET

WHEREAS, on May 1, 2010, the City and Post Modern Development, Inc. ("Post Modern") entered into a lease agreement (the "Lease Agreement") whereby the City leased from Post Modern for up to five years approximately 3,802 square feet of space for the Police District One Office at 144 North Mason Street, Suites 1, 2, and a portion of 3, Fort Collins, Colorado (the "Leased Premises"); and

WHEREAS, under the Lease Agreement the rental rate for the Leased Premises is \$12.95 per square foot for the first three years of the lease, \$13.34 per square foot for the fourth year, and \$13.76 per square foot for the fifth year; and

WHEREAS, the term of the Lease Agreement commenced on May 1, 2010, and will terminate on April 30, 2015, contingent upon the annual appropriation of funds sufficient to meet the City's obligations under the Lease Agreement; and

WHEREAS, under the Lease Agreement, the City must pay any property taxes on the Leased Premises if the Leased Premises is not removed from the Larimer County Assessor's tax rolls; and

WHEREAS, in order for a property rented by a municipality to be exempt from taxation, Sections 31-15-801 and 802 of the Colorado Revised Statutes require that the lease agreement and the terms thereof be approved by ordinance, which ordinance will not be effective until 30 days after its passage and publication, and that the property be used for governmental or proprietary purposes of the municipality; and

WHEREAS, the use of the Leased Premises for a Police substation is a governmental purpose; and

WHEREAS, a copy of the Lease Agreement is on file in the Office of the City Clerk and available for inspection; and

WHEREAS, the City Council wishes to approve the Lease Agreement and its terms by this ordinance so that the Leased Premises may be removed from the tax rolls.

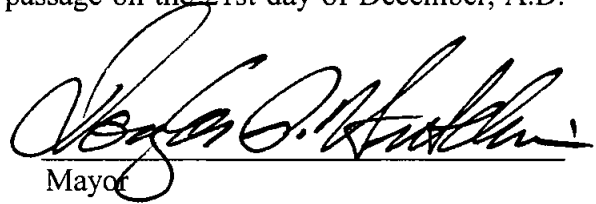
NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby approves the Lease Agreement for the property located at 144 North Mason Street, Suites 1, 2 and a portion of 3, in substantially the form that is on file in the office of the City Clerk, the terms of which include a lease term of one year commencing on May 1, 2010, with the option for four 12-month extensions at an initial rate

of \$12.95 per square foot, together with such other terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary or appropriate to protect the interests of the City or effectuate the purposes of this Ordinance.

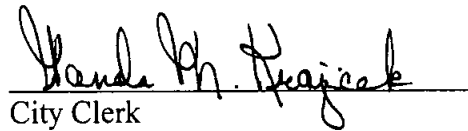
Section 2. That for purposes of the property tax exemption authorized by Section 31-15-802 of the Colorado Revised Statutes, this Ordinance will take effect thirty days after its passage and publication.

Introduced, considered favorably on first reading, and ordered published this 7th day of December, A.D. 2010, and to be presented for final passage on the 21st day of December, A.D. 2010.



Mayor

ATTEST:



City Clerk

Passed and adopted on final reading on the 21st day of December, A.D. 2010.

Mayor

ATTEST:

City Clerk