



City Manager's Office
Administrative Policy Subject: Facility
Lease Policy

Issue 1

DATE

I. PURPOSE

The Purpose of this policy is to establish guidelines for leasing property owned by the City of North Port ("City").

II. POLICY SCOPE

- A. This policy applies to all new Lease Agreements and existing Lease Agreements upon renewal, for occupancy of City-owned property.
- B. This policy does not apply to the following:
 1. Encroachments on Municipal rights-of way;
 2. Facilities rental for recreational purposes; and
 3. Specialty agreements such as air and ambulance leases.

III. DEFINITIONS

- A. **501(c)(3) Organization:** Organization with current and active proof of tax-exempt status under the 501(c)(3) requirements of the IRS.
- B. **Application:** For purposes of this policy, an application includes but is not limited to any and all information required by the City to be provided by an applicant before the applicant is able to enter into a lease agreement with the City and is intended to include organizational information for purpose of leasing City-owned property.
- C. **Market Value:** The rate that a City-owned property would most likely command on the open market, as evidenced by current rentals/fees being paid for a comparable property for a similar use.
- D. **Property:** For the purpose of this policy, property is intended to include City-owned land, buildings, and structures.
- E. **Lease:** A written agreement to rent City-owned property to a third party, group, or individual at market value.
- F. **Double Net Lease:** A Lease when the Lessee pays the base rent, any applicable property taxes, and insurance premiums for their space. The City will continue to

address common area building maintenance and structural repairs.

G. Term: Fixed or limited period for which a lease is set to last.

IV. GOALS

- A. Provide a framework for managing facility leases that is fair, transparent, accountable, and consistent.
- B. Ensure returns to the City are fair, reasonable, and are in the best interests of the City.
- C. Abide by the requirements of all applicable codes, laws, and policies with respect to leasing of City-owned property.

V. PROPERTY AVAILABILITY

All City-owned Property must meet the following criteria to be considered for a Lease:

- A. The City has no immediate need for the Property and the Property is being retained for a future public purpose; and
- B. Nothing precludes the City from leasing the Property at Market Value or less than Market Value, including but not limited to the source of funding used to acquire the Property.
- C. Allocation of Property. Use of City-owned Property is subject to the following order of priority:
 1. City purposes including administration, program, and service delivery.
 2. City-funded agencies, boards, and committees.
 3. Agencies with fee for service agreements with the City.
 4. All other leases.

VI. RENTAL COST

OPTION 1 – SET PRICE PER SQUARE FOOT FOR ALL LEASED PROPERTY

- A. The City Commission will set an initial price per square foot for all City-owned Property available for Lease.
- B. The Commission's set price per square foot will be applied consistently across all City-owned Property Leases.
- C. The set price per square foot will increase at a set index established by the City Manager or designee.

OPTION 2 – SET DISCOUNT BASED ON MARKET VALUE

- A. The City Commission will set an initial price per square foot for all City-owned Property

available for Lease.

- B. The City Commission will also set a discount percentage for all City-owned Property available for Lease based on the Market Value of the Property using the following formula: _____
- C. The City shall determine Market Value based on the City's appraisal or market analysis of the Property.

VII. GENERAL TERMS

- A. All Lease agreements must be reviewed and approved by the City Commission before becoming effective. The Commission may delegate authority to the City Manager to approve renewals and terminations of Lease agreements pursuant to the terms of the Lease agreement.
- B. Allocation of costs. Unless otherwise directed by the City Commission, each Lease must be written as a Double Net lease with the tenant responsible for payment of their share of all operating costs, included but not limited to taxes (if applicable), utilities, maintenance, garbage and recycling services, insurance, and other costs related to the tenant's occupancy.
- C. Revenue allocation.
 - 1. Property owned by a Dependent District of the City will have the Lease revenue allocated to the District.
 - 2. Property owned by the City will have Lease revenue allocated to the General Fund.

VIII. LESSEE REPORTING RESPONSIBILITIES

Each applicant must provide the following information when submitting an Application to Lease City-owned Property:

- A. Proof of the following:
 - 1. Applicant's governance by a recognized Local, State, or Federal government; or
 - 2. Applicant's status as an active 501(c)(3) Organization.
- B. Identification of a specific public purpose as the primary objective for the applicant's use of the City-owned Property to be leased.
- C. Explanation of how the applicant reasonably intends to substantially and effectively accomplish their identified public purpose.
- D. Any other information the City may reasonably require or request.
- E. If an Applicant is seeking a reduced Lease fee, they must also provide:
 - 1. A detailed description of how the applicant's use of the Property will benefit the residents of the City of North Port.

2. A detailed description of how the applicant's existing and proposed programs and services align with or complement programs and services the City already provides.
3. A specific and detailed explanation of the applicant's program objectives, outputs, and expected outcomes, including the time frame for completion, as applicable.
4. An outline of the expected use for the leased Property, and other similar plans, including hours of operation.
5. Annual proof that the organization's services are still available.
6. Quantitative reports, in a form acceptable to City, of services provided during the preceding year. Any such quantitative reports shall include, but not be limited to, key statistics necessary to demonstrate the breadth and scope of the services provided.

IX. PROCESS TO LEASE CITY-OWNED PROPERTY

- A. Each Applicant must submit a completed application to the Department of Public Works, Real Estate Coordinator.
- B. The Real Estate Coordinator will work with the Department or Division listed as the primary for the Property in question.
- C. A draft written Lease agreement shall be prepared by the primary Department or Division and submitted for initial review to the Department of Public Works setting forth the specific terms and conditions for each Lease agreement.
- D. The draft Lease agreement will then be submitted to the City Attorney's Office for legal review.
- E. The City Commission will review and act upon each Lease, unless authority to approve the Lease has been delegated to the City Manager.