



**DATE:** October 23, 2018

**CATEGORY:** Consent

**DEPT.:** City Attorney's Office

**TITLE:** **Adoption of an Ordinance of the City of Mountain View Amending Procedures for Leasing Property in Excess of 55 Years (Second Reading)**

### **RECOMMENDATION**

Adopt an Ordinance of the City of Mountain View Amending Procedures for Leasing Property in Excess of 55 Years, to be read in title only, further reading waived (Attachment 1 to the Council report). (First Reading: 7-0)

### **SUMMARY**

On October 16, 2018, the City Council considered proposed changes to the existing ordinance to reflect the rent provisions in the City's existing leases.

Leases may be structured to provide a method to adjust rents to account for changes in the market and property values specific to the goals of each lease. In recognition of this, the amendments modify the periodic review requirement regarding the rent provisions to acknowledge the specific provisions within these leases to adjust the rent to reflect changes in the market and growth (or decline) in property values by exempting them from periodic review. An additional modification addresses the practice of the City regarding the competitive bid process for leases. If the City can demonstrate that entering into a lease without engaging in a competitive bid process is in the best interest of the City, it may do so.

### **FISCAL IMPACT**

It is difficult to quantify how a negotiated long-term lease value may differ from a future current market value. However, the leases that would be exempt from periodic review were structured to adjust rents to reflect changes in the market and property values periodically, and the adjustments are tailored to the goals of each lease. Also, fair market value rent may not achieve the goals and objectives desired by the City for a particular property lease (e.g., Franklin Street Family Housing, Chamber of Commerce, etc.)

**ALTERNATIVES**

The Council could choose not to adopt the proposed amendments.

**PUBLIC NOTICING**—Agenda posting. The ordinance was published at least two days prior to adoption in accordance with City Charter Section 522.

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014-10-23-18CR

Attachment: 1. Ordinance