

RESOLUTION NO.

WHEREAS, in May 2019, the City Auditor released a report stating that the City lacks central oversight of its leasing processes and does not use strategic approaches to make decisions about leases or to meet department space needs; and

WHEREAS, the City Auditor highlighted poorly defined leasing responsibilities, incomplete space inventories, and inadequate long-term planning; and

WHEREAS, the City Auditor found that the current leasing processes do not ensure that leases are developed in the best interest of the City and noted that there is a lack of effective coordination of lease negotiations and clear policies guiding lease development, particularly with regard to lease agreement with nonprofit organizations; and

WHEREAS, the City Auditor found that the City’s leases are not effectively monitored to ensure receipt of all deliverables and lack adequate oversight and monitoring among the involved departments; and

WHEREAS, the City Auditor made the following recommendation: “In order to ensure transparency relating to decisions to lease City properties to nonprofits at or below market rent, the Director of the Real Estate Office should work with relevant City entities to develop a formal policy for these leases. The Policy should specify: a. the criteria for tenant selection, rent determination, and defining performance deliverables; and b. a standard application, review, and approval process;” and

WHEREAS, the Financial Services Department approved an administrative policy (No. RES-01) to establish a process for leasing to non-profit organizations, with enhanced mechanisms for monitoring and enforcement recommending that each lease be handled individually at the City Council level using items sponsored by the City Council; and

26 **WHEREAS**, the City Council has not acted on any formal policy changes since the
27 Auditor's findings; and

28 **WHEREAS**, relying on the political process, on a case-by-case basis, does not address
29 the Auditor's recommendations to establish a transparent process with specific criteria for tenant
30 selection, rent determination, and defining performance deliverables; **NOW, THEREFORE,**

31 **BE IT RESOVLED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

32 That the City Manager is directed to draft and recommend for City Council
33 consideration and approval a fair, transparent, and open-competitive process for the leasing
34 of City-controlled facilities. New leases at a discounted or subsidized rate should incorporate
35 metrics to ensure that City objectives are being achieved and, where appropriate, the lease
36 should be structured on a short-term basis to provide opportunity for the tenant to build a
37 sustainable organization without becoming reliant on long-term City subsidization. This
38 policy does not impact long-term leases already approved by the City Council and shall not
39 apply to properties put under the management or control of the Austin Economic
40 Development Corporation.

41 **BE IT FURTHER RESOLVED**

42 That the City Manager is directed to include in the recommendation an evaluation of
43 incorporating into new leases requirements of living wages, Better Builder Program
44 standards, and Minority-Owned and Women-Owned Business Enterprises goals.

45
46 **ADOPTED:** _____, 2022

47 **ATTEST:** _____
48 Myrna Rios
City Clerk