

RESOLUTION NO. 20221201-043

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

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

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

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

That the City Manager is directed to draft and recommend for City Council consideration and approval a fair, transparent, and open-competitive process for the leasing of City-controlled facilities. New leases at a discounted or subsidized rate should incorporate metrics to ensure that City objectives are being achieved. This policy does not apply to:

- long-term leases already approved by the City Council,
- properties put under the management or control of the Austin Economic Development Corporation or the Austin Housing Finance Corporation,
- projects undertaken for critical public health infrastructure such as hotels used as non-congregate shelter,
- infrastructure projects and enterprise-specific facilities such as power plants, airport runways, and water treatment facilities (excluding administrative offices),

- projects in process prior to the date of this Resolution, including the Colony Park, St. John's Avenue, Ryan Drive, and Health South development and redevelopments.

BE IT FURTHER RESOLVED:

That the City Manager shall engage with the City Council as concerns living wages and better builder or equivalent construction labor requirements as part of the Convention Center redevelopment.

BE IT FURTHER RESOLVED:

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

ADOPTED: December 1, 2022

ATTEST:



Myrna Rios
City Clerk