

ADMINISTRATIVE POLICY 15-02

LEASE ADMINISTRATION

I. POLICY ISSUANCE

This policy is to establish a clear and consistent process for lease preparation, execution, and administration on a city wide basis, and to clarify roles and responsibilities for lease administration.

II. PURPOSE

Lease administration historically has been challenging due to:

- The diversity of leases the city administers;
- The quantity of leases the city administers;
- Leasing responsibility falling across different departments;
- Turnover in personnel and changes in informal understandings of how the process works
- The scheduling of lease payments, renewals, and rate adjustments (if applicable), insurance and/or bonding requirements, take place on an infrequent and sometimes irregular schedule and can easily be missed without a robust system for monitoring.

III. POLICY

Roles and responsibilities of the various positions involved in leasing are as follows:

1. Lease Manager (the city has multiple Lease Managers):
 - a. Prepares initial draft of lease, based on template provided by Municipal Attorney;
 - b. Provides final draft to Municipal Attorney;
 - c. Assures accuracy of financial and operational information in lease;
 - d. Responsible for day-to-day operational oversight of any given lease;
 - e. Sees that operational aspects of the lease are being conducted in conformity with the terms of the lease;
 - f. If the lease requires Commission(s) and/or Assembly approval, prepares cover memo to Commission(s) and Assembly and attends meetings as required to gain required approvals;

- g. Provides “*term sheet*” to include in lease file, and assures all requirements on term sheet are complete prior to finalizing lease.
- h. Receives tickler for lease renewal, and insurance and/or bonding requirements.
- i. Coordinates with Legal and Finance Department on remedial actions if lessee is in default.
- j. If lease is terminated prior to contractual end date, Lease Manager will issue memo or email to Finance Department’s billing person (currently Deputy Finance Director) advising lease is terminated, and date of final billing. Lease Manager will send a copy to the Municipal Clerk to include in the lease file.

Definition:

Term sheet – a one page fill-in-the-blank summary document attached to lease that details key lease requirements, including duration, renewal provisions, lease rate, deadlines for CPI adjustments, bonding requirements, insurance requirements, etc. A sample is attached to this policy. The term sheet may be tailored to a particular lease by the Lease Manager for that lease.

2. Leasing Officer (Municipal Attorney / Legal Assistant)¹:

- a. Maintains the master list of leases
- b. Provides a lease template for Lease Managers to use when preparing the initial draft of a new lease. This will commonly be the last version of that particular type of lease that was approved by the Assembly;
- c. Exercises final approval over lease documents;
- d. Prepares final, official copy of lease document;
- e. Answers technical questions about lease law;
- f. Is a resource for legal issues arising out of leases;
- g. The Legal Department does not manage individual leases.

3. Municipal Clerk:

- a. Collects lease signatures, after lease term sheet is completed by Lease Manager;
- b. Sends completed term sheet to Finance Dept. This action initiates billing and gets lease into system.
- c. Enters key dates from term sheet into tickler system.
- d. Keeps original documents in the vault and maintains official copy of lease and associated papers;
- e. Assigns a “control number” to each lease when the initial draft is being prepared;
- f. Provides a scanned copy of final signed lease to department’s Lease Manager for that lease.
- g. Integrate scanned copies of final lease documents into network file system, and later into document management system when that system is established.

¹ In July 2009 the Assembly assigned to the Legal Department responsibility for overall lease tracking and management.

Definition:

Control number – a unique number assigned to each lease, to be associated with all records associated with that lease including the original and all copies, the electronic file name, renewals, amendments, exhibits, invoices, payments and other entries into city records. A template for a numbering system is included as an attachment to this policy.

4. Finance Dept:

- a. Sends all invoices;
- b. Receives payments and associates those payments with the respective leases;
- c. Assures accurate billing;
- d. Monitors timeliness of payments and makes collections;
- e. Advises Lease Manager when lessee's are 60 days or more in arrears, or sooner if circumstances warrant. (Also see default procedure in Section IV);
- f. Initiates CPI adjustments or other rate adjustments when they come due, including consulting with Assessor as necessary for rate adjustments.

5. Planning and Community Development Department Director or designee:

- a. Initial point of contact for general leasing inquiries if not otherwise obvious who to direct an inquiry to, or if questions about this policy.
- b. Periodically monitors overall working of this policy and advises appropriate parties if something appears to be getting missed. (This role is advisory only.)
- c. Lease Manager for tidelands leases and some miscellaneous land leases.

6. Assessor:

- a. Calculates rate adjustments at the request of the Finance Department.

7. Information Systems

- a. Develops and oversees a tickler system to trigger necessary actions as required (renewals, CPI adjustments, insurance renewals, etc).
 - i. Ticklers for lease renewals, insurance, and/or bonding requirements goes to Lease Manager for that lease.
 - ii. Ticklers for CPI adjustments and/or other rate adjustments which affect billing go to the Finance Department billing person (currently Deputy Finance Director).

8. Public Works Department Director or designee

- a. Lease Manager for airport leases, granite creek leases, marine service center leases, and some miscellaneous land leases.

9. Gary Paxton Industrial Park manager

- a. Lease Manager for GPIP leases.

IV. POLICY GUIDELINES

Document preparation:

- Documents should be prepared in accordance with the Recorder's Office standards for recorded documents (refer to Municipal Clerk or the State Recorder's site for these standards). It is outside the scope of this policy as to when leases need to be recorded, but a consistent format for lease documents will simplify recording when necessary.
- Due dates for payments shall be the first of the month in which the payment is due.
- Primary responsibility for accuracy and completeness of the legal aspects of the lease document is with the Legal Department.
- Primary responsibility for accuracy and completeness of operational requirements of the lease is with the Lease Manager for that particular lease.
- **Default procedure:** If and when a lessee is in default, and what measures to take to remedy the situation, will vary by type of lease and overall situation. The Finance Dept will determine, through their collection policy, when a lessee is in financial default not being remedied by routine collection procedures. At that time they will advise the Lease Manager. The Lease Manager, the Finance Department and the Legal Department will consult on appropriate corrective measures given the circumstances and desired outcome.

V. GENERAL PROVISIONS

- A. Scope: this policy applies to all departments and employees of the City and Borough of Sitka, Alaska under the general direction of the Municipal Administrator.
- B. Authority to promulgate policy: The Municipal Administrator of the City and Borough of Sitka, Alaska maintains the authority granted by the Sitka Home Rule Charter and Sitka General Code to order policy and the guidelines and implementation.
- C. Effective Date: This policy will take effect as of the signing date.



Mark Gorman, Municipal Administrator

April 27, 2015

Date

Attachments:

- a. Sample term sheet
- b. Number system for assigning lease control numbers

LEASE TERM SHEET

This page to stay with lease, updated as needed

Fields in yellow highlight are to be entered in IS system which generates ticklers for date milestones.

1. Lease control number _____
2. Lease Manager (city position responsible for general oversight – not a person's name)

3. Name of Lessee(s) _____
4. Name commonly used to refer to lease (if different than name of lessee, for ex. Lease signer might be Mike Clementz, but lease is best known as the Cove Marina Lease.)

5. Description of property – not necessary to provide full legal description, provided there is enough to identify property for working purposes, for ex. "4608 HPR 1.2 acres of state tidelands,"

6. Assembly approval req'd: yes no Assembly approval received: yes no na
7. Lease is signed off by all parties: yes no
8. Duration of lease _____ years months month-to-month (circle one)
9. Renewal date _____
10. Lease rate _____
11. Commencement date _____
12. Due date of first payment _____
13. Due date of subsequent payments _____
14. CPI or other rate adjustments? yes no
15. If yes to rate adjustments, list dates of adjustments for duration of lease term.

16. Bonding required? yes no If yes, is bond received? yes no Attached
17. Bond expiration: _____
18. Insurance required yes no If yes, is proof of insurance received? yes no Attached
19. Insurance expiration _____
20. Royalty lease? yes no If yes, has baseline for royalties been established? yes no
(For example, initial survey completed?)
21. DOT letter authorizing sublease received, if applicable? yes no Attached

Notes, special or unique conditions _____

Lease Manager sign off, page is complete and accurate, ready to go into document management system and tickler system, and for lease file to go into vault

_____ date _____

Name printed:

LEASE CONTROL NUMBERING SYSTEM

16-Apr-15

DRAFT

type of lease	number sequence	version	description
		For example	
LL	1000		land lease
GCQ	2000		granite creek quarry
MNSC	3000		marine services center
ARPT	4000		airport
CTL	5000	-2 (for 2nd version)	city tidelands
STL	6000		state tidelands
GPIP	7000		gary paxton industrial park
MISC	8000		misc, for ex topsoil lease, etc
IAL	9000		and any lease not fitting into another category

Lease numbers are assigned sequentially within the category that fits the lease. Each lease has a unique number irrespective of prefix. For instance, a city tidelands lease might be designated as CTL 5003. The intent is that the prefix makes it easy to know what type of lease it is at a glance, but isn't essential, so in the case of computer system coding just the number is sufficient as a unique identifier.

The "version" number is to distinguish succeeding iterations of the same lease. For instance, when a lease is renewed or modified and new document signed for the same leased area, it would normally be assigned an updated version number.