CLARK COUNTY BOARD OF COMMISSIONERS
AGENDA ITEM

Issue: Termination of the Lease Agreement with Durango Warm Springs, LLC

Petitioner: Carel Carter, Director of Real Property Management

Recommendation:
That the Board of County Commissioners (Board) approve and authorize the termination of the Lease Agreement between Clark County (County) and Durango Warm Springs, LLC for Phase II on ±23.10 acres of County-owned real property; and authorize the Director of Real Property Management or her designee to sign any necessary documents; and take other action as directed by the Board. The leased property is known as Assessor's Parcel Numbers 176-09-501-009 and 176-09-501-010, and is located on the south side of Warm Springs Road between Durango Drive and Buffalo Drive.

FISCAL IMPACT:

Fund #: N/A
Fund Center: N/A
Description: N/A
Added Comments: N/A

Fund Name: N/A
Funded Pgm/Grant: N/A
Amount: None

BACKGROUND:

On March 2, 2004, the Board approved a Lease Agreement (Lease) with Durango Warm Springs, LLC (Durango) for a term of fifty-years for commercial development on ±59.33 acres within the Cooperative Management Area. The Board later approved an amendment of the Lease resulting in two (2) separate leases of Phase I (±36.23 acres) and Phase II (±23.1 acres).

The Lease required completed commercial facilities on Phase II by June 1, 2010, or the payment of fair market ground rent. The property remains unimproved. The Lease allows for termination for failure to complete the improvements or failure to pay rent.

On January 18, 2011, Real Property Management (RPM) presented the Board with Agenda Item #68 that recommended termination of the Lease between the County and Durango for Phase II. The Board directed RPM to attempt to negotiate an amendment with Durango. RPM presented the proposed revised terms of the Lease to Durango, both in person and in writing. Durango indicated agreement, in principle, to some of the proposed term revisions, and rejection of some of the proposed revisions. However, to date, Durango has not submitted to County any counter-offer nor have they been willing to engage RPM in attempting to negotiate this Lease amendment. As a result, RPM is requesting authorization to proceed with termination of the Lease.

This item was presented to the County Long Range Planning Committee on May 20, 2010.

Respectfully submitted,

CAREL CARTER, Director

3/1/2011
Agenda Item #
100

Cleared for Agenda