

AGENDA



Thursday, November 8, 2007

Public Works

Item No. 40

RECOMMENDATION FOR COUNCIL ACTION

Subject: Approve negotiation and execution of a 60-month lease with the possibility of future renewals for approximately 7,675 square feet of retail, office and storage space for the Book Sales Program of the Austin Public Library Department, located at 5335 Burnet Road, from PAJO PROPERTIES, LTD., Georgetown TX, in an amount not to exceed \$684,471.66 for the initial lease term.

Amount and Source of Funding: Funding in the amount of \$88,109.04 is available in the Fiscal Year 2007-2008 Operating Budget of the Library Department. Funding for the remaining lease term period is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Dean Harris 974-7061, John Gillum 974-7495, Laura Bohl 974-7064.

This item is being brought forward as a replacement for the Negotiate and Execute item approved August 30, 2007. Due to reasons beyond the City's control, the parties were unable to agree on mutually acceptable terms.

Since August 3, 2005, the Austin Public Library has utilized the former South Austin Post Office building at 1800 South Fifth Street for its Book Sales Program by providing a book sorting facility/used bookstore for items retired from the collection and donated materials not added to the collection. The former South Austin Post Office building stands at 10,000 square feet on two acres purchased by the City June 30, 2004 to serve as the site of the new Twin Oaks Branch Library. The construction schedule for the Twin Oaks Branch Library Replacement Project calls for demolition of the former South Austin Post Office building to begin December 15, 2007 to make way for construction of the new library, which will necessitate the relocation of the present book sorting/used bookstore operation from the site prior to that date.

The proposed lease to relocate the book sorting and sales operation is anticipated to commence in early 2008. The initial base rent for the 7,675 square feet will be \$12.52 per square foot annually or \$8,007.58 per month for the first twelve months, increasing to \$13.52 per square foot annually in year five as indicated in the attached chart. Operating expenses will also be reimbursed to the owner. This amount was approximately \$0.29 per square foot per month or \$2,238.54 for 2007 including taxes, insurance, and common area maintenance. Such expenses are estimated to increase 3% annually and are included in the requested authorization.

Regarding finishout, \$8 per square foot or \$61,400 of finishout and professional services allowance is included in the base rent. An additional finishout and professional services allowance of up to \$38,375 may be provided by the owner to adapt the space for the Library's use. This additional amount will be amortized at a cost of not to exceed \$767.50 per month if the full allowance is needed. If the Library were to exercise the nonappropriation provision prior to the lease termination date, a prorata portion of the unamortized finishout and transaction cost would be required to be repaid. The attached chart summarizes the total requested authorization.