

AGENDA



Thursday, May 21, 2009

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 9

Subject: Authorize the negotiation and execution of a 60-month lease with the right to exercise two 60-month extension options for 6,734 square feet of office space for the Child Protection Team of the Austin Police Department, located at 8509 FM 969 (formerly known as Vision Village) from MF AUSTIN RIDGE, LLC and PB AUSTIN RIDGE LLC, Austin, TX, in an amount not to exceed \$551,941.74 for the initial lease term; subordination of the outstanding City \$1,250,000 lien on the property to the landlord's financial institution providing financing for the leasehold improvements; release of the outstanding lien on the property; and modifying previously approved restrictive covenant and other conditions.

Amount and Source of Funding: Funding is included as a contractual cost increase as part of the Fiscal Year 2010 forecasted base budget of the Police Department.

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

For More Information: Dean Harris 974-7061; Ed Harris 974-5479; April Thedford 974-7141

Prior Council Action: March 25, 2004 – Council authorized the release of lien on the property where the leased premise is located in exchange for this lease and other conditions.

The Child Protection Team (CPT) was established 1990 in an effort to effectively protect the children of this community by consolidating the community, investigative, legal and social services into one collaborative effort. The CPT is collaboration between the Travis County District Attorney's Office, the Travis County Sheriff's Office and the Austin Police Department and their respective Victim Services Divisions; all other law enforcement agencies in Travis County; the Center for Child Protection; the Dell Children's Hospital and the Texas Department of Family and Protective Services. The CPT members are currently located in various facilities across Austin and Travis County and would like to move to a facility that would allow for victims to receive the services they need without having to visit multiple facilities in different locations.

In order to provide a facility for co-location of the entities described above, authorization is being requested to enter into a lease of 6,734 square feet on the Austin Ridge campus. This square footage is part of the approximately 14,500 square feet to be shared by the CPT. The requested authorization including finishout and estimated operating expenses except utilities is based on a rate of \$13 per square foot annually and 2 ½ % annual increases in subsequent years. Utility expenses to be paid to the owner are estimated at \$2 per square foot annually plus 2 1/2 % annual increases and are included in the requested authorization. In addition to annual rent and expenses, up to \$21,000 for one-time specialized security related tenant improvements and amortization is also included in the requested authorization.

Due to the amount of construction required on the shell and interior of the building, the lease is anticipated to commence early 2010. The lease will also contain two 60-month extension options (for a total lease term of 15 years) and reflect any market rate increases. If the extension options are desired to be exercised, they will be brought before Council at that time.

Currently, the City and the Travis County Health Facilities Development Corporation (TCHFDC) have a co-terminus lien on the property where the proposed leased premises is located securing a \$1,250,000

City note and a \$200,000 TCHFDC note. On March 25, 2004 the City Council approved release of the lien in exchange for the new owners (PB Austin Ridge LLC and MF Austin Ridge LLC) providing: (a) the office space that is being authorized by this action, (b) an option to purchase the building where the leased premises is located, (c) grant of a trail easement, (d) grant of a restrictive covenant limiting development on the property, (e) contribution of land and a building for the Center for Child Protection, and (f) assistance in preparing grant proposals related to the Family Justice Center. All conditions will be met prior to final execution of the lease except (b), (d) and (f) above. Item (b), an option to purchase the building where the leased premises is located could not be negotiated with the landlord because the owner did not want to commit to a lower price if the real estate market becomes depressed. Item (d), a restrictive covenant is required, however, it does not include height restrictions or a set-back to the top of the bluff overlooking the City park property. Item (f), assistance in preparing grant proposals related to the Family Justice Center did not occur because no grant applications were available.

This action also authorizes subordinating the outstanding co-terminus lien on the property to the landlord's financial institution providing financing for the leasehold improvements. Once the improvements are completed and the City occupancy commences, the lien will be released.

Approval of this agenda item, in addition to authorizing lease of the space will modify the prior City Council action to allow release of the outstanding lien.