

## AGENDA



Thursday, June 24, 2010

**Contract and Land Management  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 14**

**Subject:** Authorize the negotiation and execution of a 120-month lease, to be effective on or about December 1, 2010, for approximately 2,600 square feet of nutritional counseling space for the Women Infants and Children Program of the Health and Human Services Department, located at 6801 South IH-35, Suites 1-I and 1-J, from LX-NORTHBLUFF CENTER L.P., Austin TX, in an amount not to exceed \$891,754.

**Amount and Source of Funding:** Funding in the amount of \$320,000 is available in the Fiscal Year 2009-2010 Operating Budget of the Health and Human Services 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:** Lauraine Rizer 974-7078; Dean Harris 974-7061; Donna Sundstrom 972-6844; April Thedford 974-7141

This lease will provide for program relocation within the service area of the Dove Springs Women Infants and Children Program (WIC) site which serves 3,400 clients monthly. This site has been in operation sixteen years and provides the full range of WIC services including program eligibility, nutrition education, food benefits and breastfeeding support.

The current location lease rate is \$19.20 per square foot annually for 2,100 square feet, or \$3,360 per month, and expires October 16, 2011. The anticipated renewal rate at the current location would be approximately \$22.56 per square foot annually, or \$3,948 per month, and this amount includes costs City would need to incur to make needed repairs and complete deferred maintenance. The City has the right to terminate the current lease with six month's advance notice to the owner.

The proposed lease is 2,600 square feet, allowing for program growth over the past sixteen years. The initial rate will not exceed \$15.00 per square foot annually for base rent for years 1-5. The rate for years 6-10, \$17.25 per square foot, is based on CPI increases for 5 years, which has been estimated at 3% annually. Current operating expenses including taxes, insurance, and common area maintenance are \$5.00 per square foot annually, and have been estimated to increase 3½ % annually.

The proposed site is approximately 2 miles from the existing WIC program site and is on Capital Metro bus route. It is located within a retail strip center that also houses other community healthcare facilities including a dental clinic. In addition, there is a nearby grocery store that accepts WIC benefits. Having these businesses and services in such close proximity to the proposed site offer a great benefit to current and future WIC clients.

The Health and Human Services Department has existing surplus grant funds in the amount of \$320,000 to use towards finish-out to adapt the space to nutritional counseling use. A lease will be entered into, and this amount paid to the owner only after approval of bids by the State, and acceptance of the work.