

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	8930	Agenda Number	29.
Meeting Date:	August 25, 2011			
Department:	Office of Real Estate Services			
Subject				
<p>Authorize the negotiation and execution of a 60-month lease with one (1) five (5) year renewal option for 3,152 square feet of office space located at 4029 S. Capital of Texas Highway, Suite 111 from BRODIE OAKS CENTER, LTD. for the Economic Growth and Redevelopment Services Office's Small Business Development Program in an amount not to exceed \$346,720.</p>				
Amount and Source of Funding				
<p>Funding is included in the Fiscal Year 2010-2011 Operating Budget of the Economic Growth and Redevelopment Services Office.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
Purchasing Language:				
Prior Council Action:				
For More Information:	Rosy Jalifi 974-7739; Lauraine Rizer 974-7078; Amanda Glasscock 974-7173.			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

Austin's 38,000 small businesses are vital to the local economy and provide about 50% of local jobs. To support small businesses, the Economic Growth and Redevelopment Services Office's Small Business Development Program (SBDP) provides a variety of services for small business owners.

In January 2012, SBDP will launch an innovative new service – a public-private loan participation program that will facilitate lending to qualified small business borrowers. The City has formed partnerships with two area bank members of the Federal Home Loan Bank and two local SBA 504 lenders to bring this financing product to the Austin area.

The principal use of the Brodie Oaks Professional Plaza will be offices and work space for the employees who will staff this new initiative. SBDP's headquarters at 505 Barton Springs Road can not accommodate this expansion of services. This lease will also provide space to accommodate business education classes. SBDP will provide training for approximately 1,000 existing and potential small business owners per year.

The proposed office space at 4029 S. Capital of Texas Highway, Suite 111 is approximately 3,152 square feet. The initial lease term is for five (5) years with one (1) five (5) year option to renew the term of the lease at fair market terms and conditions.

The table below illustrates projected rental costs, including an estimated pass-through of approximately \$12.74 per square foot annually of operating expenses such as utilities, janitorial, and maintenance expenses over the term of the lease.

LEASE AT 4029 S. CAPITAL OF TEXAS HIGHWAY

Year	Base Rent per RSF	Estimated Operating Expense per RSF	Gross Rental Rate	Total RSF	Monthly Cost	Annual Cost
1	\$9.81	\$11.19	\$21.00	3,152	\$5,516.00	\$66,192.00
2	\$10.31	\$11.19	\$21.50	3,152	\$5,647.33	\$67,768.00
3	\$10.81	\$11.19	\$22.00	3,152	\$5,778.67	\$69,344.00
4	\$11.31	\$11.19	\$22.50	3,152	\$5,910.00	\$70,920.00
5	\$11.81	\$11.19	\$23.00	3,152	\$6,041.33	\$72,496.00
Total cost over primary lease term						\$346,720.00