

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	16301	Agenda Number	36.
Meeting Date:	June 28, 2012			
Department:	Office of Real Estate Services			
Subject				
<p>Authorize the negotiation and execution of a 120-month lease renewal for 26,456 square feet of office space and associated parking for the City of Austin Neighborhood Housing and Community Development Department, located at 1000 East Eleventh Street (Street Jones Building) from Austin Revitalization Authority (ARA) Inc., in an amount not exceed \$11,230,132.82.</p>				
Amount and Source of Funding				
<p>Funding is available in the 2011-2012 Operating Budget of the Neighborhood Housing and Community Development Department.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
Purchasing Language:				
Prior Council Action:	<p>January 31, 2002: Council approved amending the resolution to allow the lease negotiation of the contract to be brought back to Council.\</p> <p>February 7, 2002: Council approved a 120-month lease for 22,000 square feet of office space;</p> <p>January 29, 2004: Council approved a lease amendment authorizing an additional 4,546 sq. ft. of office space.</p> <p>June 24, 2004: Council approved a lease amendment increasing the amount to reimburse ARA for finish-out expenses.</p>			
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Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

On February 7, 2002, Council authorized a 120-month lease of approximately 22,000 square feet of office space to be located at 1000 East Eleventh Street from ARA. The lease agreement stipulates in year nine an annual rental rate is \$25.81 per square foot and in year ten, \$26.75 per square foot, plus operating expenses excluding electricity.

On January 29, 2004, Council further authorized a lease amendment for an additional 4,546 square feet of office space. The lease amendment stipulates an annual rental rate for the additional 4,546 square feet for year nine and ten is \$16.50 per square foot.

The project was completed in July of 2004. The lease commencement date began August 1, 2004 and expires December 31, 2014.

In October 2006, ARA requested to reduce the City's leased premises by 90 square feet for the installation of an exhaust fan in the second and third floor needed for a new tenant, decreasing the City of Austin's office area from 26,546 square feet to 26,456 square feet.

The proposed lease amendment extends the lease an additional ten years and freezes the rental base rate for year nine and ten of the current lease and the first year of the lease renewal at \$23.52 per square foot for the entire 26,456 square feet plus operating expenses excluding electricity. An annual 3.5% rent adjustment will commence on January 1, 2016.

The City of Austin shall continue to pay for 73 parking spaces at \$55.00 per month per space during the extended lease term. The parking rate may be adjusted on an annual basis provided that a parking appraisal conducted by a certified real estate appraiser supports an increase. All cost associated with the parking appraisal shall be the responsibility of ARA.

Presently, the Neighborhood Housing and Community Development Department, Austin Housing Finance Corporation, Health and Human Services/WIC call center, a division of Corporate Public Information Office, and Office of Sustainability occupy 26,456 square feet of office space.

The proposed 120-month lease renewal shall begin January 1, 2015 and expires December 31, 2024.