

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: April 26, 2018

Item Number: **014**

Office of Real Estate Services

Authorize the negotiation and execution of a 72 month lease agreement with one option to extend for an additional six years, for approximately 25,137 square feet of office space for the Austin Transportation Department with Barton Oaks Plaza V, LP, a Texas Limited Partnership, located at Barton Oaks Plaza V, 901 South Mopac Expressway, Suite 300 in an amount not to exceed \$6,890,303.07.

District(s) Affected: District 8

Lead Department	Office of Real Estate Services.
Fiscal Note	This item has no fiscal impact.
For More Information	Lauraine Rizer, Office of Real Estate Services, (512) 974-7078; Megan Herron, Office of Real Estate Services, (512) 974-5649; Rob Spillar, Austin Transportation Department, (512)974-2488.

Additional Backup Information:

The Austin Transportation Department (ATD) has occupied approximately 14,037 square feet of space at 3701 Lake Austin Boulevard since 2015 under a lease from the Lower Colorado River Authority (LCRA).

In 2015, ATD moved 55 employees from One Texas Center to the LCRA site. Currently, 90 employees are located at the LCRA site, which has created overcrowding. All cubicles have been downsized for additional occupancy and now include at least 2-3 people in each cubicle. City Council approved in the FY2017 budget eight new positions that will also office at this location.

Although it was originally contemplated that additional space would be available at the LCRA site, on February 28, 2018 provided the City with a termination letter. The lease will terminate on July 31, 2018. This will necessitate that ATD employees will need to relocate as soon as possible. The space located at Barton Oaks V located at 901 S. Mopac Expressway, Suite 300 is adequate to meet the needs of ATD.

The lease term is six years with a one six year extension option. The proposed base rental rate for year one is \$27.50/per square feet with annual escalations at \$0.50 per square foot, plus operating expenses of \$15.32 for first year. Operating expenses include janitorial, common area maintenance, water, electrical, taxes and insurance. Landlord is providing a tenant improvement allowance of \$36 per square feet a total of \$904,932. One hundred and one (101) parking spaces will be provided at no cost.

	Base Rent per square foot	Operating Expenses per square foot *	Monthly Rent	Annual Rent
Year 1	\$27.50	\$15.32	\$89,697.20	\$1,076,366.34
Year 2	\$28.00	\$15.93	\$92,022.37	\$1,104,268.41
Year 3	\$28.50	\$16.57	\$94,410.38	\$1,132,924.59
Year 4	\$29.00	\$17.23	\$96,840.29	\$1,162,083.51
Year 5	\$29.50	\$17.92	\$99,333.04	\$1,191,996.54
Year 6	\$30.00	\$18.63	\$101,867.69	\$1,222,663.68
Total				\$6,890,303.07
		* Assumes 4% annual escalation		

The cost per square foot is within the market rate per a rent study conducted by a third-party appraiser. Austin Independent School District and Travis County were contacted and do not have any space at this time.

The proposed lease has been reviewed and approved by the Strategic Facilities Governance Team.