



**Lease Agreement/Renewal
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 7
AGENDA DATE: Thu 02/09/2006
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SUBJECT: Authorize negotiation and execution of a 60-month lease renewal of approximately 8,124 rentable square feet of office space located at 700 Lavaca, from TRAVIS REALTY CORP., for the Office of City Treasurer, in an amount not to exceed \$806,144.52, and authorize the negotiation and execution of a 60-month sublease renewal of approximately 50% of the lease space to Public Financial Management (PFM), the City's financial advisory firm.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$62,622.50 is available in the Fiscal Year 2005-2006 Operating Budget of the Office of City Treasurer. Funding for the remaining 55 months of the original contract period is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Public Works **DIRECTOR'S**
DEPARTMENT: for Financial and **AUTHORIZATION:** Sondra Creighton
Administrative Services -
Treasury;

FOR MORE INFORMATION CONTACT: Dean Harris, 974-7061; Art Alfaro 974-7882; Laura Bohl, 974-7064

PRIOR COUNCIL ACTION: November 30, 2000, original lease approved.

BOARD AND COMMISSION ACTION: N/A

The Treasurer's office has been located in the Chase Bank building since April 2001, and the current lease of 8,124 rentable square feet expires April 30, 2006. The sublease to PFM of approximately 50% of the space will be on a cost pass-through basis and effectively reduce the City's costs as shown below by that percentage.

Subject to Council approval, the Chase Bank lease of 8,124 rentable square feet is anticipated to commence on May 1, 2006 and expire April 30, 2011. The current monthly lease payment for rent and expenses is approximately \$19,500, or \$28.80 per square foot annually. The requested authorization includes a rate of \$18.50 per square foot for year one (\$10.00 base rent plus \$8.50 estimated expenses, or \$18.50 total) with annual increases as shown below. The expense increase estimate is calculated at approximately 2% annually because the building has exhibited relatively stable expenses in recent years.

<u>Year</u>	<u>Rent Per Sq. Ft</u>	<u>Est. Exp. Per Sq. Ft.</u>	<u>Cost Per Month</u>
1	\$10.00	\$8.50	\$12,525
2	\$10.50	\$8.67	\$12,978
3	\$11.00	\$8.84	\$13,432
4	\$11.50	\$9.02	\$13,892
5	\$12.00	\$9.20	\$14,352