



Thursday, September 28, 2006

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Public Works
RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 29

Subject: Approve the negotiation and execution of a 15-year lease for approximately 6,280 square feet of medical and nutritional counseling space for the Women Infants and Children (WIC) program of the Health and Human Services Department, located at 8701A Research Boulevard, from VAN'S REAL ESTATE PARTNERSHIP, Austin TX, in an amount not to exceed \$2,947,238.05.

Amount and Source of Funding: Funding for the contract period is contingent upon available funding in future WIC grant programs. (Related to item # 15)

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

**Additional Backup
Material**

(click to open)

Lease Chart

For More Information: Dean Harris 974-7061, Donna Sundstrom 972-6844, Laura Bohl 974-7064.

This proposed lease would commence Spring 2007, and would relocate the Mom's Place Lactation Center and Parkfield Women Infants and Children (WIC) Clinic from 9411 Parkfield to 8701A Research. The Lactation Center provides breastfeeding support to WIC clients, a training center for health providers to get clinical experience working with mothers, and a statewide resource for health providers and clients to call for information and assistance with breastfeeding problems. The Parkfield WIC site is the largest of ten full-time WIC sites in the City and serves over 4,500 clients monthly and will be situated in an area with over 7,000 WIC eligible women and children. The site provides the full range of WIC services including program eligibility, nutrition education, food vouchers and childhood immunizations. The programs have been at the present location since 1994. The leased area would be increased in size from approximately 4,000 square feet to 6,280 square feet to accommodate program growth over the past twelve years. The replacement facility offers much greater access and visibility, adequate lighted parking for clients, and improved indoor environmental conditions.

The existing location's remaining lease rate is \$15.00 per square foot annually, or \$4,907.50 per month for approximately 4,000 square feet including taxes, insurance and maintenance, plus \$0.50 per square foot annual increases, and would otherwise expire July 31, 2009, at a final monthly rate of \$5,447.75.

The approximate projected lease rate including base rent, taxes, insurance, maintenance, and amortization of not-to exceed \$942,000 finishout is approximately \$15,250 monthly or \$29.14 per square foot annually for years 1-7. The proposed base rent will be adjusted in year eight to reflect market, not to exceed \$84,780 annually and will be based on the property's pre-renovation state. Additional increases will be determined by possible future increases in property tax and insurance, and estimates for such are included in the requested authorization. If the full finishout budget is not used as is anticipated, the final rate will be adjusted downward accordingly. A prorata portion of the unamortized finishout would be required to be repaid by the Health and Human Services Department if the City were to exercise the non-appropriation provision in the lease.

The Health and Human Services Department has also just been awarded a State grant in the amount of \$338,946 in additional funding. Contingent upon United States Department of Agriculture (USDA) approval these funds along with \$110,000 of WIC funds would be used towards finishout to adapt the space to medical and nutritional counseling use, and would proportionately reduce the finishout cost. The timing associated with the grant's encumbrance requirements cause the need for this RCA to be brought forward pending USDA's final approval.

The estimated lease cost without the grant funds is as follows:

	Base Rent	Taxes, Insurance (Estimated)	Finishout	Total Rent
Year 1	\$62,800.00	\$8,500.00	\$103,426.54	\$174,726.54
Year 2	\$62,800.00	\$16,000.00	\$103,426.54	\$182,226.54
Year 3	\$62,800.00	\$16,500.00	\$103,426.54	\$182,726.54
Year 4	\$62,800.00	\$17,000.00	\$103,426.54	\$183,226.54
Year 5	\$62,800.00	\$17,500.00	\$103,426.54	\$183,726.54
Year 6	\$62,800.00	\$18,000.00	\$103,426.54	\$184,226.54
Year 7	\$62,800.00	\$18,500.00	\$103,426.54	\$184,726.54
not to exceed market Year 8	\$84,780.00	\$19,000.00	\$103,426.54	\$207,206.54
Year 9	\$84,780.00	\$19,500.00	\$103,426.54	\$207,706.54
Year 10	\$84,780.00	\$20,000.00	\$103,426.54	\$208,206.54
Year 11	\$84,780.00	\$20,500.00	\$103,426.54	\$208,706.54
Year 12	\$84,780.00	\$21,000.00	\$103,426.54	\$209,206.54
Year 13	\$84,780.00	\$21,500.00	\$103,426.54	\$209,706.54
Year 14	\$84,780.00	\$22,000.00	\$103,426.54	\$210,206.54
Year 15	\$84,780.00	\$22,500.00	\$103,426.54	\$210,706.54
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				\$2,947,238.05