

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	54490	Agenda Number	19.
Meeting Date:	February 25, 2016			
Department:	Office of Real Estate Services			
Subject				
Authorize negotiation and execution of a 36-month and 19-day lease extension for approximately 4,934 rentable square feet of office space for the Treasury Office, located at 700 Lavaca Street, Suite 940, from TRAVIS COUNTY, TEXAS, in an amount not to exceed \$472,094.25 (District 9).				
Amount and Source of Funding				
Funding in the amount of \$94,060 is available in the Fiscal Year 2015-2016 Operating Budget of the Financial Services Division of the Treasury Office. Funding for the remaining lease term is contingent upon available funding in future budgets.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:	December 16, 2010 – Council approved lease renewal. February 9, 2006 – Council approved lease renewal. November 30, 2000 – Council approved Resolution No. 001130-50, approving the original lease.			
For More Information:	Art Alfaro, Finance Department, Treasury Office, (512) 974-7882; Lauraine Rizer, Office of Real Estate Services, (512) 974-7078; Amanda Glasscock, Office of Real Estate Services, (512) 974-7173.			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

The Treasury Office has leased space at 700 Lavaca Street since May 2001. The first amendment to the lease was extended in May 2006, renewing the lease for an additional five years. The second amendment to the lease was entered into February 2008. It expanded the premises by 2,224 square feet to provide office space for another City department. The third amendment to the lease took place in December 2010. It relocated the Treasury Office to the 9th floor and reduced the rentable square footage from 10,348 square feet to 4,934 square feet. Further, it terminated all prior lease space to the City.

The lease extension will provide the continuation of office space for 36 months and 19 days, commencing February 11, 2016, and expiring February 28, 2019. The proposed terms for the 4,934 rentable square feet start at a base rate of \$19.50 per square foot, with annual escalations at \$0.50 per square foot, plus \$6.51 per square foot for year 2015 for operating expenses, such as utilities, janitorial services and maintenance, and is projected to increase by 1% annually. The parking cost under this renewal for thirteen (13) parking spaces will be set at \$150 per space per month. The tables below illustrate rental costs, projected operating expenses and parking, totaling \$472,094.25.

Base Rent + Parking

Lease Period	Base Rate \$SF/YR	Annual Rent	Annual Parking Fee
02/11/2016-02/28/2017	\$19.50	\$93,448.26 (prorated)	\$22,660.34 (prorated)
03/1/2017-02/28/2018	\$20.00	\$98,680.00	\$23,400.00
03/1/2018-02/28/2019	\$20.50	\$101,147.00	\$23,400.00

Operating Expense Estimates

Calendar Year	Rate \$SF/YR	Annual Operating Expense
02/2016 – 12/2016	\$6.51	\$29,443.70 (prorated)
01/2017 – 12/2017	\$6.58	\$32,465.72
01/2018 – 12/2018	\$6.65	\$32,790.38
01/2019 – 02/2019	\$6.72	\$5,526.08 (prorated)

Combined Totals (Annual Base Rent, Estimated Operating Expenses, and Parking)

Lease Period	Totals	
02/11/2016-02/28/2017	\$160,075.25	Note: this period is 12 months and 19 days
03/1/2017-02/28/2018	\$154,603.28	
03/1/2018-02/28/2019	\$157,415.72	
Total Renewal Term	\$472,094.25	

The lease rate is within the market rental rate per a rent study conducted by a third-party appraiser. The Strategic Facilities Governance Team reviewed and approved this facility request.