

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council

Item ID:

57564

Agenda Number

11.

Meeting Date:

May 5, 2016

Department:

Office of Real Estate Services

Subject

Authorize negotiation and execution of a 60-month lease with one five-year renewal option for approximately 7,174 rentable square feet of office space for the Equal Employment and Fair Housing Office of the Human Resources Department and additional support services, located at 1050 East 11th Street, Suite 200 and Suite 250, from ELEVEN EAST CORP., in an amount not to exceed \$3,065,226 (District 1).

Amount and Source of Funding

Funding in the amount of \$88,711 is available in the Fiscal Year 2015-2016 Operating Budget of the Human Resources Department. Funding in the amount of \$26,699 is available in the Fiscal Year 2015-2016 Operating Budget of support services. 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:

September 23, 2010 – Council approved original lease.

For More
Information:

Lauraine Rizer, Office of Real Estate Services, (512) 974-7078; Joya Hayes, Human Resources Department, (512) 974-3246; Amanda Glasscock, Office of Real Estate Services, (512) 974-7173.

Boards and
Commission
Action:

MBE / WBE:

Related Items:

Additional Backup Information

The Equal Employment/Fair Housing Office (EE /FHO) of the Human Resources Department is currently located in the Snell Building at 1050 East 11th Street, Suite 300, and occupies approximately 2,548 square feet. The Snell Building is located centrally to the community EE /FHO serves, providing easy access for citizens.

In response to the Fair Chance Hiring Ordinance approved by City Council in March 2016, additional EE /FHO staff is anticipated to be placed at this location. The new lease agreement recommended to City Council would relocate EE /FHO to Suite 200, providing an additional 1,015 square feet for a total of 3,563 square feet of office space, thus addressing the current and future space needs of EE /FHO.

The co-location of support services staff in Suite 250 will increase efficiency, facilitate project collaboration, and concurrently clear space needed at other facilities. The total leased space in Suites 200 and 250 will be approximately 7,174 square feet.

The proposed lease term is five years with one five-year extension option. The proposed base rental rate for year one is \$23.50 per square foot, with annual escalations at \$0.75 per square foot. Annual operating expenses are estimated at \$12.50 per square foot, with a projected annual 3% increase.

Parking is available to meet the needs of City employees and clients at no additional charge. The landlord shall provide a tenant improvement allowance of \$15 per square foot for a total amount of \$107,610. The estimated total cost for tenant improvements (build-out) in both suites is approximately \$216,000, with the City's obligation to pay the remainder of approximately \$108,390.

The lease rent amount falls within rates on the current open market, per a rent study conducted by an independent third-party appraiser.

The Strategic Facilities Governance Team reviewed and approved this facility request.

Base Rent and Operating Expenses for 7,174 square feet – Initial Five-Year Term

Lease Period	Base Rate \$SF/YR	Annual Rent	Operating Expenses \$SF/YR	Annual Operating Expenses	Totals
Year One	\$23.50	\$168,589.00	\$12.50	\$89,675.00	\$258,264.00
Year Two	\$24.25	\$173,969.50	\$12.88	\$92,401.12	\$266,370.62
Year Three	\$25.00	\$179,350.00	\$13.27	\$95,198.98	\$274,548.98
Year Four	\$25.75	\$184,730.50	\$13.67	\$98,068.58	\$282,799.08
Year Five	\$26.50	\$190,111.00	\$14.08	\$101,009.92	\$291,120.92
Total Amount					\$1,373,103.60

Base Rent and Operating Expenses for 7,174 square feet – First Five-Year Extension Option

Lease Period	Base Rate \$SF/YR	Annual Rent	Operating Expenses \$SF/YR	Annual Operating Expenses	Totals
Year One	\$27.25	\$195,491.50	\$14.50	\$104,023.00	\$299,514.50
Year Two	\$28.00	\$200,872.00	\$14.94	\$107,179.56	\$308,051.56
Year Three	\$28.75	\$206,252.50	\$15.39	\$110,407.86	\$316,660.36
Year Four	\$29.50	\$211,633.00	\$15.85	\$113,707.90	\$325,340.90
Year Five	\$30.25	\$217,013.50	\$16.33	\$117,151.42	\$334,164.92

Total Amount		\$1,583,732.24