



## Recommendation for Action

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**File #:** 19-2706, **Agenda Item #:** 31.

8/22/2019

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### **Posting Language**

Authorize payment in an amount not to exceed \$150,650 to CPF 811 Barton, LLC for the leasehold improvements located at 811 Barton Springs Road, Suite 805, to be occupied by the Small and Minority Business Resources Department.

### **Lead Department**

Office of Real Estate Services.

### **Fiscal Note**

Funding in the amount of \$150,650 is included in the Fiscal Year 2019-20 Budget for the Small and Minority Business Resources Department.

### **Prior Council Action:**

April 28, 2011 - Council approved a 72-month lease agreement with a 12-month extension; August 18, 2016 - Council approved a 5-year extension option.

### **For More Information:**

Alex Gale, Office of Real Estate Services, (512) 974-1416; Megan Herron, Office of Real Estate Services, (512) 974-5649; Edward Campos, Small and Minority Business Resources Department (512) 974-7206.

### **Additional Backup Information:**

Austin Energy has leased a total of 71,920 square feet of space at 811 Barton Springs Road since 2011. Austin Energy recently reallocated office space which allowed Austin Energy to vacate suite 805, which consists of 7,770 square feet. This has given Small and Minority Business Resources Department (SMBR), who is currently located at 4201 Ed Bluestein Blvd., the opportunity to move to a more central location. This move will allow SMBR to more efficiently collaborate with partner departments (Public Works, Capital Contracting Office, Purchasing Office and other essential departments) located in the downtown area. Given the current location of SMBR offices, staff spends a considerable amount of time travelling to and from meetings and project sites on a daily basis. Reducing travel time will increase the time staff is physically in the office. The new location will also benefit our business partners and stakeholders who participate in the minority and women-owned business (MBE/WBE) procurement program by providing easier access to the resources that are essential to the mission of the Department, which is to, "...provide development, opportunities and resources for small, minority-owned and women-owned businesses so that they can have affirmative access to city procurement opportunities."

The 5-yr extension option negotiated provided a \$7.50 per square foot leasehold improvement allowance provided by the Landlord. The Landlord will contribute \$58,275 (\$7.50 x 7,770 square feet). The total cost of the leasehold improvements is \$208,925 SMBR's responsibility will be \$150,650 for the leasehold improvements.

City-owned space is the preferred recommendation for a location of City Departments, including the possibility of purchasing new City facilities. Due to immediate need and the difficulty of purchases or building in the current economic environment, a lease with a competitive market rental is generally the only immediately

available option. This lease is necessary due to the lack of office space in City-owned facilities.

We continue to work with our development advisor, CBRE, on a lease exit strategy which will provide a plan on utilizing our existing city-owned facilities and continued pursuits using the P3 model. As the end of the lease term for the facility approaches, this analysis and space planning work will be utilized to move towards finding a long-term solution.