



Recommendation for Action

File #: 21-3327, **Agenda Item #:** 13.

11/4/2021

Posting Language

Authorize negotiation and execution of a fifth amendment to the lease agreement with Pajo Properties, Ltd., a Texas limited partnership, extending the term for 12 months, with one extension option for an additional 12 months, for approximately 7,675 square feet, located at 5335 Burnet Rd., Austin, Travis County, Texas 78756, for space to be used for the continued operation of Austin Public Library Recycled Reads bookstore, in an amount not to exceed \$426,654.

Lead Department

Office of Real Estate Services.

Fiscal Note

Funding for the lease term period is contingent upon available funding in future budgets.

Prior Council Action:

November 8, 2007 - Lease approved.

August 16, 2012 - Lease renewal approved.

March 26, 2015 - Lease renewal approved.

For More Information:

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Additional Backup Information:

Authorize the negotiation and execution of a fifth amendment to the lease agreement extending the term for 12 months, with one 12-month extension option, with Pajo Properties, Ltd., a Texas limited partnership, for the continued operation of Austin Public Library Recycled Reads bookstore for approximately 7,675 square feet, located at 5335 Burnet Rd, Austin, Travis County, Texas 78756, in an amount not to exceed \$426,654. The City has leased this space, which houses the Austin Public Library's Recycled Reads used bookstore program since March 2008. The lease was renewed in August 2012 and subsequently in March 2015. The store is stocked with books and materials withdrawn from the Library's collection and the community's donations. The store is an active participant in the City's Zero Waste Plan by ensuring obsolete materials are kept out of landfills by selling these books and materials. Items that Recycled Reads is unable to sell go to third party recyclers that fund and support literacy programs. Books that are unusable as reading material are recycled for reuse. Currently Recycled Reads program handles a monthly average of 25 tons of obsolete library material and books donated from the public.

The lease expires on March 31, 2022. The base rent rate for the proposed 12-month extension is \$17.76 per square foot per year, with operating expenses estimated at \$9.53 per square foot. The base rent rate for the renewal option for an additional 12-months is \$18.29 per square foot per year, and operating expense estimated at \$10.01 per square foot. The operating expenses are inclusive of property taxes, insurance, management, and common area maintenance. Austin Public Library will be responsible for its utilities, trash,

recycling services, interior maintenance, and repairs.

The cost per square foot is within the market rate per a rent study conducted by a third-party appraiser.

City-owned space is the preferred recommendation for location of City Departments. Due to immediate need and the intended use of the property, a lease extension with a competitive market rental is the only available option.

	Rent Schedule	Base Rent SF/YR	Annual Base Rent	Operating Expense/SF	Annual Operating Expense	Annual Base Rent + Operating Expense
Extension Term	4/1/2022 - 3/31/2023	\$17.76	\$136,308	\$9.53	\$73,143	\$209,451
Renewal Option	4/1/2023 - 3/31/2024	\$18.29	\$140,376	\$10.01	\$76,827	\$217,203
Total						\$426,654

Strategic Outcome(s):

Economic Opportunity and Affordability.