



Recommendation for Action

File #: 21-3639, **Agenda Item #:** 41.

12/9/2021

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 48 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, in an amount not to exceed \$1,107,963.

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:

Megan Herron, Office of Real Estate Services, 512-974-5649; Michael Gates, Office of Real Estate Services, 512-974-5639, Dana Conners, Austin Public Library, 512-974-7466, John Daniels, Austin Public Library, 512-974-9823.

Additional Backup Information:

Authorize the negotiation and execution of a fifth amendment to the lease agreement extending the term for 48 months, with one extension option for 12 months, 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 \$1,107,963.

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 The store is stocked with books and materials withdrawn from the Library's collection and the community's donations.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 proposed extension will commence April 1, 2022, the base rent rate for year one of the 48-month extension is \$17.58 per square foot per year, with 2% annual escalations for the remainder term. The base rent rate for the 12-month extension option will be 3% increase of the then existing base rent. The operating expenses are currently estimated at \$9.08 per square foot and are projected to increase by 5% annually. 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.

48 Months Extension Rent Term

Year	Rent Schedule	Base Rent Rate/SF/Yr	Annual Rent	Estimated OpEx Rate/SF/Yr	Annual OpEx	Total Annual Rent + OpEx
1	4/1/2022 - 3/31/2022	\$17.58	\$134,927	\$9.53	\$73,143	\$208,069
2	4/1/2023 - 3/31/2023	\$17.93	\$137,613	\$10.01	\$76,827	\$214,440
3	4/1/2024 - 3/31/2024	\$18.29	\$140,376	\$10.51	\$80,664	\$221,040
4	4/1/2025 - 3/31/2025	\$18.66	\$143,216	\$11.04	\$84,732	\$227,948
Total						\$871,496

Extension Option - 12 Months Rent Term

Year	Rent Schedule	Base Rent Rate/SF/Yr	Annual Rent	Estimated OpEx Rate/SF/Yr	Annual OpEx	Total Annual Rent + OpEx
5	4/1/2026 - 3/31/2026	\$19.22	\$147,514	\$11.59	\$88,953	\$236,467

Strategic Outcome(s):

Culture & Lifelong Learning.