



MEMORANDUM

TO: Mayor and Council Members

FROM: Michael Gates, Interim Officer *mf*
Financial Services Department - Real Estate Services

THRU: Veronica Briseño, Assistant City Manager

DATE: February 1, 2022

SUBJECT: Resolution No. 20210610-095 (Rent Abatement in City-Owned Buildings) – Staff Response

On June 10, 2021, City Council approved Resolution No. 20210610-095 which directed staff to review and determine the appropriateness of reducing and/or abating portions of the rent for market-rate lessees in city-owned buildings based on market data related to lease abatements, reductions, and deferrals in comparable and/or nearby buildings due to COVID-19 conditions and/or other factors. In response, the Financial Services Department engaged a consultant to conduct Fair Market Rent studies of the City's leased spaces. The studies substantiated market support for varying amounts of rent abatement for future rents unique to each leased space predicated on the establishment of new lease agreements for those locations. Accordingly, staff will contact the four current lessees and offer to re-negotiate the terms of their existing leases to offer the amounts of future rent abatement supported by the studies in exchange for renewed lease terms. Staff anticipates bringing items for Council's consideration soon after the successful negotiation of proposed terms with each lessee and considers these upcoming actions responsive to the direction set forth in the Resolution.

Please feel free to contact me at (512) 974-5639 if you have any questions.

cc: Spencer Cronk, City Manager
Ed Van Eenoo, Chief Financial Officer
Kimberly Olivares, Deputy Chief Financial Officer