



Recommendation for Action

File #: 22-2475, Agenda Item #: 54.

7/28/2022

Posting Language

Authorize negotiation and execution of a second amendment to the lease agreement with Icon Owner Pool 6 Austin, LLC, a Delaware limited liability company for approximately 27,520 square feet of warehouse space for the Austin Police Department's Community Liaison Unit and the Blue Santa Program, located at 4101 S. Industrial Drive, Suite 260, Austin, Travis County, Texas, extending the lease term for an additional 36 months, for a total amount not to exceed \$1,448,654.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$219,048 is available in the Fiscal Year 2021-2022 Operating Budget of Austin Police Department. Funding for the remaining term of the Agreement is contingent upon available funding in future budgets.

Prior Council Action:

September 28, 2017 - Council approved a 5-year lease extension.
October 19, 2006 - Council approved a 120 -month lease renewal.
May 4, 2006 - Council approved a 3-month lease extension.
February 16, 2006 - Council approved a 7-month lease extension.

For More Information:

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Additional Backup Information:

The leased facility is used year-round to gather, store, and deploy community resources. It includes office space for members of the Community Liaison Unit and Austin Police Department (APD). The size of the warehouse accommodates the current needs of the Community Liaison Unit for programs such as National Night Out, Youth Programs (LinKS and Leadership Camps), Seniors and Law Enforcement Together (SALT), 1CARE Community Conference, , the APD Bike Giveaway Event and Operation Blue Santa. The Community Liaison Unit and APD also use the warehouse for programming and preparation and is typically at capacity for annual events.

The APD's Office of Community Liaison works in each of APD's four regions as dictated by the department and community needs. The Community Liaison Unit's outreach objectives include many programs and they have been serving the citizens of Austin for several decades. This year marks the 50th Anniversary of Operation Blue Santa. The event will help 5,000 families, equating to approximately 15,000 children. This program and associated events would not be possible without warehouse space being available to APD. This location is the central hub for all the aforementioned annual events.

The Community Liaison Unit and the Blue Santa Program use the warehouse space, the entire parking lot and

the street located at the rear of the building to conduct community events. When Operation Blue Santa is underway, six or seven 18-wheeler trucks and hundreds of privately owned vehicles deliver Christmas gifts from this location to transport to other drop-off locations around Austin. Thousands of volunteers, City of Austin employees, and neighboring businesses join to make this program a great and successful event each year for children.

The proposed lease renewal is for thirty-six (36) months, commencing on August 1, 2022, and expiring July 31, 2025. The lease rate is within market rate per a rent study conducted by a third-party appraiser.

The table below illustrates the estimated annual costs for the space (27,520 sf) attributed to APD, through July 31, 2025. Base Rent shall increase each year by 4.0% starting Month 13 of the Lease Term and Operating Expenses (OPEX) are estimated to increase by 8% annually.

Year	Rent Schedule	Base Rent Per SF/Year	Annual Rent	Estimated OPEX Per SF/Year	Annual OPEX	Total
1	8/1/2022-7/31/2023	\$12.00	\$330,240	\$4.68	\$128,794	\$459,034
2	8/1/2023-7/31/2024	\$12.48	\$343,450	\$5.05	\$138,976	\$482,426
3	8/1/2024-7/31/2025	\$12.98	\$357,210	\$5.45	\$149,984	\$507,194
						\$1,448,654

The City does not currently have any alternative available warehouse space for the Community Liaison Unit, Blue Santa, and other APD Programs. This lease is a stopgap solution that will serve APD's needs until City-owned warehouse space is available. The Strategic Facilities Governance Team has reviewed and approved this request and anticipates being able to establish replacement City-owned warehouse space for APD's use prior to the end of the three-year term provided by this lease.

Strategic Outcome(s):

Safety.