

AGENDA



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	25177	Agenda Number	18.
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Meeting Date:	June 20, 2013
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Department:	Office of Real Estate Services
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Subject

Authorize the negotiation and execution of an 84-month lease for approximately 14,037 square feet of office space located at 3701 Lake Austin Boulevard from the LOWER COLORADO RIVER AUTHORITY, in an amount not to exceed \$2,846,304.52.

Amount and Source of Funding

Funding in the amount of \$380,000 is available in the Fiscal Year 2012-2013 Operating Budget of various departments. Funding for the contract period is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Dean Harris 974-7061; Lauraine Rizer 974-7078; Amanda Glasscock 974-7173.
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Boards and Commission Action:	
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MBE / WBE:	
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Related Items:	
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Additional Backup Information

Lease space has been located in the Lower Colorado River Authority's (LCRA) Miller building at 3701 Lake Austin Boulevard on land that was leased to LCRA from the City under a 1947 ground lease. This space is available because the LCRA reduced its staff over the past two years, and staff that occupied office space in this building has been relocated into other facilities. LCRA now desires to lease the vacant office space to generate revenue and offset maintenance costs.

The proposed lease rate for the 14,037 square feet is \$22.93 per square foot annually for year one, with 3% annual increases thereafter. This rate is a full service rate and includes all operating expenses such as utilities, janitorial, maintenance, repairs, and insurance; with the exception of property taxes, if any. Should property taxes be levied, the City would remit its pro rata share directly to the assessor's office. The existing modular furniture is available for the City's use at no additional cost. For parking, 53 spaces adjacent to the building are included. Additional off-site parking may be available, subject to possible additional cost. The lease would contain a provision for one seven-year extension option, at the then-current fair market rate, subject however, to LCRA not needing the space for their employees. The extension option would be brought back to Council at that time for consideration.

The cost for LCRA to adapt the floorplan to the City's needs is estimated at not to exceed \$27 per square foot or a total of approximately \$380,000, and is included in the requested authorization. All floor plan changes are subject to prior approval and contractor availability by the LCRA. LCRA would provide an allowance of \$21,000 towards reconfiguration of the existing modular furniture in the space. Should final space planning indicate the need for additional floor plan changes or other general lease term changes, the requested authorization is subject to increase to the permissible limit of administrative authority. The lease would provide for a 60-day timeframe after the lease is signed before rental payments commence, but would not commence prior to October 1, 2013.