

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	69473	Agenda Number	12.
Meeting Date:	April 13, 2017			
Department:	Office of Real Estate Services			
Subject				
<p>Authorize negotiation and execution of a 60-month lease renewal for approximately 3,749 square feet of office space for the Economic Development Department, Small Business Development Program, located at 4029 South Capital of Texas Highway, Suite 110, in Austin, Travis County, Texas, from LCFRE AUSTIN BRODIE OAKS, LLC, for a total amount not to exceed \$578,583.17 (District 5).</p>				
Amount and Source of Funding				
<p>Funding in the amount of \$44,488.15 is available in the Fiscal Year 2016-2017 Operating Budget of the Economic Development Department. Funding for the remaining term is contingent upon available funding in future budgets.</p>				
Fiscal Note				
<p>A fiscal note is not required.</p>				
Purchasing Language:				
Prior Council Action:	August 25, 2011 - Council approved original lease; August 23, 2012 - Council approved lease amendment to add additional square footage to the lease space.			
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Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				


Austin's 38,000 small businesses are vital to the local economy and provide about 50% of local jobs. To support small businesses, the Economic Development Department's Small Business Development Program (SBDP) provides a variety of services for small business owners.

On August 25, 2011, the City Council approved the original lease agreement to provide a dedicated space for small business training and work space for City employees who staff the Family Business Loan Program. On August 23, 2012, City Council approved SBDP expansion into additional office space that is used as a second training room to accommodate smaller seminars and workshops, thus allowing SBDP greater flexibility in scheduling classes.

The current lease expires April 30, 2017. The proposed lease renewal of office space at 4029 South Capital of Texas Highway, Suite 110, is approximately 3,749 square feet. This full service lease renewal term is for five years, beginning May 1, 2017 and expiring April 30, 2022. In addition to base rent, the City pays its share of operating expenses over \$11.19 per square foot with annual increases not to exceed 5%. Operating expenses were estimated to be \$13.17 in 2017, with the City paying the difference of \$1.98 per square foot.

The table below illustrates the annual rental costs for the lease space, plus estimated operating expenses, such as utilities, janitorial, and maintenance expenses over the term of the lease, totaling approximately \$578,583.17.

Lease Term	Annual Base Rent PSF X SF/YR	Annual Term Base Rent	Estimated Operating Expenses PSF over \$11.19 Base	Estimated Annual Operating Expenses	Annual Base Rent + Estimated Operating Expenses
5/1/2017 - 4/30/2018	\$26.50	\$99,348.50	\$1.98	\$7,423.02	\$106,771.52
5/1/2018 - 4/30/2019	\$27.00	\$101,223.00	\$2.64	\$9,897.36	\$111,120.36
5/1/2019 - 4/30/2020	\$27.50	\$103,097.50	\$3.33	\$12,484.17	\$115,581.67
5/1/2020 - 4/30/2021	\$28.00	\$104,972.00	\$4.06	\$15,220.94	\$120,192.94
5/1/2021 - 4/30/2022	\$28.50	\$106,846.50	\$4.82	\$18,070.18	\$124,916.68
Total Amount					\$578,583.17

 The lease rate is within the market rate per a rent study conducted by a third-party appraiser. The Strategic Facilities Governance Team has reviewed and approved this request.