

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	75203	Agenda Number	28.
Meeting Date:	9/28/2017		Department:	Office of Real Estate Services	
Subject					
Authorize negotiation and execution of a 60-month lease renewal for approximately 27,520 square feet of warehouse space for the Austin Police Department for the Blue Santa Program and the Community Liaison Unit, located at 4101 South Industrial Drive, Suite 260, Austin, Travis County, Texas, from ICON OWNER POOL 6 AUSTIN, LLC, in an amount not to exceed \$1,455,257.60 (District 2).					
Amount and Source of Funding					
Funding in the amount of \$271,072 is contingent upon approval of the proposed Fiscal Year 2017-2018 Operating Budget of the Police Department. Funding for the remaining 48 months of the original term is contingent upon available funding in future budgets.					
Fiscal Note					
A fiscal note is not required.					
Purchasing Language:					
Prior Council Action:	February 16, 2006 – Approved 7-month lease extension; May 4, 2006 – Approved 3-month lease extension; October 19, 2006 – Approved 120-month lease renewal				
For More Information:	Brian Manley, Chief of Police Department; (512) 974-5030; Lauraine Rizer, Office of Real Estate Services, (512) 974-7078; Megan Herron, Office of Real Estate Services, (512) 974-5649.				
Council Committee, Boards and Commission Action:					
MBE / WBE:					
Related Items:					
Additional Backup Information					
<p>The leased facility is used year round to gather, store, and deploy community resources. It includes office space for members of the Austin Police Department (APD) Community Liaison Unit. The size of the warehouse accommodates the current needs of APD programming and preparation and is typically at capacity for annual events, such as Operation Blue Santa, National Night Out, Youth Programs (LinkS and Leadership Camps), Seniors and Law Enforcement Together (SALT), ICARE Community Conference, City of Austin Build-a-Backpack Event, and APD BIKE GIVEAWAY Event.</p> <p>The proposed renewal is for five years, expiring August 1, 2021. The proposed rental rate is \$6.96/per square foot/year, with annual increases of \$0.24/per square foot/year. Annual operating expenses are estimated at \$2.89/per square foot/year with projected annual 4% increases over the lease term. The operating expenses include taxes, insurance and common area maintenance. All other expenses, such as utilities, are paid APD.</p> <p>The lease rate is within market rate per a rent study conducted by a third-party appraiser. The Strategic Facilities Governance Team has reviewed and approved this request.</p> <p>Austin Independent School District, Travis County, and Austin Community College do not have office space available at this time.</p>					

The annual expenses of the proposed lease are as follows:

Lease term for 27,520 SF -	Annual Base Rent PSF X SF/YR	Annual Term Base Rent	Estimated Operating Expenses PSF	Estimated Annual Operating Expenses	Annual Base Rent + Estimated OPEX
Year 1	\$6.96	\$191,539.20	\$2.89	\$79,532.80	\$271,072
Year 2	\$7.20	\$198,144	\$3.01	\$82,835.20	\$280,979.20
Year 3	\$7.44	\$204,748.80	\$3.13	\$86,137.60	\$290,886.40
Year 4	\$7.68	\$211,353.60	\$3.26	\$89,715.20	\$301,068.80
Year 5	\$7.92	\$217,958.40	\$3.39	\$93,292.80	\$311,251.20
Total Amount					\$1,455,257.60