



Recommendation for Action

File #: 18-2869, **Agenda Item #:** 17.

8/30/2018

Posting Language

Authorize the negotiation and execution of an 84-month lease agreement for approximately 9,868 square feet of office space for the Austin Public Health Department with 5204 Ben White 2017, LP, a Texas Limited Partnership, for property located at 5202 Ben White Boulevard, Unit 6 in an amount not to exceed \$1,900,281.

Lead Department

Office of Real Estate Services.

Fiscal Note

Funding in the amount of \$249,068.32 is available in the 2018-2019 operating budget of the Austin Public Health Department. Funding for the remaining lease term is contingent upon available funding in future budgets.

For More Information:

Alex Gale, Office of Real Estate Services, (512) 974-1416; Megan Herron, Office of Real Estate Services, (512) 974-5649; Stephanie Hayden, Austin Public Health (512) 972-5010; Kymberley Maddox, Austin Public Health (512) 972-5041.

Additional Backup Information:

The Austin Public Health Department (APH) currently needs space for the epidemiology, emergency preparedness and other unanticipated office needs. With increases in staffing over the last three (3) years, current space has been maximized and is insufficient to support department operations.

The proposed location at 5202 Ben White, Unit 6 is an open space with a total area of 9,868 square feet. The owner has proposed to build out this space in a configuration acceptable to the department to accommodate all personnel comfortably. The space will also be sufficient to plan for additional growth.

The term of the lease is for seven years. The proposed rental rate for year one is \$19.25 per square foot with annual escalations of \$.50 per square foot, plus operating expenses of \$5.99 per square foot for the first year. Operating expenses include janitorial, common area maintenance, water, electrical, taxes and insurance. APH will be responsible for electricity and water/wastewater. The Landlord is providing a tenant improvement allowance of \$110 to \$120 per square foot. The lease will provide free parking for 40 vehicles.

	Annual Base Rent/psf	Annual Operating Expenses/psf *	Monthly Rent and Operating Expenses	Annual Rent + Operating Expenses
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Year 1	\$19.25	\$5.99	\$ 20,755.69	\$ 249,068.32
Year 2	\$19.75	\$6.23	\$ 21,364.22	\$ 256,370.64
Year 3	\$20.25	\$6.48	\$ 21,980.97	\$ 263,771.64
Year 4	\$20.75	\$6.74	\$ 22,605.94	\$ 271,271.32
Year 5	\$21.25	\$7.01	\$ 23,239.14	\$ 278,869.68
Year 6	\$21.75	\$7.29	\$ 23,880.56	\$ 286,566.72
Year 7	\$22.25	\$7.58	\$ 24,530.20	\$ 294,362.44

Total Amount:**\$****1,900,281**

* Assuming 4%
annual escalation

The Strategic Facilities Governance Team reviewed and approved this request.

The rent per square foot is within the market rate per a rent study conducted by a third-party appraiser.