



Recommendation for Action

File #: 22-1516, **Agenda Item #:** 40.

3/24/2022

Posting Language

Authorize negotiation and execution of an amendment to the lease for approximately 2,930 square feet of secure office space occupied by the Information Security Office, extending the term for 18 months with one 18-month renewal option, in an amount not to exceed \$330,137.28.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$131,000 is included in the Fiscal Year 2021-2022 budget for Information Security Office rent and operating expenses. Funding for the remaining portion of the initial term and the renewal term (s) is contingent upon available funding in future budgets.

Prior Council Action:

February 2, 2017 - Council authorized a 60-month lease agreement.

For More Information:

Diana Justice, Financial Services Department, 512-974-7170; Michael Gates, Financial Services Department, (512) 974-5639; Wendi White, Information Security Office, (512) 974-1448.

Additional Backup Information:

The Information Security Office entered into an interdepartmental agreement with the Office of Real Estate Services to occupy the space beginning November 1, 2020. Another City department previously occupied the space. The Information Security Office would like to extend its occupancy after March 31, 2022, for 18 months, from April 1, 2022, through September 30, 2023. There is one 18-month extension option that would commence October 1, 2023, and expire March 31, 2025, if the Information Security Office chooses to exercise this option.

The premise provides a safe and secure place to work for the staff of the Information Security Office. The landlord has provided security cameras and improved outdoor lighting to enhance the safety of the staff and the safety of the specialized equipment that is necessary to be located onsite.

The base rent rate for the initial 18-month renewal will be approximately \$23.18 per square foot. Operating expenses are \$13.75 per square foot. The base rent for the second 18-month renewal period would escalate 3% to approximately \$23.88 per square foot, if exercised. The operating expense charges are estimated to increase 4% to \$14.30 per square foot, if the second renewal option is exercised.

The proposed base rent per square foot is more competitive than the market rate per a rent study conducted by a third-party appraiser. The Strategic Facilities Governance Team approved this lease renewal.

Rent Schedule	Monthly Base Rent	Base Rent (18-months)	Monthly Operating Expenses	Operating Expenses (18-months)	Base Rent + Operating Expenses (18-months)
4/1/2022 - 9/30/2023	\$5,661	\$101,898	\$3,357	\$60,426	\$162,324
10/1/2023 - 3/31/2025	\$5,831	\$104,958	\$3,492	\$62,856	\$167,814
				Total	\$330,138

Strategic Outcome(s):

Government that Works for All.