



Recommendation for Action

File #: 22-3019, **Agenda Item #:** 20.

9/29/2022

Posting Language

Authorize negotiation and execution of a lease agreement with ASC Medical 8 Holdings, LLC, a Delaware limited liability company, for approximately 1,841 square feet of office and clinic space for Austin Public Health's Women, Infants and Children Program located at 14008 Shadowglen Blvd., Suite 207, Manor, Texas 78653, for an initial term of 60 months, with two 5-year extension options, in an amount not to exceed \$1,537,088.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$69,958 is available in the Fiscal Year 2022-23 Austin Public Health Special Revenue Fund from the Texas Health and Human Services Commission's WIC Grant. Funding for the remaining lease term is contingent upon available funding in future budgets.

For More Information:

Michael Gates Financial Services Department, (512) 974-5639; Cathy Curtis, Financial Services Department, (512) 974-5649; Adrienne Sturup, Austin Public Health (512) 972-5167; Annette Phinney, Austin Public Health, (737) 900-3247.

Additional Backup Information:

Since approximately 1990, the clinic has occupied approximately 500 square feet of space in the Travis County Health and Human Services Manor Community Center located at 600 W. Carrie Manor Street in Manor, Texas, located outside the City's extra territorial jurisdiction in the City of Manor's full purpose jurisdiction. The current location is a shared space in a Travis County facility that is not adequate for the current and future community needs. The Manor location provides a full range of WIC services, including program eligibility, nutrition education, food benefits, and breastfeeding support.

The clinic enrollment in the Manor area has increased significantly in the last two years. This new space will allow Austin Public Health Women, Infants, and Children (WIC) program to provide services in a dedicated space and will allow for increased resources to be mobilized to this area. Increased participation resulting from additional space and resources will also result in additional revenue and provide sustainability of services in Manor, Texas.

The lease rate is within the market rate per a recent study conducted by a third-party appraiser.

This proposed 60-month lease with two five-year extension options will allow WIC to continue to provide valuable services to the Manor community.

Austin Public Health's share of the operating expenses will be set at a fixed rate of \$15 per rentable square

foot for the initial 12-month period of the Lease Term, but the parties will reconvene by February of each year to establish the rate for the following year. For budgeting purposes, the Financial Services Department estimates that the operating expenses will increase by 8% annually. There is no charge for the shared use of the parking spaces on site.

The table below illustrates the estimated annual real estate costs for the 1,841 square feet of rentable space attributed to APH.

Proposed Lease Term	Base Rental Rate Per SF/Year	Annual Rent	Estimated OPEX Rate Per SF/Year	Total Estimated Annual OPEX	Total Annual Estimated Rent and Operating Expenses:
Month 1-12	\$23.00	\$42,343	\$15.00	\$27,615	\$69,958
Month 13-24	\$23.69	\$43,613	\$16.20	\$29,824	\$73,437
Month 25-36	\$24.40	\$44,920	\$17.50	\$32,218	\$77,138
Month 37-48	\$25.13	\$46,264	\$18.90	\$34,795	\$81,059
Month 49-60	\$25.88	\$47,645	\$20.41	\$37,575	\$85,220
				TOTAL:	\$386,812
First Extension Option					
Month 61-72	\$26.66	\$49,081	\$22.04	\$40,576	\$89,657
Month 73-84	\$27.46	\$50,554	\$23.80	\$43,816	\$94,370
Month 85-96	\$28.28	\$52,063	\$25.70	\$47,314	\$99,377
Month 97-108	\$29.13	\$53,628	\$27.76	\$51,106	\$104,734
Month 109-120	\$30.00	\$55,230	\$29.98	\$55,193	\$110,423
				TOTAL:	\$498,561
Second Extension Option					
Month 121-132	\$30.90	\$56,887	\$32.38	\$59,612	\$116,499
Month 133-144	\$31.83	\$58,599	\$34.97	\$64,380	\$122,979
Month 145-156	\$32.78	\$60,348	\$37.77	\$69,535	\$129,883
Month 157-168	\$33.76	\$62,152	\$40.79	\$75,094	\$137,246
Month 169-180	\$34.77	\$64,012	\$44.05	\$81,096	\$145,108
				TOTAL:	\$651,715
				SUBTOTAL:	\$1,537,088

The Strategic Facilities Governance Team has reviewed and approved this request.

Strategic Outcome(s):

Health and Environment.