



Recommendation for Action

File #: 23-1012, **Agenda Item #:** 38.

1/26/2023

Posting Language

Authorize negotiation and execution of second amendment to the lease agreement for an additional 60-month term with one 5-year extension option for approximately 6,280 square feet of office and clinic space for Austin Public Health's Women, Infants and Children Program from Van Family Real Estate Partnership Ltd., a Texas Limited Partnership, located at 8701-A Research Blvd., Austin, Texas, 78752, in an amount not to exceed \$800,763.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$143,058 is available in the Fiscal Year 2022-2023 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.

Prior Council Action:

September 28, 2026 - Council approved a 15-year lease agreement with Austin Public Health's Women, Infants and Children Program.

For More Information:

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Additional Backup Information:

Austin Public Health's (APH) Women, Infants and Children Program (WIC) has occupied space at 8701 Research Blvd. since 2007. WIC provides a full range of women, infants, and children services, including program eligibility, nutrition education, food benefits, and breastfeeding support. The First Amendment expired on August 31, 2022, and as provided by under the terms of the lease, WIC operations have continued on a month-to-month basis while negotiations were underway on this amendment.

This proposed 60-month Second Amendment to the Lease Agreement with one 5-year extension option will allow WIC to continue to provide valuable services to the Austin community. The lease rate is within the market rate per a rent study conducted by a third-party appraiser.

The proposed APH share of the operating expenses will be set initially at a fixed rate of \$2.78 per square foot for the initial 12-month period of the Second Amendment to the Lease Agreement. The parties will reconvene by April of each year to establish the new rate of the operating expenses for the following year. There is no charge for the parking spaces on site.

The table below illustrates the estimated annual real estate cost for the space (6,280 sq. feet) attributed to APH. The rental rate will escalate by 5% annually and operating expenses are estimated to increase by 10% annually.

Proposed Lease Term	Base Rental Rate Per SF/Year (6,280 sf)	Annual Rent	Estimated Operating Expenses Rate Per SF/Year (6,280 sf)	Total Estimated Annual Operating Expenses	Total Annual Rent and Estimated Operating Expenses:	Total Monthly Rent and Estimated Monthly Operating Expenses:
Year 1	\$20.00	\$125,600	\$2.78	\$17,458	\$143,058	\$11,922
Year 2	\$21.00	\$131,880	\$3.06	\$19,217	\$151,097	\$12,591
Year 3	\$22.05	\$138,474	\$3.37	\$21,164	\$159,638	\$13,303
Year 4	\$23.15	\$145,382	\$3.71	\$23,299	\$168,681	\$14,057
Year 5	\$24.31	\$152,667	\$4.08	\$25,622	\$178,289	\$14,857
				TOTAL	\$800,763	

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

Strategic Outcome(s):

Health and Environment, Economic Opportunity and Affordability.