



Recommendation for Action

File #: 23-1026, **Agenda Item #:** 39.

1/26/2023

Posting Language

Authorize negotiation and execution of a lease agreement with Carousel 5 LLC, a Texas Limited Liability Corporation, for an initial lease term of seven years with two consecutive 7-year extension options for approximately 5,654 square feet of office space located at 5209 Cameron Road, Travis County, Texas, 78723 for Austin Public Health - The Day Labor Center for a total amount not to exceed \$1,443,693.

Lead Department:

Financial Services Department.

Fiscal Note

Funding in the amount of \$171,034 is available in the Fiscal Year 2022-2023 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:

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Additional Backup Information:

Austin Public Health's First Workers Day Labor Center program connects small businesses and homeowners with skilled day laborers for various services. The program ensures fair wages and safe working conditions. The Center is a safe place where employers and day laborers can come together and exchange work for daily pay in a well-organized and supervised environment. Hourly rates, job specific requirements, and transportation arrangements are negotiated between the contractor and laborer before leaving the center. The day laborers are comprised of people experiencing homelessness, migrants, and those recently released from incarceration. They are individuals who are hard-working men and women dedicated to supporting their families and being active contributors to their community.

In March of 2020, the Day Labor Center went through an operational change due to COVID-19. This warranted the closure of the Day Labor Center facility located at 4916 N. IH-35, Austin, TX 78751. In January 2021, during the winter storm, the facility received considerable storm damage, which resulted in several lease compliance issues. In January 2022, after numerous failed attempts to get building repairs completed, the City issued a Notice to Terminate their lease with the property. On March 4, 2022, the Day Labor Center vacated the facility.

Since vacating the facility, the Day Labor Center has operated at a limited capacity, providing services to Bridge Shelter Clients only. APH staff continue to provide client referral efforts, rent assistance, and other social service needs.

The new lease agreement for the space located at 5209 Cameron Rd, Austin, TX 78723, is for an initial seven years with two consecutive 7-year lease extension options, which are subject to future Council approval. Upon

completion of the construction build-out and receipt of the Certificate of Occupancy, the lease will commence. The annual rent will increase at 5.5% per year, and the operating expenses are estimated to increase at 10% a year. The square foot cost is within the market rate per a rent study conducted by a third-party appraiser.

Base Lease Terms:

Year	Base Rent Rate/5,654SF/Yr	Annual Rent	Estimated OpEx Rate/SF/Yr	Annual OpEx	Total Annual Rent + OpEx
1	\$26.00	\$147,004	\$4.25	\$24,030	\$171,034
2	\$27.43	\$155,089	\$4.68	\$26,461	\$181,550
3	\$28.94	\$163,627	\$5.15	\$29,118	\$192,745
4	\$30.53	\$172,617	\$5.67	\$32,058	\$204,675
5	\$32.21	\$182,115	\$6.24	\$35,281	\$217,396
6	\$33.98	\$192,123	\$6.86	\$38,786	\$230,909
7	\$35.85	\$202,696	\$7.55	\$42,688	\$245,384
				TOTAL	\$1,443,693

Strategic Outcome(s):

Economic Opportunity and Affordability, Health and Environment.