



Recommendation for Action

File #: 23-1566, **Agenda Item #:** 25.

4/13/2023

Posting Language

Authorize negotiation and execution of a lease agreement with River City Partners, Ltd., a Texas limited corporation, for a term of seven years with two consecutive 5-year extension options for approximately 2,233 square feet of retail space for the Austin Municipal Court North Payment Center, located at 2121 West Parmer Lane, Suite 116, Austin, Texas, 78727, for a total amount not to exceed \$460,936.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$19,546 is available in the Fiscal Year 2022-2023 Operating Budget of the Austin Municipal Court. Funding for the remainder of the initial term is contingent upon available funding in future budgets.

Prior Council Action:

February 15, 2018 - Council approved Resolution No. 20180215-048 directing the City Manager to identify a permanent space for Austin Municipal Court's customer service center in the north regional location of Austin.

For More Information:

Cathy Curtis, Financial Services Department, 512-974-5649; Michael Gates, Financial Service Department, 512-974-5639; Mary Jane Grubb, Municipal Court, 512-974-4690; Jonelle Welch, Municipal Court, 512-974-4651.

Additional Backup Information:

The Austin Municipal Court requires a larger customer service center in north Austin. Prior to the COVID-19 pandemic, a temporary customer service center was established in the north police substation near the Court. The temporary space is not large enough for the needs of the Court. Currently, there are no appropriate, City-owned properties where the Court can operate its north located customer service center, and this proposed space meets temporary needs until a permanent facility is identified as directed by Resolution No. 20180215-048. Currently, funding to purchase and finish out a permanent courtroom and payment center location is not available. The Strategic Facilities Governance Team will continue to explore options to find a permanent location for Municipal Court operations in north Austin.

The base rent at 2121 West Parmer Lane, Suite 116 is \$19.00 per square foot with 2.5% annual escalations. The total build-out costs are estimated at \$149,000 and the base rent during the renewal periods would escalate 2.5% annually. Operating expenses are \$7.26 per square foot and are estimated to increase 7% annually.

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

Base Lease Terms

Initial Term 2121 W. Parmer Ln., Ste. 116 (2,233 Square Feet)	Base Rent per Square Foot	OPEX per Square Foot	Total Rent per Square Foot	Monthly Rent	Annual Base Rent
Months 1-12	\$19.00	\$7.26	\$26.26	\$4,887	\$58,639
Months 13-24	\$19.48	\$7.77	\$27.25	\$5,071	\$60,849
Months 25-36	\$19.97	\$8.31	\$28.28	\$5,262	\$63,149
Months 37-48	\$20.47	\$8.89	\$29.36	\$5,463	\$65,561
Months 49-60	\$20.98	\$9.51	\$30.49	\$5,674	\$68,084
Months 61-72	\$21.50	\$10.18	\$31.68	\$5,895	\$70,741
Months 73-84	\$22.04	\$10.89	\$32.93	\$6,128	\$73,533
				Total:	\$460,556

The Strategic Facilities Governance Team has approved this request.

Strategic Outcome(s):

Health and Environment, Governments that Works for All.