



City of San Antonio

Legislation Details (With Text)

File #: 17-2323

Type: Real Property Lease

In control: City Council Special Meeting

On agenda: 5/25/2017

Title: An Ordinance authorizing, upon approval and release of supplemental grant funds from the Office of the Governor, Criminal Justice Division, a five-year lease with Brass LeftOut, LLC for office space at 4402 West Piedras Street to be used for the Texas Anti-Gang Initiative at an annual rent of \$694,404.00 in the first year increasing to \$720,819.60 in the fifth and final year of the term. [Erik Walsh, Deputy City Manager; William P. McManus, Chief of Police]

Sponsors:

Indexes:

Code sections:

Attachments: 1. 4402 Executed by Landlord Lease, 2. 4402 Contracts Disclosure form (Brass Leftout), 3. RFCA 17-2323 TAG Lease-Draft Ord, 4. Ordinance 2017-05-25-0383

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

DEPARTMENT: Police Department

DEPARTMENT HEAD: William P. McManus, Chief of Police

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Lease for TAG Unit at 4402 West Piedras Street

SUMMARY:

This ordinance authorizes the execution of a five-year lease agreement with Brass LeftOut, LLC for 26,811 square feet of office space in Council District 7, at 4402 West Piedras Street to be used for the Texas Anti-Gang Initiative. The annual rent will be \$694,404.00 in the first year of the term increasing to \$720,819.60 in the fifth and final year of the term.

BACKGROUND INFORMATION:

The San Antonio Police Department (SAPD) was awarded by the Office of the Governor, Criminal Justice Division (CJD), a grant to initiate and establish a multi-agency task force in San Antonio to combat gang activity in the area. SAPD has received commitments for 87 staff including internal and partner agency

assurances with expectation that the program may eventually grow to at least 155 positions, resulting in a space need of 26,811 rentable square feet.

A competitive process was conducted in September 2016 soliciting interest from landlords for this space need. As a result of the request for proposal (RFP) process a total of five entities submitted detailed proposals outlining their interest in response to information requested by the Center City Development and Operations Department. An evaluation committee representing SAPD and officials from the High Intensity Drug Area (HIDTA) Program met several times and eventually selected the proposal submitted by Magi Realty on behalf of their ownership, Brass LeftOut LLC, for a building located at 4402 West Piedras Street. Factors material to the committee's decision included the following: location; ability to secure the parking area; floor plates large enough to accommodate the use with minimal separation; and price.

ISSUE:

The City has received confirmation from CJD that the grant is approved and the State is anxious to get the program in place. However, securing the office space to accommodate the program is the critical path task that must be completed prior to commencement of the program. Approval of this lease will allow SAPD to timely implement the objectives of the program.

ALTERNATIVES:

The City could choose to reopen the RFP process but it is unlikely that a building offering that is superior to the recommended lease will be identified and it is possible that the landlord chosen through the initial RFP process could decide not to compete in a future round, a situation that could cause the City to lose out on one opportunity and gain nothing through the process. Additionally, the manner of identifying real estate options through an RFP is time consuming and until an office space is settled on, the programs envisioned through the CJD cannot be realized.

FISCAL IMPACT:

The effective annual cost of this 26,811 square foot leased space over the five year term is \$26.37 per square foot, which is competitive in the marketplace given the amount of investment to outfit and equip the space coupled with the abundant parking provided at no additional charge. Under the terms of the lease, rent will be charged as follows:

| Year | Monthly Rent | Annual Rent |
|------|--------------|--------------|
| 1 | \$57,867.00 | \$694,404.00 |
| 2 | \$58,393.17 | \$700,718.04 |
| 3 | \$58,935.13 | \$707,221.56 |
| 4 | \$59,493.34 | \$713,920.08 |
| 5 | \$60,068.30 | \$720,819.60 |

The rent will commence upon the City's occupancy following the construction of improvements to the facility to accommodate the City's needs. These improvements include construction of walls, security systems,

mechanical system infrastructure and finish out of the space to create an office environment conducive to the need is estimated to cost \$1,277,510.00 all of which will be financed by the landlord at no additional cost to the City. SAPD through the CJD Grant has sufficient funds in their FY 2017 budget to fund the lease expenses. Final execution of the lease will be contingent upon approval and release of supplemental grant funds by the CJD. In the event CJD eliminates this funding in the future, the City has the right to terminate the lease without any further financial obligation or penalty.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of a five-year lease with Brass LeftOut, LLC for 26,811 square feet of office space in a building located at 4402 West Piedras Street upon approval and release of supplemental grant funds by the CJD.