



City of San Antonio

Agenda Memorandum

File Number: 17-3754

Agenda Item Number: 11B.

Agenda Date: 6/15/2017

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 7

SUBJECT:

Lease renewal with Omninet Centerview, LP for 6,208 and 14,344 square feet of office space located at 4335 and 4410 West Piedras Street respectively

SUMMARY:

Consideration of the following items related to the extension and amendment of leases with Omninet Centerview, LP for the Solid Waste Management Department (SWMD) at 4335 and 4410 West Piedras Drive, located in Council District 7:

- A. This ordinance authorizes the execution of a five-year lease renewal agreement with Omninet Centerview, LP for use of 6,208 square foot portion of a building located at 4335 West Piedras Street for the purposes of providing office space for SWMD at the monthly rental rate of \$9,053.00 in the first year increasing to \$10,088.00 in the fifth and final year of the renewal term.
- B. This ordinance authorizes the execution of a five-year lease renewal agreement with Omninet Centerview, LP for use of the entire 14,344 square foot building located at 4410 West Piedras Street for the purposes of providing office space for SWMD at the monthly rental rate of \$20,321.00 in the first year increasing to \$22,711.00 in the fifth and final year of the renewal term.

BACKGROUND INFORMATION:

Though the renewal term(s) will end on July 31, 2022, as part of the City's strategy to relocate all staff in leased

facilities in the downtown area into the refurbished Frost Tower, most SWMD staff at these facilities will be relocated to the consolidated municipal tower and these leases may be terminated prior to that date. Until that time the City has a continuing need for these facilities and has structured flexible renewal terms allowing the termination of this lease at or any time after July 2020 and before July 31, 2021 which should allow for the timely transition of occupancy from these facilities to the renovated Frost Tower. Additional background is as follows:

- A. SWMD has occupied this 6,208 square foot space at 4335 West Piedras Street since September 5, 2012 under a lease agreement approved by Council on April 5, 2012. The offices were constructed under the terms of the initial lease in a manner conducive to the SWMD operation housed in this location which consists primarily of staff engaged in the implementation, promotion and enforcement of the City’s recycling program. Eventually this staff may be relocated to the renovated Frost Tower and therefore terms have been incorporated into the agreement allowing flexible termination rights based on the projected completion of the municipal tower improvements.

- B. SWMD has occupied this 14,344 square foot building at 4410 West Piedras since July 9, 2010 under a lease agreement approved by Council on August 13, 2009. The offices were constructed under the terms of the initial lease in a manner conducive to the SWMD operation housed in this location which consists primarily of fiscal, executive and administrative staff comprising the headquarters operation of SWMD. Eventually this staff will be relocated to the renovated Frost Tower and therefore terms have been incorporated into the agreement allowing flexible termination rights based on the projected completion of the municipal tower improvements.

ISSUE:

The existing leases will expire on July 31, 2017 and per their terms the City has an option to renew contingent upon the City timely exercising this option.

ALTERNATIVES:

If the City chooses not to renew these leases at this time, staff would need to be relocated and the leases terminated. Inasmuch as there is no City owned space surplus to our needs available to house these staff and in light of the fact that the City has made a substantial investment into the property for telephone and network systems, moving is not a viable option.

FISCAL IMPACT:

- A. The changes to the existing lease at 4335 West Piedras Street are outlined in the chart below:

Item	Presently	Proposed	Net Change
Premises Size	6,163 SF	6,208 SF	45 SF increase
Term	Ends July 31, 2017	Ends July 31, 2022	60 month extension
Annual Rent Year 1	\$119,176.98	\$108,636.00	\$10,540.98 decrease
Annual Increases	N/A	\$3,105.00 average annually	\$3,105.00 increase
Termination Right	None	Any time from Jul 31, 2020 to Jul 31, 2021	3 year firm term

SWMD has allocated sufficient funds in the FY 2017 adopted budget to pay the expenses associated with this occupancy.

B. The changes to the existing lease at 4410 West Piedras Drive are outlined below:

Item	Presently	Proposed	Net Change
Premises Size	14,344 SF	14,344 SF	No change
Term	Ends July 31, 2017	Ends July 31, 2022	60 month extension
Annual Rent Year 1	\$240,384.51	\$243,852.00	\$3,467.49 increase
Annual Increases	N/A	\$7,170.00 average annually	\$7,170.00 increase
Termination Right	None	Any time from Jul 31, 2020 to Jul 31, 2021	3 year firm term

SWMD has allocated sufficient funds in the FY 2017 adopted budget to pay the expenses associated with this occupancy.

RECOMMENDATION:

Staff recommends approval of the following items:

- A. An ordinance authorizing the execution of a five-year lease renewal agreement with Omninet Centerview, LP for use of 6,208 square foot portion of a building located at 4335 West Piedras Street, Suite 200.
- B. An ordinance authorizing the execution of a five-year lease renewal agreement with Omninet Centerview, LP for use of the entire 14,344 square foot building located at 4410 West Piedras Street.