



City of San Antonio

Agenda Memorandum

File Number:14-939

Agenda Item Number: 16.

Agenda Date: 6/19/2014

In Control: City Council A Session

DEPARTMENT: Office of EastPoint and Real Estate

DEPARTMENT HEAD: Mike Etienne

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Amendment: 2012 Combined Agreement with Riverview Tower Partners, Ltd

SUMMARY:

An Ordinance authorizing an Amendment to the Lease Agreement between the City of San Antonio and Riverview Tower Partners, Ltd. to add an additional 6,574 square feet of office space, for an amount of \$115,045.00 during months one through twenty-five and \$121,619.00 during months twenty-six through June 30, 2018 to allow for office consolidations for ITSD space for use by the Information Technology Services Department resulting in operational efficiencies, located at 111 Soledad, in City Council District 1.

BACKGROUND INFORMATION:

The Information Technology Services Department (ITSD) has been a tenant at Riverview Towers since 2002 when space on the ninth floor was originally leased for the Enterprise Resource Management (ERM) project. Since that time, the ERM Project has evolved and ITSD has relocated to the seventh floor to improve efficiencies related to service delivery and management of the City's information technology functions.

Additionally, Ordinance 2008-11-06-0978 authorized the lease of office space at 425 Soledad, originally for the support of its Regional Emergency Communications, Information Sharing and Mobile Data (RECIM) Project Office, now referred to as the Portfolio Management Office (PMO), for a five-year term, which ended on April 2, 2014. With the expiration of the 425 Soledad lease, the ITSD has the opportunity to consolidate the PMO and its Enterprise Business Applications Division to the 9th floor of Riverview Towers in an effort to improve

internal process efficiencies and services by having these functions in close proximity to the other ITSD functions currently located on the 7th floor of Riverview Towers.

ISSUE:

An ordinance authorizing an Amendment to the 2012 Combined Agreement between the City of San Antonio and Riverview Tower Partners, Ltd. for the addition of 6,574 square feet of office space located at 111 Soledad, in City Council District 1, for use by the Information Technology Services Department (ITSD) for space to relocate the Portfolio Management Office and Enterprise Business Applications Division. The cost per square foot is the same as their existing lease rental rate and equates to additional annual rental amount of \$115,044.00 during months one through twenty-five and \$121,620.00 during months twenty-six through June 30, 2018. The lease term expires June 30, 2018 and the right to renew is for an additional five-year term with the option to terminate the lease after the thirty-sixth and forty-eighth month of occupancy.

The Information Technology Services Department (ITSD) functions that will be consolidated by this action are currently located at three different locations, 425 Soledad, 111 Soledad (Riverview Towers) and 515 S. Frio, which does not provide for efficient operation between the various functions. The expiration of the 425 Soledad lease agreement and availability of space at Riverview Towers, has created the opportunity for the ITSD to improve the functionality and efficiencies of the Divisions impacted by the consolidation, ultimately resulting in the ability to provide better service to its City-wide City of San Antonio customers.

ALTERNATIVES:

The alternative to entering into this Amendment to 2012 Combined Agreement would be to renew the lease at 425 Soledad, which would result in the inability to improve the efficiencies and enhanced customer service that would be realized by the approval of this action.

FISCAL IMPACT:

Under the terms of the Amendment to 2012 Combined Agreement, the City will pay rent for the additional of space (6,574 square feet) at the same annual rental rates as the existing ITSD 7th floor space as follows:

<i>Period</i>	<i>Annual Rent Rate per Square Foot</i>	<i>Monthly Rent</i>	<i>Annual Rent</i>
Months 1 to 25 (counting from the Commencement Date)	\$17.50	\$9,587.00	\$115,044.00
Months 26 to lease expiration	\$18.50	\$10,135.00	\$121,620.00
Renewal Term (if exercised) Months 1- 30	\$18.00	\$9,861.00	\$118,332.00
Months 31- 60	\$18.50	\$10,135.00	\$121,620.00

Additional costs associated with this lease include one-time estimated expenses of \$22,500.00, which includes; 1.) telecommunication and computer reactivation estimated at approximately \$15,000.00, (because other city offices are located in the building, the City's fiber network is already connected to the property, thereby reducing the cost), 2.) security access equipment estimated at approximately \$5,000.00, and 3.) moving expenses estimated at approximately \$2,500.00. In addition, the City will be responsible for the payment of its pro-rate share of operating expenses (maintenance, insurance charges, janitorial charges, utilities and taxes) over and above the base year operating expenses during the lease term and an annual amount for four parking spaces in the adjacent Rand Parking Garage of \$4,320.00.

The Information Technology Services Department has sufficient funds in the FY 2014 budget for these lease expenses.

RECOMMENDATION:

Staff recommends approval of this ordinance approving the Amendment to 2012 Combined Agreement with Riverview Tower Partners, Ltd., in City Council District 1, for additional space for use by the City's Information Technology Services Department.