



# City of San Antonio

## Agenda Memorandum

**File Number:** 19-8727

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**Agenda Item Number:** 10.

**Agenda Date:** 2/20/2020

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development & Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** 1

### **SUBJECT:**

Lease extension agreements: Police Department and Office of Municipal Integrity at 800 Dolorosa Street.

### **SUMMARY:**

An ordinance authorizing the execution of two lease extension agreements between the City of San Antonio and 800 Painful. L.P. for the continued rental of office space at 800 Dolorosa Street as follows:

- A. 8,531 square feet of office space located in Suite 401 for use by the San Antonio Police Department's (SAPD) Office of Internal Affairs commencing March 1, 2020 and expiring September 30, 2020, for the rental amount of \$15,037.13 for the month of March 2020 decreasing to \$13,862.88 per month for the remainder of the term.
- B. 1,369 square feet of office space located in Suite 115 for use by the Human Resource's Office of Municipal Integrity (OMI) commencing March 1, 2020 and expiring January 31, 2021, for the rental amount of \$2,314.26 for the month of March 2020 decreasing to \$2,224.63 per month for the remainder of the term.

### **BACKGROUND INFORMATION:**

The City of San Antonio has occupied two suites under separate leases in the subject building for some time providing office space for the SAPD Office of Internal Affairs since January 1, 2005 under a lease that was subsequently renewed and extended multiple times with the most recent expiring September 30, 2019 for 8,713 square feet of office space. The Police Department would like to renew this lease due to the convenient location of the building. This action will extend the term of the lease through September 30, 2020. OMI on the other hand has occupied the same 1,369 square feet of space since February 1, 2005 under a lease that has been

extended multiple times with the most recent expiring January 31, 2020.

The building in which these leased facilities are located was recently sold and the new ownership is weighing their options in terms of re-positioning the building to meet the needs of the evolving downtown office market. As a result, the ownership only wants to do short term lease extensions. This particular location works well for the SAPD Internal Affairs function housed therein which is a separate unit for receiving and investigating complaints against police officers and due to the independent nature of these investigations, works best if housed in a building separate and apart from other SAPD units. The OMI is also investigate in nature focusing on the civilian workforce and as the City's renovation of the former Frost Tower proceeds, the City may consider relocating this unit into that building or backfilling any City owned space in the downtown area that becomes vacant as part of the consolidation of City functions into a single building. Though short term, these extensions afford the City and the building ownership the time necessary to determine what is best for their respective interests.

**ISSUE:**

The leases for OMI and SAPD at 800 Dolorosa have expired and neither agreement contains an option to extend. In order to preserve the occupancies, the City must enter into agreements to extend the respective lease agreements. Approval of these ordinances will provide the City sufficient time to determine if relocating the uses as part of the City's overall consolidation strategy for office space Downtown is in our best interest or to remain in the building in the event the ownership decides these uses are compatible with their redevelopment plans for the property.

**ALTERNATIVES:**

The alternative to renewing these leases would be for staff to search for another location to relocate these offices. Considering remaining in place, even for the short term, will provide the City flexibility to determine if either of these uses will be an appropriate backfill into another City owned property and will provide sufficient time for the building ownership to determine what their overall plans for the property will be, extending the occupancies is in the best interest of the City.

**FISCAL IMPACT:**

The charts below detail the fiscal impact associated with each action pertaining to these ordinances as follows:

**SAPD Occupancy**

SAPD	Present Lease	As Proposed	Net Change
Term	Expired 9/30/2019	Expires 9/30/2020	1 year extension
Rent	\$13,628.03 per month	\$15,037.13 March \$13,862.88 April	\$1,409.10 onetime increase \$234.85 monthly increase
FY 20	\$163,536.36	\$166,354.56	\$2,818.20 increase
Size	8,713 square feet	8,713 square feet	No change

In addition to the monthly rent reflected above, there may be an annual payment for any increases in property taxes proportionate to the occupancy over a 2019 base year. The adopted FY 2020 General Fund Budget includes sufficient funding to pay for this lease.

OMI	Present Lease	As Proposed	Net Change
Term	Expired 1/30/2020	Expires 1/30/2021	1 year extension
Rent	\$2,135 per month	\$2,314.26 March \$2,224.63 April	\$179.26 onetime increase \$89.63 monthly increase
FY 20	\$25,620	\$26,337.04	\$717.04 increase
Size	1,369 square feet	1,369 square feet	No change

OMI Occupancy

In addition to the monthly rent reflected above, there may be an annual payment for any increases in property taxes proportionate to the occupancy over a 2019 base year. The adopted FY 2020 Budget includes sufficient funding to pay for this lease.

**RECOMMENDATION:**

Staff recommends approval of an ordinance authorizing two lease extension agreements at 800 Dolorosa St. with 800 Painful, L.P. for the continued use by SAPD Internal Affairs and HR’s Office of Municipal Integrity.