



City of San Antonio

Agenda Memorandum

File Number: 15-3072

Agenda Item Number: 18.

Agenda Date: 5/21/2015

In Control: City Council A Session

DEPARTMENT: Office of Eastpoint and Real Estate Services

DEPARTMENT HEAD: Mike Etienne

COUNCIL DISTRICTS IMPACTED: 9

SUBJECT:

Lease Agreement: City Council District 9 Constituent Office - Renewal and Amendment of Lease Agreement

SUMMARY:

An ordinance authorizing the second Renewal and Amendment of Lease Agreement between Park Oaks, Ltd. and the City of San Antonio, for the continued use of approximately 815 square feet of office space and the addition of approximately 450 square feet of office space, located at 16500 San Pedro, Suites 290 and 291, in Council District 9, as a Constituent Office for the term of three years, effective June 1, 2015, for the monthly rental amount of \$2,319.00 during the first year, escalating to \$2,460.00 monthly during the third year of the renewal term. The City will have the option to terminate this lease after the first year with thirty days notice.

BACKGROUND INFORMATION:

Pursuant to Ordinance No. 2009-11-19-0933, dated November 19, 2009, the City has been a tenant at 16500 San Pedro, Suite 290, since December, 2009 for office space used as the City Council District 9 Constituent Office. Due to the size limitations of his current Constituent Office, and in an effort to better accommodate his constituents, Councilman Krier requests to expand the size of the Constituent Office by adding a 450 square feet space, to be used primarily as a meeting room in which to conduct business and meet with constituents. The proposed negotiated terms of this action reflect a reduction in the annual rental rate from \$28.00 per square foot to \$22.00 per square foot and the right to terminate the lease without cause with thirty days notice after the first year, rather than the existing conditional termination option.

ISSUE:

An ordinance authorizing the second Renewal and Amendment of Lease Agreement between Park Oaks, Ltd. and the City of San Antonio, for the continued use of approximately 815 square feet of office space and the addition of approximately 450 square feet of office space, located at 16500 San Pedro, Suites 290 and 291, in Council District 9, as a Constituent Office for the term of three years, effective June 1, 2015, for the monthly rental amount of \$2,319.00 during the first year, escalating to \$2,460.00 monthly during the third year of the renewal term. The City will have the option to terminate this lease after the first year with thirty days notice.

Councilman Krier requests to expand the size of the Constituent Office by adding a 450 square feet space, to be used primarily as a meeting room in which to conduct business and meet with constituents.

This action is consistent with the City's policy to provide a constituent office within each Council District for each Councilperson to conduct business and meet with their constituents.

ALTERNATIVES:

An alternative to exercising the proposed second Renewal and Amendment of Lease Agreement would be to continue to search for a larger office space. However, given the moving related expenses associated with moving a Constituent Office, it is unlikely that terms as economically favorable as those being offered by this action will be achievable.

FISCAL IMPACT:

Under the terms of the proposed second Renewal and Amendment of Lease Agreement, the new monthly rent is as follows:

Lease Period	Estimated Rent Existing Space (815 S.F.)		New Rent Expanded Space (1,265 S.F.)		Estimated Difference in Annual Rent
	Monthly	Annual	Monthly	Annual	
June 1, 2015 thru May 31, 2016	\$1,997.00	\$23,964.00	\$2,319.00	\$27,828.00	\$3,864.00
June 1, 2016 thru May 31, 2017	\$2,097.00	\$25,164.00	\$2,389.00	\$28,668.00	\$3,504.00
June 1, 2017 thru May 31, 2018	\$2,202.00	\$26,424.00	\$2,460.00	\$29,520.00	\$3,096.00
Totals Over Lease Term		\$75,552.00		\$86,016.00	\$10,464.00
Total Estimated Increase in Rent Paid Over Three-Year Term for the E					\$10,464.00

There are sufficient funds in the FY 2015 Adopted Budget for the lease expenses.

RECOMMENDATION:

Staff recommends approval of this second Renewal and Amendment of Lease Agreement with Park Oaks, Ltd. for the continuation and expansion of the City Council District 9 Constituent Office, for the initial monthly rental amount of \$2,319.00.

