



City of San Antonio

Agenda Memorandum

File Number: 17-1642

Agenda Item Number: 16.

Agenda Date: 3/9/2017

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Lease Agreement - Human Resources Department, 111 Soledad Street

SUMMARY:

This Ordinance authorizes the execution of the 6th Renewal and 5th Amendment to Lease Agreement between the City of San Antonio as Tenant and Riverview Tower Partners, Ltd. as Landlord, for the continued rental of approximately 18,830 square feet of office space located at 111 Soledad Street, Suites 120, 200 and 925, in City Council District 1, for use by the Human Resources Department for a five-year term commencing April 1, 2017, expiring March 31, 2022. The annual rent will be \$338,940.00 over the entire five-year term, with the right to terminate the lease at or any time after September 30, 2019.

BACKGROUND INFORMATION:

Pursuant to Ordinance No. 2011-05-05-0346, dated May 5, 2011, the Human Resources Department has been a tenant at Riverview Towers since January 2012. This action will serve to extend the lease term of Suites 120 and 200, and amend the Lease Agreement to add Suite 925 (currently being used by the Human Resources Department for training purposes) to this Lease Agreement. Though this renewal term will end on March 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, all Human Resources staff at this facility will be relocated to the consolidated municipal tower and it is expected that this lease will be terminated prior to that date. Until that time the City has a continuing need for this facility and has flexibility to cancel this lease at or any time after September 30,

2019.

ISSUE:

Approval of this ordinance is a continuation of City Council policy to support the office space needs of the Human Resources Department.

ALTERNATIVES:

City Council could choose not to approve this 6th Renewal and 5th Amendment to Lease Agreement. However, the alternative would be to relocate the Human Resources Department to a suitable facility in the area of interest with more favorable rental terms than those being offered by Riverview Towers. Considering the estimated time until City space will be available in which to relocate the Human Resources Department to, and the current relocation expenses, moving is not a viable option.

FISCAL IMPACT:

Under the terms of the Lease Agreement, the Human Resources Department will pay rent as follows:

Item	Current Terms	Proposed Terms	Net Change
Premises Size	16,480 square feet	18,830 square feet	2,350 square feet
Term	Expired 12-31-16	Expires March 31, 2022	60 month extension
Annual Rent Years 1-5	\$338,380.80	\$338,940.00	\$659.20
Termination Right	Any time	Any time after 9-30-2019	2.5 year firm term

In addition, the City will be responsible for the payment of its pro-rata share of operating expenses (maintenance, insurance charges, janitorial charges, utilities and taxes) over and above the base-year 2016 operating expenses during the lease term, for Suites 120 and 200 only.

The Human Resources Department has sufficient funds in the FY 2017 adopted budget for the lease expenses.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution the 6th Renewal and 5th Amendment to Lease Agreement with Riverview Tower Partners, Ltd.