



# City of San Antonio

## Agenda Memorandum

**File Number:**18-4978

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**Agenda Item Number:** 8.

**Agenda Date:** 9/13/2018

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development and Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** 1

### **SUBJECT:**

2<sup>nd</sup> Amendment of 2012 Combined Agreement with Riverview Tower Partners, Ltd

### **SUMMARY:**

An Ordinance authorizing the 2<sup>nd</sup> Amendment to 2012 Combined Agreement between the City of San Antonio and Riverview Tower Partners, Ltd., for the continued use of 21,502 square feet of office space located at 111 Soledad by the Information Technology Services Department and to add 8,390 square feet of office space, for use by the Planning Department for an additional five-year term at the reduced monthly rental amount of \$43,981.50 during months one through thirty and \$45,203.20 during months thirty-one through sixty, with the option to terminate the lease with 180 days' notice, 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 expanded its presence at Riverview Towers to improve efficiencies related to service delivery and management of the City's information technology functions. At this time, ITSD wishes to renew their lease term for an additional five-year term and increase the leased premises by 8,390 square feet in order to accommodate the space needs of the Planning Department who must relocate from 1400 South Flores in order to provide the Neighborhood and Housing Services Department the additional space needed to accommodate their growing staff needs.

## ISSUE:

The ITSD and the Planning Department will benefit not only from the economic terms of this lease renewal, but also the termination option which allows the City to terminate the lease with 180 days' notice at any time. This option will provide the City the flexibility needed to timely terminate this lease in conjunction with the completion of the Frost Bank Tower improvements, thereby eliminating the potential for the payment of rent for a longer period than necessary.

## ALTERNATIVES:

The alternative to entering into this 2<sup>nd</sup> Amendment to 2012 Combined Agreement would be to not renew the lease at Riverview Towers and to seek an alternative location that offers more favorable economic lease terms. However, the City has an expansive IT network presence in Riverview Towers which would be costly to recreate in another office building; this cost savings, coupled with the very favorable rental rate being offered, makes Riverview Towers the best location for these departments until the Frost Tower renovation is complete.

## FISCAL IMPACT:

Under the terms of the 2<sup>nd</sup> Amendment to 2012 Combined Agreement, the rental rate has been reduced from its' current rate of \$18.50 square foot to \$18.00 square foot. As such, the City will pay rent as follows:

<i>Months</i>	<i>Period</i>	<i>Annual Rent Rate</i>	<i>Monthly Base Rent</i>
1 to 30	10-1-2018 to 3-31-2021	\$18.00 S.F.	\$43,981.50
31 to 60	4-1-2021 to 9-30-2023	\$18.50 S.F.	\$45,203.20

The rental amounts stated above are calculated on 29,321 square feet rather than 29,892 square feet (which is the total square footage of the leased premises) because the City will not pay rent on 571 square feet of storage space, which is included in the 8,390 square feet being added to the leased premises by this action.

In addition to the rental amounts stated above, 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 \$24,480.00 annually for seventeen parking spaces in the adjacent Rand Parking Garage.

The Information Technology Services Department and the Planning Department have sufficient funds in their FY 2019 budget for these lease expenses.

## RECOMMENDATION:

Staff recommends approval of this ordinance approving the 2<sup>nd</sup> Amendment to 2012 Combined Agreement with Riverview Tower Partners, Ltd., in City Council District 1, for the continued use by the City's Information Technology Services Department and the addition of space for the Planning Department.

