

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
LIBRARY DEPARTMENT**

TO: Mayor and City Council

FROM: Laura Isenstein, Director, Library Department

THROUGH: Terry M. Brechtel, City Manager

COPIES: Frances Gonzalez, Assistant to the City Manager; Rebecca Waldman, Director, Department of Asset Management; File

SUBJECT: Ordinance Authorizing a Lease Agreement with ITW Mortgage Investments IV, Inc. for warehouse space to temporarily store the Hertzberg Collection at 995-B Isom Road, Isom Business Center

DATE: May 29, 2003

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes the execution of a lease agreement for twelve months with ITW Mortgage Investments IV, Inc. for use by the Library Department of 5,600 square feet of warehouse space located at 995-B Isom Road, Isom Business Center for temporary storage of the Hertzberg Collection at a monthly rent of \$2,520.00 or an annual rental rate of \$5.40 per square foot, and common area charges, taxes, and insurance charges at a monthly rate of approximately \$700.00 or an annual rate of \$1.50 for an annual total of approximately \$38,640.00, for the period of June 1, 2003 to May 31, 2004, and with a right to renew the term of the lease agreement for an additional period of twelve months subject to City Council approval; and authorizes payment to ITW Mortgage Investments IV, Inc. pursuant to the lease agreement.

Staff recommends the approval of this ordinance.

BACKGROUND

Due to facility maintenance needs and planned renovation work at the Hertzberg Library, staff has determined that the City's Hertzberg Circus Collection and associated collections currently housed in the facility need to be moved to a proper climate controlled storage facility in order to better preserve the collection.

As such, staff, in conjunction with City's real estate brokers and staff from the Witte Museum, investigated numerous sites to temporarily store the Hertzberg Library

collections. Based on the availability of suitable space and logistics, staff recommends leasing space at the Isom Business Center located at 995-B Isom Road. The lease period will be 12 months (from June 1, 2003 to May 31, 2004), with a right to renew, subject to City Council approval, for an additional period of twelve months. The major provisions of the lease are summarized in Attachment A.

POLICY ANALYSIS

Approval of this ordinance, which will allow for the temporary relocation of the collections from the Hertzberg Library, and therefore accommodate its renovation, is consistent with city policy regarding the maintenance of existing facilities.

FINANCIAL IMPACT

Under the terms of the lease agreement for the 5,600 square feet of warehouse space for temporary storage of the Hertzberg Collection, the City will pay an annual rent rate of \$5.40 per square foot or \$30,240.00. In addition, the City will be responsible for common area charges, taxes, and insurance charges at an annual rate of approximately \$1.50 per square foot or \$8,400.00. The City will also separately pay all utility charges associated with the space estimated at approximately \$1.80 per square foot or \$10,080.00.

The total projected cost during the lease term is approximately \$48,720.00 or \$8.70 per square foot. Only \$38,640.00 of the total projected costs will be paid to ITW Mortgage Investments IV, Inc. Approval of this item does not create any new sources of revenue.

Providence Commercial Real Estate and The Weitzman Group, the contracted real estate consultant for the City, assisted staff in identifying lease options and negotiating the lease rate and lease agreement. The Landlord will pay their fees.

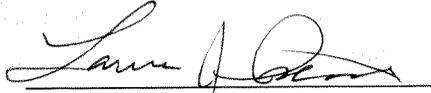
Additional costs associated with this lease include the relocation of the Hertzberg Collection from the Hertzberg Library with expenses estimated at approximately \$32,000.00. The relocation work will be coordinated with and performed under the supervision of the Witte Museum through an amendment to their Delegate Agency Funding Agreement. Funds were budgeted in the FY 2003 Hotel/Motel Fund for the lease and collection relocation expenses.

COORDINATION

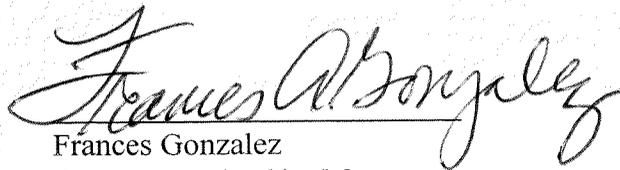
This agenda item has been coordinated with the City Attorney's Office and the Department of Asset Management.

SUPPLEMENTARY COMMENTS

The required Ethics Ordinance Disclosure Statement form is attached.



Laura Isenstein, Director
Library Department



Frances Gonzalez
Assistant to the City Manager

Approved:



Terry M. Brechtel
City Manager

ATTACHMENT A

LEASE SUMMARY

	Monthly Rate (SF Rate)	Annual Rate (SF Rate)
Rent Rate	Months 1 to 12 \$2,520.00 (\$0.45)	\$30,240.00 (\$5.40)

Monthly Operating Expenses

City shall pay monthly operating expenses (common area charges, taxes, and insurance charges), estimated to be approximately \$8,400.00 annually or \$700.00 per month.

Utilities/Janitorial

City shall pay all utility charges associated with the space estimated to be approximately \$10,080.00 annually or \$840.00 per month.

Renewal Option

City will have the right to renew the term of the lease agreement for an additional period of twelve months subject to City Council approval.

Security Deposit

No security deposit is required.

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

None

(2) the identity of any business entity¹ that would be a party to the discretionary contract:

ITW Mortgage Investments IV, Inc., a Delaware corporation, as landlord

and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract:

1. GE Capital Realty Group, Inc., a Texas corporation, as servicer
2. TIG Management Services, Inc., a Texas corporation, as property manager
3. Cavender & Hill Properties, Inc., a Texas corporation, as sub-manager

and the name of:

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract:

See www.itw.com (ultimate parent of landlord)
See www.ge.com (ultimate parent of servicer)

Contract: Lease between ITW Mortgage Investments IV, Inc., as landlord, and City of San Antonio, as tenant, for Approx 5600 square feet located at 995 B Isom Rd, San Antonio, Texas

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

Other than under (2)(B) above for which no disclosure is made.

Political Contributions

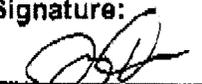
Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totalling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
FRIENDS OF TONI MOORHOUSE by Mark Cavender	\$ 200.00	2/28/03
CARROLLI SCHEUBERT CAMPAIGN by Mark Cavender	\$ 250.00	4/7/03
JOHN CLAMP CAMPAIGN by Mark Cavender	\$ 250.00	4/7/03

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which reasonably understood raise a question as to whether any city official or employee would violate Section 1 or Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

For purposes of this Disclosure, whenever the term "known" is used, such term shall mean "to the best knowledge and belief" of the individual person executing this Disclosure, without independent inquiry.

Signature:  Jerry Tonn	Title: Vice President Company: GE Capital Realty Group, Inc., as servicer	Date: May __, 2003
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¹ For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.