

Agenda item #63

**CITY OF SAN ANTONIO
POLICE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager
FROM: William P. McManus, Chief of Police
SUBJECT: Ordinance Authorizing a Lease Agreement
DATE: June 29, 2006

SUMMARY AND RECOMMENDATIONS

An Ordinance authorizing a five-year Lease Agreement with LHT San Antonio, L.P., calling for the City to pay a beginning annual base rent of \$33,626, plus expenses, the base rent escalating during the lease term with the CPI, for approximately 1,955 square feet of office space at 343 W. Houston, Council District 1, with one five year renewal.

Staff recommends approval.

BACKGROUND INFORMATION

The Victims' Advocacy Office leases 2,272 square feet of space in Avante Plaza located downtown on the corner of W. Commerce and Santa Rosa effective October 1, 2004. The current annual rental rate for this lease is \$15.00 per square feet, increasing to \$15.50 per square feet on October 1, 2007 with a term that expires September 30, 2009.

The current owner of Avante Plaza is planning a new development on the site for market-rate apartments named The Vistana; however, he is asking all tenants to vacate the space in order to begin demolition. The owner does not have an early termination clause; however, the City is cooperating with the owner and both parties have agreed on a suitable space to relocate, one block north of the current location. The new location is Rosa Verde Professional Tower located at 343 W. Houston St. and meets all the City's requirements for the Victims' Advocacy Office. The owner is paying for all costs associated with the relocation (move, stationary, information technology) and is paying the additional cost in occupancy (construction and rent) from what the City is paying at Avante Plaza until September 2009.

In addition to supporting market-rate apartment development in the downtown area, the City will benefit by having space with new tenant finishes (paint, carpet and millwork) by not paying additional rent from the existing rent until 2009. Additionally, the rental rates beyond 2009 can be projected today without having to negotiate an unknown, potential higher rate given the current trends.

The proposed lease of 1,955 square feet is for five (5) years with one five (5) year renewal option. The annual rental rate is \$17.20 for the first year adjusting annually by a minimum 3%

CPI increase limited to no more than 4%. Although the lease rate is higher on a per square feet basis, the proposed location measures office space differently than Avante Plaza and does not include an allocation of common areas. Therefore, the higher rate is applied to a smaller square footage; however, the physical square footage of the space is very similar.

POLICY ANALYSIS

The proposed ordinance is consistent with City Council policy of leasing non-city owned facilities and support of economic development.

FISCAL IMPACT

Under the terms of the new lease, the City will pay an annual gross rate of \$17.20 per square foot, or a total not to exceed \$33,626.00 for the first year. The total rent for the three year lease will be \$113,480.00. The annual rate will increase at the CPI; however, it will be no less than 3% and no more than 4%. The owner of Avante Plaza will reimburse the City's increase in rent based on the 4% increase. The owner of Avante Plaza is contributing \$2,799.11 to offset the increase in rental until the expiration of the current lease, which is September 30, 2009. Additionally, the owner is contributing an estimated \$6,000.00 toward relocation costs and \$4,560.00 for additional parking so that the City will not incur additional charges. Funds are available in the Police Department General fund budget. Subsequent years' funding is contingent on City Council approval of the General Fund budget.

COORDINATION

This ordinance request has been coordinated with the Finance Department, Office of Management & Budget, Asset Management, Economic Development Department, and City Attorney's Office.

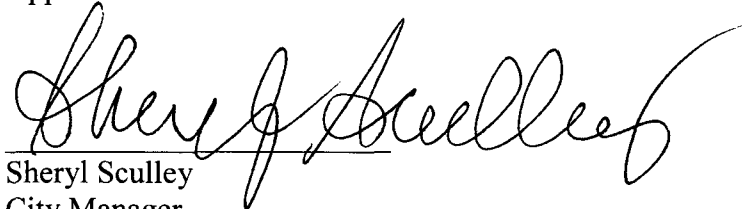
SUPPLEMENTARY COMMENTS

A copy of the Lease Agreement and the required Discretionary Contracts Disclosure Form is attached.



William P. McManus
Chief of Police

Approved for Council Consideration:



Sheryl Sculley
City Manager

**City of San Antonio
Discretionary Contracts Disclosure**

For use of this form, see Section 2-58 through 2-61 of the City Code (Ethics Code).
Attach additional sheets if space provided is not sufficient.

(1) Identify any individual or business entity that is a party to the discretionary contract.

LHT SAN ANTONIO REALTY, L.P.
Lillibridge Healthcare Services, Inc.

(2) Identify any individual or business entity which is a partner, parent or subsidiary business entity of any individual or business entity identified above in Box (1):

☒ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

(3) Identify any individual or business entity that would be a subcontractor on the discretionary contract.

☒ No subcontractor(s); or

List subcontractors:

(4) Identify any lobbyist or public relations firm employed by any party to the discretionary contract for purposes related to seeking the discretionary contract.

☐ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

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. A sole proprietor should list the name of the individual and the d/b/a, if any.

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(5) Political Contributions

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made 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 Part (1), (2), (3) or (4) above, or by the officer, owners or any business entity listed in Part (1), (2) or (3):

☒ No contributions made; if contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:

(6) Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which, reasonably understood, raise a question² as to whether any City official or employee would violate Section 2-43 of the City Code (Ethics Code) ("conflicts of interest") by participating in official action relating to the discretionary contract.

☒ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

This form is required to be supplemented in the event there is any change in the information 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, whichever occurs first.

Signature:

Margo Law

Title: General Manager Date: June 19, 2006

Company or D/B/A:

LHT SAN ANTONIO REALTY, L.P.
Lillibridge Healthcare Services343 W. HOUSTON ST. 411
SAN ANTONIO, TX 78205

² 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.