



City of Austin

Recommendation for Action

File #: 24-6339, **Agenda Item #:** 32.

12/12/2024

Posting Language

Authorize negotiation and execution of a lease agreement with 4125 Felter Lane, LLC, for 8,888 square feet of warehouse space located at 4139 Felter Lane, Austin, Texas 78744, and 0.5 acres of outdoor storage space located at 4227B Felter Lane, Austin, Texas 78744, for an initial lease term of three years with up to two one-year extension options, in an amount not to exceed \$422,964. Funding: Funding in the amount of \$135,492 is available in the Fiscal Year 2024-2025 Operating Budget of the Parks and Recreation Department. Funding for the remaining contract terms is contingent upon available funding in future budgets.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$135,492 is available in the Fiscal Year 2024-2025 Operating Budget of the Parks and Recreation Department.

Funding for the remaining contract terms is contingent upon available funding in future budgets.

For More Information:

Michael Gates, Financial Services Department, 512-974-5639; Brandon Williamson, Financial Services Department, 512-974-5666; Angela Means, Parks and Recreation Department, 512-974-6722.

Additional Backup Information :

The proposed lease agreement is for an interim storage solution for the Park and Recreation Department's (PARC) warehouse needs until a City-owned facility is available. PARC is responsible for the inventory and storage of the Trail of Lights holiday displays and for the past several years accessibility and security concerns of the current warehouse has made the Holly Street warehouse operationally unsuitable for proper care and protection of the displays. The proposed new location offers indoor and outdoor storage space, improved working conditions, and a reduced risk of intrusion and damage to displays.

The proposed lease is 8,888 square feet of warehouse space and a half acre of outdoor storage area. The proposed base rent for the warehouse space is \$11.00 per square foot, and operating expenses are \$2.49 per square foot for the first year. The proposed rent for the outdoor storage area is \$1,300 per month for the first year, with an increase of 4% annually. The base rent and operating costs will increase by 4% per year. There are two 1-year renewal options at the prevailing market rents at the time of renewal, which PARC may not use if a City-owned facility is available by this time.

An independent, third-party appraisal was procured to establish the fair market rental rate. The appraisal supports the proposed lease terms.

Proposed Warehouse Lease - 8,888 Square Feet:

Term	Monthly Base Rent	Monthly Operating Expense	Total Monthly Rent	Total Annual Rent
Year 1	\$8,147	\$1,844	\$9,991	\$119,892
Year 2	\$8,473	\$1,918	\$10,391	\$124,692
Year 3	\$8,812	\$1,995	\$10,807	\$129,684
Total:				\$374,268

Proposed Outside Storage Lot Lease - 0.5 Acres:

Term	Total Monthly Rent	Total Annual Rent
Year 1	\$1,300	\$15,600
Year 2	\$1,352	\$16,224
Year 3	\$1,406	\$16,872
Total:		\$48,696

Proposed Total Lease Combined:

Term	Total Monthly Rent	Total Annual Rent
Year 1	\$11,291	\$135,492
Year 2	\$11,743	\$140,916
Year 3	\$12,213	\$146,556
Total:		\$422,964

The Strategic Facilities Governance Team has reviewed and approved the proposed lease agreement.