City of Austin

Austin

Recommendation for Action

File #: 25-2027, **Agenda Item #:** 39. 10/23/2025

Posting Language
Authorize negotiation and execution of a lease amendment with SL Project Texas 2, LP, a Texas limited partnership, to extend the current lease agreement for an additional 60 months, from January 1, 2026, through December 31, 2030, for 60,750 square feet of office and warehouse space for Austin Transportation and Public Works, located at 8700 and 8900 Cameron Road, Austin, Texas 78754, for a total amount not to exceed $8,571,000. Funding: $1,198,746 is available in the Operating Budget of Austin Transportation and Public Works. Funding for the remaining contract term is contingent upon available funding in future budgets.

Lead Department
Austin Financial Services.

Fiscal Note
Funding in the amount of $1,198,746 is available in the Operating Budget of the Austin Transportation and Public Works.

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

Prior Council Action:
August 9, 2018 - Council approved lease agreement with IND AUSTX CTC, LLC, for the Austin Transportation Department, in an amount not to exceed $7,762,518.90.

For More Information:
Brandon Williamson, Austin Financial Services, 512-974-5666; Michael Gates, Austin Financial Services, 512-974-5639; Richard Mendoza, Austin Transportation and Public Works, 512-974-2488.

Additional Backup Information:
Austin Transportation and Public Works (ATPW) currently occupies approximately 60,750 square feet of office and warehouse space at 8700 and 8900 Cameron Road, in Austin, Texas. The facility consists of two buildings. ATPW's Signal Operations and Maintenance Division and its associated inventory, the Smart Mobility Program, and right-of-way management programs operate out of 8700 Cameron Road. ATPW's Meter Shop, Signs and Markings Division and associated inventory are located in the 8900 building. The current lease is set to expire on December 31, 2025. Extending the lease for an additional 60 months for both buildings will enable ATPW to continue providing uninterupted services to the City until they can be relocated into a City-owned facility.

The proposed lease amendment is for a 5-year term, commencing on January 1, 2026. The proposed base rent is $17.75 per square foot, with an annual increase of 3.5 percent. The operating expenses are estimated at $6.75 per square foot, plus an additional reimbursement of $1.81 per square foot for property taxes, for a total of $8.56 per square foot. The operating expenses are estimated to increase annually by 3.5 percent.

The following table summarizes the rent and operating expenses.

Term	Monthly Base Rent	Estimated Monthly Operating Expenses	Total Monthly Gross Rent	Total Annual Gross Rent
1/1/2026 - 12/31/2026	$89,859	$43,335	$133,194	$1,598,328
1/1/2027 - 12/31/2027	$93,004	$44,852	$137,856	$1,654,272
1/1/2028 - 12/31/2028	$96,259	$46,422	$142,681	$1,712,172
1/1/2029 - 12/31/2029	$99,628	$48,047	$147,675	$1,772,100
1/1/2030 - 12/31/2030	$103,115	$49,729	$152,844	$1,834,128
			Grand Total:	**$8,571,000**

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

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