



City of Austin

Recommendation for Action

File #: 25-1093, **Agenda Item #:** 59.

6/5/2025

Posting Language

Authorize negotiation and execution of an amendment to the lease agreement with Germer PLLC for office space at 1501 South Mopac Expressway, Austin, Texas 78746, that will establish an earlier lease expiration date of February 28, 2026, and waive rent and other charges under the lease in an amount not to exceed \$873,214. Funding: This item has no impact.

Lead Department

Financial Services Department

Fiscal Note

This item has no fiscal impact.

For More Information:

Michael Gates, Financial Services Department, 512-974-5639; Kimberly Olivares, Financial Services Department, 512-974-2924; Brandon Williamson, Financial Services Department, 512-974-5666.

Additional Backup Information:

The purpose of this proposal is to authorize the execution of an amendment to the lease agreement with Germer PLLC for Suite 400, consisting of approximately 25,369 rentable square feet of office space, in the future public safety headquarters facility located at 1501 South Mopac Expressway, Austin, Texas 78746. On October 12, 2024, the City Council authorized the acquisition of the building from G&I VII Barton Skyway LP and the assumption of the building's existing leases, including the lease with Germer PLLC. The current lease term expires on February 28, 2033.

The staff recommends amending the lease to:

1. Provide for an expiration date of February 28, 2026, which is seven years earlier than the expiration date currently in the lease;
2. Waive the base rent and other charges under the lease from July 1, 2025, through February 28, 2026, in the amount of \$873,214, and
3. Provide that Germer PLLC will be responsible for the rent and other charges for any occupancy of the space until June 30, 2025.

In exchange for foregoing rental revenue for the period of the waiver, the City will take early possession of fully finished out Class A office space which will reduce costs associated with extensive renovations. The amendment will allow the City to complete any renovations necessary to accommodate the co-location of the Austin Fire Department, the Emergency Medical Services Department, and the Austin Police Department into a single public safety headquarters campus significantly sooner than otherwise waiting until the end of the tenant's lease term. Waiting would delay occupancy by the City and require bringing the contractor back at a later date to complete the renovations, resulting in additional mobilization costs and risking increased costs due to inflation, tariffs, and supply shortages. For these reasons, the Financial Services Department has determined that the rent and charge waivers are less than the cost of delays.

By approving this item, Council finds that this lease amendment, including the waiver of rent and other charges, serves a public purpose and is of benefit to the City because it will allow the City to complete needed renovations and begin occupancy of the space for use as the new public safety headquarters in an overall more cost-effective and efficient manner.

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