



City of Austin

Recommendation for Action

File #: 25-0844, **Agenda Item #:** 35.

5/22/2025

Posting Language

Authorize negotiation and execution of a fifth amendment to the Industrial Lease Agreement with Pre Summit LLC, to extend for an additional 18 months, until November 30, 2026, the lease of approximately 8,850 square feet of office and laboratory space for the Laboratory Services Division of Austin Water, located at 14050 Summit Drive, Suite 121, Austin, Texas 78728, for a total amount not to exceed \$359,802. Funding: \$78,824 is available in the Operating Budget of Austin Water.

Lead Department

Financial Services Department

Fiscal Note

Funding in the amount of \$78,824 is available in the Fiscal Year 2024-2025 Operating Budget of Austin Water.

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

Prior Council Action:

August 20, 2015 - Council approved a 120-month lease renewal with BT1 Austin, LLC, for the Laboratory Services Division of Austin Water.

January 31, 2008 - Council approved a 60-month lease renewal with Equastone Austin I, LP, for the Laboratory Services Division of Austin Water.

August 1, 2002 - Council approved an 84-month lease with Lend Lease Real Estate Investments, Inc., for the Laboratory Services Division of Austin Water.

Council Committee, Boards and Commission Action:

May 21, 2025 - To be reviewed by the Water and Wastewater Commission.

For More Information:

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Additional Backup Information:

The proposed lease amendment is for the approximately 8,850 square feet water quality testing laboratory space located at 14050 Summit Drive, Suite 121, Austin, Texas 78728 that Austin Water has occupied since May 2003. The current lease agreement for this space expires on May 31, 2025, and additional time is needed at this location to continue to conduct water quality testing while the facility at 712 Huntland Drive is made ready for Austin Water. Once this lease extension expires and the finish-out of the Huntland Drive facility is completed, the water quality testing laboratory will relocate.

The proposed base rent for the laboratory is \$18.50 per square foot per year (\$13,644 per month), and operating expenses are currently estimated at \$6,062 per month. The base rent will increase annually by 4%, and operating expenses are estimated to increase annually by 5%.

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

The following table summarizes the rent and operating expenses.

Term	Monthly Base Rent	Estimated Monthly Operating Expense	Total Monthly Rent	Total Annual Rent
Months 1-12	\$13,644	\$6,062	\$19,706	\$236,472
Months 13-18	\$14,190	\$6,365	\$20,555	\$123,330*
			Total:	\$359,802

*Calculation based on 6-months.

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