



Recommendation for Action

File #: 22-1093, **Agenda Item #:** 36.

1/27/2022

Posting Language

Authorize negotiation and execution of a ground lease with Protestant Episcopal Church Council of the Diocese of Texas for real property consisting of approximately 1.604 acres of land, more or less, located at 4601 Westlake Drive, Austin, Texas 78746, for a term of forty (40) years, with one additional forty (40) year option for the operation of a new Austin Fire Department/Emergency Medical Services station, in an amount not to exceed \$9,060,297.

Lead Department

Financial Services Department.

Fiscal Note

Funding in the amount of \$150,000 for the initial lease payment will be included as part of the Fiscal Year 2022-2023 budget process. Funding for the remaining lease term is contingent upon available funding in future budgets.

Prior Council Action:

May 24, 2018, Council approved Resolution No. 20180524-035, directing the City Manager to fund, construct, and staff five permanent fire stations.

For More Information:

Megan Herron, Financial Services Department, 512-974-5649; Michael Gates, Financial Services Department, (512) 974-, Rob Vires, Chief of Staff, Austin Fire Department (512) 974-0132, Davis Haden, Austin Fire Department, (512) 497-2789, Chris Jistel, Financial Services Department, (512) 974-3936.

Additional Backup Information:

On May 24, 2018, the City Council passed Resolution No. 20180524-035 with a unanimous vote, directing City staff to construct and staff five new permanent AFD/EMS stations in the areas of greatest need as identified in the updated 2017 Austin Fire Department/Austin Fire Association Fire Station Risk and Service Delivery Analysis Report. The Loop 360 Fire/EMS station was designated as the third highest priority station.

The Loop 360 Fire/EMS station will be a four bay, two-story building housing both Fire and EMS units.

The proposed ground lease at 4601 Westlake Drive, Austin, Texas 78746 is for 40 years with one additional 40-year option for a total term of 80-years for approximately 1.604 acres of land, more or less. The proposed rate for the first year will be \$150,000.00 to be paid annually, beginning on the "Rent Commencement Date". The "Rent Commencement Date" means that date which is the earlier of (a) twenty four (24) months after Tenant has received Site Plan Approval and a Site Development Permit for the Improvements to be constructed on the Premises, or (b) the date on which Tenant receives the first certificate of occupancy issued by the City of Austin for the Improvements. The Annual Rent shall increase by 2% each year on the anniversary of the "Rent Commencement Date". AFD/EMS will be responsible for one hundred percent (100%) of the building operating expenses, including utilities, maintenance, and janitorial services.

The 40-year term, with one additional 40-year option to extend will allow AFD/EMS to provide valued AFD and EMS services to the surrounding community, benefit the Fire and EMS response times, and support potential gaps in existing stations' response times.

The table below illustrates the estimated annual real estate costs for the ground lease.

Year	Annual Rent
1	\$150,000.00
2	\$153,000.00
3	\$156,060.00
4	\$159,181.20
5	\$162,364.82
6	\$165,612.12
7	\$168,924.36
8	\$172,302.85
9	\$175,748.91
10*	\$179,263.89

*Years 11-40 shall continue to increase by 2% each year on the anniversary of the "Rent Commencement Date" for a total not to exceed amount of \$9,060,297.

Strategic Outcome(s):

Safety.