

AN ORDINANCE **2008-08-07-0641**

AUTHORIZING RENEWAL OF A LEASE BY THE CITY OF APPROXIMATELY 8,302 SQUARE FEET OF SPACE IN RIVERVIEW TOWER, 111 SOLEDAD STREET, AT AN ANNUAL RENTAL RATE OF \$16.00 A SQUARE FOOT FOR YEARS 1 TO 3 AND \$17.00 A SQUARE FOOT FOR YEARS 4 TO 5, AND AMENDING THE LEASE TO ADD 2,414 SQUARE FEET TO THE PREMISES.

* * * * *

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager and her designee, severally, are authorized and directed to execute and deliver on behalf of the City an instrument in substantially the form attached as **Attachment I**, which is incorporated for all purposes as if fully set forth. The City Manager and her designee, severally, should take all other actions conducive to effectuate the transaction, including agreeing to non-material changes to the approved form and executing and delivering ancillary documents and instruments conducive to effectuating the transaction.

SECTION 2. Funding for the FY 2008 portion of this ordinance is available as per the table below:

<i>Fund</i>		<i>Cost Center</i>	<i>CC Text</i>	<i>Account</i>	<i>Account Text</i>	<i>Amount</i>
55001000	Solid Waste Ops	8055010001	Office of Environmental Policy	5201040	Fees to Pro.	\$20,000
55001000	Solid Waste Ops	8055010001	Office of Environmental Policy	5206010	Rental of Facilities	\$308
55001000	Solid Waste Ops	8055010001	Office of Environmental Policy	5407060	Relocation Expenses	\$7,000

SECTION 3. Funding for FY 2009 is contingent upon the budget approved by City Council.

SECTION 4. Payment not to exceed the budgeted amount is authorized and should be encumbered with a purchase order.

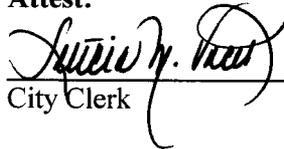
SECTION 5. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 6. This ordinance becomes effective 10 days after passage.

PASSED AND APPROVED this 7th day of August 2008.

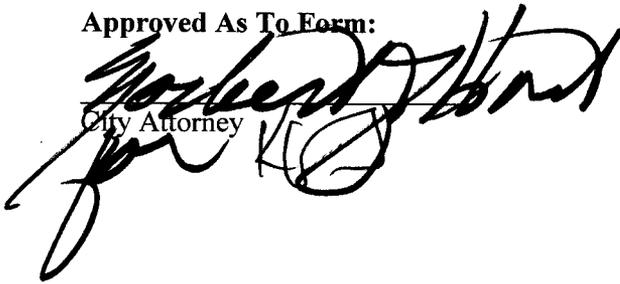

M A Y O R
PHIL HARDBERGER

Attest:



City Clerk

Approved As To Form:



City Attorney

Agenda Item:	14 (in consent vote: 8, 11, 12, 14, 15, 16, 17A, 17B, 18, 20, 21, 23, 24, 26, 28, 29, 31, 32, 34A, 34B, 34C, 34D, 34E, 34F, 34G, 34H, 34I, 34J, 34K, 35, 36A, 36B, 36C, 36D, 36E, 36F, 36G, 36H, 36I, 36J)						
Date:	08/07/2008						
Time:	03:08:26 PM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing renewal of a lease by the City of approximately 8,302 square feet of space in Riverview Tower, 111 Soledad Street, at an annual rental rate of \$16.00 a square foot for years 1 to 3 and \$17.00 a square foot for years 4 to 5, and amending the lease to add 2,414 square feet to the premises. [Penny Postoak Ferguson, Assistant City Manager; Mike Frisbie, Director, Capital Improvements Management Services]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Phil Hardberger	Mayor		x				
Mary Alice P. Cisneros	District 1		x				
Sheila D. McNeil	District 2		x				
Jennifer V. Ramos	District 3		x				x
Philip A. Cortez	District 4		x			x	
Lourdes Galvan	District 5		x				
Delicia Herrera	District 6		x				
Justin Rodriguez	District 7		x				
Diane G. Cibrian	District 8		x				
Louis E. Rowe	District 9		x				
John G. Clamp	District 10		x				

Renewal and 2nd Amendment to Lease Agreement

(Riverview Tower Partners, Ltd./Internal Audit)

1. Identifying Information.

Authorizing Ordinance:

Landlord: Riverview Tower Partners, Ltd., successor in interest to Mack-Cali Texas Property, L.P.

Landlord's Address: 111 Soledad, San Antonio, Texas 78205

Tenant: City of San Antonio

Tenant's Address: P.O. Box 839966, San Antonio, Texas 78283-3966
(Attention: Office of the City Auditor)

Lease: Lease Agreement between Landlord and Tenant pertaining to 8,302 square feet of space on the sixth floor of the office building located at 111 Soledad, San Antonio, Texas ("Building") and authorized by the Ordinance Authorizing Original Lease

Ordinance Authorizing Original Lease: 96772, November 21, 2002

1st Amendment: Amendment to Lease Agreement between Landlord and Tenant pertaining to 8,302 square feet of space on the sixth floor of Building, the amendment being authorized by the Ordinance Authorizing 1st Amendment

Ordinance Authorizing 1st Amendment: 99118, April 29, 2004

2. Defined Terms.

All terms defined in the Lease and not otherwise defined in this amendment, when used in this amendment, have the meanings ascribed to them in the Lease. References to "Lease" in this amendment include both the original Lease and all previous amendments to it.

3. Term, Renewal.

3.01. The Lease is renewed from August 15, 2008 through August 31, 2013, inclusive.

3.02. Tenant may elect to renew this Lease for one additional five-year term. Rent during the renewal term is addressed in the paragraph defining Rent.

4. Addition to Premises.

Suite 725, as depicted on **Exhibit A**, is added to the Premises as of August 15, 2008, and the term for that space is the same as for all other space under this Lease. The space may be used for general office purposes by City personnel.

5. Rent.

5.01. As to Suite 725, Tenant need not pay any rent, Base or otherwise, for the period from August 15, 2008 through October 15, 2008. For the period of October 16, 2008 through October 31, 2008, Tenant will pay the prorated rental amount of \$1,693.11.

5.02. As to Suite 600, Tenant will continue to pay monthly Base Rent in the amount of \$10,723.42 through October 31, 2008.

5.03. As to the entire Premises, Suite 600 and Suite 725, from November 1, 2008 through August 31, 2011, Tenant will pay a monthly Base Rent of \$14,288 (\$16 per square foot annually). From September 1, 2011 through August 31, 2013, Tenant will pay a monthly Base Rent of \$15,181 (\$17 per square foot annually).

5.04. If the Renewal Term provided for above is exercised, Base Rent is as follows. From September 1, 2013 through August 31, 2015, Base Rent is \$17 per square foot annually. From September 1, 2015 through August 31, 2018, Base Rent is \$18 per square foot annually.

5.05. In addition to the Base Rent increases provided for in the preceding paragraphs, Base Rent Adjustments will continue according to Article II of the Lease, except that the Base Year for calculating future increases is the calendar year ending December 31, 2008.

5.06. All Rent calculations dependent on square feet of the entire Premises are based on 10,716 square feet. Calculations based on the square footage of the portion of the Premises on the sixth floor are based on 8,302 square feet. Calculations based on the square footage of the portion of the Premises on the seventh floor are based on 2,414 square feet.

6. Parking.

In addition to the four parking spaces already provided to Tenant, Landlord must provide Tenant two additional parking spaces. Tenant must pay Landlord \$77 monthly, subject to change as per Section 5.4 of the Original Lease Agreement, for each of the six parking spaces.

7. Early Termination Right.

7.01. Tenant may terminate the present renewal term of this Lease in whole, at or anytime after October 31, 2011, provided Tenant has provided 180-days' prior written notice to Landlord. If Tenant exercises the renewal option contained in this amendment, it may likewise terminate the additional renewal term in whole, at or anytime after October 31, 2016, provided Tenant has provided 180-days' prior written notice to Landlord.

7.02. With the same time limitations, Tenant may terminate this Lease on 180-days' prior written notice as to its occupancy on the 6th floor of the Building or the 7th floor of the Building. Termination of this Lease as to one floor does not impair Tenant's right to later terminate this Lease as to the other floor.

8. Landlord's Promises.

8.01. Through the term as extended by this instrument and as it may be extended in the future, Landlord must perform the services listed on **Exhibit B** according to the schedule shown on that exhibit.

8.02. Landlord must repaint the entire Premises, both Suite 600 and Suite 725, not later than August 15, 2008. Additionally, Landlord must clean the carpets in the entire Premises, both Suite 600 and Suite 725, not later than August 15, 2008, using the cleaning method described in **Exhibit B**.

9. No Default.

Neither Landlord nor Tenant is in default under the Lease and neither party is aware of a cause of action against the other arising out of or relating to the period before the date of Landlord's signature on this amendment.

10. Same Terms and Conditions.

This amendment is a fully integrated expression of the changes the parties intend to make to the Lease, as previously amended. The parties acknowledge that, except as expressly set forth in this amendment, the Lease as previously amended remains in full force and effect according to its terms, and the parties reaffirm the obligations thereof. Both Landlord and Tenant are bound thereby. Neither party is in default under the Lease as

amended. There have been no amendments or other modifications to the Lease except as expressly described in this amendment.

11. Public Information.

Landlord acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public.

12. Exhibits.

All exhibits to this instrument are incorporated into it for all purposes as if fully set forth.

In Witness Whereof, the parties have caused their representatives to set their hands.

Landlord

Tenant

City of San Antonio, a Texas municipal corporation

Riverview Tower Partners, Ltd., a Texas limited partnership, by and through its sole general partner

Signature: _____

Riverview Tower GP, LLC, a Texas limited liability company

Printed Name: _____

Signature: Jerome E. Stewart

Title: _____

Printed Name: Jerome E. Stewart

Date: _____

Title: Partner

Attest:

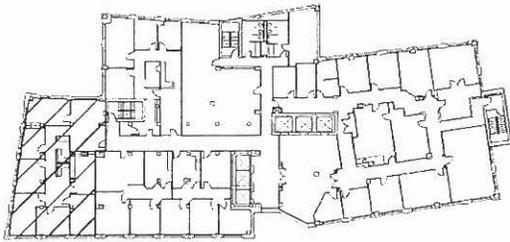
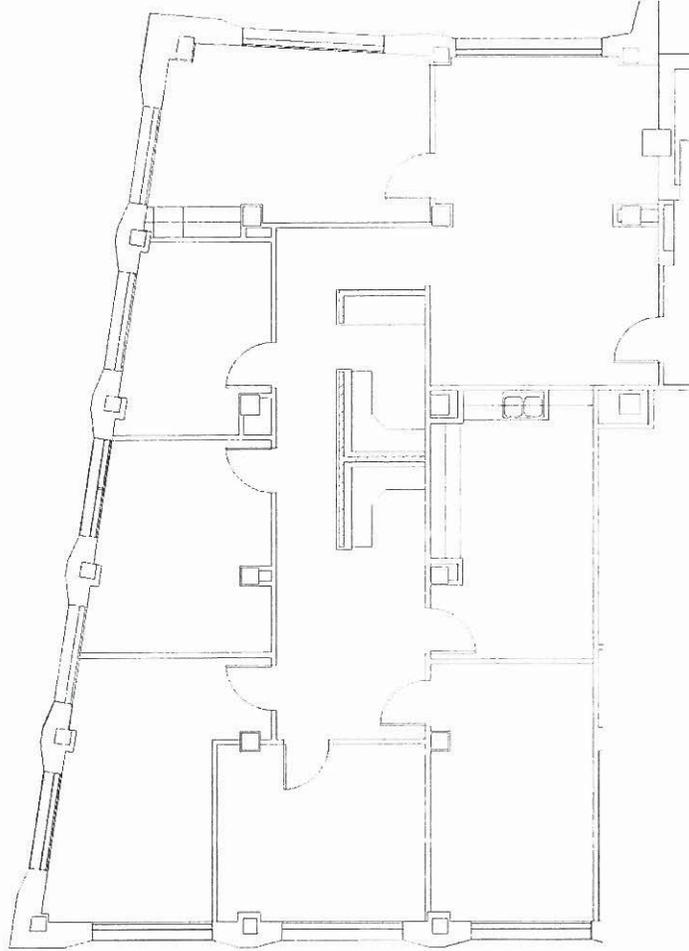
Date: 6/23/08

City Clerk

Approved as to Form:

City Attorney

Exhibit A



FLOOR LOCATION MAP

SUITE 725

2,414 RSF

RIVERVIEW TOWERS



3/32" = 1'-0"

INSITE ARCHITECTS, INC.
JUNE 04, 2008

Exhibit B

Cleaning and Maintenance Schedule

Daily (Monday through Friday)

Carpets Vacuumed

Composition floors dust-mopped

To the extent accessible, desks, desk accessories and office furniture dusted. Papers and folders left on desk, not to be moved.

Wastebaskets and other trash receptacles emptied; remove trash from the building to an area designated outside of the Premises.

Chairs and wastebaskets returned to proper position.

Fingerprints removed from glass doors and partitions.

Drinking fountains cleaned, sanitized and polished.

Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.

Malfunctioning light bulb and tube replaced, as required.

Graffiti expunged as needed after Tenant has given Landlord verbal notice of the existence of graffiti.

Day porter service from 8:00 AM to 5:00 PM.

Weekly

Low-reach areas such as, but not limited to, chair rungs, baseboards and insides of doorjamb dusted.

Windowsills, ledges and wood paneling and molding dusted.

Floors washed in uncarpeted office areas.

Monthly

Floors waxed in uncarpeted office areas.

Picture molding and frames dusted.

Wall vents and ceiling vents vacuumed.

As per Landlord's mechanical maintenance contract, HVAC chiller water checked for bacteria, chiller water conditioned as necessary.

Quarterly

High-reach areas, such as, but not limited to, door frames, tops of partitions and hanging light fixtures dusted.

Light fixtures cleaned and dusted, but not less frequently than Quarterly.

Wood furniture polished.

Mini-blinds cleaned as required, but not less frequently than Quarterly.

As per Landlord's mechanical maintenance contract, HVAC units serviced for preventative maintenance purposes, all filters changed.

Semi-Annually

All painted wall and door surfaces washed and stains removed.

All walls treated with vinyl covering washed and stains removed.

All carpet to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The cost for the carpet cleaning will be added to Tenant's operating expenses, according to Article III of the Lease.

Annually

Windows washed as required inside and outside annually.

Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

As Needed

Touch-up paint all interior painted surfaces in a color and finish to match existing.

Premises and the sidewalks, driveways, parking areas and all means of ingress and egress serving the Premises should be maintained in good repair, and in clean and safe condition at all times.

All lawns, shrubbery and foliage on the grounds of which the Premises are part should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

Carpet professionally spot cleaned as required to remove stains.

General

Landlord must, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.



CITY OF SAN ANTONIO
Request for Council Action

Agenda Item # 14
Council Meeting Date: 8/7/2008
RFCAs Tracking No: R-3566

DEPARTMENT: Capital Improvements
Management Services

DEPARTMENT HEAD: Mike Frisbie

COUNCIL DISTRICT(S) IMPACTED:
Council District 1

SUBJECT:
Riverview Tower Lease – City Auditor and Office of Environmental Policy

SUMMARY:

This ordinance authorizes the execution of a Renewal and 2nd Amendment to Lease Agreement with Riverview Tower Partners, Ltd. for the continued use by the Office of the City Auditor, of approximately 8,302 square feet of space, located at 111 Soledad Street in Council District 1, at an annual rental rate of \$16.00 per square foot for years one through three and \$17.00 per square foot for years four and five. In addition, the City will be responsible for the reimbursement to Landlord of its pro-rata share of all operating expenses (maintenance, insurance charges, janitorial charges, utilities, and taxes) in excess of the actual base-year operating expenses, for a five-year term, with the option to renew for one, 5-year term, subject to future City Council approval, and the right to terminate without cause after the third year. Additionally, this action will increase the size of the leased premises by approximately 2,414 square feet for use by the Office of Environmental Policy (OEP) and provide two months free rent for this added square footage.

BACKGROUND INFORMATION:

Pursuant to Ordinance 96772, dated November 21, 2002, City Council approved a Lease Agreement at Riverview Tower to provide office space for the Office of the City Auditor with the option to renew. As such, this item will serve to exercise the renewal option to commence August 15, 2008 and expire August 31, 2013 and increase the size of the lease premises by 2,414 square feet, for a total of 10, 716 square feet. The added space will be used by the current three employees and future employees and contractors in the Office of Environmental Policy (OEP), which was created in October 2008 to address the City's growing environmental concerns and to coordinate energy conservation, air quality and green building initiatives. The OEP is a policy resource to the City Manager, City Council and other City Departments, conducting its daily activities at City Hall, Municipal Plaza and Riverview Towers. However, OEP staff is currently housed at the Solid Waste Management Administrative Offices located inside Loop 410 and Culebra. This action will greatly improve the efficiency of the Office of Environmental Policy due to the close proximity of Riverview Towers to the core downtown City facilities.

ISSUE:

This action is consistent with the City's policy to support the space needs of departments. As there is currently not a viable City-owned facility available to move the Office of the City Auditor and OEP staff into, several private properties were explored. Riverview Tower was selected due to its location, very favorable rental rates, and savings due to the existing City IT infrastructure.

ALTERNATIVES:

The alternative to entering into this agreement with Riverview Tower would be to continue the search for suitable space in the hope that a more favorable location and lease terms could be found. However, during this period of unknown duration, the previously stated benefit to the OEP would not be realized.

FISCAL IMPACT:Auditor

As proposed the lease extension provides the following financial terms:

- The Auditor currently occupies 8,302 square feet, and is provided with four parking spaces. There is no expansion of square footage or increase in number of parking spaces proposed for the Auditor during the remaining term.
- The Auditor currently pays \$132,468.00 annually for this space. Under the terms proposed, the rent would remain at the current rate through October 31, 2008. Thereafter, the monthly rent will increase \$338.00 from \$11,039.00 to \$11,377.00 per month, an increase of three percent.
- This rate (\$11,377.00 per month) will remain in effect for the first 3 years of the lease.
- In years 4 and 5 the monthly rent will increase \$692.00 from \$11,377.00 to \$12,069.00, an increase of six percent.
- Commencing in 2010 the City will pay its proportionate share of increases in building operating expenses over the base year.

The following table details the existing rent situation for Auditor and the proposed rental rates for the five year renewal term.

Lease Years	Monthly Rental Rate			Annual Rent	Annual Rate PSF
	Rent	Parking	Total		
Current Rent	\$10,724.00	\$315.00	\$11,039.00	\$132,468.00	\$15.96
Year 1 Months 1 thru 2	\$10,724.00	\$315.00	\$11,039.00	n/a	n/a
Year 1 Months 3 thru 12	\$11,069.00	\$308.00	\$11,377.00	\$135,848.00	\$16.36
Years 2 and 3	\$11,069.00	\$308.00	\$11,377.00	\$136,524.00	\$16.44
Years 4 and 5	\$11,761.00	\$308.00	\$12,069.00	\$144,828.00	\$17.44

Office of Environmental Policy (OEP)

As proposed, the City will lease 2,414 square feet along with 2 parking spaces for use by OEP.

The financial terms of the portion of the proposed lease attributable to that Office are as follows:

- Months one and two will be free with City only responsible for the cost of parking, \$154.00 per month
- Commencing in month three the monthly rental rate will be \$3,373.00. This rate will remain in effect through the end of the third year.
- Monthly rent will increase in year 4 by \$201.00 from \$3,373.00 per month to \$3,574.00 per month, an increase of 6%. This rate will remain in effect for the remainder of the lease term.

- Commencing in year two of the term the City will pay its proportionate share of increases in building operating expenses over the base year.

Lease Years	Monthly Rental Rate			Annual Rent	Annual Rate PSF
	Rent	Parking	Total		
Year 1 Month 1 and 2	Free	\$154.00	\$154.00	n/a	n/a
Year 1 Month 3 thru 12	\$3,219.00	\$154.00	\$3,373.00	\$33,730.00	\$13.97
Years 2 and 3	\$3,219.00	\$154.00	\$3,373.00	\$40,476.00	\$16.77
Years 4 and 5	\$3,420.00	\$154.00	\$3,574.00	\$42,886.00	\$17.77

The total one-time expense associated with the acquisition of the leased space attributable to OEP is \$27,000.00 and is attributable to the following items:

- Installation of door access security systems which will benefit the City's entire occupancy at River View Towers equal to \$20,000.00.
- ITSD expenses attributable to data wiring of the space in the amount of \$7,000.00.

Sufficient funding for the proposed lease costs including one time expenses are available in the existing budgets for Auditor and OEP. Additionally, the respective departments have allocated sufficient funding in their proposed Fiscal Year 2008/2009 budgets.

RECOMMENDATION:

Staff recommends approval authorizing the Renewal and 2nd Amendment to Lease Agreement at Riverview Tower.

ATTACHMENT(S):

File Description	File Name
Discretionary Contracts Disclosure Form	DCD (CAO & OEP @ RV) 8-7-08.pdf
Fiscal Impact Sheet	FIS (CAO & OEP @ RV) 8-7-08 Agenda.pdf
Renewal & 2nd Amendment to Lease Agreement	Renewal & 2nd Amendment (CAO & OEP @ RV) 8-7-08.pdf
Voting Results	
Ordinance/Supplemental Documents	200808070641.pdf

DEPARTMENT HEAD AUTHORIZATIONS:

Park E. Pearson Director (Interim) City Auditor's Office
Debbie Sittre Assistant Director Capital Improvements Management Services

APPROVED FOR COUNCIL CONSIDERATION:

Richard Varn Chief Information Officer
Penny Postoak Ferguson Assistant City Manager