

Action on the MPO's Lease Agreement

Transportation Policy Board
June 28, 2021



Current AAMPO Lease Agreement

- The MPO moved into its current office space located at 825 South St. Mary's Street in August 2007
 - At the time, the Board approved the execution of a five-year lease agreement for that space
 - In 2012, the lease was extended for an additional five years through 2017
- In 2016, the MPO hired a Real Estate Brokerage firm to look for new office space or to re-negotiate our lease
- A new lease on the existing property was approved by the TPB and executed at that time for another five years – taking us through 2022
- That current lease agreement includes an escalating price, with a cost of \$21.00 per square foot (psf) in its last year

Current AAMPO Lease Agreement

- If the MPO were to relocate, staff would need to begin the process of hiring a Real Estate Brokerage firm soon to find new space and negotiate a lease on its behalf
- However, our current landlord has informed us that he would be open to extending our current lease, at the \$21 psf price for an additional five years, with an additional \$500 per month to offset escalating property taxes in the area
- The square footage of the building is approximately 7,711 sf. This would make the base monthly rate \$13,994.25 (\$13,494.25 + \$500) or \$167,931 annually
- Our annual rent amounts to approximately 6.7% of our annual operating budget

Current AAMPO Lease Agreement

- AACOG has purchased a building at the corner of Loop 410 and Perrin Beitel (Titan Building) and have rentable space available
- They have made an initial/informal offer of approximately 7,700 square feet at a cost of \$22 psf
- The average rental rate psf for office space in San Antonio currently stands at \$23.60
- If we choose to move, we estimate we would spend approximately \$16K on hiring movers and paying our IT services company to relocate computer servers and equipment
- Additional costs associated with moving would also be incurred (new signage, letterhead, business cards, etc.)

Current AAMPO Lease Agreement

- If we choose not to take the landlord's current deal, we would hire a Real Estate Broker to look for additional space in the downtown area, evaluate and negotiate the offer from AACOG, and/or negotiate a new deal with our current landlord
- Brokerage fees are paid by the building owner where a lease is ultimately signed. Therefore, the landlord's current deal would not be valid if a Brokerage firm is used
- Staff recommended to the Executive Committee at its meeting on June 2, 2021, that the MPO accept the landlord's offer to avoid moving expenses.
- The Executive Committee unanimously recommends to the Policy Board approval of the five-year lease extension.