



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** JUNE 18, 2024

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**THROUGH:** JAMES F. PARAJON, CITY MANAGER /s/

**FROM:** JEREMY MCPIKE, DIRECTOR, GENERAL SERVICES

**DOCKET TITLE:**

Consideration of a Lease Agreement Between the City and Alexandria Renew Enterprises (“AlexRenew”) for Office Space in the Environmental Center at AlexRenew Headquarters located at 1800 Limerick Street

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**ISSUE:** Consideration of a Lease Agreement between the City and AlexRenew for 5,599 square feet of office space in the Environmental Center at AlexRenew headquarters located at 1800 Limerick Street.

**RECOMMENDATION:** That City Council authorize the City Manager to execute the lease agreement consistent with the general terms of the attached Lease Agreement with AlexRenew.

**BACKGROUND:** The Environmental Center at AlexRenew headquarters was completed in 2016 and designed with space on the fifth floor for future expansion. In 2023, while contemplating the build-out and use of the fifth-floor space, AlexRenew and the Department of Transportation and Environmental Services (T&ES) jointly proposed entering into an agreement with the City to lease 5,599 square feet of office space on the fifth floor to accommodate the City’s T&ES Infrastructure and Environmental Quality Branch (IEQ), currently located at 2900 Business Center Drive which includes the Sanitary Infrastructure, Stormwater Management, and Environmental Quality Divisions.

**DISCUSSION:** Recognizing the synergies between the missions and work of both T&ES and AlexRenew, discussions began regarding the space at AlexRenew headquarters. The relocation of T&ES IEQ from 2900 Business Center Drive to AlexRenew will not only allow for regular City engagement with relevant AlexRenew operations but will also allow for the relocation of additional T&ES staff from City Hall to 2900 Business Center Drive which will help accommodate the changes contemplated as part of the City Hall redesign and renovation.

The proposed lease agreement for 5,599 square feet of office space at the Environmental Center at AlexRenew headquarters provides for a lease term of ten (10) years with the option to renew for two additional terms of five (5) years each. The space will accommodate approximately thirty-six (36) City staff plus common areas and will provide for a minimum of twenty-three (23) parking spaces in the parking garage at 1800 Limerick Street.

Project costs, including design, construction, furniture, fixtures and equipment and contingency are currently estimated to be \$2.7 million with final costs to be based on final design of the space. AlexRenew will fund 100% of the design costs and 40% of the construction costs to build-out the space. The City will fund the remaining 60% of the construction costs and costs for furniture, fixtures, and equipment. The City will provide a \$25,000 donation annually to the AlexRenew Lifeline Emergency Assistance Program (LEAP) in lieu of rent to be funded by the Sanitary Sewer special revenue fund. LEAP provides financial assistance to residential customers who are unable to pay their wastewater utility bill. Aside from the annual donation to LEAP, there will be no other operating costs incurred by the City for the use of this space.

**FISCAL IMPACT:** The City will provide a \$25,000 donation annually to the AlexRenew Lifeline Emergency Assistance Program (LEAP) in lieu of rent and will also fund 60% of the construction costs related to the build-out of the space and costs for furniture, fixtures, and equipment (FFE). Based on the initial estimated project cost of \$2.7 million, the City's share (60%) is estimated to be approximately \$1.44 million, including construction and FFE. Final construction costs are still to be determined and will be based on final design of the space. The City will be approving the drawings for each phase of the design. These expenses will be funded by the City's Capital Improvement Program (CIP) and the Sanitary Sewer special revenue fund.

**ATTACHMENT:**

1. Lease Agreement Between the City and AlexRenew
2. Exhibit A-City-AlexRenew Lease

**STAFF:**

Emily Baker, Deputy City Manager

Julian Gonsalves, Assistant City Manager

Adriana Castaeda, Director, Transportation and Environmental Services

Alfred Coleman, Deputy Director, General Services

Bryan MacAvoy, Assistant City Attorney