



Legislation Details (With Text)

File #: 19-1338 **Name:** Lease agreement - 720 North Saint Asaph Street
Type: Written Report **Status:** Agenda Ready
File created: 10/26/2018 **In control:** City Council Legislative Meeting
On agenda: 12/11/2018 **Final action:**
Title: Consideration of Authorization of a Third Amendment to the Lease at 720 North Saint Asaph Street.
Sponsors:
Indexes:
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Attachments: 1. 19-1338_Third Amendment, 2. 19-1338_Original Lease 720 N Saint Asaph, 3. 19-1338_Letter of Intent

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 5, 2018
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:
Consideration of Authorization of a Third Amendment to the Lease at 720 North Saint Asaph Street.

ISSUE: Extension of Department of Community and Human Services (DCHS) lease at 720 North Saint Asaph Street.

RECOMMENDATION: That City Council authorize the Third Amendment (attached) to the lease agreement for 720 North Saint Asaph Street between the City of Alexandria and DFH Property Holdings LLC thereby extending the lease until October 31, 2023.

BACKGROUND: DCHS has been operating and providing services to the public at 720 North Saint Asaph for over 15 years. Currently, the lease is due to expire on October 31, 2019. DFH Property Holdings LLC after significant discussion with the City has agreed to extend the lease for four (4) additional years, through October 31, 2023, requiring a Third Amendment to the lease.

The Third Amendment to the lease between the City and DFH Property Holdings LLC includes the lease term of four (4) years until October 31, 2023. This lease will allow DCHS to continue to operate at this site until the new DCHS consolidated lease at 4850 Mark Center Drive has been executed as a part of the colocation and consolidation recommended in the proposed City's Strategic Facility Plan. While a four-year extension is one year greater than the City needs, that four-year lease period was the only lease extension timing which was available for this building. This was primarily due to the need to amortize needed HVAC investments over a long enough time to recover these invested costs. The alternative would have been to move DCHS employees out of 720 North Saint Asaph Street into a temporary location, but the cost of doing so would far exceed the cost of one year's additional rent at 720 North Saint Asaph Street.

The extra year on this lease might be useful to have and then utilize as swing space during the planned City Hall renovation. Alternatively, redevelopment interest might result in the ability to end this lease earlier than the fall of 2023.

FISCAL IMPACT: The operating cost is projected to increase gradually from the current \$53,394 per month to \$64,900 per month over a four year period, The City will continue the existing full-service lease terms.

ATTACHMENTS:

1. Third Amendment to Agreement of Lease between City of Alexandria and DFH Property Holdings LLC
2. Original Lease 720 North Saint Asaph
3. Letter of Intent

STAFF:

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