



Legislation Text

File #: 14-5272, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 18, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Proposed Lease of Office Space at Bankers Square for the Accounting and Purchasing Divisions.

ISSUE: Consideration of a lease for office space at Bankers Square, 300 Block of N. Pitt Street, for two City divisions.

RECOMMENDATION: That the City Council authorize the City Manager to enter into a new lease for 5,949 square feet office space at Bankers Square, 100 Block of North Pitt Street, which would extend occupation of this space by City divisions for a period of 10 years (through 2026).

BACKGROUND: The City currently leases 5,949 square feet of space at Bankers Square providing office space to the Finance Department's Accounting and Purchasing divisions. The City is approaching the end of the current lease which will expire in October 14, 2016. City staff wishes to continue a lease agreement at Bankers Square for ten years maintaining the same footprint within the building as in now the case.

The new proposed base lease rate at Bankers Square of \$26 per square foot comparable to the recently negotiated City lease at Tavern Square. The compares to just under \$30 per square feet that the City is currently paying. The new lease also provide approximately \$157,000 through a tenant improvement allowance for space improvement and implementation of the updated City space standards. The allowance will fully fund the physical build out of the office space, but the City will be responsible for procuring the systems furniture that aligns with our strategic goals of serving the public and attract quality public service employees.

The proposed lease rate is comparable with current Old Town office rental market rates, and remaining in Bankers Square eliminates a disruptive and expensive office relocation. Bankers Square also provides close access to City Hall for employees and vendors which is important for these central support functions. Given our midterm plan to undertake a major renovation of City Hall, having Bankers Square space capabilities will

allow flexibility in determining adjacencies during the renovation period. The lease also allows for subleasing for additional flexibility as the City considers an overall facilities plan. The proposed ten year lease term for Bankers Square represents the same ten year term as was recently approved for the renewal of the adjacent Tavern Square City office space lease.

FISCAL IMPACT: The new proposed base lease rate at Bankers Square of \$26 per square foot is a fair market rate and is competitive with the new City lease at Tavern Square, represents a \$38,000 savings compared to the fiscal year budget of \$200,000. This savings will be used to offset some of the cost to replace and modernize aging furniture. Attachment A provides a more detailed comparison of the proposed lease agreement to the current Bankers Square lease.

ATTACHMENTS: Comparison of Proposed Lease to Current Lease

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