

## CITY COUNCIL MEMORANDUM

### AGENDA ITEM

**Authorize Lease Agreement Amendments with Richard Milburn Academy, Bring Everyone in the Zone, Killeen Civic Art Guild, Bell County Human Services, Greater Killeen Free Clinic, and Central Texas Council of Governments at the Killeen Arts & Activities Center**

### ORIGINATING DEPARTMENT

**Community Development**

### BACKGROUND INFORMATION

In 2011, the City Council approved the lease agreements with the above-referenced tenants for office space at the Killeen Arts & Activities Center (KAAC). The leases were for a period of five (5) years, expiring in July and August, 2016, with renewal options for two, five (5)-year terms. The Greater Killeen Free Clinic's lease term is for fifteen (15) years because of requirements under CDBG regulations in that any lease related to CDBG funding must be for a minimum of fifteen (15) years. CDBG funds were used to rehabilitate that building in 2011.

### DISCUSSION/CONCLUSION

In the original lease agreements approved by council, there is an option to renew for two additional five (5) year terms. Staff is proposing to amend the renewal term to one three (3) year term. Bell County Human Services, Richard Milburn Academy, and Bring Everyone in the Zone currently pay monthly rent as well as utilities. The Killeen Civic Art Guild, Central Texas Council of Governments, and Greater Killeen Free Clinic currently do not pay monthly rent or utilities to the City of Killeen for the office space they occupy at the KAAC. Greater Killeen Free Clinic does pay for janitorial fees to the city for the cleaning of its space.

### FISCAL IMPACT

Staff is recommending the City Council consider an increase to the monthly rent of sixty-two (62) cents per square foot to sixty-eight and 1/2 cents (68.5) per square foot of office space occupied by Richard Milburn Academy, Bring Everyone in the Zone, and Bell County Human Services. The net increase for all three agencies is \$15,369.00 annually over the next three (3) years. For the Killeen Civic Art Guild, staff is recommending the tenant pay for its portion of electricity, gas, water, trash, and sewer beginning with the renewal term. Staff is also recommending that Central Texas Council of Governments pay the same utilities for the space it occupies at KAAC. All utilities will be prorated based on the square foot of space they occupy and will be billed in arrears by the City of Killeen on a monthly basis. For the Greater Killeen Free Clinic, staff is recommending that janitorial fees be increased from \$172.00 monthly to \$429.93 monthly, for a net increase of \$3,095.16 annually.

## **RECOMMENDATION**

Staff recommends amending the leases as described above and that the city manager be authorized to sign said amendments.