

City of Copperas Cove Information Item No.

APRIL 13, 2015

221 W. Avenue D Commercial Lease

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SUBJECT: REPORT ON THE COMMERCIAL LEASE FOR 221 W AVENUE D BETWEEN THE CITY OF COPPERAS COVE AND ROBERT D. COOK.

1. BACKGROUND/HISTORY

The City of Copperas Cove and Donlie McMullin Realty entered into a Commercial Lease Agreement effective October 1, 2012 and ending October 1, 2017.

Originally the 2100 square foot office facility was occupied by the City's Finance Department staff. In May 2014, Finance staff located to 914 S. Main Street and Code Compliance moved to 221 W. Avenue D shortly thereafter and continues to occupy the facility.

On September 11, 2012, the property was purchased by Robert D. Cook.

FINDINGS/CURRENT ACTIVITY

On April 7, 2015, the Council requested City staff provide a cost benefit analysis to buy out the lease agreement for 221 W. Avenue D.

2. FINANCIAL IMPACT

If the City continued with the lease at \$2,000 per month through 8/31/2017, the cost of the remaining lease is \$46,000.00. Per Section 35 (Special Provisions), "if the City Council does not appropriate the funds to lease there will be a penalty of 25% of the lease amount to terminate the lease early." The early termination would be 25% of \$46,000.00, which equates to \$11,500.00.

Should the Council determine sufficient funds do not exist for the FY 2016 Budget and fail to appropriate funds for the lease in the amount of \$24,000.00, an early termination fee of \$11,500.00 will be due to the property owner, Robert D. Cook.

3. STAFF RECOMMENDATION

Staff recommends the City Council await the presentation of the Annual Budget & Plan of Municipals Services for Fiscal Year 2016 to determine if non-appropriation is necessary to ensure basic City services are funded.