

## Legislation Text

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**CC MEETING:** December 6, 2016

**DATE:** November 29, 2016

**TO:** Leonard Martin, City Manager

**FROM:** Andrea Roy, Economic Development Manager

Consider A **Resolution Authorizing The City Manager To Negotiate And Execute An Amended Lease Agreement With Social Media Delivered For The City-Owned Gravley Center at 1111 West Belt Line Road, Suites 100 & 200.**

**BACKGROUND:**

Since August 2014, Social Media Delivered (SMD) has leased space in Downtown Carrollton; first leasing one of the live-work units in The Union, then expanding into 5,864 square feet on the first floor of the Gravley Center. The company continues to flourish and has added team members in Canada, the United Kingdom and Germany. Due to the rapid growth of the company, SMD has requested to amend their current lease to include the additional 3,300 square feet of unoccupied space on the second floor of the Gravley Center. The company wishes to finish-out the space with four meeting rooms, a large event space, a workout room, a restroom with shower, and a kitchenette. This expansion will allow the company to hire more employees, bring in additional interns, host new clients, and present larger events in partnership with the City.

The current lease will be amended to reflect the following proposed new/expanded lease terms:

Suite 100: 5,864 sq. ft. (Current)  
Suite 200: 3,300 sq. ft. (Additional)  
9,164 sq. ft. total lease space

**Base Rental Rate:**

Months 0-5: \$1,250 per month

Months 6-13: \$4,398.00 per month (based on 5,864 square feet of rentable space at \$9.00 per foot per year)

Months 14-15: \$4,398 .00 per month (based on 9,164 square feet of rentable space) 2 months free rent on the additional 3,300 square feet to allow for construction of tenant improvements.

Months 16-85: \$6,873 per month (\$82,476/year based on 9,164 sq. ft. of rentable space at \$9.00 per square foot per year).

Monthly Service Discount: \$1,250

The monthly service discount is based on SMD providing:

- (A) bi-monthly networking/social marketing sessions in the meeting area for executives of Carrollton businesses; and

- (B) availability of meeting area for one (1) meeting each month for City use; and
- (C) emcee services for Downtown Carrollton events as needed and as tenant's schedule permits; and
- (D) social media services for online social networking sites (such as Twitter) for Historic Downtown Carrollton; and
- (E) live social media coverage during the Festival at the Switchyard each year for Historic Downtown Carrollton.

The 3,300 square feet of space is unfinished and has never been occupied; therefore, significant tenant improvements will be required to occupy the space. Based on estimates provided by SMD's contractor, finish-out costs will be \$249,859, which includes \$85,000 for an elevator and \$32,000 for HVAC to serve the space. The total City-funded tenant improvements will not exceed \$250,000, or \$75.76 per square foot. Any budget overruns will be the sole responsibility of SMD.

**FINANCIAL IMPLICATIONS:**

Funds for the \$250,000 of tenant improvements are available in the Capital Contingency Account.

**IMPACT ON COMMUNITY SUSTAINABILITY:**

Filling the last remaining vacant Gravely Center space with a growing, vibrant company will add to the momentum of Downtown Carrollton. Furthermore, the marketing efforts and contributions that are being made by the Company will raise Carrollton's profile.

**STAFF RECOMMENDATION/ACTION DESIRED:**

Staff recommends that City Council adopt a resolution authorizing the City Manager to negotiate and execute an amended lease agreement with Social Media Delivered for the City-owned Gravley Center at 1111 West Belt Line Road, Suites 100 & 200.