

AGENDA



Thursday, February 28, 2008

**Austin Energy
RECOMMENDATION FOR COUNCIL ACTION****Item No. 9**

Subject: Authorize negotiation and execution of a 12-month lease with Perry Lorenz for ground space at 315 Sabine St., with four optional 12-month extensions, at an annual rental amount not to exceed \$166,939.96, ratify payments made under a previous lease in the amount of \$152,243.87, and authorize payment to Mr. Lorenz of \$210,424.02 in hold-over rental charges accrued to date, for a total authorized amount not to exceed \$1,197,367.69.

Amount and Source of Funding: Funding in the amount of \$295,050.66 is available in the Fiscal Year 2007-2008 Operating Budget of Austin Energy. Funding for the remainder of the first and additional option terms is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated financial impact. A fiscal note is not required.

For More Information: Judy Fowler, 322-6107.

Boards and Commission Action: Recommended by the Electric Utility Commission.

Prior Council Action: Original lease approved on June 29, 2000 for use by the Austin Convention Center; renewals of lease approved on June 27, 2002 and July 29, 2004.

This site is currently being used by Austin Energy for construction staging, materials and equipment storage, worker parking, and delivery truck staging. It has become increasingly difficult to secure vacant land in the downtown area that can be used for this purpose. The site is convenient to Austin Energy's downtown chiller facility, proposed work in the Rainey Street neighborhood, and to the Austin Convention Center service yard.

The City began leasing this tract on August 1, 2000. The original leasing department was the Convention Center, which obtained approval for subsequent lease renewals through July 31, 2004. The property is now used primarily by Austin Energy, which executed two further lease extensions with Mr. Lorenz after the expiration of the 2004 lease, one for two months from August 1, 2005, through September 30, 2005, and another for the eleven months between October 1, 2005, and August 31, 2006. The latter extension exceeded the spending authority previously granted by Council. No written lease has been in effect since August 31, 2006. Austin Energy is requesting authorization for (1) execution for a new ground lease with a one-year primary term and four optional one-year terms, (2) ratification of payments under the October 1, 2005 – August 31, 2006 lease, and (3) payment to the Lessor for back rent and reimbursement for property taxes during the hold-over term from September 1, 2006, to the present in accordance with the terms of the prior lease had it been properly renewed.

The terms for lease renewal are substantially the same as those of the previous lease: \$10,578.33 base rent per month for the 12 month term, plus reimbursement to the Lessor of property taxes. Property taxes are estimated at \$40,000 and have been included in the requested authorization.