

AGENDA



Thursday, August 21, 2008

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION****Item No. 9**

Subject: Approve the negotiation and execution of a 60 month lease with two five-year renewal options for 37,857 square feet of office space located at 1124 South Interstate Highway 35 from HOUSING AUTHORITY OF THE CITY OF AUSTIN, for the Communication and Technology Management Office, in an amount not to exceed \$10,386,067.

Amount and Source of Funding: Funding in the amount of \$559,905 for the first year of the lease is available in the Fiscal Year 2008-2009 Proposed Operating budget of the Financial Services Department, Communication and Technology Management. The remaining 48 months of the initial term and the two five-year renewal options are contingent upon available funds in future budgets.

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

For More Information: Lauraine Rizer 974-7078, April Thedford 974-7141

The Communication and Technology Management (CTM) Office is currently located at the Waller Creek Center (WCC), owned by the Austin Water Utility. There is inadequate office and parking space to house both the Austin Water Utility and CTM at the same location. This lease will allow CTM to move to the Housing Authority of City of Austin (HACA) located at 1124 S. Interstate Highway 35, and free up space at the WCC for space needs identified by the Austin Water Utility.

The proposed 60 month lease for 37,857 square feet would commence on October 1, 2008. The base rent is \$14.79 per square foot for the first year (\$559,905). On each anniversary of the commencement date, the cost will increase \$0.50 per square foot. The proposed lease requires CTM to pay base rent and electricity to the HACA. CTM currently pays rent to the Austin Water Utility for its space in the WCC and will incur no additional costs associated with the proposed lease in the 2009 CTM operating budget.

CTM currently occupies 19,261 square feet at the WCC, which will be vacated upon approval of this proposed lease. Conditions are crowded at the WCC and some employees are currently sharing cubicles, which poses some security issues. The lease space will occupy (approximately) 175 FTEs and will incorporate the City's work space policies and standards developed by Building Services for City facilities. The following divisions of CTM will be relocated: Administration, Human Resources, Program Management, Security, Help Desk, Networks, Personal Computer (PC) Support, Information Technology (IT) Projects and IT Applications.

Since 2005, CTM has been paying \$14,400 per year to LAZ Parking Texas LLC to accommodate 40 additional parking spaces for CTM employees due to inadequate parking in the Waller Creek Centre parking garage. CTM will save this expense upon relocation to HACA. CTM also recently learned that the parking operator is terminating this lease in the near future.

The lease includes two five-year extension options for a total of 15 years.

The office space that will become available at the WCC upon CTM's relocation to the HACA facility is planned for use by the Austin Water Utility to consolidate its water conservation, customer service, planning, and engineering programs and services.

The City of Austin Real Estate Services Division recommends the proposed lease and will continue to work with both departments to assess their current and future needs and develop a permanent solution.