

AGENDA



Thursday, March 12, 2009

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION****Item No. 3**

Subject: Authorize the negotiation and execution of a 36-month lease with the possibility of future renewals for 4,031 square feet of office space for Austin Water Utility to house the South-I 35 Water and Wastewater Improvement Program, located at 811 Barton Springs Road Suite 920, from PENNMUNI-TIAA U.S. REAL ESTATE FUND, LLC, Austin TX, in an amount not to exceed \$380,841.13 for the initial lease term.

Amount and Source of Funding: Funding in the amount of \$72,047.43 is available in the Fiscal Year 2008-2009 Operating Budget of the Austin Water. Funding for the remaining lease term period is contingent upon available funding in future budgets.

Fiscal Note: No fiscal impact, a fiscal note is not required.

For More Information: Dean Harris 974-7061; Gopal Guthikonda 972-0240; April Thedford 974-7141

The Austin Water Utility has established a synergistic Program Team to support the South-I 35 Water and Wastewater Improvement Program. The proposed lease is to provide a central location for the Team.

A central location will facilitate a more streamlined and consistent execution of all the projects in this Program as well as better communication between Team members. A central location will also promote standardization of project specifications, permitting, submittal reviews and project execution. This standardization will result in similar project scopes, higher quality, tighter schedules and lower costs.

Because many of the projects in this Program will include water and wastewater components, Public Works Department Project Management Division has assigned Project Managers from its Infrastructure Group to the Program. Without this lease space, the number of Project managers that could be assigned to support the Program would otherwise be limited by the lack of space to house this Group. The space is currently leased by AECOM, a City consultant. This authorization will allow the City to put a new lease in place at a slightly reduced rate.

The proposed lease is anticipated to commence March 2009. The initial base rent for the 4,031 square feet will be \$19.00 per square foot annually or \$6,382.42 per month for the first twelve months, increasing by \$0.50 per square foot annually as indicated in the chart below. Fourteen parking spaces are also included in base rent. Operating expenses will also be reimbursed to the owner. This amount is currently \$11.64 per square foot annually or \$3,910.07 monthly for 2009 including taxes, insurance, janitorial, repairs, and common area maintenance. The operating expenses are estimated to increase 3% annually. Additional negotiated terms and conditions may provide for future extensions.