




MEMORANDUM

TO: Mayor and Council Members

FROM: Rudy Garza, Assistant City Manager 

DATE: September 17, 2009

SUBJECT: Austin Police Department and Public Works Warehouse Space (Revised)

Please note the funding for the purchase of the Public Works warehouse space has been revised to correctly reflect the budget amendment amount of \$1,350,000.

The City Council Agenda for September 24th will include action items to authorize the purchase of warehouse space for the Austin Police Department (APD) and Public Works Department (PW). This memo provides background information for these acquisitions. In addition, City staff is available between now and the upcoming meeting to brief Council. We do not plan to enter into Executive Session for these items on September 24th unless Council raises issues or questions that are proper for discussion in Executive Session.

Austin Police Department

A consultant was hired in 2005 to assess APD's evidence storage needs. The consultant outlined sixteen (16) recommendations, one being in lieu of four separate locations to combine all evidence storage into one facility of approximately 60,000 square feet.

Real Estate Services staff identified a preferred site that could accommodate the needs of APD. The site is approximately 52,000 square feet of which, approximately 12,000 square feet are currently leased to the State of Texas. The lease payment is \$9,000 per month and expires in 2012, providing savings for the City. The State of Texas utilizes the space for storage and the space has a separate entrance and its own loading dock. In addition, the current rent payments for APD evidence storage will cover the costs associated with funding the purchase of this site as shown below.

Funding the purchase of this site is as follows:

Budget Amendment:	\$3,850,000
- Purchase Price:	\$3,100,000
- Estimated Closing Cost:	\$ 4,000
- Repairs and Improvements:	\$ 746,000

Sell \$3,850,000 in debt (August 2010)
- Certificates of Obligation (paid out over 20 years)

Total Savings \approx \$173,000/year
- Estimated savings \approx \$65,000/year
- Current rental payment at Rutherford Lane Complex \approx \$380,000/year
- Estimated annual debt service payment \approx \$315,000/year
- Additional savings from State of Texas lease payment \approx \$108,000/year

Public Works Department

The Public Works Street and Bridge Division leases property at 3511 Manor Road for a Central Distribution Center. An amendment to the lease was entered into on January 16, 2009 to extend the lease expiration to January 31, 2011, to allow the City to search for a different facility. The current monthly rent including taxes and insurance per lease agreement is \$10,000 per month. The property owner has recently contacted Real Estate Services to inform staff they are now interested in selling the property. PW is requesting that the City acquire this site since it is more economically beneficial to purchase rather than continue to lease the facility or consider alternative sites.

Funding the purchase of this site is as follows:

Budget Amendment:	\$1,350,000
- Purchase Price:	\$1,050,000
- Estimated Closing Costs:	\$ 9,000
- Repairs and Improvements:	\$ 291,000

Sell \$1,350,000 in debt (August 2010)
- Certificates of Obligation (paid out over 20 years)

Estimated Savings \approx \$9,000/year
- Current lease payment (plus taxes, insurance) \approx \$120,000/year
- Estimated annual debt service payment \approx \$111,000/year

Should you have any questions or require additional information, please let me know.
Thank you.

cc: Marc A. Ott, City Manager
Michael McDonald, Assistant City Manager
Robert Goode, Assistant City Manager
Art Acevedo, Chief of Police
Howard Lazarus, Director, Public Works
Lauraine Rizer, Division Manager, Real Estate Services