

A G E N D A



Recommendation for Council Action (Purchasing)

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| Austin City Council | Item ID: | 9154 | Agenda Number | 49. |
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| Meeting Date: | August 25, 2011 |
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| Department: | Purchasing |
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Subject

Authorize an increase to a contract amount with T-C BARTON SPRINGS LLC, Austin, TX, for the existing (2001) lease of office space at 811 Barton Springs Road in an estimated amount not to exceed \$390,000, for a total revised contract amount not to exceed \$7,312,265.

Amount and Source of Funding

Funding is available in the Fiscal Year 2010-2011 Operating Budget of Austin Energy.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

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| Purchasing Language: | |
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| Prior Council Action: | August 9, 2001 and May 27, 2004 - Approved original leases; July 24, 2008 - Approved lease amendments and ratified previous lease amendments. |
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| For More Information: | Karen Williams, Senior Buyer, 322-6467 |
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| Boards and Commission Action: | Recommended by the Electric Utility Commission. |
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| MBE / WBE: | This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). This is a Cooperative Purchase; therefore, it is exempted under Chapter 791 of the Texas Local Government Code and no goals were established for this solicitation. |
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| Related Items: | |
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Additional Backup Information

On August 9, 2001, the City Council authorized Austin Energy (AE) to lease 7,236 square feet of office space at 811 Barton Springs Rd. On May 27, 2004, the City Council authorized Austin Energy to amend the 2001 lease to encompass 23,533 square feet of space and added an additional 84-month term to the lease. On July 24, 2008, the City Council authorized additional lease agreements for a total of 49,911 square feet of office space as well as adding an additional 36-month term to the lease. This AE 2001 lease includes general office space, training rooms and meeting rooms. This space accommodates several AE mission critical and strategic activities such as Engineering and Power Production and Maximo (the city-wide inventory management system), as well as Energy Efficiency, Renewable Power Generation, Customer Care, and Marketing. On April 28, 2011, the City Council authorized AE to negotiate and execute a new 72-month lease of office space at 811 Barton Springs Rd. Austin Energy agreed to an inception date October 1, 2011 for the new lease so that the new lease would coincide with the City's fiscal year, and so that Austin Energy could take advantage a rent abatement offered by the landlord for the months of June, July, August and September of 2011. October, 2011 is within the terms of the 2001 lease and the new lease, but Austin Energy will not incur any duplicate rent or operating expenses for this month.

Under the 2001 lease agreement, AE is required to pay the base rent negotiated in the terms of the lease and its proportional share of the operating expenses for the building that accrue during the term of the lease. These operating expenses fluctuate and are not controlled by AE. This proposed action will increase the contract amount for the 2001 lease to cover additional operating expenses under the 2001 lease agreement set to expire on October 31, 2011. AE needs an increase in authorization to cover the additional cost of these operating expenses incurred during the last year of the term of the 2001 lease agreement.

Contract Summary

| Action | Description | Amount |
|---------------------------------|--|--------------|
| Original Lease awarded 08/09/01 | Original 36-month lease | \$ 698,500 |
| 05/27/04 Council Action | Per council approval, additional 84 month lease was added with additional office space | \$ 4,063,996 |
| 07/24/08 Council Action | Per council approval, additional 37 month lease was added with additional office space, lease amendments and ratified lease amendments. | \$ 2,159,769 |
| Proposed 8/28/11 Council Action | Increase contract amount and allow continuation of lease payments for operating expenses through the end of the contract term (10/31/11) | \$ 390,000 |
| Total Revised Contract Amount | | \$ 7,312,265 |