



**Lease Agreement/Renewal
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 5
AGENDA DATE: Thu 05/27/2004
PAGE: 1 of 1**

SUBJECT: Authorize negotiation and execution of an agreement with THE REALTY ASSOCIATES FUND V, L.P, a Delaware Partnership, c/o TA Associates Realty, Boston MA, for an eighty-four month lease renewal and expansion for 23,533 square feet of office space and an eighteen month lease for 5,271 square feet of office, located at 811 Barton Springs Road, in an amount not to exceed \$4,063,996.31.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$23,719.50 is included in the Fiscal Year 2003-2004 Approved Operating Budget of Austin Energy. Additional funding is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Austin Energy
DEPARTMENT:

DIRECTOR'S
AUTHORIZATION: Juan Garza

FOR MORE INFORMATION CONTACT: Diane Covert, Facilities Management/ 322-6530

PRIOR COUNCIL ACTION: Original lease approved on August 9, 2001.

BOARD AND COMMISSION ACTION: Recommended by the Electric Utility Commission.

Austin Energy has occupied 7,236 square feet of lease space at 811 Barton Springs since October 1, 2001. The proposed renewal and expansion would reduce the per square foot cost, allow for relocation of AE employees from Two Commodore Plaza, which is scheduled to be vacated by the City. Costs for the expansion space as compared to alternate locations are minimized due to the existing presence of the AE proprietary fiber optic system already present in the facility. The facility's close proximity to AE headquarters also adds to administrative efficiency for meetings and shared use of conference rooms and parking facilities. The negotiated best and final offer from the property owner outlined below is the result of a yearlong property selection and negotiation process.

The current lease rate for the occupied space is \$29.62 per square foot annually for 7,236 square feet. The current lease term ends September 30, 2004. An additional 16,297 sq ft is requested totaling 23,533 square feet for an eighty-four month term. It will be a full service average rate of \$20.36 annually including parking. Three months of free rent was negotiated as part of a cost saving initiative whereby using City staff brokers the real estate commission is in the form of a rebate to the principal. The remaining nine months of year one are at a base rate of \$18 annually per square foot, for an effective year-one rate of \$13.50, including approximately \$9.63 per square foot operating expenses. Years two through seven will have rate increases of \$1 per square foot annually over the \$18.00 base rate. Increases in expenses above the 2004 base year will be passed through to the City as is typical with commercial leases in similar buildings. An estimate of average future increases is included in this request along with parking, which is provided at a ratio of 1:333.

In addition to the 23,533 sq ft for seven years, a request for 5,271 square feet of space is needed to house the temporary project management offices for several IT projects during this period. The rate for the 5,271 square feet is \$18.00 per square foot annually for year one, and \$19.25 annually for six months of year two, for a total estimated cost of \$152,313.55.

RCA Serial#: 5484 Date: 05/27/04 Original: Yes

Published:

Disposition:

Adjusted version published:



Electric Utility Commission
April 19, 2004
Meeting

Authorize negotiation and execution of an agreement with THE REALTY ASSOCIATES FUND V, L.P, a Delaware Partnership, c/o TA Associates Realty, for an eighty-four month lease renewal and expansion for 23,533 square feet of office space and an eighteen month lease for 5,271 square feet of office, located at 811 Barton Springs Road, in an amount not to exceed \$4,072,245.23.

Motion by: Skeith

Seconded by: LeGette

Ayes: Carr, Fath, LeGette, Owens, Sarma, Shaw, and Skeith

Nays: NONE

Abstaining: NONE

Off the dais: NONE

Absent: Fernandez

The motion passed on a 7 – 0 vote.