

**Austin Energy
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No. 4


Subject: Authorize negotiation and execution of the following agreements with RREEF DOMAIN LP, a Delaware limited partnership: (1) Cost Reimbursement Agreement for the purchase and installation of required piping, and relocation of existing overhead piping, and related equipment as needed to interconnect the new Domain multi-use development to the Austin Energy Domain Utility Plant district cooling system in an amount not to exceed \$5,000,000; and (2) an amended Ground Lease and related easements for the Domain development.

Amount and Source of Funding: Funding in the amount of \$1,000,000 is available in the Fiscal Year 2005-2006 approved Capital Budget of Austin Energy. Remaining funds contingent on future Council budget approval.

Fiscal Note: A fiscal note is attached.

**Additional Backup
Material**

(click to open)

 [RREEF fiscal note](#)

For More Information: Cliff Braddock, Director, Energy Business Development / 322-6302; Charles Shell, Domain Plant Manager / 505-7014

Boards and Commission Action: Recommended by the Electric Utility Commission.

Prior Council Action: May 25, 2006, by Resolution No. 20060525-051

Austin Energy is negotiating an agreement with RREEF DOMAIN LP, successor-in-interest to JER/BRE AUSTIN TECH LP, to provide chilled water-cooling services for its new commercial and retail project under construction at the Domain, located at Braker Lane and MoPac in Northwest Austin. Austin Energy will provide the chilled water-cooling services from its existing Domain Utility Plant.

To expedite the design and installation of chilled water related equipment (e.g., pumps, valves, heat exchangers) and associated underground piping, Austin Energy will agree to have RREEF DOMAIN LP furnish and install the equipment and piping in conjunction with its construction of the new Domain development, and to reimburse actual costs not to exceed \$5,000,000. This agreement will provide for lower costs, help avoid construction delays, and help prevent having to excavate new areas for future extensions of the chilled water distribution system to other potential customers. This reimbursement process is in accordance with Austin Energy's prior chilled water agreements.

This RCA is to seek authorization for Austin Energy to complete the purchase of the required piping and related equipment once the installation is complete to the satisfaction of Austin Energy inspectors. Austin Energy will have review and approval rights for the design and construction of this chilled water project, and will reimburse RREEF DOMAIN LP for appropriate costs. Such reimbursement may include appropriate costs incurred by RREEF DOMAIN LP prior to the execution of the Agreement. Upon completion and acceptance of the project, Austin Energy will own and maintain the piping and related equipment.

Additionally, Austin Energy is seeking authorization to enter into an amended and restated Ground Lease and related easements with RREEF DOMAIN LP modifying the Ground Lease terms entered into effective September 1, 2001. This amended Ground Lease will modify the parties obligations in several significant

ways, to reflect the new multi-use development a the Domain, including: (1) Eliminate Austin Energy's obligation to build additional on-site generation; (2) modify the area leased by Austin Energy (reducing its size from 7.23 acres to 4.25 acres); (3) eliminate Austin Energy's requirement to pay for additional new load fees; (4) modify the routes of chilled water piping to reflect the new development plans; and (5) provide a pricing methodology for Domain utility services customers.

CIP BUDGET
Fiscal Note

DATE OF COUNCIL CONSIDERATION:

7/27/2006

WHERE ON AGENDA:

Resolution

DEPARTMENT:

Austin Energy

SUBJECT: Authorize negotiation and execution of the following agreements with RREEF DOMAIN LP, a Delaware limited partnership: (1) Cost reimbursement agreement for the purchase and installation of required piping, and relocation of existing overhead piping, and related equipment as needed to interconnect the new Domain multi-use development to the Austin Energy Domain Utility Plant district cooling system in an amount not to exceed \$5,000,000; and (2) an amended Ground Lease and related easements for the Domain development.

FINANCIAL INFORMATION:

Parent Project Name: **Non-Electric Plant Assets - Chillers**
Project Authorization: 2005-2006 Amended Capital Budget

Current Appropriation	\$ 116,067,916.00	
Unencumbered Balance		\$ 19,248,910.66
Amount of This Action		<u>(5,000,000.00)</u>
Remaining Balance		<u><u>\$ 14,248,910.66</u></u>

Use of Remaining Balance:

Remaining funds will be used for design, construction, equipment, and material acquisition to complete the project.

Use of Any Remaining Funds After Completion of Project:

No remaining funds anticipated at this time.

Director, Planning & Budget

Signature: J. E. Pokorny Date: 7/7/2006