

# AGENDA



## Recommendation for Council Action

### AUSTIN CITY COUNCIL

Regular Meeting: December 13, 2018

Item Number: **016**

#### Office of Real Estate Services

Authorize negotiation and execution of all documents and instruments necessary or desirable to purchase in fee simple approximately 3.325 acres and improvements located at the northeast corner of Philomena Street and Mueller Blvd. in the Mueller Development in Austin, Travis County, Texas from Mueller Aldrich SW L1B5, LP in an amount not to exceed \$150,000,000 including closing costs. Related to Item #17.

**District(s) Affected:** District 9

<b>Lead Department</b>	Office of Real Estate Services.
<b>Fiscal Note</b>	Funding in the amount of \$1,300,000 is available in the Capital Budget of Austin Energy. Funding in the amount of \$148,700,000 is contingent upon approval of the proposed budget amendment included on this agenda.
<b>Prior Council Action</b>	June 18, 2015 - Council approved a service contract with CBRE, Inc. on a 10-0 vote. Council Member Houston was off the dais.  June 28, 2018 - Council approved on consent the negotiation and execution of an exclusive negotiation agreement with Catellus Development Corporation.
<b>For More Information</b>	Andrew Moore, Financial Services Department, (512) 974-7604; Alex Gale, Office of Real Estate Services, (512) 974-1416; Megan Herron, Office of Real Estate Services, (512) 974-5649.

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**Additional Backup Information:**

This action authorizes the negotiation and execution of a Purchase and Sale Agreement, and supporting documents and instruments, with Mueller Aldrich SW L1B5, LP, a limited partnership of Catellus Development Corporation, to acquire a building for Austin Energy's headquarters. The acquisition will include an approximately 3.325 acre tract, an office building of approximately 275,000 gross square feet, structured parking, and related site amenities. Construction and delivery of the developed property and closing on this transaction is anticipated to occur in spring 2021.

Once the building is complete, Austin Energy will vacate their current locations at 721 Barton Springs, 811 Barton Springs and 5202 E. Ben White, allowing the City to begin exiting lease space for administrative staff in other facilities. The City is in need of approximately 800,000 to 1.2 million square feet of new administrative space due to overcrowding, end-of-life facilities, and to replace lease space. This acquisition is part of continued effort to exit lease space and move towards city-owned facilities for administrative space. Staff is currently in process of conducting a city-wide occupancy study of administrative space. The result of the study will provide us with a broader strategy for city-owned facilities.

The property is located within the Mueller Development which is a redevelopment of the Robert Mueller Municipal Airport and is designated as a Town Center in Imagine Austin. At full build out, Mueller will be home to approximately 14,000 people, 14,500 employees, 4 million square feet of office and retail and 140 acres of open space and parks. In 2018, Mueller was recognized by the U.S. Green Building Council with its Leadership Award. It is one of the world's largest LEED designated Neighborhoods and is home to the Pecan Street Project. A goal of achieving a 5-Star Austin Energy Green Building and LEED Platinum certifications has been set for the Austin Energy Headquarters. Some of the green building elements will include a 400 kilowatt photovoltaic array, reclaimed water used for irrigation and to flush toilets, and connection to the Austin Energy chilled water system.

The RFP included City of Austin policy objectives. These policy objectives will be included in the purchase and sale agreement: Minority and Women Owned Business goals, Better Builder Program, living wage, work place safety training, Green Building/Sustainability, and Well Building principals.

In June 2015, City Council approved a work authorization with CBRE, Inc. to begin space programming for a variety of City administrative needs, including for a stand-alone planning and development center. Staff provided an update to City Council on March 1, 2016, including the process to engage the market via a Request for Proposal. That process was conducted in the fall/winter 2016 and resulted in City Council's June 28, 2018 authorization to enter into an exclusive negotiating agreement with the selected developer.