



Recommendation for Action

File #: 21-2115, **Agenda Item #:** 20.

6/10/2021

Posting Language

Authorize negotiation and execution of an exclusive negotiation agreement with Tech 3443 RIC (Austin) Development for acquisition of approximately 29 acres and improvements located at 3443 Ed Bluestein Boulevard in the Tech 3443 Development, and payment of earnest money in an amount not to exceed \$500,000.

Lead Department

Office of Real Estate Services.

Fiscal Note

Funding is available in Austin Energy's Fiscal Year 2020-2021 Operating budget.

Prior Council Action:

April 22, 2021 - Council approved a contract with Hornberger, Fuller, Garza & Cohen for legal services on an 11-0 vote.

June 18, 2015 - council approved a service contract with CBRE, Inc. on a 10-0 vote. Council Member Houston was off the dais.

For More Information:

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Additional Backup Information:

The proposed warehouse and laydown yard facility is part of the Austin Energy Facilities Master Plan and will include warehouse, office, workshop, outside storage and laydown yard allowing Austin Energy to consolidate operations from their Ryan Drive/Justin Lane, Todd Lane and Decker Lane sites. The City Council directed the Ryan Drive/Justin Lane location be redeveloped (resolution 20181101-024) and for which an RFP has been issued and is in negotiation: <https://austintexas.gov/departments/6909-ryan-drive>.

In June 2015, the City Council authorized a work authorization with CBRE, Inc. to serve as the City's real estate advisor and broker. Since then they have assisted with space programming for a variety of City and Austin Energy administrative needs and warehouse space requirements for Austin Energy. Staff provided an update to City Council on March 1, 2016, about additional horizon efforts for facilities. CBRE solicited proposals from the market via a Request for Proposal for two previous projects (Permitting and Development Center and Austin Energy Headquarters) in 2017 and this will be the third project to use this approach.

Consistent with previous direction from Council the project will include City policy objectives for Minority and Women owned Business participation, Sustainability and Wellness, Prevailing Wage, Better Builder and Apprentice programs.

This action is the first of a two-step approval process. The exclusive negotiation agreement (ENA) will allow

the City and the developer to establish more detailed specifications, including guaranteed maximum pricing for the acquisition. In addition to the 29 acres, the transaction will include approximately 130,000 square feet of warehouse, 15,000 square feet of office and 185,000 square feet of laydown yard (with ability for expansion of an additional 15,000 square feet office and 20,000 square feet warehouse). The geographic area was the AE service area, however the respondents were all in the eastern half of the City, predominately north and south with some central. They generally align with Imagine Austin Job Centers. The second step of this process is anticipated by October 2021, with bringing a real estate purchase and sale agreement to City Council for approval.

The City Council directed the Ryan Drive/Justin Lane location be redeveloped. Austin Energy currently leases and has out-grown warehouse space on Todd Lane which is predominately used for smart meter programming, testing and distribution. The Decker Lane site is constrained, outdated, inefficient and by combining functions the new site will allow Austin Energy front line employees to work in modern, more efficient conditions, improve organizational effectiveness, emergency preparedness, customer service and overall productivity.

Strategic Outcome(s):

Government that Works for All.