



Council Committee on Austin Energy

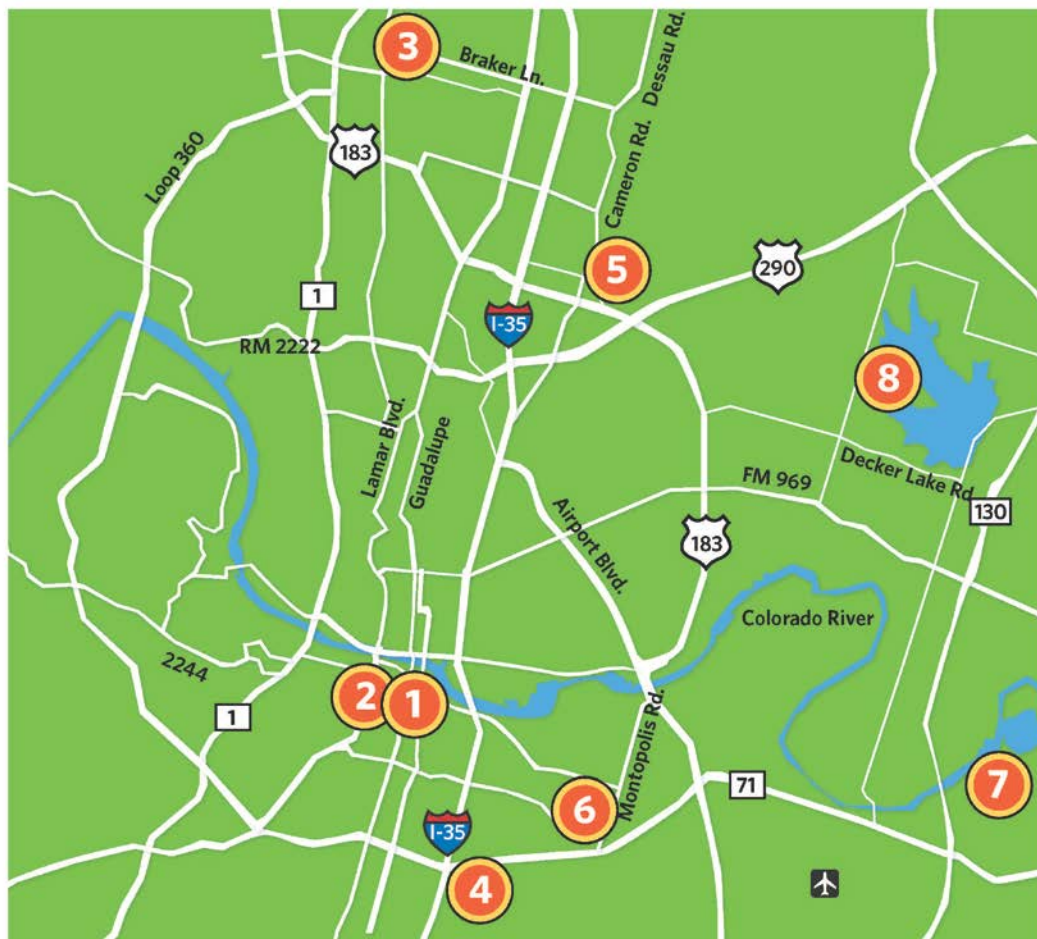
June 23, 2014

East Riverside Complex Addition





Austin Energy Facilities



Major Austin Energy Facilities

- 1-Town Lake Center- 611 Employees
- 2-811 Bldg. (Lease Space)- 396 Employees
- 3-Kramer Lane- 265 Employees
- 4-St. Elmo- 215 Employees
- 5-Rutherford Lane (Lease Space) - 174 Employees
- 6- East Riverside Complex (System Control Center)- 326 Employees
- 7-Sand Hill Energy Center- 36 Employees
- 8-Decker Power Plant- 55 Employees





Background

- Plan to construct initiated after 2011 renewal of 811 Barton Springs Road lease
 - Upon last renewal of lease, Council instructed AE to end lease agreements
 - Lease renewals have increased approximately 5% annually; maintenance costs also increased
- Committed to not extend the 811 lease in 2017
- Project included in AE financial and rate forecasts since FY 2012
- Extensive research has been completed to determine all fiscal outcomes



Current Administrative Office Space

Address	Use	Size (ft ²)	Annual Lease Cost (2014)	Notes
811 Barton Springs Road	General offices	72,000	\$1.1 million	Ends September 2017
1520 Rutherford Lane	Primarily Revenue Measurement	35,000	\$824,000	City-owned property
Total leased		107,000	\$1.9 million	Total annual cost of leasing
Town Lake Center	General	126,000	\$0	Building paid in full in 2007



811 Barton Springs Road





Rutherford Lane Shared Space





Limited Public Space at Town Lake Center



Option range:
120,000 to
180,000 ft²



Research:

- Investigated 26 existing buildings for purchase
- Looked intensively at 3 office buildings
- Determined that construction on owned land next to System Control Center was best option



Building Analysis – July 2012

- Original 26 building analysis criteria
 - Location: IH-35, 290 West, Hwy 71, US 183
 - Size: 100,000 – 200,00 square feet
- Top nine buildings – 42 point potential
 - Cost/square foot, energy efficiency, existing conditions, access to public transportation, adequate roadways (Suitability Matrix)
- Top three buildings – Based on renovation cost and 15 initial criteria

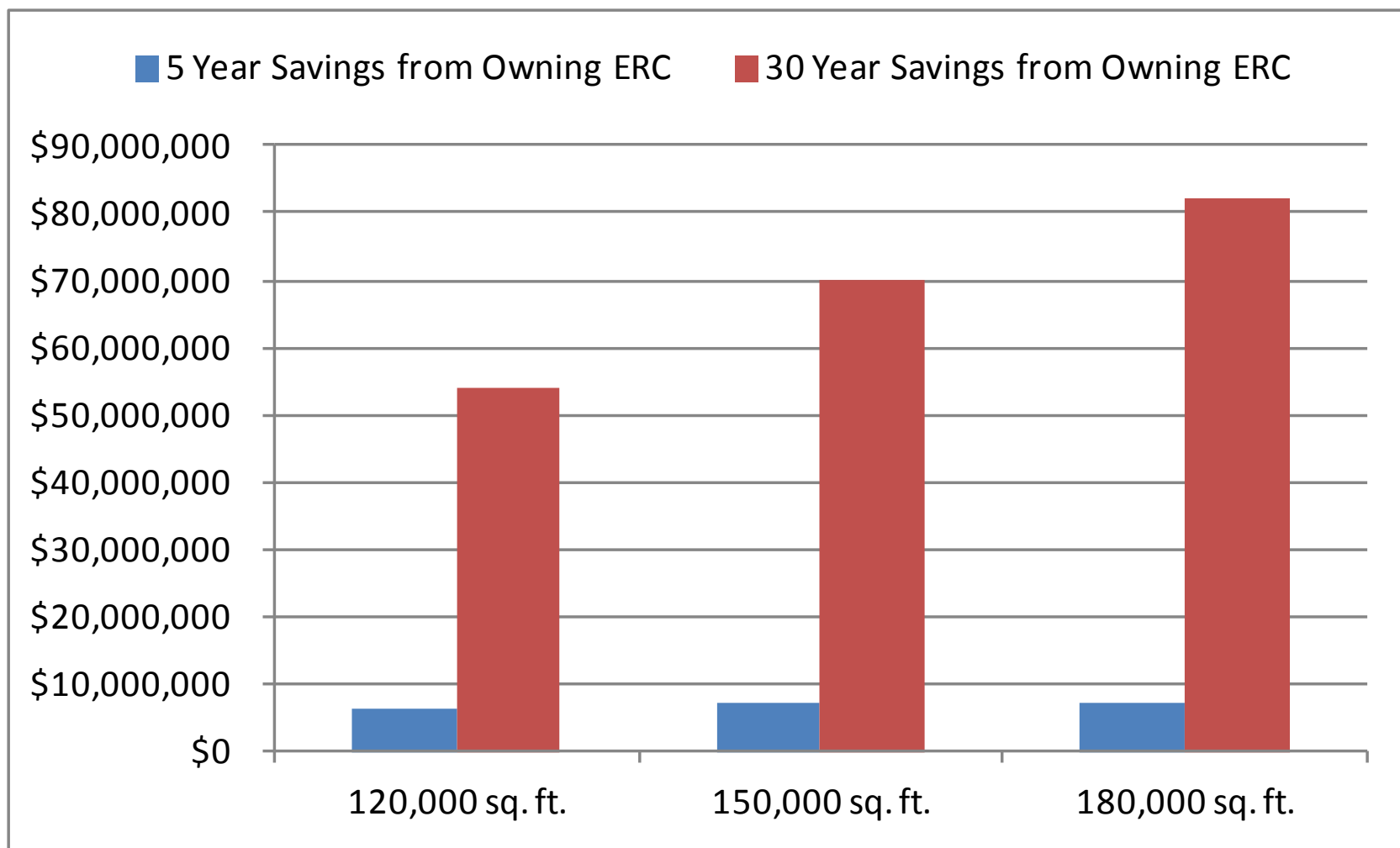


Estimated Cost of Construction

- Build 120K sf
 - Construction: \$ 40.7 million; \$339/SF
 - 30-Year total cost of ownership: \$146.2 million
- Build 150K sf
 - Construction: \$48.9 million; \$326/SF
 - 30-Year total cost of ownership: \$178.9 million
- Build 180K sf to meet growth need
 - Construction: \$58.9 million \$326/SF
 - 30-Year total cost of ownership: \$215.2 million
- **Build option saves \$54 million-\$82 million over 30 years**
- **Building is owned and not subject to lease escalations**



Savings Calculations





Lease vs. Ownership Cost Comparison

(\$ millions)

Option sf	Lease Renewal 5-years	Build* 5-years	Short- term Savings from Building	Lease Renewal 30-years	Build* 30-years	Savings
120,000	\$26.9	\$20.7	\$6.2	\$200.1	\$146.2	\$53.9
150,000	\$32.3	\$25.2	\$7.1	\$248.8	\$178.9	\$69.9
180,000	\$37.7	\$30.3	\$7.4	\$297.5	\$215.2	\$82.3

*Building costs include annual debt service and O&M



Municipal Benefits

- Good use of utility-owned land
- Investment in an asset that will appreciate in value
- Strategic building for Southeast Austin and East Riverside Corridor
- Available transit and future rail; reduced carbon footprint
- Achieve LEED™ and Green Building level, reducing maintenance and utility costs
- Art in Public Places
- New public space
- Modest building that meets our needs



Public and Customer Benefits

- Creating a walk-in payment center in Southeast Austin improves customer service
- New public meeting space in Southeast Austin would support East Riverside Corridor Plan
 - Good transit options for public to access AE facilities
- Greater public access to ground floor of Town Lake Center
- Reduce downtown congestion



Workforce Management Benefits

- Optimal location to minimize employee commute
 - Better proximity to where AE employees live
- Improves staff coordination
 - Short walk to System Control Center
 - Secure SCC location for remittance processing
- Second step in long-term plan for campus environment
 - Long-term option to expand offices together



Summary

- Cost savings over leasing
 - No rate increase
- Improved commute for employees
- Consolidates work groups
- East Riverside Complex meets projected needs in sustainable manner
- Enhanced public access: downtown & Southeast Austin
- We are a progressive utility serving a growing region known for its keen interest in long-term sustainability



Questions?