

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council	Item ID:	69120	Agenda Number	11.
Meeting Date:	April 13, 2017			
Department:	Office of Real Estate Services			
Subject				
Authorize negotiation and execution of a 60-month lease renewal with David B. Edelman for approximately 8,000 square feet of office and warehouse space at 4122 Todd Lane, in Austin, Texas, for Austin Energy's Meter Shop, in an amount not to exceed \$380,328.95 (District 2).				
Amount and Source of Funding				
Funding in the amount of \$73,083.36 is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy. Funding for the remaining term is contingent upon available funding in future budgets.				
Fiscal Note				
A fiscal note is not required.				
Purchasing Language:				
Prior Council Action:	November 30, 1995 - Council approved original lease for Health and Human Services Department, Vector Control Program, per Resolution No. 951130-24; November 9, 2000 - Council approved lease renewal, per Resolution No. 001109-11; September 1, 2005 - Council approved lease renewal; November 16, 2006 - Council approved lease renewal; November 8, 2007 - Council approved lease renewal; September 25, 2008 - Council approved lease renewal; February 11, 2010 - Council approved lease renewal.			
For More Information:	Vince McGlone, Austin Energy, (512) 322-6420; Gregory Warren; Austin Energy, (512) 322-6172; Lauraine Rizer, Office of Real Estate Services, (512) 974-7078; Megan Herron, Office of Real Estate Services, (512) 974-5649.			
Boards and Commission Action:	March 20, 2017 – Recommended by the Electric Utility Commission on a vote of 6-0, with Chair Hadden and Commissioner Biedrzycki absent, and with three vacancies.			
MBE / WBE:				
Related Items:				

Additional Backup Information

Austin Energy (AE) is the nation's 8th largest publicly owned electric utility. AE serves more than 465,000 commercial customers and close to 1 million residents. AE's Meter Shop is responsible for providing customers with the proper meter to accurately measure the amount of electric energy being consumed. The Meter Shop's responsibility is to ensure that when each meter is installed in the field that they will deliver accurate reads for the consumption being used.

In April 2015, AE's Meter Shop assumed the office and warehouse lease space at 4122 Todd Lane, which was previously occupied by the Health and Human Services Department's Vector Control Program. AE's Meter Shop uses this location for six employees in its division to receive new meters, store inventory, refurbish meters, retire old meters, and work on special projects, like the Commercial Meter Exchange Project, whereby 49,000 meters will be funneled through the Todd Lane location.

The proposed lease renewal will commence May 1, 2017 and expire on April 30, 2022. The lease renewal will include subsequent annual rent escalations of 2% over the five year term. This is a modified gross lease whereby AE is responsible for the monthly rent plus their utility costs.

The table below illustrates the annual rental costs for the lease space, totaling \$380,328.95.

Lease Period	Rent per Month	Annual Total
05/01/2017-04/30/2018	\$6,090.28	\$73,083.36
05/01/2018 - 04/30/2019	\$6,212.09	\$74,545.08
05/01/2019 - 04/30/2020	\$6,336.33	\$76,035.98
05/01/2020 - 04/30/2021	\$6,463.06	\$77,556.68
05/01/2021 - 04/30/2022	\$6,592.32	\$79,107.85

Total Amount: \$380,328.95

The lease rate is within the market rate per a rent study conducted by a third-party appraiser. The Strategic Facilities Governance Team has reviewed and approved this request.