



## Recommendation for Action

**File #:** 23-1469, **Agenda Item #:** 31.

3/23/2023

### Posting Language

Authorize negotiation and execution of all documents and instruments necessary or desirable to purchase in fee simple approximately 26 acres and improvements located at 14910 Cameron Road in Travis County, Texas, from TC Resiliency, LLC in an amount not to exceed \$79,500,000 including closing costs.

### Lead Department

Financial Services Department.

### Fiscal Note

Funding is available in the Capital Budget of Austin Energy.

### Prior Council Action:

September 29, 2022 - Council approved negotiation and execution of an exclusive negotiating agreement with TC Austin Acquisitions, LLC.

April 22, 2021 - Council approved a contract with Hornberger, Fuller, Garza & Cohen for legal services.

### For More Information:

Michael Gates, Real Estate Services Officer, (512) 974-5639; Cathy Curtis, Real Estate Services, (512) 974-5649; Andrew Moore, P3 Program Manager, Financial Services Department, 512-974-7604.

### Additional Backup Information:

Previously, a request was approved by Council to negotiate and execute an Exclusive Negotiating Agreement (ENA) with Tech 3443 for this project. Those negotiations ended and the ENA expired, March 1, 2022. The City's Real Estate Advisor, CBRE released a subsequent Request for Proposals, April 21, 2022. From that process, Council approved an Exclusive Negotiating Agreement to restart the negotiation process with a new development partner, TC Austin Acquisitions, LLC on September 29, 2022.

This action authorizes the negotiation and execution of a Purchase and Sale Agreement, and supporting documents and instruments, with TC Acquisitions, LLC to acquire a building for an Austin Energy Field Service Center and Warehouse. The acquisition will include an approximately 25.91-acre tract, a 155,000 square foot Field Service Center, Warehouse, Meter and Relay testing area, office building, eight-acre outdoor storage area, and parking. Delivery of the developed property and closing on this transaction is anticipated occur in spring 2025. The total authorization includes a 12% contingency to cover inflation and supply chain issues.

As part of the transaction structure, the City will post \$26,000,000 into an interest-bearing escrow account as earnest money and will be applied to the purchase. The earnest money will be non-refundable to the City except in the event of a material default by the development partner.

The proposed Field Service Center, warehouse and laydown yard facility is part of the Austin Energy Facilities Master Plan presented to Council in 2015 and is a critical facility for Austin Energy operations. This property will include a service center, warehouse, meter and relay testing area, office, workshop, outside storage and

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laydown yard allowing Austin Energy to consolidate divided operations from their Ryan Drive/Justin Lane and Todd Lane and Lamar Blvd. properties and ancillary storage sites throughout the City.

As directed in the November 2018 Resolution No. 20181101-024, Council approved the Ryan Drive/Justin Lane property for redevelopment. Additionally, Austin Energy currently leases and has out-grown warehouse space at its Todd Lane property. The current warehousing and utility storage model is constrained, outdated and inefficient. By combining the functions from the Ryan Drive/Justin Lane property and the Todd Lane warehouse property, the new facility will allow Austin Energy to operate in a modern and efficient work environment, improving emergency preparedness and response, organizational effectiveness, customer service, and overall productivity.

In June 2015, the City Council authorized CBRE, Inc. to serve as the City's real estate advisor and broker. Since that time, CBRE has assisted with space programming for a variety of City and Austin Energy administrative needs including their field service center/warehouse space requirements. Staff provided an update to City Council on March 2016, outlining additional horizon efforts for City facilities. CBRE has assisted the City with soliciting proposals for two previous projects, the Permitting and Development Center and the new Austin Energy Headquarters. This will be the third project using this project delivery approach.

The Purchase and Sale Agreement will include a guaranteed maximum price and delivery date for the acquisition. In addition to the 25.91 acres, the transaction will include approximately 140,000 square feet of warehouse (with ability for expansion of an additional 20,000 square feet), 15,000 square feet of meter and relay equipment testing area, office and eight acres of laydown yard. The geographic site selection area was the AE service area with a preference for a location in north Austin to facilitate Austin Energy operations.

**Strategic Outcome(s):**

Government that Works for All.