



# City of Austin

## Recommendation for Action

**File #:** 25-1348, **Agenda Item #:** 46.

8/28/2025

### **Posting Language**

Authorize negotiation and execution of all documents and instruments necessary or desirable to acquire in fee simple approximately 142.754 acres (6,218,364 square feet), including 11 buildings totaling approximately 2,435,457 square feet of office space, warehouse facilities, parking garages, and storage areas, for Austin Water and other municipal purposes, located at 6500 Tracor Lane, Austin, Texas 78725, from Karlin Tracor Lane, LLC, a Delaware limited liability company, for a total amount not to exceed \$41,113,756, including closing costs. Funding: \$41,863,756 is available in the Capital Budget of Austin Water.

### **Lead Department**

Financial Services Department.

### **Fiscal Note**

Funding is available in the Fiscal Year 2024-2025 Capital Budget of Austin Water.

### **For More Information:**

Michael Gates, Financial Services Department, 512-974-5639; Brandon Williamson, Financial Services Department, 512-974-5666; Joseph Gonzales, Austin Water, 512-972-0359.

### **Additional Backup Information:**

The proposed acquisition consists of an approximately 142.754-acre tract totaling approximately 435,457 square feet of office space, warehouse facilities, and storage areas, as well as additional garage and surface parking. The acquisition will also include the conveyance of three appurtenant access easements established to provide ingress and egress to the property. With the acquisition, Austin Water will assume existing service contracts for property management, security, landscaping, and fire monitoring for the property for 12 months. After the proposed acquisition, the City will conduct feasibility studies, long range campus planning, and architectural programming and design of the existing office buildings. After the proposed acquisition, the City will conduct feasibility studies, long range campus planning, and architectural programming and design of the existing office buildings. This acquisition will support Austin Water's immediate and long-term operational needs. It includes existing facilities suitable for immediate use and provides potential redevelopment to accommodate future growth. Additionally, the proposed acquisition offers colocation opportunities for multiple Austin Water operations, enhancing operational efficiency and coordination, as well as other municipal uses. The property is located at 6500 Tracor Lane, Austin, Texas 78725.

In 2019, Austin Water (AW) completed a study of its facilities with consulting support by RSP Architects. The study noted that AW has various outdated facilities and facilities that do not meet the intended functions. The recommendations included the need to develop building standards, exit leased space for laboratory facilities, develop new hub service centers, and renovate other facilities.

In support of these recommendations, the property located at 6500 Tracor Lane will serve as the new south hub service center to consolidate multiple water and wastewater operations service centers in one location, allowing the utility to exit from aged facilities, achieve more efficient operations, and repurpose current spaces to meet operational needs.

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An independent, third-party appraisal was procured to establish the fair market value of the proposed acquisition. The appraisal report supports the purchase price of \$40,000,000. The amount for 12 months service contracts for property management, security, landscaping, and fire monitoring is \$1,053,756. The amount for site feasibility study, long range campus planning, and architectural programming and design of existing office buildings is \$750,000. The total amount of the purchase price plus closing costs, service contracts, and site study, planning, and programming costs, is not to exceed \$41,863,756.