



Travis County Commissioners Court Agenda Request

Meeting Date: February 7, 2012

Prepared By: John Carr **Phone #:** 854-4772

Director/Manager: Roger A. El Khoury, M.S., P.E., Director, FMD

A handwritten signature in blue ink, appearing to read "Roger El Khoury".

Department Head: Steven M. Manilla, P.E., County Executive-TNR

Sponsoring Court Members: County Judge Samuel T. Biscoe

AGENDA LANGUAGE: Consider and take appropriate action on the Property Management Agreement with Sentinel Lavaca Management Corporation associated with the 700 Lavaca building.

BACKGROUND/SUMMARY OF REQUEST:

Facilities Management Department (FMD) received an offer from Sentinel Real Estate Corporation to extend the property management agreement between Sentinel and Travis County for the 700 Lavaca Street building. A copy of the offer letter dated January 4, 2012 is at Attachment One. Sentinel is proposing a 15 month extension of their contract for the period of July 1, 2012 through September 30, 2013 at a rate of \$10,000 per month (compared to the \$20,000 per month of the current term). Sentinel also proposes three options to extend beyond this term, which the rate being reduced by \$1,000 each year for the additional 12 month terms.

FMD has discussed this proposal with the other members of the Core Team. All members of the Core Team indicated they supported the proposal and recommended it be presented to the Commissioners Court for consideration.

STAFF RECOMMENDATIONS:

Facilities Management Department recommends the Commissioners Court provide direction to staff to draft a contract amendment to the existing property management agreement incorporating the terms as proposed.

ISSUES AND OPPORTUNITIES:

Sentinel Real Estate (Sentinel Lavaca Management) has been under contract since Travis County procured the 700 Lavaca Street building to provide financial and property management services. Sentinel also provided the property management services at this location prior to the purchase of the property by the County. Retaining these services from Sentinel Real Estate will provide continuity of services for the private tenants in the building. At

some point in the future, the County might wish to readdress whether or not to continue this private property management service, or to transition to County provided property management services.

FISCAL IMPACT AND SOURCE OF FUNDING:

\$150,000 reduction in fees for the 15 month period from the current contract rates.

ATTACHMENTS/EXHIBITS:

Sentinel Real Estate offer, January 4, 2012

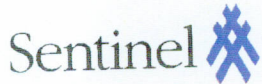
REQUIRED AUTHORIZATIONS:

Steve Manilla	County Executive	TNR	854-9429

CC:

Amy Draper	Financial Manager	FMD	854-9040

9520 – Facilities - 0101



January 4, 2012

Mr. Roger El Khoury
Travis County Facilities Management
PO Box 1748
Austin, Texas 78767

Dear Roger,

It was a pleasure visiting with you at 700 Lavaca last month and I am pleased the asset has worked out so well for the County. Certainly the work performed to date is very well done and I congratulate you on its success.

As we discussed, the Sentinel team remains interested in continuing to manage the property on behalf of Travis County. Doris and the on-site staff have done an excellent job for us over the years and I think you would agree they are well suited for the needs of Travis County.

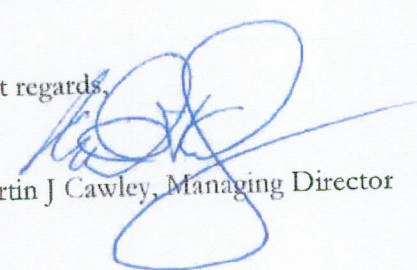
We do understand that even though the County has now had some time to acclimate themselves to the buildings operations, Sentinel would continue to provide a vital role in the management of the building at the same level of diligence and cooperation as we have over the last 2 years. Accordingly, we propose the following terms:

- 15 month extension for the periods July 1, 2012-September 30, 2012 and October 1, 2012-September 30, 2013: **\$10,000/month**
- Three individual, 12 month extension options starting October 1, 2013: Reducing the monthly fee by \$1,000 per year for each 12 month term.

This proposal represents savings of \$10,000 per month over the total extended term of 15 months, representing savings of \$150,000 for Travis County.

I am available to discuss this proposal at your convenience and also to meet personally if you so desire. We look forwards to hearing from you.

Best regards,


Martin J Cawley, Managing Director

CC: Robert Austin
Doris Zagst