



MEMORANDUM

TO: Mayor and Council

FROM: Darrell Alexander, Building Service Officer, Building Services Department

DATE: October 11, 2021, 2021

SUBJECT: October 14, 2021 Council Agenda Item #30 - PDC Lincoln Property Management

This memorandum is intended to provide information in response to inquiries concerning PDC Lincoln Properties contract.

Permitting Development Center

The Building Services Department (BSD) initially estimated Permitting and Development Center (PDC) operating costs with Lincoln Properties up to \$2 million annually while considering several factors:

- COVID-19 pandemic cleaning and disinfection
- Estimated occupancy of the PDC campus
- Possible weather-related event issues such as roofing and HVAC damages
- Security, Parking, Amenities and Events
- Campus operation management including onsite staffing and utility costs

BSD now has over 12 months of PDC campus operations experience including COVID and weather related events. As a result, there are fewer unknown factors and BSD is more comfortable moving forward without contingencies. Council may choose to limit the amount of authorization to only the value of the base service, not including the contingency amounts included in this request. Should Council choose to do this, the authorization amount of this item can be reduced by \$1.5 million. If the contingent amount is later determined to be needed, staff will return to Council for additional authorization.

Below are the comparative costs of One Texas Center (OTC), PDC and Rutherford Lane Campus (RLC). Two items to take into consideration when reviewing this information; PDC has 40K more square feet than OTC, and RLC has multiple buildings and is managed in-house.

Property Management Costs				
FY	Property	Lincoln Property Management Expenses		BSD Management Expenses
FY21	OTC	\$	1,090,484	
	PDC	\$	1,429,199	\$ -
	RLC	\$	-	\$ 1,870,410
FY22	OTC	\$	1,237,570	
	PDC	\$	1,632,553	
	RLC	\$	-	\$ 1,871,499

Tenant Rent

When determining rent allocation for a tenant department there are several factors including the annual debt payment amount, total square footage of the facility, departmental allocated space by floor, number of offices, cubes and common space utilized. Respective departments are then charged their percentage of the allocation.

Property Management Justification

In 2017 BSD evaluated in-house versus contracted services for property management of OTC. BSD concluded that contracted services offered a higher value for the cost, as a result a competitive solicitation was issued, and Lincoln Property was awarded the contract for property management of OTC. The same vendor, Lincoln Property, is the existing vendor for property management of the PDC. BSD believes that contracted property management services at PDC still offer a higher value than in-house services, especially given the previous success of Lincoln Property.

Please contact me for questions at any time,

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CC: James Scarboro, Purchasing Officer, Financial Services