

May 15, 2014

14-130

GRANT EXPENDITURE AUTHORITY FOR PROPERTY
MANAGEMENT SERVICES

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FINANCIAL
RESPONSIBILITY: Keith Gregory, Interim Director, Facilities Management Services

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REPORT: The College has an agreement with Right-of-Way Associates, Inc. (ROWA) to manage certain real property owned by the College that are not used to directly support the College learning environment. In the 2000 Bond Program the College acquired several buildings at Cascade including the Telephone Exchange Building. In the current 2008 Bond program, the College acquired properties north of Springville Road in anticipation of the widening of the Springville Road. ROWA was competitively selected in accordance with the College procurement rules in mid-2000.

ROWA collects rent and lease payments on behalf of the College and deposits such payments into a Trust account for the College. Payments for services provided by ROWA are made from the revenue generated from the College-owned rental properties managed by ROWA.

Due to the continuing need of such property management services, the College is in the process of updating the contract with ROWA. The annual cost of these services has been averaging \$30,000.00. Due to more than usual tenant turnover this year, FMS estimates the cost of the ROWA services will exceed the \$150,000 threshold by the end of this fiscal year ending June 30, 2014, requiring the Board of Directors approval (B505).

Increase in cost has primarily been due to the renovation and remodeling of vacated apartments in the Telephone Exchange Building near the Cascade Campus. Three of the nine units were remodeled this year, and a fourth tenant has given notice that they will be moving. The renovations have included replacing kitchen appliances with new stainless steel models, replacing old worn-out counter tops, and installing new carpeting. These modifications have made the units much more livable, and allowed the College to increase the rental rates to offset the cost of the improvements.

There is currently a waiting list of potential renters.

RECOMMENDATION: That the Board of Directors grant the expenditure authority to Right-of-Way Associates, Inc. for a not-to-exceed amount of \$170,000.00 for fiscal year 2013-14. Expenditures for this contract will come from the Trust Account set up for these Property Management Services.