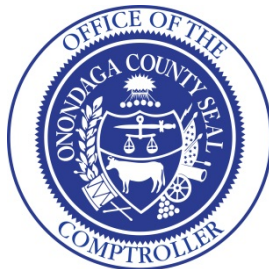


The Office of the Onondaga County Comptroller



Carnegie Building Usage Audit

Robert E. Antonacci II, CPA





Robert E. Antonacci II, CPA
Comptroller

January 26, 2015

The Honorable County Executive
The Honorable Chair of the County Legislature
The Honorable Chair of the Facilities Committee
The Chief Fiscal Officer
The Commissioner of Facilities Management

COUNTY OF ONONDAGA

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Please find enclosed our audit of the Facilities Department's proposal to renovate the Carnegie Library, including relocating county programs into the downtown complex. This audit is the result of a request of Legislature Judy Tassone, Chair of the Facilities Committee and is an examination of the proposal to renovate Carnegie Library and coupled with the renovation, moving certain programs now off campus back into the Civic Center and/or Kochian Office Building (KOB), collectively the downtown complex. Our risk assessment concentrated on both the available usable office space currently in the Civic Center and KOB, the revenue projections, and expenses of the project including renovation and ongoing maintenance cost.

Our audit's main conclusions are as follows:

1. It is our opinion there is sufficient space within the Civic Center and KOB to bring at least two of the intended programs back into the downtown campus. The third program may be able to be relocated into the downtown complex depending on an evaluation of other space saving techniques and thorough evaluation of existing open space;
2. It is our opinion the revenue projections are higher than what the county will receive from MLR reimbursement. We do not believe the Federal or State agencies overseeing the subject programs will allow the County to receive more reimbursement for MLR than is currently being paid to private landlords;
3. The cost projections do not include certified plans by engineers or architects and projected ongoing maintenance costs are not consistent with current costs of running the Civic Center and other County owned facilities such as the Sheriff's Office building.

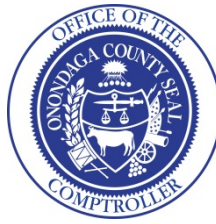
The policy decision to renovate the Carnegie Library is wholly within the province of the governing body, and should the Legislature choose to renovate the Carnegie Library, we hope this report will provide a useful analytical tool to properly evaluate the upside and downside financial risks to the decision.

We did not audit program quality changes such as the effect of returning the subject programs to the main downtown campus. We recognize operational issues will need to be addressed with the volume of clients these programs will need to service.

Further we did not audit claims the returning of the subject programs would save money by making the programs more efficient. There were no management prepared reports on this issue so we did not audit those claims.

Sincerely,

Robert E. Antonacci II, CPA



Introduction and Purpose

Facilities Management Department (Facilities Department) has proposed renovating the Carnegie Building and relocating several off-campus programs to the downtown County complex. Their proposal would also move several County departments from the Civic Center to the Carnegie Building.

Our audit focused on the proposed cost to renovate the Carnegie Building, the on-going cost for maintenance at the renovated Carnegie Building, and the estimated savings by returning the off-campus programs to the downtown County complex.

Summary of Findings and Recommendations

The goals of any consolidation of County office space should be to save money for County taxpayers and improve County services. In furtherance of these goals, we conducted a review of the Facilities Department's proposal including: current office space utilization, cost estimates, appraisals, and other available information. Based on our review we found:

- There is significant unused space currently available in the existing County office buildings;
- There is potential for additional available space in the existing County office buildings if various space saving techniques could be employed;
- All related costs and benefits have not been taken into consideration;
- The various costs (renovation, annual maintenance, lease termination fees, parking, etc.) and income (appraised value, property tax estimates, etc.) estimates should be confirmed by appropriate engineers and other professionals;
- There hasn't been adequate verification and consideration of the maintenance-in-lieu of rent (MLR) rates or other reimbursements once the departments have moved into County buildings or lease termination requirements;

Therefore, we recommend that, before the Legislature authorizes the significant County expenses for expanding and maintaining the Carnegie Building, they ask the Facilities Department to perform the following additional due diligence steps:

- Perform a complete space allocation study of existing County office buildings at an appropriate time (potentially after the window project is complete), including available existing space and the effect that various space saving techniques could have to free up additional space;
- Have costs and income estimates and other requirements reviewed by appropriate engineers, other professionals, and oversight agencies;
- Prepare a complete cost/benefit analysis based on the updated and reviewed information before presenting an updated proposal to the County Legislature.

While the above additional due diligence is being performed, the Facilities Department can take interim measures to bring County departments currently in leased space into unused existing County office space, as appropriate. Taking the above due diligence and prudent step-by-step measures has good potential for saving the County money in the long-term, while improving services to County clients.

Methodology and Procedures

The three (3) major County facilities we looked at and analyzed as part of the County Executive's proposal included the:

John H. Mulroy Civic Center Complex (Civic Center) 421 Montgomery Street, Syracuse, NY, built in 1975 with 294,752 square feet of MLR (Maintenance in Lieu of Rent) space.



Edward Kochian County Office Building (KOB) located at 600 South State Street, Syracuse, NY, built in 1957 with 65,338 square feet of MLR (Maintenance in Lieu of Rent) space. The Kochian Building currently has approximately one and one half floors devoted to the court system and is undergoing renovation and or nearing completion work on another three (3) floors.



Carnegie Building located at 335 Montgomery Street, Syracuse, NY, built in 1905 with approximately 35,000 square feet of space. The building is currently owned by the County but is partially occupied by the NYS DOT.



We also looked at County leased spaces located at 501-503 East Fayette Street, 375 West Onondaga Street, and 677 South Salina Street. Currently, the County makes annual lease

payments for the three sites totaling over \$600,000 for over 51,000 square feet of space and is reimbursed for such payments.

We started with a visual survey and a review of plans to develop an understanding of the number of employees located in the Civic Center, Kochian Office Building, and the offsite leased locations. We then researched the recommended average space allocations for the various levels of employees in governmental organizations. We also considered factors relating to useful square footage, available workstations, vacant workstations, and potential effects of consolidating offsite locations to the Civic Center such as:

- County employee access to necessary facilities.
- The nature of the work for the various department employees (field assignments, office work, use of common facilities, etc.).
- Parking for employees and clients.

We also looked at:

- The costs of renovating and maintaining the Carnegie Building and the associated moves.
- The potential sale value and future property taxes for Carnegie Building if it was sold to a private party.
- Potential changes to federal and state reimbursements resulting from any moves.
- Other impacts on the costs and benefits of the proposal.

Findings

Findings

The County currently has approximately 1,300 employees working in the Civic Center and the Kochian Office Building and 201 County/OCC employees in leased office space outside the downtown campus seeking to relocate to the downtown campus. The approximately 51,000 square feet of leased office space for 201 County/OCC employees currently costs the County over \$600,000 per year in rent which is fully reimbursable by either State or Federal monies. The County Facilities Department estimates that renovating and furnishing the Carnegie Building for use by County employees will cost approximately \$3,400,000. In addition, if the County moves employees into the Carnegie Building, there will be annual operating overhead and maintenance costs associated with using this building, currently estimated by the Facilities Department at \$184,392 per year.

Current Space Usage

Based on existing studies and our surveys, there appears to be existing available workspace in the Civic Center and Kochian Building that could potentially be used for employees from WIC and Creating Healthy Families to move to the downtown campuses without moving any County Departments to the Carnegie Building (estimated square footage 21,000). In addition, there may be room for the Economic Development Department to move into the Civic Center as well without renovating and moving any current County Departments to the Carnegie Building.

- Presently, the Civic Center is going through a windows project which makes evaluating available workstation space more challenging. There are vacant workstations at the Civic Center and the KOB per our visual review conducted November 17, 2014. However, due to the ongoing window replacement project it is difficult to determine the complete number of unused workspaces. The Civic Center the 6th floor West Wing is vacant and the East Wing has 25 vacant workspaces. In addition, the 13th floor East Wing is approximately 50% vacant. There are two vacant floors in the KOB (2 and 4). (See Exhibits on pages 13&14 for current versus proposed space for the Civic Center and page 18 for the KOB).
- The Civic Center has over 49,000 square feet of space in areas identified as support areas (training and/or resource areas, etc.). The County could explore the utility of these areas for other purposes.
- Per the Facilities Department, there are currently 12 conference rooms in the Civic Center totaling approximately 7,400 square feet. A conference room is defined by the Facilities Department as anything over 300 square feet. The County could explore the feasibility of reducing the number of conference rooms and sharing the remaining ones by utilizing a scheduling system.
- Several County departments (e.g., Child Protective, Environmental Health, Healthy Families etc.) have employees that are often out in the field meeting with clients and conducting their regular work. Currently, each employee has their own workstation. There is potential for sharing workstations among several employees in these departments depending on how often they are in the office, scheduling, etc. This practice is referred to as “hoteling” and has the potential for reducing the space occupied by employees by sharing space. The idea is to reduce the employees designated space using wireless technology etc. to accommodate work needs instead of the designated cubicle for each employee.
- The volume and number of paper files and cabinets the County currently maintains also take up potentially usable office space. We recognize there are certain time requirements the County needs to meet as far as keeping documentation. However, with the advances in IT security and scanning of documents, the County could explore the volume and necessity of its present paper files, etc. and the cost of converting paper files to electronic form to free up additional office space. DSS and other County officials have formed a committee to explore these issues. We also recognize this is a longer-term space saving consideration.

We certainly do not believe all of the above represent free space available to move County employees from leased space to the Civic Center and KOB. In addition, we do not believe we have identified all of the potential ideas to maximize the use of existing office space and minimize the use of leased office space. We also understand available space cannot always be maximized (there are real life limitations and considerations) and space is not the only factor that the County needs to consider (parking, elevator limitations, special situations, approvals to move departments with state or federal programs, etc.). However, there are enough reasons and

potential available space outlined above to take a closer look at utilizing currently existing available space in these two primary County office buildings for employees currently in leased space before considering the cost and other considerations related to renovating and maintaining additional office space in the Carnegie Building.

Renovation, Maintenance, and Moving Costs

- The Facilities Department estimated the renovation costs for the Carnegie Building at \$3.4M. However, they did not provide us with a full engineering evaluation of the building with related plans specifying the work to be completed and the estimated costs of that work. The condition of the Carnegie Building was not assessed as part of this audit and the costs associated with renovation and any need for future capital repairs or replacements were not considered as part of this audit (new roof, new windows). These costs could be significant and should be identified, estimated, and added to any future savings/cost models. We feel it is important the Facilities Department obtain engineering plans and associated cost estimates for the Carnegie Building before moving forward with bond approvals and renovations.
- The \$184,392 (\$7.27 per sq. ft.) annual maintenance and repairs expense estimated by the Facilities Department for the Carnegie Building should be reassessed. The Sheriff's Office Building, with somewhat more space than the Carnegie Building currently has an annual budget of over \$462,000 for maintenance and repairs (\$15.13 per sq. ft.) (See estimated breakdown on page 11). One example of where the estimated Carnegie Building maintenance and repairs cost appears low: there is no FTE employee cost assigned to maintain the building. Since the building is 100 years old and, even with renovations, with the County Executive and other senior staff housed at the building, it would appear there should be some staffing for maintenance. Any additional costs should be incorporated into any savings/cost model, as appropriate.
- Facilities provided estimated moving costs of \$22,864 to move the outside agencies (Job Plus, WIC, Healthy Families, and ED) to the Civic Center, as well as moving Departments from floor to floor within the KOB or Civic Center as part of the proposed relocations. These moving costs could be significant. Facilities estimate of \$22,864 seems low and we feel that it should be reviewed. An updated estimate should be incorporated into any savings/cost model, as appropriate.
- OCDC (Onondaga Civic Development Corporation) presently pays the lease for the Economic Development Department (EDD) space currently located on Fayette St. It is unclear what, if any, amount of rent OCDC will pay if EDD relocates to the Carnegie Building. The lease for the office space on Fayette Street appears to go thru 2021 for 5,000 square feet at \$120,000 per year (from OCDC's financial statements). However, it appears that there may be a \$106,125 early lease termination fee, depending on the timing of the termination of the lease. If there is a lease termination fee or any loss of rental reimbursement, those should be factored into any saving/cost model, as appropriate.
- The costs, if any, associated with the termination of any other existing leases with the other outside agency landlords, if necessary, should also be considered. However, we did not attempt to determine any such costs due to the uncertainty of moving dates, etc.

Value of the Carnegie Building and Potential Property Tax Revenue Loss

- The 2012 appraisal conducted of the Carnegie Building for the County estimated the saleable value to be \$700,000. However, the office market in downtown Syracuse has changed significantly since 2012. The current value of the building if it were sold to a private party should be factored into any saving/cost model, as appropriate.
- If the property were to be sold to a private party, the estimated real property taxes at the current appraised value of \$2,210,000 (via the County's Real Property Tax website including County and City taxes) total \$85,016, excluding any special district charges which are currently being paid by the County (\$4,800). The estimated future property taxes if the property were to be sold to a private party should be factored into any saving/cost model, as appropriate.

Potential Changes to Federal and State Reimbursements

- There are potential benefits resulting from County employees moving from leased space to the Civic Center and Kochian Building. Although most of the lease payments come from state or federal aid, the County will reduce expenses by over \$600,000 in lease payments plus direct utility and other costs if employees are moved to County owned facilities. In addition, moving County employees from departments that are reimbursed by state and federal programs to the Civic Center and Kochian Building will potentially allow the County to get reimbursed for MLR for space that had been previously occupied by non-reimbursable departments and was a local dollar cost. Although currently DSS is reimbursed at the rate of \$17.65, it appears to be uncertain whether the reimbursement rate for the agencies moving into the KOB and Civic Center would also be reimbursed at \$17.65 per sq. ft., as the rate is significantly higher than currently payments.
- Under the current proposal County Community Development Department (CDD) would be relocated from the Civic Center to the Carnegie Building. It is our understanding that CDD presently gets maintenance in-lieu-of rent (MLR) reimbursed from the US Department of Housing and Urban Development (HUD) for the square footage in the Civic Center totaling approximately \$82,000. In the Carnegie Building, they would be occupying 1,800 square feet at the estimated rate of approximately \$7.27 per square foot. That would mean reimbursement for MLR would be reduced to \$13,086 or a reduction in reimbursement of approximately \$69,000. This should be factored into any saving/cost model, as appropriate.
- The Facilities Department informed us that their grant application for renovating Carnegie Building was approved December 11, 2014 in the amount of \$350,000. That amount should be factored into the savings/cost model.
- It is our understanding all site changes for the Women and Infant Children Program (WIC) program must also be discussed with and pre-approved by New York State (NYS). At this time, it is our understanding that there is a moratorium by NYS on even considering WIC relocations because the County is in the process of applying for a WIC grant and the grant approval process is expected to be completed in the summer of 2015.

Other Factors for Consideration

- Parking for the additional clients coming to the downtown campus as a result of the relocations could be difficult and may impose extra costs on the County. Clients of the WIC program, etc. need accommodations for children so parking is required close to the Civic Center. Lot B was a possible location to have client parking but the County (effective Nov. 1, 2014) awarded an RFP for control of Lots A, B & D to a private entity. The WIC clients presently park for free as do the Jobs Plus clients. We estimate that WIC would need up to 40 and Jobs Plus up to 10 client spots available at any one time.
- Additional parking costs could be incurred by the County to pay for parking for Job Plus employees, who are actually Onondaga Community College (OCC) employees, and WIC employees, both of who presently receive free parking. Approximately 100 OCC/County employees receive free parking. Healthy Families has 44 employees whose parking is currently reimbursed by the County. We are unsure whether the County would have to pay for these spots or in the case of Jobs Plus/OCC employees whether the County would have to negotiate with OCC an additional fee if they relocate to the downtown campus. The clause in the CSEA contract Article 18, Section D, with regards to employee parking appears to say that when relocating from a paid parking location to an unpaid location, parking is not subject to reimbursement.
- We did not consider the amount of travel time between the Carnegie Building and the downtown campus that could be incurred to conduct normal business meetings and/or communication between the Carnegie Building and the County departments remaining at the downtown campuses.

Recommendations

Based on our review and findings above, we have the following recommendations related to the County Executive's proposal to reallocate office space among various County owned buildings and to renovate and use the County owned Carnegie Building. The Facilities Department should further consider the following when evaluating and moving forward with the proposal to renovate and use the Carnegie Building:

- There could be sufficient existing space available for one or more of the departments currently located in leased space to move to the Civic Center and/or Kochian Building without moving employees currently in the Civic Center to the Carnegie Building. We recommend the County do a complete review of the design of each floor plan of the Civic Center and Kochian Building with a view toward maximizing the use of existing space in the buildings. That review should take into consideration the above possibilities and any other ideas to maximize usable space in those buildings. If sufficient space is available in the Civic Center and Kochian Building and the savings/cost model supports a move for one or more of the departments currently utilizing leased space, they should be moved at an appropriate time to the existing County owned space. The evaluation of existing space in the Civic Center and Kochian Building should occur before the County incurs the

additional costs for renovating (\$3.4 M) and future annual operating and maintenance for the Carnegie Building.

- Conduct a complete engineering study to develop plans and determine associated costs for any necessary current and future Carnegie Building renovations and the annual operating and maintenance costs.
- Develop a request for quote to explore how many potential buyers, if any, exist and how much they would be willing to pay for the Carnegie Building.
- Determine the estimated future property taxes if the Carnegie Building were to be sold to a private party.
- Confirm cost estimates for any move of County employees related to the proposal.
- Determine any lease termination fee or loss of rental reimbursement related to the proposal.
- Determine any potential changes to federal/state reimbursements related to the proposal and discuss them with the appropriate federal/state agency to confirm their appropriateness.
- Determine any additional parking costs that would be related to the proposal.
- Determine any other additional savings or costs that would be related to the proposal.
- Once all saving/costs related to the proposal are estimated, a complete savings/cost model should be developed that incorporates all potential savings and costs, as outlined in our findings above.

Once the County has determined the available and best use of space in existing County owned facilities and conducted a complete savings/cost analysis, a more informed decision can be made on whether the Carnegie Building is needed for County employees or should be sold or used for other purposes.

Supporting Information

County Executive's Proposed Use of the Carnegie Building

The Onondaga County Executive has proposed utilizing the Carnegie Building as offices for various County Departments. The below chart provides the proposed departments, square footage to be occupied by departments and a comparison to current square footage occupied in the John H. Mulroy Civic Center. The following is a listing of the proposed departments to be moved to the Carnegie Building: Per Facilities, Proposal 5 is the one planned to be used.

Departments Going to Carnegie								
Excludes core								
Department	# of Employees		Currently Occupies		Proposal 1	Proposal 2	Proposal 3	Proposal 4
	2014 Authorized Positions	Square Ft						
County Executive	13	4,510		3,872	3,449	3,449	3,872	3,872
Community Development	17	3,702		0	2,061	2,061		1,800
Law	45	7,732		6,146	0	5,963	6,171	6,146
Manangement & Budget	19	3,711		2,385	2,315	2,315	2,385	2,385
Office of the Enviroment	1	300		150	150	150	150	150
Planning	8	3,170		2,540	2,131	2,013	2,540	2,540
Purchasing	19	3,879		4,424	4,271	4,271	4,424	4,424
Economic Development	7	5,000						4,046
To Be Determined					5,475		4,736	
Total Proposed Space Used				19,517	19,852	20,222	24,278	25,363
Undefined				15,983	15,648	15,278	11,222	10,137
Totals	129	32,004		35,500	35,500	35,500	35,500	35,500

Estimated Improvement and Annual Costs to Use the Carnegie Building

Based on the estimated improvement cost of the Carnegie Building provided by the Facilities Department of \$3,400,000, outlined below are the estimated principal and interest costs. Costs are subject to change based on bonding structure (term, interest rate, etc.): See below:

- Principal of \$3,400,000 over a 20 year bond per schedule received from Facilities is with average annual payments of principal and interest totaling approximately \$237,000. Total interest would be approximately \$1,329,000.
- The grant the County was awarded December 11, 2014, in the amount of \$350,000 in relation to the Carnegie Building, is not factored into the above numbers.
- Per the Facilities Department, the estimated costs over and above any debt costs going forward to maintain the Carnegie building is approximately \$184,392. See below for estimated expenses per Facilities:

Per Facilities-Carnegie Estimates (Based on like building- Sheriff's Building)					
	<u>Sheriff 2014</u>		<u>Carnegie Est 2014</u>		
Salaries	\$54,674		\$0		
Fringe	\$34,773		\$0		
Supplies	\$7,000		\$7,000		
Trash Fire Hyd	\$4,208		\$3,000		
Taxes	\$2,850		\$5,700		
Maintenance/Repairs (SVC/CT)	\$69,869		\$15,000		
Utilities (Gas, Electric, Water)	\$67,375		\$22,301		
Cell Phone/Radio	\$283		\$283		
IT Charges	\$1,000		\$0		
Overhead Costs	\$220,046		\$131,108		
Total	<u>\$462,078</u>		<u>\$184,392</u>		
Square Feet	30,543		25,363		
Estimate cost per square foot	\$15.13		\$7.27		

Note: Cost per square foot seems low in comparison to other County buildings

Carnegie Improvements

The Facilities Management Department's original estimate of the total Carnegie renovation costs was \$3,400,000. They have broken down the estimated improvement cost as follows:

Phone/Data/Wireless	\$ 200,000
Rehab/ MEP/Finishes	\$1,650,000
Furniture	\$ 610,000
A&E (MEP engineering)	\$ 55,000
Fire Alarm	\$ 250,000
HVAC	\$ 525,000
Security	\$ 75,000
Roof	\$ 10,000
Grounds	\$ 5,000
Windows	\$ 20,000

See memo from Facilities later in this report to breakdown assumptions regarding improvements.

Potential Savings

There are savings that can be achieved by housing Federal and State reimbursable departments in the downtown campus. MLR is billed by Facilities based on services and repairs provided to the various County buildings as well as administration costs in the Facilities Department to maintain and oversee the various buildings. There is a cost for square foot calculated and charged based on square footage occupied. These costs can be reimbursed by the Federal and State governments based on reasonableness, program guidelines, etc. See below for projections:

Reimbursed Square Footage at Present				
		Sq ft	Current	Reimbursement
		<u>Occupied</u>	<u>Reimbursement</u>	<u>Rate</u>
WIC		7,450	\$105,790	\$14.20
Jobs Plus		30,530	\$320,565	\$10.50
Creating Healthy Families		12,910	\$172,698	\$13.38
Total		50,890	\$599,053	\$11.77
MLR Projected as Reimbursed if Agencies Move to Downtown Campus				
		Sq ft	Projected MLR	Reimbursement
		<u>Occupied</u>	<u>Reimbursement</u>	<u>Rate</u>
WIC		8,762	\$154,649	\$17.65
Jobs Plus		24,264	\$423,138	\$17.44 mixed
Creating Healthy Families		12,900	\$227,685	\$17.65
Total		45,926	\$805,473	\$17.54
The above does not take into account the 42 free parking spots for Healthy Families, 61 spots for Jobs plus, and the spots for WIC				

In theory, the Facilities Department believes the County would be able to offset otherwise local dollars in MLR costs with reimbursement from State and Federal Agencies, subject to rate approval, by \$805,000 annually.

The loan (principal and interest) to renovate the Carnegie Building of \$3,400,000 depending on the bond term and structure would be roughly \$237,000 annually. This is based on Facilities estimates of needed building renovations at present. It assumes no bonding for future improvements to the Carnegie Building such as roofing, window replacements, etc. It does not include moving costs for moving County departments to other floors. It does not take into consideration potential future renovations or moving costs of relocating the 3 outside agencies to the downtown campus (i.e. Jobs Plus classroom accommodations, needed furniture if any, etc.).

Facilities estimate of annual maintenance costs in the amount of \$184,392 going forward seem low comparatively.

Again, the Facilities Department estimate of annual costs totaling \$421,000 (debt service and maintenance) does not include any parking reimbursement issues for County employees or OCC employees presently parking for free if they arise, parking for WIC clients or future improvements needed to the Carnegie Building.

Other Items Not Considered in the Savings and Cost Calculations Above:

The grant the County was awarded, in the amount of \$350,000 in relation to the Carnegie Building, is not factored into the above numbers.

The Facilities Department provided an estimate for cost of \$22,000 for moving ED, WIC, Job Plus and Healthy Families into the County campus and existing County Departments within the Civic Center (e.g., Facilities to the 14th floor from the basement etc.). That estimate seems low. These costs would most likely be significant and should be incorporated into any savings/cost model.

However, if the County moves the Community Development Department (CDD) from the Civic Center, where they presently get MLR reimbursed from HUD to the Carnegie Building, the current reimbursement of \$82,000 could be reduced. If CDD occupies the same space in the Carnegie Building, at the estimated rate of approximately \$7.27 per square foot, the MLR could be reduced to as low as \$13,086. That would mean a reduction in MLR reimbursement of approximately \$69,000.

Economic Development (ED) is another Department proposed to move to the Carnegie Building. They presently reside in a building on Fayette Street with the City Economic Development occupying approximately 5,000 square feet with a lease amount paid by Onondaga Civic Development Corporation (OCDC) in the amount of \$120,048 for 2014. Per OCDC financial statements the 2011 lease runs thru 2021 and does appear have a termination fee associated with the lease totaling \$106,125. We are not aware of a contract or agreement the County may have as to the amount OCDC may pay for rent, if any, if Economic Development relocates to the Carnegie Building. In addition, the Facilities Department reimbursement estimate of \$75,000 for ED moving into the Carnegie Building seems to be based on a reimbursement rate in excess of \$15.00 a square foot. This is despite the Facilities Department estimate of \$7.27 a square foot MLR for the Carnegie Building.

John H. Mulroy Civic Center Building Data

Civic Center Office Space Information

Presently the Civic Center is going through a windows project which makes evaluating available space more challenging. The Facilities Department provided us with Civic Center building information to reflect the existing occupied spaces versus the proposed occupied spaces if certain Departments are relocated to the Carnegie Building. See the next page.

		<u>Civic Center Present</u>	<u>Civic Center Proposed</u>	
Sub Basement	E911	1,789	E911	1,789
	Emergency Management	9,576	Emergency Management	9,576
	Facilities Management	2,132	Facilities Management	2,132
	IT	5,328	IT	5,328
	DSS-ES	613	DSS-ES	613
	Conference Room	302	Conference Room	302
	Total	19,740	Total	19,740
Basement	Facilities Management	7,625	WIC	8,762
	Health	15,892	Health	15,892
	La Cuisine	8,883	La Cuisine	8,883
	Vacant	1,137	Conference Room	779
	Conference Room	779		
	Total	34,316	Total	34,316
1st Floor	La Cuisine	1,123	La Cuisine	1,123
	Command Center	298	Command Center	298
	Syracuse Opera	2,367	Syracuse Opera	2,367
	Total	3,788	Total	3,788
2nd Floor	DSS-Economic Security	16,378	DSS-Economic Security	16,378
3rd Floor	DSS-Economic Security	12,227	DSS-Economic Security	12,227
	Conference Room	392	Conference Room	392
	Total	12,619	Total	12,619
4th Floor	DSS-Economic Security	9,599	DSS-Economic Security	9,599
	Finance	6,688	Finance	6,688
	Total	16,287	Total	16,287
5th Floor	DSS-Economic Security	13,122	DSS-Economic Security	13,122
	Children and Family	2,880	Children and Family	2,880
	Conference Room	285	Conference Room	285
	Total	16,287	Total	16,287
6th Floor	Vacant	17,051	Children and Family	16,470
	Total	17,051	Conference Room	581
			Total	17,051
7th Floor	Children and Family	17,051	Jobs Plus	17,051
8th Floor	Children and Family	16,040	Children and Family	16,040
	Conference Room	1,011	Conference Room	1,011
	Total	17,051	Total	17,051

See next page for floors 9-16 of the Civic Center

		<u>Civic Center Present</u>	<u>Civic Center Proposed</u>	
9th Floor	Health	16,564	Health	16,564
	Conference Room	487	Conference Room	487
	Total	17,051	Total	17,051
10th Floor	Law	9,385	Healthy Families	9,385
	Adult and Long Term Care	5,891	Adult and Long Term Care	5,891
	Veteran Affairs	986	Veteran Affairs	986
	Conference Room	789	Conference Room	789
	Total	17,051	Total	17,051
11th Floor	Community Development	4,077	Central Stock Store	4,032
	Planning	3,470	Healthy Families	3,515
	Transportation	7,329	Transportation	7,329
	CNY Arts	1,361	CNY Arts	1,361
	Conference Room	813	Conference Room	813
	Total	17,050	Total	17,050
12th Floor	Health	7,335	Health	7,335
	DSS-Economic Security	9,716	DSS-Economic Security	9,716
	Total	17,051	Total	17,051
13th Floor	DSS-ES	1,529	DSS-ES	1,529
	Vacant	5,793	Vacant	8,929
	Personnel	5,102	Personnel	5,102
	Purchasing	3,625	Jobs Plus	489
	Conference Room	1,002	Conference Room	1,002
	Total	17,051	Total	17,051
14th Floor	County Executive	3,883	Facilities	7,796
	Comptroller	6,995	Comptroller	7,234
	Management & Budget	3,793		
	Office of the Env	359		
	Contract Tenant	1,294	Contract Tenant	1,294
	Conference Room	727	Conference Room	727
	Total	17,051	Total	17,051
15th Floor	IT	3,108	IT	3,108
	DSS-Economic Security	5,434	DSS-Economic Security	5,434
	Adult and Long Term Care	2,204	Adult and Long Term Care	2,204
	Finance	3,117	Finance	3,117
	Risk Management	2,190	Risk Management	2,190
	Contract Tenant	300	Contract Tenant	300
	Conference Room	293	Conference Room	293
	Total	16,646	Total	16,646
16th Floor	IT	9,643	IT	9,643
	Conference Room	524	Conference Room	524
	Total	10,167	Total	10,167
	Total	299,686		299,686

Civic Center Office Density

Office density is defined as the space (per square foot) per workstation. Office density excludes accounting for support spaces. A higher office density means a lower space per workstation and a lower density means more space per workstation. The following chart shows the useable square footage per floor in the Civic Center and the density of workstations (the useable square footage per workstation including and excluding conference room areas). Usable square footage excludes areas defined as “core” square footage.

The below chart was compiled by Audit based on information received from the Facilities Department and the 2011 Density Study:

Civic Center	Conference Room		Private Office		Workstation Office		Support		Storage		Empty		Grossing Factor		Core		Headcount		Total	Total Usable
Floor	#	Space	#	Space	#	Space	#	Space	#	Space	#	Space	#	Space	#	Space	#	Space	Space	Excludes Core
Sub-Basement	3	846	15	3,071	1	52	13	9,430	7	3,145	0	0	1	2,884	1	0	19	19,428	19,428	19,428
Basement	4	1,425	8	1,178	37	2,104	54	18,364	30	3,759	0	0	1	6,707	1	19,050	51	33,573	52,587	33,537
2	0	0	0	0	97	6,542	17	4,690	1	147	3	150	1	4,849	1	3,083	96	16,378	19,461	16,378
3	1	392	1	237	93	5,775	11	378	16	1,063	0	0	1	4,775	1	2,734	80	12,619	15,354	12,620
4	3	392	2	298	76	5,025	13	1,369	24	988	23	1,376	1	6,840	1	2,734	81	16,287	19,022	16,288
5	1	285	1	233	117	7,578	12	608	6	850	9	253	1	6,481	1	2,734	117	7,578	19,022	16,288
6	1	581	4	637	64	6,008	12	1,627	12	975	21	1,784	1	5,437	1	2,734	68	17,051	19,783	17,049
7	1	188	6	993	126	6,384	19	1,686	10	378	13	1,419	1	6,002	1	2,734	100	17,051	19,784	17,050
8	2	1,011	3	412	122	6,476	26	1,724	16	1,423	0	0	1	6,005	1	2,734	122	6,476	19,785	17,051
9	1	765	11	2,143	77	5,972	17	1,516	13	1,014	1	117	1	5,524	1	2,734	68	17,051	19,785	17,051
10	4	1,073	47	7,387	25	1,921	9	730	15	1,033	0	0	1	4,906	1	2,734	76	17,051	19,784	17,050
11	2	245	17	1,650	54	4,456	9	1,152	17	628	15	1,928	1	6,992	1	2,734	59	17,051	19,785	17,051
12	3	1,158	8	1,458	78	5,864	16	881	23	1,024	13	784	1	5,883	1	2,734	89	17,051	19,786	17,052
13	2	670	9	1,882	67	5,353	8	922	17	915	4	325	1	6,983	1	2,734	79	17,051	19,784	17,050
14	4	1,334	16	4,622	59	4,579	8	589	13	809	0	0	1	5,118	1	2,734	64	17,051	19,785	17,051
15	3	570	18	2,196	95	5,279	15	1,733	21	490	2	250	1	6,128	1	2,879	84	16,646	19,525	16,646
16	1	524	4	757	35	2,852	9	2,981	10	279	3	213	1	2,560	1	2,888	48	10,167	13,054	10,166
	36	11,459	170	29,154	1,223	82,220	268	50,380	251	18,920	107	8,599	17	94,074	17	60,708	1,301	275,560	355,514	294,806

Note 1: The 11,459 square feet identified above is from the 2011 Density Study. Facilities asked to note the 11,459 square feet includes rooms less than 300 square feet. Per Facilities, conference rooms are those identified as rooms over 300 square feet and total 7,404 square feet.

Note 2: Useable space includes grossing factor square footage. Grossing factor square footage is space occupied by office walls. Conference rooms can be changed based upon floor plan designs. Core areas defined as lobbies, elevators, mechanical rooms and restrooms are excluded from useable space.

Civic Center Vacant Workstations

We conducted a visual review of the Civic Center and the Kochian Building on November 17, 2014. During that visual review we noted vacant workstations. However, due to the ongoing window project which has caused employees to be displaced, shuffled from floor to floor etc., it was difficult to determine the true number of unused workspaces. However, on the 6th floor of the Civic Center we noted the West Wing is vacant and there are only 18 workstations filled on the East Wing, leaving 25 workspaces vacant. There is also, at present, approximately 50% empty space on the 13th floor East wing.

Kochian Building Density and Vacancies

Based on the walkthrough we conducted November 11, 2014, the 2nd and 4th floors of the KOB are not occupied at present. There are some vacant workstations on other floors but the numbers are not material.

Based on information from Facilities, the 2nd and 4th floors included approximately 9,384 square feet each including core space.

The NYS Courts occupies the 3rd floor and partially occupies the 8th floor (Personnel has a 800 square foot conference room as well as a training room with computers).

Note: Per the Facilities Department the County receives about \$160K annually in rent for the NYS Courts.

The below chart was compiled by the Audit Division based on information received from the Facilities Department:

		<u>KOB Present</u>	<u>KOB Proposed</u>	
Basement	Facilities Management	6,567	Facilities Management	6,567
	Total	<u>6,567</u>	Total	<u>6,567</u>
1st Floor	Probation	6,524	Probation	6,524
	Vacant	373		373
	Total	<u>6,897</u>	Total	<u>6,897</u>
2nd Floor	Vacant	8,092	DSS Economic Security	8,092
	Total	<u>8,092</u>	Total	<u>8,092</u>
3rd Floor	Courts	7,169	Courts	7,169
	Vacant	413	Vacant	413
	Total	<u>7,582</u>	Total	<u>7,582</u>
4th Floor	Vacant	8,092	DSS-Economic Security/ HEAP	4,000
	Total	<u>8,092</u>	Probation	4,092
			Total	<u>8,092</u>
5th Floor	Probation	7,582	Probation	7,582
	Total	<u>7,582</u>	Total	<u>7,582</u>
6th Floor	DSS-Economic Security	7,274	DSS-Economic Security	7,274
	Conference Room	308	Conference Room	308
	Total	<u>7,582</u>	Total	<u>7,582</u>
7th Floor	DSS-Economic Security	7,213	Jobs Plus	7,213
	Conference Room	369	Conference Room	369
	Total	<u>7,582</u>	Total	<u>7,582</u>
8th Floor	Personnel	2,491	Personnel	2,491
	Courts	3,675	Courts	3,675
	Total	<u>6,166</u>	Total	<u>6,166</u>
	Total	<u>66,142</u>	Total	<u>66,142</u>

Lease Agreements

The County currently pays a total of approximately \$600,000 in rent for leased space at the three (3) locations that are part of this review: 501-503 East Fayette St., 375 West Onondaga St., and 677 South Salina St. The three proposed groups to move from leased to County owned facilities occupy approximately 51,000 square feet. Healthy Families occupies approximately 13,000 square feet of leased space, WIC occupies approximately 8,000 square feet, and Jobs Plus currently occupies in excess of 30,000 square feet. The relevant details of each lease and program are as follows:

Healthy Families, Early Intervention Program

Lease Agreement

Rental space at 501-503 East Fayette Street

- Five year contract started 8/1/2010 and ending on 7/31/2015.

Original Contract:	Space	Annual	Monthly
A – 8/1/2010 – 7/31/2015	12,000 square feet.	\$165,600	\$13,800
B - 2/1/2010 – 7/31/2015	42 parking spaces		
C – 8/1/2010 – 7/31/2015	910 square feet storage	\$7,098	\$592

*a total of 42 parking spaces are included in the lease, 30 billable, 12 are included (at no additional expense) in the rent for office space.

****Tenant reserves the right to terminate the lease for the storage space (only) at any time during the life of the lease following 180 day written notice delivered to the landlord in accordance with the terms set forth herein.**

- Effective January 1, 2013, the landlord will provide the Tenant with forty-two (42) parking spaces at no additional charge, all in Lot #1. One additional parking space will be provided in Lot #1 at a rate of \$45 per month. Three (3) parking spaces will be provided on Washington Street at the Smith Restaurant Supply lot at a rate of \$27 each per month.
- Thirty-fourth Clause of the contract for rental space at 501-503 East Fayette Street, states, “Provided the Tenant is not in default of the lease, the Tenant will be granted one option to terminate the lease after completing the 36th month of the Lease following 180 days notice delivered to the Landlord during the 30th month of the Lease; said delivery shall be in accordance with the terms set forth in Section 13 hereinabove.” Therefore, it appears notice would have to have been given by 1/1/2013 to terminate the lease agreement; because this notice didn’t occur by

1/1/2013, it appears the County may owe the remaining monthly lease payments through 7/31/15.

WIC Program

Lease Agreement

Rental space located at 375 West Onondaga Street.

- One year annual contract between Onondaga County and West Onondaga Properties LLC.
- 9/1/13 to 9/30/14, - 7,450 Square Feet at \$14.20 per Square Foot for a total of \$114,605.83 for 13 months. (100% federally funded)
- Free parking for clients provided at 375 West Onondaga Street location.

Related WIC Grant Agreement(s)

- Requires approval for any new locations or relocations of the WIC program personnel.
- Annual one year grant agreement is 100% federally funded.
- Grant agreement budget amount for rental space is \$175,359 for fiscal year 10/1/12 – 9/30/13. Rental expenditures are \$114,605 annually for 375 West Onondaga Street.
- The County must assume responsibility for preparing any new site in accordance with a site modification plan approved by the State (HVAC, electrical renovations, cabling, telecommunications, etc.) and provide sufficient notice to the State of all proposed site moves, site closures and expansions. All site changes must be discussed with and pre-approved by the State. At this time, it is our understanding that there is a moratorium by NYS on even considering WIC relocations, etc. . The moratorium is due to the fact the County is in the process of applying for a WIC grant and the grant approval process is expected to be completed in the summer of 2015.
- The WIC Site Development Guide must be followed for site changes, including moves, closures, consolidations and new requests.
- Average monthly caseload service level of 12,000 participants is budgeted by the State. Monthly caseload at 375 W. Onondaga Street is 3,000 to 5,000 cases seen at the clinic each month and 3,000 to 4,000 per month at the Bayberry Plaza clinic, excluding satellite sites.

- NYS requires armed security guards at 375 W. Onondaga Street Monday Tuesday Thursday Friday from 8:30-5:15 and Wednesday 7:30-7:30. Currently, security guards are not onsite after normal business hours at the Civic Center. There have been several incidents, some involving physical altercations at the W. Onondaga Street location.

Jobs Plus Program

Lease Agreement

Rental Space at 677 South Salina Street with the Salvation Army

- One year annual contract between Onondaga Community College (Tenant) and The Salvation Army (Landlord). Agreement term of the lease expires December 31, 2014 with the option of a one-year extension.
- Lease agreement is for 30,530 square feet.
- Quarterly lease payment to be made at the end of each three (3) month interval. Monthly payment is \$26,713.75 or \$320,565 annually (100% federally funded).
- Exclusive use of an agreed-upon number of parking spaces monitored by the landlord. Two parking spaces for each 1,000 square feet of premises.
- Janitorial services are provided as part of the lease agreement.
- The current lease expires December 31st 2014.

Jobs Plus Program Agreement

- Between Onondaga County and Onondaga Community College.
- Program funding is paid by Onondaga County, then fully reimbursed through State and Federal monies.
- Contract (OCC140001) between Onondaga County Department of Social Services and Onondaga Community College.
- Annual agreement from January 1, 2014 to December 31, 2014.
- Note: Although not mandatory, Jobs Plus has a Deputy Sheriff on location during normal business hours, due to incidences occurring at the location. Staff hours are 8:00am – 4:30pm and client hours are 8:30am to 4:00pm.

Carnegie Building

Property Overview

The Carnegie Building is located at 335 Montgomery Street, Syracuse, New York. It is located within the Montgomery Street – Columbus Circle Historical Preservation District. The property was designed by James Randall in 1901-02 in the Beaux Arts style and is constructed of Indiana limestone and granite. The Building is three stories, plus a full basement with a gross area of 35,500, square feet plus basement and mezzanine areas sitting on .51 acre of land with 13 parking spaces.

Assessed value is \$2,210,000 by the City of Syracuse (assessing authority). The building and property are fully exempt from property taxes since Onondaga County holds the title.

Zoning

The City of Syracuse is the zoning authority for the Carnegie Building. The property is currently zoned as Central Business District – Office and Service. Permitted uses include office, retail, service, parking, and residential use above the first floor.

Central Business District Characteristics

The Carnegie Building is located in the Central Business District (CBD) core, which is a lower interest area by developers. Per the report, growth within the Syracuse CBD has been virtually non-existent over the past decade other than municipal funded renovation projects.

The Downtown Committee, in a 2011 Economic Development Report (attached), indicates vacancy levels are in excess of 21 percent in Class B office space in the CBD, this translates to approximately 600,000 square feet of available Class B office space, with an average rental rate of \$13.50 per square foot. Conversion of upper levels of former office space to residential use is growing in the CBD market.

Per the study, demand for new or renovated office space in the CBD area is stagnant, with the market primarily seeing tenants moving from building to building with vacancy levels remaining steady since 2006.

Below are some of the property sales cited in the 2011 study to show the “stagnated” commercial market:

			Comparable Property Sales					
	Property 1	Property 2	Property 3	Property 4	Property 5	Property 6	Property 7	Property 8
Property	HSBC Tower	The Deys Centennial Building	The 500 Building	Former Paychex Building	Former BSB Bank Building	Farmers and Traders Building	Syracuse Savings Bank Building	S & W Building
Location	368 S. Warren Street	401 S. Salina Street	500 S. Salina Street	990 James Street	447 E. Fayette St	960 James St	100 N. Salina Street	430 E. Genesee St
APN	101.000-007-006, 006.1	101.-008-007.0	096.-05-01.0	18.-02-015.0	103.-026-005	018.-002-012	10.-16-001	102.-0008-003
Site Acres	0.68	1.2	1.25	1.06	0.55	3.13	0.17	0.22
Site Area	29,436	52,272	54,450	46,174	21,154	136,434	7,405	9,583
Gross Bldg Area	262,589	241,368	152,000	20,408	23,418	30,600	45,493	51,000
Net Bldg Area	127,447	241,368	125,000	18,081	23,418	30,600	45,493	51,000
Number of Buildings	1	1	1	1	1	1	1	1
Number of Stories	12	8	12	2	3	2	6	6
Class	B	B	C	N/A	B	B	B	B
Number of Parking Spaces	411	N/A	100	65	30	128	N/A	10
Sale Date	Jul-10	Dec-09	Nov-09	May-09	Mar-09	Jan-09	Nov-07	Oct-12
Sale Price	\$ 1,525,000	\$6,700,000	\$1,000,000	\$650,000	\$1,000,000	\$900,000	\$1,750,000	\$242,000
Price/square Foot	\$11.97	\$27.73	\$8.00	\$35.95	\$42.70	\$29.41	\$38.47	\$4.75

Facilities Memo Breaking Down the Changes/Improvements to the Carnegie Building

The following is from the Commissioner of Facilities regarding the proposed improvements to be made to the Carnegie Building:

- Upgrade HVAC
- Upgrade Fire Protection
- Rehabilitate Finishes
- Upgrade Data infrastructure
- Furnishings/Equipment
- Upgrade security

Existing HVAC systems are in good condition on the heating side but short on the cooling. We would enhance the system with possibly a combination of a selective high velocity “space pack” system for areas that are troublesome in routing and a central air or VRV approach to the open areas.

Sprinkler service will have to be expanded to cover the areas for code compliance. Service feeds the building now, but is only branched to select areas as per the code variance in 1994.

Wall and floor surfaces require only minor repairs to substrates but will require new covering and coatings. It will be possible to restore the hardwood flooring finishes in some areas now covered by carpeting.

Existing phone and data infrastructure met only the needs of the educational programming for the last occupant. This may be a very good opportunity for a wireless network.

Furnishings and equipment for prospective occupants will be designed with the intent of open floor office planning. Executive and sensitive administrative offices may be the exception. There is some expectation that executive office furnishings may be reused and relocated with the occupant.

Surveillance and intrusion alarm systems as well as access control will need to be installed.

- Assumption is that the fit outs, finishes and furnishings will match a B class office environment and that the character of the building spaces will be maintained.
- Assumption is that exterior improvements are limited to minor groundskeeping and plantings.
- Assumption is that if parking improvements are needed, they will be provided in a different program.
- Assumption is that the windows are left in the current condition. (Some have storm sections attached.) There are plans to do minor repairs to the windows totaling \$20,000.
- Assumption is that audio/visual technologies are limited to conference, meeting rooms and 1st and 2nd floor community gathering areas.

Suggested department relocations are: County Executive, Law, Management and Budget, Planning, Community Development, Purchasing, and Economic Development. If all these departments are relocated to Carnegie from Civic Center, there would be about 27,000 square feet of space freed up at the Civic Center for other occupation.

Option of Selling Carnegie Building

Consideration of selling the property and potential investors has not been pursued due to a study conducted in 2012. That study indicated that the County may not get the best value in the real estate market for the Carnegie Building at that time. The study valued the Carnegie Building at \$700,000.

Potential Attributes

1. Three floors 35,500 square foot Building, plus full basement.
2. Permitted uses include office, retail, service, parking and residential use above the first floor.
3. Large entry foyer with decorative marble stairways which access all levels.
4. Decorative large columns and finishes.
5. Non-working remnants of gas fireplaces.
6. Asphalt paved and striped parking lot (only 13 spaces available).
7. Lawn/landscaping, yard lighting and drainage.
8. Back-up generator, one passenger elevator and perimeter system security.
9. Sale of property to taxable entity would generate a real property tax revenue stream for both the City of Syracuse and Onondaga County.

- Potential limitations

1. In the current state, selling the property for the use of offices appears to be the most feasible use of the building.
2. Consideration must be given for historical regulations when renovating the property.
3. Large common areas, stairwells and non-functional areas.
4. Only thirteen (13) parking spaces available on the property.

Parking Proposal

Moving the various programs to the Civic Center proposed by the County Executive's Office will increase the need for client parking at the County complex downtown.

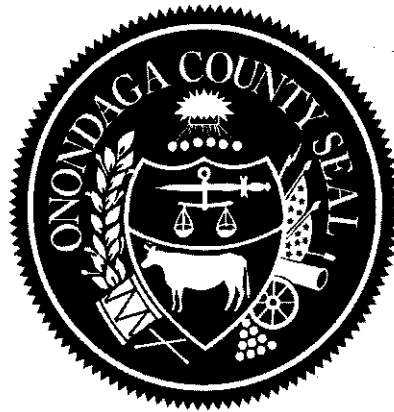
Utilization of Lot B as a potential option for clients was proposed by the County Executive's Office.

As a note, effective November 1st 2014 the County awarded an RFP to a private entity to run lots A B&D, as well as the Trolley Lot. It is possible Lot B may no longer be an option for free client parking at no cost to the County, as Lot B is currently maintained by a private entity.

The OnCenter garage was also proposed as a potential option for additional parking. See below for potential parking spots and corresponding notes.

Departments Who Get Some Form of Reimbursement and Will Be Relocating									
	Total		Reimbursement	Parking	Reimbursement	Storage	Reimbursement		Parking Spots
	Reimbursed Revenue	Square Ft	Amount	Spots	Parking Spots	Square Ft	Amount		Notes
Community Development	\$ 82,686	4,124	\$ 82,686	0	\$ -	-	\$ -		No spots they are employees who presently work at the Civic Center
Creating Healthy Families	\$ 188,898	12,000	\$ 165,600	66	\$ 16,200	910	\$ 7,098		66 employees in total park there 22 pay for their own parking as they do not travel for their jobs. 42 employees park there as part of the lease and travel more than 50% of the time so the County would have to continue to pay for those spots under union agreement total cost is \$16,200 per annum for 30 spots and the landlord provides the other 12 at no cost
WIC- West Onondaga St Only	\$ 114,605	7,450	\$ 114,605	90	\$ -	-	\$ -		35-40 Employees Park there at no charge. And there are 40-50 spots for clients to park there WIC schedules 160 appointments per day with 30 to 40 clients in the clinic at any one time
Jobs Plus	\$ 320,565	30,530	\$ 320,565	75	\$ -	-	\$ -		75 employees in total park there which Includes 61 Parking spots in the lease Lease agreement states 2 spaces every 1000 sqft rented at no charge to the employees. 99% of clients take the bus to the location may need 10-20 spots a day as rough estimate for clients to park
Economic Development	\$ 120,048	5,000	\$ 120,048	N/A	\$ -	-	\$ -		N/A
	\$ 826,802	59,104	\$ 803,504	231	\$ 16,200	910	\$ 7,098		

Onondaga County Department of Facilities Management
Carnegie Building Usage Report



Overview

Facilities Management Proposal

The Onondaga County Department of Facilities Management proposes to use the Carnegie Central Library Building (Carnegie Building) to house the offices of the County Executive, the Division of Purchase, Economic Development, County Law Department, Department of Management and Budget, Syracuse Onondaga County Planning Agency, and the Community Development Department. This would allow departments currently located in facilities not owned by the county to be relocated in the John H. Mulroy Civic Center (CC) and Edward Kochian County Office Building (KOB). The proposed programs moving to the county campus are WIC, Healthy Families and Jobs Plus. This proposal will have both immediate and long-term revenue gains for the county after accounting for all costs, it will maximize building utilization, and it will increase the level of service provided to the clients of Onondaga County services.

As you will see, this plan would result in \$600,000 in net added annual revenue to Onondaga County after accounting for all expenses. The useful life benefit of this plan is over \$24million in added revenue for Onondaga County. In addition, the Facilities Management proposal results in \$200,000 more revenue annually than the Comptroller's audit recommendations. All of this would be gained while providing a higher level of service to clients of Onondaga County services and increasing efficiency of service delivery.

Introduction

The Carnegie Building is one of the most recognizable buildings in downtown Syracuse. Made of Indiana limestone and Italian marble, this Syracuse landmark was built in the Beaux Arts style in 1905 as a public library with funding from industrialist Andrew Carnegie. It has been a source of civic pride for over a century. The building is located on 335 Montgomery Street in the heart of Syracuse's Central Business District (CBD). It is also a part of the Montgomery Street - Columbus Circle Historical Preservation District, which is listed in the National Register of Historic Places. Onondaga County currently owns the three-story building.

Business District Impact

According to the 2012 Cushman & Wakefield appraisal of the Carnegie Building, the section of the CBD where the Carnegie Building is located would have its highest and best use for office or residential space (if not maintained as government use). However, as the appraisal points out, the office space market in the CBD is soft and the building configuration is such that anything other than government use or low intensity business use would not be feasible. Regarding residential reuse of the Carnegie Building, the appraisal outlines the current decline in rent rates within the CBD due to the increased inventory of units. Use of the Carnegie Building would further contribute to this inventory in the CBD and continue to drive down rental rates. Lower rental rates in the CBD can hurt the feasibility of other reconstruction projects intended for residential reuse in the CBD.

County parking asset utilization will also benefit by moving satellite county services to the county campus. A 2008 Syracuse Industrial Development Agency Parking Study indicated that there was ample parking surplus in the county campus surrounding lots and garages. Several of these parking assets are county owned so the county would benefit from this increased parking

need created by moving these off-site agencies to the county campus. (Syracuse Industrial Development Agency, Feb. 2008, C&S Companies Figure 14)

County Campus Utilization

The addition of the Carnegie Building to the county campus would result in an increase of 30,000sq/ft of usable office space. Moving the three proposed agencies from current satellite offices to on-campus space would result in a net increase in utilization of CC and KOB of 8%. The combined impact of both the moves and the addition of the Carnegie Building would provide 99% occupancy throughout the three buildings.

Client-Centric Approach to Service Delivery

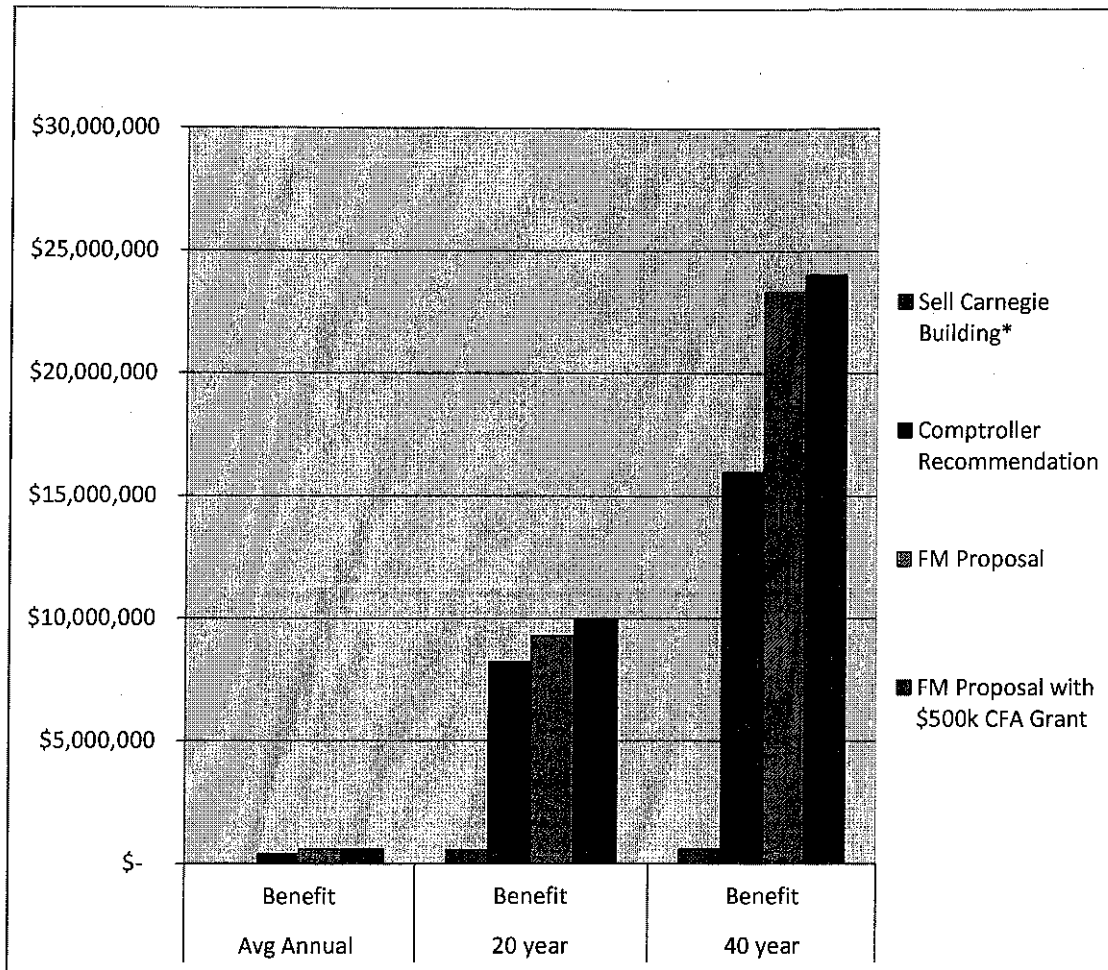
A major benefit of centralizing services offered to county residents is streamlining the client experience to reduce stress and increase efficiency of providing service. The strategy for long-term planning of county facility use mirrors the county administrative reorganization of service delivery, like that of the human services department. In addition, centralizing services is a core means of increasing efficiency by facilitating shared functions. Over the long-run, having more human services within the same buildings will help centralize general services and drive down costs to county taxpayers. An example of this approach would be the proposed TA intake centralization which will streamline service delivery as well as decrease client stress.

County Tax Payer Gains

The local Regional Economic Development Council (REDC) supports a Combined Funding Application (CFA) for \$500,000 to aid in the proposed use of the Carnegie Building. If granted, this \$500,000 would be used to reduce the debt needed to renovate the Carnegie Building. When you offset the debt payments by the added revenue gained from moving the proposed agencies to county facilities, the average annual benefit gained by the county would be \$600,000 over the life cycle of the Carnegie Building. If the county were not awarded the CFA grant, the average annual benefit would be \$583,000.

These initial savings, combined with the potential efficiency gains through the realignment of county services would be a net positive move for the taxpayers of Onondaga County. In addition, the changes made to county office structure would increase the positive aspects of the user experience for clients of county services.

Financial Impact Summary



Action	Annual Benefit	20 year Benefit	40 year Benefit
Sell Carnegie Building* (Exhibit 1)	\$ 15,085 (\$500k sale + \$2,500 in taxes)	\$ 551,700	\$ 603,400
Comptroller Recommendation** (Exhibit 2)	\$ 398,932 (\$500k sale + \$2,500 in taxes+\$384k reimbursement)	\$ 8,224,316	\$ 15,957,296
FM Proposal (Exhibit 3)	\$ 583,295	\$ 9,284,500	\$ 23,331,789
FM Proposal with \$500K CFA Grant (Exhibit 4)	\$ 600,611	\$ 9,977,165	\$ 24,024,454

*Assumes all Agencies will stay where they actually are if we sell Carnegie Building

**Assumes that WIC & Healthy Families will move in Civic Center if we sell Carnegie Building

Revenue Breakout

Agency	Revenue	Square Feet	Moving Cost
WIC	\$ 154,649	8,762	\$ 3,524
Healthy Fam.	\$ 227,685	12,900	\$ 5,140
Jobs Plus	\$ 429,389	24,633	\$ 12,144
Econ. Dev.	\$ 75,000	5,164	\$ 2,056
	\$ 886,723	51,459	\$ 22,864

Carnegie Building Renovation

Service	Cost
Technical Services	\$200,000
Construction Costs	\$2,525,000
Furniture and Equipment	\$410,000
Miscellaneous	\$85,000
Contingency (5%)	\$17,000
County Workforce – Labor	\$70,000
County Workforce – Materials	\$111,000
Total	\$3,418,000

Vacancy Impact

Vacant Space Distribution

Description	Total Sq/Ft*	Vacant Space*	% Occupancy After Change
KOB and CC Space needed for outlying agencies	52,260		
Space made from move from CC to Carnegie		24,640	
Additional sq/ft needed to accommodate agencies	27,620		
Civic Center (CC) Present Status	289,000	23,900	92%
Kochian Office Building (KOB) Present Status	64,000	8,000	87%
Total current KOB and CC usage		31,500	92%
Total KOB and CC occupancy using the Carnegie for government service		3,780*	99%

*note that actual square footage changes may vary depending on office configuration.

Parking

Agency	Comptroller's Report		FM Proposal	
	Required Employee Spaces	Client Spaces	Required Spaces	Client Spaces
Healthy Families	44	0	44*	0
Jobs Plus	0	10	0**	0
WIC	0	40	0	12***

*These employees would be parked at no added cost to the county at the Oncenter Garage

**Based on Jobs Plus department indicating that most of their clients are reliant on public transportation

***See Exhibit (TBD) for WIC assessment of parking needs of clients

Audit Responses

Add Women, Infants and Children (WIC) and Creating Healthy Families to the current county facilities without renovating the Carnegie Building.

Reasons why this option is not viable or advisable;

- By not moving Jobs Plus to the Civic Center the County would lose at least \$230,000 a year in revenue. The loss of revenue over the useful life of the Carnegie Building renovation would amount to over \$9 million.
- You cannot assume that the Economic Development Offices will move back to the Civic Center.
- The Carnegie Building allows for maximum space utilization throughout all of the County Campus (Civic Center, Kochian Office Building, and Carnegie Building).
- The \$3.4 million proposed for Carnegie Building improvements includes \$410,000 for furniture. Those agencies vacating the Civic Center (and other locations) are assumed to be vacating furniture which can be used for the proposed incoming agencies. As a result, if the county did not move agencies to the Carnegie Building, the county would have to purchase of new furniture to accommodate Healthy Families and WIC. Considering the Carnegie Building is proposed to furnish roughly 20,000 square feet of office space, about the same as the two incoming agencies, a very rough estimate for the added cost of the Comptroller's proposal would be an additional \$400,000.
- Adding the Carnegie Building to the county campus increases our revenues, maximizes space utilization and provides a higher level of service. Simply adding the two agencies to the Civic Center does not achieve all these results.

The federal moratorium on WIC office moves and closures has expired.

- The United States Department of Agriculture (USDA) moratorium identified in the audit expired in 2010 (7 USC 6932a; P.L. 110-246, sec. 14212, US Farm Bill 2008). *

Would Onondaga County lose money from the reimbursement of Community Development by moving the department to a smaller space in the Carnegie Building?

- Since 2010 The US Department of Housing and Urban Development (HUD) has decreased the Community Development Block Grants (CDBG) funding by 31% (Table 1). Rent for space occupied by the County Community Development Office is charged through the MLR to the department and the rent is paid by a portion of the CDBG grant. However, the reimbursement for Administrative Expenses from the CDBG grant is capped to a fixed percent of the overall grant amount. Therefore, decreases in overall CDBG funding result in a decreased ability for Community Development to pay the current MLR. As a result, Community Development has been seeking to decrease its overhead expenses to ensure that it can effectively achieve its core functions.
- Director of Community Development Robert DeMore has indicated that Community Development would like to move to a smaller space to decrease the departments overhead as a result of the previously noted funding decreases.

Does the local parking facilities have the capacity for these additional employees?

- Between Onondaga County and the private parking agencies, there is ample parking for both employees and clients within reasonable walking distance to the county campus.

How would the county provide parking for the 44 employees who are eligible for county paid parking spots? How would the county provide parking for the other 136 employees who would be added to the county campus as well?

Per the Comptroller's Report:

Under the CSEA agreement Article 18 section D "In instances where the work location of employees is changed from a location where parking is provided at no cost or reduced cost to a location where parking is not provided at no cost or reduced cost, the provision or availability of parking at no cost or reduced cost by the Employer at any work location shall not constitute nor create a term and condition of employment for any employee covered by this agreement."

- Regarding the employees of Jobs Plus, these employees are not subject to the terms of the county employee contract as they are employees of OCC. Therefore the county would incur no additional costs because the county has no obligation to provide parking to these employees.
- In addition, the employees for WIC currently receive parking do not qualify for the parking reimbursement identified by the audit so no additional cost would be incurred by the county for this parking change.
- Of the total 180 employees proposed to be relocated to the county campus, the county would only be responsible for reimbursing parking for 44. Onondaga County currently provides parking reimbursement at the Hotel Syracuse garage at a rate of \$50 per month, per parking spot. Assuming the same arrangements were applied to the 44 employees identified by the audit, the added cost would be \$26,000/year. In addition, Onondaga County may be able to utilize spaces at the OnCenter Garage at no added cost to the county for the 44 spots we are obligated to pay to provide. These added expenses would likely be off-set by the increased use of the county parking facilities by the 136 non-reimbursed parking employees.

How would the county provide the 50 parking spots needed for the clients of WIC (40) and Jobs Plus (10)?

- The Comptroller's audit established the client parking needs based on the current lease agreements for the agencies, not on the needs of the agencies. To better understand the client parking needs of the agencies, Facility Management contacted the WIC office and asked for an assessment of visiting clients that drive themselves. The result was WIC has an average of 8 clients a day that need parking (over an 8 hour day) which means that the current arrangement of 40 client parking spots far exceeds the need (see Exhibit 5).
- As a result of this assessment, Facilities Management is confident that it can accommodate the client needs of both WIC and Jobs Plus using B Lot and swing spaces available with no loss of revenue to the county or inconvenience to the clients.
- In addition, access to our bus stop was identified as a major benefit of the Civic Center Location.

Couldn't the county rearrange the current configuration of offices and space to utilize conference rooms, training space and vacant work stations? How about the use of hoteling?

- No. This would require investment on every floor on the Civic Center, a cost which could easily reach over \$10M and there is no guarantee that the spaces identified in the audit could all be effectively utilized. This is not a realistic recommendation.

* 7 USC 6932a; P.L. 110-246, sec. 14212 - *SEC. 14212. PROHIBITION ON CLOSURE OR RELOCATION OF COUNTY OFFICES FOR THE FARM SERVICE AGENCY.*

(a) *TEMPORARY PROHIBITION.*—

(1) *IN GENERAL.*—Subject to paragraph (2), until the date that is two years after the date of the enactment of this Act, the Secretary of Agriculture may not close or relocate a county or field office of the Farm Service Agency.

(2) *EXCEPTION.*—Paragraph (1) shall not apply to—

(A) an office that is located not more than 20 miles from another office of the Farm Service Agency; or

(B) the relocation of an office within the same county in the course of routine leasing operations.

(b) *LIMITATION ON CLOSURE; NOTICE.*—

(1) *LIMITATION.*—After the period referred to in subsection (a)(1), the Secretary shall, before closing any office of the Farm Service Agency that is located more than 20 miles from another office of the Farm Service Agency, to the maximum extent practicable, first close any offices of the Farm Service Agency that—

(A) are located less than 20 miles from another office of the Farm Service Agency; and

(B) have two or fewer permanent full-time employees.

(2) *NOTICE.*—After the period referred to in subsection

(a)(1), the Secretary of Agriculture may not close a county or field office of the Farm Service Agency unless—

(A) not later than 30 days after the Secretary proposes to close such office, the Secretary holds a public meeting regarding the proposed closure in the county in which such office is located; and

(B) after the public meeting referred to in subparagraph

(A), but not less than 90 days before the date on which the Secretary approves the closure of such office,

the Secretary notifies the Committee on Agriculture and the Committee on Appropriations of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations of the Senate, each Senator representing the State in which the office proposed to be closed is located, and the member of the House of Representatives who represents the Congressional district in which the office proposed to be closed is located of the proposed closure of such office.

Table 1

Community Development Funding					
	2010	2011	2012	2013	2014
Comm Dev Block Grant	\$2,780,208	\$2,318,999	\$1,870,228	\$1,959,683	\$1,908,720
Annual Percent Decrease in Funding		-17%	-19%	5%	-3%
Percent since 2010					-31%

Exhibit 1 - Sell Carnegie Building No Department Moves

Year	Calendar Year	Reimbursement	Reimbursement	Revenue from Sale of Building	Property tax to be received	Total Revenue	PV
		Revenue for WIC	Revenue for Healthy Families				Total Revenue
1	2016	\$ -	\$ -	500,000	\$ 2,585	\$ 502,585	\$502,585
2	2017	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
3	2018	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
4	2019	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
5	2020	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
6	2021	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
7	2022	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
8	2023	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
9	2024	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
10	2025	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
11	2026	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
12	2027	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
13	2028	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
14	2029	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
15	2030	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
16	2031	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
17	2032	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
18	2033	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
19	2034	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
20	2035	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
21	2036	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
22	2037	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
23	2038	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
24	2039	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
25	2040	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
26	2041	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
27	2042	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
28	2043	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
29	2044	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
30	2045	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
31	2046	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
32	2047	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
33	2048	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
34	2049	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
35	2050	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
36	2051	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
37	2052	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
38	2053	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
39	2054	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
40	2055	\$ -	\$ -		\$ 2,585	\$ 2,585	\$2,585
		\$ -	\$ -	\$ 500,000	\$ 103,400	\$ 603,400	\$603,400
				Annual Average Revenue	\$	15,085	\$15,085

Exhibit 2 - Comptroller Recommendation

Year	Calendar Year	Reimbursement	Reimbursement	Revenue from	Property tax	Total	PV
		Revenue for	Revenue for				Total
		WIC	Healthy Families	Sale of Building	to be received	Revenue	Revenue
1	2016	\$ 156,203	\$ 227,862	500,000	\$ 2,585	\$ 877,985	\$877,985
2	2017	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
3	2018	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
4	2019	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
5	2020	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
6	2021	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
7	2022	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
8	2023	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
9	2024	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
10	2025	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
11	2026	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
12	2027	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
13	2028	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
14	2029	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
15	2030	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
16	2031	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
17	2032	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
18	2033	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
19	2034	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
20	2035	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
21	2036	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
22	2037	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
23	2038	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
24	2039	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
25	2040	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
26	2041	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
27	2042	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
28	2043	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
29	2044	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
30	2045	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
31	2046	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
32	2047	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
33	2048	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
34	2049	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
35	2050	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
36	2051	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
37	2052	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
38	2053	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
39	2054	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
40	2055	\$ 156,203	\$ 227,862		\$ 2,585	\$ 386,649	\$386,649
		\$ 6,248,100	\$ 9,114,460	\$ 500,000	\$ 103,400	\$	
				Annualized Cash Benefit		\$	

Exhibit 3 - FM Proposal

Reimbursement to be claimed based on Facilities MLR cost once the Agencies are relocated

	Sq Ft		Cost per SqFt		MLR Cost	
Sq Ft in Civ. Ctr.	38,713	X	\$ 17.65	=	\$ 681,284	Revenue as reimbursement for WIC, Healthy Families and a part of Jobs Plus
Sq Ft in COB	7,582	X	\$ 16.94	=	\$ 128,439	Revenue as reimbursement for Jobs Plus
Sq Ft in Carnegie	5,164	X	\$ 14.53	=	\$ 75,033	Revenue as reimbursement for Economic Development
Total	51,459				\$ 886,756	

		Borrow				
		\$ 3,420,400	Carnegie	Reimbursement		Present value
Year	Calendar Year	Debt Service	MLR	Revenues	Benefit/(Cost)	Benefit/(Cost)
1	2016	\$ 119,714	\$ 184,392	\$ 886,756	\$ 559,786	\$559,786
2	2017	\$ 276,030	\$ 184,392	\$ 886,756	\$ 426,335	\$426,335
3	2018	\$ 270,461	\$ 184,392	\$ 886,756	\$ 431,903	\$431,903
4	2019	\$ 264,893	\$ 184,392	\$ 886,756	\$ 437,472	\$437,472
5	2020	\$ 259,324	\$ 184,392	\$ 886,756	\$ 443,040	\$443,040
6	2021	\$ 253,756	\$ 184,392	\$ 886,756	\$ 448,609	\$448,609
7	2022	\$ 248,187	\$ 184,392	\$ 886,756	\$ 454,177	\$454,177
8	2023	\$ 242,619	\$ 184,392	\$ 886,756	\$ 459,746	\$459,746
9	2024	\$ 237,050	\$ 184,392	\$ 886,756	\$ 465,314	\$465,314
10	2025	\$ 231,482	\$ 184,392	\$ 886,756	\$ 470,883	\$470,883
11	2026	\$ 265,017	\$ 184,392	\$ 886,756	\$ 437,348	\$437,348
12	2027	\$ 258,055	\$ 184,392	\$ 886,756	\$ 444,309	\$444,309
13	2028	\$ 251,094	\$ 184,392	\$ 886,756	\$ 451,271	\$451,271
14	2029	\$ 244,132	\$ 184,392	\$ 886,756	\$ 458,232	\$458,232
15	2030	\$ 237,171	\$ 184,392	\$ 886,756	\$ 465,194	\$465,194
16	2031	\$ 230,209	\$ 184,392	\$ 886,756	\$ 472,155	\$472,155
17	2032	\$ 223,248	\$ 184,392	\$ 886,756	\$ 479,117	\$479,117
18	2033	\$ 216,286	\$ 184,392	\$ 886,756	\$ 486,078	\$486,078
19	2034	\$ 209,325	\$ 184,392	\$ 886,756	\$ 493,040	\$493,040
20	2035	\$ 201,872	\$ 184,392	\$ 886,756	\$ 500,492	\$500,492
21	2036		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
22	2037		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
23	2038		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
24	2039		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
25	2040		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
26	2041		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
27	2042		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
28	2043		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
29	2044		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
30	2045		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
31	2046		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
32	2047		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
33	2048		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
34	2049		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
35	2050		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
36	2051		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
37	2052		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
38	2053		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
39	2054		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
40	2055		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364
		\$ 4,739,925	\$ 7,375,680	\$ 35,470,258	\$ 3,331,789	\$3,331,789
			Annual Average Benefit		\$ 583,295	\$583,295

Exhibit 4 - FM Proposal with \$500K CFA Grant

Reimbursement to be claimed based on Facilities MLR cost once the Agencies are relocated

	Sq Ft		Cost per Sq Ft		MLR Cost	
Sq Ft in Civ. Ctr.	38,713	X	\$ 17.65	=	\$ 683,284	Revenue as reimbursement for WIC, Healthy Families and a part of Jobs Plus
Sq Ft in COB	7,582	X	\$ 16.94	=	\$ 128,439	Revenue as reimbursement for Jobs Plus
Sq Ft in Carnegie	5,164	X	\$ 14.53	=	\$ 75,033	Revenue as reimbursement for Economic Development
Total	51,459				\$ 886,756	

		Borrow		Reimbursement		Present value	
		\$ 2,920,400	Carnegie				
Year	Calendar Year	Debt Service	MLR	Revenues	Benefit/(Cost)	Benefit/(Cost)	
1	2016	\$ 102,214	\$ 184,392	\$ 886,756	\$ 577,286	\$577,286	
2	2017	\$ 235,638	\$ 184,392	\$ 886,756	\$ 466,727	\$466,727	
3	2018	\$ 230,885	\$ 184,392	\$ 886,756	\$ 471,480	\$471,480	
4	2019	\$ 226,132	\$ 184,392	\$ 886,756	\$ 476,233	\$476,233	
5	2020	\$ 221,379	\$ 184,392	\$ 886,756	\$ 480,986	\$480,986	
6	2021	\$ 216,626	\$ 184,392	\$ 886,756	\$ 485,739	\$485,739	
7	2022	\$ 211,873	\$ 184,392	\$ 886,756	\$ 490,492	\$490,492	
8	2023	\$ 207,120	\$ 184,392	\$ 886,756	\$ 495,245	\$495,245	
9	2024	\$ 202,367	\$ 184,392	\$ 886,756	\$ 499,998	\$499,998	
10	2025	\$ 197,614	\$ 184,392	\$ 886,756	\$ 504,751	\$504,751	
11	2026	\$ 226,266	\$ 184,392	\$ 886,756	\$ 476,099	\$476,099	
12	2027	\$ 220,323	\$ 184,392	\$ 886,756	\$ 482,042	\$482,042	
13	2028	\$ 214,380	\$ 184,392	\$ 886,756	\$ 487,985	\$487,985	
14	2029	\$ 208,437	\$ 184,392	\$ 886,756	\$ 493,928	\$493,928	
15	2030	\$ 202,494	\$ 184,392	\$ 886,756	\$ 499,871	\$499,871	
16	2031	\$ 196,551	\$ 184,392	\$ 886,756	\$ 505,814	\$505,814	
17	2032	\$ 190,608	\$ 184,392	\$ 886,756	\$ 511,757	\$511,757	
18	2033	\$ 184,665	\$ 184,392	\$ 886,756	\$ 517,700	\$517,700	
19	2034	\$ 178,722	\$ 184,392	\$ 886,756	\$ 523,643	\$523,643	
20	2035	\$ 172,975	\$ 184,392	\$ 886,756	\$ 529,589	\$529,589	
21	2036		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
22	2037		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
23	2038		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
24	2039		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
25	2040		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
26	2041		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
27	2042		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
28	2043		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
29	2044		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
30	2045		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
31	2046		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
32	2047		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
33	2048		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
34	2049		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
35	2050		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
36	2051		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
37	2052		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
38	2053		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
39	2054		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
40	2055		\$ 184,392	\$ 886,756	\$ 702,364	\$702,364	
		\$ 4,047,260	\$ 7,375,680	\$ 35,470,258	\$ 24,024,454	\$ 24,024,454	
				Annual Average Benefit	\$ 600,611	\$ 600,611	

Exhibit 5

From: Michelle Mignano/HL/ONGOV
To: Duane Owens/FM/ONGOV@ongov.
Date: 10/14/2014 11:28 AM
Subject: WIC sept 2 - oct 3 surveys

Duane,

The initial survey question was how did you get to your WIC appointment today? Of the 347 surveys submitted, and mostly completed/with everyone answering this question:

Walked - 71 or 20%

Took Bus - 39 or 11%

Drove themselves or had a family member drive and stay with them - 159 or 46%

Dropped off or took taxi - 78 or 22%

Additionally there were questions that asked what would people like to see improved, besides waiting time, the top two recommendations were about space, larger space, larger waiting room, larger children's play area, and more parking.

We will continue to finalize our survey results and provide copies when complete, but we can always scan the responses so you can have actual data.

Please let me know if you need any additional detail or information.

Michelle

County Comptroller's Response to Facilities Management:

The Audit Division has received Facilities Management responses to the Carnegie Workspace Audit. We all agree, the goals of any consolidation of County office space should be to save money for county taxpayers and improve county services. While we agree with several of Facilities Management's points, we feel we need to address some of the issues raised by Facilities Management in their response as they represent an inaccurate picture of our report recommendations.

Facilities Management asserts in their response we made specific recommendations for the timing of and the departments to be moved to the Civic Center and/or Kochian Office buildings. We did not make specific recommendations about the timing of, or departments to be moved to existing facilities. Based on our review we had the following findings and recommendations (summarized):

- There is significant unused space currently available in the existing County office buildings;
- There is potential for additional available space in the existing County office buildings if various space saving techniques could be utilized;
- Not all related costs and benefits had been taken into consideration in the proposal;
- The various costs (renovation, annual maintenance, lease termination fees, parking, etc.) and income (appraised value, property tax estimates, etc.) estimates should be reviewed and confirmed by appropriate engineers and other professionals.

We also wish to emphasize, while the above additional due diligence is being performed, the County Executive can take interim measures to bring County departments currently in leased space into unused existing County office space, as appropriate. Taking the above due diligence and prudent step-by-step measures has good potential for saving the County money in the long-term, while improving services to County clients.

Comparison of Different Methods Estimates

We estimated costs and income for the Facilities Department's proposal using three different methods. They are:

- Column 1 – The Facilities Department's original proposal with their cost and income estimates.
- Column 2 – The Facilities Department's original proposal with all costs and income remaining the same as in column 1 except for: 1) Estimates for annual maintenance costs calculated based on current similar building square foot costs and 2) Maintenance-in-lieu of rent income reimbursements by state or federal aid program capped by current lease payments.

- Column 3 – Costs and income estimated with the Carnegie Building being sold and annual property tax income (both at Facilities Department estimates, which we feel are low) and all off-campus programs moving to available current downtown campus space, with maintenance-in-lieu of rent income reimbursements by state or federal aid program capped by current lease payments.

Up Front and Annual Cost/Income Ranges

<u>Costs</u>	<u>Column 1</u> Facilities Estimates	<u>Column 2</u> Current Costs and Reimbursement Rates	<u>Column 3</u> No Renovation of Carnegie
Renovation Costs (one time, upfront costs not certified by an engineer)	\$3,400,000	\$3,400,000	\$0.00
Interest on bonding over 20 years @3.5% (bonding is renovation costs less rehab. Grant of \$350,000)	\$1,176,599	\$1,176,599	\$0.00
Maintenance (20 years, low is facilities estimate, high Sheriff's Office current)	\$184,392	\$383,742	\$0.00
<u>Income</u>			
MLR (WIC, Jobs Plus, & Healthy Fam..X 20 yrs)	\$811,756	\$551,757	\$296,985
Economic Development Reimb (X 20 years)	\$75,000	\$61,176	\$0.00
Rehab Grant (Upfront grant, reduces bonding)	\$350,000	\$350,000	\$0.00
Annual Property Taxes (Per Facilities estimate)	\$0.00	\$0.00	\$2,585

Total Up Front and Total Costs/Income Ranges

<u>Costs</u>	<u>Column 1</u> Facilities Estimates	<u>Column 2</u> Current Costs and Reimbursement Rates	<u>Column 3</u> No Renovation of Carnegie
Renovation Costs (one time, upfront costs)	\$3,400,000	\$3,400,000	\$0.00
Interest on bonding over 20 years @3% (bonding is renovation costs less rehab. Grant of \$350,000)	\$1,176,599	\$1,176,599	\$0.00
Maintenance (20 years, low is facilities estimate, high Sheriff's Office current)	\$3,687,840	\$7,674,844	\$0.00
Total Costs	\$8,264,439	\$12,251,442	\$0
<u>Income</u>			
MLR (WIC, Jobs Plus & Healthy Fam..X 20 yrs)	\$16,235,120	\$11,035,132.59	\$5,939,692.59
Economic Development Reimbursement (X 20 years)	\$1,500,000	\$1,223,510.40	\$0.00
Rehab Grant (Upfront grant, reduces bonding)	\$350,000	\$350,000	\$0.00
Annual Property Taxes (Per Facilities estimate)	\$0.00	\$0.00	\$51,700
Total Income	\$18,085,120	\$12,608,643	\$5,939,693
Net	\$9,820,682	\$357,201	\$5,939,693

There are other potential cost increases for the first two columns. For example, the cost of the original or future renovation of the Carnegie Building, and the related borrowing costs, could be higher once the plans are developed/ reviewed by an engineer. In addition, there could be additional income in column 3. For example, the property tax income to the County and City could be much higher than the \$2,585 estimated by the Facilities Department.

Other specific items we take issue with in Facilities Management's response to our report:

- Pages 3, 9, and 10 – As we point out in the report, we are not sure what assumption Facilities Management used to arrive at the \$500,000 sale price for the Carnegie Building and \$2,500 in annual property taxes Both seem low. As we state in our report, we feel that more work needs to be done on these estimates.

- Pages 5, 11, and 12 – Facilities Management estimated the renovation costs and debt at \$3.42M with total debt service of \$4.75M over 20 years. As we state in our report, the renovation costs have not been reviewed or approved by an architect or engineer.
- Pages 1 and 12 – The \$24+M in savings of the useful life of the Carnegie Building cited savings over 40 years assumes no anticipated future improvement costs for the Carnegie Building, no problems in lease terminations, grantor approval for the moves, and grantor funding continuing. We question several of these assumptions in our report. If there are additional improvement costs, lease termination costs, and/or grantor move or reimbursement problems, it could have a very significant effect on the cost benefit analysis.
- Page 2 – We are unsure how Facilities Management arrived at a 99% occupancy rate given that they show a Civic Center vacancy of 9,000+ sq. ft. in their post move plans and the Civic Center windows project has not been completed, making it difficult to assess space availability.
- Page 7 – Facilities Management estimated the needed number of parking spots for WIC clients (8) seems low. The 8 parking spots they mention in their response appears to have been based on the survey conducted by a WIC employee at the request of Facilities Management (see page 13 of Facilities response). 347 clients responded over the course of one month to this survey. However, the estimated number of WIC appointments per day is 160, or approximately 3,200 appointments a month. So an unscientific sample of a little over 10% of the possible clients may not be a representative sample. However, the sample did say 71 participants currently walk to their appointments and 159 drove themselves. So it appears that if these numbers were extrapolated over a full month's worth of activity, WIC clients will need more than 12 spots. The WIC location was approximately 40 spots for clients at present and one item cited in the survey of approximately 10% of the total monthly clients is that the clients would like to see more parking.
- Page 7 – It appears that an estimated 20 current WIC employees who presently park for free are generally out of the office more than 50% of the time. If that is true, the County will be required to pay for their parking.
- Page 6 - We did not assume that Economic Development would move back into the Civic Center but rather, merely pointed out it may be possible with slight modifications to move them back into the Civic Center or KOB without renovating or maintaining the Carnegie Building.

- Page 6 – We do not see the correlation made by Facilities Management of buying new furniture of \$400,000, if Healthy Families and WIC were to relocate to the KOB or Civic Center. It is our understanding the County currently owns the furniture at these outside locations. Therefore there doesn't appear to be a need for new furniture under any circumstance, as referenced in Facilities response.
- Page 6 – As we point out in our report, there is a State Moratorium on WIC offices moves and closures due to the fact there is an ongoing grant application. Once the WIC grant is awarded sometime in the summer of 2015, the moratorium will be lifted.
- Page 6 – As we state in our report, the Carnegie MLR (future annual maintenance costs for the Carnegie building) of \$184,392, as estimated by Facilities management, seems low.
- Page 8 – Our point regarding Community Development's potential move from the Civic Center to the Carnegie Building is that the square footage would be smaller and the MLR reimbursement rate could potentially be reduced by about \$10 a square foot in the Carnegie Building (\$17.65 to \$ 7.27).