Milwaukee County
Comprehensive Facilities Study

March 12, 2013

Comprehensive Study Team

CBRE

- Public Institutions & Education Group
- Global Corporate Services-Wisconsin
- Global Facilities Management Group
- Project Management/Engineering - Wisconsin
- Research Analysis Group - Wisconsin

Eppstein-Uhen Architects

Singh & Associates – Engineering & Planning

Northterra Development

Provide tactics and strategies for "Best in Class" enterprise

- Written report prepared over 16-months

- Specific achievable goals

- Comprehensive analysis

- Significant achievable savings

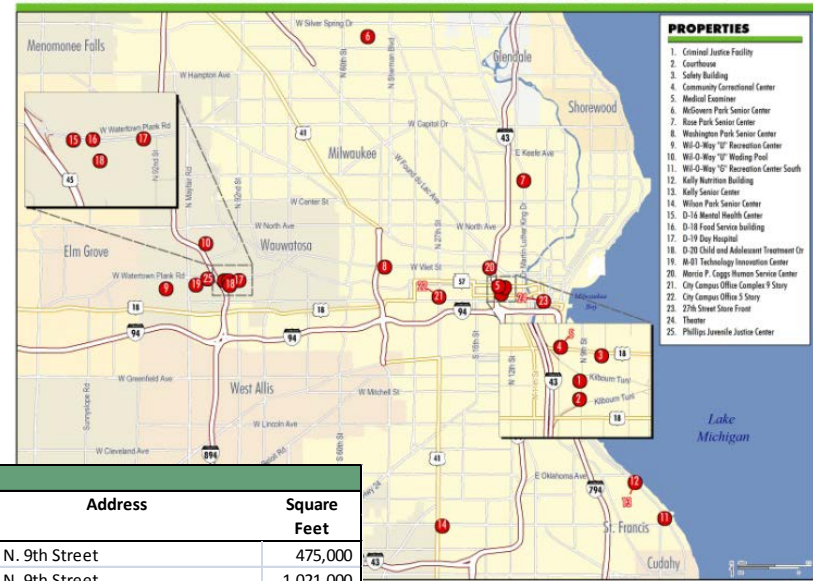- Ability to leverage information for all facilities

Focused on high priority core assets

- County selected facilities for site inspections (25)

- 4mm SF +/- (approx 55% of critical assets)

- Real estate, engineering & architectural analysis

MILWAUKEE COUNTY FACILITIES PLAN BUILDINGS REVIEWED

- Interviews with stakeholders

- Contributions from key DOA staff

Asset ID	Site Name	Asset Name	Address	Square Feet
		25 Buildings Reviewed In Detail		
76	Courthouse Complex	Criminal Justice Facility	949 N. 9th Street	475,000
10	Courthouse Complex	Courthouse	901 N. 9th Street	1,021,000
30	Courthouse Complex	Safety Building	821 W. State Street	296,000
35	Community Correction	Community Correctional Center	1004 N. 10th Street	75,544
37	Community Correction	Medical Examiner	1004 N. 10th Street	73,830
1435	McGovern Park	McGovern Park Senior Center	5400 N 51st Blvd.	12,983
1830	Rose Park	Rose Park Senior Center	3045 N. MLK Drive	39,474
1990	Washington Park	Washington Park Senior Center	4420 W. Vliet Street	30,092
2680	Underwood Parkway	Wil-O-Way "U" Recreation Center	10602 W. Underwood Creek Parkway	8,975
2681	Underwood Parkway	Wil-O-Way "U" Wading Pool	10602 W. Underwood Creek Parkway	1,808
2950	Grant Park	Wil-O-Way "G" Recreation Center South	207 S. Lake Drive	10,509
3125	Warnimont Park	Kelly Nutrition Building	5400 S. Lake Drive	4,290
3130	Warnimont Park	Kelly Senior Center	5400 S. Lake Drive	10,300
3845	Wilson Park	Wilson Park Senior Center	2601 W. Howard Avenue	38,458
5000	Children's Court	Vel Phillips Juvenile Justice Center	10201 Watertown Plank Road	219,539
5040	Mke. Regional Medical Center	D-16 Mental Health Center	9455 Watertown Plank Road	425,400
5060	Mke. Regional Medical Center	D-18 Food Service building	9150 Watertown Plank Road	35,028
5070	Mke. Regional Medical Center	D-19 Day Hospital	9201 Watertown Plank Road	129,433
5080	Mke. Regional Medical Center	D-20 Child and Adolescent Treatment Ctr	9501 Watertown Plank Road	182,787
5290	Research Park	M-01 Technology Innovation Center	10437 Innovation Drive	137,247
5600	Marcia Coggs Human Services	Marcia P. Coggs Human Service Center	1220 W. Vliet Street	222,482
5605	City Campus	City Campus Office Complex 9 Story	2711 W. Wells Street	129,989
5605	City Campus	City Campus Office 5 Story	2711 W. Wells Street	28,025
	City Campus	27th Street Store Front		19,366
	City Campus	Theater		9,116
Total Square Footage				**3,636,675**

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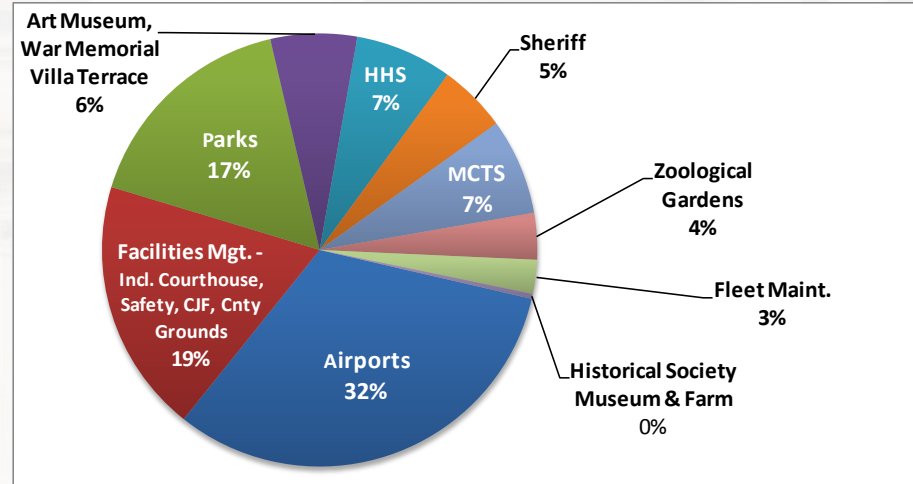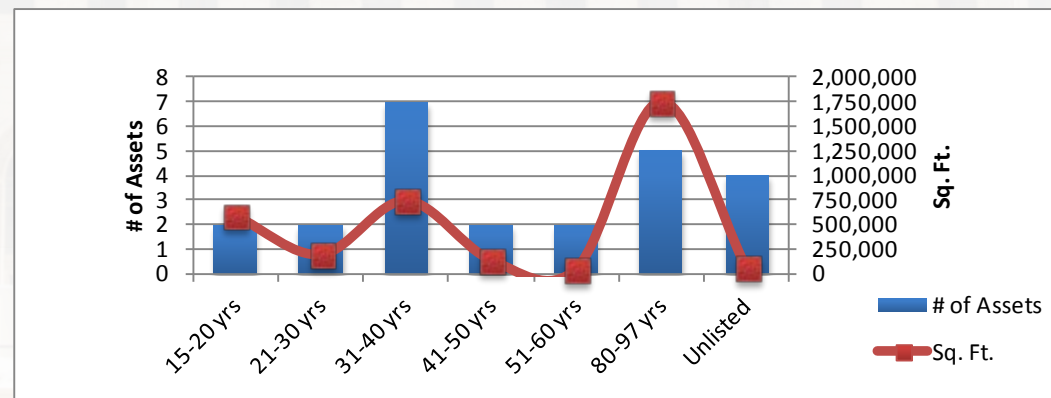
Portfolio Statistics

- Consists of a wide variety of property types and uses including office, corrections, museums, airports and zoo

- 75% > 30 years old

- 1,000 properties

- 13.8 million Sq. Ft.

  - Source: Milwaukee County

Property Portfolio by Department

- Art Museum, War Memorial Villa Terrace 6%
- HHS 7%
- Sheriff 5%
- Parks 17%
- MCTS 7%
- Zoological Gardens 4%
- Facilities Mgt. - Incl. Courthouse, Safety, CJF, Cnty Grounds 19%
- Fleet Maint. 3%
- Airports 32%
- Historical Society Museum & Farm 0%

Age of Portfolio Assets

Categories: 15-20 yrs, 21-30 yrs, 31-40 yrs, 41-50 yrs, 51-60 yrs, 80-97 yrs, Unlisted

Legend: # of Assets, Sq. Ft.

Current Status

- Similar to many long tenured public and private sector organizations, the management framework responsible for operating Milwaukee County properties has evolved into a dispersed multi-department structure with multiple budgets, points of authority, contracts, staff and tracking systems.

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Proposed Approach

- The management of the real estate portfolio requires a holistic approach that will identify properties critical to the delivery of County services

- As outlined on the following pages, a focus on the most effective strategies will optimize the use of facilities and capital.

Primary Findings: Reduce Overall Footprint

1. *Stretching real estate services throughout a large portfolio of underutilized buildings, has fostered incompatible uses, unnecessary expense, life safety issues, excessive maintenance and building degradation.*

Sell assets to reduce the footprint of occupied space

- Generate sale proceeds to fund real estate capital projects
- Eliminate most "shadow" space
- Reduce utility and maintenance costs
- Reduce excess travel time between facilities
- Improve code compliance and life safety
- Focus on smaller pool of core properties to enhance productivity
- Redirect staff efforts to high return tasks and outcomes

Benefits

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2. *Real estate management, costs and operations are tracked and handled by many decentralized departments.*

Consolidate all real estate functions under one County "Landlord"

- Strengthen financial control and reduce operating cost

- Improve internal customer focus

- Foster more effective use of manpower – both internal and 3rd party vendors

- Upgrade systems, tools and processes for tracking tasks, maintenance and spending

- Measure services through surveys, customer feedback and data assessment

- Move from out-tasking to effective out-sourcing

Benefits

Primary Findings: Optimize Use of Space

- Reduce overall cost of occupancy
- Optimize current and future energy management
- Drive changes in culture and management of workplace
- Improve productivity of County staff
- Implement uniform office standards
- Eliminate capital spending on obsolete facilities
- Enhance interface between County staff and constituents
- Partner with government entities for specialized space

Benefits

Improve occupied space and optimize utilization

3. *Outdated space allocation, poor use of work areas and occupancy of obsolete high maintenance buildings have created an environment that does not respond to customer needs and is very expensive to operate.*

Primary Findings: Invest in Systems, Training & Tools

4. *Inability to track operating costs, use manpower effectively and fund building maintenance have resulted in life safety concerns, inefficient use of staff and ineffective allocation of resources.*

Develop systems and invest in training and tools

- Track and reduce the overall occupancy cost
- Focus staff effectiveness on key properties
- Continually target problem facilities and life safety issues
- Enhance inventory control and reallocate funds
- Develop metrics to track success and reduce costs
- Focus spending on life safety, deferred maintenance and Mission Critical space
- Foster electronic paper filing and recover underutilized space

Benefits

Primary Findings: Reallocate the Savings

5. *Milwaukee County can significantly reduce annual operating expenses and release funds for other applications that are now captive in underutilized, under-performing and unnecessary real estate.*

Reallocate available savings from real estate back into the portfolio

- Reduce annual operating budgets in the range of $2 – $4 million per year
- Support reallocation of an estimated $140 – $250 million *(*)* to other Mission Critical assets
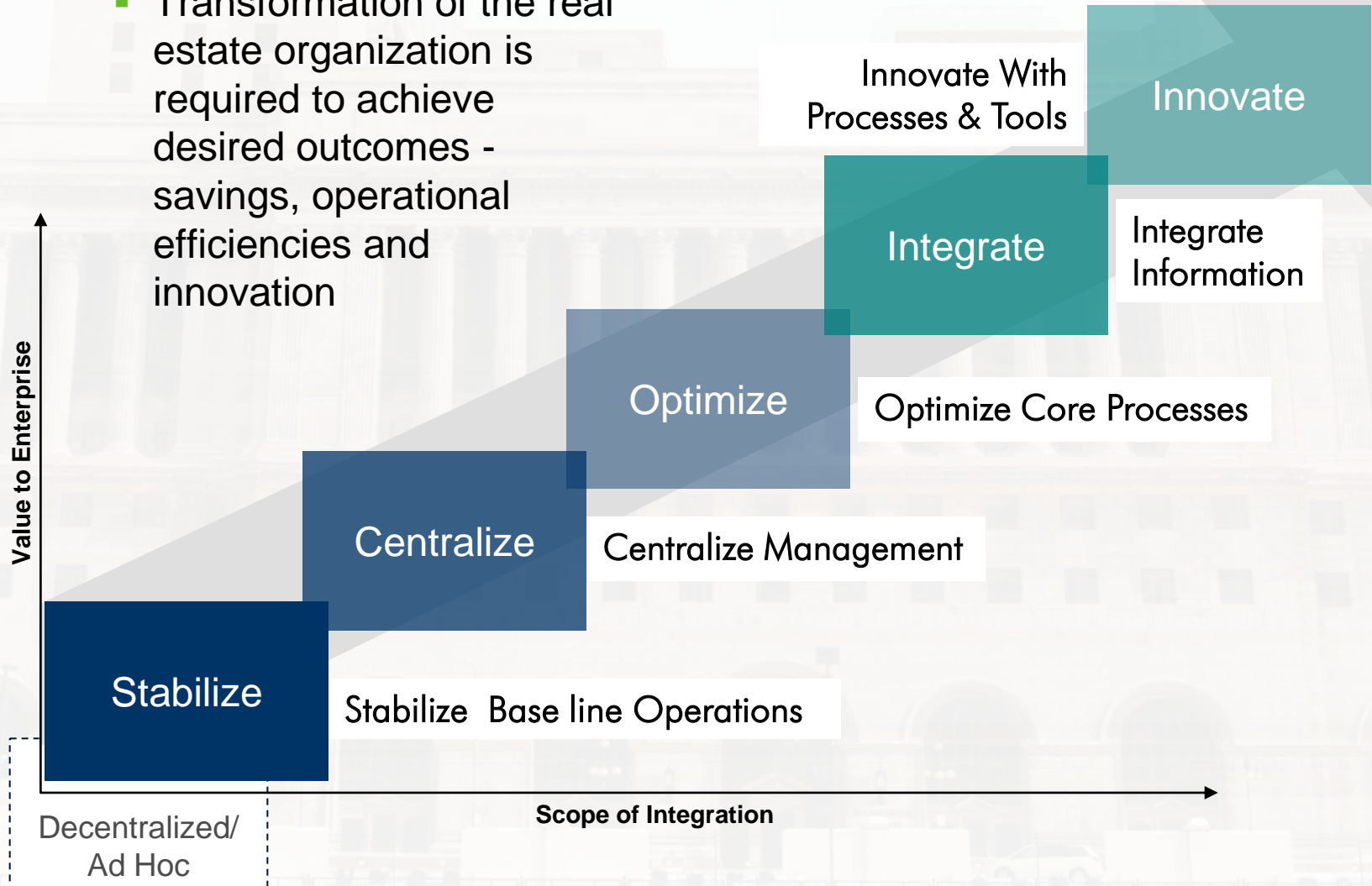
Benefits

(*) Dollar estimates include 20 year anticipated spend for excess capital repairs, operating expenses, staff and also include the imbedded value of underperforming County real estate

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Real Estate Management Evolution Roadmap

- Transformation of the real estate organization is required to achieve desired outcomes - savings, operational efficiencies and innovation

Value to Enterprise

Scope of Integration

Innovate

Innovate With Processes & Tools

Integrate

Integrate Information

Optimize

Optimize Core Processes

Centralize

Centralize Management

Stabilize

Stabilize Base line Operations

Decentralized/ Ad Hoc

Source: CoreNet Global, CoRE 2010, Integrated Resource and Infrastructure Solutions, CBRE (TCC) research lead

Evolution of Real Estate Organizations

	1st GENERATION	2nd GENERATION	3rd GENERATION	4th GENERATION
STRATEGY	• Reactive	• Increasing focus	• Established discipline	• Integrated and evolving with the business
PEOPLE/ ORGANIZATION	• Heavily in-sourced • Focus on early adopters	• "Core competency" concept • Functional silo outsourcing • Heavy functional shadowing	• Integrated outsourcing • Eliminate the shadows • Variable resource models	• Global integrated outsourcing • "Just in time" expertise • Leadership
PARTNERSHIP	• **"Vendor"**	• **"Service Provider**	• **"Partner"**	• **"Collaborator"** • **Innovator**
PROCESS	• Ad hoc , inconsistent process across multiple locations	• Process documentation and codification	• The drive for consistency • Global	• "Innovation through collaboration"
SYSTEMS AND TECHNOLOGY	• Ad hoc implementation	• Focus on key functions (e.g., lease administration)	• Standardization; integration • Reporting • Point Solutions	• The promise of breakthrough efficiency through enabling technologies
PERFORMANCE MEASUREMENT	• Ad hoc	• Functional Key Performance Indicators (KPIs)	• Measure what matters • Benchmarking	• Total outcome KPIs

VALUE

Focus On Utilization to Reduce Space Needs

Observations

- **Current utilization rates are above averages found in modern workplace**

Utilization Benchmark

Utilization benchmark: Useable SF/FTE

- County Core Buildings:
  - Per Net Useable Area 287 SF/FTE
  - Per Suite Gross Area 334
- GSA Target (1): 157
- State Report Targets (2):
  - Admin Space 154
  - Call Center 105
  - Customer Facing 180

1) House Committee target for GSA
2) Recent state strategy recommendation

File/Storage Benchmark

File/Storage as % if assignable area

- County Core Buildings: 8 %
- IFMA Survey (1): 5 %
- Recent State Report (2): 4 %

1) IFMA – Int'l Facilities Management Assn. mixed use office
2) Recent strategy recommendation for specific state

- **File storage takes up a large footprint of space that could house office users**
- **Electronic file storage should be a priority**

Revise Workplace Strategies to Reduce Space Needs

Recommendations

- Downsize space standards

- Restack inefficient floors when moving & remodeling

- Indentify work-at-home & mobile workers

- Evaluate floor design capacity constraints

Sample 6 X *8 Workstations

Space Standards Comparison						
Proposed Space Allocation by Position Categories				2009 Proposed	Transition	Goal
Code	Position Type or Category	Constructed or Open Office	Job Title	Allocated Workspace Area (SF)	Workspace Area (SF)	Workspace Area (SF)
A	Executive	C	Elected Official	216	180	180
B	Administrator	C	Division Head	192	150	120
C	Managers	C	Deputy Director	160	150	120
D	Managers	C	Executive Director 2 & 3	144	120	120
E	Supervising Professionals	O	Supervisor 2 & 3 Section Heads	96	48	48
F	Architect/ Engineer	O	Space fo Large Plan Layout	72	48	48
G	Professional General	O	Clerical/Fiscal/Accnt/Admin 1	64	48	48
H	Professionals with Confidentiality Needs	O	Confidential w/No Conf Access; Attorney, HR; EAP/AAP	120	120	120

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Update Building Administration Technology Platform

SOLUTION

- Integrate common real estate data across all systems to avoid inefficient data retrieval, mistakes and wasted staff time.

BENEFITS

- Easy access to information
- System becomes user friendly
- Improve communication flow
- Ability to benchmark data
- Reduced staffing required for updating and tracking information

Current Status

- Main frame accounting system not currently linked to field operations
- Multiple facilities management systems in use - Facilities uses emaint ™ for work orders, while airports use Maximo™.
- VFA system used for capital tracking by Facilities Group

Risks/Costs

- Cost associated with investment in a new/upgraded technology platform
- Training time
- Staff commitment to use systems as designed
- Funding of ongoing upgrades is required once systems are selected

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Core Campus Strategy:

- Identify core assets to retain & serve as consolidation locations

- Revise space standards

- Identify alternative work strategies

- Utilize revised space standards to update the previous planning studies to determine the optimal strategy
  - Courthouse – 2002
  - Safety Building – 1992 & 2008

- Include space in the Criminal Justice Facility in this assessment

LEGEND:
1. Marcia P. Coggs Human Service Center
2. Community Corrections Ctr/Medical Examiner
3. Criminal Justice Facility
4. Safety building
5. Courthouse

Implementation Phases

Phase 1 Start Immediately	Phase 2 Summer 2013	Phase 3 Real Estate Organization	Phase 4 Full Scale Implementation
Planning	**Tools, Templates & Alternatives Development**	**Real Estate Reorganization**	**Implementation**

Deliverables

1.1 Revised organization, space standards & plans	2.1 IT platform/ metrics upgrades for accounting, work orders & processes	3.1 Real estate consolidation/ disposition implementation plan	4.1 Implement: Remodeling, moving and property dispositions

Timing

- Phase 1 • Start Spring 2013 - 270 days
- Phase 2 • Start Summer 2013 – 180 days
- Phase 3 • Start Fall 2013 – One Year
- Phase 4 • Start 2014 – Ongoing

Note: Phases may overlap. Some tasks within a Phase may not be completed before a another Phase commences.

Disposition Process Model

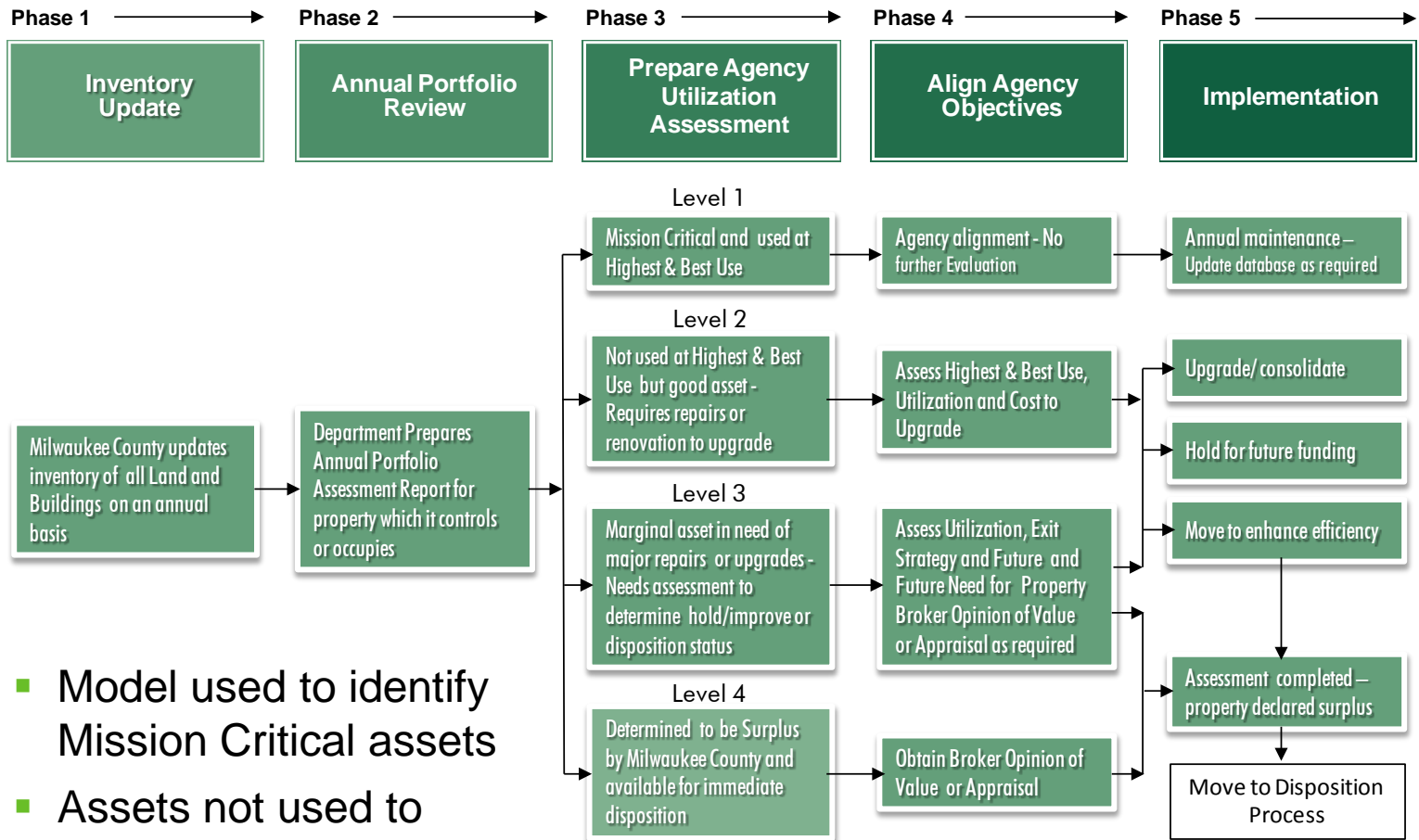| Phase 1 →	Phase 2 →	Phase 3 →	Phase 4 →	Phase 5 →
Inventory Update	**Annual Portfolio Review**	**Prepare Agency Utilization Assessment**	**Align Agency Objectives**	**Implementation**

Level 1

Mission Critical and used at Highest & Best Use → Agency alignment - No further Evaluation → Annual maintenance – Update database as required

Milwaukee County updates inventory of all Land and Buildings on an annual basis → Department Prepares Annual Portfolio Assessment Report for property which it controls or occupies

Level 2

Not used at Highest & Best Use but good asset - Requires repairs or renovation to upgrade → Assess Highest & Best Use, Utilization and Cost to Upgrade → Upgrade/consolidate

Hold for future funding

Level 3

Marginal asset in need of major repairs or upgrades - Needs assessment to determine hold/improve or disposition status → Assess Utilization, Exit Strategy and Future and Future Need for Property Broker Opinion of Value or Appraisal as required → Move to enhance efficiency

Assessment completed – property declared surplus

Level 4

Determined to be Surplus by Milwaukee County and available for immediate disposition → Obtain Broker Opinion of Value or Appraisal → Move to Disposition Process

- Model used to identify Mission Critical assets
- Assets not used to their Highest and Best Use and without a Mission Critical role should be sold

1. **Potential for redevelopment**
    - Courthouse
    - Safety Building
    - Criminal Justice Facility

2. **Demolish, hold and redevelop**
    - Community Correctional Center and Medical Examiner Office

3. **Demolish, sell or redevelop**
    - Mental Health Center/ Day Hospital/ / Child and Adolescent Treatment Center
    - Food Service Building
    - Kelly Nutrition/ Senior Center

4. **Sell Assets**
    - Technology Innovation Center
    - City Campus

5. **Sale contingent on reuse planning for core campus**
    - Marcia Coggs Human Service Center
    - Juvenile Justice Center

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Summary of Potential Capital for Redeployment

Use Funding From Various Sources for Capital Redeployment

- Staffing
- Operating Expenses
- Budgeted Capital Cost
- Sale Proceeds

Building	Staffing	20 Year Capital Expense - 5 Year Plan +15 Year Estimate (1)	Operating Expense Net Savings - 20 Year Aggregate (2)	Estimated Sale Proceeds (3)
Courthouse		N/A	$12.9M	
Technology/Innovation Center		$1.7M	$6.7M	
City Campus		$8.5M	$3.4M	
Kelly Senior Center		$.9M	$.0M	
Marcia Coggs		$4.0M	$6.0M	
		$15.2M	$29.0M	
Medical Examiner/ Community Correction		$1.3M	$.0M	
Children's Justice Center (4)	$2.7M	$2.7M	$.0M	
Mental Health Center (5)	$13.0M	$19.8M	$30.8M	
Food Service	$.0M	$.0M	$.0M	
	$15.7M	$23.8M	$30.8M	
Subtotal Savings	$15.7M	$39.0M	$59.8M	$27.5M
Partial Summary of Capital for Redeployment	$142.0M			

(1) Capital expense is aggregate sum of 5 year Milwaukee County projections + 15 year CBRE capital reserve estimate

(2) Operating Expense net savings is CBRE estimate of savings if actions (operating or capital expense) were undertaken to reduce energy consumption (except Mental Health Center - see Note 5)

(3) Estimated sale proceeds from selected asset sales - Depending on structure of specific sales, estimates may be higher

(4) Staffing is estimate of security savings thru collocation

(5) Mental Health estimates for Staffing and Operating Expense savings from "New Behavioral Health Facility Study Committee - Final Report" - 2011. In addition, operating expense savings includes 20 year net savings estimate from CBRE

The Journey to Success

Getting Started

- Establish centralized control and decision making

- Enhance operational excellence and technical skills

- Focus on financial controls for real estate

- Treat occupants as customers

- Mine potential cost reductions

- Develop strong governance model

- Create a pilot office that accommodates modern workplace strategies

Questions?