

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE: November 7, 2022

TO: Marcelia Nicholson, Chairwoman, Milwaukee County Board

FROM: Aaron Hertzberg, Director, Department of Administrative Services

SUBJECT: An action report from the Directors of Department of Administrative Services requesting release of \$112,399,560 from allocated contingency as proposed in the 2023 Budget for the Center for Forensic Science and Protective Medicine facility to house Milwaukee County's Offices of the Medical Examiner and Emergency Management

REQUEST

Release of \$112,399,560 held in allocated contingency as part of the 2023 Budget for the Center for Forensic Science and Protective Medicine facility to house Milwaukee County's Offices of the Medical Examiner and Emergency Management

POLICY

Since 2016, many reports have been offered to the Milwaukee County Board regarding the project. An outlined of those updates is below.

16-393 – An informational report regarding a collaborative effort between the OEM, Office of the Medical Examiner, State of Wisconsin Department of Justice Crime Lab and the Medical College of the Wisconsin in creating a Forensic Science and Intelligence Center

16-721 – An informational report regarding Milwaukee County's participation in the development of a collaborative forensic research facility

17-298 – An informational report regarding the Public Policy Forum report titled "Breaking New Ground?" Analyzing the potential for a public-private forensic science center in southeast Wisconsin

18-484 – An informational report regarding Milwaukee Regional Medical Complex land options

18-764 – From the County Executive, submitting the 2019 Recommended Budget (see Amendment 1B005 by Supervisor Lipscomb, Sr. amending Capital Project WC21401 – Forensic Science Center Phase 1)

19-625 – An informational report regarding Amendment 1B005 Center for Forensic Science and Protective Medicine

19-705 – An informational report on the Development of the Center for Forensic Science and Protective medicine, Recommending Transfer of \$660,00 from Allocated Contingency to Capital Improvement Project WC21401 - Forensic Science Center Phase 1

20-235 – An informational report regarding the sale of County owned land at 9201-9501 W. Watertown Plank Road and other lands at the Milwaukee Regional Medical Complex

20-237 – An action report on the Development of the Center for Forensic Science and Protective Medicine, Recommending Transfer of \$11,191,328 from Allocated Contingency to Capital Improvement Project WC20901 – Forensic Science Center

20-610 – An informational report presentation regarding the Center for Forensic Science and Protective Medicine including current Capital Projects WC214011 and WC20901 Phases I and II, respectively

21-262 – An informational report from the Director of Economic Development Division – Department of Administrative Services regarding capital Project WC20901 – Forensic Science Center Phase II as it pertains to Constructing a Facility for the Center for Forensic Science and Protective Medicine

22-855 – An informational report from the Director of Administrative Services regarding capital project WC20901 – Forensic Science Center Phase II as it pertains to constructing a facility for the Center for Forensic Science and Protective Medicine

HRA22-272 – An action report from the Directors of Administrative Services and Office of Strategy, Budget, and Performance requesting \$20M of ARPA funds for the purpose building Center for Forensic Science and Protective Medicine

22-1040(A) – From the County Executive, submitting the 2023 recommended budget including the allocation of funding for the Center for Forensic Science and Protective Medicine (and associated amendments)

PROJECT STATUS

At the time of drafting, funds for the Center for Forensic Science and Protective Medicine (CFSPM) project were committed in the County Executive's 2023 Recommended Budget. An approved amendment by the Board of Supervisors sought additional oversight over "contract documents" and "building designs". This report intends meet those expectations and seek release of the funds from allocated contingency.

The release of the funds combined with the funds previously allocated for the project will ensure the project is fully funded and enable the County to enter agreements with the seller (proposed to be, Forensic Science and Protective Medicine Collaboration, Inc (FSPMC)) to construct the purpose-built condominium. The seller is represented by CD Smith Construction, working in partnership with Summit Smith Development, and Royal Capital Group and in collaboration with the Medical College of Wisconsin.

Milwaukee County has long sought the development of a CFSPM to be co-located with the State's Crime Lab on the Milwaukee Regional Medical Center (MRMC) campus. The County will occupy not more than 108,000 square feet of the planned approximately 200,000 square foot building. The remainder of the building will be occupied by the State of Wisconsin's Milwaukee Crime Lab. Upon purchase, the building will be managed by a condo association, made up of representatives of the County and State.

Occupying the County's portion of the building would be the Offices of the Medical Examiner and Emergency Management. After reviewing potential lease terms and the impacts of rising interest rates, both the State and County are individually considering purchase and sale agreements for acquisition of their condo withing the building upon completion of construction.

The draft County Unit Purchase & Sale Agreement (P&S Agreement) to be attached to the file, outlines

the terms for the County's purchase of the purpose-built condominium within the building. The purchase price for the County Unit is a not-to-exceed cost of \$100,792,078. The purchase price also serves as a guaranteed maximum construction price by the developer. Cost savings will be available to the County as part of real savings identified through value engineering, with County rights to audit. The purchase includes the County's share of soft, site development, parking structure, shell and common area costs and interior finishes and improvements for the County Unit.

Following execution of the P&S Agreement, Milwaukee County shall make an earnest money payment of not more than \$1,000,000 that will be applied to the total acquisition cost of the County Unit. The developer shall have access to the earnest money to help cover expenses related to out-of-pocket costs for design, development, construction, and financing of the County Unit. The bulk of the remainder of payment, subject to credits and pro-rations, shall be paid at Closing, when the County takes possession of the unit. The County's closing is anticipated to be concurrent with the State's closing on their unit. At closing, an amount associated with any Punch List items shall be held in escrow until such time as those items are completed.

As outlined in the agreement, the developer intends to seek a construction loan to finance the actual construction of the building. Milwaukee County will be responsible for covering fees associated with financing. Staff is working with outside counsel and the Comptroller's Office to explore options to make up-front cash payments to mitigate financing costs.

Within the not-to-exceed \$100,792,078 purchase price, \$37,194,454 will be available to the developer to complete the interior finishes and improvements of the County Unit. The developer will work with Milwaukee County to spend the allowance of funds to complete interior finishes and improvements to the County's specifications. The value for interior buildout is based on cost estimates from Milwaukee County consultants from the Concord Group that have helped to prepare the County's specifications and needs for the developer.

The P&S Agreement outlines the process by which the developer was selected. The State of Wisconsin followed a Request for Proposal (RFP) process (No. 455-005) to select the builder through a competitive process. The County received a comparable proposal with plans for the State and County to jointly occupy the building and to share in soft costs, site development, parking structure and core and shell costs for construction.

The current estimate for the County's portion of the total project is \$127,107,093. The release of \$112,399,560, plus the \$500,000 made available as part of the 2023 budget for purchase of medical examiner equipment, plus the \$14,207,544 in funds allocated in previous budget years, fully fund the project.

As stated above, the purchase price for the County Unit is a not-to-exceed cost of \$100,792,078. Remaining project funds of \$26,315,015 will be allocated to outfitting the County's furniture, fixtures, and equipment and for design and oversight to ensure the facility meets County needs and specifications. Terms of the P&S Agreement allow Milwaukee County to shift project funds from the remaining balance to the contract with FSPMC by mutual consent to acquire furniture, fixtures, and equipment as may be deemed cost effective, and appropriate for phasing with construction.

In August, the State of Wisconsin approved a commitment of \$99 million, subject to the finalization of

deal documents, for acquisition of their share of the building. While each tenant would acquire their share of the building, the State and County would jointly manage the Condo Association, sharing in common area and overall building management. The terms of the relationship with the State will be outlined in Condo Association By-Laws and operational agreements directly between the State and County with both groups seeking to create efficient and cost-effective solutions. The Condo Association is set to ground lease the property from MCW for no base fee. The Condo Association will share in any assessments associated with operations, infrastructure and utilities operated by the MRMC.

Industry standards for the structural and security needs of the planned users from both the State and County are similar. This helps to justify the co-location model and sharing of site planning and development costs. Based on those the needed building standards, standard commercial styled office buildings should not be considered for financial comparison. As a purpose-built institutional building the projected life of the asset is in excess of 50 years with regular care and maintenance.

All parties are anxious to advance the project for a construction start in May 2023, with planned occupancy in the second quarter of 2025. The need to address the conditions of the current Medical Examiner space are urgent. Inflation of construction pricing and financing are also project drivers.

CURRENT CONDITONS

The Medical Examiner (“ME”) is currently housed at 933 W Highland Ave., in a 53,000 square foot 1974 facility converted from an abandoned hospital in 1989. Milwaukee County has been actively considering a new ME facility since 2012. In June 2016, the County ME submitted a report (File 16-393) to the Board of Supervisors which stated that the current ME facility “has deteriorated beyond its useful life and will need to be relocated to a new facility soon due to space limitations and the failure of current facilities to meet industry standards”. A March 2019 Audit¹ was performed that in part reviewed the current condition of the existing facility. The Audit found numerous concerns that included: the lack of functioning showers in the locker room for all staff working on autopsies, climate control within the office due to a need to keep the toxicology lab temperature cold enough for the machines to not overheat, resulting in areas of the office being too cold for staff, air circulation that may not be up to code, drainage of waste from autopsies to the sewage system, and flooding in basement.

The five divisions of the Office for Emergency Management (“OEM”) are currently situated in two separate locations – the Safety Building and leased space at 633 W Wisconsin Ave. The County 911 Center and OEM Radio Services are both housed in the Safety Building, which is substandard and planned to be demolished. To maximize efficiencies and public safety coordination, and to allow potential consolidation of county-wide Public Safety Access Points (“PSAPs”), all divisions must be co-located in a secure and larger environment that affords daily collaboration and an immediate and coordinated emergency response during a crisis. OEM’s specific needs and benefits of co-locating in the Center for Forensic Science and Protective Medicine were outlined in the November 2016 report to Board (File 16-721).

As detailed in File 17-298, a collaboration between Milwaukee County and MCW to establish a joint Center for Forensic Science and Protective Medicine could set a national model for forensic science and educational excellence that would benefit all southeast Wisconsin. A memorandum from the Milwaukee County Chief Medical Examiner and Director of the Office of Emergency Management dated October 4,

2018, has previously been presented outlining departmental benefits of colocation with the Medical College of Wisconsin and others in a CFSPM.

It is widely believed that additional opportunities for collaboration and enhance public service exist in the co-location model on the MRMC campus. Benefits to criminal investigations, disaster preparedness, and emergency response are anticipated. The state-of-the-art facility will also help to attract top-tier talent and create an improved environment for training, development, and retention.

FUNDING STRATEGY

Milwaukee County is providing careful consideration of the funding strategy for the project. Multiple sources are being considered to mitigate the impact on taxpayers and to ensure the responsible use of available resources. As noted, in the “background” section below \$14,207,544 has been allocated for the project in prior capital budgets. An additional \$40,000,000 in American Rescue Plan Act funds have been committed to the project, \$20,000,000 from the State of Wisconsin and \$20,000,000 from Milwaukee County, as recommended for approval by the County’s ARPA Taskforce.

	Amount	Notes
2019 Capital Allocation	\$940,262	Design Funds – Currently Spending
2020 Capital Budget Allocation	\$11,191,328	Allocated Capital
2021 Capital Budget Allocation	\$3,016,216	Allocated Capital
2022 County ARPA Request	\$20,000,000	ARPA Taskforce Recommended Approval
2022 State ARPA Commitment	\$20,000,000	Gov. Evers Announced 9/22/22
2023 Debt Service Reserve Recommendation	\$10,000,000	
2023 Capital Budget Recommendation	\$62,899,549	Increased revenues are anticipated to support approx. \$10M in debt payments over the life of the bonds*
Total	\$127,107,093	Does not include Design Funds from 2019

The ARPA investment aligns with the County’s ARPA strategy to invest one-time funds to buy-down future costs. The need to address the existing facility conditions will not go away and will likely only increase in cost over time. This is a unique opportunity to develop multi-level government and public-private collaboration to enhance services to the community.

Any project cost reductions or increases in revenue from the project are expected to be applied to reduce the County’s overall bonding for the project. Reductions and revenue increase may come from: value engineering, partner contributions, an increase in medical examination fees (File 19-774), on-site parking revenues, sub-lease, use of reserves, and cost reduction opportunities.

BACKGROUND

The concept of a joint facility for the Milwaukee County Offices of the Medical Examiner and Emergency Management and the State of Wisconsin’s Crime Lab was first presented to the Milwaukee County Board as an informational report in 2016. In 2017, a study by the Public (Wisconsin) Policy Forum helped outlined the potential merits of the proposed co-location. Since the report the Milwaukee County has

continued to explore a potential partnership with the Medical College of Wisconsin (MCW), the State and other potential partners.

In the 2019, 2020 and 2021 Budgets allocated capital funds for the planned project, recognizing that the cost of the County's portion of the project would be significant and in recognition of the growing need to act urgently to address the facility conditions of the current Medical Examiner offices.

In 2019, \$940,262 in 2019 (WC21401) was allocated from the capital budget for project planning and design. Those funds are currently being spent down as project planning continues. In 2020, \$11,191,328 was approved as part of the capital budget for the planned project (WC20901). The funds were held in contingency, subject to review of further plans and deal documents. In 2021, an additional \$3,016,216 was added to the capital allocation, subject to further reporting of the project status.

The original allocation included a request by the Board for the Office of the Comptroller to work with the Department of Administrative Services ("DAS") to perform a cost-benefit analysis of owning versus leasing a portion of the proposed new Center for Forensic Science and Protective Medicine Building ("CFSPM"). In addition, other alternatives such as the County constructing and owning the building and leasing a portion of the building to the Medical College of Wisconsin ("MCW") were examined and presented to the Board (File 19-625). The Office of the Comptroller and DAS were also requested by the Board to explore the status of the proposed State of Wisconsin Crime Lab for potential synergies of collocating the facility in or adjacent to the planned CFSPM. Those efforts have led to the proposed collaboration.

In May 2020, staff reported to the Board that as part of land sales at MRMC, 6 acres of land was reserved on the campus for development of the planned project in partnership with MCW (File 20-235). Additionally, in May, staff presented draft lease terms to the Finance Committee, but noted that negotiations regarding the project had been paused due to the on-going COVID-19 pandemic. The pause on negotiations allowed the County to re-evaluate the partner landscape and consider additional opportunities for funding (File 20-237).

In December of 2020, the State of Wisconsin's Department of Administration issued a request for proposals (RFP) for a new Milwaukee State Crime Laboratory. Milwaukee County had previously collaborated on response to a similar RFP for the State Crime Lab in 2016. The 2016 contract award was issued to another development team, but the project was never delivered. The reissuance of the RFP provided another opportunity for Milwaukee County to consider a co-location model for the CFSPM project with the State Crime Lab, which is widely viewed as a complimentary government function. A report outlining the benefits of co-location was prepared by the Public (Wisconsin) Policy Forum in 2017 (File 17-298).

MCW collaborated with design and construction partners to submit qualified response to the State's RFP co-locating the State and County uses on the land the County has reserved for the project on the MRMC Campus (File 21-262) The State has since awarded the RFP for advancement of the combined State/County facility.

ALIGNMENT TO STRATEGIC PLAN

The planned project aligns closely to Milwaukee County's Strategic Plan, advancing many of our strategic focus areas. The collaborative approach proposed helps to breakdown silos not only within County

government, but also with our partners at the State Crime Lab and the health and education partners on the MRMC campus. This is major step forward to enhancing the quality of services provided by the County through the ME and OEM.

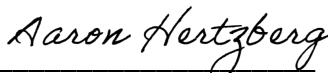
Proximity and partnership opportunities will better position all entities to understand and respond to critical health issues within our community including emergency and disaster preparedness and response. Many of the early reports on the project outline the value of the project in addressing issues like the on-going opioid epidemic. That remains true but is perhaps further understood in the context of the on-going Covid-19 pandemic. The planned CFSPM existed during the early phases of the pandemic, it likely would have served as a central nexus for the data collection, analysis, planning, communication, and response. If completed, the facility will no-doubt serve a critical role in addressing future community health needs.

As has been widely documented, the impacts of epidemics, pandemics, disasters, and other emergencies, are often inequitable. An improvement in Milwaukee County's preparedness and response to such issues will be critical to addressing these inequities and the larger health disparities within our community.

It should also be noted that the purchase and sale agreement is intended to include community benefit goals, helping to ensure contracting to qualifying targeted businesses.

RECOMMENDATION

Release \$112,399,560 held in allocated contingency as part of the 2023 Budget for the Center for Forensic Science and Protective Medicine facility to house Milwaukee County's Offices of the Medical Examiner and Emergency Management.



Aaron Hertzberg, Director
Department of Administrative Services

ATTACHMENTS

Draft Agreements
Project Plans

cc: David Crowley, County Executive
MaryJo Meyers, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Scott Manske, Comptroller
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