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(ITEM) From the Director, Department of Administrative Services, requesting the release of \$250,000 placed in an Allocated Contingency account; requesting authorization to execute an administrative fund transfer in an amount not-to-exceed \$1.1 million; and requesting authorization to execute various lease agreements for the rental of new office space associated with the relocation of City Campus employees, by recommending adoption of the following:

A RESOLUTION

WHEREAS, resolution File No. 14-483 was approved by the Transportation, Public Works, and Transit Committee and the Milwaukee County Board of Supervisors in June of 2014, which provided direction to the Department of Administrative Services regarding specific actions related to the Consolidated Facilities Plan (“CFP”); and

WHEREAS, since then, the CFP Workgroup, along with CB Richard Ellis (“CBRE”) and Quorum Architects, completed “fit plans” on three of the four prospective office buildings to better identify the most efficient utility of space based on the County’s needs; and

WHEREAS, two of the three potential office buildings were deemed to be suitable and efficient, prompting the CFP Workgroup to direct CBRE to pursue lease rate and leasehold estimates with these two office buildings’ management representatives; and

WHEREAS, because both buildings’ representatives expressed interest in negotiating a competitive lease rate and leasehold allowance, the CFP Workgroup directed CBRE to work toward final negotiations of a lease with both properties; and

WHEREAS, total costs for lease space planning and various relocation expenses are estimated at \$1.8 million (consistent with estimates provided to the County Board in July 2014) as follows:

- Space Planning and Consulting Services: \$337,000
- Relocation Costs: \$277,000
- Network, Telecommunications, Furniture, and Fixtures: \$818,000
- Leasehold Improvements: \$240,000
- Contingency: \$84,000

; and

WHEREAS, of the \$1.8 million, \$650,000 was appropriated in the 2014 Adopted Budget (including 75% of the \$200,000 for the CBRE’s services related to Phase II of the CFP effort); and

47 WHEREAS, closure of City Campus will result in operating budget cost savings
48 of approximately \$1 million and net cost savings (accounting for lease costs) of
49 approximately \$273,000 in 2015 and \$422,000 thereafter for the next four years; and
50

51 WHEREAS, in addition to operational cost savings, significant costs will be
52 avoided by closing City Campus versus bringing the facility up to code and converting it
53 into a true office building, and are estimated at \$26.0 million (\$18.5 million principal plus
54 \$7.5 million interest costs); and
55

56 WHEREAS, the current breakeven analysis indicates that this initiative will begin
57 to generate positive annual cash flow to the County in 2019 and, when factoring in for
58 capital costs avoidance, positive annual cash flow will be recognized in 2018; and
59

60 WHEREAS, in addition to securing newly leased space for most County
61 employees located at City Campus, the CFP Workgroup has been working on separate
62 plans to relocate the Department of Health and Human Services Housing Division and
63 the Department of Transportation (“DOT”) staff from City Campus; and
64

65 WHEREAS, the CFP Workgroup has identified the Technology Innovation Center
66 as potential temporary space for certain DOT staff in the event the Fleet Building
67 addition is not completed prior to the deadline to vacate City Campus; now, therefore,
68

69 BE IT RESOLVED, the Milwaukee County Board of Supervisors hereby
70 authorizes the release of \$250,000 placed in an Allocated Contingency account within
71 Org. Unit 5700 - Facilities Management, per the 2014 Adopted Budget, for City Campus
72 relocation costs; and
73

74 BE IT FURTHER RESOLVED, that the County Board further authorizes the
75 Department of Administrative Services (“DAS”) to execute an administrative fund
76 transfer of an amount not-to-exceed \$1.1 million from the Debt Service Reserve
77 Account to Org. Unit 5700 - Facilities Management for the following relocation costs: (1)
78 relocation of the Department of Health and Human Services Housing Division, (2)
79 computer networking, telecommunications, furniture, and fixtures, and (3) lease
80 improvements; and
81

82 BE IT FURTHER RESOLVED, DAS is authorized to execute a lease agreement
83 for relocation of a majority of Milwaukee County’s City Campus employees, contingent
84 upon review and approval of Corporation Counsel and Risk Management, under the
85 following provisions:
86

- 87 • Initial 5-year lease term.
- 88 • Rental rate of no greater than \$14.90 per square foot for a maximum of
89 32,000 square feet, with a 3% annual escalator.
- 90 • Leasehold allowance of up to \$625,000.
- 91 • Ability to terminate the agreement after three years with a six-month notice.
- 92 • Market rate renewal provisions after the initial term.

- 93 • Twelve reserved parking stalls for fleet vehicles and a negotiated monthly
94 parking rate of \$85-90 per month for up to 180 parking stalls.

95
96 ; and

97
98 BE IT FURTHER RESOLVED, DAS is authorized to execute an additional lease
99 agreement between Milwaukee County and the Milwaukee County Research Park
100 Corporation for the relocation of Department of Transportation employees at City
101 Campus, contingent upon review and approval of Corporation Counsel and Risk
102 Management, under the following provisions:

- 103
104 • Month-to-month lease.
105 • Net rental rate of \$5.00 per square foot for no more than 3,500 square feet of
106 space.

107
108 ; and

109
110 BE IT FURTHER RESOLVED, DHHS is authorized to execute a lease
111 agreement, contingent upon review and approval of Corporation Counsel and Risk
112 Management, under the following provisions:

- 113
114 • One-year term with nine one-year renewals.
115 • Rental rate of no greater than \$11.00 per square foot for no more than 8,000
116 square feet of space.

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