

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: August 19, 2019

TO: Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

FROM: Stuart Carron, Director, Facilities Management Division, Department of Administrative Services, and
Aaron Hertzberg, Director, Economic Development Division, Department of Administrative Services

SUBJECT: **From the Directors of Facilities Management and Economic Development Divisions, Department of Administrative Services, providing an Informational Report on the Development of the Center for Forensic Science and Protective Medicine, Recommending Transfer of \$660,000 from Allocated Contingency to Capital Improvement Project WC21401 – Forensic Science Center Phase 1**

Introduction

The need for new facilities for the Milwaukee County Medical Examiner has long been recognized, and the Department of Administrative Services, in conjunction with the Medical Examiner and the Office of Emergency Management have been working to develop a plan to address this need. The Center for Forensic Science and Protective Medicine (CFSPM) is intended to house the Milwaukee County (“County”) Offices of the Medical Examiner and Emergency Management. In partnership with the Medical College of Wisconsin, the project has been considered for placement at the Milwaukee Regional Medical Complex (“MRMC”).

The 2019 Adopted Budget included an Amendment (1B005) that directed the Office of the Comptroller, working in conjunction with the Department of Administrative Services (“DAS”), to perform a cost-benefit analysis of owning versus leasing a portion of the proposed CFSPM, and moved requested design funds to allocated contingency pending review of a full report from the Comptroller and DAS.

In July 2019 the Comptroller and DAS presented the Information Report on the lease-vs-own analysis (File 19-625) to the Finance and Audit Committee. The Committee laid over that report for one cycle pending additional information on the project details and vision from the Medical Examiner. This report addresses the project details and requests the reallocation of funds held in the project’s internal contingency (expenditure object 8902) such that design of the new facility may proceed. Correspondingly, an appropriation transfer is being requested to reallocate the \$660,000 towards planning and design services in the September committee cycle.

Previous Legislation

The County Board has previously received information relevant to the project in the following reports:

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 information report regarding Milwaukee Regional Medical Complex land

18-764 – From the County Executive, submitting the 2019 Recommended Budget (and Amendment 1B005 by Supervisor Lipscomb, Sr. amending Capital Project

WC21401 – Forensic Science Center Phase 1)

19-625 - An Information Report from the Comptroller regarding 2019 Budget – Amendment 1B005 Center for Forensic Science and Protective Medicine (Informational Only)

Background

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”. Center for Disease Control (CDC) requirements are not met and the ME risks loss of accreditation without a plan to address facility deficiencies (such as negative air pressure, water treatment, safety, access, and limited parking).

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. In order 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 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).

The Medical College of Wisconsin ('MCW') has a firmly established presence within the Milwaukee Regional Medical Center, and is seeking to enhance its program offerings and research capabilities. As detailed in File 17-298, collaboration with Milwaukee County to establish a joint Center for Forensic Science and Protective Medicine could open the door for MCW to become a national leader in forensic science, creating a center for educational excellence that could benefit all of southeast Wisconsin.

Milwaukee County is seeking a new home for its ME and OEM, and MCW is seeking to enhance its research capabilities and forensic research curriculum. Each of these entities could pursue its own new facility that would meet individual requirements. However, given that the need for these new facilities is occurring at the same time, an opportunity exists for local policymakers to proceed in a manner that may be more economically efficient and mindful of taxpayer dollars, while simultaneously launching the region to become a leader in forensic science and public protective services.

In 2017, Milwaukee County and MCW submitted a proposal to the State of Wisconsin to incorporate the State Department of Justice Crime Lab in the Center for Forensic Science and Protective Medicine. The State rejected that proposal, and has not yet made a decision on their Crime Lab. Given this, Milwaukee County and MCW have continued to develop the project, with the possibility of including the State Crime Lab should the State have renewed interest.

Vision for the Project

As envisioned, the Center for Forensic Science and Protective Medicine will house new facilities for the Milwaukee County Medical Examiner (ME), the Office of Emergency Management (OEM), as well as MCW and other partners, in a single building at the Milwaukee Regional Medical Center.

Collaboration between medical examiner, emergency operations professionals and academic staff from MCW and other local higher education institutions would assist with the recruitment, training, and retention of new forensic professionals. The CFSPM would be at the forefront of technology, located on a renowned regional medical/trauma/emergency campus whose development was spurred by the County decades ago, with new connectivity planned via the BRT.

Over time, growth of the CFSPM program would include other potential partners that could include entities from the following categories:

- Forensics
- Educators
- Emergency Management agencies
- Adjunct service providers
- And others

Relationship with Medical College of Wisconsin

OEM has worked with the Medical College of Wisconsin before paramedic ambulances were a reality in our society, back to the late Seventies. This mutual relationship has grown to an Emergency Medical Services (EMS) system where the average wait time for an ambulance in Milwaukee County is now 5.24 minutes. This would not be possible without the resources and experts of the Medical College to include our County's Medical Direction consisting of four emergency medicine physicians, the Chair of Research Affairs and Resuscitation, and a cadre of 24/7 operations center physicians who assist our field medics every day.

Further, the delivery of scientifically-based advanced emergency medical is evident in our National Institutes of Health (NIH), American Heart Association (AHA), and Resuscitation Research Center (RRC) grants and subsequent countywide changes in the delivery of emergency care. Our model EMS system is directly linked to OEM's academia- and research-based protocols under the guidance of the Medical College of Wisconsin.

The Milwaukee County Medical Examiner's Office has been formally associated with the Medical College of Wisconsin, Department of Pathology, for some two decades. Before Dr Peterson's tenure, medical examiners were also staffed within that department, and performed hospital autopsies on their behalf. Currently, the ME's role is to host medical students, train pathology residents in autopsy performance, and recruit and train forensic pathology fellows, all under the auspices of the Medical College. In the past few years, ties have become stronger. The ME office is currently involved in a number of research efforts coordinated through MCW with various clinical departments, and valuable publications have resulted from this teamwork. There is a critical national shortage of forensic pathologists, and Dr. John Raymond, the CEO for the Medical College, has made it clear that MCW plans on expending as much time and effort as possible in ameliorating this situation.

Description of Proposed Project

In recognition of the significant financial impact construction of a new facility for both ME and OEM would have on County resources, the County has engaged with the Medical College of Wisconsin (MCW) to jointly develop the site and facility. A shared facility would produce

building cost efficiencies, service efficiencies, and improved ability to collaborate between institutions.

A facility jointly developed and operated by MCW, ME and OEM could:

- Save money in construction and operations
- Open up training opportunities and increase the pipeline of forensic specialists
- Facilitate collaboration to improve the quality of operations and advance criminal justice investigations and testimony
- Support the development and validation of new scientific technologies
- Spur significant research opportunities
- Facilitate excellent crisis response

Earlier this year the space requirements for the ME and OEM were updated and revalidated. A summary of these requirements is shown in the table below, and detailed in Exhibit A.

Dedicated OEM space	911 center, radio services, EMS, offices	18,900 SF
Dedicated ME space	Autopsy, forensics, labs, offices	50,321 SF
Shared space	Training room, break room	2,128 SF
Garage space	Sallyport, radio services, EMS	5,915 SF
Total Useable SF Requirement		77,264 SF

The total facility is anticipated to be approximately 180,000 SF over 6 stories. Milwaukee County would occupy approximately 3 floors of the facility. A preliminary location on MRMC grounds is shown in Exhibit B. (It is important to note that the design has not progressed beyond conceptual at this point.)

The development method currently proposed by MCW includes:

1. Sale of 9201-9501 W. Watertown Plank Road at County Grounds to MRMC, it's partners, or a new (non-profit) entity,
2. Site re-development, and construction of a core and shell building by MCW or a new non-profit entity, purpose-built to County requirements,
3. A long-term lease of building space in the new development from MCW to Milwaukee County, and
4. Planning, design and construction of tenant improvements specific to ME and OEM by Milwaukee County.

Each of the above items is described in detail below.

1. Sale of portion of 9201-9501 W. Watertown Plank Road lands
Milwaukee County is negotiating the sale of lands at 9201-9501 W. Watertown Plank Road in the southeast quadrant of the County Grounds. Sale of property would be for fair market

value with credit for lands dedicated to construction of the Center for Forensic Science and Protective Medicine and construction of infrastructure necessary to support Milwaukee County's planned Bus Rapid Transit Service to the area. The credit of land for the CFSPM ensures the County avoids paying any acquisition costs for the land to build the facility. The value of the credit would be proportional to the County's square footage in the planned facility.

2. Site and Building Development by MCW

Site preparations will include ground work and grading, utilities, and roadway improvements. The core and shell of the Center for Forensic Science and Protective Medicine and adjoining parking lot will then be constructed on the improved site. Upon completion of the shell building, the building spaces designated for ME and OEM will be turned over to Milwaukee County for completion of tenant improvements.

3. Lease of Building Space

The currently contemplated financial construction of the project entails a number of components including a) site development and core and shell building construction by MCW with a prorated amount of costs assigned to future projects on the site, b) long-term (30-year) lease of constructed building space from MCW by ME and OEM, and c) construction of tenant improvements for ME and OEM by County under a capital project. While terms of the proposed lease are under negotiation, it will fundamentally be based on the cost of site development, construction and financing by MCW. The lease must be carefully constructed such that the construction cost for tenant improvements are bondable. Review with the Comptroller is on-going.

4. Construction of Improvements for ME and OEM

The environmental and physical space requirements for both ME and OEM are highly specialized and shall be constructed by Milwaukee County to control the quality and cost of the delivered final operation. This construction project will include partitioning the space, installing specialized in-suite mechanical/electrical/plumbing systems, completing finishes, installing equipment and furnishings, and relocation from existing sites. The sum

of capital costs related to this project are currently estimated at \$28M and are included in the DAS-FM 5-year capital plan (planning & design in 2019, construction in 2020).

A preliminary timeline for the project, assuming County Board approval in 2019 to move forward, is shown below.

Preliminary design/programming	May 2019 (complete)
Funds released for design	September 2019
Board review & approval of 2020 capital budget	November 2019
Closing on land sale	December 2019
Sign lease agreement	January 2020
County design development	October 2019 – April 2020
Site and base bldg. Construction start	Mid-2020
Tenant improvements start	Mid-2021
OCCUPANCY	Mid-2022

Project Budget

Working with MCW and their design team, the cost of the project has been developed. At a high level, the cost of the site development and base building is approximately \$41M. This cost would be borne by MCW as the developer, and partially recouped from the County via a 30-year lease for a portion of the building. The annual lease cost (rent) is estimated at \$1,275,000.

The cost of interior improvements for the ME and OEM space, based on the latest requirements, is approximately \$28,117,000 including design and professional fees. Furniture, fixtures and equipment (FF&E) are estimated to be an additional \$2,426,000, and relocation costs add \$260,000. Total project estimated cost is \$30,803,000.

The above cost estimates relate to the proposal for the County to build and finance its own tenant improvements and lease the shell from MCW ('Option 1'). The Office of the Comptroller, working in conjunction with the Department of Administrative Services ("DAS"), performed a cost-benefit analysis of owning versus leasing a portion of the proposed new CFSPM. The report was presented to Finance Committee in July as file no. 19-625. Within this report, the following comparison of options were found:

Summary of 30-year cash flows

	Option 1 Lease Shell from MCW	Option 2 Lease All from MCW	Option 3 County Build/Own
Lease Expenses	\$ 37,086,594	\$ 78,345,430	\$ -
Debt Service Expenses	\$ 42,365,058	\$ -	\$ 79,769,757
Operating and Maintenance	\$ 36,758,544	\$ 36,758,544	\$ 42,131,837
Capital Reserve Expenses	\$ 2,884,241	\$ 6,006,068	\$ -
Furniture and Fixtures	\$ 2,425,869	\$ 2,425,869	\$ 2,425,869
Other Expenses	\$ 591,590	\$ 6,652,071	\$ 591,590
Total Expenses	\$ 122,111,896	\$ 130,187,982	\$ 124,919,053
Net Present Value of Total Expenses	\$ 78,421,230	\$ 80,231,714	\$ 83,973,627

- Option 1 is for the County to build and finance its own tenant improvements and lease the shell from MCW.
- Option 2 for the County to lease finished space from the MCW
- Option 3 is for the County to build its own building.

Within the accuracy of current cost estimates, the 30-year net present value cost ('life cycle cost') for all options appear to be roughly similar. Recommended Option 1 has the lowest life cycle cost.

Beyond the 30-year NPV, an important consideration in comparing these options is the relative tax levy to bond ratio as the funding source for each:

	Option 1 County/MCW Collaboration	Option 2 MCW build, County lease	Option 3 County build & own
Annual Tax levy	\$1,275,000	\$2,689,000	\$0
Bonded capital	\$28,116,754	\$0	\$52,285,000
Annual debt-service cost (yr 1-15)	\$2,355,244	\$0	\$4,379,714

'Annual tax levy' refers to the incremental cost of the lease (rent + capital reserve). It does not include operating expenses, which are roughly equal between options, and equal to current OpEx.

Recommended Option 1 provides a balance between tax levy and bonded capital.

In addition to the financial comparison, there are other qualitative factors that should be considered by policymakers before entering into a long term lease commitment or creating a new county asset. The advantages and disadvantages for each of the options are included below.

	Option 1 County/MCW Collaboration	Option 2 MCW build, County lease	Option 3 County build & own
advantages	<p>Balance between bonded capital and tax levy impact.</p> <p>Some project risk shifted to developer while maintaining control of critical installations.</p> <p>Long-term lease includes a capital reserve to maintain the building.</p>	<p>Long-term lease includes a capital reserve to maintain the building.</p> <p>More risk shifted to developer.</p>	<p>No incremental tax levy impact.</p> <p>Not beholden to a 3rd party landlord.</p>
disadvantages	<p>Significant impact on County's self-imposed bonding limit.</p> <p>Long-term lease may limit flexibility.</p>	<p>Highest tax levy impact.</p> <p>Lower control of critical installations.</p> <p>Long-term lease may limit flexibility.</p>	<p>Significant impact on County's self-imposed bonding limit.</p> <p>Co-location benefits may be challenged.</p> <p>All project risk held by County.</p> <p>Funding for future maintenance requirements unknown.</p>

Contractual Requirements

Milwaukee County and MCW have discussed entering into a ground lease with a thirty-year initial term. Base Rent would be based on actual costs incurred by MCW to provide a gray shell and is anticipated not to exceed \$16.00/sf based on current construction estimates. As an absolute net lease, Milwaukee County would also be responsible to pay its proportionate share of common area maintenance, facility maintenance and utilities, unless separately metered. These nets would be reconciled annually based on actual expenditures. Milwaukee County would also contribute to a capital reserve fund to support the core, shell and infrastructure. Milwaukee County along with MCW would establish a board to administer the reserve.

Other Items

1. Other options evaluated

Beyond the options shown above, additional project delivery alternatives have been considered (see summary table below):

A. Private Development for ME & OEM

Use of a private developer in place of MCW was evaluated to demonstrate the financial benefit of partnering with MCW. In this scenario, we assume a private development using market capitalization rates (as advised by our Real Estate consultants). The same project as envisioned under our base case (Option 1) would not only reduce partnership benefits, but would also result in an annual rent increase of \$500k, and a life cycle cost increase of approximately \$9M.

B. CFS – OEM lease elsewhere (Develop OEM solution independent of ME (ME with MCW in leased Forensic Center))

While the benefits of the combined operation are clear, we may also consider developing the Center for Forensic Science without including OEM. OEM will still require relocation from existing sites, and some of the cost and operating benefits of the combined construction will be lost. Leaving OEM out of the project increases overall cost to the County – life cycle cost increases by \$6M.

C. ME & OEM lease elsewhere (Lease and renovate an existing building for a new ME/OEM forensic center without MCW partnership)

Development of a County-only Forensic Center which houses only County functions (ME and OEM to start) is potentially feasible by leasing and improving an existing building. Developing the project independent of MCW would significantly reduce the potential partnership benefits, as well as significantly increase the up-front capital cost and overall life cycle cost - life cycle cost increases by \$20M.

3. Do nothing?

If Milwaukee County chooses to do nothing, there are a number of risks and costs to be considered:

- Potential loss of ME accreditation, which could result in negative press and loss of revenue from other counties
- On-going repair/maintenance/replacement costs at existing facilities (estimated at >\$8M without consideration of accreditation and program requirements) would be an investment in obsolete infrastructure which would better be spent on new.
- Eventual relocation of OEM required when Safety Building is demolished
- Loss of a 911 consolidation opportunity in advance of next generation emergency technology

4. On-going and Future CFSPM Development Activities

Future planning activities include development and coordination of the following:

- Initiation of design development
- Development of a draft lease, which would require approval by the County Board (December cycle)
- Continued evaluation of the project by Comptroller
- Closing on the sale of County lands to MRMC partners
- Development of any additional required legal agreements

Recommendation

While the financing method for the CFSPM must be carefully deliberated by policymakers, the need for and benefits of the new facility are clear. At this time, to maintain progress on the project with MCW, we would like to initiate design work on at least the interior requirements, which would be beneficial regardless of which funding option is chosen.

The Director of the Facilities Management Division, Department of Administrative Services respectfully recommends approval of a transfer of \$660,000 from Allocated Contingency to Capital Improvement Project WC21401 – Forensic Science Center Phase 1 – so that design development of the CFSPM can be initiated. DAS-PSB will submit an amended fund transfer packet for the September 2019 cycle that includes this transfer.

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EXHIBITS

- A. Table of OEM and ME space requirements
- B. Site Location of CFSPM on MRMC Campus

cc: Chris Abele, County Executive
Raisa Koltun, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board
Teig Whaley-Smith, Director, Department of Administrative Services
Vince Masterson, Fiscal & Strategic Asset Coordinator, DAS

EXHIBIT A
Table of OEM and ME Space Requirements

Department	Description	2019 Required Program Space (USF)
OEM (dedicated)	Director's Office/Communications	738
OEM (dedicated)	Radio Services	1,242
OEM (dedicated)	911 Communications	3,812
OEM (dedicated)	FUTURE 911 communications space	3,510
OEM (dedicated)	Emergency Medical Services	2,255
OEM (dedicated)	Emergency Management	664
OEM (dedicated)	Support Space	6,678
	Subtotal OEM dedicated space	18,900
ME (dedicated)	Public Areas	2,280
ME (dedicated)	Administrative Offices/Medical Examiner	10,497
ME (dedicated)	Education and Training	1,175
ME (dedicated)	Forensic Investigations	6,667
ME (dedicated)	Autopsy Complex	17,749
ME (dedicated)	Wisconsin Tissue Network	1,821
ME (dedicated)	Laboratory	10,131
	Subtotal ME dedicated space	50,321
Shared	large training room	1,120
Shared	OEM recording studio / ME deposition consulting room	336
Shared	employee breakroom/lounge	672
	Subtotal shared space	2,128
	Total TI space	71,349
Garage Space		
OEM (dedicated)	Radio Services	1,252
OEM (dedicated)	Emergency Medical Services	1,938
ME (dedicated)	Sallyport	2,725
	Total Garage space	5,915
	TOTAL USEABLE SF REQUIREMENT	77,264

Exhibit B
Site Location of CFSPM on MRMC Campus

SITE LOCATION
UNDER
DEVELOPMENT

