



## Request for City Council Committee Action From the Department of Public Works

**Date:** May 20, 2008  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Referral:** Honorable Paul Ostrow, Chair Ways & Means Committee  
**Subject:** **City Attorney's Office move to City Hall**

**Recommendation:** Transfer up to \$ 1 million from the Property Disposition Fund (Fund 06200 Department 6800340 Project # 680PROPT) to the Capital Improvement Program (PSD03 Facilities – Space Improvement, Fund 04100 Department 901000 Project # CPSD0308) and complete work as required to relocate the City Attorney Office to City Hall by November of 2009.

### Previous Directives:

- December 12, 2007 – Resolution 2007R-645 of the City Council Adopting the Facilities – Space Improvements program (PSD03) in the 2008-2012 Five-Year Capital Program.
- February 25, 2005 – Authorize the execution of a lease for the City Attorney at their current location in the Accenture Building at 333 South 7<sup>th</sup> Street.

**Prepared by:** Greg Goeke, Director of Property Services

### Approved by:

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Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** Paul Miller, Senior Project Manager, Property Services  
Greg Goeke, Director of Property Services

### Reviews

Permanent Review Committee (PRC):	Approval	<b>NA</b>	Date
Civil Rights Affirmative Action Plan	Approval	<b>NA</b>	Date
Policy Review Group (PRG):	Approval	<b>NA</b>	Date

**Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan:  Action is within the plan.  Action requires a change to plan.
- Other financial impact (Explain): Use of proceeds in the Property Disposition Fund
- Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

**Community Impact**

Neighborhood Notification: Not Applicable  
City Goals: A Safe Place to Call Home  
Comprehensive Plan: Not Applicable  
Zoning Code: Not Applicable

**Background/Supporting Information**

The City's Strategic Space Plan for the downtown campus supports a "re-stacking" of the spaces in the City Hall building as they are vacated for mechanical and life safety improvements (Municipal Building Commission – Capital Program) and brought to the City's standards for space allocation and ergonomics (PSD03 Capital Program) prior to re-occupancy. This coordinated plan is in its 12<sup>th</sup> stage and will eventually modernize all City office spaces in the City Hall building. The plan will reduce the City's real estate costs by reducing the amount of leased space, reducing future move management costs by standardizing space allocation as well as reducing the risk of repetitive injury by providing ergonomic furnishings.

The Strategic Space Plan has envisioned the City Attorney's Office (CAO) to move into the City Hall building at the conclusion of the CAO current lease in the Accenture building (333 South 7<sup>th</sup> Street) which is scheduled to expire in November of 2009. The CAO is envisioned to occupy the eastern half of second floor in City Hall as well as one level of the interior court addition.

In order to accommodate the CAO in City Hall the Panning Department recently relocated from the 2<sup>nd</sup> floor of City Hall to temporary offices in the Public Service Center. Also, by October of 2008, the Fire Department will need to be relocated either to temporary offices or permanent offices outside of City Hall. Also, a lease of approximately 6,000 square feet will be required to accommodate all space needs for the foreseeable future.

**Funding Required**

The east half of 2<sup>nd</sup> floor in the City Hall building will need extensive remodeling to bring the spaces into City standards for space allocation and efficiency for the CAO. The space has not had any significant modernization since the early 1970's and is the least efficient space in the building. Staff had originally estimated remodeling costs in excess of \$1 million dollars.

After completing the design and receiving formal cost estimates for remodeling, furniture, wiring, and move costs the cost estimate has grown to \$1,500,000. Additionally, another \$200,000 to \$500,000 will be needed to relocate the Fire Department to temporary or permanent offices outside of City Hall. Total funding requirements could be \$2,000,000.

Capital Budget (PSD03 Facilities – Space Improvements Program) requests of \$500,000 for both 2008 and 2009 were made for the CAO remodeling and move. The current Capital Plan for 2008 – 2012) allocates \$465,000 for 2008 and \$280,000 for 2009. The CAO has agreed to

pay between \$ 300,000 and \$400,000 out of their current and future operating budgets. In order for the plan to move forward up to an additional \$1 million may be needed.

#### Additional Funding Option

The balance in the Property Disposition Fund is currently adequate to cover the funding required to further the Strategic Space Plan for the downtown campus.

#### Property Disposition Fund

The Property Disposition Fund (PDF) was established by the City as a revolving fund for real estate proceeds (minus expenses) associated with disposal of excess property (land and buildings). It is managed as part of the overall finances associated with the 06200 fund (Lands and Buildings Fund). Council approval is required to utilize and available balances.

Contributions to the PDF are limited to the sale of real estate that is utilized for municipal operations (City buildings, etc.) and land owned for right-of-way needs. Proceeds from the sale of development properties and enterprise funds (example: Parking Ramp) are not included. Proceeds from these sales are deposited in the appropriate funds.

The Council has also utilized the PDF to fund capital improvements needs associated with facility improvement. Recently (in 2007), council authorized the use of \$500,000 from the fund to pay for improvements to the Hamilton School, 4119 Dupont Avenue North, in order to fund a portion of the cost of improvements needed by the Police Department to occupy and utilize the facility.

#### Operating Costs

There will be a net savings to the City by completing the planned activities for 2008 and 2009. The city currently leases 28,362 square feet of space in the Accenture building (333 South 7<sup>th</sup> Street) for approximately \$680,000 per year. The management of the Accenture Building offered a renewal rate for an additional 5 years that would average between \$750,000 and \$775,000 per year depending on operating costs that are passed through to tenants.

To offset some of the space required by the City Attorney in City Hall a smaller department (30 people – 6,000 square feet of space) will need to move to leased space. Property Services is currently looking at potential spaces in buildings near City Hall. It is anticipated that lease costs including operation will not exceed \$110,000 per year. In summary, the net lease savings will be approximately \$640,000 per year.

Cc: Pat Born  
Mike Abeln  
Tim Walmann  
Susan Segal