Budget and Finance Committee
Dr. Stevens
Jim Gray
Linda Gorton
Chuck Ellinger
Jay McCord
Ed Lane
Kevin Stinnett
George Myers
Andrea James
Don Blevins

AGENDA

BUDGET AND FINANCE COMMITTEE

June 24, 2008

1:00 P. M.

1. **Financial Reporting Capabilities From People Soft – Koch**

2. **Presentation on LFUCG Downtown Facility Master Plan – Cole/Webb (p 1-46)**
   - **FM Solutions Report**

3. **Abatement Funds Recaptured – D. Jarvis**

LFUCG

Downtown Facility Master Plan

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Agenda

- Facilities Planning Process
- Operations & Maintenance
- Facility Condition Levels
- Space Utilization
- Scenario Development
- Preferred Scenario
- Financial Impacts
- Keys to Maintaining a Master Plan

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Buildings included in Master Plan

Government Center Building and Garage - 200 E. Main St.

Police Headquarters Building - 150 E. Main St.

Government Center Annex – 162 E Main St

Phoenix Building - 101 E. Vine St.

Annex Garage - Between 150 and 162 E. Main St.

Phoenix Garage 101 E. Vine St.

Public Safety Lease - 166 N. Martin Luther King Blvd.

Kentucky Theater / State Theater / Switow Building - 210-214 E. Main

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Planning Process

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LFUCG Steering Committee

- Kimra Cole
- Mike Webb
- Joseph Kelly
- John Cubine
- Kyna Koch
- Tim Bennett
- Wayne Wilson

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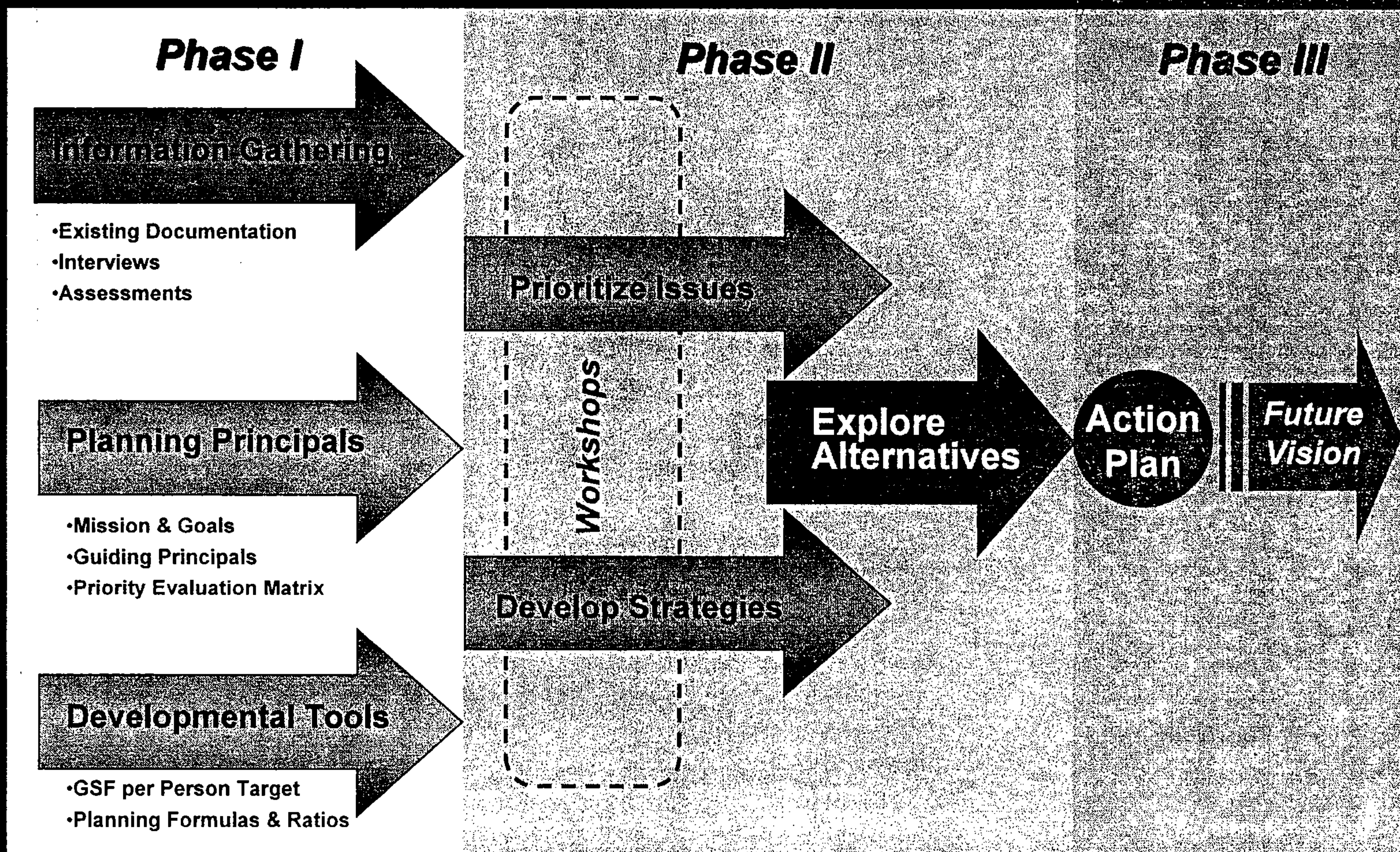
Planning Process



Initial Observations

- Excitement surrounding compatibility of Council and Administration
- Downtown facilities conveniently located to serve citizens
- LFUCG service ethics are strong and customer oriented
- Strong sense of leadership establishing an accountable culture within the government

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Improvement Opportunities

- Address deferred maintenance in downtown facilities
- Address space utilization of downtown facilities
- Address current and future functionality of Data Center
- Develop and adopt a set of facility standards
- Address growing concerns in Police Headquarters (i.e. storage, air intake)

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Mission and Goals

Mission

Provide LFUCG with a plan that optimizes facilities to promote the delivery of quality services to its public in a manner that is efficient and accessible

Goals

1. Utilize facility assets to achieve work group efficiencies that are consistent with optimized occupancy targets

2. Provide flexibility in space to respond to dynamic requirements while providing excellent service to citizens

3. Implement all facility improvements and investments in alignment with strategic plan for future development and growth

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Guiding Principles

Location, Perception, and Image - Promotes Stability of LFUCG

- Reflects a solid, financially secure organization that spends funds wisely and plans for future growth
- Reflects the unique LFUCG community service character with up-to-date functionality that continues to evolve to meet the needs of today and into the future
- Supports frequent use by residents based on being located with convenient access to high usage service needs

Site Consolidations- Enhances LFUCG Services

- Emphasizes LFUCG service culture with clear identification of the different governmental service access points
- Departmental functions located and organized to reinforce LFUCG strategies and communications

Guiding Principles

Adaptability and Functionality - Provides Efficient Use of Assets

- Establishes a functional working environment that supports operational efficiencies
- Integrates assets and office space requirements to be adaptable and flexible to changing needs

Economic Business Factors – Operational Benefits Justifies Investment

- Affordable plan with strong cost/benefit justification
- Investment reinforces the other Guiding Principles and appears reasonable to LFUCG Residents/Citizens/Stakeholders

Guiding Principle Weights

Evaluation Criteria

Guiding Principles	TOTAL AVG
Location Perception Image	27%
Site Consolidations	16%
Adaptability and Functionality	26%
Economic Business Factors	31%
Total Weight = 100%	100%

** Guiding Principle weights voted on and approved by LFUCG Steering Committee*

Value of Assets

Facility Gross Square Footage:

536,906 GSF

** Doesn't include lease space*

Total Value of Facility Assets:

$55,282,790

(Based upon RS Means, excluding Land, Furniture, Fixtures and Equipment)

Operations & Maintenance

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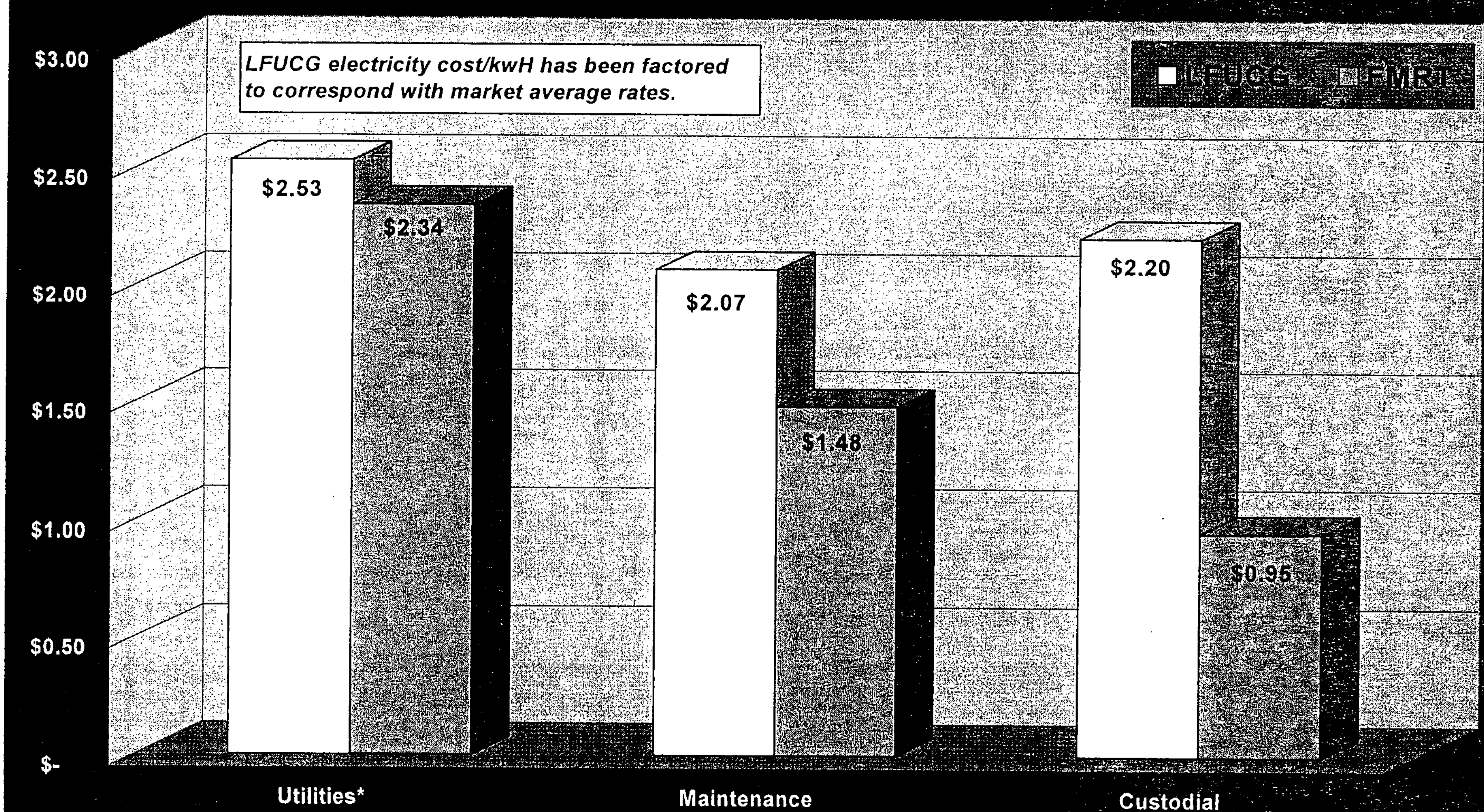
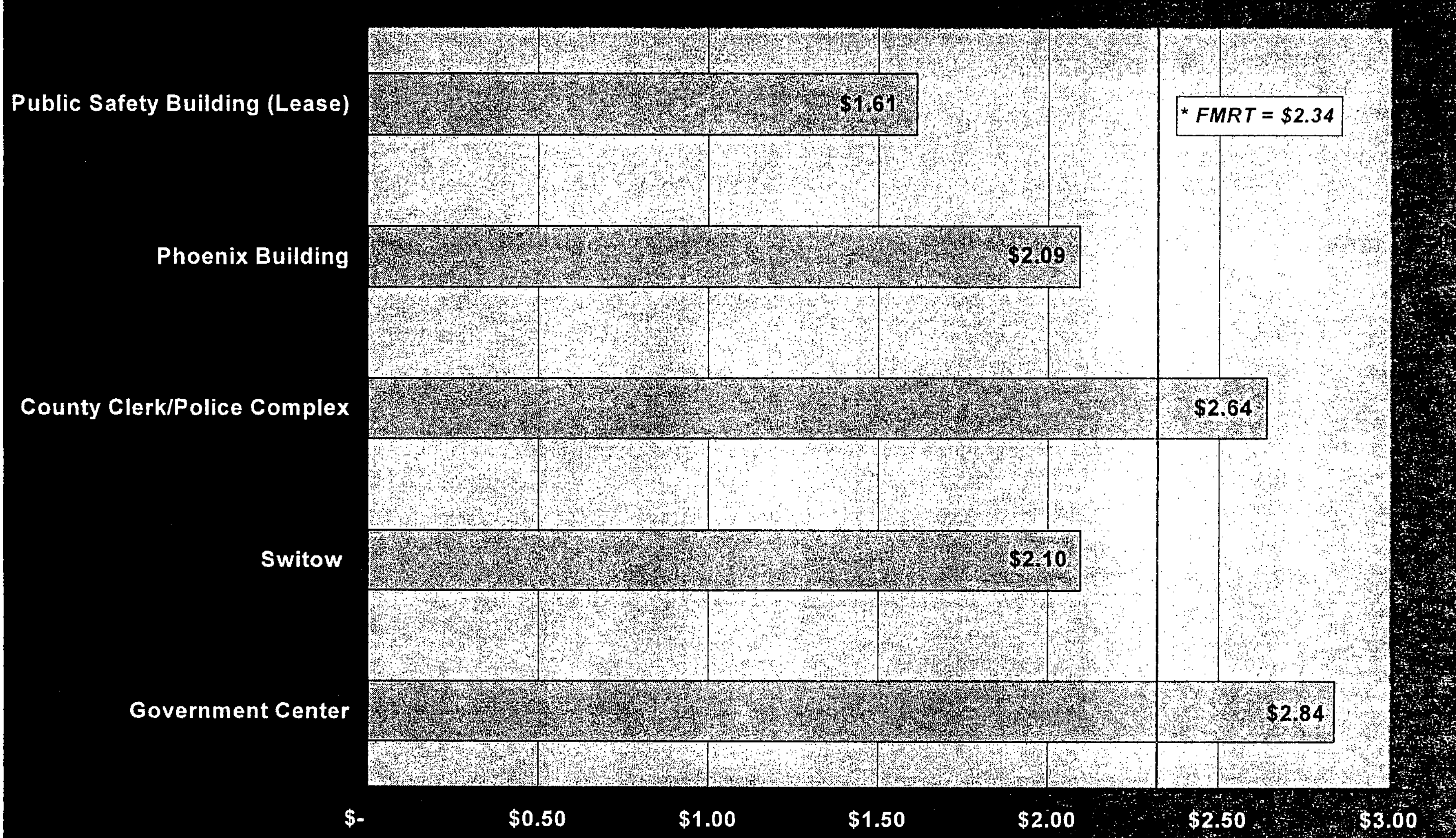
LFUCG vs. FMRT (O&M Costs/GSF)

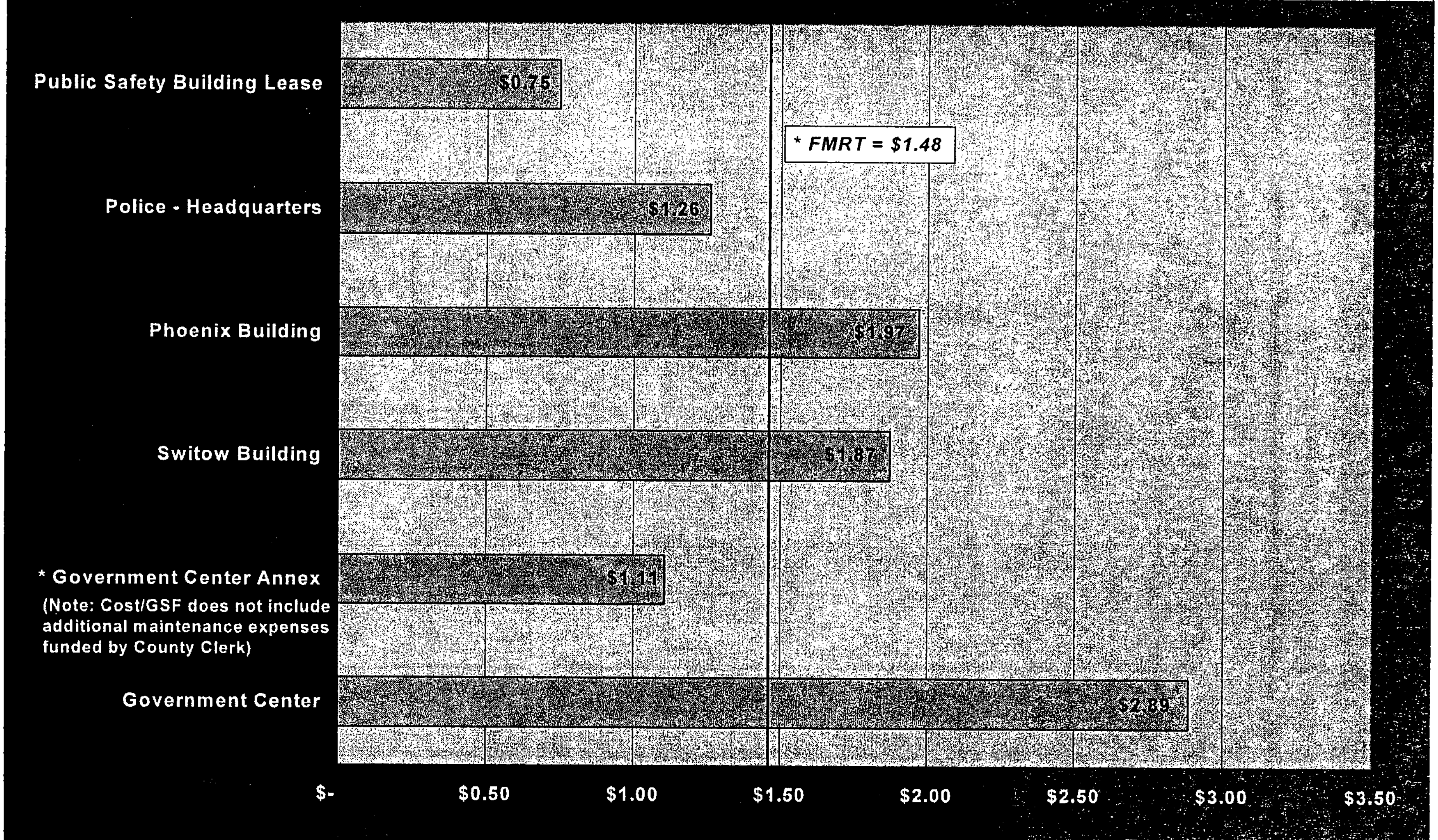


* Does not include sewer

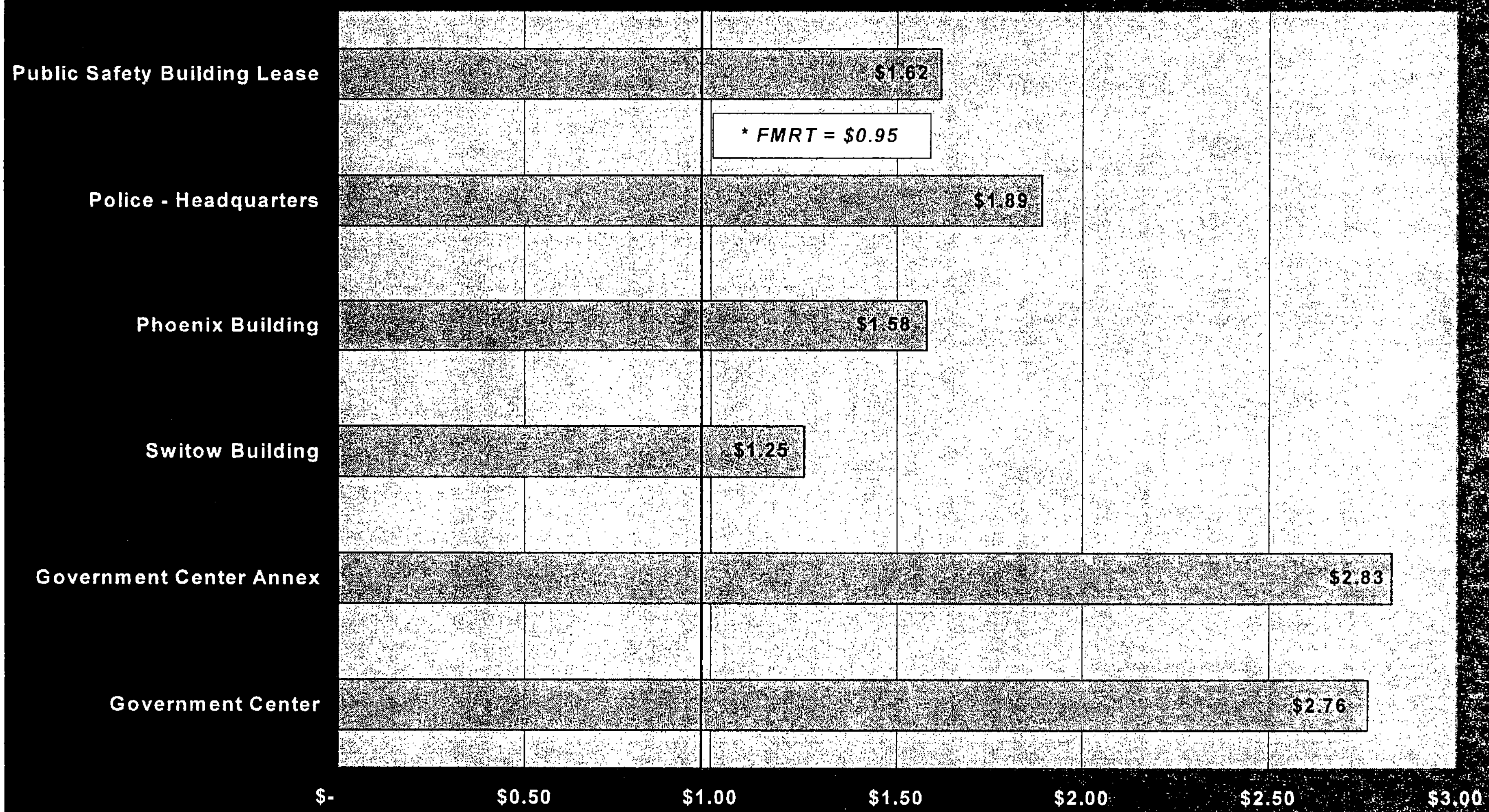
Utility Costs / GSF by Building



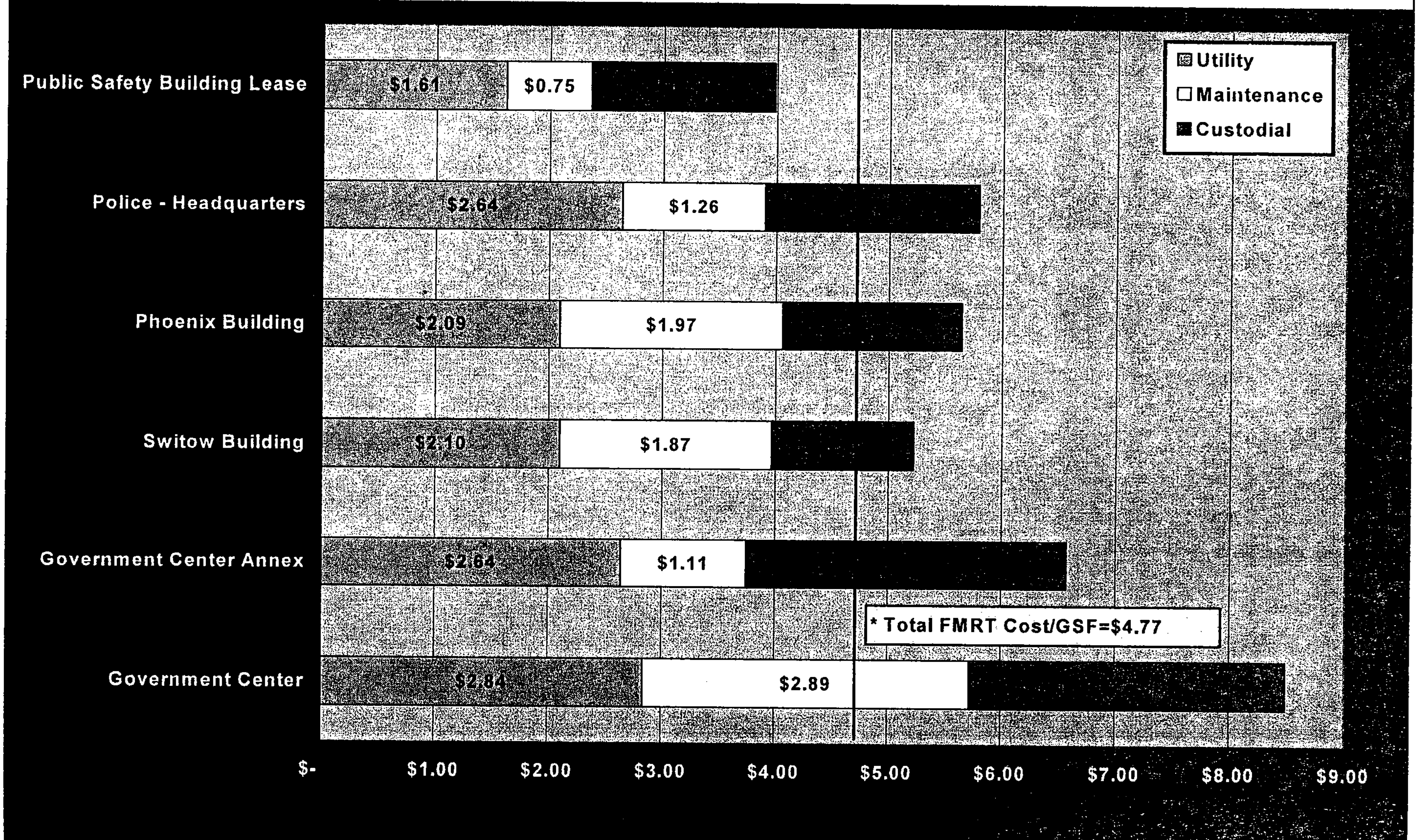
Maintenance Costs / GSF by Building



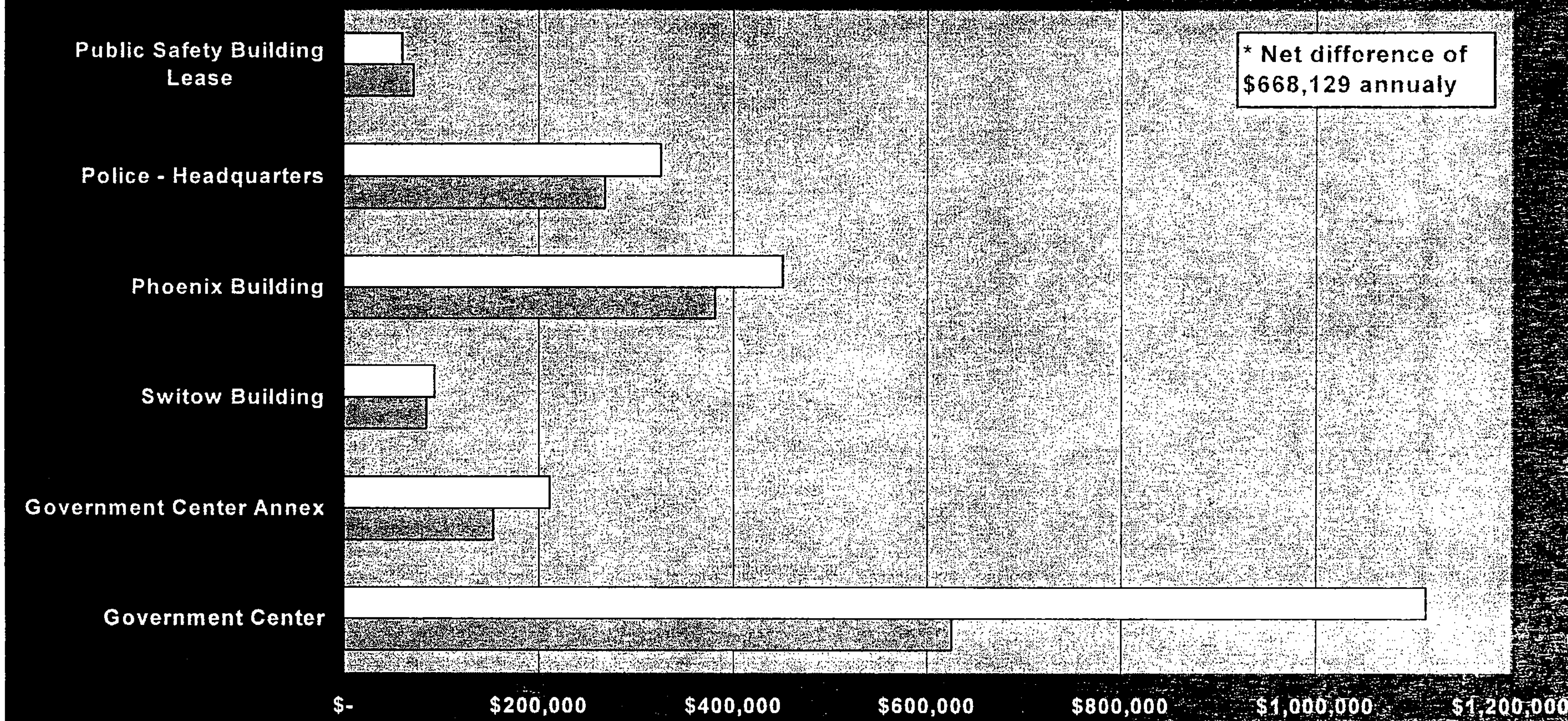
Custodial Costs / GSF by Building



Total Operating Cost/GSF

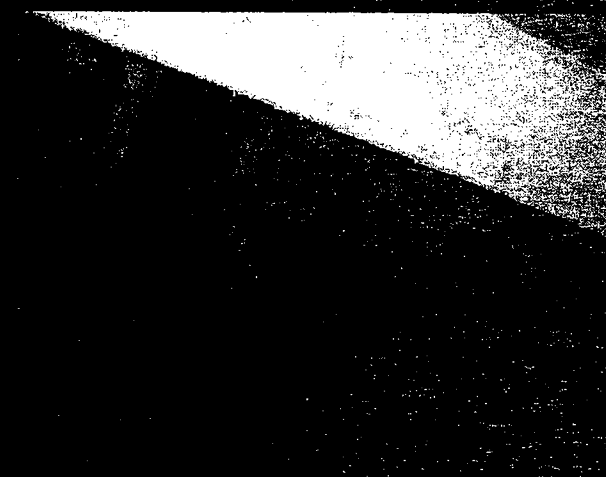


Total Annual Operating Costs



	Government Center	Government Center Annex	Switow Building	Phoenix Building	Police - Headquarters	Public Safety Building Lease
LFUCG Annual O&M Costs	$1,112,322	$211,057	$92,966	$450,697	$324,981	$59,957
FMRT Annual O&M Costs	$625,166	$153,184	$84,968	$380,961	$267,707	$71,865

Current Facility Conditions



Facility Condition Level Definitions

Level 1: Showpiece Facility (<.05)
All recommended Preventative Maintenance (PM) is scheduled and performed on time. Equipment and building components are fully functional and in excellent operating condition and upgraded regularly.

Level 2: Comprehensive Stewardship (.05 –.15)
Well developed PM program in place. Equipment and components are usually functional and in operating condition and upgraded regularly.

Level 3: Managed Care (.16 –.29)
Reactive maintenance predominates due to systems failing to perform. Equipment and components are mostly functional, but have occasional breakdowns and are periodically upgraded.

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Facility Condition Level Definitions

Level 4: Reactive Management (.30 –.49)
Worn out systems require manpower to be scheduled to react to systems that are performing poorly or not at all. PM work is done inconsistently. Normal usage and deterioration continues making buildings and equipment inadequate to meet present needs. Systems are unreliable.

Level 5: Crisis Response (>.50)
No Preventative Maintenance is performed. Reactive maintenance is a necessity due to worn out systems, which are routinely broken and inoperative. Usage and deterioration continues unabated. Systems become nonfunctional and repair instituted only for life safety.

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Facility Condition Levels

	Deferred Maintenance Value (FY08)	Capital Replacement Value (FY08)	Facility Condition Index	Facility Condition Level
Government Center	$ 11,759,387	$ 17,784,589	0.66	5
Government Center Annex	$ 1,586,653	$ 4,357,741	0.36	4
Switow Building	$ 1,580,903	$ 2,417,153	0.65	5
Phoenix Building	$ 3,375,456	$ 10,837,497	0.31	4
Police Headquarters	$ 2,639,019	$ 9,173,417	0.29	3
Government Center Garage	$ 1,951,714	$ 3,603,117	0.54	5
Annex Garage	$ 3,554,653	$ 5,670,076	0.63	5
Phoenix Garage	$ 293,150	$ 1,554,336	0.19	3

Space Utilization

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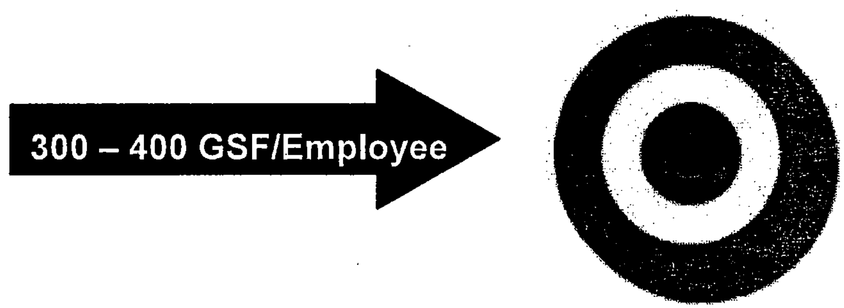
Recommended GSF Target

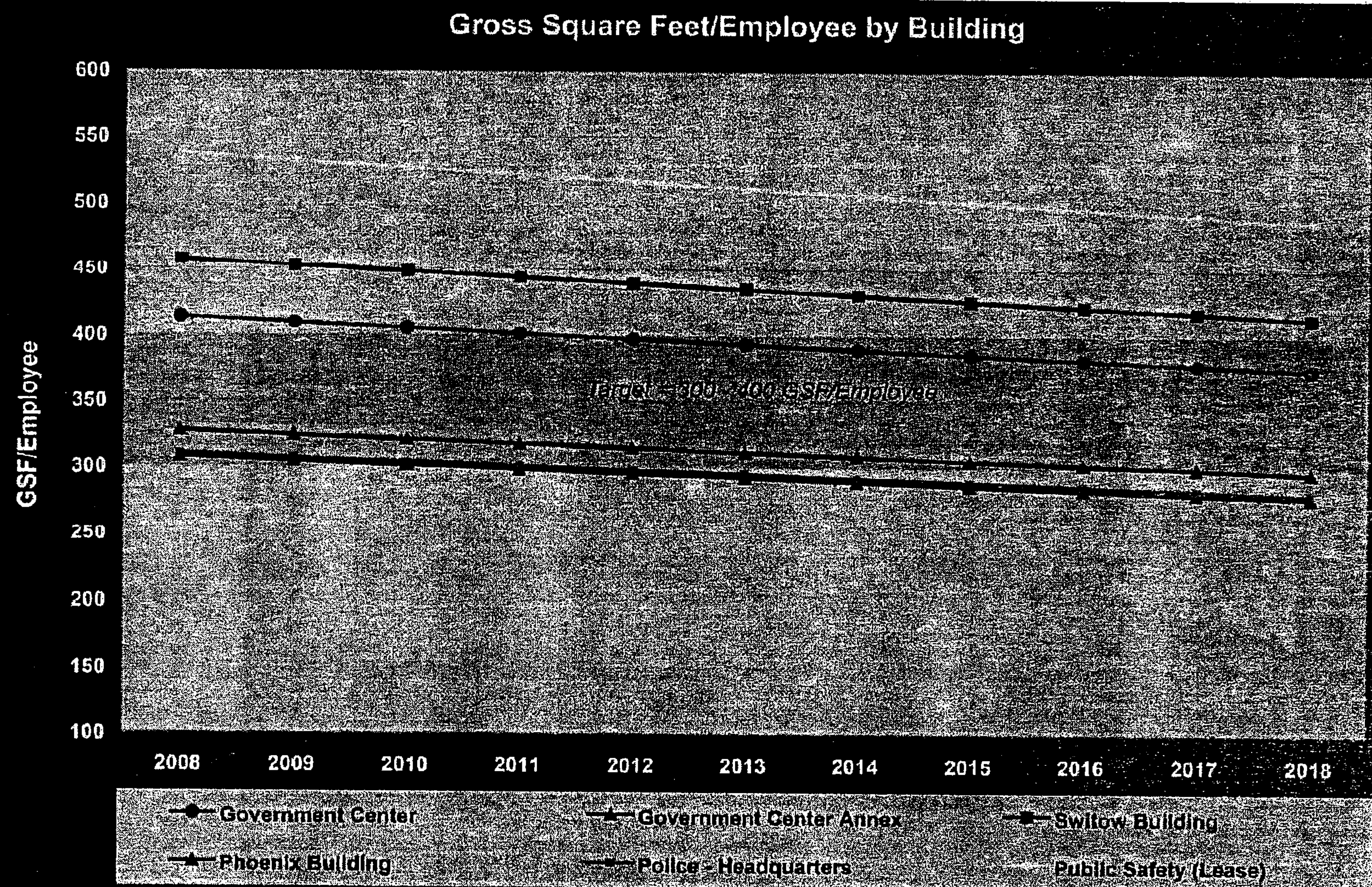
Facility Management Round Table (FMRT)

- Members include large corporations, government entities, and utility companies
- Diverse group of facility managers who have been benchmarking facility performance since 1991
- Participation ranges from 75 to 100 sites totaling 160 to 225 million square feet of benchmarked space annually

Administrative Space:

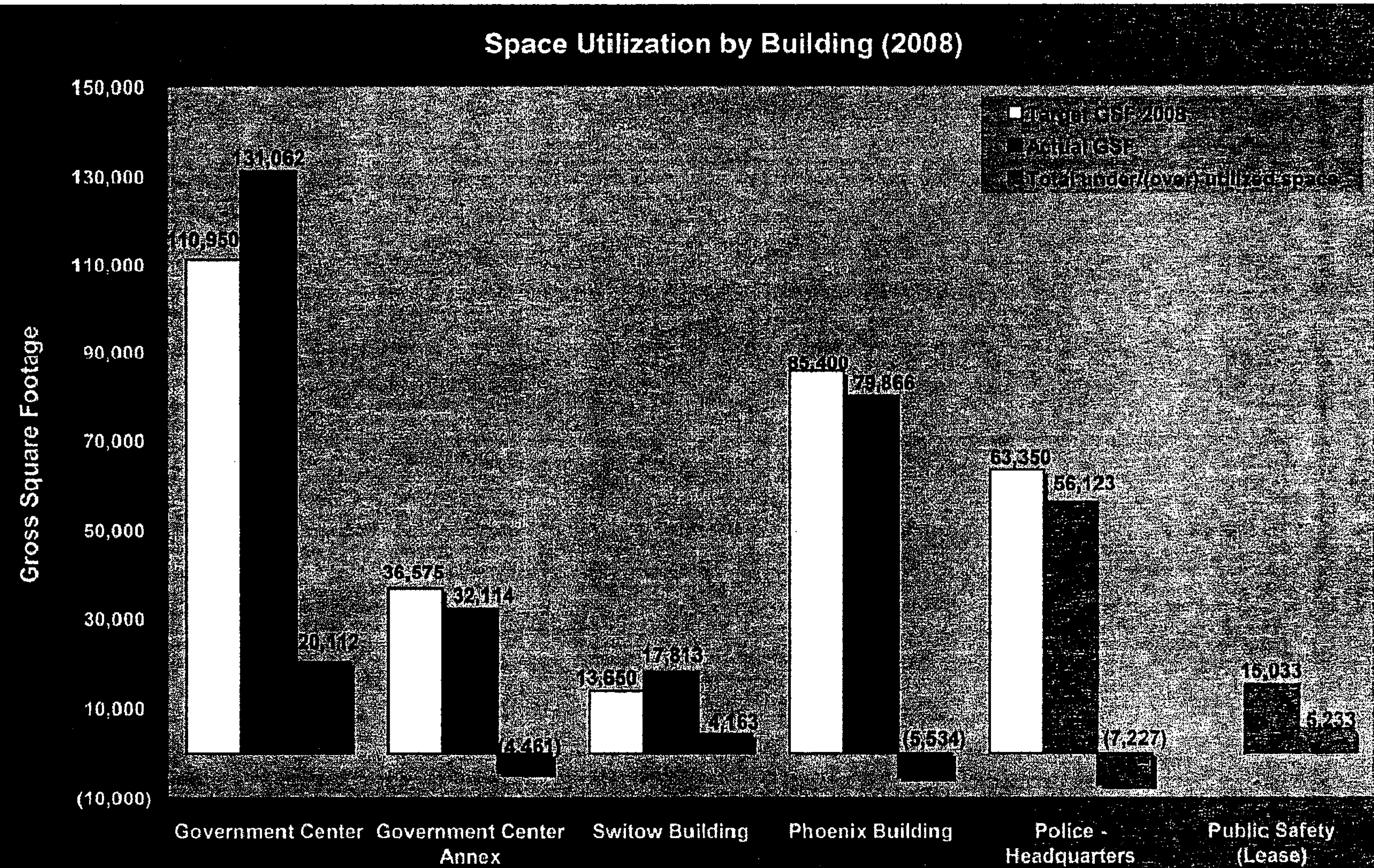


Space Utilization



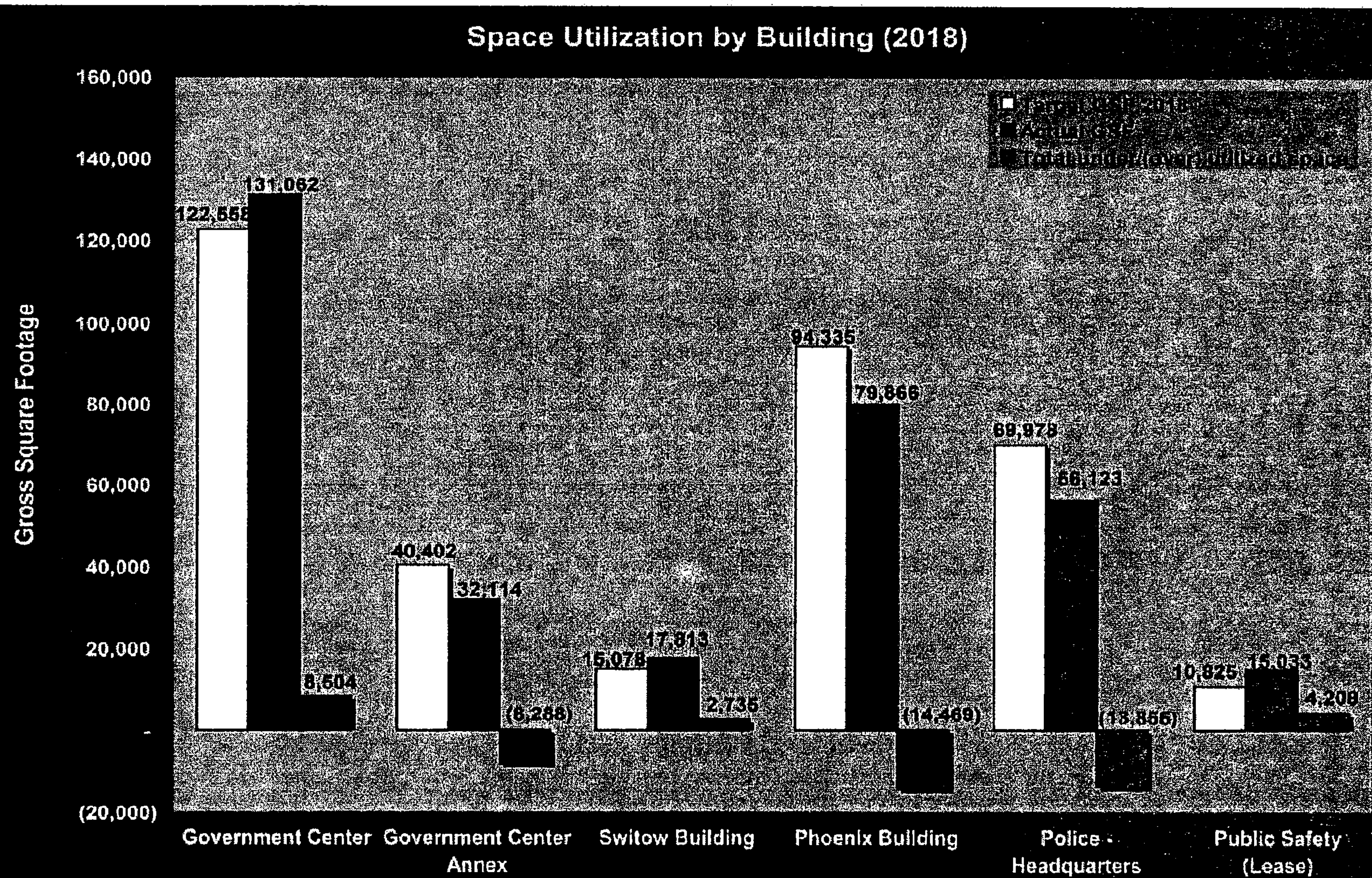
* Based on 1% Historical Growth

Space Utilization



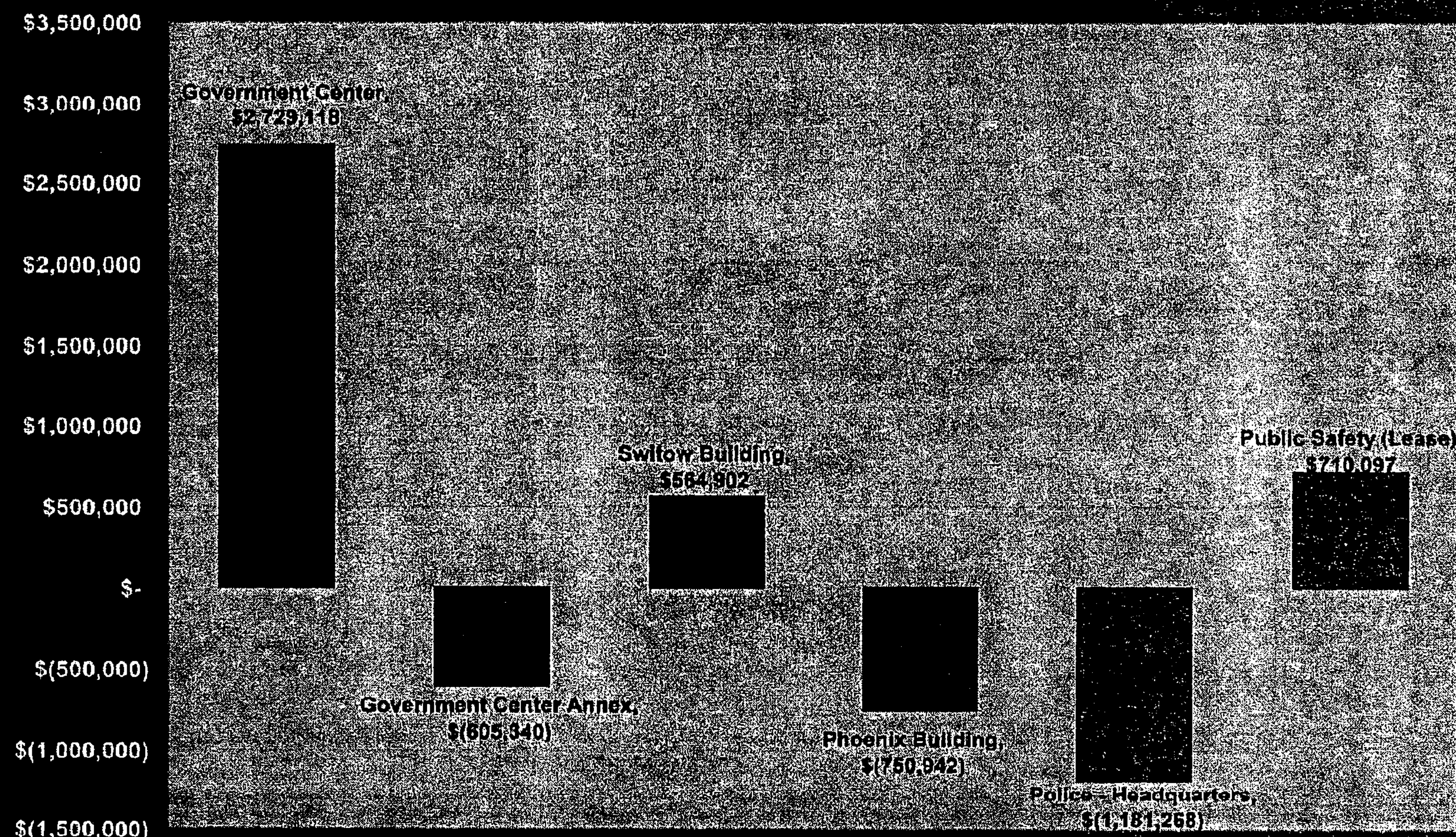
* *Based on 1% Historical Growth*

Space Utilization



Space Utilization

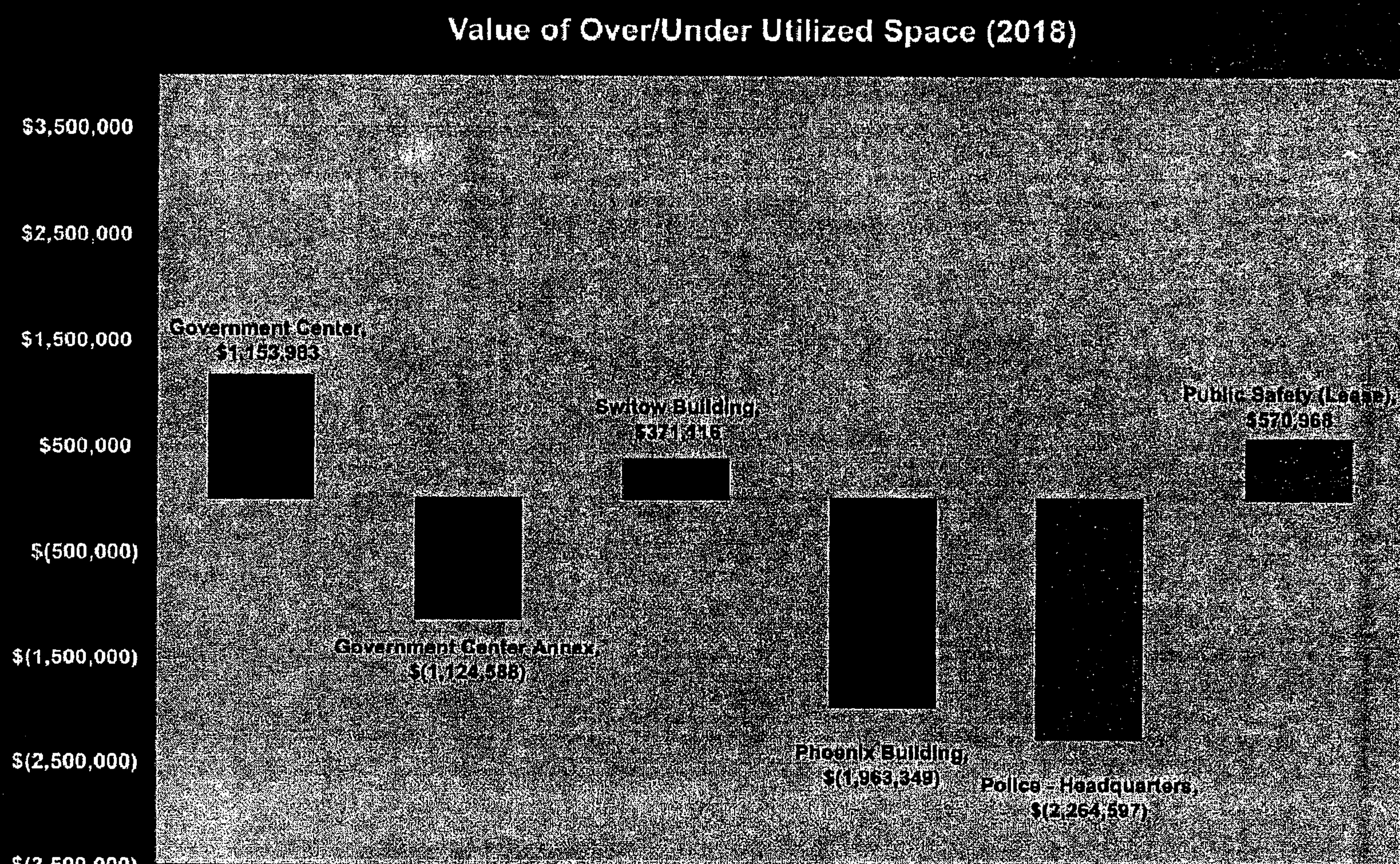
Value of Over/Under Utilized Space (2008)



* Values based upon RS Means SF replacement costs

* Based on 1% Historical Growth

Space Utilization



* Values based upon RS Means SF replacement costs

* Based on 1% Historical Growth

Scenario Development

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Workshops

<u>Three Focus Groups</u>

Introduction of Facility Master Plan Concepts

- *Steering Committee*
- *Guiding Principles*
- *Evaluation Matrix*
- *Range of Options*
- *SF/Employee*
- *Target Range per Category*

Each Group uses same set of given criteria to use during Brainstorming

Each Group develops different ideas and creates a different focus

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Workshop Participants

Marwan Rayan	Tim Bennett	Michael Allen
Wayne Wilson	David Loney	Patrick Johnston
Mike Webb	John Cubine	Pat Tatum
Kimra Cole	Susan Combs	Priscilla Gales
Charlie Boland	Bob Drakeford	Kyna Koch
Gary Terry	Kevin Wente	David Sullivan
Penny McFadden	Sharon Buford	Dewey Crowe
Della Horton	Cheryl Talbert	Mark Arnold
Gary Means	David Pugh	Anthony Wright
Ronnie Bastin		

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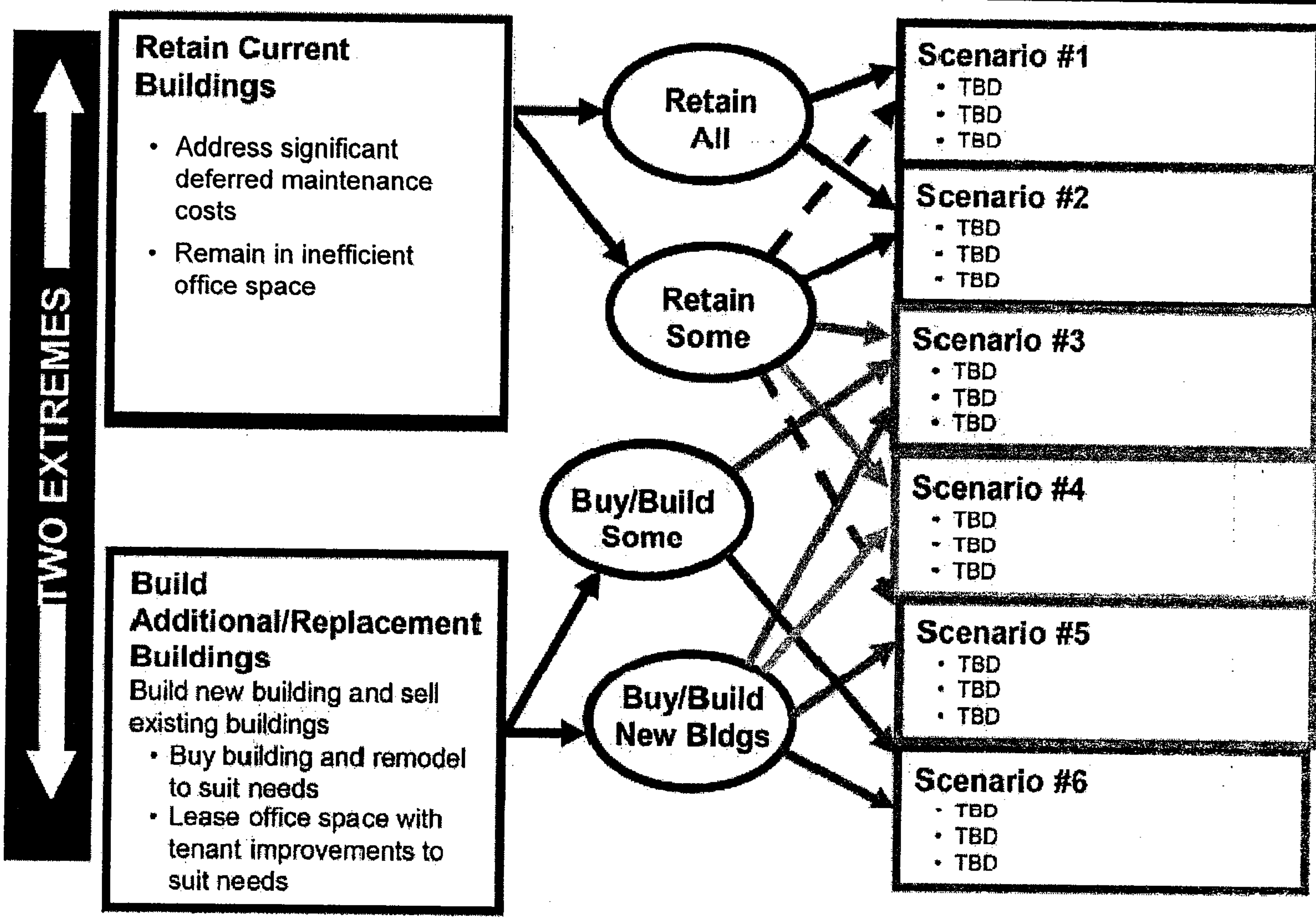
Exploring Alternatives



LFUCG Scenarios

- A total of 5 scenarios were developed as a result of building assessments, interviews, and workshops
- Steering Committee ranked scenarios against one another using Evaluation Matrix below

Evaluation Criteria	Importance Weighting	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Guiding Principles						
Location, Perception, & Image	27%					
Site Consolidations	16%					
Adaptibility & Functionality	26%					
Economic Business Factors	31%					
Total Score	100%					

Scenario 1

	Scenario One	$ 46,811,043
A	New building outside of downtown Lexington on existing LFUCG owned land to accommodate occupants of Police-HQ and Public Safety Lease (excluding DEEM and Community Corrections)	
B	Purchase 4.5 acres of land within urban development district to accommodate 50% of off site parking for downtown employees in scope of study (assumes relocation of occupants in Police HQ and Public Safety Lease to different location)	
C	Construct flat surface parking lot to satisfy off site parking requirements for 50% downtown employees in scope of study (assumes relocation of occupants in Police HQ and Public Safety Lease to different location)	
D	Purchase four shuttle buses to transport LFUCG employees to and from centralized off site parking lot and downtown (capital cost only)	
E	Lease swing space for occupants of GC Annex during construction (assume 3 years)	
F	Demo Government Center Annex	
G	Demo Annex Garage	
H	Demo Police-Headquarters	
I	Demo Phoenix Garage	
J	New 7 story building to accommodate current occupants of Government Center, Switow, Government Center Annex, and new Police Sector (1st story occupied by retail)	
K	Construct Parking Garage to accommodate 50% of employees and all customers utilizing downtown services (4 stories)	
L	Sell Government Center (Including Garage and Switow)	

Scenario 2

	Scenario Two	$ 46,567,202
A	Purchase property in vicinity of downtown Lexington to relocate LFUCG functions within scope of study	
B	New 8 story building to accommodate current occupants of Government Center, Switow, portions of GC Annex, Phoenix Building, and new Police Sector (excludes E-911).	
C	Construct 4 story Parking Garage to accommodate minimum parking requirements (305 stalls)	
D	Purchase four 1 acre parcels to accommodate four satellite County Clerk / Government Service buildings located in each quadrant of the LFUCG service area.	
E	New satellite building in northern quadrant of LFUCG service area to accommodate County clerk functions along with other variable governmental services.	
F	New satellite building in eastern quadrant of LFUCG service area to accommodate County clerk functions along with other variable governmental services.	
G	New satellite building in southern quadrant of LFUCG service area to accommodate County clerk functions along with other variable governmental services.	
H	New satellite building in western quadrant of LFUCG service area to accommodate County clerk functions along with other variable governmental services.	
I	Purchase four 2.75 acres parcels adjacent to the four satellite County Clerk / Government Service buildings to accommodate off site parking for downtown employees.	
J	Construct flat surface parking adjacent to each satellite County Clerk / Government Services buildings to satisfy off site parking requirements for LFUCG employees located downtown (assuming occupants of Police HQ and Public Safety Lease relocate to different location).	
K	Purchase six shuttle buses to transport LFUCG employees to and from satellite off site parking lots and downtown. (capital cost only)	
L	New building outside of downtown Lexington on existing LFUCG owned land to accommodate occupants of Police-HQ and Public Safety Lease (excluding DEEM and Community Corrections)	
M	Sell Government Center (Including Garage and Switow)	
N	Sell Government Center Annex and Police HQ (Includes Annex Garage)	
O	Sell Phoenix Building	
P	Sell Phoenix Garage	

Scenario 3 “Do Nothing”

	Scenario Three	$ 29,440,936
A	Continue to occupy Government Center and continue to perform required maintenance (do nothing)	
B	Completely repair Government Center Parking Garage for long term use per Desman and Associates recommendations	
C	Continue to occupy Switow and continue to perform required maintenance (do nothing)	
D	Continue to occupy Government Center Annex and continue to perform required maintenance (do nothing)	
E	Completely repair Annex Parking Garage for long term use per Desman and Associates recommendations	
F	Continue to occupy Police HQ and continue to perform required maintenance (do nothing)	
G	Continue to occupy Phoenix Building and continue to perform required maintenance (do nothing)	
H	Complete capital work planned for Phoenix Garage and continue to occupy.	
I	Continue leasing Public Safety Building (10 years)	

Scenario 4

	Scenario Four	$ 46,511,616
A	New building outside of downtown Lexington on existing LFUCG owned land to accommodate occupants of Police-HQ and Public Safety Lease (excluding DEEM and Community Corrections)	
B	Due diligence assessment for Chase Building	
C	Environmental assessment for Chase Building	
D	Purchase Chase Building and associated parking to accommodate occupants of Government Center, Switow, Government Center Annex, and Police Sector	
E	Deferred maintenance, remodel, and move costs associated with moving into Chase Building	
F	Sell Government Center (Including Garage and Switow)	
G	Sell Government Center Annex and Police HQ (Includes Annex Garage)	
H	Purchase 4.5 acres of land within urban development district to accommodate 50% of off site parking for downtown employees in scope of study (assumes relocation of occupants in Police HQ and Public Safety Lease to different location)	
I	Construct flat surface parking lot to satisfy off site parking requirements for 50% downtown employees in scope of study (assumes relocation of occupants in Police HQ and Public Safety Lease to different location)	
J	Purchase four shuttle buses to transport LFUCG employees to and from centralized off site parking lot and downtown (capital cost only)	

Preferred Scenario 2008-2018

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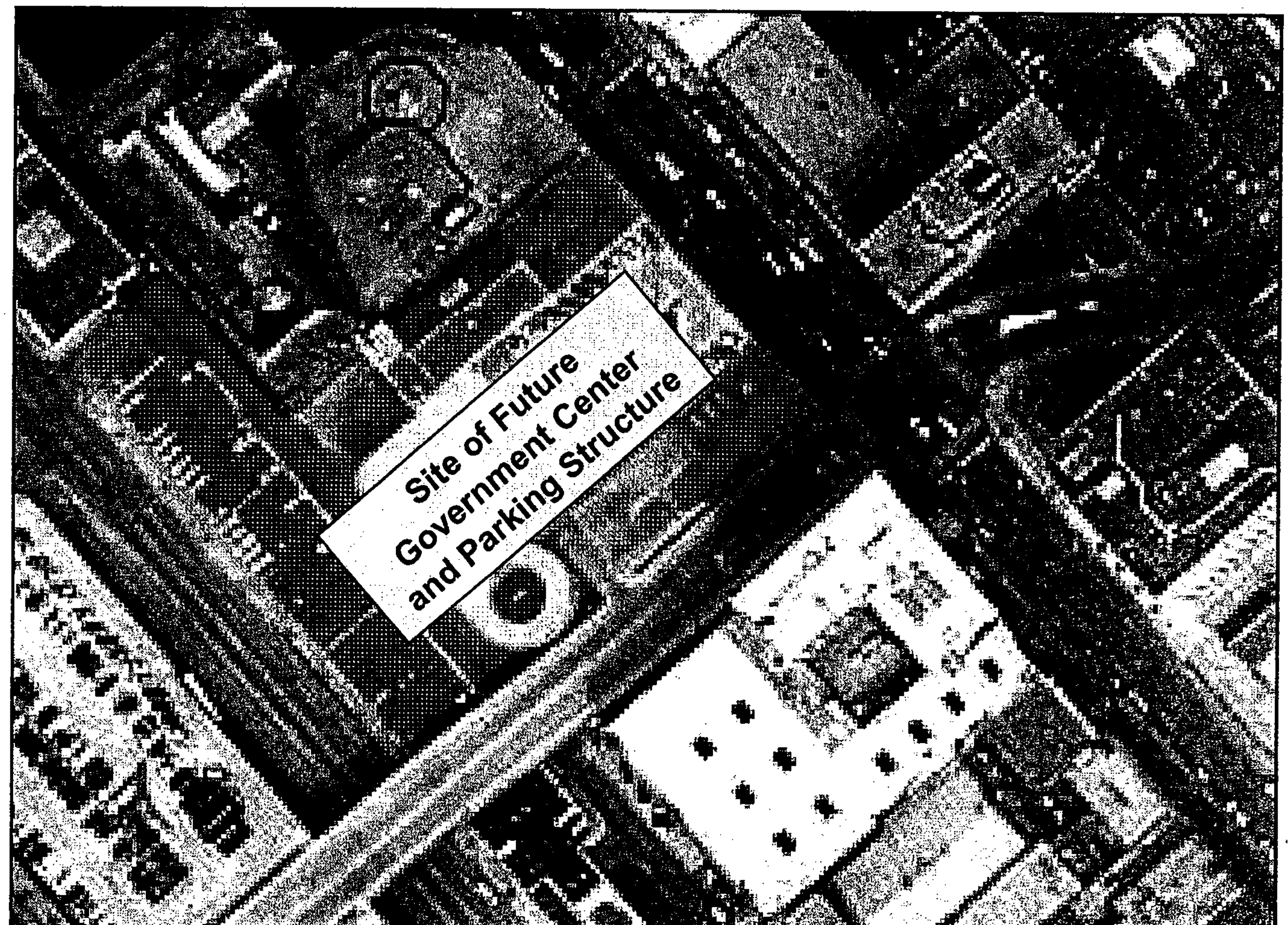
Scenario 5

Scenario Five	$ 47,611,343
A	New building outside of downtown Lexington on existing LFUCG owned land to accommodate occupants of Police-HQ and Public Safety Lease (excluding DEEM and Community Corrections)
B	Expand flat surface parking adjacent to existing LFUCG owned parks to satisfy off site parking requirements for LFUCG employees located downtown (assuming occupants of Police HQ and Public Safety Lease relocate to different location).
C	Lease space for County Clerk functions excluding Clerk admin functions and vault (Along New Circle Road for 5 years). Includes remodel cost in Government Center to accommodate Clerk admin & vault functions .
D	Demo Government Center Annex
E	Demo Annex Garage
F	Demo Police-Headquarters
G	Demo Phoenix Garage
H	New 8 story building to accommodate current occupants of Government Center, Switow, portions of GC Annex, Phoenix Building, and new Police Sector (excludes E-911).
I	Construct Parking Garage to accommodate 50% of employees and all customers utilizing downtown services (4 stories; assumes satellite clerk functions)
J	Purchase six shuttle buses to transport LFUCG employees to and from satellite off site parking lots and downtown. (capital cost only)
K	Sell Government Center (Including Garage and Switow)
L	Sell Phoenix Building
M	Construct satelite building outside of downtown on existing LFUCG owned land to support relocation of functions located within Government Center Annex excluding County Clerk admin functions and vault. (In vicinity of New Circle Road)

Proposed Site



Projected Budget

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	7%	7%	4%	4%	4%	4%	4%	4%	4%	4%
Escalated Capital Dollars	$ 5,764,452	$ 9,132,167	$ 16,999,158	$ 19,325,288	$ 1,675,340	$ 4,103,939	$ -	$ -	$ -	$ -
O&M Dollars (FY08)	$ 1,583,850	$ 1,930,553	$ 1,509,519	$ 1,509,519	$ 1,640,322	$ 1,790,577	$ 1,790,577	$ 1,790,577	$ 1,790,577	$ 1,790,577
Escalated O&M Dollars	$ 1,647,204	$ 2,088,086	$ 1,698,004	$ 1,765,924	$ 1,995,702	$ 2,265,651	$ 2,356,277	$ 2,450,528	$ 2,548,549	$ 2,650,491
Escalated Capital + O&M Dollars	$ 7,411,656	$ 11,220,253	$ 18,697,162	$ 21,091,212	$ 3,671,043	$ 6,369,590	$ 2,356,277	$ 2,450,528	$ 2,548,549	$ 2,650,491
Annual Capital Renewal (FY08)	$ 468,303	$ 570,814	$ 446,325	$ 446,325	$ 485,000	$ 529,427	$ 529,427	$ 529,427	$ 529,427	$ 529,427
Escalated Annual Capital Renewal	$ 501,084	$ 536,160	$ 557,606	$ 579,911	$ 603,107	$ 627,231	$ 652,321	$ 678,414	$ 705,550	$ 733,772

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Keys to Maintaining the Master Plan

- Ownership
- Leadership participation and support
- Budget forecasting
- Growth forecasting

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Questions

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