

Office of the County Auditor
Auditor's Analysis - REVISED

Council Bill No. 2-2023

Introduced: January 3, 2023

Auditor: Lori Buchman

Fiscal Impact:

The fiscal impact of the proposed legislation will be increased lease expenses in the General Fund of approximately \$495,650 over seven years plus the personnel costs (not yet known) of two vacant positions noted below. This increase is a result of the extended term and expansion of an existing lease that is scheduled to expire on June 30, 2023. The proposed lease will cost an additional six percent in the first year and will escalate four percent annually until it expires.

See **Attachment A** for an itemized breakdown of these costs.

Per the Chief of Real Estate Services (RES) of the Department of Public Works (DPW), if this legislation is approved the Police Department will seek to fill a vacant civilian position and a vacant investigator position in its Internal Affairs Division (IAD) to occupy two offices provided by the additional space included in the proposed lease. Therefore, these personnel costs, which RES stated were funded in the Fiscal Year 2023 Operating Budget, will not be recognized if this lease is not approved and are also a fiscal impact of this legislation.

Our Office has an open inquiry (1) to confirm the amount of personnel costs associated with these positions and (2) to confirm these positions will be filled when the additional lease space becomes available after July 1, 2023 (FY 2024).

Per RES, the new lease terms will go into effect in FY 2024 and should be reflected in the FY 2024 budget request. A \$20,000 cost to fit-out the new space will be funded using the Police Department's FY 2023 Operating Budget appropriation. According to the Police Department, savings have been realized because it has vacant positions that are fully funded.

Although the new lease space is an additional 548 square feet (30 percent), the proposed lease's cost per square foot in Year 1 is \$25.25, as compared to the final year of the current agreement's cost per square foot of \$30.79.

Purpose:

The proposed legislation will extend the term of an existing lease for the Police Department, Internal Affairs Division (IAD), located at 5950 Symphony Woods Drive. The change will extend the lease term to June 30, 2030. It will also expand the leased premises by an additional 548 square feet to accommodate four offices and a hallway, for total leased space of approximately 2,385 square feet.

If approved, the terms of the agreement will be seven years, with no renewal options.

Other Comments:

Per RES, two staff members will move from the Oracle building to Symphony Woods Drive. The Oracle space will be used to accommodate civilian positions which are currently vacant. Additionally, it indicated the staff will be relocated to the IAD location due to a workload increase resulting from the passage of State House Bill 670, which required the County to implement a Police Accountability Board.

As noted in the Fiscal Impact section, we were told by RES that two additional vacant positions will be added to IAD pending the approval of this legislation. An additional investigator position is pending recruitment. An additional civilian position will be responsible for “use of force body-worn camera review.”

Attachment A
Council Bill 2-2023 – Symphony Woods Lease Renewal

Pre-Occupancy Costs

Cost Type	Amount
Fiber, Cabling, Equipment	\$ 2,000
Security Installation	2,000
Furnishings	16,000
Total	\$ 20,000

Extended Lease Term – Base Rent

The County would expand and extend the existing lease for an additional seven years, resulting in estimated costs as noted below:

Fiscal Year	Base Rent
2024	\$ 60,221.28
2025	62,630.13
2026	65,135.34
2027	67,740.75
2028	70,450.38
2029	73,268.40
2030	76,199.13
Total	\$ 475,645.40

Note: This lease will not have any operating expense pass-throughs or maintenance costs. An HVAC overtime rate of \$100 per hour will be incurred for HVAC services occurring outside of normal business hours.