

*City of Alexandria, Virginia*

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MEMORANDUM

DATE: APRIL 25, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: BUDGET MEMO #113 : TEMPORARY POLICE DEPARTMENT MOVE

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This memorandum is in response to Councilman Macdonald' request for information regarding the Police Department's temporary move out of the Public Safety Center (PSC) specifically, (1) How much did it cost the City to complete this move and to prepare the new building for the tenant; (2) How long will it take for the City to "recoup" this expense; and (3) How many years should they remain in this space to order for the City to make the most of this investment.

**1. Costs**

To permanently address the overcrowded conditions at the Public Safety Center (PSC), City Council approved a plan to build or acquire a new Police Department facility at a cost of \$71.4 million over six years (FY 2004-FY 2009) . This total includes funds for the purchase of land, construction of a new facility and the build-out of offsite leased office and warehouse space for the department's temporary move out of the PSC. In addition to the \$71.4 million budgeted for the new facility (purchase of land and construction) and temporary space, a total of \$5.2 million was budgeted for the repair of the first floor slab in the context of the FY 2002 budget process (see the approved budget for this project - attachment 1).

The Police Department has completed its move out of the PSC into two temporary leased office spaces, one warehouse space and one garage location. The total cost to complete the Police Department moves to these locations was approximately \$4.0 million and includes:

- \$3.0 million for landlord build-out costs
- \$1.0 million for City fit-up costs<sup>1</sup>
- \$24,000 for the actual move (furniture, files, equipment, etc.)

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<sup>1</sup>City fit-up costs include furniture, security equipment, supplemental air conditioning for IT equipment and an emergency generator. All items will remain property of the City following expiration of the leases.

The City entered into four leases for the Police Department interim move. The assumption in looking for leased space and estimating the occupancy costs was that the new Police facility would be constructed by the year 2010 and occupancy completed by 2011. This would give the Police Department approximately seven years in the leased space (FY 2004 through FY 2010). The build-out cost when averaged across the seven years of the leases adds approximately \$9.50 per square foot per year to the lease cost. At the time of negotiation this was a consideration in determining an acceptable rate and staff was able to obtain a base \$20.50 per square foot at the Hoffman site and \$22.50 per square foot at the Eisenhower site. The base rate coupled with the build-out costs over the period of the lease result in what staff considers a reasonable investment. The total cost of the leases over the seven year period (through FY 2010) is \$7.2 million, or approximately \$1.2 million per year, and includes escalations of approximately 3 percent per year (see attachment 2).

**2. Recoup Costs**

The City will not recoup the costs of moving into these leased spaces financially. The move to temporary space was based on a space assessment performed by General Services and an architectural consultant in May 2001 following a directive from City Council. The results of the space assessment indicated that the current PSC does not provide adequate space for the Police Department, and to a lesser extent the Office of Sheriff and the Magistrate.

To permanently address these overcrowded conditions, City Council approved the construction or acquisition of a new Police facility and the temporary move out of the PSC until a new facility is completed.

**3. How Many Years**

The leases for these spaces are for a period of approximately seven years (FY 2004 through FY 2010). This time line was developed based on the original project schedule (completion of the new Police Facility in FY 2010 and occupancy in FY 2011). The owners of the Hoffman property have specifically stated that they will not extend the leases with the City beyond August of 2011 due to plans to redevelop the property.

Attachment

# Project Budgets

Activity	Available	FY04	FY05	FY06	FY07	FY08	FY09	FY10	Total
<b>New Facility</b>									
Site Selection/Acquisition		\$16.610							\$16.610
Design				\$2.130	\$2.190	\$0.050	\$0.470		\$4.840
Construction					\$0.520	\$43.120	\$0.320		\$43.960
Move									
<b>Subtotal</b>		<b>\$16.610</b>		<b>\$2.130</b>	<b>\$2.710</b>	<b>\$43.170</b>	<b>\$0.790</b>		<b>\$65.410</b>
<b>Temporary Relocation</b>									
Design		\$0.050							\$0.050
Construction		\$3.519							\$3.519
Move		\$0.050							\$0.050
<b>Subtotal</b>		<b>\$3.619</b>							<b>\$3.619</b>
<b>Slab Settlement &amp; Repair</b>									
Design	\$1.456	\$0.040	\$0.220						\$1.716
Construction	\$3.831		\$2.063						\$5.894
<b>Subtotal</b>	<b>\$5.287</b>	<b>\$0.40</b>	<b>\$2.283</b>						<b>\$7.610</b>
<b>Total</b>	<b>\$5.287</b>	<b>\$20.269</b>	<b>\$2.283</b>	<b>\$2.130</b>	<b>\$2.710</b>	<b>\$43.170</b>	<b>\$0.790</b>		<b>\$76.639</b>

Grand Total \$76.639

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### Alexandria Police Department Leases

OPERATING LEASES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010+	TOTAL	Expiration	Renewals	Increases
*Hoffman Office-2034 Eisenhower	\$769,249	\$789,285	\$825,867	\$847,596	\$873,204	\$899,215	\$4,105,201	4/15/2009	three 1-year	3%
*Hoffman Warehouse-309 Hooffs Run	\$23,080	\$69,940	\$72,038	\$74,199	\$76,425	\$78,718	\$315,683	2/28/2010	three 1-year	3.50%
Simpson Garage 2960 Eisenhower	\$38,000	\$50,160	\$55,632	\$61,104	\$66,576	\$72,048	\$343,520	8/31/2009	two 1-year Two 2- year; One 1- Year	\$6 per space
Avalon Bay Office 2900 Eisenhower	\$373,500	\$384,705	\$396,246	\$408,133	\$420,377	\$431,937	\$2,414,898	8/31/2009		3%
<b>TOTAL</b>	<b>\$1,203,829</b>	<b>\$1,294,090</b>	<b>\$1,349,783</b>	<b>\$1,391,032</b>	<b>\$1,436,582</b>	<b>\$1,481,918</b>	<b>\$7,179,302</b>			

\*Owner will not extend lease beyond 2011