



# Strategic Facility Planning

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City Council Worksession

June 9, 2015

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# Today's briefing

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A vertical timeline diagram consisting of four white circles connected by a green line, with the line extending slightly beyond the top and bottom circles.

**Background on Facility Planning**

**Addressing Facility Needs: Traditional Approach vs Alternative Approach**

**Existing Facilities: Critical Issues**

**Next Steps**



# Overview

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- Large and varied network of City of facilities
  - aging, over-crowded, limited flexibility
  - well positioned for more efficient use of our assets and subsequent re-development of these assets
- Facing many operational challenges related to our facilities
  - not customer focused, adjacency issues, substantial deferred maintenance

## **Objective of Today's Briefing**

- Begin a discussion on City facilities
  - brief Council on existing challenges
  - outline proposed process – including initial steps – to address these challenges



# Facility Related Operational Considerations

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- **Lease vs Own**

- *the City currently leases nearly 200,000 square feet of office space, costing \$4 million per year*
- *incur repeated up-front costs such as move expenses, technology connections, space remodeling, furniture ... all for an assets we don't own*

- **Service Centers: Consolidation vs Dispersion**

- *the City currently operates out of 41 origin points for delivering city services, resulting in unnecessary travel time and inefficient logistics*

- **Redevelopment of under-utilized assets**

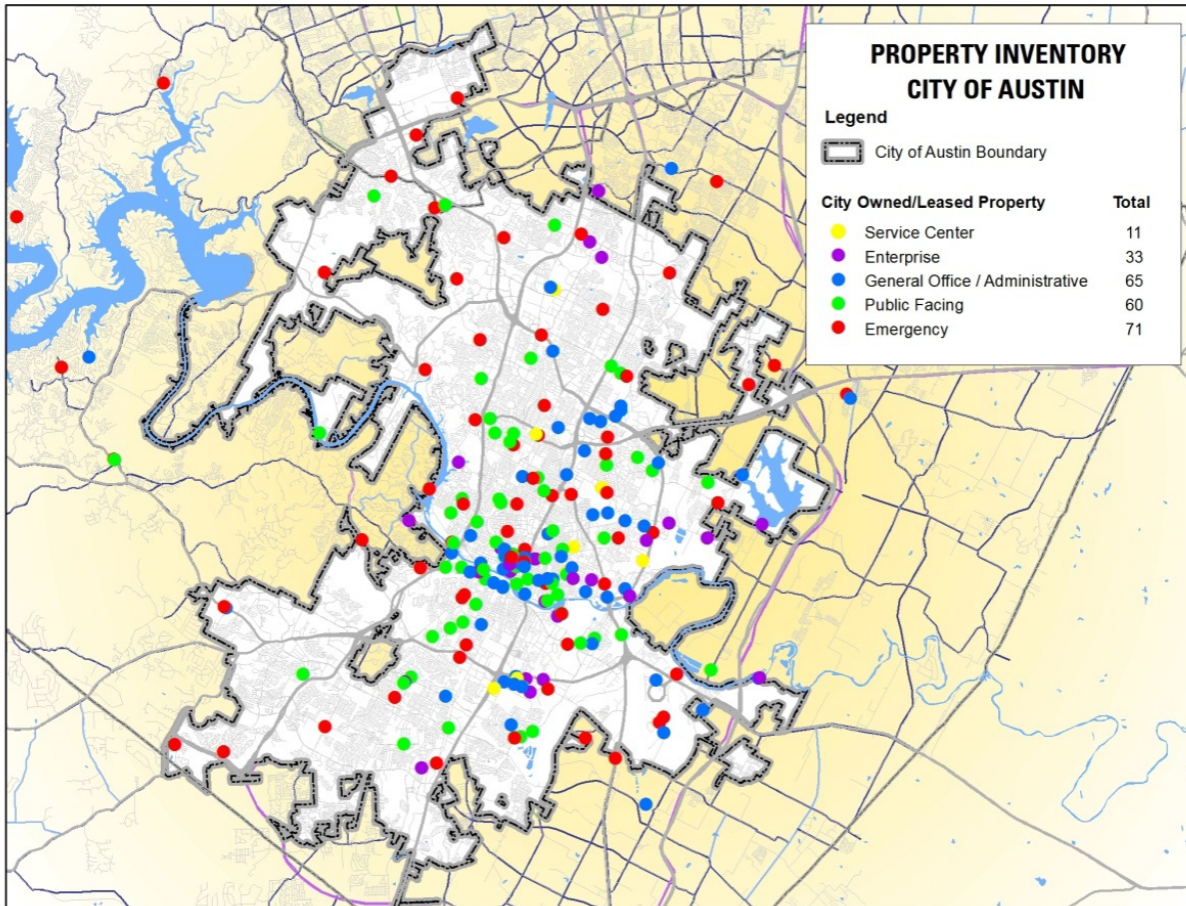
- *various city-owned parcels are not highest-and-best use, and could be used to address other City policy goals*

- **Financing facility needs**

- *current model requires tax-supported debt and 6-7 years to complete*



# Background on Facility Planning



City owns/occupies over 260 facilities throughout the City

- Administrative spaces, recreation centers, Fire & EMS stations, service yards, warehouses
- Assets are valued around \$2.0 billion



# Background on Facility Planning

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- Prior to 2012, City did not have a comprehensive City-wide facility plan
  - each facility decision – purchase, lease, or renovate – was made as they arose, independent of strategic perspective
- The City commissioned a comprehensive roadmap for all City facilities to determine facility conditions and help craft a comprehensive long term plan.
- Consultant (RSP iSpace) work concluded winter 2012/2013

## ***Highlights:***

- detailed facility condition assessments
- logistics study
- workplace analysis
- individual Action Plan for 260+ City facilities
- 15-year roadmap



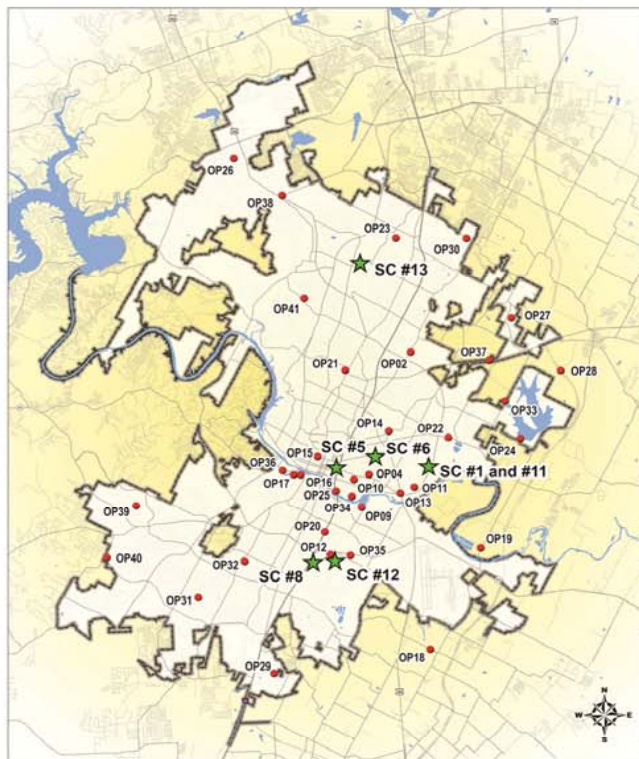




# Facility Roadmap Study

## Service Center Logistics Analysis

### ORIGIN & SERVICE POINTS



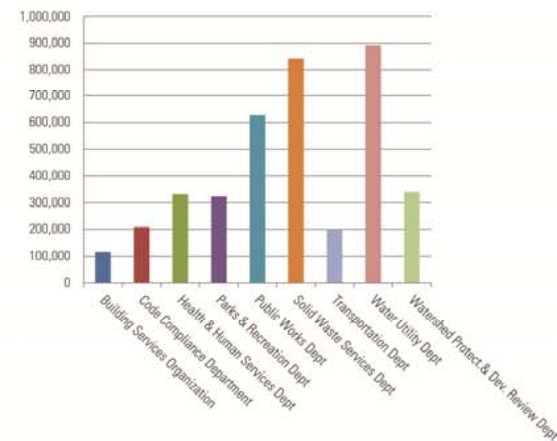
#### Legend

- ★ Service Centers
- Origin Points

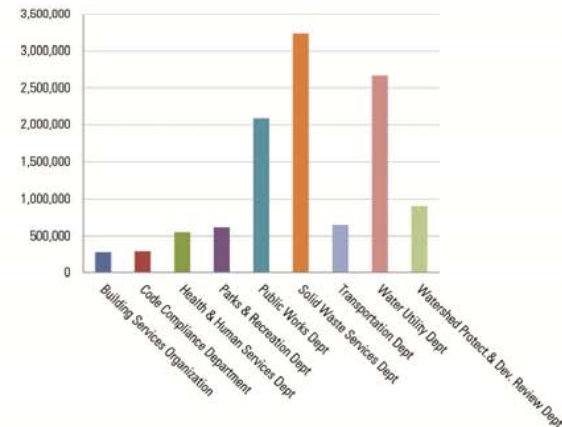
### SERVICE CREW ORIGIN POINTS

CITY OF AUSTIN LOGISTICS STUDY

### DEADHEAD MILES ANNUALLY BY DEPARTMENT



### SERVICE DELIVERY COSTS ANNUALLY BY DEPARTMENT

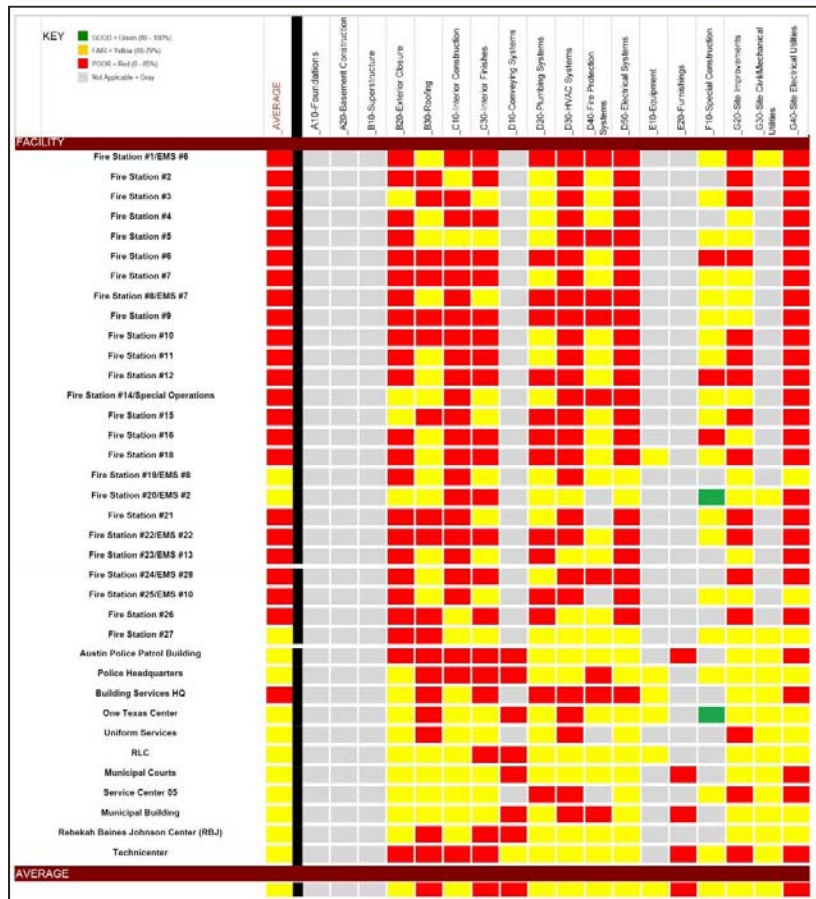




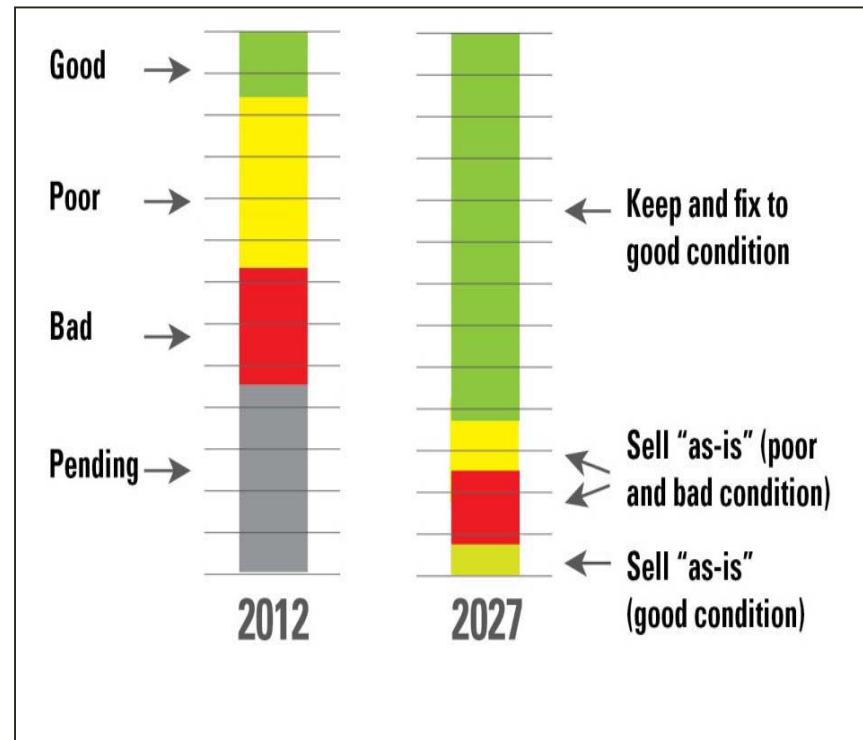
# Facility Roadmap Study

## Facility Conditions

### Condition Assessment of Key Facilities



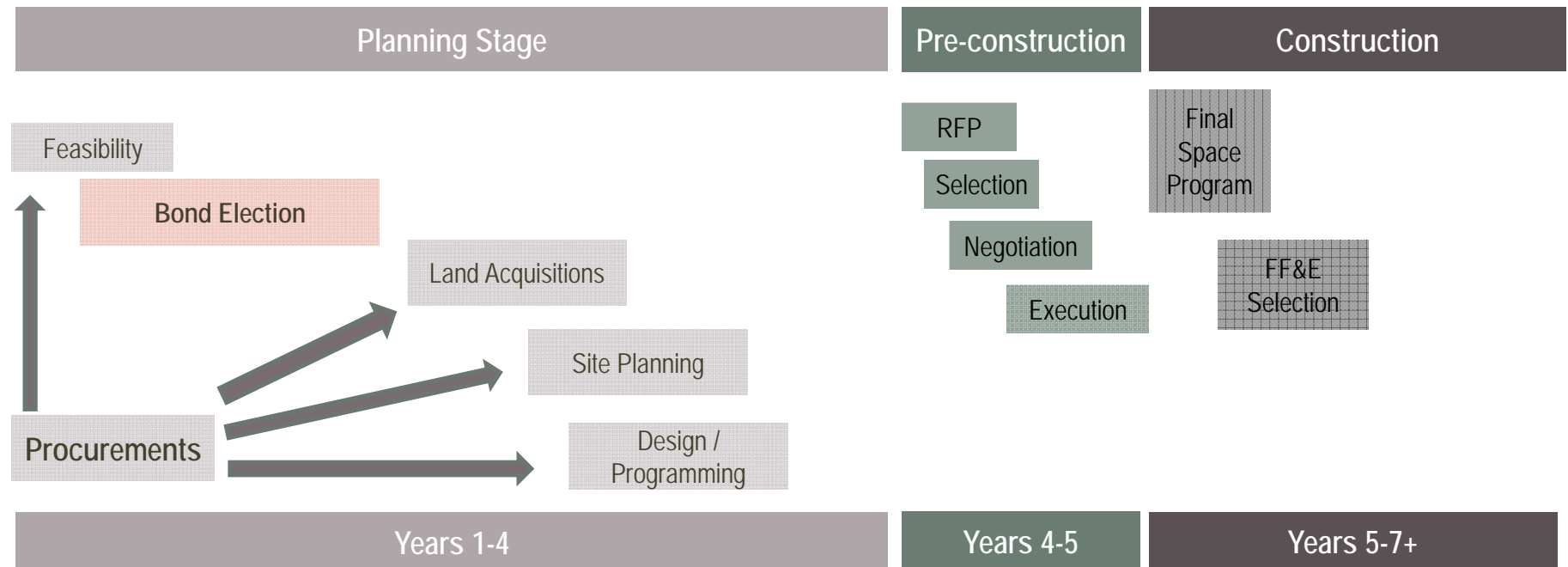
### City-wide Condition Assessment







# Facility Needs – *Traditional Approach*

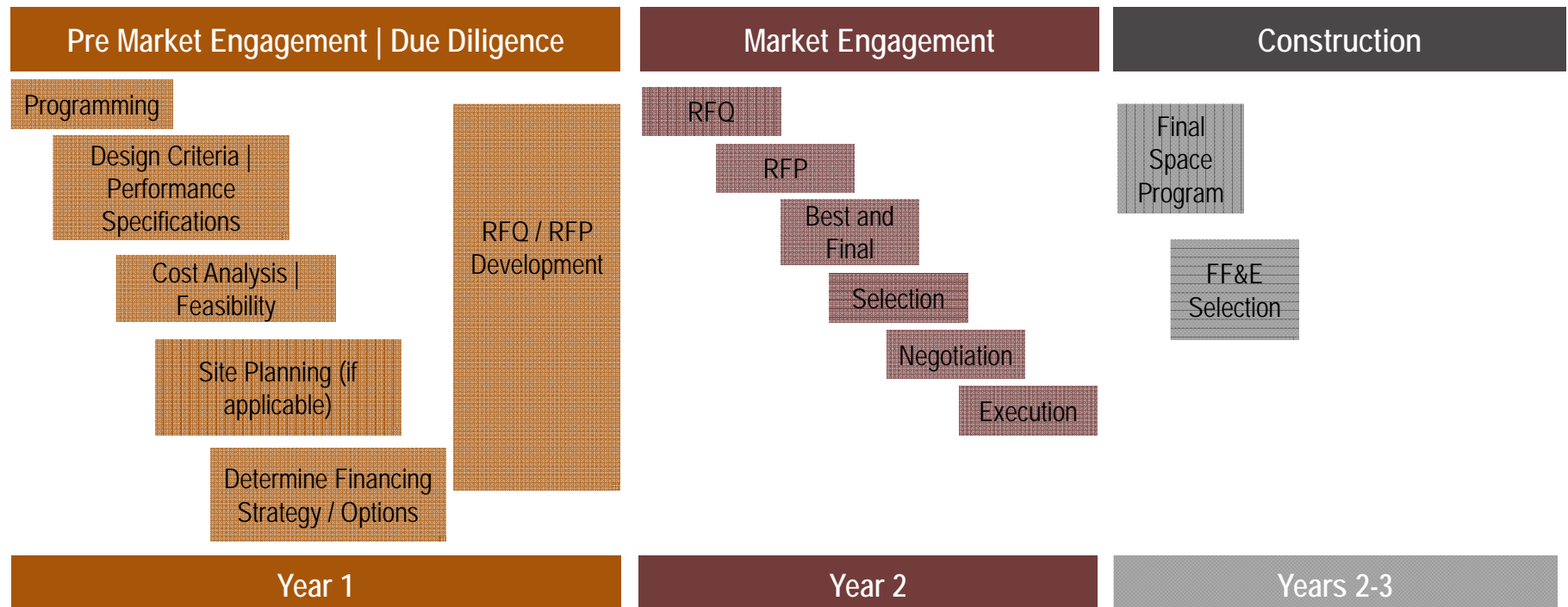


- Typically uses bond elections for funding
- Including pre-planning on bond program development, not unusual for new facility to take upwards of 6 to 7 years to complete
- Little agility to adjust to market conditions
  - land acquisition
  - commodity/Construction cost increases
- City absorbs all financial risk associated with complicated facility projects



# Facility Needs – *Alternative Approach*

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- Government can access innovative private sector financing techniques, in-lieu of typical tax-supported debt
- Government can utilize unique construction delivery options
- Allows risk to be transferred from Government to private sector
  - on-time delivery of facility
  - performance-based operations & maintenance standards



## Facility Needs – *Alternative Approach*

- Utilizing third-party financing would result in significant savings vs continuation of lease model and vs traditional build model
  - ***Would free up bond capacity for other core municipal infrastructure needs***

### Example: 225,000 square foot office facility – 30 Year Costs

Lease Model	Traditional Build	Third-Party Financed
\$250 M	\$210 M	\$175 M

- City has engaged CBRE as Development Advisor to assist in facility planning
  - dedicated public institutions group
  - full service team including architects and financial consultants



# Existing Facilities: Critical Issues

## Development Services Center / Reduction in Leased Space

- New, innovative, customer facing space for Development Services Department; consistent with Zucker Report
- Key to reducing reliance of office lease space & creating better adjacencies

## Public Safety & Municipal Court

- Existing facility for Austin Fire/Emergency Medical Services impacted by US 183 toll road conversion
- Downtown Austin Police / Municipal Court facilities are at asset end-of-life
- Downtown site in Council approved Waller Creek Design Plan; identified for redevelopment

## Service Centers

- Reduction in travel time across the City
- Austin Resource Recovery / North Service Center
- Redevelopment opportunities



# Existing Facilities: Critical Issues

## Dougherty Arts Center

- Safety concerns at current site (landfill, building condition)
- Opportunity to relocate key Parks and Recreation facility that has stalled since 2006

## Under-utilized Facility Assets

- Opportunities for non-City uses
- i.e., 411 Chicon, Kramer Lane

## New Central Library Café

- City was unsuccessful in signing tenant for café space
- CBRE will represent City as broker for finding a unique restaurant for the space





# Next Steps

- June 18<sup>th</sup> agenda, request to Council for programming, planning and financial feasibility related to critical issues for existing facilities
  - will include internal and external stakeholder involvement

## **Why This Action is Needed Now**

- Upcoming expiring leases
  - shorter-term leases vs long-term leases
- Development pressures, i.e. US 183 toll conversion
- Future operating and CIP decisions (FY17) will be driven by this programming and planning work
  - need to initiate, to be ready for next year's budget deliberations

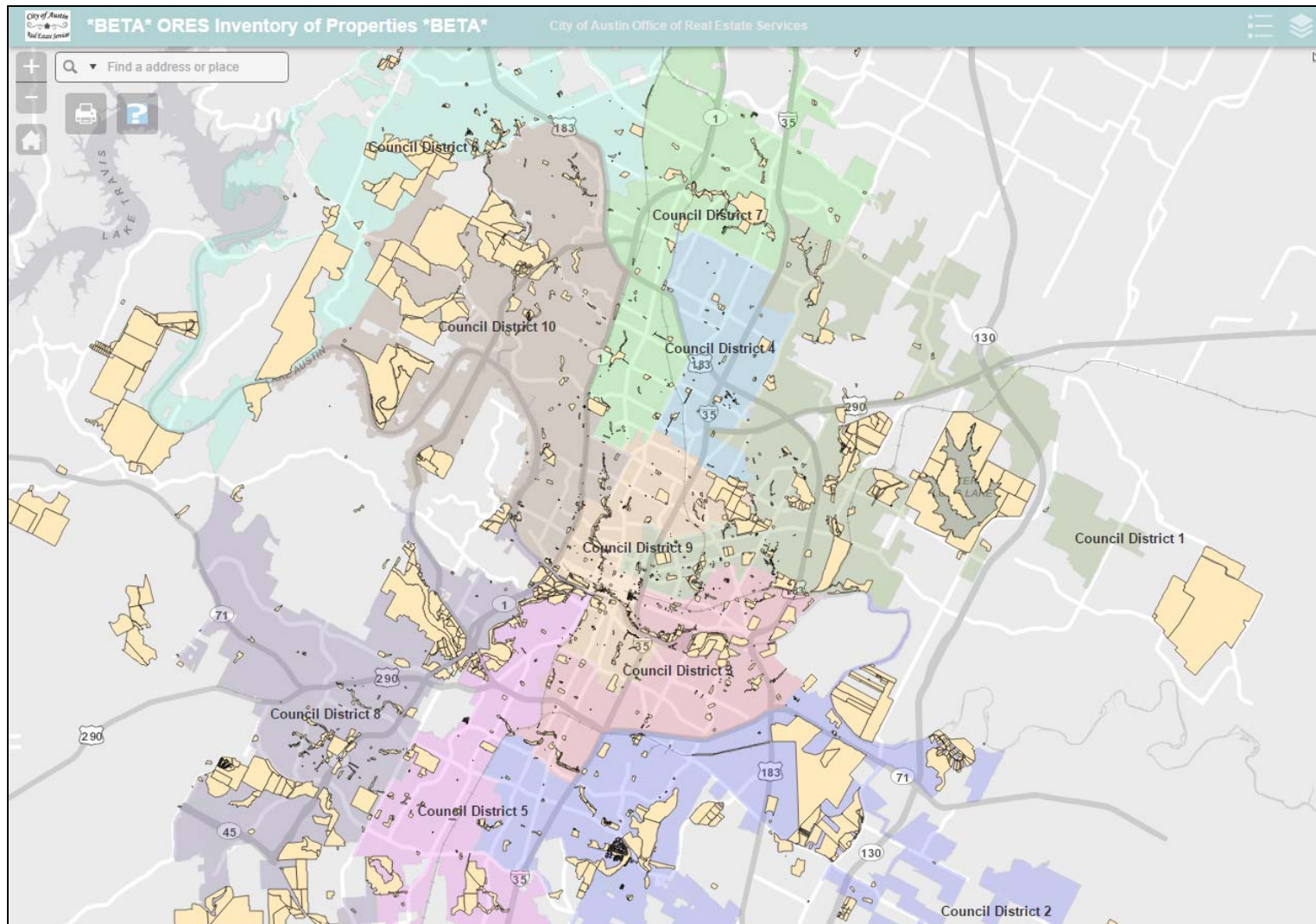
## **City Council Involvement**

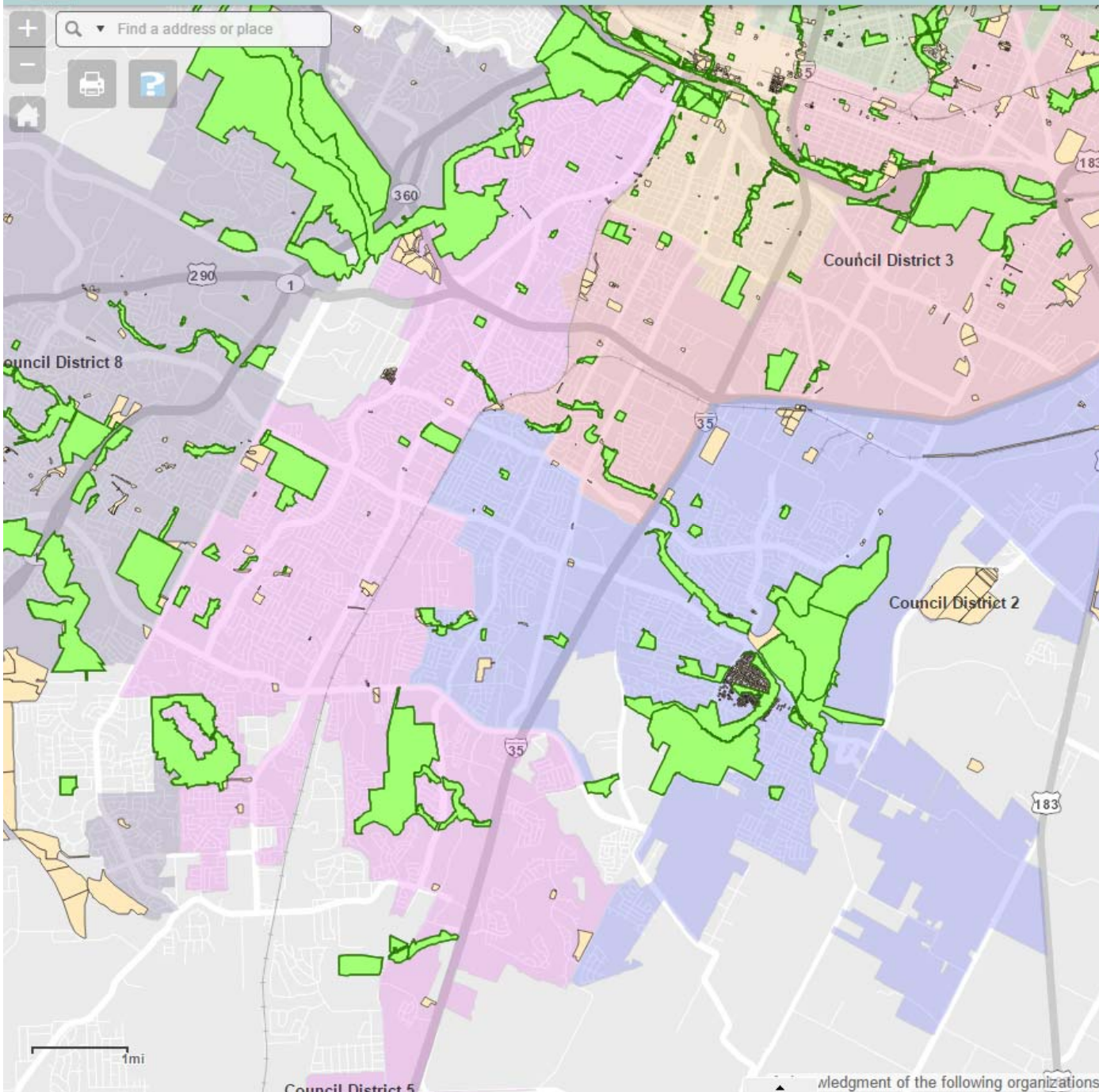
- Staff will work with relevant Council Committees; i.e. Public Safety facilities to Public Safety Committee
  - bring findings, analysis and recommendations back to each Committee as they are completed



# Next Steps

- Real Estate Services has completed City of Austin Property Inventory WebApp





## Legend

### City of Austin Parks



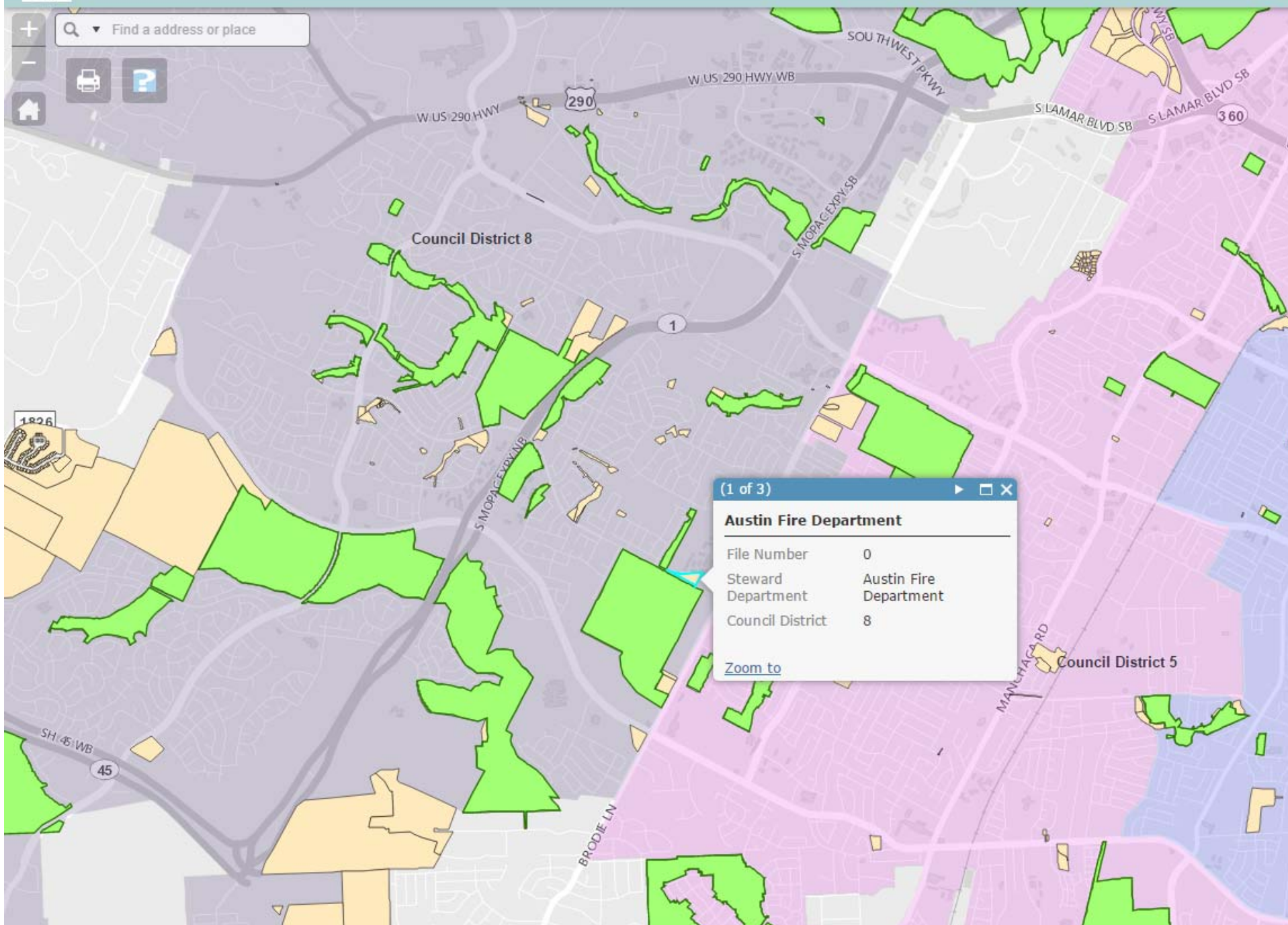
### City Property Inventory



### City Council Districts

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10







Questions / Comments