





**Background & Policy Issues (Cont'd)**

In 2015, it was projected that the capital expenditure would likely be amortized over a 15-20 year period depending on the size of the facility actually constructed, and project funding would be included in the 2021 CIP. In addition, being located in a County owned complex would provide flexibility to expand/downsize as required and provide overflow parking during the SOE's peak usage periods.

In September 2018, the Board approved \$1,500,000 to commence the design of a County-owned SOE Production Facility at its Cherry Road Campus, but Staff planned to: 1) seek confirmation on the decision to construct a County-owned facility to replace the existing leased space; 2) commence and prioritize staff efforts and capital funding to coincide with delivering the facility at the right point in the election cycle, and 3) the need to commit to a direction on the extension or termination of the existing lease. Staff has coordinated with Supervisor Link and she concurs with the need to move forward with this item supporting the construction of a County-owned facility.

The remainder of this item evaluates the delivery, financial and non-financial considerations of County owned vs. leased facility and timing under both options (and assuming the same size facility is constructed).

**Timing**

The time between solicitation of a design team to move in, is approximately 38-42 months as shown below.

Commence A/E Selection	June	2019
Commence Design & Permit	January	2020
Commence Construction	August	2021
Complete Construction	October	2022
Move In	January	2023

Ideally, occupancy of a County-owned facility would occur either in the January prior to or January subsequent to a mid-year election. This would provide the most time for Staff to focus on the move and occupancy of the new building and minimize conflicts with the election cycle.

Taking into consideration; 1) the Supervisor's priorities to acquire, train and implement the use of the new voting equipment, 2) the duration for the planning, design and construction of the new facility; and 3) other BCC priorities and work load associated with the Infrastructure Sales Tax projects; the earliest possible completion date is January 2023, following the mid-term elections.

**Financial**

Using the square footage in the existing Lease and the square foot costs for the construction of the Purchasing Warehouse, Library Annex and Evidence Warehouse, Staff estimates a total project cost of \$19,100,000.<sup>1</sup> This results in a payback period of approximately 20 years. This payback period is conservative as it is based on; 1) rental increases of only 3% and very few leases will grow only at 3% annually over a 15-20 period; and 2) includes the County's interest costs for financing a portion of the project costs<sup>2</sup>. Twenty years does seem like a long time, but:

- the County's need for such a facility will continue in perpetuity and is less than the first major renewal/replacement life cycle for the building; and
- the County will own the building outright at the end of the financing period as opposed to having lease payments into perpetuity.

As part of the FY 19 capital budget, \$1,500,000 was allocated to begin the design of the facility. Staff is also recommending that an additional \$1,500,000 be allocated in FY 20 and \$1,000,000 be allocated in FY 21 ad valorem dollars (cash); along with<sup>3</sup> 20 year revenue bond in the par amount of \$15,485,000. The County's financial advisors estimate that the debt service for this size financing will be approximately equal to our estimated lease payments, resulting in no net impact to the operating budget where the lease payments currently reside.

**Non-Financial**

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1 This budget is based on 76,600 sf and that all equipment will be re-used from the Huttig facility.

2 The total rental rate includes lease payments and CAM. One could argue that about 20% of the CAM charges should be removed from the build v. lease evaluation but it has not as it is estimated to be significantly less than the improvements required the Huttig space in the next renewal term or the cost to fit-up a new leased space.

3 In FY 21

Background & Policy Issues (Cont'd)

Aside for the immediate need for a production facility, in 2009 the most critical factors at the time were preserving flexibility for growth, new and/or changing technology, and specifically leasing a large open space that could be reconfigured in the future as equipment and other needs changed. While the leased space was responsive to the need for a large open space, it did not consider, and as a result did not have the flexibility to accommodate the impacts of; 1) a significant increase in the number of absentee ballots and the indirect impacts of that; 2) the number of persons assigned to the facility and the support facilities for that volume of persons (parking, restrooms, support spaces); and 3) dedicated spaces and technology for media and observers.

Placement of the shelving, tabulation equipment and all other equipment needs to be deliberate and building infrastructure (walls, partitions, electric and data) need to be planned and installed in such a manner that modifications can be quickly and easily accomplished when the needs change from election day to recount or just as equipment needs change over time. It is possible that election equipment could change multiple times in the life of the facility.

The comprehensive and infrastructure focused planning and design of a County owned facility will allow many of the challenges mentioned above to be addressed. This customization and flexibility is difficult to accomplish in a leased facility, where modifications are most costly to an existing building and it is unlikely that rent credits will be available for improvements that cannot be used by others. As such, there is no residual value to each modification made.

For example, technology can be incorporated into the design of the facility that allows for additional observation of tabulation, canvassing board, and other facility operations to better manage the additional persons that come to the facility during voting and recount periods and/or increase access to media, observers and the general public without having to be on-site. Also, that same customized design can incorporate physical security measures and technology to reduce the number of the law enforcement and operational personnel that have to be dedicated to the managing the number of persons visiting the facility, many with competing interests, during voting and recount periods.