

Prince George's County Council

Agenda Item Summary

Meeting Date:	10/20/2009
Reference No.:	CB-004-2009
Draft No.:	2
Proposer(s):	County Executive
Sponsor(s):	Olson
Item Title:	An Act approving the leases of certain improvements by Prince George's County

Drafter:	Tracy M. Benjamin, Office of Law
Resource Personnel:	

LEGISLATIVE HISTORY:

Date Presented:	2/10/2009	Executive Action:	11/9/2009 US
Committee Referral:	2/10/2009 - PSFM	Effective Date:	12/28/2009
Committee Action:	3/4/2009 - HELD		
Date Introduced:	6/23/2009		
Public Hearing:	7/21/2009 - 10:00 AM		
Council Action (1)	10/20/2009 - ENACTED		
Council Votes:	MB:A, WC:A, SHD:A, TD:A, CE:A, AH:A, TK:A, EO:A, IT:A		
Pass/Fail:	P		
Remarks:			

AFFECTED CODE SECTIONS:

COMMITTEE REPORTS:

Public Safety and Fiscal Management

Date 10/7/2009

Committee Vote: 5-0 with recommended amendments (Councilmember: Exum, Knotts, Bland, Campos, and Turner)

This bill will approve two leases the County needs for the implementation of essential County services. In accordance with Section 819 of the County Charter the County Council must approve all multi-year contracts which provide for the payment of funds at a time beyond the fiscal year in which such contracts are made with an aggregate of Five Hundred Thousand Dollars (\$500,000)

These leases will provide necessary space for essential County services which will include administrative offices for the Police Department, Forensic Services Division and administrative offices for the Department of Housing and Community Development (DHCD), the Housing Authority and the Redevelopment Authority.

The lease for the Police Department, Forensic Service will provide 28,738 square feet of rentable space at \$20.54 per square feet located at 1739 Brightseat Road. The warehouse location was previously used by the Department of Justice (DOJ) as a laboratory; it has bulletproof glass and a secured access. The landlord (Brightseat Investment, LLC) has agreed to customize the facility to DOJ requirements for a Forensic Facility and lease it to the County. The

location also has a 120 foot transmission tower with a potential lease income of \$3,000 to \$6,000 per month. The proposed lease is for eight years, with the first year payment of \$590,278 (the County will be paying the operating expense) and capping at \$701,655. The funds for this lease will come from the sale of assets seized during drug arrests.

According to information from the Office of Audits and Investigations if the Police Department's Forensic Services Division lease is approved, County operating costs will increase by at least \$5,156,742 over the eight (8) year lease period, with \$1,195,314 expected to be paid for by Drug Enforcement Education Fund (DEEF) revenues for the first two (2) years and the balance of \$3,961,428 expected to be paid for by General Funds over the remaining six (6) years. Utility cost over the eight year lease term are estimated to total at least \$702,494 (assuming a minimum 3% annual cost increase) and additional unknown cost related to possible annual adjustments for the County's pro rata share of operating expenses also will be required.

The second lease will consolidate the Department of Housing and Community Development (DHCD), Housing Authority, and the Redevelopment Authority at 8500 Annapolis Road in the New Carrollton Town Center. With the relocation of DHCD, Housing Authority and Redevelopment Authority, the Permits and Review Office will move from the 6th floor to the 1st floor on 9400 Peppercorn Place. The proposed lease is for ten years, with the first year payment of \$1.016 million per year (\$26.75 per square foot) and capping at \$1.27 million for the tenth year (\$33.41 per square foot). The landlord is American Hospitality Management, LLC.

The Office of Audits and Investigations states that the approval of the Department of Housing and Community Development, the Housing Authority, and the Redevelopment Authority lease will increase County's operating costs by at least \$11,388,238 over the ten (10) year lease period. These costs will be paid by the Office of Central Services (OCS) with General Funds. OCS will sublease the facility to the Department and the Authorities. It is possible that some of the General Fund lease costs may be offset by reimbursements from administrative allowances derived from various Federal program funds sources. Additional unknown costs related to possible annual adjustments for the County's pro rata share of operating expenses also will be required.

There will be a negative fiscal impact on the County with the enactment of CB-04-2009.

On March 4, 2009 the Public Safety and Fiscal Management Committee (PSFM) voted to hold this bill (CB-4-2009) after a lengthy discussion of the two proposed leases.

On June 23, 2009 CB-4-2009 was introduced by the Council and scheduled for a public hearing. A public hearing was held on July 21, 2009 with the Council deferring action on the bill. Following the public hearing CB-4-2009 was referred to the PSFM Committee.

The PSFM Committee held a work session on CB-4-2009 on October 7, 2009. After hearing from Council members, elected officials and the Deputy Director of the Office of Central Service, the PSFM Committee voted on each lease separately. There was a favorable vote for the Police Department Forensic Division lease.

BACKGROUND INFORMATION/FISCAL IMPACT:

(Includes reason for proposal, as well as any unique statutory requirements)

This legislation will approve two leases by the County of space in certain improvements located at 1739 Brightseat Road, Landover, Maryland, and 8500 Annapolis Road, Building K, New Carrollton, Maryland. These contract approvals are required by Section 819 of the Charter of Prince George's County, Maryland.

10/20/2009 - CB-4-2009 was amended on the floor prior to enactment as follows:

1. On page 1, delete lines 13 through 18.
 2. On page 1, line 20, delete all references to Attachment B.
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CODE INDEX TOPICS:

INCLUSION FILES:
