

*City of Alexandria, Virginia*

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MEMORANDUM

DATE: MARCH 27, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #36: THE POTENTIAL IMPACT ON POSTPONEMENT OF THE SPACE MANAGEMENT PLAN; AND A LONG TERM STRATEGY TO REDUCE CITY-WIDE LEASE COSTS

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This memorandum is in response to Councilman Krupicka's and Councilman Macdonald's requests for further information regarding the potential impacts of postponing \$500,000 for the Space Management program, and the long term strategies for reducing City-wide lease costs.

The Space Management program (\$500,000) maximizes utilization of currently owned City space and facilitates cost effective recommendations for anticipated future needs. The City is currently managing the growth in space requirements at City Hall (in effect catching up to existing space deficiencies) and other administrative areas through utilization of leased space. The City currently leases approximately 230,000 square feet of office space at an annual cost of \$4.3 million. In addition, the City leases MH/MR/SA assisted living facilities, parking, equipment storage, satellite police facilities and antenna sites. These programs add about \$600,000 to leased costs.

Some of the cost reduction strategies currently underway include:

- Planned new Police Facility- this will result in the discontinuance of 64,000 square feet of leased space and the reduction of approximately \$1.1 million in annual lease costs
- Relocate the Code Enforcement Bureau from its current leased space at Banker's Square to the former Health Department building. This relocation is anticipated by September 2006 and will eliminate approximately 2,000 square feet of leased space and annual lease costs of approximately \$38,000.

- Full occupancy of the Roth Street/Business Center Drive facility within the next two years. Available space will be maximized to accommodate existing needs and storage requirements for T&ES and Recreation. It is anticipated that some Department of Recreation, Parks, and Cultural Activities' programs currently housed at the Lee Center, will be relocated to the Roth Street/Business Center Drive facility (approximately 2,500 square feet of space) allowing the City to backfill Lee Center. Although cost savings cannot be fully identified at this time, these relocations negate the search for alternative leased space to accommodate space needs.
- Long term planning for approximately 24,000 square feet at the Public Safety Center (PSC) subsequent to the completion of the first floor slab repairs and the new police facility, and the resultant program relocations. While it is difficult, at this time, to determine precisely which City programs (besides the proposed Emergency Operations Center at that site) will occupy the vacated space, it is safe to suggest that if programs are relocated from existing City-owned space to the PSC, the vacated space could then be reused for programs currently housed in leased space, and the City would have a corresponding reduction or certainly avoid the cost of additional leased space should there be growth over the period of study. If the program selected for occupancy in the PSC are at that time housed in leased space we would have the direct benefit of those lease reduction costs.

Other opportunities planned for review and further consideration, include:

- Maximizing use of the former Health Department facility.
- Re-use of the former Animal Shelter facility for warehousing operations.
- Review of the current Print Shop/Archives facility for effective space utilization
- Study for co-location of Department of Human Services and MH/MR/SA programs
- Applying equitable space standards to all facilities and reviewing the current space utilization to ensure efficiency

The \$500,000 included in the proposed CIP for 2007 not only allows for studies to continue, but allows the City to implement potential cost savings and cost avoidance activities as they present themselves. Funding will also permit increased focus to identify long term needs and requirements for housing City services.