



Clerk of the Circuit Court

Brevard County, Florida

400 SOUTH ST., P.O. Box 999, Titusville, Florida 32781

<http://www.brevardclerk.us>

Scott Ellis, Clerk

December 27, 2007

Re: Needs, Alternatives, and Costs for New County Facilities

Mr. Ellis,

An examination of projects regarding the purchase of facilities for a variety of County needs reveals the Brevard Board of County Commissioners (BoCC) has purchased at least three buildings since 2004:

- without a current, comprehensive Facilities Plan,
- without sufficient cost comparison of alternatives, and
- without issuing Requests for Proposals (RFPs).

The Facilities Plan would be an up-to-date 'Space Needs Plan' that depicts how much space is needed by which department and how much space is available or will become available if a department relocates from one area to another.

The contemplation and cost comparison of alternatives in the decision making process is an important aspect of fiduciary responsibility, as is obtaining competitive bids (RFPs) for significant expenditures.

The following projects illustrate these deficiencies in the County review and decision process.

2004 – Fire Rescue Supply Building

Initial Building Cost - \$483,000

Renovation Cost - \$913,000

Initial CIP - \$100,000

Final Cost/square foot - \$87

In 2004 the Board paid \$483,000 for a ~16,000 square foot industrial warehouse on Ansin Road in Rockledge now known as the Fire Rescue Supply Building. During the 3 ensuing years until completion in October 2007, an additional \$913,000 was spent on renovations and improvements, and environmental liability is still unknown. The need for this type of facility was first identified in 1999 as a \$100,000 Capital Improvement Program. During the 5 years between identification of need and purchase of the building, County staff conducted a continuous review and on-site visits of potential sites and/or buildings, without the benefit of an overall Facilities Plan. No bids were solicited or taken for this type of building which ended up costing \$1.4 million. There was no financial analysis of alternatives, such as buying uncontaminated land and building new, or co-locating or coordinating with EOC requirements, etc.

2006 – EELs Administration/Warehouse Building

Purchase Price -	\$1,400,000
Price/square foot -	\$117

Last year the Board paid \$1.4 million for a ~12,000 square foot industrial building on East Drive in Melbourne for the EELs program. The Board had initially authorized APPRAISALS of potential sites to estimate market values and as PART OF A FEASIBILITY STUDY for relocating EELs. Feasibility of relocating EELs was done without an overall Facilities Plan. Estimates can be obtained without cost by reviewing listings, performing comparable market analysis on recent transactions, or putting out RFPs. EELs paid for appraisals on a couple of buildings and came back to the Board and recommended purchase of a warehouse facility with office space as the most cost-effective solution, based on a lease-purchase analysis of a building. In other words, EELs recommended purchase as a more cost-effective solution than leasing, after concluding relocation of the EELs program to that building was the best option. No true benefit-cost or cost-effectiveness analysis was presented for other alternatives. Instead, the Cost Benefit Analysis statement to the Board for the agenda item was "Funds are available in Business Center 3213, Cost Center 340050." A statement to the effect one has money today to buy property is not equivalent to justification for the expenditure. No bids were solicited or taken for this type of facility.

2007 – Sheriff's Crime Scene Investigation Building

Purchase Price -	\$3,000,000
Price/square foot -	\$135

In September this year the Board paid \$3 million for a ~20,000 square foot office building and some vacant land on Gus Hipp in Rockledge. This request came from the Sheriff to be used for new offices, forensic laboratory, and future expansion. County Staff had not (and still has not) completed the Facilities Plan that the Board had requested to determine what space was required by what agency and what department. Pending legal action by the Public Defender pressed the Board to proceed with this purchase individually as one of very limited options due to no Facilities Plan, in addition to the time required to build something new. The County also had not accomplished the legal work necessary to determine the appropriateness of the funding source. No bids were solicited for this type of facility, but the seller did reduce the asking price - to the appraised price - while the County was deliberating its purchase. One of the appraisers had used a sale to a government as a comparable – the County purchase of the EELs office/warehouse building on East Drive.

2007 – Fire Rescue Ambulance Station Modulares

EMS Station #67/68 (Nieman)	EMS Station #66 (Aurora)
Est. Replacement Cost - \$228,000	Est. Replacement Cost - \$390,000 to \$425,000
Est. Cost/square foot - \$169	Est. Cost/square foot - \$244 to \$266

Fire Rescue has an ongoing project to replace aging modular EMS stations with more durable modular buildings, and to acquire additional durable modulares to support the EMS growth plan and regional responsibilities. One example is the replacement of the ~1,350 square foot modular EMS Station #67/68 on Nieman Avenue in Melbourne with a new modular for ~\$228,000. Another is the site reconfiguration and replacement of the existing modular building Station #66 on Aurora Road in Melbourne with a new ~1,600 square foot durable modular for ~\$390,000 to ~\$425,000. The total installed cost for just a modular building (no land) is higher than existing permanent buildings for sale with land, or new construction. One reason is that although they are pre-engineered, pre-built, and non-permanent, modulares still require local planning, surveying, testing, permitting, impact fees, site engineering, construction management, communication expenses, and administration that can more than double the purchase price of the basic modular unit itself. More importantly, since modulares are relatively short-lived, most of these significant replacement expenditures are cyclical, and therefore the cost per square foot of a single replacement as calculated above actually UNDERSTATES the true cost of modulares in comparison with longer-lived structures. Costs for all alternatives for a project should be contemplated and properly evaluated, and for these examples would include replacing modulares with modulares, new construction, buying/renovating an existing permanent structure, and leasing space including co-locating at municipal fire stations.

A logical alternative would be to rent space and co-locate staff and an ambulance at existing municipal fire stations. Fire trucks and ambulances both respond when an ambulance is needed. Staff for both vehicles would be communicating and know exactly what role each would take in the pending emergency. The result would be lower costs for both County and Municipal government and greater response coordination.

2007 – Proposed Fire Rescue Ambulance Station #84/85

Asking Price -	\$730,000
Renovation Cost -	\$460,000
Estimated Total Cost -	\$1,190,000
Estimated Cost/square foot -	\$360

The Board on December 11, 2007 tabled until January 8, 2008 the agenda item regarding a ~\$1.2 million replacement for an aging modular EMS station on Harris property on Clearmont Street, Palm Bay (a permanent building in the same service area). The current two-man Station #84/85 is ~1,100 square feet and ~11 years old. The permanent structure that is mentioned in this agenda item is three times the size at ~3,300 square feet and is estimated to cost \$730,000 to purchase PLUS a further \$460,000 in renovations to meet County requirements. Other alternatives have not been explored, such as buying land and building new, or renting space with the Palm Bay Fire Department, or buying and adapting a building that would also house vehicles. This is a good example of a project with options which should have been evaluated and submitted to the Board for approval before a request was made to expend funds on a

predetermined course of action. There are several vacant parcels for sale in the vicinity of Station #84/85; or to rent space, then Palm Bay's Station #90 is only around the corner; or there is a ~1,500 square foot garage-type building on 0.6 acre just across the street for sale at \$425,000. The commercial building being considered by the department was just renovated as retail space by the owner. If an objective of the project is to enable rescue units to remain during evacuations, then a building that can protect emergency vehicles for use afterwards also should be a factor. Here, clearly, alternatives should be carefully evaluated, and competition encouraged by requesting RFPs.

Prior to a formal evaluation of necessity, contemplation and grading of possible alternatives, and submission to the Board the support for suggested action in ranked order - it would be premature for the Board to approve the expenditure of funds for appraisals, titles searches, and the like. After the Board has seen the analysis and weighed the alternatives, then the consent for expenditures in pursuit of the agreed upon course of action would be appropriate.

In conclusion, it is my first recommendation that the comprehensive County Facilities Plan as requested by the Board be completed as soon as possible so that use of these buildings can be coordinated. And my second recommendation is that the Board establishes, and consistently applies, a comprehensive policy and procedures to ensure that an initial, thorough, and professional assessment is performed when considering major asset acquisitions. This must address completion of all the steps, in proper order, to evaluate necessity, compare alternatives, support recommended action, and promote competition with RFPs.

Submitted by:



Eric Munzenmayer
Internal Audit

From: Scott Ellis

Sent: Monday, December 31, 2007 9:54 AM

To: Commissioners; peggy.busacca@brevardcounty.us; stockton.whitten@brevardcounty.us

Cc: Internal Audit

Subject: Building Acquisition Report Letter (hardcopy will follow later this week)

I have attached a small report on recent building acquisitions and ongoing building construction. The recent patterns have now become the norm rather than the exception.

Thanks, Scott