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COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

September 28, 2016

Erie County Legislature
92 Franklin Street – 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

The Erie County Department of Social Services leases property from private landlords due to insufficient space in County-owned buildings. The Family Wellness Division and the Home Energy Assistance Program are currently located at leased space at 478 Main Street, and the lease expires on March 31, 2017. As authorized by the Legislature on April 28, 2016, our Department entered into a contract with CBRE Buffalo for commercial real estate brokerage services. A Request-for-Proposal (RFP) was issued for new space and the Department considered several options. The Department concluded that the best location for these programs was the Bank of America Building (10-12 Fountain Plaza). The Department has been negotiating with Ciminelli Real Estate Corporation and is close to an agreement.

The Department received four proposals from three companies. Bank of America Building is the clear choice for several reasons.

- The proposed space is Class-A office space that would be easy to conform to our business needs. The other spaces offered were either of inferior quality or not as easy to modify.
- The proposed space is in close proximity to the Family Court Building and Rath Building. Two of the proposed spaces were further away from these facilities, making it more difficult for clients to access the space. In addition, the proposed space remains on the rail line, which is convenient for many clients and employees.
- The proposed space was less expensive than staying at the current facility:

Cost Comparison Five Year Lease

5 Year Lease Term	10-12 Fountain Plaza	478 Main
Base Rent	\$ 9,517,614.00	\$ 8,953,729.86
Fees	\$ 813,225.26	\$ 2,127,147.74
Total Leasing Costs	\$ 10,330,839.26	\$ 11,080,877.59
Five Year Savings	\$ (750,038.34)	\$ 750,038.34

Cost Comparison Ten Year Lease Period

10 Year Lease Period	10-12 Fountain Plaza	478 Main
Base Rent	\$ 18,571,266.87	\$ 19,333,556.75
Fees	\$ 1,793,484.11	\$ 4,593,094.96
Total Leasing Costs	\$ 20,364,750.98	\$ 23,926,651.71
Five Year Savings	\$ (3,561,900.73)	\$ 3,561,900.73

After the proposals were scored, 10-12 Fountain Plaza received a score of 119.8 and 478 Main received a score of 111.6. Not only is 10-12 Fountain Plaza a better value for taxpayers, but it is a better facility for our workers.

Although the current lease is still several months away from expiring, we are quickly running out of time. Before the move happens, we need to design and construct improvements to the space so it is configured for our business processes, connect the new space to the County's voice and internet system, and move nearly 500 employees into new space. Although the move will be a long-term benefit to the County, a move of this scale is a massive logistical endeavor. We need every day possible in order to plan and execute this move without impairing the services these employees provide. In order to fast-track the work, we originally requested the Legislature authorize the Department enter into an agreement with the landlord in July to begin the requisite architectural and engineering work. That resolution was not authorized and we are now more than two months behind than where we could have been. Any additional delays will put us further and further behind, and ultimately compromise the services we provide to Erie County's most vulnerable residents.

Sincerely,



Al Dirschberger, Commissioner
Erie County Department of Social Services

CBRE|Buffalo
Quantitative Lease Analysis & Comparison with Existing Location of 478 Main

Location: 10-12 Fountain Plaza
Prepared: ECSSS CWS & HEAP
Prepared: Michael Clark
Date: 30-Aug-16

Year 1	
Rentable Square Feet	90,653
Load Factor	9%
Usable Square Feet	83,168

Year 2-10	
Rentable Square Feet	99,302
Load Factor	9%
Usable Square Feet	91,103

Year	Negotiated rents w/ 5 Year Lease & w/ 5 Yr. Option		Original RFP Response Based On 10 Year Lease		Takeoff/AM/Inn./Utilities	Inc over base	Total Charges	Gross Rent	Monthly Rent	Annual Rent
	Base Rent	Annual Rent	Base Rent	Annual Rent						
1	90,653 \$	1,722,407.00	17,000 \$	1,541,101.00	\$	\$0.00	\$ 1.40	\$ 20,400	\$ 154,110.10	\$ 1,849,321.20
2	99,302 \$	1,956,389.00	17,000 \$	1,688,134.00	\$	\$0.21	1.65	\$ 21,115	\$ 175,036.33	\$ 2,108,435.90
3	99,302 \$	1,936,389.00	17,000 \$	1,688,134.00	\$	\$0.22	1.70	\$ 21,200	\$ 175,446.44	\$ 2,105,357.31
4	99,302 \$	1,961,214.50	17,850 \$	1,772,540.70	\$	\$0.22	1.75	\$ 21,500	\$ 177,937.66	\$ 2,135,251.86
5	99,302 \$	1,961,214.50	18,740 \$	1,860,919.48	\$	\$0.23	1.81	\$ 21,560	\$ 178,572.75	\$ 2,140,472.98
6	99,302 \$	1,639,483.00	19,680 \$	1,954,263.36	\$	\$0.24	1.86	\$ 21,860	\$ 151,926.60	\$ 1,823,119.24
7	99,302 \$	1,720,407.15	20,660 \$	2,051,579.32	\$	\$0.24	1.92	\$ 21,924	\$ 159,215.21	\$ 1,810,582.47
8	99,302 \$	1,806,427.51	21,660 \$	2,154,158.29	\$	\$0.25	1.97	\$ 20,160	\$ 166,659.01	\$ 2,002,308.09
9	99,302 \$	1,896,748.88	22,780 \$	2,261,866.20	\$	\$0.26	2.03	\$ 21,130	\$ 174,875.49	\$ 2,098,505.88
10	99,302 \$	1,991,586.33	23,920 \$	2,374,959.51	\$	\$0.27	2.09	\$ 22,115	\$ 183,283.00	\$ 2,199,396.04
Total for 10 Years of Lease Costs		\$ 18,033,737.73		\$ 19,347,655.86						\$ 20,364,750.98

Note: Actual total base rent in year 1 is \$1,237,423 due to first 2 months being abated
 Note: 2 months term will be added at the end of the term to accommodate the 2 months of free rent in year 1
 5 year costs w/o utilities and expenses \$ 9,517,614.00
 5 year costs with utilities and expenses \$ 10,330,839.26

Tenant Costs	Total
LL Incentives	\$ 5,243,146

Initial Term	\$ 20,364,750.98	Comments:
Total Gross Costs:	\$ 13,624,650.97	
NPV of Costs	\$ 163.82	1350SF TI allowance offered (\$4,822,650) depending on expenses net 5% increase (2015 was \$4,005SF) in expenses being passed through to Tenant over base year 2) Landlord abatement is 2 months abated rent (\$278,046) plus the TI allowance 4) In order to get the free months of rent an additional 2 months needs to be committed to the term 5) Rentable square footage increases in year 2 as an additional 8648 square feet becomes available
NPV per User:		

Location: 478 Main

Comparison with Current Location
 478 Main Projection (Based on 98,215 square feet \$14.55/rent rate from 6/2/16 Proposal to extend lease, and assumes a 3% annual increase)



Year	RSF	Base Rent	Pro-rated Annual Electric/Trw/ Fees	Add-On Sq Ft Cost	Gross Rent	Monthly Rent	Annual Rent
1	115,909	14.55 \$	400,658.00	3.46	18,010	\$ 173,927.83	\$ 2,087,133.95
2	115,909	14.99 \$	412,677.74	3.56	18,550	\$ 179,145.66	\$ 2,149,747.97
3	115,909	15.44 \$	425,058.07	3.67	19,100	\$ 184,520.03	\$ 2,214,240.41
4	115,909	15.90 \$	437,809.81	3.78	19,660	\$ 190,055.63	\$ 2,280,667.62
5	115,909	16.38 \$	450,944.11	3.89	20,220	\$ 195,757.30	\$ 2,349,087.65
6	115,909	16.87 \$	464,472.43	4.01	20,870	\$ 201,630.02	\$ 2,419,560.28
7	115,909	17.37 \$	478,406.61	4.13	21,500	\$ 207,678.92	\$ 2,492,147.09
8	115,909	17.89 \$	492,758.80	4.25	22,115	\$ 213,909.29	\$ 2,566,911.50
9	115,909	18.43 \$	507,541.57	4.38	22,810	\$ 220,326.57	\$ 2,643,918.84
10	115,909	18.98 \$	522,767.81	4.51	23,490	\$ 226,936.37	\$ 2,723,236.41
Total for 10 Years of Lease Costs		\$ 19,333,556.75					\$ 23,926,651.71

\$ 18,033,737.73 Fountain Plaza
 \$ 1,299,819.02 10 year savings w/o estimated expenses

\$ 20,364,750.98 Fountain Plaza
 \$ 3,561,900.73 10 year savings w/ estimated expenses

5 year costs w/o utilities and expenses	\$ 8,953,729.86
5 year costs with utilities and expenses	\$ 11,080,877.59

CBRE|Buffalo
Child Welfare Quantitative Lease Analysis

Location:	10-12 Fountain Plaza
Prepared:	ECDSS CHILD WELFARE
Prepared by:	Michael Clark
Date:	19-Aug-16

Year 1	
Rentable Square Feet	71,804
Load Factor	9%
Usable Square Feet	65,875

Year 2-10	
Rentable Square Feet	80,453
Load Factor	9%
Usable Square Feet	73,810

Year	RSF	Base Rent	Annual Rent	Taxes/CA/Ins./Utilities	Inc over base	Total Charges	Gross Rent	Monthly Rent	Annual Rent
1	71,804	\$ 19.00	\$ 1,364,276.00	\$ 1.40	\$ 0.00	\$ 1.40	\$ 20.40	\$ 122,066.80	\$ 1,464,801.60
2	80,453	\$ 19.50	\$ 1,568,833.50	\$ 1.44	\$ 0.21	\$ 1.65	\$ 21.15	\$ 141,811.82	\$ 1,701,741.86
3	80,453	\$ 19.50	\$ 1,568,833.50	\$ 1.49	\$ 0.22	\$ 1.70	\$ 21.20	\$ 142,144.09	\$ 1,705,729.11
4	80,453	\$ 19.75	\$ 1,588,946.75	\$ 1.53	\$ 0.22	\$ 1.75	\$ 21.50	\$ 144,162.44	\$ 1,729,949.22
5	80,453	\$ 19.75	\$ 1,588,946.75	\$ 1.58	\$ 0.23	\$ 1.81	\$ 21.56	\$ 144,514.94	\$ 1,734,179.30
6	80,453	\$ 16.50	\$ 1,327,474.50	\$ 1.62	\$ 0.24	\$ 1.86	\$ 18.36	\$ 123,088.67	\$ 1,477,064.03
7	80,453	\$ 17.33	\$ 1,393,848.23	\$ 1.67	\$ 0.24	\$ 1.92	\$ 19.24	\$ 128,993.79	\$ 1,547,925.44
8	80,453	\$ 18.19	\$ 1,463,540.64	\$ 1.72	\$ 0.25	\$ 1.97	\$ 20.16	\$ 135,186.68	\$ 1,622,240.16
9	80,453	\$ 19.10	\$ 1,536,717.67	\$ 1.77	\$ 0.26	\$ 2.03	\$ 21.13	\$ 141,681.52	\$ 1,700,178.18
10	80,453	\$ 20.06	\$ 1,613,553.55	\$ 1.83	\$ 0.27	\$ 2.09	\$ 22.15	\$ 148,493.16	\$ 1,781,917.88
Total for 10 Years of Lease Costs			\$ 15,014,971.08						16,465,726.77

Note: Actual total base rent in Year 1 is \$1,237,423 due to first 2 months being abated.

Note: 2 months term will be added at the end of the term to accommodate the 2 months of free rent in year 1

5 Year costs w/o utilities and expenses	\$ 7,679,836.50
5 Year costs with utilities and expenses	\$ 8,336,401.09

Tenant Costs	
LL Incentives	\$ 3,817,579

Initial Term	\$ 16,465,726.77
Total Gross Costs:	\$ 11,007,479.04
NPV of Costs	\$ 167.10
NPV per USF:	\$ 167.10

Comments:
1) \$50/SF TI allowance offered (\$3,590,000) 2) operating expenses est. 5% increase(2015 was \$4.00/SF) in expenses being passed through to Tenant over base year 3) Landlord incentive is 2 months abated rent (\$203,445) plus the TI allowance 4) in order to get the free months of rent an additional 2 months needs to be committed to the term 5) Rentable square footage increases in year 2 as an additional 8949 square feet becomes available

Location: 478 Main



Comparison with Current Location
478 Main Projection (Based on 98,215 square feet \$14.55/unit rate from 6/2/16 Proposal to extend lease, and assumes a 3% annual increase)

84.73% % of space occupied by Child Welfare

Year	RSF	Base Rent	Annual Rent	Pro-rated Annual Electric/Tax/ Fees	Add-On Sq Ft Cost	Gross Rent	Monthly Rent	Annual Rent
1	98,215	\$ 14.55	\$ 1,429,028.25	\$ 339,495.86	\$ 3.46	\$ 18.01	\$ 147,377.01	\$ 1,768,524.11
2	98,215	\$ 14.99	\$ 1,471,899.10	\$ 349,680.73	\$ 3.56	\$ 18.55	\$ 151,798.32	\$ 1,821,579.83
3	98,215	\$ 15.44	\$ 1,516,056.07	\$ 360,171.16	\$ 3.67	\$ 19.10	\$ 156,352.27	\$ 1,876,227.23
4	98,215	\$ 15.90	\$ 1,561,537.75	\$ 370,976.29	\$ 3.78	\$ 19.68	\$ 161,042.84	\$ 1,932,514.04
5	98,215	\$ 16.38	\$ 1,608,383.89	\$ 382,105.58	\$ 3.89	\$ 20.27	\$ 165,874.12	\$ 1,990,489.46
6	98,215	\$ 16.87	\$ 1,656,635.40	\$ 393,568.75	\$ 4.01	\$ 20.87	\$ 170,850.35	\$ 2,050,204.15
7	98,215	\$ 17.37	\$ 1,706,334.46	\$ 405,375.81	\$ 4.13	\$ 21.50	\$ 175,975.86	\$ 2,111,710.27
8	98,215	\$ 17.89	\$ 1,757,524.50	\$ 417,537.08	\$ 4.25	\$ 22.15	\$ 181,255.13	\$ 2,175,061.58
9	98,215	\$ 18.43	\$ 1,810,250.23	\$ 430,063.20	\$ 4.38	\$ 22.81	\$ 186,692.79	\$ 2,240,313.43
10	98,215	\$ 18.98	\$ 1,864,557.74	\$ 442,965.09	\$ 4.51	\$ 23.49	\$ 192,293.57	\$ 2,307,522.83
Total for 10 Years of Lease Costs			\$ 16,382,207.39					20,274,146.94

5 Year costs w/o utilities and expenses	\$ 7,586,905.06
5 Year costs with utilities and expenses	\$ 9,389,334.68

CBRE|Buffalo
HEAP Quantitative Lease Analysis and Comparison

Location:	10-12 Fountain Plaza
Prepared:	ECDSS HEAP
Prepared by:	Michael Clark
Date:	19-Aug-16

Rentable Square Feet	16,000
Load Factor	9%
Usable Square Feet	14,679

Year	RSF	Base Rent	Annual Rent	Taxes/CAM/Ins./Utilities	Inc over base	Total Charges	Gross Rent	Monthly Rent	Annual Rent
1	16,000	\$ 19.00	\$ 304,000.00	\$ 1.40	\$ 0.00	\$ 1.40	\$ 20.40	\$ 27,200.00	\$ 326,400.00
2	16,000	\$ 19.50	\$ 312,000.00	\$ 1.44	\$ 0.21	\$ 1.65	\$ 21.15	\$ 28,202.67	\$ 338,432.00
3	16,000	\$ 19.50	\$ 312,000.00	\$ 1.49	\$ 0.22	\$ 1.70	\$ 21.20	\$ 28,268.75	\$ 339,224.96
4	16,000	\$ 19.75	\$ 316,000.00	\$ 1.53	\$ 0.22	\$ 1.75	\$ 21.50	\$ 28,670.14	\$ 344,041.71
5	16,000	\$ 19.75	\$ 316,000.00	\$ 1.58	\$ 0.23	\$ 1.81	\$ 21.56	\$ 28,740.25	\$ 344,882.96
6	16,000	\$ 16.50	\$ 264,000.00	\$ 1.62	\$ 0.24	\$ 1.86	\$ 18.36	\$ 24,479.12	\$ 293,749.45
7	16,000	\$ 17.33	\$ 277,200.00	\$ 1.67	\$ 0.24	\$ 1.92	\$ 19.24	\$ 25,653.49	\$ 307,841.93
8	16,000	\$ 18.19	\$ 291,060.00	\$ 1.72	\$ 0.25	\$ 1.97	\$ 20.16	\$ 26,885.10	\$ 322,621.19
9	16,000	\$ 19.10	\$ 305,613.00	\$ 1.77	\$ 0.26	\$ 2.03	\$ 21.13	\$ 28,176.75	\$ 338,121.03
10	16,000	\$ 20.06	\$ 320,893.65	\$ 1.83	\$ 0.27	\$ 2.09	\$ 22.15	\$ 29,531.41	\$ 354,376.92
Total for 10 Years of Lease costs				\$ 3,018,766.65					\$ 3,309,692.14

Note: Actual total base rent in year 1 is \$275,733 due to first 2 months being abated.

5 year total w/o utilities and expenses \$ 1,560,000.00

5 year total with utilities and expenses \$ 1,692,981.63

Note: 2 months term will be added at the end of the term to accommodate for 2 months of free rent in year 1

Rate/SF	Total
Tenant Costs	
LL Incentives	\$ 850,667

Initial Term		Comments:
Total Gross Costs:	\$ 3,309,692.14	1) \$50/SF TI allowance offered (\$800,000) 2) operating expenses est. 5% increase (2015 was \$4.00/SF) in expenses being passed through to Tenant over base year 3) Landlord incentive is 2 months abated rent (\$50,667) plus the TI allowance 4) in order to get the free months an additional 2 months needs to be committed to the term.
NPV of Costs	\$ 2,221,590.05	
NPV per USF:	\$ 151.35	



Location: 478 Main
Comparison with Current Location
 478 Main Projection (Based on 17,694 square feet \$14.55/unit rate from 6/2/16 Proposal to extend lease, and assumes a 3% annual increase)

15.27% % of space occupied by HEAP

Year	RSF	Base Rent	Annual Rent	Pro-rated Annual Electric/Tax/Fees	Add-On Sq Ft Cost	Gross Rent	Monthly Rent	Annual Rent
1	17,694	\$ 14.55	\$ 257,447.70	\$ 61,162.14	\$ 3.46	\$ 18.01	\$ 26,550.82	\$ 318,609.84
2	17,694	\$ 14.99	\$ 265,171.13	\$ 62,997.01	\$ 3.56	\$ 18.55	\$ 27,347.34	\$ 328,168.14
3	17,694	\$ 15.44	\$ 273,126.26	\$ 64,886.92	\$ 3.67	\$ 19.10	\$ 28,167.77	\$ 338,013.18
4	17,694	\$ 15.90	\$ 281,320.05	\$ 66,833.52	\$ 3.78	\$ 19.68	\$ 29,012.80	\$ 348,153.58
5	17,694	\$ 16.38	\$ 289,759.65	\$ 68,838.53	\$ 3.89	\$ 20.27	\$ 29,883.18	\$ 358,598.18
6	17,694	\$ 16.87	\$ 298,452.44	\$ 70,903.68	\$ 4.01	\$ 20.87	\$ 30,779.68	\$ 369,356.13
7	17,694	\$ 17.37	\$ 307,406.02	\$ 73,030.80	\$ 4.13	\$ 21.50	\$ 31,703.07	\$ 380,436.81
8	17,694	\$ 17.89	\$ 316,628.20	\$ 75,221.72	\$ 4.25	\$ 22.15	\$ 32,654.16	\$ 391,849.92
9	17,694	\$ 18.43	\$ 326,127.04	\$ 77,478.37	\$ 4.38	\$ 22.81	\$ 33,633.78	\$ 403,605.41
10	17,694	\$ 18.98	\$ 335,910.86	\$ 79,802.72	\$ 4.51	\$ 23.49	\$ 34,642.80	\$ 415,713.58
Total for 10 Years of Lease costs				\$ 2,951,349.36				\$ 3,652,504.77

5 year total w/o utilities and expenses \$ 1,366,824.80

5 year total with utilities and expenses \$ 1,691,542.92

Cost Comparison Five Year Lease

	10-12 Fountain Plaza	478 Main
5 Year Lease Term		
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