

**Office of the County Auditor**  
**Auditor’s Analysis**

**Council Bill No. 46-2021**

Introduced: June 7, 2021

Auditor: Melanie A. Bishop

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Fiscal Impact:

The total fiscal impact of this lease agreement is an increased expense of approximately \$2.62 million which is composed of the following costs:

<b>Funding Source</b>	<b>Pre-Occupancy</b>	<b>10-year, 2-month Initial Term</b>	<b>Optional 5-year Renewal Term</b>
General Fund	\$ -	\$ 1,466,116	\$ 916,778
Earmarks	192,938	42,000	-
<b>Total</b>	<b>\$ 192,938</b>	<b>\$ 1,508,116</b>	<b>\$ 916,778</b>

See **Attachment A** for details of the three cost components noted above.

Purpose:

Council Bill 46-2021 would authorize the County Executive to enter into a 10-year, 2-month lease agreement for 8,125 square feet of space at 9017 Red Branch Road, Suite E, Columbia, Maryland for storage of personal protective equipment (“PPE”), to be used by the Howard County Police Department (“Police”). The County may take possession of this space on or after August 1, 2021.

This agreement contains one option for a five (5) year extension negotiated with the County at the prevailing market rate.

Other Comments:

The Administration indicated the use of this space will provide:

- A centralized warehouse consisting of 7,816 square feet to store emergency operational preparedness equipment and supplies.
  - Supplies include bulk palletized PPE gear, N95 masks, surgical masks, latex gloves, safety glasses/goggles, face shields, gowns, hand sanitizer, cleaning supplies, and disinfectants.
  - Emergency preparedness equipment includes riot gear, shields, batons, helmets, Tyvek suits, rubber boots, gas masks, filters, Meal, Ready to Eat (“MRE”), canned water, and portable folding cots.

- A small office area of 309 square feet exists for any staff that is visiting while working in the space – no personnel are being relocated to this space.

The Administration offered the following information concerning the potential use of alternative warehouse space:

- Police requires warehouse space because of the sizable quantity of pallet-able supplies and equipment. Any storage space at current police facilities is very limited and was never to be considered as a long-term solution.
- As a temporary solution, Police utilized its Property and Evidence warehouse; however, the amount of space is insufficient and considered “operationally inappropriate” since official police evidence areas are restricted, and bulk supplies require easy access by its officers.
- In December 2020, Police started utilizing a temporary warehouse, with the overflow supplies and equipment being stored at the Police Tactical Building, an enclosed trailer, and the Northern Police District. The temporary warehouse space consists of approximately 4,956 square feet and is located on Patuxent Woods Drive in Columbia.
- No space is available in the Oracle Building or any other County building. The space at the Oracle Building was designed for administrative needs and not warehouse needs. In addition, the Warfield Building was renovated for office space to support Operations – Major Crimes and Special Crimes Bureaus, so no warehouse area exists at the Warfield Building.

**Attachment A**  
**Council Bill No. 46-2021 – Red Branch Road Police Warehouse Lease**

**Pre-Occupancy Costs**

<b>Cost Type</b>	<b>Amount</b>
Shelving	\$ 80,946
County Fiber, Telephone, Cabling Installation	63,892
Forklift	27,400
Security Install	20,700
<b>Total</b>	<b>\$ 192,938</b>

**Initial Term - Base Rent and Operating Expense**

The County would enter into a 122-month lease agreement that would result in estimated costs as noted below:

<b>Fiscal Year</b>	<b>Base Rent</b>	<b>Operating Expense</b>	<b>Total</b>
2022 (11 months)	59,719	47,741	107,460
2023	81,632	53,394	135,026
2024	83,877	54,862	138,739
2025	86,184	56,371	142,555
2026	88,554	57,921	146,475
2027	90,989	59,514	150,503
2028	93,491	61,151	154,642
2029	96,062	62,833	158,895
2030	98,704	64,560	163,264
2031	101,418	66,336	167,754
2032 (3 months)	25,877	16,926	42,803
<b>Grand Total</b>	<b>\$ 906,507</b>	<b>\$ 601,609</b>	<b>\$ 1,508,116</b>

*NOTE: Operating costs represent the Custodial, Electricity, and Repairs and Maintenance costs of the facility.*

**Optional Renewal Term - Base Rent and Operating Expense**

The estimated Fiscal Impact of the lease's one five-year extension period through September 2036 is noted below:

<b>Term</b>	<b>Term Expiration</b>	<b>Base Rent</b>	<b>Operating Expense</b>	<b>Total</b>
Extension 1	September 2036	\$ 554,252	\$ 362,526	\$ 916,778
<b>Grand Total</b>		<b>\$ 554,252</b>	<b>\$ 362,526</b>	<b>\$ 916,778</b>

*We have assumed the initial term's base rent escalation of 2.75 percent will be maintained throughout the renewal term for base rent, operating, and miscellaneous costs.*