

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **COUNTY FACILITIES**

DATE: March 19, 2007

Committee Members Present:

Supervisors Haskell
O'Connor
F. Thomas
Champagne
VanNess
Geraghty

Committee Member Absent:

Supervisor Girard

Others Present:

Representing Clark Patterson Associates:
John J. Martin
Jon Norris
Representing Bovis Lend Lease LMB, Inc.:
John Horgan
Dick White
Jeanine Caruso, Fiscal Advisors & Marketing, Inc.
Frank Morehouse, Superintendent of Buildings & Grounds
William Lamy, Superintendent, Dept. of Public Works
William H. Thomas, Chairman of the Board
Paul Dusek, County Attorney
Joan Parsons, Commissioner of Administrative & Fiscal Services
JoAnn McKinstry, Deputy Commissioner of Administrative & Fiscal Services
Hal Payne, Administrator, Westmount Health Facility
Joan Sady, Clerk of the Board
Francis X. O'Keefe, Treasurer
Julie Pacyna, Purchasing Agent
Karen Putney, Fire Prevention & Building Code Enforcement
Fred Austin, Building Project Coordinator
Supervisors:
Alexander G. Gabriels, III, Town of Bolton
Frederick H. Monroe, Town of Chester
Joseph M. Sheehan, City of Glens Falls
Richard A. Mason, City of Glens Falls
William H. Kenny, City of Glens Falls
Daniel D. Belden, Town of Hague
Ralph W. Bentley, Town of Horicon
Louis E. Tessier, Town/Village of Lake George
Eugene J. Merlino, Town of Lake Luzerne
Matthew D. Sokol, Town of Queensbury
Daniel G. Stec, Town of Queensbury
Nicholas Caimano, Town of Queensbury
Maury Thompson, *The Post Star*
Debra L. Schreiber, Legislative Office Specialist
(See Attached List for other Attendees)

Mr. Haskell called the County Facilities Informational Meeting to order at 7:00 p.m.

Mr. Haskell explained the purpose of the meeting was to review and summarize the information they obtained with regard to constructing a new Health & Human Services Building, as well as two alternative proposals from Richard Schermerhorn, lease or lease with the option to buy. On behalf of the entire Board of Supervisors, he thanked Mr. Schermerhorn for assisting the County in this venture.

In addition to reviewing the type of facility the County has considered building or leasing, Mr. Haskell apprised they would review the estimated costs associated with these options. He said the County officials, together with engineers and other experts, extensively studied the needs of the various County offices to eliminate any unnecessary costs while assuring the funds spent would serve Warren County for many years. Mr. Haskell emphasized that no decision had been made by the Board of Supervisors relative to build, not build or lease the building. He stated a decision would be made at a later date after the Board had the opportunity to review all information, including the comments received from the Public Hearing. While every effort had been made to obtain reasonable estimates, he said the Board made assumptions in comparing the three options: leasing, owning or lease to purchase, but unnecessary costs were not included when comparing the three options.

Mr. Haskell stated that numerous costs were reviewed between the various options; however, he said, to discuss those details would not make a significant difference and ultimately make the presentation confusing. Therefore, he said, some of the costs and revenues that were not included were as follows:

- ✓ The savings associated with the Co-Generation project at the Westmount Health Facility were still under review;
- ✓ The costs to connect the Westmount Co-Generation Facility to the new building (if built on County property) were not available based upon the Siemens Building Technologies contract that required a budget neutral cost over 15 years;
- ✓ Due to an increase in the size of the new building, the additional engineering costs of \$267,000 were not included; however, the Board anticipated a sufficient allocation within the original cost to cover these engineering costs;
- ✓ Any income Warren County expected to derive as a result of building or leasing the building (maintenance in lieu of rent payments) to other state or governmental agencies were estimated and would vary;
- ✓ The interest costs and purchase price of the Schermerhorn building were estimates.

Mr. Haskell thanked the professionals for their dedication and hard work in providing the community with reasonable estimates relative to the construction of this new building.

Referring to the Power Point Presentation, Mr. Haskell reviewed the "Needs for this Project," noting the two left pictures depicted the office conditions for employees of the Department of Health; the top right photograph reflected the office of the Assistant Manager of the Department of Social Services (DSS) and the bottom right picture revealed a computer lab located over the DSS cellar. (A copy of the Power Point presentation is on file with the minutes.)

Mr. VanNess entered the meeting at 7:10 p.m.

Mr. Haskell introduced the members of the County Facilities Committee, the County Project Core Team, County Attorney, County Treasurer, County Department Directors, County Sheriff, County Information Technology Director, County Self-Insurance Administrator, Agency Directors, the Architects/Engineers (Clark Patterson Associates), Construction Manager (Bovis Lend Lease) and Siemens Building Technologies.

Privilege of the floor was extended to John Martin of Clark Patterson Associates, who related some general information about the Health & Human Services building and the site. He explained the new building would be approximately 98,000 square feet, three stories high, a brick facade and include 557 on-site parking spaces. In addition, he stated, the building would

comprise the following Departments: Council for Prevention of Alcohol and Substance Abuse; Department of Social Services (DSS); Employment & Training/New York State Department of Labor (NYSDOL); Health Services with Women, Infants & Children (W.I.C.); Office For the Aging (OFA); Veterans Services; Youth Advocacy Program (YAP) and the Youth Bureau.

Mr. Martin apprised the County presented Clark Patterson Associates with a mission statement that encompassed the following:

- ✓ a space needs study of each department located within the building;
- ✓ provide the necessary rooms and appropriate privacy to those individuals utilizing the area;
- ✓ locate the various departments within the building based upon adjacencies and traffic flow;
- ✓ for security purposes, they designed a single point of entry, a receiving area, a centralized reception area for DSS and appropriate parking.

Mr. Martin explained the existing building that housed the Department of Social Services and Veterans Services would remain during construction; however it would but require the necessary grading prior to construction. He said the new building involved some environmental impact and would utilize the existing Co-Generation plant, sanitary services (water and sewer) and data processing.

Mr. Martin extended privilege of the floor to Jon Norris of Clark Patterson Associates, who discussed the layout of the Health & Human Services building.

Mr. Norris explained the new building was extremely user friendly and encompassed a single point of entry for the public. Commencing with the first floor, directly to the right of the entrance, he noted, a conference room that accommodated 140 people; the Office For the Aging; Health Services Home Care and Long Term Care; DSS Chronic/CASA (Community Alternative Systems Agency); Information Technology; and One Stop New York State Department of Labor/Employment and Training. In addition, he apprised, the elevator, toilets and staircase were centrally located for use by the public.

Mr. Norris apprised that the Department of Social Services waiting and reception area was immediately adjacent to the staircase and elevator on the second floor. He noted, the Youth Advocacy Program, Youth Bureau and Veterans Services were located in the right wing of the second floor, while the left wing comprised of Health Services, Education Clinic and Public Health. When this floor was designed, he said, they included interview rooms, visitation rooms and recertification areas and adjacent to the receiving area was W.I.C. (Women, Infants & Children program) to assist them in loading/unloading materials for clinics that were held offsite.

Mr. Norris indicated the third floor would consist of the DSS staff, as well as the boiler and mechanical room.

Mr. Norris articulated some of the special features related to this building:

- ✓ high density storage system to allow additional storage in a smaller area;
- ✓ creating construction classification to afford maximum flexibility in rearranging conference rooms;
- ✓ the building would be steel framed, 30 year roof, energy efficient windows, terrazzo flooring, sprinkler system, heat pump for heating/air conditioning, technologically equipped for today's world, as well as in the future, and security

features.

Privilege of the floor was extended to John Horgan of Bovis Lend Lease LMB, Inc., who explained they were asked to join the Core Team to perform preconstruction services, including but not limited to estimating, scheduling, value engineering and compiling the bid package for contractors, as well as construction management for the project. Prior to proceeding with construction, he said they must receive approval of the project from the Board; completion of the SEQRA (State Environmental Quality Review Act) process and obtain the necessary permits from the Department of Transportation (DOT) and the Town of Queensbury. Mr. Horgan anticipated the following project timeline:

- ✓ construction documents would be completed by August 2007;
- ✓ the bidding process would commence in September; and
- ✓ construction would begin late fall 2007 and take approximately 18 months to complete.

Mr. Horgan apprised that there were numerous meetings between Clark Patterson Associates and various department heads that encompassed many revisions to the building without compromising its life span. As part of their pre-engineering services, he said their firm recommended elevating the building approximately 12 inches, which would be a cost savings to the County of \$800,000.

Mr. Horgan briefly reviewed the estimated project costs of \$19,739,487 which included: a pump station; fiber optic allowance; underground utilities; and a DSS abatement. He added the escalation cost of \$1,682,955 was a yearly estimated increase in construction costs for a total hard cost of \$24,383,364. In addition, he said, the miscellaneous soft costs, such as fixtures, furniture and equipment, were incidental expenses to the County totaling \$5,221,094.

As a result of the numerous meetings with the Core Team, Mr. Horgan stated other alternatives had been explored such as renovating an existing motel, seeking an existing office building/space located in downtown Glens Falls, as well as pursuing lease options with a local developer.

Privilege of the floor was extended to Jeanine Caruso of Fiscal Advisors & Marketing, who briefly reviewed the Alternatives Analysis and the costs associated with the three options. She stated Option One consisted of the County constructing a building for a total cost of \$29,600,00; Option Two was a Lease Structure with Richard Schermerhorn, totaling \$65,787,813; and Option Three was a Lease Structure/Purchase with Mr. Schermerhorn totaling \$51,451,954.

With respect to Option One, if bonds were assumed totaling \$29,600,000 and amortized over 30 years, Ms. Caruso indicated there would be a debt service of \$1,871,053 that did not include utilities, property taxes, Co-Generation losses, or any revenues received for maintenance in lieu of rent. She said the total annual building expense for Year One would be \$1,346,888 or \$43,143,788 over 30 years.

Referring to Option Two, Ms. Caruso apprised this was a lease proposal of \$17.50 per square foot for the first ten years and a renewal option of \$20.50 per square foot for the next ten years. She noted that some of the costs in Options Two and Three were identical but were not included within Option One. If a lease option was selected, she indicated the building would not be tax exempted because it was not owned by the County, and; therefore, she said, property taxes would become an additional expense. Assuming the \$1,380,000 was not an up-

front payment, she stated those funds would be amortized over a ten year period resulting in a payment of \$150,000 per year. If the County chose the lease option, she said the expense in Year One would be \$1,748,437 or \$65,787,813 over 30 years.

Ms. Caruso commented Option Three, Lease/Purchase, was the most difficult to estimate. She said by law the County did not have authority to enter into a future contract to purchase the building for a specific price; therefore, she said, she assumed the purchase price in Year Ten would be \$20,500,000. When the same expenses were considered as Option Two, she noted the total expense over 30 years would be \$51,451,954. She reminded the Committee that if the County were to purchase the building in Year 10, it would decrease the property taxes and eliminate an increase in the lease rate.

Joan Parsons, Commissioner of Administrative & Fiscal Services, compared the tax implications between Options One and Two. Referring to the Total Annual Building Expense of \$1,346,888 and the 2007 Equalization Rates & Assessed Values, she said they calculated the amortized tax rate on the first year of the debt. She stated calculations for Option 3 were not performed as many figures were identical.

Mr. Haskell stated the third floor of the DSS building, which was constructed in 1928, had been condemned and the Terra Cotta bricks had deteriorated. He said the County currently leased office space in downtown Glens Falls for the Youth Bureau and Office For the Aging (OFA); the Employment and Training Department leased space in the Northway Plaza; and the Health Services Department was located in the Municipal Center. He added that New York State (NYS) now mandated new construction comply with a single point of entry.

Privilege of the floor was extended to Francis X. O'Keefe, County Treasurer, who explained he would review the financial condition of the County. He stated he was invited to be a member of the Core Team in December of 2006 but acknowledged he had not attended any meetings.

Since early 2006, Mr. O'Keefe explained the County Facilities Committee had studied the possibility of building a new Health & Human Services facility behind the existing Social Services building on County-owned property. He said there was no doubt the County needed a new building.

Mr. O'Keefe reported in April of 2006, Clark Patterson was hired as a consultant to design a facility that totaled \$29.6 million.

In December of 2006, Mr. O'Keefe stated a second proposal was submitted by Rich Schermerhorn to construct a facility on a 16 acre parcel of land that he owned on West Mountain Road. He related Mr. Schermerhorn proposed constructing a building, leasing it to the County for 10 years with an option to purchase for a total cost of \$1,225,000 per year. He noted that both proposals were now being considered by the Board of Supervisors.

As County Treasurer and Chief Financial Officer, Mr. O'Keefe said he was concerned about the overall financial condition of the County for the following reasons:

- ✓ The County debt in 2000, was \$7,521,000 compared to \$25,960,000 in 2007, a 345% increase or \$18,438,000.
- ✓ Warren County collected \$2,597,870 of Occupancy Tax funds in 2004; the County collected \$2,792,447 in 2005; and in 2006, the County collected \$2,780,967 for a total of \$8,171,284. He stated March 25, 2007 was the deadline for payment of 2006 Occupancy Tax funds.

- ✓ The Warren County sales tax in 2000 was \$33,340,117 compared to \$44,682,127 in 2007, a 34% increase or \$11,342,000.
- ✓ The Warren County Budget in 2000 was \$70,854,000 compared to a 2007 budget of \$136,187,000, a 92% increase or \$65,000,000.

Mr. O'Keefe reported that despite an \$11 million increase in sales tax collections from 2000 to date and over \$8 million in Occupancy Tax collections, the Warren County budget continued to increase at an alarming rate.

Mr. O'Keefe apprised that in 2005, the County entered into a 15-year contract with Siemens Building Technologies, Inc. for an energy savings program at the Westmount Health Facility for an annual cost of \$444,000 and a total cost of \$5.5 million. According to Siemens Building Technologies, he said, they **guaranteed** a savings.

In addition, Mr. O'Keefe announced that on March 16, 2007 the Board of Supervisors approved a second contract with Siemens Building Technologies relating to the Municipal Center for an annual cost of \$243,000 and a total cost of \$4,373,959. He stated Siemens Building Technologies guaranteed a savings of \$5 for 2007. He indicated the total cost to taxpayers for the energy saving programs at the two facilities was \$687,000. He noted that no other companies were consulted nor was any utility expert hired to review the proposals to determine the best alternative for the County.

Mr. O'Keefe indicated renovations on the Municipal Center totaling \$259,577 had been canceled and to date, he said, an additional \$425,000 had been expended on the proposed Health & Human Services building.

With respect to the County pending debt, Mr. O'Keefe reported approximately \$3 million related to the recent flood damage. In addition, he said the following proposals had been submitted: 1) a \$1.2 million land purchase in Lake George; 2) \$1.5 million for a fire training facility; 3) \$1 million for an airport hangar; and 4) a tentative \$1 million budget for Adirondack Community College renovations, all totaling approximately \$7.7 million.

Mr. O'Keefe stated Moody's Rating recently contacted him concerning the depletion of the County fund balance, as well as their lack of plans for future expenditures. Based upon the current financial condition of Warren County, Mr. O'Keefe suggested researching the proposed construction site for any unknown costs or problems that could potentially occur such as:

- ✓ a 6% increase in cement prices;
- ✓ wetlands to the southwest and northeast;
- ✓ window-less offices as a result of hillside construction;
- ✓ parking and space problems during construction;
- ✓ wish list of expensive items including terrazzo flooring, interior flush wood doors, bullet resistant glass stations;
- ✓ no room for expansion; and
- ✓ rock excavation, special dewatering, generator rental for construction were all excluded from the Bovis budget.

Mr. O'Keefe apprised that he had no relationship with Richard Schermerhorn and/or this particular project; it was merely his obligation to look out for the best interests of Warren County.

Mr. O'Keefe advised that relative to the proposal submitted by Mr. Schermerhorn the County

was assured of the following:

- ✓ the project had a guaranteed fixed cost;
- ✓ there was room for future expansion;
- ✓ there were no out-of-pocket costs to the County during construction; in other words, there was no borrowing of funds until the building was completed;
- ✓ the need for long term bonding would be eliminated by paying the existing payments out of the current year budget. It's called *pay as you go*.
- ✓ there were no structural maintenance costs on this building;
- ✓ consolidated offices;
- ✓ the County had additional options after a 10 and/or 20 year lease;
- ✓ incorporate the Clifton Park plans with British American and build a facility in a cooperative partnership;
- ✓ the reputation of British American as builders in the Albany area speaks for themselves; and
- ✓ any luxuries would increase the cost of the building.

Mr. O'Keefe apprised that a majority of the Warren County taxpayers struggled to pay their daily expenses, including higher mortgage payments, increased gas and utility prices, as well as school taxes.

As the Chief Fiscal Officer of the County, Mr. O'Keefe said it was his duty and obligation to keep the Board of Supervisors fully informed of the financial condition of the County. He stated the Board must be prepared to have an explanation justifying the costs of this new building to the taxpayer.

In response to the analysis provided by Ms. Caruso, Mr. O'Keefe provided the following County comparison of purchase versus lease options:

- ✓ the original proposal by Mr. Schermerhorn was based on a 10 year lease;
- ✓ \$12.50 per square foot or a guaranteed price of \$1,225,000;
- ✓ and did not include a total of \$1,380,000 for all additional costs and building expenses listed under Option Two.

In summation, Mr. O'Keefe stated the proposed price of \$29,600,000 under Option One was not a definitive price until bids were accepted on the construction of the building and compared to a guaranteed lease price of \$12.50 per square foot or \$1,225,000 with Mr. Schermerhorn. Under Option One, he said, the demolition cost of the DSS building would be the responsibility of the County while Option Two indicated it was the responsibility of Mr. Schermerhorn. Mr. O'Keefe suggested reviewing the wish list requests to determine which items were luxuries versus necessities and whether any savings could be derived. He said under Option One, bonding must be approved prior to construction; however, under Option Two, he stated, that Mr. Schermerhorn was responsible for all construction costs.

Andrew Trombley, of Glens Falls, asked Mr. O'Keefe to specify what luxury items he was referring to. According to the revised building classification, Mr. O'Keefe responded British American Construction recommended 2A construction instead of 2B and estimated an increase of \$300,000 to make the switch. In addition, he said, British American made the following recommendations: include an additional set of stairs; eliminate one layer of insulation; eliminate rubber membrane on exterior walls; 20 year roof rather than 30 year; complete door and window schedule to reflect accurate price; exterior detention windows; terrazzo flooring; revise window shades to blinds; excessive cabling requirements; lighting; pvc piping above ground; use floor mounted plumbing fixtures; revise heating, ventilation and air conditioning

(HVAC) from heat pumps to zoned air. Mr. O'Keefe advised that some of these items could be debated either way.

Nicholas Caimano, Supervisor, Town of Queensbury, said Mr. Schermerhorn informed the Board that the cost to construct this building increased from \$12.50 per square foot to \$17.50 per square foot but could potentially decrease to \$16.50 if some of the luxury items were deleted. Mr. Haskell apprised the Committee had issued a stop work order to the architects and engineers upon receipt of the proposal by Mr. Schermerhorn. Mr. O'Keefe responded he attended the same meeting however it was his recollection that Mr. Schermerhorn would construct the building for \$12.50 per square foot and the luxuries and necessities would not be the same.

Mr. Norris related their firm issued a memorandum to the County dated February 28, 2007 addressing these concerns. Mr. Norris briefly reviewed the list of items mentioned by Mr. O'Keefe, noting the advantages of including them in the construction cost. Approximately two years ago, a DSS employee was threatened; therefore, Mr. Haskell said, it was recommended that bullet proof glass be installed in the interview rooms.

George Weinschenk, taxpayer, asked the Committee Chairman to clarify whether the two construction proposals for the building were identical and Mr. Haskell responded that Mr. Schermerhorn would construct a boiler plate building that British American builds. Mr. Weinschenk stated it would be difficult for the taxpayer to purchase a building after 10 years that was not equal to what the County would build. Mr. Haskell commented the original proposal by Mr. Schermerhorn specified 2B construction while the County insisted on a 2A building.

Referring to the first floor set of blueprints, Mr. Weinschenk questioned how all occupants of the building would exit through a single door if there were an emergency. Mr. Norris explained the building was designed to be in code compliance. Dick White of Bovis Lend Lease stated that Mr. Norris referred to the single point of entry for normal public access; however, he said, if an emergency arose, the stair towers would also exit to the outside. Mr. Weinschenk said he was concerned about the number of exits.

Mr. Weinschenk asked where the machinery rooms were located on the plans and Mr. Norris indicated the boiler room was located on the top floor with a roof top cooling tower. While Mr. Weinschenk concurred with Mr. O'Keefe that terrazzo flooring was maintenance free and had a lengthy life span; however, he said, they were extremely slippery.

With respect to the Schermerhorn building, Mr. Weinschenk asked who was responsible for the maintenance costs. Paul Dusek, County Attorney, replied it was his understanding that Mr. Schermerhorn was responsible for any mechanical system or building deficiencies and the County would be responsible for any routine maintenance. Mr. Champagne said he assumed the maintenance costs would be less on a new building than with the current building. Mr. Haskell related that Siemens Building Technologies would maintain the heat pumps for the first 15 years and prior to the County taking ownership, he said, they would replace the heat pumps with new ones.

Mr. White apprised that Mr. Schermerhorn presented a triple net lease that required the County to pay for heat/air conditioning 24 hours a day, 7 days a week. He stated that Mr. Schermerhorn would protect the shell of the building, as well as the major operating systems for a limited duration; thereafter, he said, the County would take over that obligation. Mr.

White clarified the County constructed building versus the Schermerhorn building were not identical as the required systems from a design perspective and needs assessment by the County necessitated the Schermerhorn figures. He stated the first proposal by Mr. Schermerhorn of \$12.50 was basically for a "stick" building but upon being presented with the plans and specifications, Mr. Schermerhorn came back with the current proposal being discussed.

In summation, Mr. White stated he had no vested interest in the project; however, he said, it was the duty of their organization to protect the interest of the County by obtaining two closely related proposals.

In response to an inquiry by Mr. Weinschenk, Mr. Norris commented the building was zone heated.

Jim Ligon, a Town of Thurman resident, acknowledged the research that had been done on the building; however, he said, according to Mr. O'Keefe, the Warren County bond rating was in jeopardy. If Moody's contacted Mr. O'Keefe relative to their financial concerns for Warren County, he asked why they were having this discussion about constructing a building the County could not afford. Mrs. Parsons replied she and Ms. Caruso notified Moody's of a new set of policies that had been adopted by the Board of Supervisors. In reviewing the documentation provided by Moody's, she said, she recognized their position; however, due to the dwindling revenue sources on the State and Federal level, the ultimate resource was the political willingness to raise property taxes.

Mr. Ligon stated he did not understand why the County spent \$500,000 on this presentation to find out what the County already knew. He suggested finding alternative plans besides raising taxes and perhaps locate additional contractors. Mr. Haskell responded that Mr. Schermerhorn was the only contractor that responded. According to Moody's and Mr. O'Keefe, Mr. Caimano stated it was his understanding the financial condition of the County put the elected officials in a unique situation because bond lenders wanted a large surplus in the General Fund while the public viewed that as a surplus of taxes. Mr. Caimano said the biggest issue was prioritizing the County projects, as previously mentioned by Mr. O'Keefe. He said he would like to see a zero based budget instead of continuing where the County left off year after year. Ms. Caruso indicated that Moody's reported the current County credit rating as A-1. She stated that Moody's was concerned that if they issued bonds, expenses would increase, resulting in payments of principal plus interest. Based upon Moody's evaluation of all counties throughout New York State, she said, their concern was expenses had exceeded revenues in Warren County.

Mr. VanNess clarified that phase 1 of the Emergency Services Training Center would cost approximately \$1.5 million, all in the form of a grant. He said a \$400,000 grant had been awarded under a Municipal Shared Services grant; \$200,000 for Washington County and \$200,000 for Warren County. He stated some funds were expended for architectural and engineering fees for the purpose of reviewing potential Emergency Services Training Center sites.

Kathleen Sonnabend, Town of Queensbury, wished to apprise the Committee of her educational background, which was the basis for some of her comments. She said she had an MBA from Northwestern University with a concentration in finance and accounting. Ms. Sonnabend said her employment history consisted of commercial/ investment banking in Chicago and New York, as well as working with municipal bond underwriting; and for the past 11 years, she said she

had been a financial consultant.

Ms. Sonnabend acknowledged an understanding of the evaluation performed by Moody's but noted that was prior to the County contemplating an additional \$30,000,000 in bonds. Since 2000, she indicated Warren County expenses had increased 10% per year, which far exceeded the inflation rate and sales tax revenue (4.3%). According to Moody's, she said, Warren County had depleted their reserves significantly and continually increased expenses yet had no plan in place to increase revenues other than relying on the taxpayers. At some point, she said, the property taxpayers were going to revolt.

Ms. Sonnabend acknowledged being present during the second Schermerhorn proposal and it was her recollection that the first proposal of \$12.50 per square foot was based upon information given to him. Upon obtaining the necessary details, she stated, he revised his proposal from a 2B to a 2A building, as well as some red oak doors that cost \$3,700 per door. She said some of the expenses appeared to be unnecessary for a normal office building. Ms. Sonnabend stated the per square foot real costs for Mr. Schermerhorn to construct this building was between \$12.50 and \$17.50, the difference between the two buildings was that Mr. Schermerhorn included windows and would not be constructed on the side of a mountain.

Mr. Stec entered the meeting at 8:40 p.m.

Ms. Sonnabend stated she had some major concerns relative to Warren County government. She said it was her opinion that decisions were made without utilizing good business judgment or common sense; i.e., the Siemens project could potentially be a trash plant fiasco. She commented many questions had gone unanswered about the Siemens project and according to the reports she received, the County lost a couple hundred thousand dollars per year due to the amount of natural gas that had to be purchased to create the energy off the grid. She said it was her understanding the County received reimbursement but no one knew from whom. She asked the Board to provide the constituents of Warren County a detailed analysis of the Siemens project. Ms. Sonnabend said she read in a recent article of the Wall Street Journal, a top ranked individual within the Siemens organization would probably serve jail time for corruption. In addition, she added that the Siemens project at Hudson Valley Community College (HVCC) was not as successful as was originally planned.

Ms. Sonnabend stated she did not believe the Siemens contract for the Co-Generation facility was included in the overall savings analysis of the County and upon reviewing the overall debt service of this building, she said approximately one-third of the cost was associated with Siemens.

Mr. Haskell stated it was his belief that all questions raised by Mr. O'Keefe were answered at a recent meeting with Siemens representatives on February 28, 2007, and subsequent to that meeting, he said, an auditor reviewed the matter. Ms. Sonnabend requested a written analysis of the total costs associated with that project. She further stated that, according to Mr. O'Keefe, he still did not have the appropriate response to his questions. Ms. Sonnabend stated she considered herself an intelligent person but when a person that held themselves out as an expert in their field could not explain the process in a way that she understood, it usually meant they did not want her to understand. Mr. Haskell added that Maplewood Manor Nursing Home in Ballston Spa received annual compensation from Siemens due to a failed system and the same thing would happen with Warren County if they had an unsatisfactory experience. Had she been aware of the meeting on February 28, 2007, Ms. Sonnabend said she would have been present; however, she still requested a copy of the written analysis. Mr. Haskell

recommended Ms. Sonnabend visit the Clerk of the Board to obtain a copy of the analysis requested.

At a previous meeting, Ms. Sonnabend said she was advised the County would not tie the new building to the Siemens project due to an expensive study to determine whether there were any costs savings.

Mr. Dusek said they included an estimated utility cost of \$259,000, as referred to in the Alternatives Analysis chart; however, he noted, that was not a utility cost provided by Siemens that was associated with the Co-Generation system. He stated due to the commitment by Siemens to the County to provide a 15-year budget neutral project, their analysis was not available. If the County elected to go with the Schermerhorn building, he said, the Co-Generation facility would not be utilized and would ultimately sustain a loss. Ms. Sonnabend queried whether the \$284,353 cost assessed in the Schermerhorn columns was the actual cost by not operating the Co-Generation facility as it was currently operated and Mr. Dusek replied it would be a loss the County would sustain by choosing the Schermerhorn option. She further queried whether that would be reflected in the analysis the Clerk would be providing. Mr. Dusek clarified that analysis would provide Co-Generation to the new building and the savings derived by the County. Ms. Sonnabend stated she would like to see the analysis on the current operating Co-Generation facility. Mr. Dusek said that analysis was available and the last report reflected a \$299,000 surplus, which was a \$118,000 surplus over the projection by Siemens. She queried whether that surplus included all purchases for natural gas, fees to Siemens and maintenance of the engines. Mr. Dusek said pursuant to the contract with Siemens, the County paid a maintenance charge that included the repairs and at the end of 15 years, the County would become the owner of the equipment. He said all Siemens documentation was available for anybody to review.

Mr. Dusek explained Siemens reviewed the current cost of gas and electrical service to the County, as well as the estimated costs if certain improvements were made. In return, he said they take the total savings and make certain improvements to the building, so in reality they do not pay any additional monies for the services but ultimately receive a new furnace and new lights. He said the Co-Generation facility provided additional savings relating to heat and lights.

Ms. Sonnabend said it was her belief the engines ran more and it cost more for natural gas to heat the existing Social Services building because it was heated by electricity. Mr. Dusek responded the electricity was thrown off by the engines. She said she did not understand how running an engine locally was cheaper than getting the electricity off the grid. According to the contract documents, Mr. Dusek related that Siemens had to produce a project that was budget neutral, meaning the County would not spend any additional funds over 15 years than had they not had the work performed.

Ms. Sonnabend stated she understood the Co-Generation facility provided heat and electricity to the existing building but questioned how was it that by not heating the building, the County would lose money on the Co-Generation facility. She asked if the Co-Generation facility was too big for the nursing home and Mr. Dusek responded affirmatively. Therefore, she said, it became necessary to add the Social Services building to make sense of the project and yet the Social Services building only utilized electricity from the engines and did not take advantage of the Co-Generation. Mr. Dusek confirmed the savings would be derived from the construction of the new building. According to the chart, she said, there were additional costs for Siemens to expand this plant to the new building, additional costs that were identified in terms of how

much it would cost to abate the Social Services building due to toxic materials.

Ms. Sonnabend commented it was her understanding that Mr. Schermerhorn would provide a sewer connection so the cost could be deleted. Mr. Haskell replied that cost (\$300,000) was to install a pump station on the Westmount property to pump the sewer across the Northway. However, he stated, if they elected the Schermerhorn property, Mr. Schermerhorn would install a septic system for just the Health & Human Services building, as it would not take care of the nursing home or other building.

In summation, Ms. Sonnabend commented if the savings were not there, then the whole analysis did not mean anything. Mr. Haskell reminded Ms. Sonnabend the paperwork was available with the Clerk of the Board.

Bob Vollaro, Town of Queensbury, stated he had not heard of anyone using prudent business practice when pursuing their objective, which was to obtain acceptable space for the building. There was an enormous amount of debating about the figures; however, he said, if it was competitively bid, they would not be having this discussion.

Mr. Vollaro recommended advertising bids in the Wall Street Journal or the New York Times to achieve a greater response; although it appeared the Board had already made their decision. Upon the issuance of a RFP (request for proposals) to perspective bidders, he said, the County could have a bidders conference. If the County requested an individual to prepare a proposal, he stated, it was important that the individual be a non-bidder. Mr. Dusek interjected that the County had not gotten to that phase of the project. He said this was a preliminary public discussion and subsequently a bidders meeting would be held. Mr. Vollaro stated if the County obtained a non-bidder who provided the scope of work, the cost would be approximately \$50,000 to \$75,000 in pre and post expense. Mr. Haskell noted the construction documents were not ready. He said a stop work order was issued to Clark Patterson preventing them from assembling the documents due to indecisiveness on whether to construct or lease the building. Mr. Norris advised it would take approximately three to four months to prepare the construction documents and competitively bid the project, according to County requirements. In response to comments made by Mr. Vollaro, Mr. Dusek apprised the County was required by law to follow certain mandates but advised that Clark Patterson would not bid the project.

Mr. Monroe stated County government required an architect or engineer to perform the design work. Mr. Dusek related there was a number of criterion adopted by the Board to avoid corruption, favoritism or fraud; however, pursuant to the RFP's, he said, Clark Patterson were the lowest bidders.

Mr. Trombley related he was a New York State employee who was contracted to work in the Social Services building.

Mr. Trombley said it appeared by the general consensus of the people in the room that the Department of Social Services building did not meet the needs of their clients or staff; however, he said he respectfully disagreed and requested the Board make a decision and move forward quickly so the services they provided would not be compromised. He stated a decision needed to be made, as the time for talking was over. According to the documentation he had reviewed, he said, a County-owned building was the least expensive option, as well as more financially secure for the taxpayers of Warren County.

Based upon prior experience with the burn plant, Mr. Trombley stated the interest of a private

contractor was not always the best public interest. By signing the Schermerhorn proposal, he said, the Board would gamble the future interests of Warren County as it would be difficult to ensure the needed upgrades occurred on a timely basis.

Mr. Trombley commented he was not sure anyone could predict the landscape surrounding Exit 20; however, he suspected that in 10 or 20 years, land prices would increase dramatically. In addition, he said it was obviously clear from some of the previous comments at the meeting that there were individuals either running for re-election or seeking public office.

In response to comments made by Mr. O'Keefe, Mr. Trombley stated that based upon his tenure in the building, he did not believe anyone would even consider purchasing this building. He said he would invite Mr. O'Keefe to visit the building for a closer inspection. As a person who worked in the Social Services building, Mr. Trombley said he was offended by what Mr. O'Keefe considered "luxury items" as many of the requests protected the safety and well-being of the employees within the building. He apprised that British America was the company that contemplated constructing the building proposed by Mr. Schermerhorn, a company that Mr. O'Keefe considered a reliable source. As an elected representative of Warren County, Mr. Trombley stated it was the responsibility of Mr. O'Keefe to involve himself in the Core Team and not wait for an invitation.

For all the people who advocated construction by Mr. Schermerhorn, Mr. Trombley asked that they not accept any campaign contributions or any political support from Mr. Schermerhorn or anyone employed by him.

In closing, Mr. Trombley asked the Board of Supervisors to ignore the bulk of the minority trying to create issues and to move forward with the construction of this building.

Mr. Weinschenk concurred with Mr. O'Keefe relative to the financial condition of Warren County and how the interest rate was set by Moody's; however, as far as the costly estimate for the new building by Siemens, he said, he assumed a majority of the work had already been done, the heat loads, electrical loads, et cetera.

Mr. Haskell apprised that the current Co-Generation facility at the Westmount Health Facility was the correct size with some redundancy eliminating the potential need to relocate 60 elderly nursing home residents at any particular time.

David Kenny, Town of Queensbury, said he did not understand why Mr. Schermerhorn could not construct a 2A building and Mr. Haskell responded Mr. Schermerhorn would rather build a 2B building but had submitted his proposal for a 2A building. In addition, he said, it was his recollection that Mr. Schermerhorn requested a triple net lease, which meant he was responsible for the outside walls and roof while the County would be liable for all other maintenance costs upon the expiration of the warranties. In summation, he stated he was glad Mr. Schermerhorn had agreed to construct a 2A building and recommended the County move forward as quickly as possible.

Cullen O'Brien apprised that he was a resident of the Town of Queensbury, currently employed by Bovis Lend Lease and previously employed by NYSERDA (New York State Energy Research Development Authority). With respect to the discussions relating to Siemens and the Co-Generation plant, Mr. O'Brien encouraged those individuals expressing the desire to review the Co-Generation analysis to review NYSERDA documentation as well, in order to receive a complete picture.

In response to previous comments by Mr. Trombley and Mr. O'Keefe, Mr. Haskell acknowledged Mr. O'Keefe was not involved in previous discussions; however, he said it was his understanding that Mr. O'Keefe received a complete copy of the monthly meeting agenda.

Relative to previous discussions about safety glass, Mr. O'Keefe clarified he was not opposed to it, just the amount that Clark Patterson had required. He said the duty of the County Treasurer was to accurately portray the financial ramifications to the Board and he denied making any political statement.

Peter Brothers, resident of the Town of Queensbury, commented he appreciated the Board hosting the meeting in the evening as it was difficult for the public to express their viewpoints at the monthly County meetings that were conducted during the day when a majority of the people had to work.

Mr. Brothers stated he was concerned about the cost of this project considering motel construction was less than the estimates presented at the meeting. He queried whether there were any fiscal conservatives on the Board of Supervisors, noting perhaps this was the reason people had suggested forming their own village. Mr. Haskell responded the floor rating in hotels/motels was less than an office building, as well as the W.I.C. requirements.

Lincoln Cathers, Town of Queensbury, acknowledged that he had not reviewed all the figures relating to the Co-Generation plant; however, he said, he was familiar with how they operated and requested a copy of the analysis as well.

Mr. Cathers stated he did not understand why taxes for County-owned property were included in the estimate and queried whether these were additional funds to be raised by the taxpayer. Mr. Haskell explained the County did not pay taxes on the DSS property but would be required to pay taxes if they elected to contract with Mr. Schermerhorn.

Mike Silvia commented as a life-long resident of the Town of Queensbury, the taxpayers were consistently asked to do more with less. He recommended the Board apply some closed-end thinking versus open-end thinking when contemplating this project. According to what had been presented, he said, there were two options for leasing and only one option for building.

Mr. Silvia stated he would like to see the County treat this project as an investment but anticipated the figures to be entirely different when completed.

There being no further business to come before the Committee, on motion by Mr. Champagne and seconded by Mr. O'Connor, Mr. Haskell adjourned the meeting at 9:30 p.m.

Respectfully submitted,
Debra L. Schreiber, Legislative Office Specialist