

IT CABLING UPGRADE/ AUDIO-VISUAL UPGRADES/ OFFICE REFRESH

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Executive Director

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COG Board of Directors
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Background

- **FY2017- FY2021 5-Year Capital Plan approved in June 2016.**
 - Included expenditure of \$4.7 million over three years (preliminary estimate) for technology upgrades, audio-visual upgrades, and refresh/remodel of COG office and meeting room space on the 2nd and 3rd floors.
- **Progress to date:**
 - Architect and project manager have been hired, general contractor has been conditionally selected (pending Board approval), updated price estimates established, and refresh/remodel options reviewed.



777 North Capitol Street, NE

- In 1986, COG began to explore its options to obtain a property of its own as a means to stabilize office space costs which was a major component of COG's overhead rate. After 4 years of planning and development, COG moved into its new location in January 1990.



- Since then COG has operated in the same office space and, for the most part, under its original condition on the 2nd and 3rd floors.

Current Status

- Network cabling (Cat 5) has been outdated since 2001. It is slow, no longer produced, and incompatible with most of today's network and cyber technologies.
- Audio-visual infrastructure is beyond its useful life and incompatible with modern components.
- Furniture and lighting are obsolete.
- Office layout is inefficient, and does not easily accommodate changing needs including growth.
- Limited collaboration space, and no employee lunchroom.
- Dark hallways, worn carpeting, insufficient storage and pantry areas.
- Design and features are no longer typical of Class A office space, or of the building. Other tenant-owners have remodeled.



Current Status



27-year-old carpet has noticeable wear, smell, allergens, and damage.

Why Now?

- 27 years since the floor space was updated.
- Makes sense to do in conjunction with IT and A/V upgrades that cannot reasonably be postponed.
- Funds are available and dedicated for this purpose.
- Maintaining Class A office space provides financial flexibility.
- Helps keep COG competitive in attracting and retaining staff.



Office Construction Options Considered

	Construction &		Total to
Options: Floors 2 and 3	Furniture	Contingency	Compare
1. Paint, carpet and furniture	4,397,600	351,800	4,749,400
2. Partial remodel of perimeter offices and full remodel of interior office space, with glass and drywall office fronts	5,453,700	478,700	5,932,400
3. Open floor plan 80/20	5,744,100	504,200	6,248,300
4. Partial remodel of perimeter offices and full remodel of interior office space, with glass office fronts	6,253,700	548,900	6,802,600

Management's Recommendation>>

- The capital expenditure fund will be replenished by program revenue through amortization of the leasehold improvements over 17 years.



Cost Estimate

Replace outdated network cabling between floors, replace/upgrade obsolete ceiling lights, & upgrade ceiling tiles	815,400
Audio visual improvements in meeting rooms, including the Board room	610,500
Design costs, project management, and permits	637,200
Office remodel/refresh construction cost	2,372,300
Furniture and fixtures	1,018,300
Contingency	478,700
Total Project Cost	5,932,400



Financing Through the Capital Expenditure Reserve

- Funds for the proposed leasehold improvements and other capital expenditures are available in the Capital Expenditure Reserve. The upfront cash expenditure will be paid back, over time, by COG's various programs and funding sources, on a pro rata basis.

Financing through the Capital Expenditure Reserve	Additions from Depr Expense	Cash Outflow	Capital Reserve Balance
Balance at June 30, 2016			6,300,000
FY 2017	358,700	(758,700)	5,900,000
FY 2018	374,500	(3,020,700)	3,253,800
FY 2019	478,800	(3,272,800)	459,800
FY 2020	522,800	(235,200)	747,400
FY 2021	527,000	(125,000)	1,149,400
FY 2022	518,000	(195,400)	1,472,000
Etc.			
Recovery through depreciation expense will continue through FY2034			



Approval Process and Next Steps

- **Today:**

The Board of Directors is asked to consider a recommendation from the Budget and Finance Committee to approve the 5-Year Capital Expenditure Plan for FY2018 – FY2022, which includes the proposed office refresh/remodel on the 2nd and 3rd floors.
- The Board of Directors is also asked to consider a resolution approving selection of a general contractor for the office refresh/remodel, and entering into a contract for those services at an amount not to exceed \$4.3 million.



Approval Process and Next Steps

- **October 2017 – January 2018:**
Architect design is completed and approved by management.
- **February 2018 – January 2019:**
Construction, infrastructure upgrades, and replacement of furnishings will take place over a period of 46 weeks. Contracts for furniture and other related remodel expenses will be brought to the Board of Directors for approval as the project progresses.



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