

**MINUTES OF THE INFORMAL MEETING OF THE JOHNSON COUNTY  
BOARD OF SUPERVISORS:  
MAY 9, 2011**

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Chairperson Harney called the Johnson County Board of Supervisors to order in the Johnson County Administration Building at 1:08 p.m. Members present were: Pat Harney, Terrence Neuzil, Janelle Rettig, Sally Stutsman, and Rod Sullivan.

**FACILITIES MANAGER DAVID KEMPF: FUTURE USE OF THE THIRD FLOOR OF THE HEALTH AND HUMAN SERVICES BUILDING**

Executive Assistant Andy Johnson said the purpose of this discussion is to seek direction from the Board of Supervisors regarding whether there is interest in a long-term lease with another entity for the use of the third floor of the Health and Human Services Building. County Attorney Janet Lyness said if the Board is not interested in a 15-year lease, then the Board should inform them now. That would give guidance in how to respond.

Stutsman asked Facilities Manager David Kempf how he feels about a 15 year lease. She asked if the County may need that space in the next 15 years. Kempf said that a long-term lease could possibly tie the hands of the County. He said that space was built for future expansion. Recently, some potential uses have come up for some of the space on the third floor. Kempf said it is hard to predict 15 years down the road. He is hesitant going into a 15-year lease because tenants could dictate future uses for that floor. Harney said the other entity would not be taking up the whole top floor. Kempf said they are not talking about any specific tenants at that time. He asked if the Board wants to consider any long-term leases. Standard leases generally last five years and are renewable whereas longer term leases can be more complex.

Kempf said any entity interested in leasing space in the HHS Building would not be interested in the entire third floor. Rather, they would probably lease blocks in 5,000 to 10,000 square feet. The third floor is slightly over 28,000 square feet. Kempf said the third floor can be separated into prime property just off the elevator at the west end of the building. Then there is the less idyllic space on the east end of the building. Kempf said if the Board decides to lease space, they need to be careful concerning where the space is on the third floor. He wants to make sure the County does not give up the prime real estate in the building.

Rettig said some tenants are needier than others. She has little to no interest in raising property taxes to accommodate a tenant's needs, even if the County would be paid back over 15 years; it is hard to justify. She said the HHS Building was built for County

use. To raise property taxes and use reserves or future revenues, causes a lot of concern for her. Rettig said there might be some tenants that have their own security or thoughts on security that may interfere with the Board's thoughts on security: closing the building, parking, and building access. She does not think a long term lease is a bad idea, but she said the third floor of the HHS Building was sold to tax payers with the idea that the space was for the future growth of Johnson County's needs and not the future growth of anyone else's needs. Those are two different matters.

Stutsman said she is concerned about the long term part of the lease. A five year negotiable lease would be fine, but 15 years is a long ways away. It is hard to predict where the County will be in 15 years, and not having the flexibility to make that decision after a five year period pins the county down too much. She thinks if the county enters into any kind of agreement at the HHS Building, the tenant should be totally responsible for the build out. She said the county will not pay anything to accommodate a tenant. Stutsman said unless the lease is on shorter terms, she is not interested in pursuing any long term permanent lease.

Harney said he does not have a problem because the other entity is not asking for that much space. He does not know what Rettig was talking about when she referred to raising taxes to do what tenants want done to the building. If someone is willing to pay for the build out and it is accommodating to the citizens, he sees no problem with a 15-year lease. He said it would be a different story if a possible tenant would occupy the entire third floor or prevent the County from expansion plans. With the Iowa Department of Human Services possibly taking over some of the services provided by Johnson County Health and Human Services, he is not sure that they will need all the County space in the HHS Building has now.

Rettig said some tenants are not willing to pay for the build out themselves. Then the landlord would have to pay and get reimbursed. She is not interested in that. Harney does not know what Rettig is talking about or if there are possible tenants unwilling to pay for their own build out. Kempf replied the county could potentially see build out costs for roughly 5,000 to 6,000 square feet costing \$500,000 or a little more. It depends on the required needs of a particular space. Some entities want a different construction type. They may want different finishes or dictate exactly what materials are used and how materials are used. He said some entities do not have the provisions to pay all build out expenses upfront. At that time, the remaining build out expenses are usually rolled into the lease and recouped over a period of time through the lease payments.

Sullivan said that with every lease agreement, the amount of space, money, duration and tenant are always concerns. These are the concerns in this case. He agrees, given who he thinks the tenant might be, that 15 years is too long. Sullivan thinks the county should engage people with a public purpose who might be interested in using a part of the HHS Building. He said there is a lot of space on the third floor which is currently sitting idle. Sullivan said the county built it that way. He was one of the people who was in favor of that. He thinks it would be great if the county gets a five-year lease for 10,000 square feet and bring in some money to offset the greater costs of heating and cooling.

Sullivan said the fact that he would vote no on a 15-year lease in this particular case is not an indication that he is against leasing portions of the third floor in general. Sullivan said he is actually in favor of that.

Stutsman said she agrees with Sullivan. She said there are a lot of possibilities with shorter terms and more flexibility. Neuzil said he has not taken a position on the matter quite yet, but he does not disagree with what Sullivan said. He thinks the Board likely needs to have a vision of what they want to do with the third floor of the HHS Building. There are opportunities to utilize that as opposed to building more structures for storage space. One of his concerns for filling the area is the future of the proposed justice center. Should bonding or any other initiative be unsuccessful, then he thinks the County needs to look at all of its resources. One of the County's biggest resources for space right now is the third floor of the HHS Building. He does not want to lose sight of that as a backup to alleviate the issues at the Courthouse and Jail. That would be less than ideal for anything. A 15-year lease seems lofty; even a ten-year lease seems lofty right now.

Neuzil said he would be more comfortable with this if not for the Juvenile Court. The Juvenile Court people were initially put in the HHS Building as a temporary location until they moved into the proposed justice center. The Criminal Justice Coordinating Committee has recommended against moving those people to the proposed justice center. This cramps the potential for space for the existing departments. The only option for expansion for those departments is to go to the third floor of the HHS Building. Neuzil said he did not hear anything to make him disagree with Sullivan's perspective on the matter. He would be uncomfortable with a long-term lease until the Board figures out what they are going to do with the third floor.

Rettig said the Board does not know what is happening with the Department of Human Services (DHS) or Mental Health/Disability Services (MH/DS) from a statewide perspective. One possibility could be that Johnson County is the region for eight counties, so both departments could grow drastically. Another possibility is that the departments could be moved out completely. If that occurs, it changes everything. Rettig does not want to use the County's reserves to build anything out that does not serve the County's purposes. Harney is only interested in using the third floor of the HHS Building for something that fits in with the services the County presently provides in that building. If something unrelated to human services or health services wants to use that space, he will probably not be supportive.

Lyness said the County does not know what will happen with MH/DS, DHS, or the proposed justice center. Long-term leases can be revisited once the Board knows what to expect for housing for those things. It gives the County guidance as to what should be done currently. Harney said he thinks there is a consensus to not do anything with the third floor at this point. Sullivan said he agrees unless the entity is willing to have a five-year lease instead. Kempf clarified that at this point, there will be no considerations by the Board for a lease in excess of five years. Stutsman agreed. Neuzil said there is a nice building on Gilbert Court. Harney asked where the building is. Rettig said the County has a building available for sale at 1105 Gilbert Court.

Adjourned at 1:22 p.m.

Attest: Tom Slockett, Auditor  
By Nancy Tomkovicz, Recording Secretary