



## OFFICE IMPROVEMENTS COMMITTEE MEETING

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Thursday, May 23, 2019 at 12:00 p.m.  
Memorandum

Members Present: Committee Chair Steve Pittman, Members Carl Mills and Jeff Kimbell. Others in attendance: Legal Counsel Anne Poindexter, Utility Director Andrew Williams, Engineering Manager Wes Merkle, Controller Cindy Sheeks, and Administrative Assistant Maggie Crediford.

The meeting was called to order at 12:15 p.m.

Mr. Mills made a motion nominating Steve Pittman to be the Chairman of the Committee. The motion was seconded by Jeff Kimbell and approved unanimously.

Mr. Pittman arrived at 12:25 p.m.

### **Public Comment**

There was no one present from the public.

### **Office Improvement Options**

Mr. Williams presented the options for updating TriCo's administrative office. CSO Architects completed design plans to renovate the current office space. Bids were received from contractors earlier this month. The City of Carmel has shown interest in the current building. Mr. Williams has spoken to Doug Callahan, the Clay Township Trustee, and he is willing to purchase TriCo's portion of the current building if the Board is interested in selling.

If TriCo sells its portion of the building to Clay Township there are two options that have been discussed amongst staff. One would be to lease an office space within our service area. The other option would be to move the administrative staff to the plant and unite all employees at one location. Mr. Williams stated having all employees in one location would be advantageous for many reasons.

Mr. Kimbell asked Mr. Williams if he and Mr. Callahan had discussed valuation of the current office space. Mr. Williams said when TriCo previously discussed moving to the plant, both TriCo and the Trustee had independent valuations done for the space. The valuation is estimated to be around \$800,000.

Mr. Pittman asked how much of the current building is owned by TriCo. Mr. Williams stated TriCo owns around 40% of the building, excluding the fire station. TriCo has

roughly 3,600 square feet, excluding the lobby, restrooms, and Community Room. TriCo currently pays the Trustee around \$52,000 a year for maintenance expenses.

Mr. Merkle said a full-service rate to lease the same amount of Class A office space would be approximately \$75,000 per year. He noted that TriCo's broker is in the early stages of negotiation. Staff has found two locations that would meet TriCo's needs. Mr. Pittman asked if that amount includes buildout for the office space. Mr. Merkle confirmed staff is negotiating a turn-key solution at both locations. The proposed term for either lease would be 5-7 years with a 3-year option at 90% of market rate.

Mr. Mills asked if either of the rental locations would have enough space for expansion if more employees were hired in the future. Mr. Merkle said there is limited room for expansion at either location. Mr. Mills said he would be more comfortable with a long-term lease than with a 5-year lease. The Committee agreed that potentially moving the office every five years is not practical and a longer term is required to consider leasing. Mr. Merkle will continue to work with the broker to negotiate a longer-term lease plus extension options at a better rate.

Mr. Kimbell said he sees the downside of being the minority shareholder in the current building. Mrs. Poindexter agreed it could be an issue later especially if Clay Township and the City of Carmel consolidate. Mr. Mills said he is concerned moving the administrative staff would lead to a loss in connectivity with some customers.

Mr. Kimbell asked if customers come into the office regularly. Ms. Sheeks said customers come in to pay their bills daily. Contractors also come in daily to pick up permits. Mr. Williams and Mr. Mills said most regional sewer utilities are small enough that they have all their staff members in one location. Mr. Williams suggested if the administration office were at the plant, customers from the west side of the service area would visit the office more often.

Mr. Pittman stated that he liked the idea of having all the employees in one location. He asked if moving to the plant would be inconvenient for the people who currently work at the administrative office. Mr. Kimbell asked if a small office space could be leased close to the current location for just the employees that interact with customers and relocate the other employees to the plant, which would reduce leasing costs. Ms. Sheeks said staff members that deal with customers and contractors need to be in the same location and there would still be the issue of Mr. Williams splitting his time between locations. Mr. Merkle noted that engineering staff also spend a lot of time on the west side of our service area where a lot of construction is happening, and that trend is expected to continue as the service area builds out.

Mr. Kimbell asked Mr. Merkle to get updated budget costs to move staff out to the plant. He asked Mr. Merkle to separate the costs associated with uniting staff at the plant from costs that would be otherwise incurred regardless with the plant expansion project or replacement of aging building systems so that the Committee could see the actual cost

to move the administrative staff. The Committee also discussed architecture services for a larger office at the plant.

Mr. Merkle explained there is a 60-day hold on the office renovation bids for the current space and the contractor is not willing to extend the hold due to their schedule. The Committee agreed that it is unlikely staff will remain in the current office space; if the bid hold period expires before a decision can be made and the Board does decide to move forward with renovating the current office space, the project will have to be rebid.

Mr. Mills asked Mr. Merkle what the time frame would be to relocate the administrative staff to the plant. Mr. Merkle said if design work were restarted this summer, then construction would likely be complete by the fall of 2020. Mrs. Poindexter stated if Mr. Callahan purchases TriCo's share of the building now, staff would need to ask for an extended date to vacate to avoid moving twice.

The next Office Improvements Committee meeting will be Wednesday, June 26 at 12:00 p.m.

The meeting was adjourned at 1:27 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Wes Merkle', written over a horizontal line.

Wes Merkle  
Engineering Manager