

# One Lakewood Place Term Sheet FAQ

Below is a list of questions the city has been asked about the One Lakewood Place development. This list will be updated as new questions emerge and will be posted to the dedicated website for this project: [www.onelakewood.com/DowntownDevelopment](http://www.onelakewood.com/DowntownDevelopment).

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## 1. How is the City investing in this project?

The city is investing in this project through the value of the land, which has an estimated value of between \$5 and \$6 million. The estimated value is primarily based on the fair market appraisal completed for Cleveland Clinic Family Health Center site in 2016, and will be confirmed by a market appraisal on the One Lakewood Place site.

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## 2. Why is the city investing in this project?

As owner of the site, the city has both a responsibility and an opportunity at the intersection of Belle and Detroit.

On or about August 1, 2018, the city will take control and full financial responsibility of the site. This responsibility includes insurance, security, utilities, maintenance and neighborhood safety. As a practical matter, when vacated this asset becomes a liability to the taxpayers of the city -- something we need to minimize.

Additionally, the city has an opportunity to capture new development and amenities for our community.

The city's investment is critical to achieving tangible benefits of the partnership, in addition to creating an opportunity for the city to be a formal partner throughout the design and approval process. Finally, completion of this project will lessen the burden of supporting public assets like the schools, the parks and our other great public institutions.

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## 3. What will the city get in return for its investment in this project?

The city will experience financial and community benefits from this project.

Financial return comes in two main areas: property tax and income tax. A conservative estimate of the real estate taxes is \$1.2 million annually. A conservative estimate of the income taxes is \$300,000 annually. Altogether, this is a four-year payback on the city's investment, but these annual proceeds will be received for years to come. Additionally, the city shares in the developer's success over the conservative estimates. A successful development will mean even more return to our schools and city government.

Lakewood's downtown and all the neighboring businesses will be strengthened by this development, making Lakewood a more attractive, vibrant place to live, work and visit.

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#### **4. Has the city invested in a development project in the past?**

Yes, Lakewood has a history of investing in real estate development projects. Examples include the Rockport Square development on the eastern part of Detroit Avenue and the City Center development at the Marc's plaza.

Nearly every mixed-use development like this in Ohio has required some public-private partnership with various kinds of public investment to support viable projects. This is true in Lakewood, but it is also true in Shaker Heights, Beachwood, Strongsville, Avon Lake, Westlake, and all other Cleveland-area suburbs that are working to spur economic development.

In return for this assistance, the city has attracted Carnegie Development Corporation to propose a catalytic and transformative mixed-use project by investing over \$72 million of its own funds to make the project a reality – bringing new residents, businesses and vibrancy to the city.

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#### **5. What is the value of the public asset invested in the planned development?**

The city owns the land and the hospital building on the land. As a practical matter, the empty hospital building is a liability. Adaptive reuse of a specially designed building like a vacant hospital is very challenging, expensive and of limited to no market appeal.

An area of 5.7 acres of cleared, development ready land in downtown Lakewood has an estimated value of \$5 to \$6 million. These numbers are taken from the appraisal performed on the adjacent 1.9-acre parcel upon which the Cleveland Clinic's \$34 million family health center resides.

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#### **6. What is the return on investment for Lakewood in this project?**

Conservatively, this project will return a profit on Lakewood's investment in four years.

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#### **7. Why would the city propose to invest this land in the proposed development versus selling it to the developer?**

By being an investor by contributing the land, the city, through its Planning Commission, Architectural Board of Review, city council and mayor retain significant control over the nature, design, and ultimate use and impact of the project.

Selling the land outright to a developer removes much of this control zoning restriction would be the only measure of control under a sale-of-land approach. Further, selling the land outright would result in other less advantageous contributions to the project made by the city, including, for instance, tax-increment financing, which can hamper cities and development sites for decades.

The city expects to receive a significant return on its investment from the property and income tax yield from the property, not to mention the positive economic impact to other downtown businesses.

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### **8. What is the financial benefit to the average homeowner and renter in Lakewood?**

The existing hospital site has not paid property tax for at least as long as the city has owned it, dating to the 1930s. This development, for the first time, will be assessed property tax. A conservative estimate of real estate taxes is \$1.2 million per year. These tax dollars will help fund the schools, city government, the MetroParks, county human services programs, the public library, and the port authority.

Adding these dollars to our schools will continue to help shift the burden from homeowners and landlords to large commercial property owners.

The tenants and new homeowners will pay wages and have net profits that will pay city income tax. This tax is expected to a minimum of \$300,000 per year of additional income tax to the city government to support core services such as police, fire, emergency medical technicians, parks, roads, refuse pick up and more.

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### **9. Why is time of the essence?**

Carrying costs of the hospital property are the city's responsibility after August 1, 2018. Meanwhile, the financial and development markets are supportive of urban redevelopment projects now. Lakewood continues to see significant private investment to help support and build confidence for even newer investment, and so it makes sense to act prudently but swiftly.

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### **10. What are the steps that need to be taken to begin this project?**

The city will execute a term sheet with Carnegie Development Corporation, which will lay the foundation for developing this project.

Following the term sheet will be a comprehensive development agreement establishing the development details and specifics for the project.

Completing detailed design and eventual city review and approval of a Planned Development zoning are the final steps prior to the developer closing on the property and commencing construction.

Community engagement and citizen input is expected to be ongoing, and is anticipated and will be encouraged throughout the design, review and approval stages.

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### **11. Why mixed-use?**

One Lakewood Place will secure the long-term land use as a mixed-use site, which is a recognized urban development best practice that promotes and enhances neighborhood vibrancy and economic vitality, diversifies marketplace risk, and provides ample opportunities for people to engage with the project.

The idea of mixed use was initially raised at an August 2015 community forum. The community was presented with three development concepts: a housing development, mixed-use development, and an office development. This guided a discussion around what was desired on this site, and helped to inform the 13 development objectives created to guide the entire process moving forward.

The project is to be a signature mixed-use project to add to the city's thriving downtown district. The city's goal is that the development will add to the dense, vibrant, pedestrian-friendly downtown district that compliments the architecture and aesthetics of the surrounding neighborhood.

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### **12. Who made the decision for the project to be mixed-use?**

Because mixed uses diversify market risk and have the highest yield of activity and financial return, the administration's original request for qualifications contemplated a transformative mixed-use project. This was supported as well by the community's input at an August 2015 public forum.

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### **13. Why was Carnegie selected as the best and most qualified developer?**

The city administration's selection of Carnegie as the best and most qualified developer is succinctly explained in a letter to city council found [here](#).

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**14. Why is retail included in the proposal? Don't we have enough retail in the city?**

New retail construction in the heart of Lakewood Downtown is not currently available, and can draw tenants specifically looking for this type of building and project. The retail spaces and tenants will be built to complement the already thriving retail Detroit Avenue corridor.

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**15. This is a sizable project. When do you expect it to be completed?**

The project is expected to begin construction in the summer of 2019 and begin occupancies in 2021, with completion by 2023.

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**16. Why did the city use a request for proposal approach versus a strict bidding process, since the land and building are public assets?**

Bids are appropriate when a fixed product is clearly identified. In the case of a large commercial development, the final product will ultimately be determined by a combination of developer vision, marketplace acceptance, and practical realities of building something new and unique.

Consequently, the city has sought a partner to work through all of these uncertainties. A request for proposal was issued. Seven developer teams responded, the process narrowed it to two candidates. Additional information was solicited from the two finalists. One was ultimately selected on the basis of experience, financial strength, commitment, corporate culture, approach to risk and design vision for the project.

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**17. Is the city handling the demolition of the property?**

Yes. The city will utilize \$7 million of formerly Lakewood Hospital Association (LHA) assets provided through the December 2015 master agreement to be put toward the demolition of the site. The city will manage this aspect of the project with great effect. If costs are less, the monies can be re-invested elsewhere by the city.

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**18. How many construction jobs will be created by way of this project?**

Between 600-1000 construction jobs will be created. These positions during construction will bring new income tax to the city.

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**19. What is anticipated to happen if or when the city moves forward with this project as currently structured?**

The project as structured is projected to result in a transformative development for the downtown district, and the city as a whole. If it doesn't move forward, the city risks the ability to build a project here and will have the obligation to take on the extraordinary carrying costs of the former hospital building and property.

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**20. How are you addressing increased traffic and parking needs?**

As part of the planned development rezoning process, traffic impact and parking studies will be required to assure that the project is not negatively impacting the surrounding district.

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**21. How will this development fit into, be consistent with, the neighborhood?**

The term sheet addresses that the design must integrate with the surrounding neighboring, and fit in the context of Lakewood's downtown commercial district.

The planning, design and community engagement phases in the process, which will follow the term sheet approval, will address this question.

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**22. Where is the hospital real estate carried on the city's accounting? How much is it listed for currently?**

The hospital site is not currently carried on the city's accounting, and hasn't been since 1987. It is currently listed at \$0. By approximately August 1, 2018 the city will have to place the asset on its books. The city does have a recent appraisal of 1.9 acres of development ready land at the family health center site across the street, but the fair market appraisal ordered by the city will help to update the value of the hospital site.

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**23. Has an independent appraisal been completed to establish the fair market value of the former Lakewood Hospital site?**

The city has a recent appraisal of 1.9 acres of development ready land at the family health center site across the street, but a fair market appraisal to ordered by the city will help to confirm the value of the hospital site.

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## **24. When will such an appraisal be completed?**

The city's appraisal of the hospital site should be completed by May 7, 2018.

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## **25. Was there a rating process or rating criteria for the evaluation of the proposals submitted for the mixed-use redevelopment of the former hospital site?**

The real estate advisory panel's Round 1 evaluation criteria may be found [here](#).

The panel's Round 2 evaluation criteria is available in the "Round 2 Recap" presentation to City Council on October 23<sup>rd</sup> (slide 15), found [here](#).

Both quantitative and qualitative assessments were addressed on the evaluation criteria. These are meant to be interpreted together and are designed to focus discussion and evaluation of development proposals. The evaluation criteria was developed by Planning Department staff and the County Planning Commission, along with input from the real estate advisory panel. Planning staff utilized other development RFQs in and outside of the region to help formulate the criteria.

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## **26. Who participated in this evaluation process?**

The names of the individuals who met, reviewed all proposals in depth, evaluated, and made any recommendations, as well as those who consulted for or with, or testified before and/or otherwise advised those who made any kind of recommendation concerning this process, are as follows:

### *Advisory Panel*

- Debbie Berry, VP of Planning & Real Estate Development at University Circle Inc.
- Tom Einhouse, VP of Facilities & Capital at Playhouse Square at Playhouse Square
- Sean McDermott, Chief Planning & Design Officer at Cleveland Metroparks
- Sam O'Leary, President of Lakewood City Council
- Joe Stewart, Retired Real Estate Executive at Jacobs Real Estate Services
- Bryce Sylvester, Director of Planning & Development at City of Lakewood

### *Consultants*

- Tracey Nichols, Director of Financial Services for Project Management Consultants, and former Economic Development Director for the City of Cleveland
- Robyn Minter Smyers, Cleveland Partner in Charge, Thompson Hine
- Chris Ronayne, University Circle Inc., via his presentation in February 2017 available [here](#)

In addition, at various meetings this group was joined by Mayor Mike Summers, Finance Director Jennifer Pae, City Planners Katelyn Milius, Alex Harnocz and Michelle Nochta, as well as City Architect and Building Commissioner Mike Molinski.



## Round 1 Qualitative Feedback

### Round 1 – Summary of Discussion and Qualitative Feedback Downtown Development RFQ

#### Carnegie

- Strong approach to project and development objectives.
- Locally based team.
- Hold properties long term.
- Proposed larger scale development with office component and mix of uses.
- Mentioned TIF or tax abatement would not be required.
- Focused on job creation and attracting companies to Lakewood.
- Concern about the amount of parking discussed.
- Concern about experience working with and presenting to the public.

#### Casto

- Team presented a thorough, balanced, informative, and thoughtful approach.
- Addressed all development objectives.
- Strong team that worked well together.
- Strong reputations.
- Great local design team.
- Proposed office component and mix of uses.
- Would minimize necessary public financing, like TIF and/or tax abatement.

#### DLRC

- The team did not effectively explain their inner workings and did not work together well during interview.
- Concern about project manager not being local.
- Not as focused on greenspace/ public space.
- Liked for-sale residential.
- Would minimize necessary public financing, like TIF and/or tax abatement.

#### Finch

- Thoughtful approach.
- Not experienced or inclined to develop the amount of density we would like to see.
- Proposed office component and mix of uses.
- Small number of projects ongoing at any time.
- Mentioned likely needing public financing, like TIF and/or tax abatement.

#### First Interstate

- Highly qualified team that can perform at a high level.
- Did not meet development objectives.
- Proposed diverse residential units.
- Early ideas for site development were not dense and too conservative.
- Showed little interest in creating public space.
- Mentioned likely needing public financing, like TIF and/or tax abatement.
- Office limited to Curtis Block.

## Round 2 Quantitative Evaluation Criteria

Evaluation Criteria- Round Two Downtown Development									
	POINTS POSSIBLE	Panel Member 1	Panel Member 2	Panel Member 3	Panel Member 4	Panel Member 5	Panel Member 6	TOTAL	AVERAGE
<b>Carnegie Management and Development</b>									
Project Team	20	16	17	14	18	20	16	101	17
Conceptual Design	35	32	30	33	32	25	28	180	30
Project Financing, Market Analysis, Schedule, and Ownership	35	32	30	32	35	30	32	191	32
Community Vision and Public Comment	10	8	7	7	8	8	8	46	8
	100	88	84	86	93	83	84	518	86
<b>Casto/North Pointe Realty</b>									
Project Team	20	20	19	19	16	15	17	106	18
Conceptual Design	35	28	28	25	26	30	28	165	28
Project Financing, Market Analysis, Schedule, and Ownership	35	24	25	20	18	20	22	129	22
Community Vision and Public Comment	10	8	8	8	6	7	7	44	7
	100	80	80	72	66	72	74	444	74



## Round 2 Qualitative Feedback

### Summary of Qualitative Feedback- Round Two Downtown Development

#### Carnegie Management and Development

- True mixed-use project.
- Commons area has good placement, but need to work on design elements and “greening”.
- Meets the majority of Development Objectives.
- Concerns about ability/experience presenting to public.
- Need to understand if they are bringing on a partner for the multifamily component of the project.
- Strong financial commitment to the project.
- Parking construction and quantity questionable, price seems low.
- Second floor retail is a concern.

#### Casto/North Pointe Realty

- Architecture integrates well with Lakewood.
- Lacks for sale housing component.
- Concern about the public space appearing isolated in the center of the block.
- Public financing request is at an unacceptable level.
- Strong team, open to collaboration with the community.
- Misses some of the Development Objectives.



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### 28. Are there estimates of the actual or approximate costs for demolition and site preparation for the former hospital site?

The city has begun discussing the costs related to the hazardous materials abatement, demolition, and site preparation for this project. The city must continue to understand the specifics in order to hone in on an actual number. Many factors go into the demolition of the

property, including but not limited to underground utilities, basements, and the final definition of a development ready site. At this early stage, the estimate is \$7 million.

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**29. Will the city retain some of the site preparation funding provided by the master agreement or will the entire amount be conveyed to the proposed developer?**

The \$7 million to be paid to the city out of the terms of the master agreement signed in 2015 and later approved by Lakewood's voters will go towards demolition or redevelopment of the site. The \$7 million is not being transferred to the developer. It will be managed by the city for hazardous materials abatement, demo and site preparation. If the hazardous materials abatement, demolition and site preparation comes in below the \$7 million, the city will evaluate how to best utilize the funds to help execute the transformative project.

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**30. Does the city have an obligation to fund a parking garage or other parking arrangement under the master agreement? If so, how much is the estimated cost?**

The city has no obligation to fund a garage under the master agreement signed in 2015 and later approved by Lakewood's voters. There is an option the Cleveland Clinic has in section 2.2 of the master agreement related to the city providing to the Cleveland Clinic up to 75 spaces at fair market rental value. These spaces may or may not be on the hospital site. There are options for the Cleveland Clinic and the city to explore to meet this requirement.

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**31. Why doesn't this development contemplate a hospital?**

The December 2015 master agreement approved by the citizens will limit the types of healthcare facilities that can be on the development site now that Lakewood Hospital is closed. While certain types of healthcare facilities are permitted on the site -- for example, independent healthcare facilities, children's hospitals, long-term acute care hospitals and rehabilitation hospitals -- none of the development proposals the city received have included mention of these types of facilities.

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**32. Will any pending litigation affect this development?**

The chances of this would be exceedingly remote. As of April 2018 only one lawsuit arising from the closure of Lakewood Hospital remains pending, and in that lawsuit the plaintiffs have appealed the trial court's dismissal of their case. Carnegie Management is aware of this litigation. Nevertheless, the city has no cause to believe the lawsuit will impact the redevelopment of One Lakewood Place. The plaintiffs to the lawsuit have repeatedly tried without success since mid-2015 to convince a court to halt the master agreement and the closure of the hospital. Now that the hospital is closed and the closure has been approved by

Lakewood's voters in a direct vote, the city has no reason to believe any court would halt the development of the site.

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### **33. What does a privately owned public space mean?**

Privately owned public spaces (POPS) are a common approach to urban parks and real estate development all over the county, and the world. Two examples of cities that utilize this approach often are New York City and San Francisco. New York City has over 500 POPS. There are many different approaches and structures to POPS, but they all share 3 things in common, which are 1) they are well designed and constructed, 2) there is an operations and maintenance plan in place before construction starts, and 3) they are welcoming and vibrant spaces. The intent of the One Lakewood Place community gathering space is to be privately owned public open space which is defined as an area or areas designed for use of the general public while owned and maintained by private owners.

City Council discussed this topic at its April 23rd meeting. Please see the presentation and video available on [www.onelakewood.com/DowntownDevelopment](http://www.onelakewood.com/DowntownDevelopment)

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### **34. How can we be sure the plaza will be open for public use for decades to come and not impacted by ownership changes?**

The One Lakewood Place development will need to go through the Planned Development rezoning process. This process will determine the use of the property, and specifically can establish how the community gathering space is used. The zoning is an effective way to establish the size, placement and use of the community gathering space. Additionally, major modifications or proposed changes would require City Council, Planning Commission and ABR review and approval. For example, if the owner of the property wanted to construct a building on the public plaza at some point in the future, the owner would need to request and gain approval from City Council, Planning Commission, and Architectural Board of Review.

Also, the development and use agreement is a contract that will include restrictive covenants that would require future City Councils to grant approval before any change could occur. By way of the development and use agreement, and the zoning processes already established per the city's codes, the community has a lot of protection here.

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### **35. Why not lease the community gathering space?**

Leasing the public plaza to the developer introduces uncertainty, confusion and costs to the project. The primary goal of the space is to execute a vibrant, beautiful, and welcoming outdoor community gathering space for everyone to enjoy. The success of this space hinges on three main things, 1) It is well designed and constructed, 2) An operations and maintenance plan in place, and 3) The space is welcoming and vibrant.

The ownership and design of the space are directly tied to the success and expectations of the entire project, and Carnegie can only deliver what has been proposed through ownership of this space. The design has placed the community gathering space at the corner of Belle and Detroit, which is arguably the most valuable area of the entire Project, and was conceived with the intent that it becomes integrated, managed, and operated in concert and unison with all components of the Project. Since it will act as the “front door” to the Project, this design will provide many benefits to the community and the entire development, by offering the amenities upon which both the public and the Project can rely. The only way for the project to be designed in this manner is for Carnegie to own the space.

Additionally, there are high expectations from Class A office tenants that this space be constructed, programmed, and maintained in a first-class manner. Carnegie’s ownership gives it the authority to insure this obligation for the space will be met along with all demands and expectations associated with a varied tenant mix sought for the Project. In order for the developer to compete for Class A office tenants, certainty of ownership provides the flexibility it needs when making representations and warranties to prospects about what it can deliver, which is so crucial for being responsive to the demands of the marketplace and any tenant build to suit needs. This also insures that the construction, operation, maintenance, and programming of the space is done in a first-class manner that mutually benefits the Project and the public. Remember, the space is to be a privately owned public open space which is defined as an area or areas designed for use of the general public while owned and maintained by private owners.

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### **36. What is the core economic development strategy of the project?**

To construct a vibrant mix of uses, including office, retail, residential, and structured parking that can add to the vibrant Downtown Lakewood district. The Class A office space component is critical to success of the entire project, and the component Carnegie is leading with. It is critical to Carnegie to land tenants in the office space. Tenants seeking Class A spaces and amenities are demanding creative interior build outs, but also demanding access to interesting common area and neighborhood amenities. The proposed community gathering space will bring a competitive advantage to the city and Carnegie when marketing this project. Class A office space introduces a new uses not currently available in the city, and will allow Lakewood to compete for companies and firms demanding this type of space in the future.

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### **37. Will there be LEED certification or a comparable green building certification for the project?**

This Project will be designed with the Environment in mind incorporating Green Globe and LEED Principles. The Project will explore and identify elements that contribute to acquiring Green Building Initiative certifications, understanding that we want to start building a better tomorrow, today. For example, the hardscapes will not be asphalt but materials

that avoid the “Heat Island Effect” such as permeable pavers. The Developer is well acquainted with these certifications, having achieved LEED Silver on several of its recent projects. It is the Project’s goal to be a leader and example for energy efficient and sustainable design in the community and within the greater Cleveland area. This is not only an important component for the Developer and the City of Lakewood, but also a favorable element for the occupants of the facility.

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**38. Will the project, and specifically the Curtis Block, meet the Americans with Disability Act code?**

New buildings are required to meet the design guidelines of the American with Disabilities Act Accessibility Guidelines (ADAAG) as part of the ADA. The Ohio Building Code (OBC) requires accessibility in new structures through Chapter 11 of which references the International Code Council (ICC) publication A117.1 *Accessible and Usable Buildings and Facilities*. This publication closely mirrors the requirements of the ADAAG.

The building code allows certain accommodations such that existing buildings, including those identified as historic are not required to fully comply with accessibility requirements found elsewhere in the state building code. The extent of compliance is dependent on the scope of renovations and/or change of use proposed. For example, a restaurant in a tenant space previously occupied by a store, would likely be required to fully comply. Renovations to an existing apartment, however, would not trigger a requirement for that apartment to become fully accessible.

Proposed modifications and required level of compliance are determined during the plan review phase. This occurs when design documents are submitted for evaluation by a certified plans examiner. The plans examiner reports items of noncompliance to the building official who then communicates those to the applicant. If the design documents are found to comply with the code, a certificate of approval is issued granting the property owner a license to perform the proposed work. From there, a permit is issued allowing for the actual work to commence.

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**39. What are the major milestones established in the master schedule for the project?**

- May 2018 –Term sheet approved by Council
- June 2018 – Development and Use Agreement signed
- June 2018 – February 2019 – Planned development zoning and community outreach
- June 2018 – Bids requested for abatement, demo and site preparation
- August 2018 – City takes over management and holding costs of the former hospital buildings & property

- September 2018 – Abatement begins
  - December 2018 – Demolition begins
  - Spring 2019 – Site preparation begins
  - Summer/Fall 2019 – New construction begins
  - Fall 2020/Spring 2021 – First certificate of occupancies issued
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**40. What are the estimated holding costs of the buildings on the former hospital property?**

Existing buildings on former hospital property total 341,000 square feet. Below are estimates of holding costs, many of which would require bidding.

Concerns include:

Damage to existing property from weather, temperature, mold growth, theft of material (copper), vandalism, general damage, and human safety, illicit use including crime and homelessness.

Assumptions:

The city takes over operations of the buildings in August 2018

Utility and management costs at the Curtis Block, as well as the Community Health Center helped to inform cost estimates for utilities. The Curtis Block does not use any electricity, and costs roughly \$1.25/sq ft for the city to maintain. Costs for heating and cooling the former hospital buildings would be a substantial line item cost.

Two scenarios:

Scenario 1- Hold for demolition - 2-4 months

1. First phase of demolition includes asbestos and hazardous material removal.
  - a. This would be include fencing off the property, and daily activity inside the property
2. No maintenance requirements, building is about to be demolished
3. Limited security oversight since the structure is fenced and remains active. And there is little concern over property theft and vandalism
4. Estimated Insurance cost - requiring short term rider of additional liability coverage
  - a. Cost estimated at \$5,200/year

Scenario 2- Maintain & manage the facility to secure its future use as it exists.

Costs estimated to be in excess of \$800,000/year and could potentially be over \$1,000,000/year. All costs are estimates and subject to bid

This would require:

1. Maintaining basic utility costs including electricity, heating, and basic property management costs
  - a. Approximately \$1.75/sq ft to maintain utilities for electricity and heat, which equates to \$50,000 per month (based primarily on last 12 months of costs related to management and utility costs of the Curtis Block building)
2. Hiring security guards- 24/7/365 – at least one per 8 hour shift
  - a. Approximately \$16,000 per month
3. Investing in surveillance and motion sensing equipment and monitoring equipment
  - a. Estimated at a \$50,000 to \$100,000 one-time expense
  - b. Monitoring costs at \$500/month
4. Maintenance from weather intrusion
  - a. Roof repair
  - b. Structural repair
    - i. Unknown cost
5. Grounds keeping and sidewalk maintenance
  - a. Estimated at \$500- \$1000 per month
  - b. need to explore potential labor Union bargaining agreements as
6. Insurance cost- would require long term coverage to our umbrella coverage-
  - a. Cost is TBD
7. Other costs related to life safety - Cost TBD
  - a. Underground storage tank maintenance
  - b. Maintaining fire suppression
  - c. Elevator maintenance

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**41. How does Carnegie's commitment to provide payment and performance bonds provide the City with assurances that Carnegie will complete the Project as required by the development agreement?**

A performance bond will require the surety company (which the City will approve) to step in and complete the Project if Carnegie defaults on its obligations under the development agreement. A labor and material payment bond will require the surety company to make payments to any contractors or subcontractors working on the Project if Carnegie doesn't make payments to which the contractors or subcontractors are entitled under their contracts for the Project. Combined, these bonds will ensure the Project is completed even if Carnegie fails to perform its obligations under the development agreement. The bonds are required to be issued before the City will convey the Project site to Carnegie.