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Agency of Administration

**Memorandum**

To: Joint Fiscal Committee  
From: Gerry Myers, Commissioner  
Date: June 19, 2009  
Subject: Thayer School

We recently received proposals for the redevelopment of the property at 1193 North Avenue, Burlington (the former Thayer School property) and have identified one such proposal as being in the best interests of the state. In compliance with Act No. 200 (2008), section 32(d), this report outlines the impact of that proposal on the operations and operational expenses of the Department of Motor Vehicles (DMV).

The Department of Motor Vehicles occupies approximately 6100 sq. ft. of space at the site and has ample parking available for employees and customers. The proposal under consideration would have a negligible effect on DMV's operations. DMV would continue to occupy the same space without interruption. Following the demolition of a portion of the existing structure, DMV would have exclusive use of 75 parking spaces located immediately adjacent to the DMV entrance (closer than the parking spaces that are currently available). DMV may experience some temporary, short-term inconveniences that are inherent to any construction process (temporary use of an alternate entrance, noise, etc.) but every effort will be made to minimize such inconveniences.

In terms of operational expenses, DMV's cost for this space in FY10 under the existing fee-for-space (FFS) would be approximately \$99,000. Under this proposal, DMV would pay approximately \$100,000 in FY10 for the same space. Rent for subsequent years (not more than 5) is slated to increase at roughly 5% per year, which compares quite favorably to the recent FFS trends.

DMV would be renting this space for a limited time (not more than 5 years), at which point the site will be divided into condominiums and ownership of the unit occupied by DMV would transfer back to the state (for \$1). Following the condominium conversion DMV would pay for its own use of utilities and a pro rata share of expenses related to maintenance of the common areas (CAM charges). Since the fee-for-space rates charged to DMV include all such costs, we anticipate that the CAM costs will be comparable to the fee-for-space rates that DMV would have been charged in the absence of this proposal.

While having little or no impact on DMV's operations and expenses, this proposal will relieve BGS from paying the costs of maintenance and utilities for nearly 33,000 sq. ft. of space that is currently vacant - a savings to BGS of \$429,000 in FY10.

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