



TOWN OF GREENWICH

Finance Department

Peter P. Mynarski, Jr., Comptroller

September 29, 2017

TO: Carmela Budkins, Town Clerk

FROM: Peter Mynarski, Comptroller

RE: Bruce Museum Management Agreement Amendment #2

I am submitting for the RTM call an informational package put together to answer a number of questions asked by a variety of RTM and BET members. These questions are relative to the current amendment #2 to the original Bruce Museum Management Agreement. The materials include the following:

- The answer to questions asked by RTM and BET members.
- A detailed listing of the Project Costs for the Bruce Museum Building Project prepared by Stone Harbor Project Advisors.
- Current cash received and pledges due as of August 2017.
- A listing of Bruce Museum Capital Appropriations for the last ten years.
- An email listing the current BMI Building Committee for the Project.

Cc: Peter Tesei, First Selectman

Michael Mason, Leslie Tarkington & Beth Krumeich, BET Members

BRUCE MUSEUM MANAGEMENT AGREEMENT – AMENDMENT #2

QUESTIONS

According to the Bruce Museum Management Agreement, dated January 31, 1992, Section 7. Town Support of the Bruce Museum (a), the Town shall provide reasonable maintenance and repair of the Museum building and premises including snow plowing, and shall provide water, fuel, sewer and electricity reasonably required in connection with the operation of the Museum premises.

Based on a conversation with Bill Ference, Bruce Museum (BMI) Director of Finance, BMI pays their own expenses for water, fuel and electricity. He has stated that this requirement in the Management Agreement has never been enforced. However, it appears that this requirement has traditionally been met with the annual subsidy from the Town of Greenwich contained within the External Entities section of the budget. This amount for fiscal year 2017-2018 is \$848,825.

Regarding in-kind costs, those would include snow plowing, landscaping and tree work, as examples. It was confirmed that the Town provides these in-kind costs. The BMI property is considered park land (part of Bruce Park). When the Town provides assistance to the entire Bruce Park, it includes the BMI property and therefore does not selectively track that portion of in-kind services provided to BMI. As a result, the Town does not track BMI in-kind costs provided by the Town.

Sewer Costs

The Town, as a practice, calculates sewer costs for all Town buildings and bills itself. These overall costs are found in the annual budget in Fixed Charges, under the caption "Payment in Lieu of Sewer Taxes". They are budgeted in the General Fund and transferred to the Sewer Fund. Included in that billing is one for the Bruce Museum building, owned by the Town. For fiscal year 2017-2018, the amount is \$7,378.97 based on a current assessment of \$11,369,750 and a mill rate of 0.000649 (includes both the Sewer Maintenance and Sewer Improvement Fund mill rates). The question is, what will this amount be in the future based on a large expansion of the BMI facilities. In order to answer this question, we would need to know the annual assessment for the building as of October 1st of each year and also the Sewer Funds mill rates for each year. The project will be pro-rated for a number of years, due to construction in progress. When the project is completed, a final Certificate of Occupancy will be issued and a final assessment will be assigned to the building. At that time, the final assessment times the mill rate in the future will determine the costs to the Town.

Capital Improvements done @ Bruce Museum

See attached, four projects ranging from \$25,000 to \$45,000 with project descriptions.

Pro Form Cost Analysis with Increased Service Levels

Based on a discussion with Bill Ference, he has prepared a cost analysis that any future service levels for this expansion project will not impact the annual subsidy from the Town contained in the External Entities section of the annual budget. The annual subsidy will be determined annually by BET and RTM budgetary guidelines. For example, if the Town imposes a budgetary increase of 1% for next year, BMI will have to adjust their own budgets to reflect this allowance. BMI has stated that they will adhere to the BET and RTM imposed budgetary guidelines and any other guideline that the First Selectman directs to external entities to adhere to.

Expanded New Drainage Projects

BMI had advised me, and I am not aware of any peripheral drainage capital projects proposed at this time on or adjacent to this site.

Insurance Policies

The Town currently has two insurance policies that directly affect BMI. The first policy is the Town's Property Insurance Policy. The period covered each year is June 30th to June 30th. The current policy premium is \$979,600, paid by the Town. This policy covers all properties, including the BMI building, that are valued for insurance purposes at \$975,308,746. The current value attributed to the BMI building is \$11,898,389. All property values are put into a "pot" and then insured on the total value for the TOG. So, the premium which would be attributable to the addition to the BMI is cushioned a bit by the other property values factored in.

Hypothetically, if the value of the building was doubled today (under the current policy), the prorated portion of the BMI building would go from approximately \$12,000 to \$24,000. During the construction period, the values on the building would be considered construction in progress and prorated, regarding its insured value until completion. The current projected construction costs are \$45,011,900 (estimate provided by Stone Harbor Project Advisors) for this project. I am not qualified to estimate what the assessed/insured value of this property will be three to five years from today. Two factors will determine the prorated insurance cost for this project, say five years from now. 1) the insured value of the completed building and 2) the actual insurance premium cost five years from now.

The second policy covers the BMI Fine Arts Collection. It covers the Permanent Collection, Temporary Loans at the Museum and Transit Coverage. The current limits of coverage are \$50,000,000 for \$36,314 annually. A current quote from the Town's Insurance Broker estimates a cost of \$80,000 for \$100,000,000 and \$120,000 for \$150,000,000 coverage.

Soil Testing

There was soil testing done in 2015. However, there is concern that the area tested includes only the footprint of the modified building and not the entire area where improvements are to be made. This issue is currently being addressed between the Town and BMI and will be incorporated into the Management Agreement Amendment #2.

There is also a question as to whether or not BMI will arrange for an insurance policy to cover the cost of what may be contamination found on the site once construction begins. This is currently being addressed.

Project Management

The question came up about having sufficient funds before commencing construction. Based upon a document sent to me on September 27, 2017, BMI has \$7,559,441 cash received and \$15,589,074 pledges due (see attached). Phasing of the construction project, at this point in time, means all Town approvals and then shovel in the ground. A preliminary goal is to have at least \$30 million in cash and pledges in place before commencement of construction.

A review of the Project Total Costs, prepared by Stone Harbor Project Advisors, shows soft costs of \$250,000 for the project managers. There is also a building committee in place to oversee this project currently consisting of nine individuals (subject to change over time).

Project: **Bruce Museum**

As of: **9/27/2017**



STONE HARBOR
PROJECT ADVISORS
LLC

PROJECT TOTAL COSTS

	Budget	Paid to Date 6/12/17	Balance
Soft Costs	\$5,776,000	\$3,958,736	\$1,817,264
Hard Costs	\$32,144,000	\$0	\$32,144,000
FF&E Cost	\$841,900	\$0	\$841,900
Technology	\$850,000	\$0	\$850,000
Owner Development Costs	\$3,000,000	\$413,265	\$2,586,735
Project Subtotal	\$42,611,900	\$4,372,001	\$38,239,899
Contingency	\$2,400,000	\$0	\$2,400,000

Project Total (including contingency)	\$45,011,900	\$4,372,001	\$40,639,899
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SOFT COSTS

Architect Pre-Design	\$125,000	\$108,032	\$16,968
Architect	\$4,575,000	\$3,298,354	\$1,276,646
Architect Expenses	\$200,000		\$200,000
Master Plan - Design RH	\$50,000		\$50,000
Project Advisor	\$250,000	\$104,422	\$145,578
Traffic Engineer	\$116,000	\$123,138	-\$7,138
Precon Fee/Estimating	\$270,000	\$130,000	\$140,000
Precon Testing/Investigation	\$75,000	\$75,884	-\$884
Zoning Approval Fees Inc Legal	\$90,000	\$110,456	-\$20,456
Preproduction Costs-Other Costs	\$25,000	\$8,450	\$16,550

Total Soft Costs	\$5,776,000	\$3,958,736	\$1,817,264
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HARD COSTS

Preconstruction Site Work	\$0	\$0	\$0
Construction Costs - Turner	\$32,069,000	\$0	\$32,069,000
Testing/Inspections	\$75,000	\$0	\$75,000

Total Hard Costs	\$32,144,000	\$0	\$32,144,000
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FURNITURE, FURNISHINGS AND EQUIPMENT (FF&E)

Furniture - Permanent			
Public Area Furniture	\$250,000	\$0	\$250,000
Back of House Furniture	\$102,500	\$0	\$102,500
Collection Storage	\$369,200	\$0	\$369,200
Gallery Install Lighting	\$120,200	\$0	\$120,200
Kitchen Equipment (In Hard Cost)	\$0	\$0	\$0
Other Equipment	\$0	\$0	\$0

Total FF&E Costs	\$841,900	\$0	\$841,900
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TECHNOLOGY

Technology			
Security	\$375,000	\$0	\$375,000
Tele Data	\$75,000	\$0	\$75,000
AV Computer	\$400,000	\$0	\$400,000

Total Technology Costs	\$850,000	\$0	\$850,000
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Total Project Costs	\$39,611,900	\$3,958,736	\$35,653,164
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OWNER DEVELOPMENT COSTS

Temp Space	\$1,000,000	\$0	\$1,000,000
Development Costs	\$2,000,000	\$413,265	\$1,586,735

Total Other Development Costs	\$3,000,000	\$413,265	\$2,586,735
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**New Bruce
Building and Endowment**

New Bruce	Cash Received	Pledges Due *	Total Pledged
Building	\$5,875,751.27	\$12,011,648.73	\$17,887,400.00
Endowment	\$1,683,690.17	\$3,577,425.58	\$5,261,115.75
Total	\$7,559,441.44	\$15,589,074.31	\$23,148,515.75

* Many pledge payments contingent on construction phasing
(e.g.) Town approval, shovel in the ground, etc.)

Town of Greenwich
Bruce Museum Capital Appropriations
For the Fiscal Years 2006-2007 to 2017-2018

2013-2014 14151 \$ 45,000 Technology

The current HP ProLiant servers are approaching end of life. They are covered under a recently purchased 1 year extended warranty which will likely not be renewed due to the age of the machines. We propose to replace them with Windows 2008 or possibly Server 2012 machines. The change in hardware will require an appropriate backup and disaster recovery system, power protection and security. A current reliable network is critical to managing the Museum security systems such as key card access, site alarms and security cameras which protect the Museum collection of Art and Science objects.

2010-2011 11137 \$ 27,000 Phone System

Replace the Museum's outdated Merlin Magix communications system with a new Avaya IP 500 system that is practical, effective and expandable. The IP 500 will include a full featured PBX with direct inward dialing, voicemail, conferencing, automatic call distribution, call handling, analog and digital compatibility, and local area network capability. Annual maintenance cost for the replacement system is \$618 LOWER than the system it replaces. The current system is approximately 10 years old and no longer in production. Some system parts are no longer manufactured making replacement, repairs and technical support exceedingly difficult. The current system also impacts security and life safety reporting protocols for intrusion alarms, motion detectors, glass break devices, smoke, heat, water, and environmental monitoring sensors. The reliability of the communications system is critical to central station monitoring and, police and fire emergency response.

2010-2011 11136 \$ 25,000 Surveillance System

The Museum currently has in place 11 interior and 7 exterior surveillance cameras. We propose to purchase and install 3 replacement and 2 additional CCTV surveillance cameras for the Museum interior. The 3 replacements extend the area covered by the existing units. The 2 additional units will cover areas not presently covered by surveillance equipment. The cost includes the purchase of the units as well as installation and wiring.

Security for the permanent collection and exhibition items on loan is of paramount importance. There are areas in the main gallery that are out of view of current equipment and the lower level storage area has no surveillance equipment whatsoever. The project would greatly improve security over items on display and in storage. It will also vastly improve our ability to respond timely and appropriately to emergency situations.

2008-2009 26064 \$ 31,000 Gallery Lights

The replacement of lighting would dramatically enhance the protection of the Museum's collection. The current lighting produces a great deal of heat and UV rays. Both of which are detrimental to the collection. The proposed lights have a 50,000 lamp hour life compared with the existing lights which have a 2,500 hour life. The replacement lights would virtually eliminate UV rays currently emitted from the existing lamps. The replacement low wattage lighting will be more cost effective in energy consumption than the existing lamps.

Mynarski, Peter

From: Suzanne Lio <slio@Brucemuseum.org>
Sent: Thursday, September 28, 2017 10:51 AM
To: Mynarski, Peter
Cc: Bill Ference; Krumeich, Elizabeth K.; Tarkington, Leslie L.
Subject: BMI Building Committee

Hi Pete,
Bill forwarded your questions to me. Please see below.
Thank you!

1. Can you get the names of the Building Committee members for the BET and RTM.

Bruce Cohen
Michele Cronin
Andy Fox
Bob Goergen, Co-Chair
Jan Kniffen
Jim Lash
Bob Lawrence, Co-Chair
Ty Tregelias
Bruce Warwick

Staff:
Suzanne Lio
Peter Sutton
Anne von Stuelpnagel

2. Soil Testing – has there been or is there any planned further soil testing since the 2015 report.
No.
3. Peripheral capital projects – are there any peripheral capital projects planned at the BMI site that are not part of the overall construction project? Drainage?
No.

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