

INVESTMENTS *for a* Determined North Carolina

Relocation of the Department of Health and
Human Services

Governor Roy Cooper's
FY 2019-21 Budget Recommendations



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Governor's Recommended Budget Regarding DHHS Relocation

- Move all personnel off of Dorothea Dix Campus to Blue Ridge Road Site
- Funded via General Fund Appropriation and Limited Obligation Bonds
 - \$10 million General Funds for Planning (Capital Improvements Project Reserve)
 - \$240 million Limited Obligation Bonds for Construction (DHHS Complex)
 - \$17.7 million Limited Obligation Bonds (relocation of DPS and DOA facilities)
- Managed by Department of Administration
 - Recommended expanded Special Projects Team at the State Construction Office
- Allowance to Consider a Public Private Partnership



Background

- Dorothea Dix campus sold to City of Raleigh – July 2015
- City agreed to lease back DHHS portions of property for two time periods:
 - 2025 (1,906 Full Time Equivalent Positions - FTE)
 - 2040 (393 FTE)
- DHHS employees also in leased, State-owned, & Governor Morehead Campus space in Wake County:
 - 2,735 FTE



Blue Ridge Road Site

A-Motor Fleet Management Facility

B-Textbook Warehouse/Mail Service Center

C-Troop C Motor Vehicles Garage

D-Troop C Headquarters

E-Motor Vehicles Emergency Communications



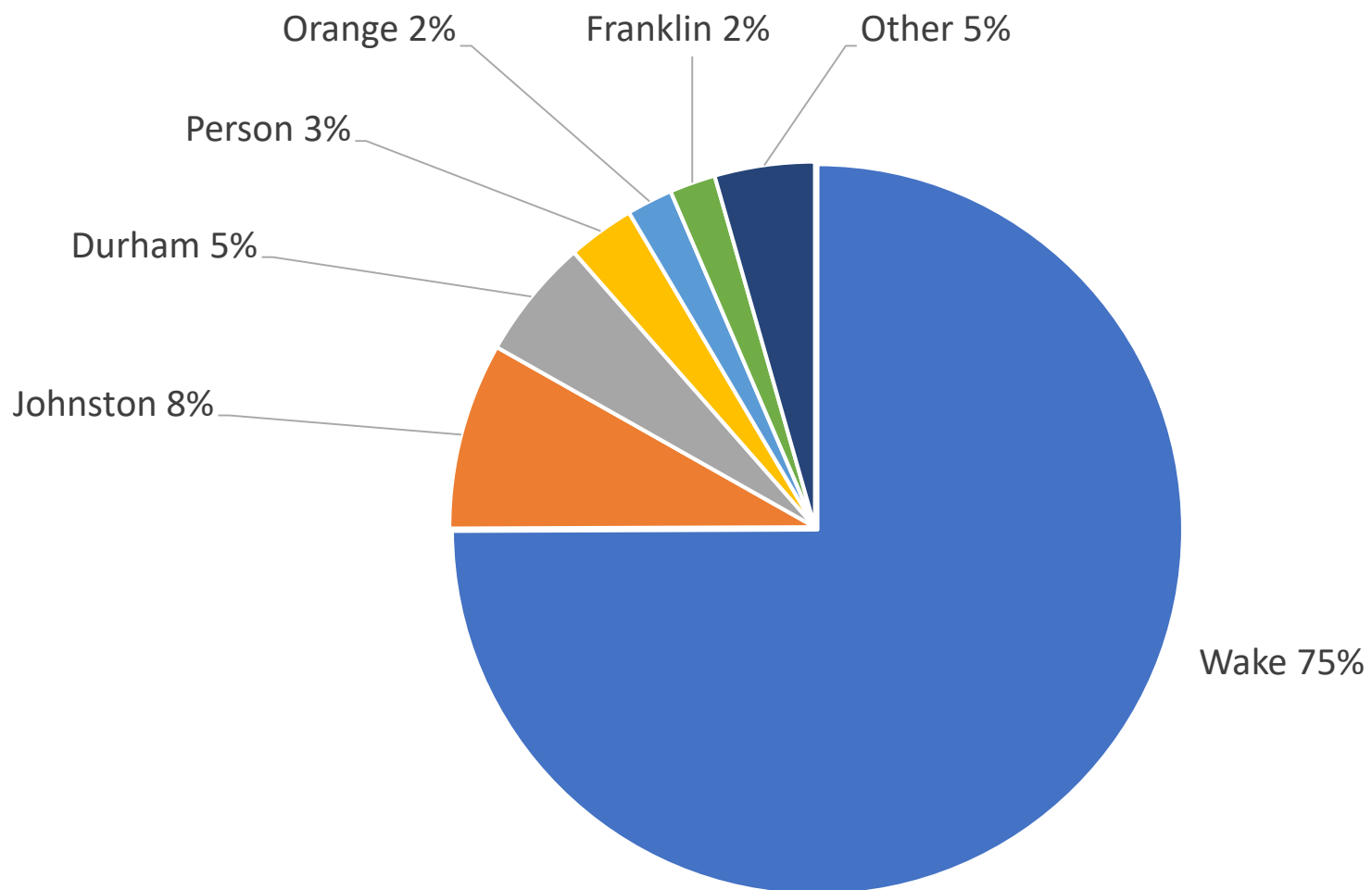


Rationale for Blue Ridge Road Site

- Proximity to other State facilities:
 - DHHS Public Health Laboratory/Office of the Chief Medical Examiner
 - Department of Public Safety Emergency Management and National Guard
 - Department of Agriculture and Consumer Services Consolidated Laboratory
 - Department of Natural and Cultural Resources Art Museum
- Maintain a presence close to State Capital
- Need to keep DHHS Dix Campus located employees together, with options for future movement of staff from other leased space in Wake County
- Consistent with most recent State Capital Master Plan for Blue Ridge Road



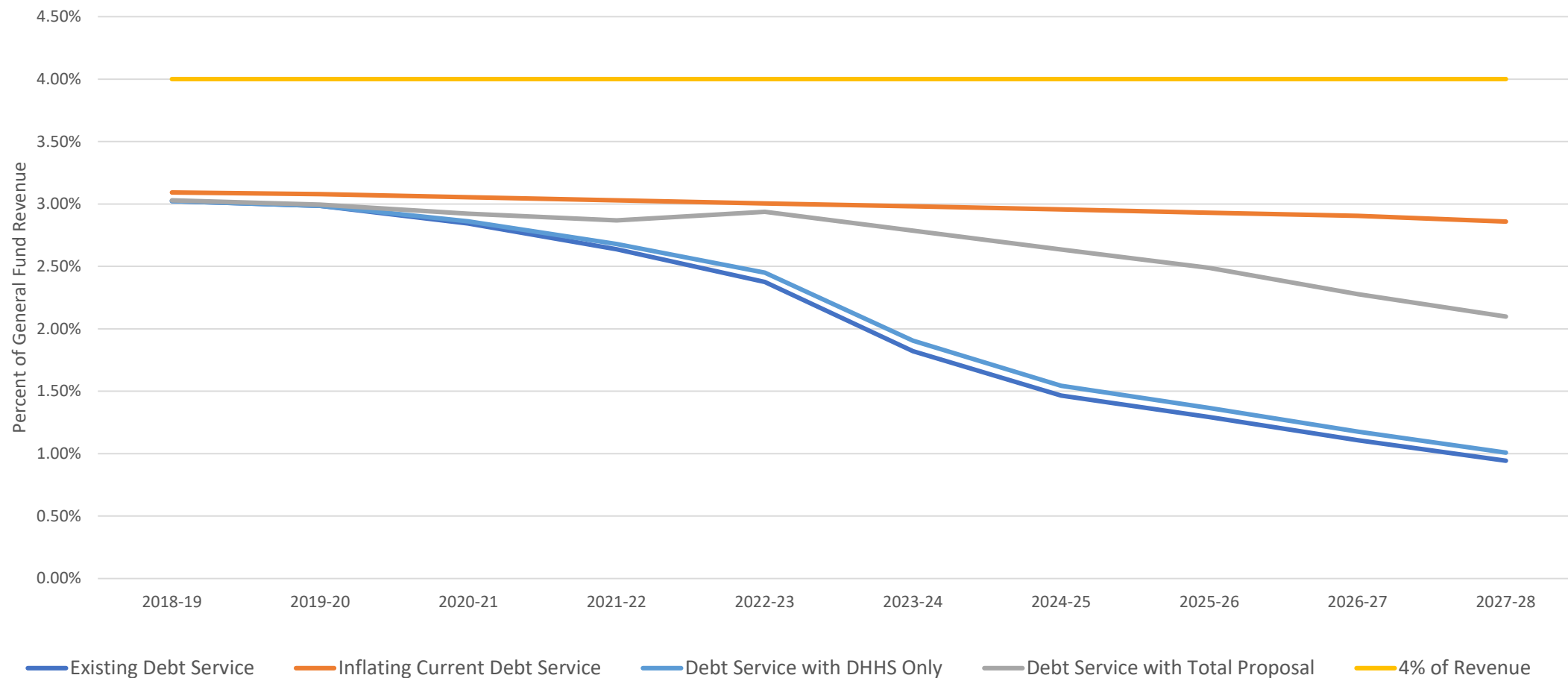
Rationale for Blue Ridge Site: Where Staff Live



Note: County percentages are based on zip codes of homes of DHHS employees working in Greater Triangle Area.



Budget Impacts: Debt Service



Assumptions: 5.75% Interest Rate, 20-year Term, Issued Based on Project Needs



Alternative Solutions

- Why not lease property?
 - Given the requirements for a successful project, any lease would likely be considered a capital lease and be counted as a “debt like arrangement” against the State.
- Why not another location?
 - All additional State owned sites considered for the DHHS relocation project were not available since other State agencies and universities need the sites to meet future mission critical needs.



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