

PENNSYLVANIA STATE POLICE

Real Estate Modernization Hearing September 10, 2019

Testimony for
House State Government Committee
Senate State Government Committee



PRESENTED BY

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The Pennsylvania State Police thanks the members of the Senate State Government Committee for the opportunity to discuss this important topic.

PSP is supportive of the DGS initiative to allow us to execute a lease-to-own agreement with landlords.

Currently, we have two projects pending this approval- The Wyoming/Northeast Training Facility/Range and Skippack/Southeast Training Center/Range. With limited Capital funds to actually build and own facilities, the lease-to-own concept is our next best option.

In pursuing this option, the benefit is the Commonwealth will own something at the end of a lease versus reverting the property back to a landlord.

“Lease to own” highlights:

1. PSP is staying longer in facilities. Presently, we average a stay of approximately 25-30 years and can stay longer as buildings are situated in strategic areas. This results in an exorbitant amount of rent being paid and landlords tend to recoup their money in the first term of the lease.
2. Our buildings are being better built to last 30-40 years.
3. Lease costs continue to rise. Over the last 10 years, State Police leased facilities have effectively doubled to approximately \$20 million annually.
4. Real estate (land) costs continue to rise, especially in urban areas of the Commonwealth. If PSP were to own the land, it is feasible that once a building reaches end of life, another building could be constructed on the same footprint. The worst case is the Commonwealth owns the land and can sell if needed in the future.
5. It is advantageous for the Commonwealth to negotiate the buyout conditions in the beginning of the lease as opposed to the end.
6. Our facilities are not conducive for commercial resell as they are built with enhanced security features that are normally not advantageous in public service-type operations such as doctors' offices, etc.
7. Required land, especially in the eastern portion of the Commonwealth, is becoming extremely hard to secure with the amount of developments and expansion of urban areas. By owning the land, we can ensure a State Police footprint into the foreseeable future. Ten acres is usually the foot print desired.
8. The State Police has over 140 facilities. Of the 140 total installations, 89 are Troop/Stations. Of the 89, 9 are paid for by the Pennsylvania Turnpike Commission. The remaining Troop county operations have only 16 state-owned. The remaining facilities range from crime labs, aviation units, and other specialty buildings, most of which are leased.