

Orange County Space Needs Study

Update – 2010

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: February 9, 2010

Action Agenda

Item No. 1

SUBJECT: Space Issues: Update, Revere Road Reallocation, Divestiture, Hillsborough Commons Next Steps

DEPARTMENT: County Manager and AMPS

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

INFORMATION CONTACT:

Post-Construction Departmental
Locations
Reallocation Plan at 306 Revere Road

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PURPOSE: To:

1. Provide an update regarding the fulfillment of space study goals; and
2. Review and discuss space reallocation at 306 Revere Road; and
3. Discuss additional property divestiture possibilities; and
4. Discuss the next steps in determining the long term usage of the Hillsborough Commons property.

BACKGROUND:

Space Study Status

A space study covering departmental space requirements was first written in 2000, with updated iterations in 2004, 2005, 2006 and 2007. The following capital projects completed since 2007 address many of the departmental requirements cited in those studies:

- 2007 Seymour Senior Center (Department on Aging)
- 2008 Central Orange Senior Center (Department on Aging)
- 2008 911 Center (Emergency Services)
- 2008 Gateway Center (Tax Assessor, Revenue and Register of Deeds)
- 2009 Justice Center Addition (Courts and Sheriff)
 - Renovation completion projected for April 2010
- 2009 Link Center: Phase I (County Commissioners, County Manager, Human Resources, Financial Services and County Attorney)
- 2009 West Campus Office Building (Planning and Inspections, Economic Development, Environmental Health, Information Technology and AMPS)
- 2009 Library
- 2009 Board of Elections
- 2010 Hillsborough Commons Upfit for Social Services

Upcoming renovation work in 2010 will further address needs in the following areas:

- Whitted Building (Health, Housing and Community Development interim actions plus Space Assignments for Use by Orange County Schools)
- 306 Revere Road (ERCD and Records Retention)
- Link Center: Phase II (County Commissioners Meeting Room)

A summary sheet of departments and their post-construction locations is attached.

While the County has made great strides to fulfill the pent up needs of its departments for operational space, a few additional areas require continued consideration and study in the future.

- Human Services
 - A long-term solution for central Orange County will be needed. Previous discussions have identified the Hillsborough Commons property on Mayo Street as a potential solution. The current lease includes an option to purchase the property by February 2012; and
 - Expansion of the Southern Human Services Center to provide long-term operational space for Human Services in southern Orange County.
- Court offices in Central and Southern Orange
 - Properties in Hillsborough originally considered for Court offices expansion are being sold, necessitating the need to find alternative locations.
 - Needs for Probation and Parole and Juvenile Services are addressed via expansion within the Court Street Annex; however a location for the Public Defender is desired prior to the Carr Mill lease expiration on June 30, 2011.
 - Feasibility analysis of consolidation to single point of service for court offices needs to be conducted in 2010.
- Library Services: Branch Libraries
- Parks Operations Base permanent location
- Jail Space Needs
- Other Long-Term Facility Issues (Open for Discussion)

306 Revere Road Space Reallocation

Planning and Inspections as well as Environmental Health have vacated the building at 306 Revere Road, freeing up a significant amount of space. The Manager is recommending a portion of the area be allocated for use by ERCD. This will allow ERCD to consolidate all of its employees to one site from the current three. In collaboration with the ERCD Director, renovations will be carried out in an area vacated by the Planning Department (see attached plan). Some Parks & Recreation administrative staff will also be located at this site.

USDA Farm Service Agency (FSA) has requested additional space to accommodate its services. FSA relinquished space several years ago to allow expansion in some of the County offices located in the building. The reallocation restores the lost space and adds square footage suitable for its Board room. The County will receive rent from the Federal Government for the square footage used by FSA at Revere Road.

The Manager is proposing the remaining vacated square footage be allocated for a centralized records retention area. The areas, shown on the attached plan, would be constructed with floor-to-ceiling drywall perimeters with chain link demarcating interior departmental assignments. Shelving would also be installed to promote orderly storage. Departments would be required to maintain a retention plan that includes systematic disposal of old records.

Additional Divestiture Opportunities

With the relocation of departments to permanent space, divestiture of additional properties is possible. The Board is asked to discuss and provide direction on:

- 1914 New Hope Church Road (old 911 Center); no departmental use is recommended. Appraised value of this property has been cited at \$430,000.
- 129 East King Street (old Purchasing Offices); no departmental use is recommended. Appraisal will be sought at such time the Board declares this property surplus. (The Heritage Center Study Group expressed interest in the building, but lacks financial resources.)

Hillsborough Commons

Hillsborough Commons contains a total of 108,000 square feet and 10 acres of land. The County leases approximately 56,000 square feet of the Center for Social Services offices. The offices opened for business in the newly upfit space on January 20, 2010. Total upfit costs, including soft and hard costs as well as furnishings are estimated at \$67/square foot.

The lease approved by the Board in 2008 includes an option to purchase the shopping center no later than February 2012 for \$14,904,000, which represents the asking price of \$15,489,000, minus \$15,000 per paid month rent.

Should the County choose to exercise the option to purchase the Center, it could become the primary human services delivery campus in Central Orange County.

The only lease that would survive the purchase is Dollar Tree; the others may be renewed at the County's discretion. As previously discussed, certain businesses on the site may be complementary to the human services offerings and therefore the County might have interest in renewing the leases, however. Some Board members may recall the case with the Skills Development Center, in which some areas were used for County programming while others were kept for lease to private businesses. Although the portions of the property intended for private lease were financed differently and carried a higher interest rate, the process was otherwise not dissimilar to that proposed for Hillsborough Commons. It set a successful precedent should the Board choose to repeat such action.

Several decisions should be made within the upcoming fiscal year. The Board is asked to discuss the merits of a purchase, identifying additional information that may be needed to aid in that decision. A decision on the purchase needs to be made by mid-2011 to allow for financing options to be arranged in a timely manner.

A March 6, 2008 action by the Board includes a 15,000 square foot addition to the Southern Human Services Center, if possible. The cost of this addition is included in the Capital Investment Plan over three years, commencing in FY 2010-2011. Complete funding for the addition could be available in FY 2012-2013, assuming the economic conditions allow the funding plan laid out in the 2009-2019 CIP to be followed.

FINANCIAL IMPACT: No action impacting finances is requested at this time. Financial impacts will be presented with regular agenda items when they are scheduled.

RECOMMENDATION(S): The Manager recommends that the Board discuss the topics as outlined and consider the following:

A. 306 Revere Road Building

The Board is asked to consider the proposed space allocations as outlined and if in agreement direct the item be placed on an upcoming regular agenda for action. Cost analysis will be provided at that time and reflect any input offered by Commissioners.

B. Divestiture Decisions

The Board is asked to offer input and direction with regards to moving forward with the process to sell 1914 New Hope Church Road and 129 East King Street.

Staff will proceed with the required formal steps based upon Board consensus and at the appropriate time these items will appear on a regular Board agenda for action.

C. Hillsborough Commons

The Board is asked to provide input as to whether it still considers the purchase of this property by the County to be a primary consideration. A formal decision can wait until sometime in mid-2011, but the ability of the County to finance the purchase of the property could be impacted by other financing decisions the Board may make between now and that time.

It is suggested that 'regardless' of a decision to actually purchase the property, the Board give staff authorization to attempt to re-open negotiations with the property owner in an effort to address the impacts of local and national economic conditions on commercial real estate values and determine if circumstances allow for further negotiations between the County and property owner.

Items to be considered would include but not be limited to: the sales price; the amount and number of months that a portion of the rent payment applies to the purchase price; the inclusion of one acre of land (now paved parking) that was excluded by the lease agreement for the property to be purchased; an extension to the purchase option period by two years from February 2012 to February 2014; and other conditions or terms that may arise during those discussions. Financial Services Director Clarence Grier has been developing a financial analysis of a purchase/lease decision. That information would be used as a basis to re-open negotiations

D. Other direction or input that Commissioners may desire to provide staff on these issues that aid in moving these items to a final determination is welcomed.

Finally, the County does not want to leave recently vacated buildings empty for too long of a period of time. Vacant buildings easily fall victim to vandalism or other problems creating unknown liabilities.

Department Location as of February 9, 2010

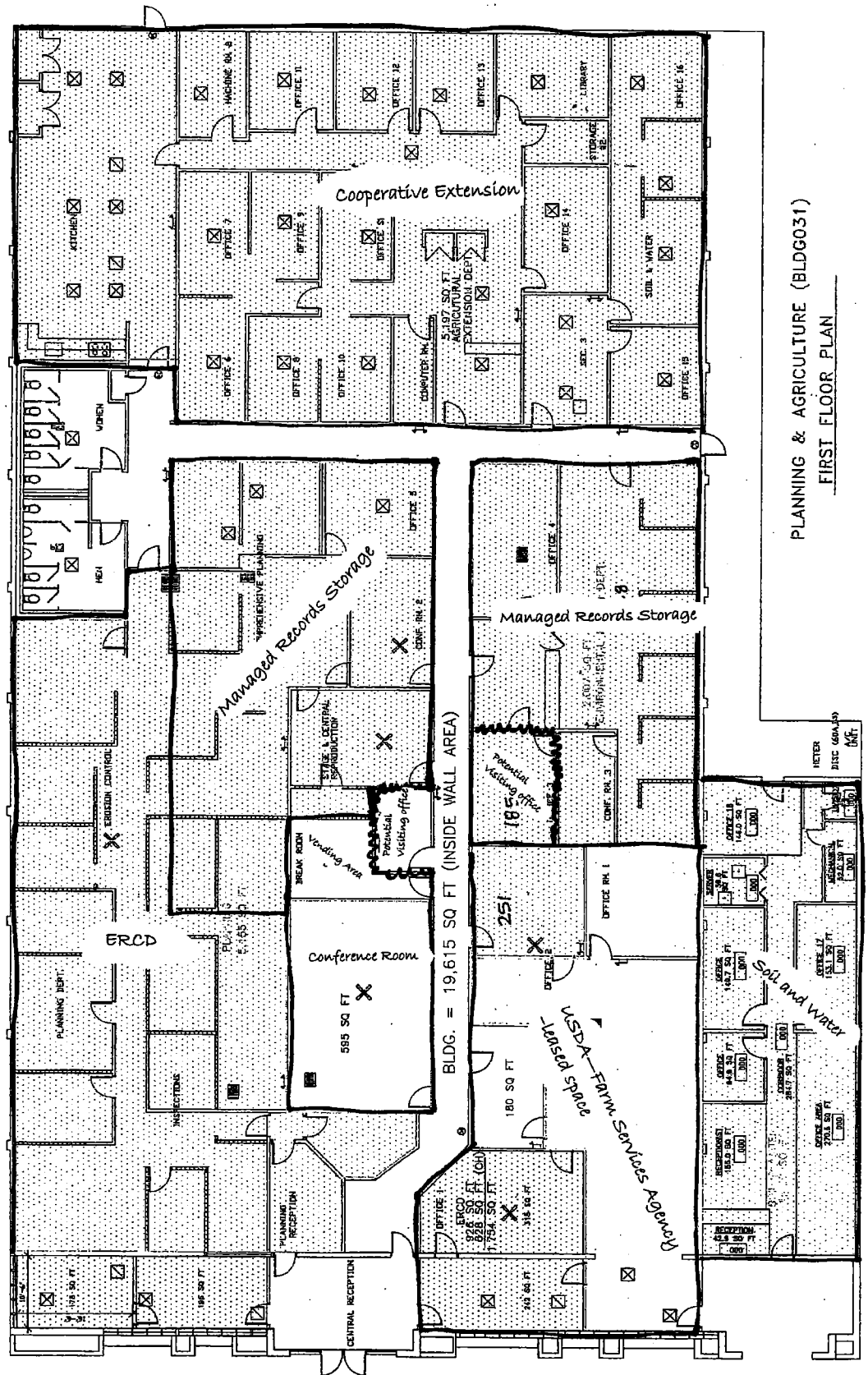
Department	Current Location	Last Moved	Projected	Projected Location
				Renovation pending-see attached plan
Aging: Administration	senior centers	2008 & 2009		
Aging: Transportation	600 Hwy 86			no change
Animal Services: Administration, Animal Control, Animal Shelter	Eubanks Road, Chapel Hill	2009		
Arts Commission	Court Street Annex		2010	tbd
AMPS: (previously Purchasing and Central Services and Public Works)	West Campus Office Building	2009		
AMPS: Buildings and Grounds and Fleet Management staff	Hwy 86 Maintenance Campus			
Board of Elections	208 S. Cameron Street	2009		
Child Support Enforcement	110 N Churton St (lease through 11/2012)			no change
Child Support Enforcement	2501 Homestead Road			no change
Cooperative Extension	306 Revere Road			no change
County Commissioners	Link Center	2009		
County Manager	Link Center	2009		
Economic Development	West Campus Office Building	2009		
Emergency Management	510 Meadowlands Drive Hillsborough	2008		
Environment Resource Conservation Department	306 Revere Road, Hillsborough		2010	306 Revere Road

Department Location as of February 9, 2010

Department	Current Location	Last Moved	Projected	Projected Location
Financial Services Department (previously Budget and Finance)	Link Center	2009		
Health Department: Administration, Personal Health and Dental	Whitted Building		2010	Whitted renovated space--interim; long term solution under discussion
Health: Environmental Health	West Campus Office Building	2009		
Health: Personal Health	Southern Human Services Center			Expansion of facility programmed in CIP for 2012
Health: Dental	Carr Mill Mall			Expansion of facility programmed in CIP for 2012; consider terminating lease as appropriate in interim
Housing and Community Development	Whitted Building		2010	Whitted Building 3rd Floor--interim; long term solution under discussion
Housing and Community Development	Southern Human Services Center			Expansion of facility programmed in CIP for 2012
Human Resources	Link Center	2009		
Human Rights and Relations	501 West Franklin Street Chapel Hill			tbid
Information Systems	West Campus Office Building	2009		
Library	137 W. Margaret Lane, Hillsborough	2010		
Planning and Inspections	West Campus Office Building	2009		
Parks and Recreation Dept. (admin)	Whitted Building			tbid

Department Location as of February 9, 2010

Department	Current Location	Last Moved	Projected	Projected Location
Parks Operations Base	Cornerstone Drive (leased)			tbd
Register of Deeds	Gateway Center	2008		
Sheriff	Justice Facility	2009		
Social Services	Hillsborough Commons	2010		
Social Services	Southern Human Services Center			Expansion of facility programmed in CIP for 2012
Soil and Water	306 Revere Road, Hillsborough			no change
Solid Waste Department	Eubanks Road, Chapel Hill	2008		
Tax Offices (previously Assessment Services)	Gateway Center	2008		



PLANNING & AGRICULTURE (BLDG031)
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