

Alachua County Administration Building - Agreement No. 11641

Executive Summary Presentation

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WHAT WE WERE HIRED TO DO



- Programming Analysis
- Land & Building Analysis
- Alternative Site Analysis
- Identify P3 Procurement Method

VISION OF THE COUNTY ADMINISTRATION FACILITY

- The facility should be open and welcoming to serve as a gathering place for the citizens of Alachua County.
- It should exemplify sustainability and a respect for history and the environment.
- It should be permanent and lasting, serving the County for the next fifty (50) years.
- The facility should convey the concept of economic stability and be a catalyst for business development in Alachua County.





A shared vision that is created and embraced by key stakeholders will stand the test of time and will persevere through implementation.¹

- Creating an efficient, economic, and quality place to work for County employees generates commitment to value and purpose.
- Creating an open and welcoming gathering place for the citizens of Alachua County creates value and pride in community.
- Creating a quality environment for Alachua County constituency professes that the county is “open for business” in a quality way, helping to create a thriving community.

¹*Ten Principles for Successful Public/Private Partnerships*
(Washington, DC: ULI, 2005)

RISK TRANSFER SPECTRUM IN P3 DELIVERY MODEL



Design/Bid/Build (DBB)

TRADITIONAL DBB RISKS

- In traditional DBB, the Public Agency retains all risk of development, design and construction, financing, and operation and maintenance/life-cycle costs

Design/Build (DB)

DEVELOPMENT, DESIGN, and CONSTRUCTION RISKS TRANSFERRED UNDER TURNKEY APPROACH

- Entitlement delays
- Permit delays
- Utilities (cost and schedule)
- Site Issues
- Attracting 3rd Party Tenants
- Change Orders
- Schedule Delays
- Scope creep
- Code compliance

Design/Build/Finance (DBF)

FINANCING RISKS

- Alternative private financing

Design/Build/Finance/Operate/Maintain (DBFOM)

O&M/LIFE-CYCLE RISKS

- Baseline operating costs
- Uncontrolled operating cost escalations
- Energy/Performance
- Deferred maintenance
- Deferral of major equipment and component replacements

Source: Edgemoor Infrastructure & Real Estate LLC

Risk-Transfer Spectrum in P3 Delivery Model



- Revenue Generating Assets
- Savings Capture
- Availability Payments

For infrastructure such as toll roads and parking facilities that generate revenue from user-based fees, PPP's can be structured to capture that revenue stream and use it to secure financing for delivery of the asset.

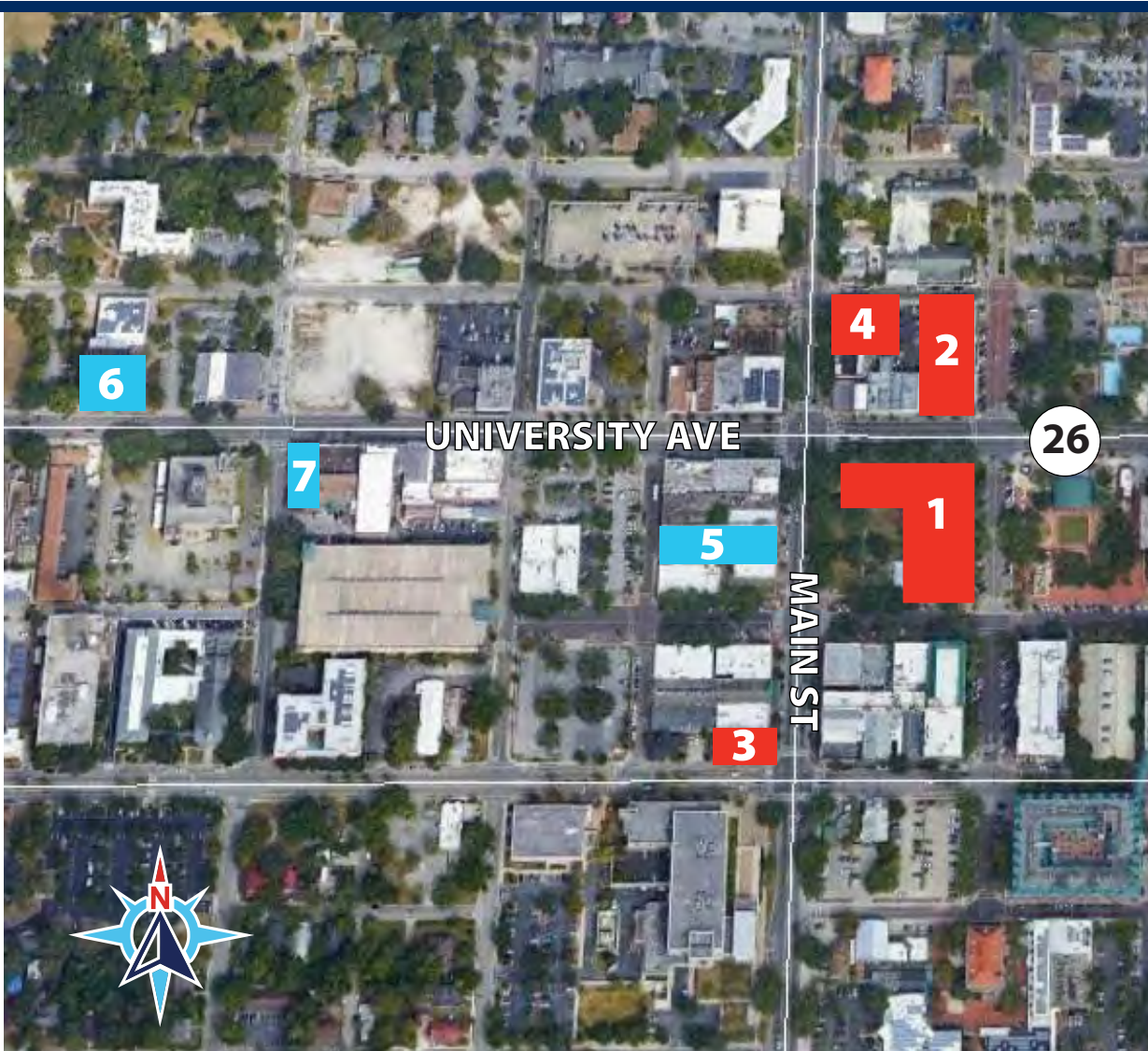




Many public assets are operationally inefficient and functionally obsolete and are often far more expensive to operate and maintain than a newly built, efficient asset. A PPP can be crafted to capture and use that savings to pay for the cost of constructing that new efficient facility.

For assets that do not typically generate revenue such as municipal buildings, courthouses, prisons, or research labs, many PPP's use an availability payment structure. This structure is based on the public entity making regular payments to the private entity in exchange for the private entity financing and/or operating the facility at predetermined levels of building performance.





County currently leased & owned sf	138,832 sf
Space utilized today	125,913 sf
Equivalent space in new facility	119,201 sf
Interviews indicating spatial needs*	137,401 sf

COUNTY OWNED FACILITIES

1. Administration Building
2. Wilson Building
3. Administrative Annex
4. Old Public Defender's Building

COUNTY LEASED FACILITIES

5. DOCS Building - Guardian Ad Litem
6. Seagle Building - EPD
7. Empire Building - Court Services

* Does not include COVID-19 decision-making, Court Services, State Attorney, Sheriff, Fire or Facilities Departments

RENOVATION OPTION

Admin Building



OPD Building



Seagle Building

- The existing facilities in both the owned and the leased properties are effectively functionally obsolete. The cost to keep the properties in functional use is greater than the cost to demolish and develop new facilities.
- Information is challenging to find. At a minimum, there is at least \$8.3 million in unfunded capital repairs needed simply to continue occupancy.

EXISTING BUILDING VALUE MATRIX

<u>County Owned</u> <u>Buildings</u>	<u>Square</u> <u>Footage</u>	<u>Value</u> <u>Low / SF</u>	<u>Value</u> <u>High / SF</u>	<u>Low Value</u>	<u>High Value</u>	<u>Minimum</u> <u>Renovation Cost</u>
Admin Building	66,140	\$ 60	\$ 80	\$ 3,968,400	\$ 5,291,200	\$ 3,600,000
Wilson Building	24,434	\$ 60	\$ 80	\$ 1,466,040	\$ 1,954,720	\$ 1,900,000
Admin Annex	10,463	\$ 60	\$ 80	\$ 627,780	\$ 837,040	\$ 1,700,000
Old Public Defender	17,716	\$ 60	\$ 80	\$ 1,062,960	\$ 1,417,280	\$ 1,100,000
TOTAL				\$ 7,125,180	\$ 9,500,240	\$ 8,300,000



In many cases, renovation makes sense and is the right thing to do. In the case of Alachua County, building a New Administrative Facility makes more sense.

- As noted previously, the cost to create an “**open and welcoming**” facility through renovation is cost prohibitive .
- Disposition of currently owned and leased facilities can create an attractive economic environment downtown; a new facility thus becomes a **catalyst for business development**.
- Renovation of existing facilities will continue to keep county services fragmented and not encourage space efficiency of **shared conference rooms, training rooms, and infrastructure**.
- A new building helps create a **culture of collaboration** that will come from housing all departments together, and unfortunately renovation will not solve the issues of functional obsolescence.
- **Cost of capital is very attractive** for a new facility in today’s market.

P3 POTENTIAL STRUCTURES

Options for Alachua County Administration are derived from the Availability Payment structure:

- Phased Acquisition or Progressive Delivery.
- Design-Build/Lease with Conditional Sale Agreement.



PHASED ACQUISITION a/k/a PROGRESSIVE DELIVERY



- The Provider is selected from the RFP/RFQ process and provides progressive planning, due diligence, and financial information throughout the process.
- The structure of the transaction is not predetermined but is negotiated through the process.
- The Public Agency typically provides final payment at the conclusion of construction and takes over Operations and Maintenance.

DESIGN-BUILD/LEASE WITH CONDITIONAL SALE AGREEMENT

- **Provider will design-build and finance the facility and lease it back to the Buyer over an extended period.**
- **At the conclusion of the lease, the facilities will become the property of the Public Agency.**
- **The Provider handles Operations and Maintenance until the conclusion of the lease.**



GENERAL COST INFORMATION



The total cost of the project is, of course, dependent on the ultimate selection of site and facility. Budget estimates would indicate the cost to be between \$323 psf to \$503 psf.²

- At 137,401 sf the cost for vertical construction would be approximately \$44 - \$69 million. This is a very high-level budget and is dependent on several factors.

²*Design Cost Data 2020*





Option #1
Existing Administration site

Option #2
Wilson/OPD site

Option #3 & 4
Out of the box idea

OPTION #1: EXISTING COUNTY ADMINISTRATION SITE

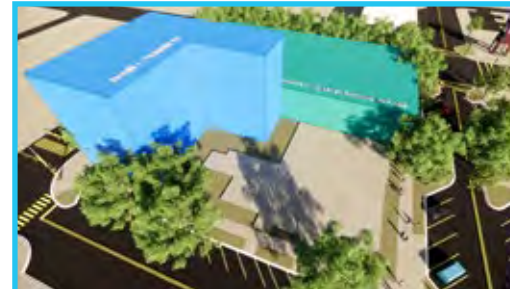
- There is room on the site of the existing County Administration site to allow development in multiple Phases.
- Historical significance in staying on the existing site.
- Land is controlled by County Commission and creates a simpler path to successful transaction.
- Onsite structured parking garage.



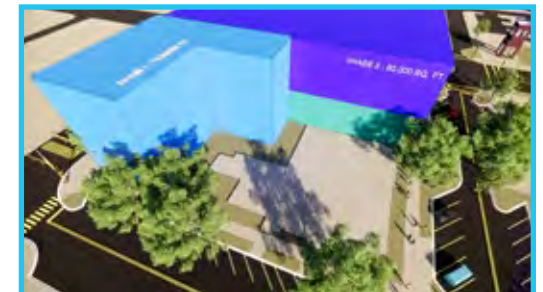
Phase 1



Phase 2



Phase 3



Phase 4

OPTION #2: WILSON/OPD BUILDING SITE

- Two (2) independent parcels on the same block.
- Acquiring the five (5) small parcels in the SW corner of the block would expand development options on this site.
- The structural and sewer issues would need to be considered.
- Wilson Department Store may have some historical significance limiting redevelopment.





OPTION #3: REDEVELOP COUNTY LIBRARY SITE



- Temporarily relocate existing library.
- Large land size allows for a larger footprint per floor.
- Because of the larger site, the building height could be lower consequently lowering construction cost.
- Asset is managed by an independent Library Board and would need to be negotiated.

OPTION #4: RELOCATE LIBRARY TO ADMIN SITE



- Negotiate with Library to build new Library facility in Administration Building facilities on the existing Administration Site.
- Library and Admin Facility could share some facilities such as Training/ Class Rooms.
- Library helps draw the public into the New Administration facilities creating a quasi-retail attraction.
- Existing Library site has great potential for private redevelopment.

Search Analytics

INVENTORY SF

125K +0%

Prior Period 125K

UNDER CONSTRUCTION SF

8.2K -

Prior Period 0

12 MO NET ABSORPTION SF

725 +144.3%

Prior Period (1.6K)

VACANCY RATE

8.8% -0.6%

Prior Period 9.4%

MARKET RENT/SF

\$22.30 +1.4%

Prior Period \$21.99

MARKET SALE PRICE/SF

\$215 -5.6%

Prior Period \$228

MARKET CAP RATE

7.6% +0.3%

Prior Period 7.3%

Key Metrics

Availability	
Vacant SF	11K ↓
Sublet SF	0 ↓
Availability Rate	25.2% ↑
Available SF	33.7K ↑
Available Asking Rent/SF	\$27.14 ↑
Occupancy Rate	91.2% ↑
Percent Leased Rate	91.2% ↑

Inventory	
Existing Buildings	3 ↓
Under Construction Avg SF	8.2K
12 Mo Demolished SF	0 ↓
12 Mo Occupancy % at Delivery	-
12 Mo Construction Starts SF	8.2K ↑
12 Mo Delivered SF	0 ↓
12 Mo Avg Delivered SF	-

Sales Past Year	
Asking Price Per SF	-
Sale to Asking Price Differential	-
Sales Volume	\$0 ↓
Properties Sold	0 ↓
Months to Sale	-
For Sale Listings	-
Total For Sale SF	-

Demand	
12 Mo Net Absorp % of Inventory	0.6% ↑
12 Mo Leased SF	0 ↓
Months on Market	6.3 ↓
Months to Lease	-
Months Vacant	-
24 Mo Lease Renewal Rate	65.7%
Population Growth 5 Yrs	5.0%

VIABILITY OF MULTI-FAMILY IN DOWNTOWN GAINESVILLE, FL



Search Analytics

INVENTORY SF

794K +7.4%

Prior Period 739K

UNDER CONSTRUCTION SF

8.2K -85.1%

Prior Period 55K

12 MO NET ABSORPTION SF

17.7K +1,577.3%

Prior Period 1.1K

VACANCY RATE

19.7% +3.6%

Prior Period 16.1%

MARKET RENT/SF

\$20.52 +3.0%

Prior Period \$19.92

MARKET SALE PRICE/SF

\$177 +0.8%

Prior Period \$176

MARKET CAP RATE

8.3% +0.1%

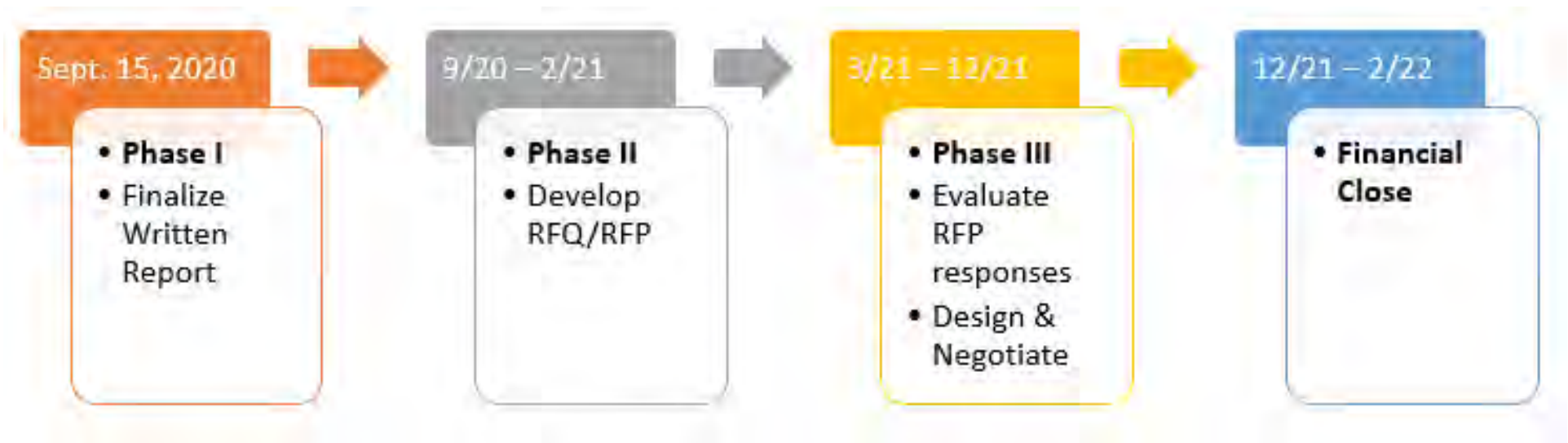
Prior Period 8.2%

Key Metrics

Availability		Inventory	
Vacant SF	156K ↑	Existing Buildings	27 ↑
Sublet SF	12.5K ↑	Under Construction Avg SF	8.2K ↓
Availability Rate	32.8% ↑	12 Mo Demolished SF	0 ↓
Available SF	263K ↑	12 Mo Occupancy % at Delivery	46.7%
Available Asking Rent/SF	\$18.06 ↓	12 Mo Construction Starts SF	8.2K ↑
Occupancy Rate	80.3% ↓	12 Mo Delivered SF	55K ↑
Percent Leased Rate	82.2% ↓	12 Mo Avg Delivered SF	55K

Sales Past Year		Demand	
Asking Price Per SF	-	12 Mo Net Absorp % of Inventory	2.2% ↑
Sale to Asking Price Differential	-	12 Mo Leased SF	38K ↑
Sales Volume	\$2.4M ↑	Months on Market	4.9 ↓
Properties Sold	1 ↓	Months to Lease	12.0 ↓
Months to Sale	-	Months Vacant	7.9 ↓
For Sale Listings	1 ↓	24 Mo Lease Renewal Rate	26.8%
Total For Sale SF	44.2K ↓	Population Growth 5 Yrs	4.9%

CONCLUSION - COST IMPLICATIONS



Next Steps

- Finalize written report
- Develop RFQ/RFP
- Select Private Provider
- Negotiate and Design

NO ADDITIONAL COST IMPLICATIONS BEYOND COMMITTED FUNDS IN 2020 - 2021