



# Alachua County Administration Building - Agreement No. 11641

## Consultant's Report - Phase I

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CMR PARTNERS



## Table of Contents

### The Team

1. Executive Summary
2. Vision
3. Community Impact
4. Public-Private Partnership Deal Structures
  - a. Revenue Generating Assets
  - b. Savings Capture
  - c. Availability Payments
5. Risk Transfer Spectrum
6. P3 Structure Recommendation
7. Programming Analysis
  - a. Existing Land and Building Analysis
  - b. Projected Spatial Needs
  - c. Effects of COVID-19: The New Normal
8. Financial Feasibility Analysis (Renovation vs. New Facility)
  - a. Renovation Costs
  - b. Existing Building Value Matrix
  - c. New Construction Costs
9. Alternative Site Analysis
  - Option #1: Existing Administration Building Site
  - Option #2: Wilson / Old Public Defender (OPD) Building Site
  - Option #3: Redevelop Alachua County Library Site
  - Option #4: Relocate Library to Administration Building Site
  - Option #5: Vacant University Avenue Land Site
  - Option #6: Gainesville Regional Utilities (GRU) Building Site
  - Option #7: Nationwide Mutual Insurance (Nationwide Center) Site
10. Current Downtown Gainesville Real Estate Market Conditions
11. Procurement Methods for RFP
12. Conclusion

### APPENDIX

- A. Returning to Workplace Amidst COVID-19
- B. Recent Downtown Gainesville Building Sales Supporting the Existing Building Value Matrix
- C. Recent CoStar Comparable Sales – Downtown Gainesville
- D. Office Market Summary
  - AY CoStar Office Market Report 2020
  - Downtown Gainesville – For Lease
  - CoStar Office Analytics
- E. Retail Market Summary
  - CoStar Retail Analytics



**Eric D. Swanson, CRE**  
Senior Vice President  
Avison Young



**Donald J. Clinton, CPM**  
Vice President  
Avison Young



**Nick Banks**  
Principal  
Managing Director | North Florida  
Avison Young



**Scot Bini, REFP, LEED GA, CCM**  
President/Partner  
CMR Partners



**Howard J. McLean, Jr., AIA, LEED AP**  
President  
SVM Architects



**Barnett Chenault, CDT**  
Vice-President  
SVM Architects



## 1. Executive Summary

The purpose of this Phase I report is to outline the various options available to Alachua County for accommodating its long-term administrative office needs and to provide a cost/value analysis to assist in the decision-making process. Information provided by our team of architects, real estate professionals, contractors and consultants was used to prepare this review.

The vision of the County Administration is to create (i) an open and welcoming environment, (ii) a sustainable and historical facility, (iii) a facility that will stand the test of time for at least 50 years, and (iv) an image of an innovative atmosphere where entrepreneurs and investors thrive.

Our project evaluated three (3) main options for your consideration including:

- ❖ Renovating the County's existing facilities
- ❖ Constructing a new building and a structured parking garage on the current Administration Building site
- ❖ Relocating to another site within geographically desirable boundaries

Departments Heads responded to our written surveys requesting their specific input of current conditions and future needs. These surveys were analyzed and followed up by a series of interviews allowing our team to help calculate the spatial programming requirements for each department.

The seven (7) downtown facilities in this report include four (4) County owned buildings and three (3) leased properties. An inspection tour of each building was conducted, and where permitted video images of all common areas and departments were taken using the state of the art Matterport system. It is estimated that the buildings require \$8.3 million for capital improvements simply to provide for continued occupancy. A renovation of the four (4) County owned properties is estimated to cost within a range of \$240 and \$260 per sq. ft. This estimate of cost is based on data base information and would still not cure some of the existing structural and functional obsolescence issues nor would it bring additional parking spaces to a downtown facility.

Our team considered a mix of uses that may be appropriate in the new facility and attempted to balance meeting the current and projected space needs with the potential cost to build speculative space in a new building. After conducting a detailed market survey of the Downtown Gainesville, Midtown, Innovation District and Main Street submarkets it was determined that there was a sufficient supply of office, retail and multi-family space to meet both short and long-term demand. Our recommendation would be to program the facility to meet its current needs, add sufficient space to allow for the County's future expansion needs, and create some limited flexible space on the ground floor of a new facility. This flexible space may include retail, exhibit, or space for public functions.

Our evaluation included several sites and alternatives for the Alachua County Administrative Building. Renovation costs exceed the current value of the owned premises, and still would not meet the vision outlined. It is our recommendation to construct a new County Administrative Building on the existing Administrative Building site, which can be done in phases, allowing County employees to work within existing premises until the new phased construction is complete. The cost of the new facility could range between \$44 and \$69 million, depending on the final design and direction from the County Commission.

The next step in this process is to prepare a detailed Request for Proposal (RFP) to private firms which have a strong track record of success with similar developments. A County appointed evaluation committee would grade each proposal on a point system evaluating the company's capability to perform the work, its technical plan and the financial proposal. The highest rated company would be chosen, an agreement would be negotiated, and the design process would commence. Flexibility would be built into the RFP allowing a variety of financing tools for the County, including self-financing if desired.

## 2. Vision

As Alachua County Administrative staff and County Council evaluated the capital budget required to repair existing County-owned facilities, it was clear something needed to be done about the conditions of the current facilities. In addition, careful consideration was given to understand the future growth of Alachua County and how to create the type of County facilities that are not only functional, but which also reflect and represent the character its residents of Alachua County could take pride in.

The State of Florida is growing at a frenetic pace, with all communities working hard to create an environment that will attract not just the active and retiring Baby Boomer generation, but also Generation X, Millennials, and Generation Z as well.

The Vision of the County Administration is to create an environment that reflects criteria desired by its citizens:

1. The County Administrative facilities should be open and welcoming, serving as a community gathering place for the citizens of Alachua County. The design and construct of the facilities should evoke pride in the County's constituency, where all citizens feel comfortable and a part of the community.
2. Sustainable facilities that will stand the test of time and pay homage and respect to the great history of Alachua County.
3. The investment to be made in the facilities should create an attitude of lasting and permanence and should serve the County functionally and aesthetically for the next fifty plus (50+) years.
4. County facilities should exude the image of those we are trying to retain and attract to our County, a business-friendly, diverse and innovative environment where entrepreneurs thrive.



### 3. Community Impact

In 2005 the Urban Land Institute (ULI) developed the Ten Principles for Successful Public-Private Partnerships<sup>1</sup>. Those ten principles are no less important today than they were fifteen years ago. One of the most important of those principles is that “A shared vision that is created and embraced by key stakeholders will stand the test of time and will persevere through implementation.” Critical to the success of the County is to verify that the vision stated previously is important to all key stakeholders within the County, citizenry, business, philanthropy, regulators, administrators and educators.

Creating an efficient, economic, and quality place to work for County employees generates commitment to value and purpose. County government is no different than most businesses by which the most important component of the government are its employees, the people that serve the County. It is important to retain quality employees and attract best of class. Having a functional and pleasant environment helps to reinforce the culture of responsible stewardship of County human resources as the most valuable assets within the County. It is equally important to invest in a design that is financially prudent and economically feasible, perpetuating an atmosphere of trust with the citizens served by the County Administration.

The County Manager’s Mission Statement “...is to provide responsive service to citizens and responsible stewardship of County resources for current and future generations.” To meet this mission, fundamental values of integrity, honesty, respect, diversity, innovation, accountability and communication serve as a guide to employee conduct and actions. The administration facilities need to encourage the foundation of these values by creating an open and welcoming gathering place for citizens of Alachua County that fosters value and pride in the community where these values are the very foundation by which the County is built and operates. Citizens should feel welcomed and comfortable attending County Chambers and should not be intimidated or confused by the administration facilities. All citizens of Alachua County should know how and where County business gets done. This transparency and ability to communicate to its residents and visitors instills a sense of pride in the community.

Alachua County, buoyed by the University of Florida Innovation District, is working hard to become the most dynamic innovation environment in the state of Florida. Facilities that display an unpretentious, yet high quality and efficient environment convey the concept that Alachua County is “open for business” to those seeking a home for themselves and their business. The right type of facility will help convey the message that County business and economic development staff work to convey each day that Alachua County is a great place to be.



<sup>1</sup> Ten Principles for Successful Public-Private Partnerships (Washington, DC: ULI, 2005)

## 4. Public-Private Partnership Deal Structures

There are three (3) basic Public-Private Partnership (P3) Deal Structures:

### a. Revenue Generating Assets

In some cases, government agencies that manage assets as parking facilities, toll roads and light rail systems utilize P3 delivery methods. These facilities generate revenue streams that private providers may utilize to underwrite the capital investment of the asset. Capturing this revenue stream is essential to securing the financing used in the delivery of the asset. In the case of Alachua County, it has been discussed that the project may incorporate revenue generated space, which may help to offset costs.

Examples of Revenue Generating P3s include Interstate 595 Express Lanes in Broward County, Florida, the Indiana Toll Road, Florida Brightline rail service, parking meters and parking garages in many large metropolitan areas.



### b. Savings Capture

Many of Alachua County's assets are operationally inefficient and functionally obsolete as they have aged. Oftentimes these types of assets are more expensive to operate and maintain than a newly built, operationally efficient asset. In the case of Alachua County's facilities, there is approximately \$8.3 million of deferred maintenance required at this time. Additionally, it is estimated that annual savings of \$450,000-\$500,000 in operating expenses could be realized by replacing these obsolete buildings. P3s in this genre are typically utilized to replace older buildings that have mechanical, electrical, plumbing and structural deficiencies. The savings in the operating cost to maintain the building is "captured" in order to pay for the new efficient building.

In many cases, the new buildings may be constructed on excess land owned by the public entity and the older facility either being renovated or demolished for private use.

Two regional examples of the Savings Capture structure include the Miami-Dade County Courthouse and the Boynton Beach, Florida City Hall.



### c. Availability Payments

Social infrastructure assets such as municipal buildings, courthouses, prisons and research laboratories are necessary public assets that do not typically generate revenue. Such is the case of the Alachua County Administration Building. The availability payment concept is based on Alachua County making regular payments to the private provider in exchange for the private provider financing the new asset and, in many cases, operating the asset at a mutually agreed upon level of maintenance and functionality (more about that below).

In many cases, the private provider has access to financing that is extremely competitive with the public entity, and the private provider can move more quickly and efficiently through the design, approval, and construction phases of the transaction. This fact does not mean that Alachua County loses control of the asset. In fact, Alachua County maintains the role of the Owner in the transaction and can focus on the important aspects of design, functionality and necessity rather than execute on a construction project.

Payments made to the private provider could be limited to the construction portion of the transaction or could be extended under a long-term lease of 10 - 30 years. Payments are made when the structure is functional and “available” to the public entity per agreed upon conditions. In the event the financial structure is an extended period such as a lease, the private provider will typically manage and operate the facility to ensure its functionality and quality over the specified period of time. At the conclusion of the lease term, the asset would be turned over to Alachua County.

Several examples of availability payment structures include Long Beach, California City Courthouse, Travis County, Texas Courthouse, Port Miami Tunnel, and Port Everglades International Logistics Center, Hollywood, Florida.



## 5. Risk Transfer Spectrum

In all transactions the Public-Private Partnership structure is developed within the Risk Transfer Spectrum (see Figure 1 below). The entity, public or private, that manages the risk of the following components will define the transaction:

- ❖ Development – creating the structure of the transaction, envisioning the project, obtaining all entitlement approvals needed, and assembling the team for all the components needed to create the asset
- ❖ Design – architecture and engineering to create the asset
- ❖ Construction – building the asset with construction trades/personnel
- ❖ Financing – creating the “capital stack” of the transaction including equity and debt
- ❖ Operations & Maintenance (O&M)/Life-Cycle Costs – maintaining the asset as needed to keep the asset in great shape and make the asset functional



In Figure 1, the Risk Spectrum is identified by who is taking the risk in the above components and is applicable in all Public-Private Partnership Deal Structures. For example, a transaction in which the public entity pays for and engages a private provider to design the facility, take the project out to bid, and whereby the public entity pays for and builds the facility takes 100% of the risk in the transaction, and is shown in the color red.

The section shown in gray at the bottom of the figure reflects the concept whereas the private provider would design, build, finance and operate the asset and takes all of the risk, receiving availability payments, capturing other savings or generating revenue directly taking 100% of the risk. Variations of different models are shown in between.

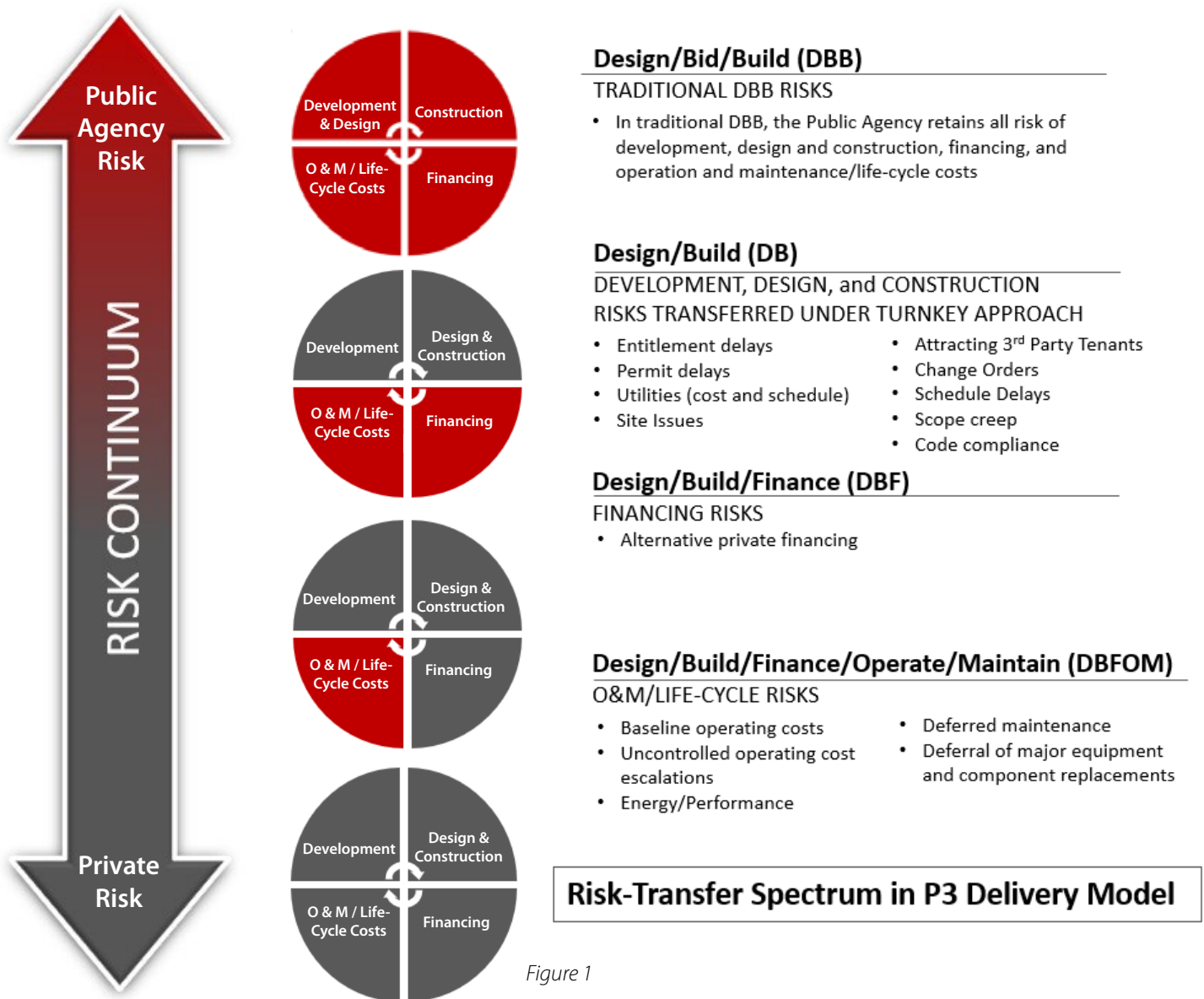


Figure 1

Source: Edgemoor Infrastructure & Real Estate LLC

## 6. P3 Structure Recommendation

The definitions of P3s vary widely and can encompass a broad range of approaches, as discussed above. The constituencies of a P3 involves a contract between a public agency, such as Alachua County, and a private sector provider, often called a concessionaire. There is great flexibility in the construct of these P3 structures that will follow some variable of the Risk Spectrum described previously.

An example of a P3 structure that would be well suited for Alachua County is a variant of the Available Payment structure. With financing costs at an all-time low in the private markets, and the private providers increased capability of providing the elements of Designing, Building, Financing, Operating and Maintaining (DBFOM), Alachua County could take advantage of many of the following benefits in a DBFOM structure:

- ❖ P3s can be delivered at a lower cost on a risk adjusted basis as compared to conventional delivery methods
- ❖ Delivery of the County Administration Building without impacting the county's borrowing capacity
- ❖ Transfer of Risk to a private provider/concessionaire
- ❖ Construction Cost Certainty
- ❖ Assurance of Quality
- ❖ Focus on Collaboration
- ❖ Deal structure automatically repairs and renews facility
- ❖ Utilizes the industry's best maintenance and repair practices
- ❖ Keeps asset operational

Inclusion of long-term maintenance obligations in the concessionaire's contract will allow Alachua County to benefit from long-term price certainty with guaranteed performance standards, which is not always budgeted when a project is delivered conventionally.

Another key benefit of a structure that includes maintenance is the ability to maximize life cycle efficiencies. Performance based requirements drive the concessionaire to take into account the maintenance and life cycle costs of the facility in both the design and construction phases of the project, rather than opting for the lowest cost, which is most often the case in traditionally bid public facilities.

Given the age and condition of Alachua County's existing facilities, a significant savings in maintenance can be realized through a combination of the disposition of the older facilities (the projected deferred maintenance on the existing Alachua facility portfolio currently exceeds \$8.3 million) and a performance-based maintenance obligation as part of the new Administration Building concessionaire contract.

It is estimated that 80%-90% of a building's cost over its lifetime is incurred by ongoing operations and maintenance. Instead of the traditional approach of design-bid-build whereby a low bidder is awarded to the construction contractor, the concessionaire will design, build, and maintain the administration building in a holistic way that focuses on ensuring a high performing facility throughout the duration of the concession period. Additionally, at the end of the contract the concessionaire will transfer the ownership of a very well maintained and highly performing facility to Alachua County.

The Availability Payment component can remain flexible throughout the next phase of P3 analysis. The timing of the payments from Alachua County to the private provider can be within the short term of the design and construction period or could be extended for 10–30 years, once the building is completed. Our analysis of the private provider market indicates that this payment can be negotiated during the design phase of the project once all construction costs are more clearly understood.

## 7. Programming Analysis

### a. Existing Land and Building Analysis

A thorough analysis of the four County-owned buildings (Administration, Annex, Wilson, OPD) and the three County-leased buildings (DOCS, Seagle, Empire) has been completed, identifying the departments within each building, the number of employees in those departments and current space utilization for both office/workstation space and for shared common areas.

The County currently leases or owns approximately 139,000 sf of space throughout these seven buildings. Due to structural defects and functional obsolescence, 13,000 sf of that space remains unusable and is not able to be occupied due to serious safety issues. The net space occupied by the County administrative staff is therefore approximately 126,000 sf.

### b. Projected Spatial Needs

County officials were interviewed and surveyed to determine optimal space utilization needs and requirements for each department. As a result we learned very few department heads requested additional workspace for staff, though a majority required additional conferencing, training and storage areas. When we incorporated those changes and a new 400-person capacity Commission Board Room into a massing plan we determined that approximately 138,000 sf would accommodate the spatial needs and requirements for all departments.

The total projected square footage needs in a new efficiently designed building was calculated using a baseline of 119,200 sf, adding approximately 8,000 sf for expansion space and additional conference room areas, and an estimated 10,000 sf for the additional space for the County Commission Board Room (including a larger lobby, expanded restrooms, green room and a communications facility).



### c. Effects of COVID-19: The New Normal

Tenants and Landlords are in the early stages of addressing the pandemic and since there have been no changes to local building codes, they are making decisions conducive to their specific situations. As of this publication, the Covid-19 pandemic has had little impactful effect to the physical structure of the office workplace. Employees do however expect to return to modified office environments, which includes more social distancing and less desk sharing.

Companies such as Coca-Cola have expanded their office footprint. Initially negotiating a lease for approximately 20,000 sf in Bogota, Columbia, they wound up signing a lease for double that amount as a precaution to allow for the potential effects of social distancing in the workspace. Conversely, Nationwide Insurance recently vacated from 206,000 sf here in Gainesville, one of its five regional facilities as it is now moving towards a work-from-home business model.

According to a June 2020 CBRE Research Client Survey of 126 senior level global real estate executives representing a mixture of firms across industries and both national and international corporations, there is relative optimism about the future of the business environment. Roughly half of the respondents believe the business outlook will improve within the next six months. In addition, only 10% of companies expect to implement “no remote work policies” in the future while 70% expect to utilize a mixture of both in person and remote working options according to their business plans.



The short-term focus will be on buildings’ Facilities Management departments and processes which must, among other things, follow up-to-date CDC and OSHA recommendations.

- ❖ Companies must document the steps taken to safely manage facilities’ operations and communicate those steps to its employees.
- ❖ Highlight employee safety as companies implement basic infection prevention measures. They must provide adequate availability of sanitation stations in high-traffic areas. In addition, they must maintain routine cleaning and disinfection of surfaces, especially high-contact surfaces.
- ❖ Implement safe work practices that promote infection control such as additional signage, hands-free or no-touch operation of devices (faucets, trash cans, soap, or sanitizer dispensers).



Avison Young collaborated with the Cleveland Clinic (Appendix A), the #2 hospital in the country according to U.S. News, to establish return to the office strategies and protocols. The policy packet concentrates on five areas of focus to breakdown the global implementation steps and safeguard employees from contracting COVID-19 while conducting their jobs.

1. Space Planning & Cleaning
2. Personal Protective Equipment
3. Communication
4. People
5. Information Technology

Each office must create an office space plan that notes one-way traffic flow, seating shifts, swing offices, sanitizer stations, and unavailable seats.



To reduce the risk of viral transmission within the workspace, offices will enact a cleaning routine which includes: an enhanced cleaning regiment for shared spaces and “high-touch” surfaces, automated hand sanitizers at the front desk, and enact a clear policy for thorough cleaning of desk surfaces. Furthermore, signage will be placed around the office to encourage employees to abide by new safety guidelines.

Fitwel, a premier certification system for optimizing buildings to improve health and productivity outcomes, along with the Center for Active Design (CfAD) developed strategies to help mitigate viral transmission of COVID-19 through design and building operations:

- ❖ **Limit Physical Interactions** – Generate staggered schedules where employees can work from home several days a week. Provide PPE for employees who work in close proximity of each other.
- ❖ **Cleaning** – Regular cleanings of high-touch areas (tables, doorknobs, light switches, desks, keyboards, etc.) and surrounding environments.
- ❖ **Handwashing Signage** – According to the Journal of Environmental Health, handwashing signage has impacted handwashing practices and influenced both handwashing behaviors and length of washing time.
- ❖ **Ventilation** – Higher ventilation rates are linked with reduced disease spread. Natural and hybrid ventilation strategies save energy and maintain indoor air quality for occupants.
- ❖ **Filtration** – High-efficiency particle air filters (HEPA), when operating at full potential, can remove 99.97% of particles such as dust, vapors, bacteria, fungi and efficiently capture viral particles spread by droplet nuclei.
- ❖ **Humidity** – Maintaining indoor humidity to 40 – 60% is linked to major reductions in the contagion of an aerosolized virus.

Architects are designing workstation and partition spaces to adhere to CDC guidelines. In addition, cleaning and maintenance supplies will be made more readily available in high areas of people circulation, and facilities management will continue to be trained in cleaning, disinfecting and additional safety measures.

The Design Group (TDG), an international interior design firm, developed a COVID-19 safety guidelines package for their clients:

- ❖ **Control traffic areas:** One-way pathways and marked distances in traffic and waiting areas.
- ❖ **New seating arrangements:** Decrease exposure by designating seating to employees separated by a 6 ft radius.
- ❖ **Establish new office protocols:** Provide signage to remind employees of hygiene responsibilities. Mark open and closed areas and clearly mark 6 ft distances in congested areas.
- ❖ **Prepare for employee return:** Identify essential and vulnerable workers and implement hands-free technology (e.g.: remote entry into building, automatic doors and touchless bathroom fixtures).

The purpose of building strategic plans is to build trust between owners and occupiers, maintain productivity in the workspace and readapt the design of workspaces. “A key part of building trust among occupants is reinforcing feelings of security by clearly communicating actions to make the building safe, and by implementing a plan to ensure business continuity during future outbreaks. Having a plan affects people’s mental health as well as your ability to do business,” said President and CEO of the Center for Active Design (CfAD), Joanna Frank.

During interviews with Alachua County officials, we have learned of many requests for additional conferencing and training spaces. These requests support research that states meeting and connecting with colleagues face-to-face, and access to the tools that support their work, is important. The need for the physical office will continue in order to maintain company culture and overall productivity, albeit supplemented by some level of working from home or a satellite office.

We are in the early stages of understanding the long-term effects Covid-19 will have in the workplace as tenants have begun collaborating with designers to create safer work areas for their employees to return to the office. Though working remotely is the initial phase of many workplace strategic plans, this can be very stressful to those who feel isolated, are caretakers of young children doing online learning or don’t have the necessary resources at home.

It is our recommendation that the County plan for the full spatial needs of staff returning to the office. We are confident that, by the time the new Alachua County Administration building reaches the design phase, there will be substantial medical and technological advances to allow for a more informed decision on a remote working policy. County officials will have the opportunity to work closely with the architects to create custom spaces which will allow for social distancing within workspace areas, dual functionality of meeting rooms, and the overall reemphasis of community engagement within a safe space.



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## 8. Financial Feasibility Analysis (Renovation vs. New Facility)

### a. Renovation Costs

To evaluate the cost of renovating the County's existing facilities, we reviewed previous renovations of government facilities that would have some similarities to the Gainesville assets.

The Poplar Creek Library in Streamwood, Illinois is a two-story building originally constructed in 1966 and includes approximately 80,000 sq. ft. The existing building was a concrete structure and had an austere presence on-site. The building was expanded and transformed into a 95,000 sq. ft. facility that includes a beacon that created a notable architectural component and an expansion to the facility. The structure of the existing facility provided good “bones” to work with and provided a basis for the expansion and functionality of the new library. Renovated in 2010, if the building were to be built in Gainesville in 2022, the cost of construction would be approximately \$237 per sq. ft.

The Weinberger Federal Courthouse was originally constructed in 1913 and maintained a prominent location and place of importance in San Diego, California. The building was historic, and with its excellent location and no extra land, the only real choice was to renovate. A complete reconstruction and addition of judges’ chambers transformed the building into a functional environment for the judiciary. If the 63,000 sq. ft. building were to be renovated in 2022 in Gainesville, the cost would be approximately \$258 per sq. ft.



**Admin Building**



**OPD Building**



**Seagle Building**



It is virtually impossible to calculate the cost of renovating existing Alachua County owned facilities without knowing exactly what needs to be done to improve them. The current repair costs are estimated at \$8.3 million simply to bring the facilities to occupiable conditions. The four owned buildings in operable condition totals 118,753 sq. ft. Therefore, if we applied an average cost of \$250 per sq. ft. to the existing facilities, the renovation cost would be approximately \$29.7 million in addition to the required \$8.3 million. The total renovation could then easily cost in excess of \$38 million, or \$320 per sq. ft., and at the conclusion of this renovation effort, the county would still be in four separate locations with some element of functional obsolescence due to the structures of the existing facilities and no additional parking would be added for County employees.

#### b. Existing Building Value Matrix

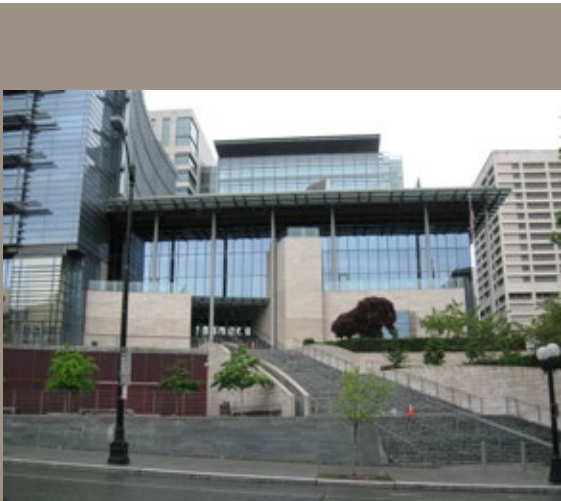
<u>County Owned Buildings</u>	<u>Square Footage</u>	<u>Value Low / SF</u>	<u>Value High / SF</u> ✱	<u>Low Value</u>	<u>High Value</u>	<u>Minimum Renovation Cost</u>
Admin Building	66,140	\$ 60	\$ 80	\$ 3,968,400	\$ 5,291,200	\$ 3,600,000
Wilson Building	24,434	\$ 60	\$ 80	\$ 1,466,040	\$ 1,954,720	\$ 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
<b>TOTAL</b>				<b>\$ 7,125,180</b>	<b>\$ 9,500,240</b>	<b>\$ 8,300,000</b>

✱ See Appendix B & C



### c. New Construction Costs

In evaluating the potential cost of new facilities, it is once again challenging to estimate this cost without knowing exactly what style, type and composition of building would be built. Therefore, the best way to evaluate cost would be to review the database of projects that have some similarity to the proposed new construction.



#### **Seattle City Hall**

If built today using Gainesville market driven material & labor costs, it would cost \$503 psf.

The City of Seattle, Washington occupied existing facilities in several locations predominantly built in 1962. The City determined that renovation would not achieve their goals of expressing the spirit of the Northwest U.S. in an elegant way. The city constructed a 207,539 sq. ft. City Hall facility of natural stone and glass that exemplified its sustainable building strategies. This facility is beautiful, elegant, and holds its own against neighboring skyscrapers, glowing by night to become a civic beacon for downtown Seattle. The building was completed in 2013, and if constructed in Gainesville in 2022 would cost approximately \$503 per sq. ft.

While the Seattle City Hall sets the bar at a high level for design and cost, a more cost effective example would be the construction of the Alachua County Courthouse, Gainesville, Florida. The structure is elegant with clean lines, ample gathering space and well-appointed court rooms. The building was completed in 2003 and is a 4-story structure that encompasses 119,779 sq. ft. If built in 2022, the beautiful structure would cost approximately \$323 per sq. ft.

Given the above examples, and understanding the estimated cost is dependent on multiple factors, we can ascertain that it is plausible the range of cost for a new County Administrative building would be between \$44 - \$69 million, assuming a 138,000 sq. ft. facility. It will be seen in the site analysis to follow that it is feasible to build a new facility without interrupting the flow of work from County employees.

New construction is supported by the following conclusions:

- ❖ Renovation is estimated to cost \$38 million minimum. If new construction costs \$44 million, only 15% more, the County would realize a substantially greater return on its investment with new construction.
- ❖ If the County determined to spend in the higher range of costs, (e.g.: Seattle City Hall), the County would never be able to achieve the same level of higher end finishes completing a renovation.
- ❖ Renovation would require temporarily relocating employees while each building is renovated, causing a disruption in employees' work product for upwards of two years.
- ❖ New construction would allow most County employees to work in one central location, creating a synergistic and vibrant workplace environment.
- ❖ Creating one new facility in downtown Gainesville would allow the County the opportunity to encourage downtown development by selling or leasing its other County-owned facilities.



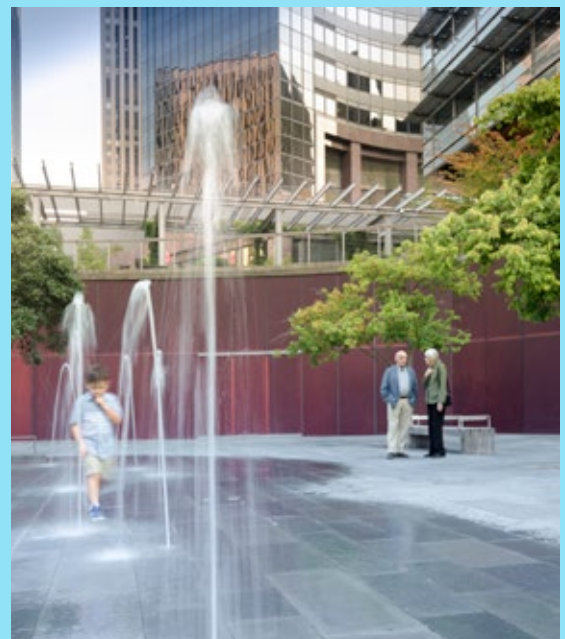
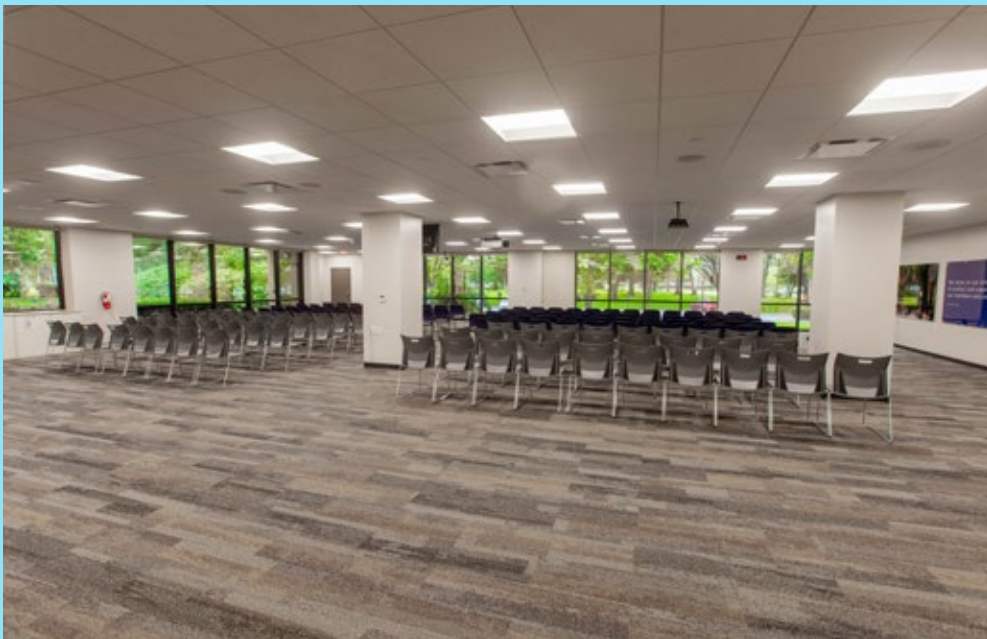
#### **Alachua County Criminal Courthouse**

If built today could be constructed for \$323 psf.



## 9. Alternative Site Analysis

Our team evaluated numerous sites throughout east, west and downtown Gainesville for a potential new Alachua County Administration Building. The objective was to find vacant land or an existing building that would present the image and sense of quality that the County and its key stakeholders could embrace. Having the community's support early in the process is crucial to the project's success.

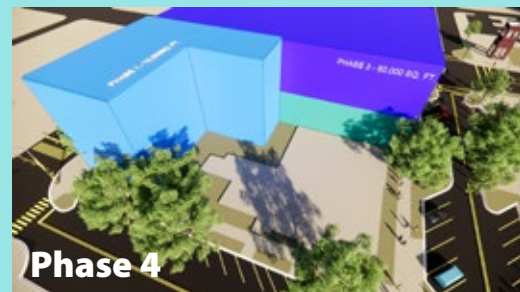
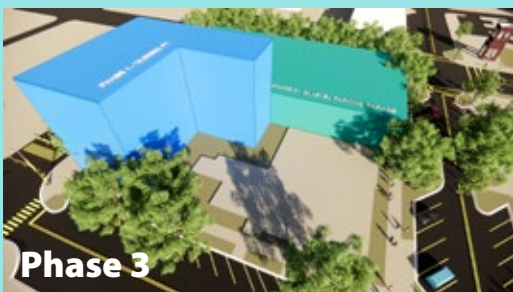


## OPTION #1 – Existing Administration Building Site

The historic Alachua County Administration building, (12 SE 1st Street) sits on a square 1.3 acre parcel ideally situated located in the heart of downtown Gainesville, at the crossroads of Main Street and University Avenue.

Originally built in 1958, the 62-year-old Administration Building has elements which are both structurally and functionally obsolete. It is estimated the County would be required to spend approximately \$3.6 million in capital improvement costs simply to continue operations. Additionally, the cost to maintain the facility for long-term use is projected to cost the County multiples of that amount.

The architects have determined there is enough existing space on the property to allow for development in phases, thereby eliminating the need to move into temporary space during construction. A sample massing diagram was prepared (shown below) detailing how the first phase could be built to accommodate everyone currently onsite. When completed and after relocation, the existing structure would be demolished to make room for a parking garage, additional office space to accommodate the departments currently located in the six (6) remote buildings and a landscaped courtyard open to the community.





## OPTION #2 – Wilson / Old Public Defender (OPD) Building Site

The Wilson / OPD site is located directly north of the Administration Building at 14 NE 1st Street, 26 NE 1st Street, and 30 E. University Avenue. This site consists of two (2) independent, non-adjointing parcels with a combined size of just over half an acre. There are, however, five (5) additional parcels on that block which are owned by outside investors who may or may not have an interest in selling their properties. While it needed to be considered because the Wilson and OPD buildings/sites are currently owned by the County, this option has serious limitations in being able to accommodate the square footage required in a new facility. In addition, community support for a new development may be hampered due to the historical significance the Wilson Department Store façade holds within the community.



### OPTION #3 – Redevelop Alachua County Library Site

An “Out of the Box” idea is to incorporate Alachua County Library’s downtown site into the discussion. While owned and operated by an independent Library District, an agreement may be possible to provide substantial incentives and benefits to the Library system for it to consider this concept.

The existing library could be temporarily relocated during construction, then moved back into the new all-inclusive complex featuring many brand-new amenities. The large 3.5-acre land size will allow for a lower overall building height and a substantial savings in construction costs over a taller building. This would allow the proceeds from selling the existing Administration Building property to benefit both the Library District and the County.





## OPTION #4 – Relocate Library to Administration Building Site

Another “Out of the Box” scenario is to offer the Library District the opportunity to upgrade its downtown Library into a new state of the art facility located in a new building on the current Administration Building site. In addition to the District having design and input on desired features, it could benefit from access to shared training rooms, meeting space, covered parking, proximity to Bo Diddley Park, plus open courtyard space for special exhibits and community events. The prime views on the first and second floors could be designed to open onto University Avenue, which would provide high visibility and help draw the public into the retail environment of Downtown Gainesville.



**TRAINING ROOM & BOARD ROOM**

Relocating into the new site would allow the Library’s current site on 3.5 acres to be sold to a developer, helping stimulate growth in Downtown Gainesville and providing substantial resources that could help the long-term goals of both the Library District and the County.



## OPTION #5 – Vacant University Avenue Land Site

A local developer purchased three parcels along West University Avenue to build College Park @ Midtown apartments. The vacant 2.5 acres is on the north side of University Avenue between NW 2nd Street and NW 3rd Street. Because of oversaturation in the downtown Gainesville multi-family submarket, the developer has decided to sell the land instead of moving forward with construction. The site was initially appraised at \$7.5 million; however, the motivated developer has recently reduced the asking price to \$6 million after being on the market for a couple of years. The Urban Mixed-Use High Intensity (UMUH) zoning potentially allows for numerous uses, including office, retail, hotel, multi-family and restaurant.





Additional options below were considered; however, due to the strong Stakeholder desire to focus on rejuvenating Downtown Gainesville, these were relegated to second tier options.

### OPTION #6 – Gainesville Regional Utilities (GRU) Building Site

The City of Gainesville owns the 84,000 square foot GRU Building located four (4) blocks east and south of the existing Administration Building at 301 SE 4th Avenue. This building was constructed in 1991 on 1.3 acres. While the existing improvements are not large enough to accommodate the spatial needs of the County, the City also owns the adjoining land, east to SE 6th Terrace, which may provide an opportunity for additional office space and parking. The concept of potentially acquiring this site for County use would require negotiations with the City of Gainesville.



### OPTION #7 – Nationwide Mutual Insurance (Nationwide Center) Site

Nationwide Center is located three (3) miles southwest of downtown, two (2) blocks from the I-75 / Williston Road exit.

This 206,000 square foot facility recently underwent a \$7.4 million, three (3) year renovation bringing the property up to modern standards. This property has more than enough square footage to accommodate the County's current and future needs. Flexible zoning on the 38.27 acre site allows for additional uses such as apartments or condominiums. This property is currently on the market for sale.



While the site is large and flexible, the Nationwide site is clearly outside of the downtown Gainesville market and would shift the center of government power to the west. It would be a challenge for downtown to recover from a major employment departure from that market and certainly would not support the vision for the new county administrative facilities of paying homage and respect to the great history of Alachua County. It would create an economic blight in downtown that would likely be extremely challenging to recover from.

## 10. Current Downtown Gainesville Real Estate Market Conditions

In the scope of this analysis we considered what mix of uses would be appropriate for the new Alachua County Administration facility given its overall space needs, while also considering the anticipated growth of County departments over the next several decades. The team attempted to balance meeting these current and projected space needs with the potential cost to build additional space. An analysis was also performed to determine the marketability of the County's excess space to third party, private sector tenants until it would need to be utilized for County purposes.

A thorough market analysis was completed to understand current, short and long-term supply of office, retail, and multifamily asset classes in the downtown submarket, as well as adjacent submarkets such as midtown, the Innovation District and the Main Street corridor.

At the present time, a sufficient supply of office and retail spaces exists to meet current and anticipated short term needs. Market conditions do not warrant the development of new construction, speculative space for lease. There is currently over 150,000 square feet of available commercial space in and around the downtown area. Further, new construction would require rents greater than current market rents of approximately \$20 per square foot per year to generate an adequate development return for a public, private partner. Adding additional space for lease also increases the overall risk of the project. Therefore, our recommendation is to program the new facility to meet the County's current needs with an adequate amount of future expansion space.

Inclusion of a multifamily component was also considered for the project. Research indicates there are approximately 1,100 new, market rate (non-student) units under construction or recently delivered in the greater Gainesville area. Additionally, there are approximately 4,500 new or soon to be delivered student housing bedroom units predominantly in the area between downtown and the UF campus. It is believed this new supply should be fully absorbed before any consideration be given to adding additional market rate or student housing units. We also believe that mixing residential dwelling units with office usage in the same facility creates challenges from design, functionality and marketability standpoints.

Search Analytics							
INVENTORY SF <b>794K</b> <span>↑74%</span> Prior Period 759K	UNDER CONSTRUCTION SF <b>8.2K</b> <span>↓55.1%</span> Prior Period 23K	12 MO NET ABSORPTION SF <b>17.7K</b> <span>↑137.3%</span> Prior Period 1.1K	VACANCY RATE <b>19.7%</b> <span>↓24%</span> Prior Period 16.1%	MARKET RENT/SP <b>\$20.52</b> <span>↓3.0%</span> Prior Period \$21.32	MARKET SALE PRICE/SP <b>\$177</b> <span>↓5.3%</span> Prior Period \$186	MARKET CAP RATE <b>8.3%</b> <span>↓0.1%</span> Prior Period 8.4%	
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%		

Office Summary

Search Analytics							
INVENTORY SF <b>125K</b> <span>↓5%</span> Prior Period 132K	UNDER CONSTRUCTION SF <b>8.2K</b> <span>↓55.1%</span> Prior Period 23K	12 MO NET ABSORPTION SF <b>725</b> <span>↑144.5%</span> Prior Period 1.6K	VACANCY RATE <b>8.8%</b> <span>↓0.6%</span> Prior Period 9.4%	MARKET RENT/SP <b>\$22.30</b> <span>↑1.4%</span> Prior Period \$21.98	MARKET SALE PRICE/SP <b>\$215</b> <span>↓5.4%</span> Prior Period \$228	MARKET CAP RATE <b>7.6%</b> <span>↓0.5%</span> Prior Period 8.1%	
Key Metrics							
Availability				Inventory			
Vacant SF	11K	↓		Existing Buildings	3	↓	
Sublet SF	0	↓		Under Construction Avg SF	8.2K		
Availability Rate	25.2%	↓		12 Mo Demolished SF	0	↓	
Available SF	33.7K	↓		12 Mo Occupancy % at Delivery	-		
Available Asking Rent/SF	\$27.14	↓		12 Mo Construction Starts SF	8.2K	↓	
Occupancy Rate	91.2%	↓		12 Mo Delivered SF	0	↓	
Percent Leased Rate	91.2%	↓		12 Mo Avg Delivered SF	-		
Sales Past Year				Demand			
Asking Price Per SF	-			12 Mo Net Absorp % of Inventory	0.6%	↓	
Sale to Asking Price Differential	-			12 Mo Leased SF	0	↓	
Sales Volume	\$0	↓		Months on Market	6.3	↓	
Properties Sold	0	↓		Months to Lease	-		
Months to Sale	-			Months Vacant	-		
For Sale Listings	-			24 Mo Lease Renewal Rate	65.7%		
Total For Sale SF	-			Population Growth 5 Yrs	5.0%		

Retail Summary

Appendix D & E

## 11. Procurement Methods for RFP

A Request for Proposals should be sent to interested, prequalified firms for the third-party development of a new Alachua County Administrative Building. The responses will be comprised of a technical proposal and a financial proposal. The technical response will provide a project description, as well the projects design and construction plans and will focus on the firm's ability to perform and illustrate their track record on similar type developments. The financial proposal will outline the firms pricing and buyout provisions as well as its financing plan and conditional sale agreement. A typical outline for an RFP would be as follows (including, but not limited to):

### I. Request for Proposal

This section will provide a narrative of the County's intentions and objectives are for implementing the project. It will provide a general outline of the proposal activity and proposed deadlines such as RFP questions, pre-bid conferences, submittal dates, shortlist dates, and selection process.

### II. Scope of Services

#### a. Technical Requirements

This includes a list of the existing facilities to be included (if any), the total square footage required and its functional components. It will list the selected plot of land and will reference all design criteria, usually contained in a Design Criteria Package as an Attachment.

#### b. Operation & Maintenance Requirements

This section will state that the County would like to consider that the company selected provide Operation and Maintenance (O&M) services for the project throughout the term of the agreement. This section will also ask that the respondents provide estimated operation and maintenance costs.

#### c. Financial Requirements

Here it will be required that the respondents provide the financial approach around a Conditional Sales Agreement. (CSA) as it refers to both the land and the asset development. Additionally, they will provide the financial approach around O&M services for the assets throughout the CSA term.

#### d. Principals of Agreement

The County will require each respondent to work with the County to agree upon a CSA upon selection. The County will ask each respondent to provide a 2-3 page summary of the main requirements in a Draft Principal of Agreement.

### III. Instructions/Requirements of Responses

In order for the County to review similarly formatted responses it will be required that the respondents submit their proposals in a very specific format, including a table of contents, with a limited number of pages, including tabs, dividers, and a cover page.





#### **IV. Evaluation Criteria**

This section will describe how the County intends to evaluate the proposals. Usually a points system is assigned to the technical and financial components, as well as the company's capabilities to perform the work.

#### **V. RFP Contents**

This section expands upon the Instructions and Requirements section and goes into greater detail of how the County would like to see the proposals structured. This may include the following:

- a. Executive Summary
- b. Project Planning, Design & Construction
- c. O&M Plans
- d. Organization & Personnel
- e. Occupancy Date Certainty
- f. Financial Proposal
- g. Proposal Pricing and Buyout Provisions
- h. Project Financing Plan
- i. Special Provisions and Requirements

#### **VI. Attachments**

- a. Design Criteria Package
- b. CSI Cost Estimate Template
- c. O&M Cost Template
- d. Payment Bond Template
- e. Performance Bond Template
- f. General Conditions Template
- g. Soft Cost Template
- h. Conditional Sale Agreement Template





## 12. Conclusion

The information provided in this report is an outline of the options we believe are available to Alachua County given the condition of its existing facilities and the County's overall objectives. We define the vision for the County Administrative facilities, the potential impact a new building can have on the community and provide answers to the following questions:

1. How much administrative space is currently utilized downtown and what are the future needs?
2. Is the real estate industry making changes due to COVID-19?
3. Does renovating the existing facilities provide a cost-effective option?
4. Are there available development sites within a selected geographic boundary?
5. How strong is the Downtown Gainesville real estate market?
6. What are the different types of Public-Private Partnerships and the potential risks for each?
7. Which P3 structure would be best suited for the County's need?
8. What are the next steps to determine if a private developer would be interested?

Alachua County's administrative offices are currently spread amongst seven (7) downtown Gainesville office buildings. Three (3) of these buildings are leased from private landlords at a combined cost, for rent and operating expenses, of approximately \$400,000 per year. The four (4) properties owned by the County are in various states of both physical and functional obsolescence, with about 10% of the total space being unsafe to occupy. Additionally, a workplace with persistent water intrusion, faulty air conditioning systems and defective plumbing issues makes it more difficult to retain quality employees and attract strong, new talent to its workforce.

It is estimated that at least \$8.3 million is needed immediately to keep operations running safely on a short-term basis. Addressing many of the long-term needs could cost between \$240 and \$260 per sq. ft. Unfortunately, even after spending that money the County would be "kicking the can down the road" and not solving the problems. It will still be left with older, inefficient and functionally obsolete buildings that will progressively become more costly to operate and maintain. Further, renovating the County-owned facilities keeps the county administrative operations fragmented and does not solve the parking issue in downtown Gainesville. The recommended solution is for the County to sell all but its primary administrative facilities and utilize the potential financial benefit of any sale to help pay for a new facility. Allowing the Wilson, the Old Public Defender and the Old Annex Buildings to return to the marketplace would encourage downtown Gainesville redevelopment by the private market.

Consolidating departments into a new building will create an efficient and quality place to work. It will not only allow staff to be more productive through easier collaboration, state of the art technology and shared resources, but a modern building will also reduce annual operating expenses and virtually eliminate costly capital expenditures. Our recommendation is to construct a new Administration Building for Alachua County and to consider partnering with a private developer to limit the County's risk and financial burden.

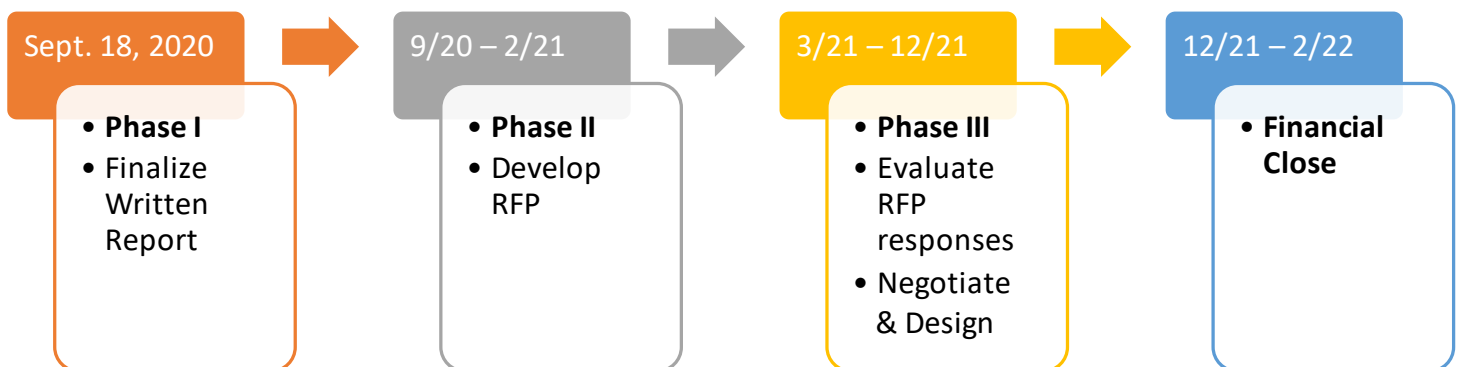
The County's administration facility is a public asset that does not generate revenue and therefore would benefit most from using a variant of an Availability Payment concept with a Design-Build-Finance-Operate-Maintain (DBFOM) structure. Under this scenario, the County would be able to focus on the design and functionality of the building while the private provider develops the property. The financial terms could be negotiated for either a payment to the developer upon completion of the project or through a long-term lease agreement. At the end of either option, the asset would be turned over to Alachua County.

Our team considered numerous sites in Alachua County for a new Administration Building with some currently owned by the County and others that would have to be purchased. Due to a strong desire by key stakeholders for the revitalization of downtown Gainesville we prioritized the options to that area. Three prime locations stood out: (1) the current Administration Building site, (2) the Downtown Library site and (3) 2.5 acres of vacant land on University Avenue.

The most interesting scenario is to offer the Library District an opportunity for a new Downtown Library Branch to be included as part of the new Administration Building. The Library District would benefit from being part of the design process and the ability to share the use of meeting rooms, a community center, covered parking and outdoor green space. Funds from a sale of the existing library site could be contributed to the construction of the new library, and the existing library site would be redeveloped and add to the growing fabric of downtown Gainesville development.

It is very important that all key stakeholders embrace a new facility as a place to provide an open and welcoming environment for the citizens of Alachua County. It is time for the County to take the next step for the progression into a new home that will be designed to last for the next 50 years or more. The services provided to the community are extremely important and having a secure, efficient County Administration Building will convey the concept of economic stability and be a catalyst for business development throughout Alachua County.

The following graphic illustrates the projected timeline and details the key steps necessary to complete each phase of this process.





## Contact:

**Eric D. Swanson, CRE**

Senior Vice President  
Development Advisory Services  
[eric.swanson@avisonyoung.com](mailto:eric.swanson@avisonyoung.com)  
305 216 2110

