



Legislation Details (With Text)

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On agenda: 12/8/2020 **Final action:**
Title: Budget Inn Acquisition Due Diligence

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Attachments: 1. Budget Inn Budget Proposal-Revision #1.pdf, 2. Budget Inn Due Diligence Report ADDENDUM 112320.pdf, 3. 2020-510A--Supplemental Environmental Services Proposal Rev. 1.pdf, 4. 201102 BUDGET INN FINAL SURVEY.pdf, 5. Amendment to Contract v2 ___.pdf, 6. Option Contract - fully executed.pdf, 7. FY21 Reserves and Adjustments.pdf, 8. Journal 2021-793 Budget Inn - Part 2.pdf

| Date | Ver. | Action By | Action | Result |
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Agenda Item Name:

Budget Inn Acquisition Due Diligence

Presenter:

Ramon D. Gavarrete, P.E. and Claudia Tuck, LCSW

Description:

Request Board direction regarding findings and costs discovered in property due diligence

Recommended Action:

That the Board approve one of the following three options: (1) direct staff to proceed with the acquisition of the Budget Inn pursuant to the terms and conditions of the Option Contract and approve the budget amendment; (2) Authorize staff to re-negotiate the Purchase Price with the Seller to be the average of the two appraisals (\$2,162,500), authorize the Chair to sign the attached Amendment to Contract that revises the purchase price to be \$2,162,500, and authorize the County Manager to close the transaction provided that the cost of the work to remove a possible underground tank does not to exceed \$25,000.00 and the cost to construct fire, life-safety and accessibility improvements does not exceed \$200,000.00; or (3) determine that the property is not suitable for the County's intended use based on the current condition of the property and direct staff to terminate Option Contract.

Prior Board Motions:

October 6, 2020 and November 10, 2020

Fiscal Consideration:

Estimated cost of updating the fire safety system is \$117,000.00, plus any additional costs disclosed

by the life safety inspection to be performed by the Alachua County Building Department and the Fire Marshal. Addition of fire hydrant is not included in the estimated cost. Cost of removing or collapsing a possible septic tank on the back portion of the property could cost up to \$25,000.00. At its November 10, 2020 meeting the Board approved a budget amendment for funding this acquisition in the amount of \$2,361,705. The budget amendment was proposed to be funded with General Fund Reserves. Attach is a budget amendment in the amount of \$138,295.00 that will bring the total amount to \$2,500,000.00. 001.04.0440.590.99.20 - (\$138,295.00) 001.29.2963.564.62.00 - \$138,295.00 Alternatively, the \$1,000,000.00 FY21 budget for housing programs as we transition away from Grace Marketplace could be used to assist.

Background:

Unhoused individuals have an increased use of crisis services primarily due to the lack of safe, stable housing. Best practices in working with homeless individuals involves a coordinated response and prioritizing the most vulnerable for housing.

This housing cannot be transient; it needs to be permanent housing from both a practice and financial perspective. Annual leases provide the security of stable housing. Additionally, funding sources for homeless housing require annual leases.

Transient housing is a form of emergency shelter and is not eligible for housing vouchers or HUD housing program funding. These are the primary sources of funding for homeless persons who are in need of ongoing support. The homeless Continuum of Care reports on the progress that this community makes in housing homeless individuals to HUD. Federal funding is dependent on successful local performance data.

On October 22, 2020, Alachua County entered into an Option Contract for the purchase of the Budget Inn located at 4401 SW 13th Street, Gainesville, FL 32608. On November 10, 2020 the Board of County Commissioners voted 5-0 to exercise the County's Option and directed staff to proceed with the closing of the acquisition. The Purchase Price of the property is \$2,300,000.00. The value of the property, based on the average of the two MAI appraisals, is \$2,162,500.00.

Due to the updated use of the property as Non-Transient, the due diligence on the property has been updated, resulting in the need to comply with the current fire code. This will include a sprinkler system for all buildings; a supervisory fire alarm system for seven (7) of the buildings and a full fire alarm system for the other two (2) buildings; and the addition of a fire hydrant within 150 feet of the Fire Department connection point. Staff has obtained a proposal for the installation of sprinklers and the fire alarm systems in the amount of \$117,000.00 (copy attached). Fire hydrant is not included in the proposal. Because of the unanticipated cost of fire system improvements, staff will negotiate with the Sellers to reduce the purchase price.

Additional issues have been raised by the Alachua County Environmental Protection Department regarding a debris site and a concrete slab which might cover a possible underground tank on the unimproved back parcel of the property (shown on Sheet 3 of attached survey). The County's environmental consultant, GSE Engineering & Consulting, has re-examined the debris pile and determined it to be old road construction debris which does not require a Phase 2 Environmental Audit. The concrete slab might cover an underground storage tank and will be further inspected by GSE (proposal attached). If the GSE investigation of the slab discloses the existence of an underground tank, staff recommends that the Board approve the expenditure of up to \$25,000.00 for

the removal or collapsing of a septic tank. If a petroleum or chemical tank is discovered, resulting in additional investigation and remediation, staff will return to the Board for further direction.

Alachua County Building Department staff and the Fire Marshal will be conducting a life safety inspection by Friday, December 4, 2020 and an update will be provided to the Board during the meeting.