
Community Redevelopment Agency Meeting

CRA Office Space Options
October 9, 2008



Background

- The CRA's offices are currently located at 300 E University Ave, Suite 240 in the Commerce Building.
- February 2005, the CRA relocated from the Thomas Center and signed a four-year lease for 1,911 sqft
 - The original lease will expire on Feb 28, 2009, with an option to renew for one year
 - Per the contract, the CRA was required to provide AMJ with a decision on an extension by August 1, 2008.
 - A one-year lease extension was approved and lease expires February 28, 2010
- When the lease extension agreement was presented for approval, the CRA Executive Director asked that staff consider alternative locations
- Additionally, the City Commission asked that the CRA consider alternative locations during the FY09/10 Budget discussions.
- In addition to leasing obligations and timing factors, the CRA has experienced significant growth in both budget and staff since 2005, which make re-evaluating office location a timely exercise as well.
- Four options were considered
 - Remain in Commerce Building
 - Relocate to Thomas Center
 - Relocate Depot Building (post renovation)
 - Construct a new Office Building at 414 or 802 NW 5th Ave
- An analysis of each option and recommendation follows



Option 1 - Commerce Building

Description	
Remain at Commerce Building and sign another 4-year lease (Mar 2010- Feb 2014) CRA currently leases 1,911 sqft.	
Pros	Cons
<ul style="list-style-type: none"> • Class A office space • Close proximity to City Hall, Downtown, & Thomas Center • Located in CRA Downtown Redevelopment Area • Does not require relocation and moving expenses • Support local economy by occupying privately-owned building • Building is a CRA-incentive project 	<ul style="list-style-type: none"> • Space is limited and provides very little room for meetings and growth. • Expensive real estate • Building could feel "intimidating" to some CRA stakeholders • Current floorplan configuration does not efficiently utilize available space • Lacks some amenities
Financial Implications	
See next slide	



Option 1 Commerce Building - Financial Considerations

- Current Lease payment of \$3,078 per month through Feb 28, 2009.
- Payment will increase to \$3,266 or \$39,192 annually beginning March 1, 2009.
- Mortgage Equivalence Analysis

Term (Years)		20
Interest Rate		8%
Payment (Monthly)	\$	3,266
Calculated Principal		\$390,491

- The rent that the CRA is currently paying is the equivalent of paying a \$390,000 mortgage over 20 years at 8% interest
- Note: This amount does not factor in insurance with a mortgage
- CRA also pays the City on a note for a \$839,000 incentive that was invested in the Commerce project.
 - The principal and interest payment on the note for FY09 is \$71,340



Option 2 - Thomas Center

Description	
Move CRA offices to Thomas Center – space unknown at this time	
Pros	Cons
<ul style="list-style-type: none"> • City-owned building • Close proximity to City Hall and Downtown • Helps General Government budget by charging CRA for space • Close proximity to other City departments • More on-site amenities 	<ul style="list-style-type: none"> • Not located in any of the CRA Redevelopment Areas • Amount of available space is unknown • Does not spur redevelopment activity or directly contribute to local economy • Not class A office space • Moving expense • Older structure • <i>Potentially</i> dilutes CRA investment in branding activities and strategy
Financial Implications	
Exact amount that City would charge is not known at this time.	



Option 3 - Depot Building

Description	
Move CRA offices to Depot Building after completion of Depot Park and building renovations	
Pros	Cons
<ul style="list-style-type: none"> • Located in CRA Downtown Redevelopment Area • Co-located with Depot Park and Cade Museum • Close proximity to Downtown amenities • City-owned building • Depot Park project is partially-funded by CRA (\$500k towards building rehab) • Helps General Government budget by charging CRA for space • Conveniently located next to RTS bus station 	<ul style="list-style-type: none"> • Not best and highest use <ul style="list-style-type: none"> – Governmental use may not complement other park uses • Building rehabilitation may not be completed before Commerce lease expires. • Unknown factors associated remediation could impact timeline for Depot Park completion • Moving expense • Older structure • Limits convenience and access to City fleet vehicles
Financial Implications	
Exact amount that City would charge is not known at this time.	



Option 4 - New Building on 5th Ave

Description	
Move CRA offices to the top floor of a to-be constructed two-story mixed-use building at 414 (4a) or 802 (4b) NW 5th Ave.	
Pros	Cons
<ul style="list-style-type: none"> • Located in CRA FAPS Redevelopment Area • CRA-owned building • Provide new investment dollars in area that has lacked investment • Class A office space • Able to design and construct building that meet LEED standards • Supports local economy and increase foot traffic along NW 5th Ave • Eliminates monthly office rental from CRA budget • Support local economy - construction jobs and local businesses 	<ul style="list-style-type: none"> • Volatility of construction costs • Farther away from City Hall and Downtown amenities • Lack of other existing development surrounding site • Incur Moving expense • Limits convenience and access to City fleet vehicles
Financial Implications	
All CRA Redevelopment Areas would contribute cash investments. The CRA office portion of the building is roughly estimated at \$360,000, which would eliminate monthly rent for all CRA areas.	



Overview of Ranking Process

- The Pros/Cons analysis was presented to and discussed with each CRA Advisory Board
 - Fifth Ave/Pleasant Street (August 4th)
 - College Park University Heights (August 6th)
 - Downtown (August 27th)
 - Eastside (September 4th)
- Each Advisory Board member was given a individual ranking card and asked to rank the options 1-5, with 1 being their top choice
- The rankings were then tallied and motion approved to accept the tallied rankings as the Advisory Board's final ranking
- The final rankings for each Advisory Board were then averaged for an overall final ranking



Advisory Board Rankings

	Option	FAPS	CPUH	DRAB	ERAB	Avg
1	Commerce	3	2	3	5	3.25
2	Thomas Ctr	5	5	5	4	4.75
3	Depot Bldg	4	4	4	3	3.75
4a	414 5 th Ave	2	1*	1	1	1.25
4b	802 5 th Ave	1	3*	2	2	2

Received at least three #1 or #2 rankings

* CPUH Advisory Board requested that the “City not build the building”



Recommendation

- Hear presentation from staff
- Approve average rankings of Advisory Boards
- Authorize staff to prepare a detailed analysis for the top 2 rankings for November CRA meeting

