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 fouryear 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 reevaluating 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

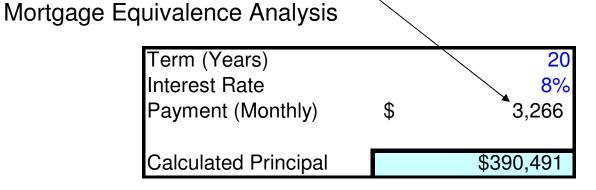
Description						
Remain at Commerce Building and sign another 4-year lease (Mar 2010- Feb 2014) CRA currently leases 1,911 sqft.						
Pros	Cons					
 Class A office space Close proximity to City Hall, Downtown, 	Space is limited and provides very little room for meetings and growth.					
& Thomas Center	Expensive real estate					
 Located in CRA Downtown Redevelopment Area 	 Building could feel "intimidating" to some CRA stakeholders 					
 Does not require relocation and moving expenses 	Current floorplan configuration does not efficiently utilize available space					
 Support local economy by occupying privately-owned building 	 Lacks some amenities 					
 Building is a CRA-incentive project 						
Financial Implications						
See next slide						



Option 1 Commerce Building - Financial Considerations

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- 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.



- The rent that the CRA is currently paying is the equivalent of paying a \$390,000 mortgage over 20 yeas 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					
 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 	 Not located in any of the CRA Redevelopment Areas Amount of available space is unknown Does not spur redevelopment activity or directly contribute to 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 of renovations	completion of Depot Park and building
Pros	Cons
 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 	 Not best and highest use -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 Ir	nplications
Exact amount that City would charge is not	t known at this time.
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Option 4 - New Building on 5th Ave

Description						
Move CRA offices to the top floor of a to-be construct (4b) NW 5th Ave. Pros	ted two-story mixed-use building at 414 (4a) or 802					
 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 	 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

