

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

Agenda Item #:

6A-3

AGENDA ITEM SUMMARY

=====
Meeting Date: June 2, 2009 [] Consent [X] Regular
[] Workshop [] Public Hearing

Department: Administration
Submitted By: Administration
Submitted For: Administration

I. EXECUTIVE BRIEF

Motion and Title: Staff Requests Board Direction: Regarding the location for the Supervisor of Election's (SOE) Voter Equipment Center (VEC).

Summary: Due to the need to handle massive amounts of paper from the change in the voting system for 2008 and to facilitate public access to the election day vote tabulation, the County (on behalf of the SOE) leased approximately 23,000 sf of the Department of Airport's SkyChef Building. The SOE believes the space requirements for the VEC are approaching 70,000 sf and has requested that the County evaluate leasing space for this purpose. In response, Staff contacted the representatives of industrial and commercial properties including those identified by the SOE, but came to the conclusion that; 1) the physical space features/attributes of the leased properties are not fundamentally different from SkyChef, 2) the rent, common area maintenance charges, tenant and infrastructure improvement costs would be roughly \$1.8M higher than at SkyChef over a five year period, and 3) it was unlikely that a leased property could be secured and improved in time for the next election cycle. To accommodate the SOE, Staff has proposed to expand the space allocated to the SOE at SkyChef to 69,000 sf by relocating the County tenants (Sheriff) by the end of 2009 and expanding into the second floor. The SOE does not find SkyChef to be acceptable. Among reasons stated are: insufficient space, poor layout of space and second floor access issues. FDO believes that space and functional requirements identified by the SOE can be accommodated at SkyChef. The SOE believes that satisfactory facilities are available for lease which can be made ready for occupancy by the end of the year at a similar price to SkyChef so that 2010 countywide elections can be handled from the new site. The SOE has identified a specific building which it believes can meet its needs at a reduced rental rate and will require few improvements. Staff believes that leasing space from a private owner will require an unbudgeted outlay for improvement and move costs of \$2M. In addition, Staff believes there is substantial risk associated with having to select a facility, negotiate a contract and make the necessary improvements in less than a year. Staff believes that SkyChef continues to be a reasonable site for the VEC due to proximity to SOE Gun Club Road offices, security on Airport property, County ownership of building, access to County computer network, cost, and proven functionality during the 2008 election.

The Board directed this item be brought back after Board review of SkyChef and one alternative site. The Board should limit budget to projected annual and capital costs for SkyChef. Countywide

Background and Policy Issues: Continued on Page 3.

- Attachments:**
1. Map of properties
 2. Financial comparison of properties
 3. Property information initially obtained from brokers

=====
Recommended by: _____
Department Director Date
Approved By: Bud Williams 5/28/09
for County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	<u> * </u>	<u> * </u>	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes _____ No _____
 Budget Account No.: Fund _____ Dept _____ Unit _____ Object _____
 Program _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

* The County is currently leasing 51,200 sf at SkyChef for both the SOE and Sheriff for a total cost of \$412,000. Adding the 18,000 sf 2nd Floor to the leased space will increase the annual rent payment by approximately \$120,000 to \$532,000. This would result in a net budget increase of \$120,000. See attached table for details on the estimates associated with tenant improvements and move costs.

The Sheriff's two units will be relocated to County owned space so there will not be any net rent costs, only the relocation costs estimated at \$75,000.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Budget and/or Contract Development and Control Comments:

The \$532,000 rent is included in the SOES proposed Budget

[Signature]

 OFMB/Budget
 5/15/09
 CW 5/15/09

[Signature]

 Contract Development and Control
 5/15/09

B. Legal Sufficiency:

[Signature]

 Assistant County Attorney

C. Other Department Review:

 Department Director

Background and Policy Issues (con't)

On January 14, 2009, the SOE requested that FDO conduct a site search to identify buildings available for lease which have between 40,000-100,000 sf of space, substantial on-site parking and are located within an area bounded by Lantana Road to the south, State Road 7 to the west, Blue Heron to the north and I-95 to the east. On February 11, 2009, FDO received a copy of the Supervisor of Elections (SOE) projected short and long-term space needs in addition to the SOE's primary space at 240 South Military Trail. For the purposes of this property search FDO utilized the program requirements as submitted by the SOE, although a preliminary review indicates that efficiencies (reductions in space) are possible through design and re-assignment of functional space between the Gun Club Road Facility and VEC. The short-term need submitted by the SOE was approximately 70,000 sf. The long-term need was identified as approximately 87,000 sf.

The County's long-term facilities plan is to locate the VEC at the County's Cherry Road Complex and there is sufficient land and development capacity to accommodate the 87,000 sf (or greater) requirement. At this point, construction funding for the project is included in the 2012 CIP which would place occupancy at some point in 2014. As such, the property search is for an interim VEC.

Attachment 1 is a graphic of the search area depicting the six (6) properties we identified and five (5) identified by the SOE. Attachment 2 is a financial comparison of the properties. Attachment 3 is a summary of the property and rent information initially obtained from brokers representing the properties and is included as additional backup. As you will note, rents for these facilities range between \$4.50/sf and \$18.32/sf. The quoted rates assume only minimal tenant improvement allowances would be provided. Therefore, for purposes of this analysis, we are assuming that all costs of required tenant improvements, including renovations, upgrades, phone, data and move would be borne by the County in addition to the rent.

Rent at the existing SkyChef Building is \$8.04/sf (\$6.66/building, \$0.65/ground). With the addition of the 2nd Floor space, the rate drops to \$7.68/sf due to the fact that no additional ground area is required for parking. Rent at the facility identified by the SOE on Central Industrial Drive in Riviera Beach is estimated at \$6.50/sf. It should be noted that this figure was provided by the broker representing the SOE and will need to be confirmed through the RFP process. It is possible that a better deal could be negotiated directly with the owner of the building. In addition, this facility will require major HVAC, phone and data upgrades, and there are currently only 84 parking spaces. Staff estimates \$1,890,000 (\$25/sf) will be required in improvements. While the SOE believes that these costs are substantially over-stated, Staff has substantial experience in estimating costs for facilities which must accommodate unique programs with special HVAC and data requirements like the VEC.

Utilizing Staff's estimate of improvement costs, the total cost of leasing the Riviera Beach property over a 5 year term would be \$4,498,200. The total cost at SkyChef would be \$2,710,000. The net additional cost at the Riviera Beach facility would be \$1,788,200.

FDO understands that the SkyChef Facility does not currently meet the SOE's projected needs. However, the 2nd Floor space can be improved and leased in sufficient time for both the March 2010 and November 2010 elections.

Attachment 2 is a comparison of the rent and improvement costs for the twelve identified properties. The rent column represents net rent without escalation being taken into account. Rent and Common Area Maintenance (CAM) together form the total annual payments required. The column which estimates tenant improvements costs includes only building improvement and communications infrastructure costs but does not include any costs associated with the purchase and installation of new equipment and fixed furniture nor the relocation of existing. The move costs column accounts for only the move of existing free standing equipment and does not include take down or set-up of fixed equipment.

SkyChef has the network communications connectivity required for the SOE's use. Significant upgrades would be required at the other facilities. SkyChef requires the least amount of improvements to safely guarantee completion in sufficient time for the 2010 countywide election.

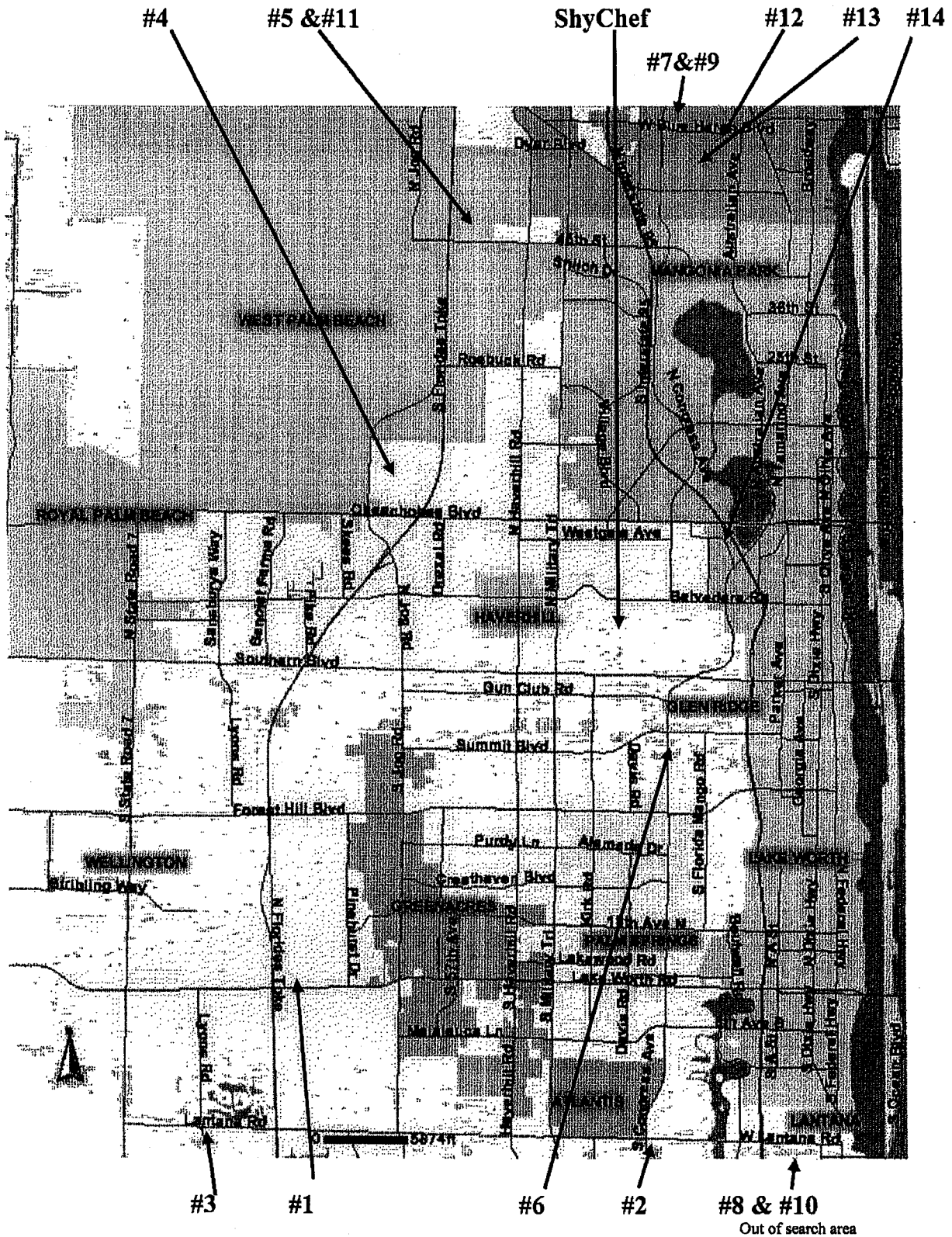
Based on the above, it is FDO's recommendations that the:

- 1) County continue to plan for a permanent VEC at Cherry Road Complex;
- 2) SOE execute the MOU for the existing 23,000 sf it currently occupies;
- 3) SOE vacate the Cherry Road facility no later than June 15, 2009;
- 4) County execute a lease amendment with DOA for the 2nd Floor of SkyChef;
- 5) County undertake environmental control improvement project for the 2nd Floor to be completed by October 2009; and
- 6) Relocate the existing tenant (Sheriff) by the end of 2009

ATTACHMENT 1

Supervisor of Elections – Search Area

(40,000 – 100,000 SF within Blue Heron Blvd / I-95 / Lantana Road / State Road 7/441)



Attachment 2
Interim Supervisor of Elections Voter Equipment Center
Comparison of Twelve (12) Properties

#	Property	Square Feet	Rent \$/SF	CAM \$/SF	Total Annual \$	Rent & CAM \$/yr	Imp @ \$25/sf	Move @ \$2/SF	Total One Time \$
1	Nassau Square Plaza	44,000	7.00	7.50	14.50	\$ 638,000	\$1,100,000	88,000	\$1,188,000
2	Atlantis Plaza	78,792	5.00	4.00	9.00	\$ 709,128	\$1,969,800	157,584	\$2,127,384
3	SE corner of Lantana and Lyons	50,000	12.00	6.32	18.32	\$ 916,000	\$1,250,000	50,000	\$1,300,000
4	2211 Vista Parkway	70,740	9.50	3.25	12.75	\$1,348,879	\$1,768,500	141,480	\$1,909,980
5, 11	Premier Park Comm	95,000	9.50	2.80	12.30	\$1,168,500	\$2,375,000	190,000	\$2,565,000
6	High Point Congress	38,071	14.50	3.00	17.50	\$ 666,242	\$ 951,775	76,142	\$1,027,917
7, 9	Central Industrial Drive	75,600	6.50 ^a	0	6.50	\$ 491,400	\$1,890,000	151,200	\$2,041,200
8, 10	Premier Gateway Commerce Ctr	80,000	6.25	2.00	8.25	\$ 660,000	\$2,000,000	160,000	\$2,160,000
12	1701 Australian	57,000	4.00	2.25	6.25	\$ 356,250	\$1,425,000	114,000	\$1,539,000
13	1500 Ave R/ Riv Bch	52,000	4.50 ^b	0	4.50	\$ 234,000	\$1,300,000	104,000	\$1,404,000
14	Premier Airport Ctr	44,026	6.75	3.88	10.63	\$ 467,996	\$1,100,650	88,052	\$1,188,702
	SkyChef	69,200	7.68	0	7.68	\$ 531,456	\$ 50,000 ^c	50,000	\$ 100,000

a This is a gross rental rate for the portion of the building proposed to be leased.

b Representative would not provide any information on rent or CAM after 1st year but did indicate that it would be higher and there would be a CAM.

c Improvements in the amount of \$300,000 are estimated to 1) provide environmental controls to the 2nd Floor space and add a BAS to the entire space to be able to control variable loads during elections and 2) make loading dock modification. It is shown as \$50,000 as DOA will offset the improvement costs for the environmental controls as rent credits.

Supervisor Of Elections

(Identify an existing structure between 40,000 – 100,000 SF with parking for 300+, parameters are Blue Heron Blvd [north], I-95 [east], Lantana Road [south] and State Road 7/441 [west])

ATTACHMENT 3

ATTACHMENT # 3

Site Location	Space Info	Rent Info	Comments	Contact Info
(1) 7577 Lake Worth Road, Suite 7645, Lake Worth 33467; north side of Lake Worth Road just east of Turnpike; 00-42-44-28-29-001-0000.	44,000 SF in Nassau Square Plaza (ex-Brandon's furniture store).	Base Rent: \$7.00/SF CAM: \$7.50/SF Total rent: \$14.50/SF 44,000 SF @ \$14.50/SF = \$638,000/year	Adjacent tenant is a Publix. New roof in 2007. Completely A/C, Ample Parking in front	Owned by Nassau Square LLC (8845 N. Military Trail, Suite 100, Palm Beach Gardens 33410); managed by Reichel Realty & Investments, Inc. (William B. Reichel, 561-478-4440).
(2) 6074 S. Congress Avenue, Space 1, Lantana 33462; southeast corner of Congress Ave and Lantana Road; 00-43-45-06-00-000-1050.	78,792 SF in Atlantis Plaza II, big box space.	Base Rent: \$5.00/SF CAM: \$4.00/SF Total rent: \$9.00/SF 78,792 SF @ \$9.00/SF = \$709,128/year	Can divide into 46,000 SF (base rent @ \$6.00 per) and 32,000 (base rent @ \$7.50 per). 25'+ ceiling height, truck dock, fire sprinklers, new roof. Ample Parking in front	Owned by Atlantis Plaza Investments, Inc. (1180 S. Military Trail, WPB 33415); managed by KNR Realty (Kim Shapiro, 561-482-2424).
(3) 8888 Lantana Road, Lake Worth, 33467; southeast corner of Lantana Road and Lyons Road; 00-42-44-41-06-001-0030.	50,000 SF former Albertsons.	Base Rent: \$12.00/SF CAM: \$6.32/SF Total rent: \$18.32/SF 50,000 SF @ \$18.32/SF = \$916,000/year	Ample Parking in front, Completely A/C	Owned by ABNK Lake Worth, LLC (6278 Glenwood Ave, #210, Raleigh, NC 27612); managed by Strategic Realty Services LLC (Rich Kaufman, Christopher Fleming, 561-471-5353).

<p>(4) 2211 Vista Parkway, West Palm Beach 33411. Okeechobee Road and Jog Road, in the Vista Center Complex. ; various PCNs</p>	<p>Suite 2211 = 32,505 SF (base rent of \$10.50/SF). Suite 2213 = 32,580 SF (base rent of \$9.50/SF). Suite 2215 = 38,160 SF (base rent of \$9.50/SF). Total 103,245 SF available</p>	<p>Base Rent: \$10.50/SF & \$9.50/SF CAM: \$3.25/SF. Total rent: \$12.75/SF & \$13.75/SF 32,505 SF @ \$13.75/SF = \$446,944/year 70,740 SF @ \$12.75/SF = \$901,935/year \$446,944 + \$901,925 = \$1,348,879/year</p>	<p>Built in 2006, has loading docks. Parking is identified as 100 spots. No A/C.</p>	<p>Michael Falk & Co. (Michael Falk, 561-478-6400; or Steven McCraney, 561-478-4300).</p>
<p>(5) Premier Park of Commerce, 45th Street east of Turnpike; PCNs Double entry SEE #11 74-42-43-02-10-001-0000 thru 74-42-43-02-10-006-0000.</p>	<p>Suite 1 = 165,000 SF available (95,000 SF max contiguous). Space appears to be a shell.</p>	<p>Base Rent: \$9.50/SF CAM: \$2.80/SF Total rent: \$12.30/SF 95,000 SF @ \$12.30/SF = \$1,168,500/year Reduced rental Per Robert Smith 3/25 90,000 SF @ \$10.00/SF = \$900,000/year</p>	<p>Known as Premier Park of Commerce, new building, loading docks. Parking spaces are spread around perimeter of building and in one shared central location. No A/C Number not identified, assume in excess of 100 per site plan.</p>	<p>CB Richard Ellis (Robert Smith, in Boca at 561-393-1608. Also identified in Robert Smith's info and stated on 3/25 a reduced rate of \$7.00/SF and Cam of \$3.00.</p>
<p>(6) 910-940 South Congress Ave, WPB 33406; east side of Congress Ave south of Summit Blvd; PCNs 70-43-44-05-00-000-7010 70-43-44-05-00-000-7030.</p>	<p>38,071 SF max contiguous; 78,880 SF available. Base rent various from \$12.50/SF - \$16.50/SF.</p>	<p>Base Rent: \$14.50/SF average CAM: \$unknown/SF Total rent: \$14.50/SF + unknown CAM (see note →) 78,880 SF @ \$14.50/SF = \$1,143,760/year + unknown CAM costs</p>	<p>Known as High Point on Congress; loading docks; site is under construction so CAM is unknown. No A/C Parking is limited to 99 spots.</p>	<p>Page Group Commercial Real Estate, Inc. (Timothy Page, 561-471-4290, ext. 12)</p>
<p>(7) 7835 Central Industrial Drive, a.k.a Byron Dr. East of I-95 north of Blue Heron Blvd, behind the Nicklaus Building, North of Search Area Double entry *SEE # 9 00-43-42-30-14-004-0000</p>	<p>104,693 SF 25' dock 3 recessed dock height loading doors, Offered via a Sublease w/Current Tenant.</p>	<p>Rent is Subsidized Via current Tenant through 6/1/16 @ \$5.25/SF CAM: \$'s unknown Total rent: \$5.25 (+/unknown cam) Unknown CAM 104,693 SF @ \$5.25/SF = \$549,638.25/year + unknown CAM costs</p>	<p>Class "A" warehouse distribution Space, No A/C in warehouse. 5,600 SF of existing Class "A" office type space, Parking is limited to 80 spots</p>	<p>Bob Goldstein 561-997-4002, Also identified by Robert Smith CB Richard Ellis, *conflicting information.</p>

<p>(8) 2045 High Ridge Rd, Boynton Beach, FL, Gateway and High Ridge Building IV in the Premier Gateway Commerce Center Quantum Corporate Park. South of Search Area Double entry SEE #10</p> <p>08-43-45-16-33-000-0690 (2045)</p>	<p>80.000 SF, Dock Height loading ramp, 24' minimum clear ceiling height, easy access to I-95</p>	<p>Asking rents \$5.75-\$6.75/SF (\$6.25 average) (NNN) CAM: \$2.00 (operating expenses?) need to add unknown (NNN) fees. Total rent: \$8.25/SF (split) 80,000 SF @ \$8.25/SF= \$660,000/year</p>	<p>Located in Premier Gateway Commerce Center Quantum Corporate Park. No information on Parking, and unfinished interior with Credit of \$5.00 per SF for build out.</p>	<p>Bob Goldstein 561-997-4002 Also identified by Robert Smith CB Richard Ellis, *conflicting information.</p>
<p>(9) 7835 Central Industrial Drive, a.k.a Byron Dr. Rivera Beach, Fl. East of I-95 north of Blue Heron Blvd, Located behind the Nicklaus building North of Search Area Double entry *SEE # 7</p> <p>00-43-42-30-14-004-0000</p>	<p>104,693 SF Will be vacant within the next three months (June?) Sub-lease w/current tenant Huttig not advised, Robert Smith expressed he will be representing building owner shortly.</p>	<p>Base Rent is likely to be @ \$5.50/SF CAM: \$2.75/SF Total rent: \$8.25/SF 104,693 SF @ 8.25/SF = \$863,717/year</p>	<p>Class "A" warehouse distribution Space, is not A/C now but could be. 5,600 SF of existing Class "A" office type space, Parking is limited to 80 spots</p>	<p>Robert Smith CB Richard Ellis 561-393-1608 Cell 561-707-5558 Also identified by Bob Goldstein, *conflicting information</p>
<p>(10) 2027 & 2045 High Ridge Rd, Boynton Beach, FL, Gateway and High Ridge Building IV & V in the Premier Gateway Commerce Center Quantum Corporate Park, South of Search Area Double entry * SEE #8</p> <p>08-43-45-16-33-000-0690 (2045) 08-43-45-16-33-000-0681 (2047)</p>	<p>2 adjoining Buildings with up to 114, 000 SF are available. Building IV 2045 High Ridge has A/C Building V is a build out,</p>	<p>Base Rent is likely to be @ \$4.50/SF CAM: \$2.75/SF Total rent: \$7.25/SF 114,000 SF @ 7.25/SF = \$826,500/year</p>	<p>Located in Premier Gateway Commerce Center Quantum Corporate Park. No information on Parking, Building V is unfinished interior with Credit of \$5.00 per SF for build out of. Aggressively seeking tenants,</p>	<p>Leasing management Robert Smith CB Richard Ellis 561-393-1608 Cell 561-707-5558 Also identified by Bob Goldstein, *conflicting information</p>

<p>(11) Premier Park of Commerce, 45th Street east of Turnpike; PCNs Double entry SEE #5</p> <p>74-42-43-02-10-001-0000 thru 74-42-43-02-10-006-0000.</p>	<p>Suite 1 = Flyer states 45,000SF is available as much as 90,000 SF can be made available</p>	<p>Base Rent: \$7.00/SF (range +/-) CAM: \$3.00/SF Total rent: \$ 10.00 /SF 90,000 SF @ \$10.00/SF = \$900,000/year</p>	<p>Known as Premier Park of Commerce, new building, loading docks. Parking spaces are spread around perimeter of building and in one shared central location. Number not identified, assume in excess of 100 per site plan.</p>	<p>CB Richard Ellis (Robert Smith, in Boca at 561-393-1608. Also Identified in PREM search SEE #5, However, Robert Smith stated on 3/25 a reduced rate of \$7.00/SF and Cam fees of \$3.00.</p>
<p>(12) 1701 Australian Ave, Rivera Beach, South of Blue Heron was originally identified but has been leased, suggested the adjacent 2001 Australian Ave building if large enough as a good deal. 56-43-42-29-43-000-0140</p>	<p>57,000SF warehouse space</p>	<p>Base Rent 4.00/SF CAM \$ 2.25 Total rent: \$ 6.25 /SF 57,500 SF @ \$6.25/SF = \$359,375/year</p>	<p>Non A/C space, offered as a replacement to original suggestion of 1701.</p>	<p>CB Richard Ellis (Robert Smith, in Boca at 561-393-1608.</p>
<p>(13) 1500 Avenue R, Rivera Beach west of Australian Ave, south of Blue Heron, 56-43-42-29-55-001-0010</p>	<p>52,000SF, warehouse space</p>	<p>Base Rent 4.50/SF GROSS for 1st Year CAM \$0.00, will be included in year 2 and beyond, Total rent: \$ 4.50 /SF YR-1 52,000 SF @ \$4.50/SF = \$234,000/year</p>	<p>Non A/C space. \$4.50 is introductory 1st year rate, with pre-determined rate for Yr's 2,3 etc. Did not provide estimate for future yrs rent.</p>	<p>CB Richard Ellis (Robert Smith, in Boca at 561-393-1608.</p>
<p>(14) Premier Airport Center, 1801 Old Okeechobee Rd, West of I-95 South of Okeechobee Rd. 74-43-43-29-19-002-0000</p>	<p>44,062SF warehouse space</p>	<p>Base Rent is likely to be \$6.75/SF Cam \$3.88 Total rent: \$ 10.63/SF 44,062 SF @ \$10.63/SF = \$468,379/year</p>	<p>Non A/C Space,</p>	<p>CB Richard Ellis (Robert Smith, in Boca at 561-393-1608.</p>