



Pinellas County

Staff Report

File #: 18-031A, **Version:** 1

Subject:

Exchange Agreement, Lease-Purchase Agreement, Ground Lease Reservation Agreement and Lease Agreement for New One-Stop South County Service Center.

Recommended Action:

Approval and execution of an Exchange Agreement (Property Exchange), Lease-purchase Agreement (Lease-purchase), Ground Lease Reservation Agreement (Ground Lease Reservation) and Lease Agreement (Lease) with 2500 34th Street, LLC (Developer) for a new one-stop South County Service Center. Authorize the Chairman to sign the deed for the County property, and the Clerk to attest.

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.4 Invest in infrastructure to meet current and future needs

Deliver First Class Services to the Public and Our Customers

5.1 Maximize partner relationships and public outreach

5.2 Be responsible stewards of the public's resources

5.3 Ensure effective and efficient delivery of county services and support

5.4 Strive to exceed customer expectations

Summary:

The approval of this item will provide the Tax Collector and the Property Appraiser with a new 40,000 square foot facility. The new facility will replace operations currently supported from the existing South County Service Center (SCSC) and will include; a conducive customer service area, employee office/support areas, an on-site driving course, and 230 parking spaces. Originally requested by the Tax Collector, this new facility will enable the Tax Collector and Property Appraiser to provide a significantly improved level of service to County residents.

This transaction will include a property exchange, with a ground lease reserved by the developer to construct and own a new facility to be utilized by the County, a lease-purchase agreement to allow the County to lease and have the option to purchase the new facility, and a building lease reserved by the County for continued County occupancy of the building located at 1800 66th Street North in St Petersburg.

Background Information:

The County provides operational space to the Tax Collector and Property Appraiser at 1800 66th Street North in St. Petersburg. This location also houses traffic court and Clerk of the Circuit Court operations, which will be relocated to the County Justice Center, as part of the Courts Consolidation Project. The current building was built in 1977 and will require significant capital improvements in the coming years. This location is also in a high traffic area that precludes the Tax Collector from conducting driving tests from this office, and public parking is inadequate for the customer volume.

In 2013, the Board directed The Real Estate Management Department (REM) to create one-stop service centers in north and south County geographic locations for public access benefit.

In 2015, REM received a request from the Tax Collector to relocate from the current South County Service Center to another location in St. Petersburg, and a property/site selection search was conducted using the Tax Collector's search criteria. No acceptable sites were located that successfully met search criteria, budget and schedule.

In 2016, a second attempt to locate a site was initiated. A Letter of Interest (LOI) was advertised to solicit interest from prospective developers and the Developer's property was selected.

A traditional lease option, where the County would lease the land and the building from the developer was originally considered. In order to expedite the project and control land ownership, staff proposes and recommends this transaction, which reduces also reduces the overall project cost by \$3,000,000 through a property exchange (land swap).

In March 2017, staff presented this proposed transaction to the Board. The Board directed staff to move forward to conduct due diligence, negotiate project costs, and draft necessary agreements.

The County property appraised for \$3,090,000 in February of 2016 and for \$3,180,000 in March 2017. The midpoint of the two appraisals for the County property is \$3,135,000. The Developer's property appraised in March 2017 for \$2,735,000 and in July 2017 for \$3,560,000. The midpoint of the two appraisals for the Developer's property is \$3,147,500. All appraisals were performed by certified property appraisers listed on an existing County continuing contract, or on State of Florida and/or General Services Administration lists.

The Property Exchange is an even exchange and no funds will be paid to either party.

The Property Exchange corresponds with the Lease-purchase and Ground Lease Reservation agreements. In concert with the Property Exchange, the County will reserve that portion of the new acquired property to the Developer, which is needed to construct the building. The Lease-purchase agreement will commence at completion of the construction, with an initial ten (10) year term. The County has the option to purchase the building any time after year one.

Subsequent to the Property Exchange, the Developer will own the property at 1800 66th Street North. The County will lease the entire building from the Developer until the Tax Collector and Property Appraiser relocate to the newly constructed building. Thereafter, the County will lease approximately one-half of the building for the traffic court and Clerk of the Circuit Court operations, until they are relocated to the new annex building constructed at the County Justice Center.

Fiscal Impact:

Annual Lease expense for the Developer's property is estimated to be \$1,140,000.

Annual Lease expense for use of the entire County property (Year 1) is estimated to be \$542K.

Annual Lease expense for use of a portion of the County property (Year 2) is estimated to be \$308K.

The estimated building purchase price is \$10.1M.

Staff Member Responsible:

Andrew W. Pupke, Director, Real Estate Management

Partners:

Tax Collector

Property Appraiser

Attachments:

Exchange Agreement

Lease Agreement - 2500 34th Street

Lease Agreement - 1800 66th Street

Developer's Ground Lease Reservation Agreement

Location Maps