



Stantec

GREYSTONE

Government Operations/ Courts Relocation Opportunities Analysis Advisory Services Update

For the County of Albemarle Board of Supervisors
December 13, 2017

Agenda

- 1 Schedule & Process Update
- 2 Methodology Recap
- 3 Cost Benefit Analysis
- 4 Fiscal Impact Model Analysis
- 5 Pre-marketing Process/Timing

1 Schedule & Process Update

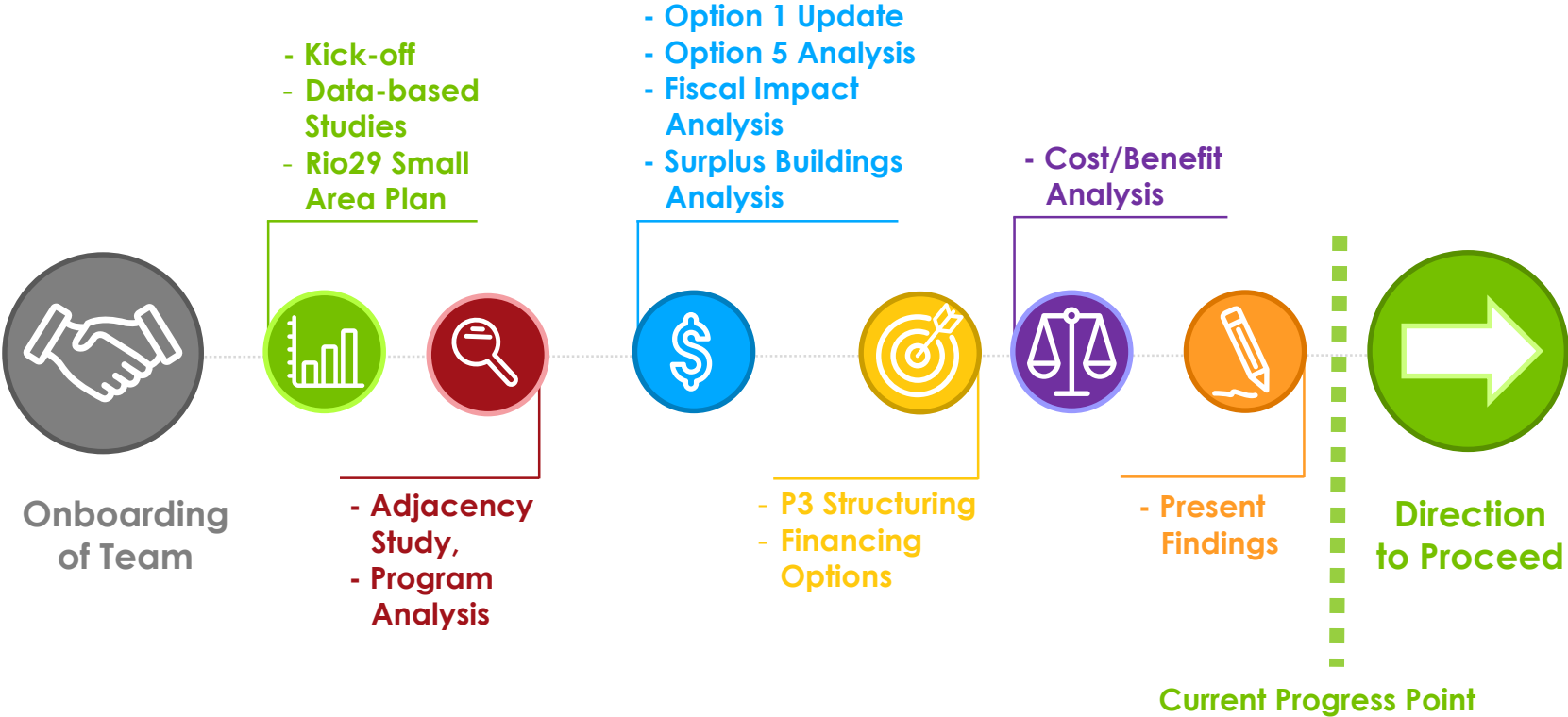


Development Advisory Services Update

Goals for today

- Report on Courts Relocation and COB Relocation in terms of costs, economic benefits, and fiscal impact
- Answer questions
- Discuss potential next steps

Milestone Schedule



Upcoming Key Events / Milestones

- ❑ December

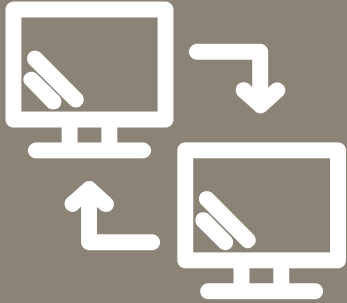
 - ❑ 18th – Public Hearing

 - ❑ 20th – Board of Supervisors Meeting

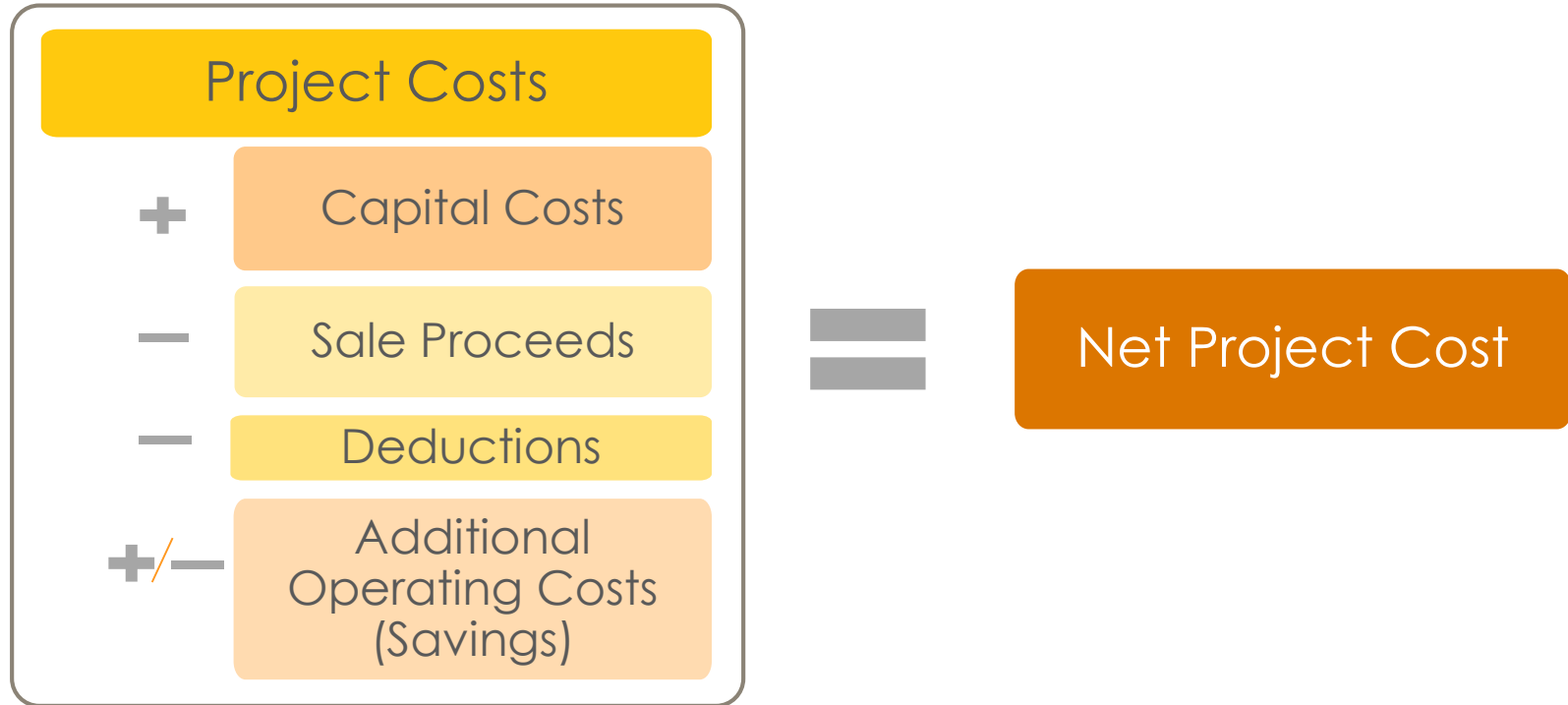
- ❑ January to May/June

 - ❑ If approved, commence scoping, market-testing and pre-marketing process

2 Methodology Recap



Project-level inputs for evaluation



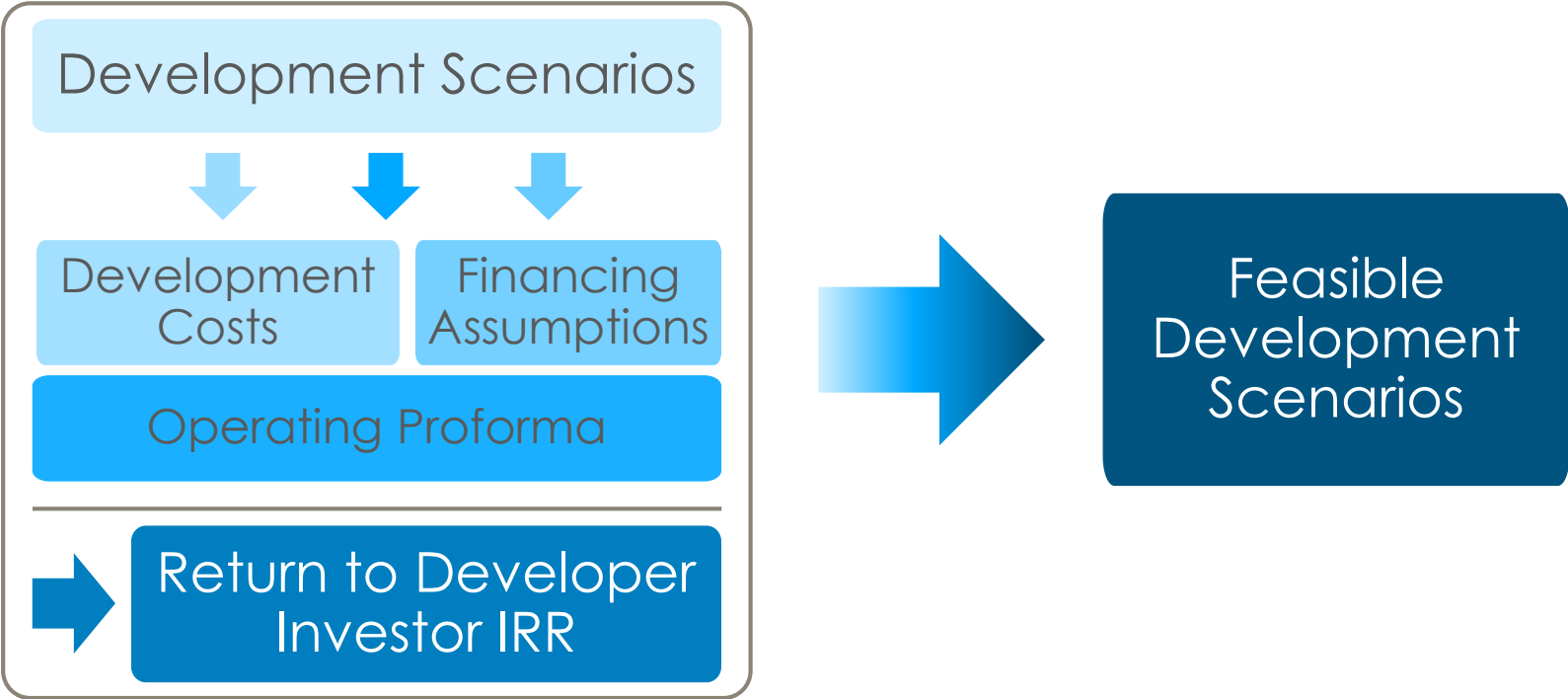
Summary of Courts Capital Costs

	Option 1 New Baseline	Option 2 Reduced Levy	Option 3 Courts Relocation
Size	91,900 SF	77,400 SF	88,000 SF
Total Project Cost	\$44.1 M	\$38.2 M	\$41.9 M
+ Site Acquisition	-	-	\$2.1 M - \$6.7 M
+ Structured Parking	to be negotiated w/City	to be negotiated w/City	\$6 M
- Sale Proceeds or Payment	(\$0.5 M) – Proceeds from sale of Jessup	\$0.3 M – For City share of Levy	(\$3.1 M) – from sale of Jessup, Levy & 7 th St Market
- (City Contribution)	(\$6.9 M)	\$0	\$0
= Net Project Cost	\$36.8 M	\$38.5 M	\$49.2 M (average)

Summary of Courts Operating Costs

	Option 1 New Baseline	Option 2 Reduced Levy	Option 3 Courts Relocation
Courts Facilities Opex	\$183,800	\$154,800	\$176,000
– City Share of Facilities Opex	(\$40,436)	n/a	n/a
+ County's Share of Garage Opex	\$50,000	\$50,000	\$150,000
+ Sheriff's Office	n/a	n/a	\$565,400
+ Commonwealth's Attorneys	n/a	n/a	\$170,000
Incremental Operating Cost	\$193 K	\$205 K	\$1.1 M

Development scenarios for evaluation

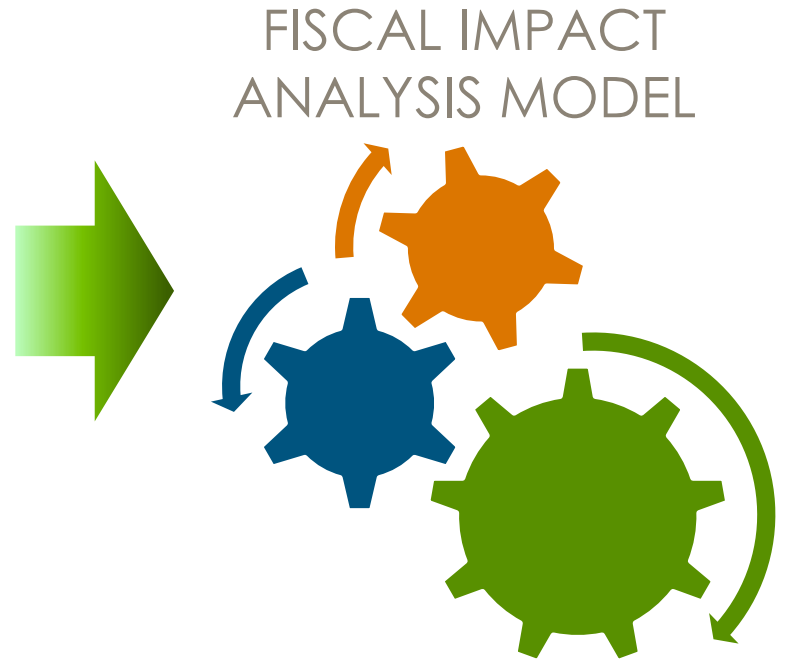
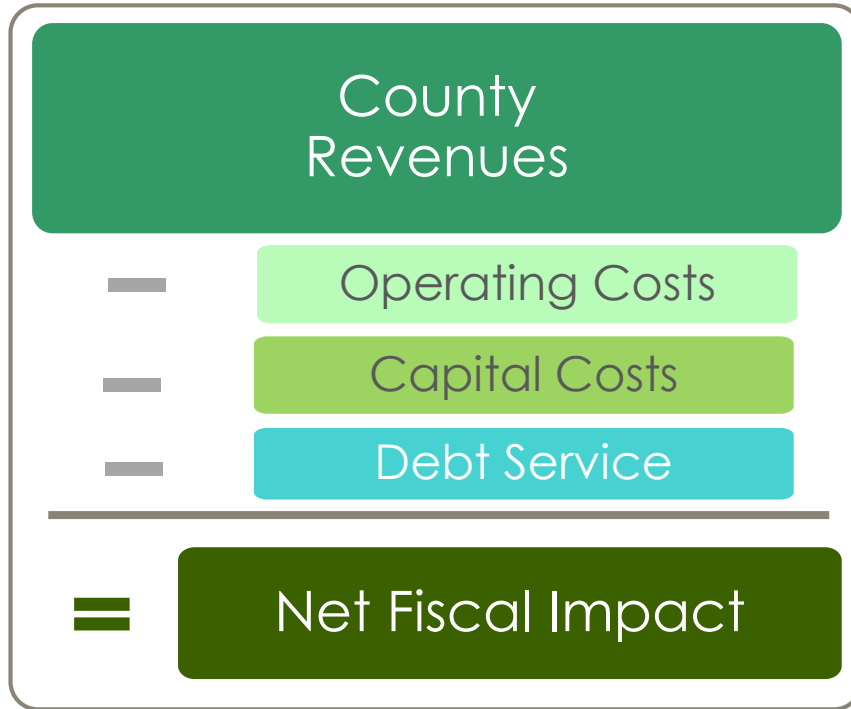


Development Scenarios

	Moderate	High
Multifamily	360 units - 360,000 SF	720 units – 720,000 SF
Office	50,000 SF Office plus 88,000 SF Courts or 160,000 SF COB	50,000 SF Office plus 88,000 Courts or 160,000 SF COB
Retail	20,000 SF	30,000 SF
Structured Parking	580 spaces - 174,000 SF	906 spaces – 271,800 SF

- Structured Parking
- Returns
- Absorption

County inputs for evaluation



3 Cost Benefit Analysis



Early Assumptions



- Rio+29 is presumptive area for Courts and/or COB relocation
- Rio+29 Small Area Plan aims to facilitate walkable, mixed-use development
- Structured parking would be a critical component of achieving a walkable neighborhood

Comparison of Courts Costs

	Option 1 New Baseline	Option 2 Reduced Levy	Option 3 Courts Relocation
Capital Cost	\$36.8 M	\$39.0 M	\$49.2 M
Δ Capital Cost vs Option 1		+ \$ 2.3 M	+ \$12.4 M
Δ Operating Cost vs Option 1		\$11 K per year	\$868 K per year
Capitalized Value of Δ Operating Cost		\$254 K	\$19.3 M
Capitalized Value of Opex		+ \$ 2.6 M	+ \$31.7 M
Combined Capitalized Value		\$39.3 M	\$68.5 M

Comparison of Qualitative Factors – Courts

	Option 1 New Baseline	Option 2 Reduced Levy	Option 3 Courts Relocation
Accessibility & Convenience	Mixed opinions Parking is key factor	Mixed opinions Parking is key factor	Less frequent public transportation Easier parking
Enhanced Security	✓	✓	✓+
Placemaking Opportunity in County	✗	✗	✓
Operational Efficiencies	✓-	✓-	✓-
Adjacency Impact	✓	✓	✓-
Development Impact	None	None	Modest

Comparison of Risk Management Factors – Courts

	Option 1 New Baseline	Option 2 Reduced Levy	Option 3 Courts Relocation
Opportunity Cost	None	None	Low
Implementation Risk	Medium	Medium	Medium, if P3, depends on structure
Risk/Control Allocation	Low	Low	Medium, if P3, depends on structure
Litigation/Legal Risk	Low	Low	High

Summary of COB Relocation Scenarios

	Option 4 – COB Stand alone	Option 4 – COB with Courts Downtown	Option 5 – COB and Courts Relocated
Description	Build new, relocate and consolidate	Build new, relocate and consolidate – Courts stay downtown	Build new, relocate and consolidate both COB and Courts
Gross SF	160,000 SF COB	160,000 SF COB + 91,900 SF Courts	160,000 SF COB + 88,000 SF Courts

Comparison of COB Costs

	Option 4 – COB Standalone vs McIntire	Option 4 – COB with Courts Downtown	Option 5 – COB and Courts Relocated
Net COB Capital Cost	\$33.8 M	\$33.8 M	\$33.8 M
Δ Courts Capital Cost		<u>+ \$36.7 M</u>	<u>+ \$49.2 M</u>
Combined Capital Cost		\$70.5 M	\$83.0 M
Δ Operating Cost/(Savings)	(\$338 K) per year	(\$145 K) per year	\$723 K per year
Capitalized Value of Δ Operating Cost/(Savings)	(\$7.5 M)	(\$3.2 M)	\$16.0 M
Combined Capitalized Values	\$26.3 M	\$67.3 M	\$99.0 M

Comparison of Qualitative Factors – COB

	Option 4 – COB with Courts Downtown	Option 5 – COB and Courts Relocated
Accessibility & Convenience	Positive for COB Mixed for Courts Parking is key factor	Positive for COB Mixed for Courts Parking is mitigated
Placemaking Opportunity in County	✓ +	✓ +
Operational Efficiencies	✓ +	✓
Adjacency Impact	✓	✓ -
Development Impact	Positive	Negative

Comparison of Risk Management Factors – COB

	Option 4 – COB with Courts Downtown	Option 5 – COB and Courts Relocated
Opportunity Cost	High	High
Implementation Risk	Medium	Medium-High
Risk/Control Allocation	Low	Medium
Litigation/Legal Risk	Low	High

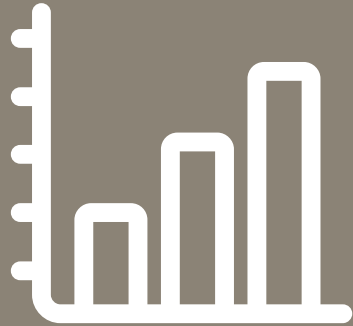
Comparison of Economic Benefits – Courts

- Options 1 and 2 – to keep the Courts downtown – are the least expensive but will have no economic development benefit that will accrue to the County; private development might occur but may not necessarily result in the desired walkable community.
- Option 3 – to relocate the Courts to the Rio+29 area – is more expensive than Option 1 or 2 but may be supportive to the goals of the Rio+29 Small Area Plan although it is not expected to have a significant immediate development impact
- Structured parking is expected to be a critical component of achieving new, walkable and more urban typologies in Rio+29

Comparison of Economic Benefits – COB

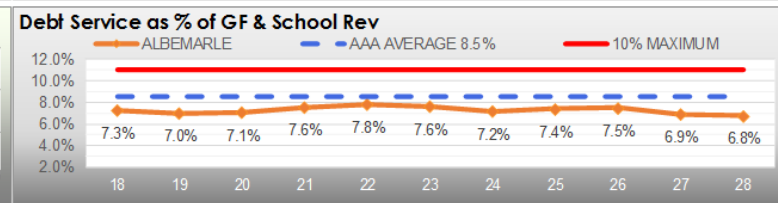
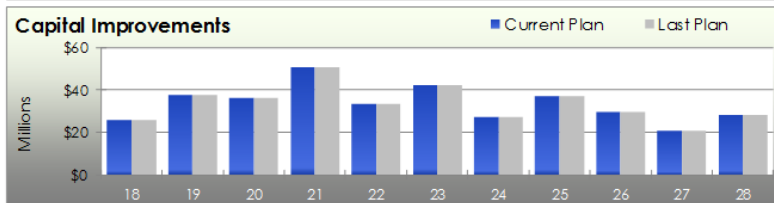
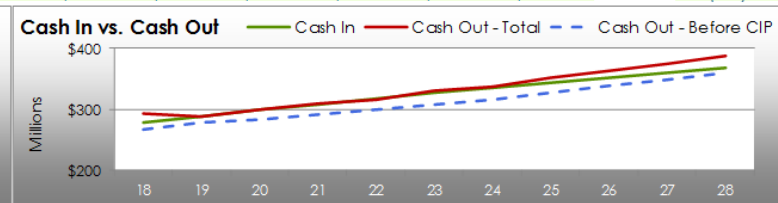
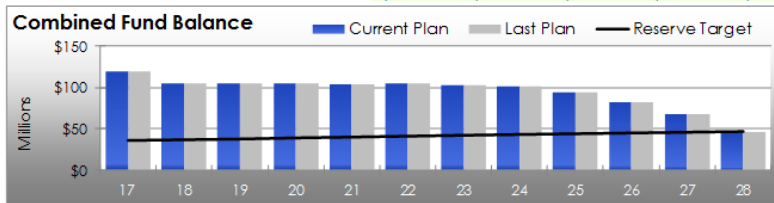
- Option 4 – to relocate the COB – comes with the need to still provide for the Courts and the true cost should be considered combined with Option 1, 2 or 3
- Although Option 4 has a capital cost that's higher than staying in the present McIntire building, the value of the capitalized operating savings of a newer, more efficient building, may be significant
- Option 4 is more compelling and will likely have a greater economic development impact than Option 3 because it's larger and will bring more daytime and nighttime traffic that is complementary to a mixed-use project
- Option 5 – to relocate both the Courts and the COB – would be the most costly and also increase the overall parking need. There might be greater economic impact over time, but in the near term would reduce the land area available for tax generating private development.

4 Fiscal Impact Model Analysis



Fiscal Impact Model Analysis

FINANCIAL ANALYSIS SUMMARY												Reset	5/10			
Albemarle County, VA												Calc	Save			
Fund Bal	What If	Fire														
Mill Rate	Reserve	VRP / CIR	PST	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Scenario	1
Real Estate Assessment Rate	0.8390	0.8540	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	0.8740	Density	
Real Estate Value Increase	N/A	2.3%	3.1%	3.4%	3.6%	3.6%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%			
Change in Combined Fund Balance \$M	\$ (14.18)	\$ (0.16)	\$ 0.36	\$ (1.55)	\$ 1.55	\$ (3.12)	\$ (1.13)	\$ (6.72)	\$ (11.91)	\$ (15.01)	\$ (20.75)					
End of Year Combined Fund Balance \$M	\$ 104.90	\$ 104.74	\$ 105.10	\$ 103.55	\$ 105.10	\$ 101.98	\$ 100.86	\$ 94.14	\$ 82.23	\$ 67.22	\$ 46.47					
Debt Service as % of Revenues	7.3%	7.0%	7.1%	7.6%	7.8%	7.6%	7.2%	7.4%	7.5%	6.9%	6.8%					
Unassigned Fund Balance Req	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%					
What if - Revenues \$M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FI (Mill)	\$0.0
What if - Expenses \$M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	FY28	(0.2)



Option Impact to General Fund Projection

	Option 1 New Baseline	Option 2 Reduced Levy	Option 3 Courts Relocation	Option 4 COB Relocation	Option 5 COB & Courts Relocation
Net General Fund Capital Cost ⁽¹⁾	\$37 Million	\$39 Million	\$46 Million	\$74 Million	\$83 Million
Estimated Net Annual Operating Impact	\$190,000	\$200,000	\$1,100,000	\$1,000,000	\$2,100,000
Debt Ratio Caution ⁽²⁾	No	No	No	Yes	Yes
Additional Annual Revenue Required ⁽³⁾	\$0	\$500,000	\$1,000,000	\$4,000,000	\$5,000,000

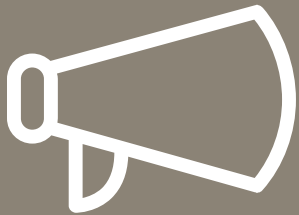
(1) Net cost less sale of existing facilities/land and other contributions. Portion of each scenario assumed to be debt financed.

(2) Caution if Debt Service/Revenue ratio goes above 8.5% - AAA Average

(3) Assumes a FY 2021 start of revenue adjustment. Adjustments in later years would require higher levels (2.5x if delayed 5 years)

5 Next Steps:

- ✓ Addressing key issues
- ✓ Pre-marketing process



Addressing key issues

County does not control land sufficient for development of a walkable, mixed-use center anchored by a County building(s).

For such a project to be successful, it would have to be developed on land substantially controlled by private property owners/developers.

While it's possible to identify suitable properties, there must be real interest by owners and developers.

If interest exists, need to assess landowners/developers' ability to organize and form teams to offer the property for a suitable mixed-use development that includes County building(s).

Next Step – Objectives of Market Testing

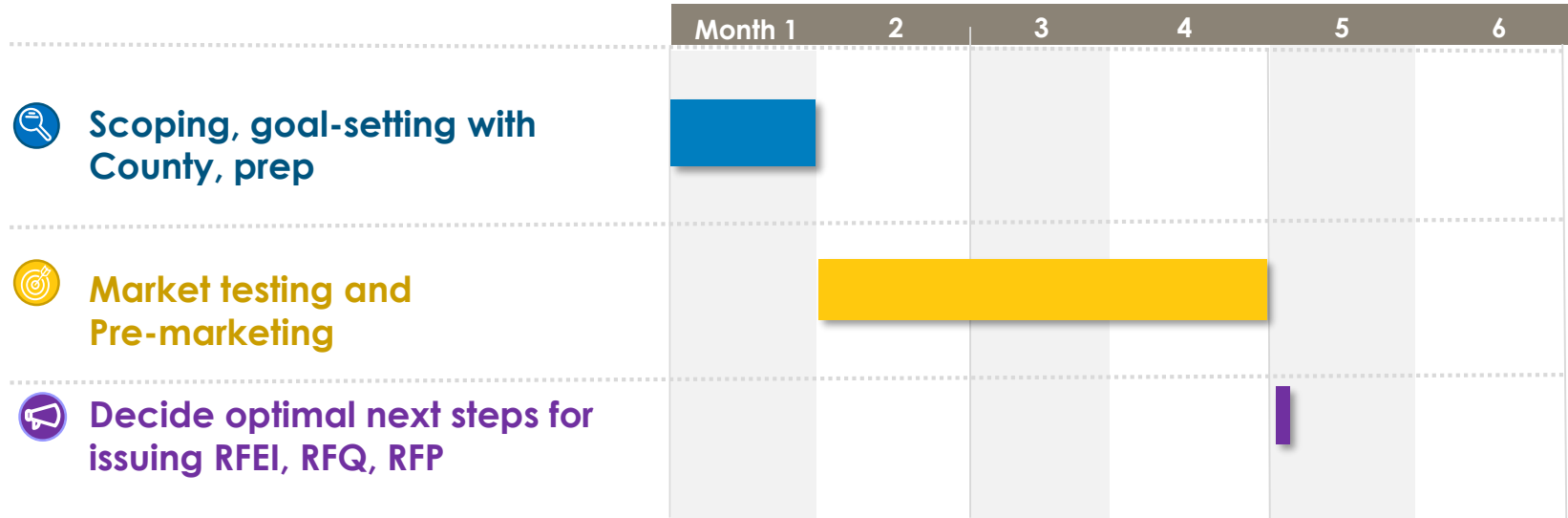
- 1) **Market testing** to determine whether:
 - a) Property owners with suitable properties:
 - have interest in walkable mixed-use development?
 - have interest in County building as an anchor tenant?
 - explore other elements that are critical to success
 - b) Local, regional or national developers, particularly with P3 experience, have interest in working with local property owners, or assembling sites.

Next Step – Objectives of Pre-marketing

2) Pre-marketing

- a) Can take considerable time to gain owners and developers' attention
- b) Interested parties may require time to organize teams, if necessary.
- c) Meetings serve as a way to stimulate interest

Timeline



Questions