



AD HOC HISTORIC COURTHOUSE COMMITTEE REPORT



**Report to the Flagler County Board of
County Commissioners
November 17, 2014**

AD HOC HISTORIC COURTHOUSE COMMITTEE



Front Row: John Leinmiller, David Alfin and Charles Warren
Back Row: Mark Langello, Barbara Revels, Mary Ann Clark, Joseph Marrotti

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November 13, 2014

Flagler County Board of County Commissioners
1769 E. Moody Blvd., Bldg. 2
Bunnell, FL 32110

Dear Chairman and Commissioners:

As members of the Ad Hoc Historic Courthouse Committee, we want to thank the Commission for the opportunity to prepare information for your evaluation of the future of the Historic Flagler County Courthouse and Annex building.

From the outset, each committee member has taken the charge of the committee very seriously, by taking time to talk to fellow residents, attending bi-weekly committee meetings, and performing independent research in areas including the real estate value of the facility, the exterior and interior facility requirements, future occupants of the building and many other areas.

We hope the attached report will be of assistance to the County Commission in making the determination as to the future of the Historic Flagler County Courthouse.

Sincerely,


Commissioner Barbara Revels, Chairman

Committee Members: David Alfin, Vice Chairman, Mary Ann Clark, Mark Langelo, John Leinmiller, Joseph Marotti and Charles Warren

EXECUTIVE SUMMARY

This Executive Summary, provides recommendations to the Flagler County Board of County Commissioners in response to Resolution 2014-20, which established the Ad Hoc Historic Courthouse Committee to evaluate the future of the Historic Flagler County Courthouse and Annex building. The detailed report that follows provides the background information that lead to the requested recommendations which were:

- (a) The Committee shall study the Bunnell Courthouse/Annex as to the disposition for its future uses, including but not limited to:
- **Sale of the Facility**
 - **Demolition of the facility**
 - **Redevelopment of the facility for private, public and/or non-profit use**
 - **And to further analyze any funding sources available for redevelopment.**

FINDINGS:

1) Sale of the Facility

It is recommended the Historic Flagler County Courthouse and Annex building not be sold at this time. Should the commission consider selling the building, it is recommended the County should retain ownership of the historic courthouse portion of the building. (See Task #5, page 13)

2) Demolition of the Facility

It is recommended the Historic Flagler County Courthouse and Annex building not be demolished. (See Task #6, page 14)

3) Redevelopment of the Facility for Private, Public and/or Non-Profit Use

It is recommended the County Commission advance efforts to redevelop the Historic Flagler County Courthouse and Annex. The facility is in good condition. Based upon the interest in the facility during an open house and through committee outreach to businesses and organizations, redevelopment of the facility should be strongly considered. (See Task #4, page 11)

It is important to note, while the committee spoke with numerous potential end users, the committee charge did not include the ability to solicit or negotiate any offers on the facility, either for lease or sale. Any lease or purchase negotiations would be performed

upon obtaining approval by the County Commission in accordance with the proper governmental procedures.

Should this option be selected, the committee discussed, at great lengths, that it would be unlikely that one party would be willing to take the entire facility and perform all necessary renovations. Although several parties have shown some interest, nothing concrete has been presented for inclusion as part of this report.

(b) Analysis of Any Existing Funding Sources to Include Grants, Private and New Funding Sources

Possible grants, private and new funding sources could be pursued; however, due to the uncertainties such as whether the Historic Flagler County Courthouse and Annex would be sold or leased to outside entities limited the ability to explore in detail this topic.

ROLE AND FUNCTION OF THE COMMITTEE

The Ad Hoc Historic Courthouse Committee was established by Resolution 2014-20 on June 2, 2014. The committee membership consisted of six residents and a representative from the Flagler County Board of County Commissioners. The County Commission appointed Commissioner Barbara Revels as the representative to the committee. The remaining committee members were selected from a list of individuals who expressed an interest in assisting with the charge of the committee. The members selection was generally based on qualifications in the areas of (1) architect; (2) general contractor; (3) real estate professional; (4) mechanical contractor; (5) non-realtor member; and (6) a citizen at large.

On June 16, 2014, the County Commission appointed David Alfin, Mary Ann Clark, Mark Langello, John Leinmiller, Joseph Marotti and Charles Warren to serve on the committee. The duties of the Ad Hoc Historic Courthouse Committee as stipulated in the 2014 Resolution were as follows:

(a) To study the Historic Flagler County Courthouse and Annex as to the disposition for its future uses, including, but not limited to:

- (1) Sale of the facility;
- (2) Demolition of the facility; and
- (3) Redevelopment of the facility for private, public and/or non-profit use; and

(b) To analyze any existing funding sources to include grants, private and new funding sources.

OVERALL FACILITY INFORMATION

The facility is a combination of an original two story courthouse building, and a three story addition (annex). The building sits on approximately one city block fronting Moody Boulevard, totaling 1.354 net acres. The overall gross square footage of the facility is 49,693 square feet, including both the courthouse and annex. Currently, there are 100 parking spaces for this building. There is the ability to expand the number of parking to a total of approximately 236.



The original 2-story courthouse was constructed in 1927, consisting of 13,294 square feet. This original portion of the

facility has office space that could be combined or reconfigured to accommodate most office space needs.

The second floor has a courtroom, and within the original courthouse, is a steel fire-proof records vault and several smaller walk-in safes. The facility has crown moldings around the windows, baseboards and staircases appropriate to building construction of the early 1900's. All electrical, HVAC, and plumbing are in working order. The net square footage for the courthouse is 8,286 square foot.



The 3-story annex was built in 1982, adding 36,399 square feet to the facility. This portion has acoustical drop ceilings and VCT flooring in the hallways. The first floor of this addition contains the former county commission meeting room and two courtrooms on the second floor. There are numerous office spaces on the first and third floors that could be combined or further broken out. All electrical, HVAC, and plumbing are in working order. The net square footage for the annex is 25,062 square feet.

COMPOSITION OF COMMITTEE MEETINGS

Prior to the first meeting, the committee received the following information:

- ✓ Resolution establishing the committee;
- ✓ Committee meeting schedule;
- ✓ Membership list and applications of committee members;
- ✓ Florida Sunshine Law;
- ✓ Florida Public Records Law; and
- ✓ Floor plans for the courthouse and annex.

Additionally, information made available as a resource included all prior professional reports and studies performed on the facility, including the proposed expanded parking plan, the January 2012 renovations cost estimate, various facility options presented to the County Commission on May 16, 2014. Also, provided was a history of the facility prepared by Mary Ann Clark, air quality assessment, lead-based paint survey, the asbestos screening report, and all other documents presented to the County Commission as part of the evaluation of the facility as a possible relocation of the Flagler County Sheriff's Office.

The first meeting of the Ad Hoc Historic Courthouse Committee was held on June 25, 2014, with a briefing on the application of the Sunshine Law and Public Records Law and a tour of the facility.

The Committee held a total of nine meetings. The meetings were held on June 25, July 9, July 23, August 7, August 20, September 4, October 15, November 5, and November 12, 2015.

COMMITTEE TASK LIST/FINDINGS

In order to provide recommendations for the County Commission on the disposition of the facility, a task list was developed. The task list identified six areas to be investigated; with committee members being assigned as task champions. The tasks included:

#1	Generating a firm cost of facility's operation when vacant (utilities, grounds, insurance, etc.). – Barbara Revels
#2	Reviewing Strollo Architect's report as to exterior needs and immediate costs.- Mark Langello
#3	Identifying primary users for Annex and the Historic Courthouse (including potential revenue).- Full Committee
#4	Developing a detailed cost estimate to ready the structure for lease (subdivision of area, flooring, electrical, data, ceiling, etc.)- Mark Langello
#5	Performing competitive market analysis on value of property with and without facility. David Alfin and Charles Warren (Independent Report – each to the Committee)
#6	Contact Heavy equipment companies to determine cost to tear down the facility.

Task #1: Generating a firm cost of facility's operation when vacant – Barbara Revels worked with County staff to assist with determining the cost. It was determined; the current cost for maintaining the vacant facility is \$70,983 annually (\$5,915 monthly). (Appendix B).

Task #2: Reviewing Strollo Architect's report as to exterior needs and immediate costs -- Mark Langello worked with County staff in reviewing the reports on the repairs needed for the exterior of the Building. The costs were



then updated with the following results: Pressure washing and masonry repairs to the outside of the building estimated at \$ 13,000 to \$ 14,000; window replacement in the courthouse \$33,183 and window replacement in the annex \$57,000 (see Appendix C and Task #4)

Task #3: Identifying primary users for The Historic Courthouse and Annex – Discussions were held with members of the public, Economic Development Director, County Administration, etc.

During the July 9 committee meeting, the idea of hosting an open house for the facility was decided on in order to: (a) allow realtors, companies and individuals who may be interested in all or part of the facility (either for lease or purchase) to tour the facility without any commitment on their behalf; (b) allow the public to see first-hand the condition of the facility; and (c) allow the committee to gather input from the public as to their wishes for the future of the facility.

Toward that end, a subcommittee of county staff members was formed to do the logistics of an open house. The subcommittee met on July 14, July 18, and July 25. The open house was held on Friday, August 8 from 2:00 p.m. to 4:00 p.m. There were 73 individuals and/or company representatives who participated in the open house. A full report of all individuals who expressed an interest in the facility, as well as comments provided is attached to this report as Appendix B.

The overall commentary was consistent noting the facility is in good condition. Based upon the interest in the facility during the open house and through committee outreach to businesses and organizations, redevelopment of the facility should be strongly considered.

Should the option be selected to redevelop the facility for private, public and/or non-profit use, it would be unlikely that one party would be amenable to taking the entire facility and perform all necessary renovations.

The courthouse portion of the facility could be separated from the annex by the type of user, funding available for renovations, and the timing of both of these items.

While the committee members spoke with numerous potential end users, the committee charge did not include the ability to make any concrete offers. In addition, any lease or purchase negotiations would have to be performed at the approval of the County Commission through the proper governmental procedures, as previously noted in the executive summary. However, potential users, their level of interest, willingness to invest, and other potential information was noted and staff maintains that information.

Similar to the sale of the facility, if the facility is leased to businesses for other purposes it will require the City of Bunnell approval for a rezoning, as well as, possible

modifications to parking, storm water, et c. This should not be an obstacle for a company to overcome and the County, as the property owner, would play an integral role in this effort.

Potential uses for the facility include:

- a. Courthouse
 - o Art gallery
 - o Historic museum
 - o Café
 - o Church (2nd floor courtroom)
 - o Teen Court
 - o Public computer classrooms
 - o Other classrooms
 - o Mercantile shops

- b. Annex
 - o Small business incubator
 - o Training facility for specific business
 - o Offices/cubicles rentals
 - o Church offices
 - o Recreational clubs (fraternal, games, etc.)
 - o Social service agencies (non-profits)
 - o Free Clinic

Task #4: Developing a detailed cost estimate to ready the structure for lease

Facility repairs that have been identified above in task #2 with added items to prepare the building for leasing include:

• Upgrade of the elevators	\$ 71,500
• Repairs to exterior of facility	\$ 14,000
• Courthouse windows replaced	\$ 33,183
• Annex windows replaced	\$ 57,000
• Hallway flooring replaced (annex)	\$ 3 per sq ft
• Air conditioning ducts cleaned	\$ 15,000
• Separation and upgrade to electrical system **	\$ 231,000
• Upgrade to restrooms with new toilets and sinks(as needed)	\$ 500 per fixture

Utilities:

Electrical separation is not required, but can be done and if so, would possibly allow some users to occupy the building at a lower CAM cost when the building is not on one meter.

Water and sewer is served by a single system. The system could be easily separated to accommodate other uses. The separation of the two portions of the facility, additional restrooms would be required for the historic courthouse portion as all of the major/public restrooms are currently in the annex portion of the facility. Only single use restrooms are in the historic courthouse side. The cost for these two items has not been determined.

Build-out:

The end-user would pay for all interior remodeling work in the annex. The committee discussed the County possibly borrowing funds to cover the renovations and debt service and have debt be included as part of the common area maintenance cost. Another alternative is for the County to apply for grants for the renovations with the required funding match coming from a dedicated county source.

Lease rates and Common Area Maintenance (CAM):

County staff has provided a comprehensive list of operational costs adjusted for inflation from the last time the facility was occupied. These costs result in a net square footage estimated fee of \$5.55 annually (\$185,220 divided by 33,328 square feet). It should be noted, reserve dollars for future repairs should be included in the CAM.

The actual leasing rates are difficult to determine at this time. The rate would take into consideration factors such as the condition of the leased space at the time of the contract, the proposed use, and the combined utility needs. In the County, there currently are numerous examples of space for lease ranging from \$9 to \$17 per square foot (and currently climbing). Such a large range indicates factors such as the location, traffic, property size, and when the lease was generated all played a part in the rental calculation. The lease rate for this facility would need to take into consideration market conditions when the space is ready for lease, if the lessee performs any of the needed interior space renovations, and the length of the lease. The County would need to stay in the lower range of the lease fees due to the facility location. There may need to be a different common area maintenance rate charged for a lessee who can show very low electrical needs while another lessee may use a higher level of electrical power.

It is recognized that the County will be competing in the open market against owners of properties currently marketing their properties for lease. Conversely, the property and location for the facility is unique that it may not be in direct competition with the open market.

An option is available to create office condominiums. This would put the property back on the tax rolls with each individual condominium owner being responsible for their pro-rated portion of the appropriate taxes. Once completely sold, the County would no longer be involved in the property.

-- Mark Langello toured the facility with both Flagler County and the City of Bunnell Building Officials and Fire Marshall to determine what would be needed to ensure the facility was up to code for future occupancy. It was felt, future purchasers would not have to do much for fire suppression if the use of the building continues as "business use" including offices, small retail, adult education, and meeting rooms. If the building is split into two separate structures (courthouse from annex) without common entrances, then additional work may be needed to these systems.

One of the options to separate the courthouse and annex would be the upgrade to the elevator system. At the time the Sheriff's office was analyzing sharing the facility with the City of Bunnell, it was estimated to cost to upgrade the elevator would cost \$71,500. The elevator upgrade could include separating the two elevators in order for one elevator to serve the courthouse and the other elevator to serve the annex. Another option would be to add a new elevator in the historic side of the building.

- a. At a minimum, the common area which includes walls, floors, ceilings and bath fixtures will require updating.
- b. Mr. Langello had produced a figure of \$200,000 for the first floor of the annex to build out 30 offices, including drop ceilings, light framing, dry wall, flooring and doors. This cost estimate was prepared at the time the City of Bunnell was planning to move into the building. In addition, the County has determined its costs of \$35 per square feet for similar build-out work. Cost savings can be realized by creating renovated common elements with the tenants completing the full build-out for their respective space.

Task #5: Performing competitive market analysis on value of property with and without facility --

The committee strongly feels at this time there may not be buyers willing and/or able to pay suggested prices and the carrying costs will be continued for a fair period.



Individually, David Alfin and Charles Warren reported the following:

A market valuation is subject to both current and future planned uses. In trying to sell the building in its current state, difficulties were discussed as it relates to recent sales (lack of comparables) and the current market conditions.

Mr. Warren provided an estimate of \$35 per square foot for \$1.2M with 185 parking spaces for 5+ acres for the property “today” for the “right buyer”. This price would be for the facility “as is” and land. It was noted the courthouse facility is in better condition than the former hospital (which was used as a comparable property). The Roma Court property in Palm Coast sold at \$30 to \$35 per square foot.

In addition to the discussions of certain conditions of the sale, one item must be completed whether leased or sold: The zoning of the building is currently for public/municipal use. The use will need to be changed by petitioning the City of Bunnell to B-1 or any other appropriate use determined by the buyer/lessee. B-2 is consistent with adjacent parcels and with the City’s FLUM.

As previously noted, should the Commission desire to sell the property qualified appraisers will need to be employed to help select a market price.

Task #6 Cost to tear down the facility:

In exploring the costs of demolition as one of the recommendations, heavy equipment companies were to be contacted to determine cost to tear down each component -- Commissioner Revels reported that the verbal information received from contractors stated the tear down cost for each component would be between \$2 to \$2.50 per square foot, or \$142,250 (based on 50,000 sq. ft.). The older Strollo report noted considerably higher numbers.

Staff has begun work on developing the cost per leasable square foot in order to be able to calculate the rate of return for the annex, plus the cost for the exterior work on the entire building. The work effort by staff can continue should the Commission desire.