



Date: October 7, 2014

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Joel V. Reitzer, Director, General Services Department
Subject: Proposed Acquisition of Property for Police Headquarters at 616 E. Main Street, 101 S. Elizabeth Street, 113 S. Elizabeth Street, 601 E. Ramseur Street, and 605 E. Ramseur Street, Property of GWC Properties; and at 102 Hood Street, Property of W.T. Wilkerson

Executive Summary

Since 1991, the Police Department Headquarters has been located at 505 W. Chapel Hill Street. The building was constructed in 1959 as life insurance building. The facility does not meet the current or future operational needs of the Durham Police Department (DPD).

In January 2010, Carter Goble Associates, Inc. (CGA) was selected to conduct a Master Facilities Study for the Police Department. The Master Facilities Study projected the Police Department's growth and service through year 2030 and determined facility needs at five year intervals. The consultant's report also included space needs projections through year 2020 for 911 Emergency Communications. City Council received a presentation in December, 2012 regarding the consultant's findings, recommendations, and potential site options. Community meetings were conducted in May, 2013 regarding potential site options and additional meetings were conducted with community stakeholders regarding proposed sites in July through September of 2013. Since that time, City Staff has continued to work on site specific cost estimates, schedules and validation of land cost components for sites. Site option updates were presented to City Council during a special City Council meeting in March, 2014. City staff presented a site selection recommendation to City Council at the October 9, 2014 Work Session recommending the Main Street site for the new DPD/911 facilities.

The Real Estate staff has negotiated an Option to Purchase a total of ±4.439 acres of land and improvements located in the area bordered by East Main Street, Elizabeth Street, Ramseur Street, and Hood Street from GWC Properties (GWC) for \$5,490,000.00. This option has been provided to the City by the property owner, and is attached hereto.

The Real Estate staff has also negotiated an Option to Purchase .084 acres of land and improvements located at 102 Hood Street from W.T. Wilkerson for \$200,401.00. This option has been provided to the City by the property owner, and is attached hereto.

Recommendation

The General Services Department recommends that City Council approve the:

1. Fee simple acquisition of ±4.439 acres of land and improvements from GWC Properties at 616 E. Main Street, 101 S. Elizabeth Street, 113 S. Elizabeth Street, 601 E. Ramseur Street, and 605 E. Ramseur Street for \$5,490,000.00.

2. Fee simple acquisition of .084 acres of land and improvements from W.T. Wilkerson at 102 Hood Street for \$200,401.00.

Background

Pre-planning work for redevelopment of the current Headquarters site or its relocation began in 2001. At that time, the City contracted for a space needs assessment and schematic plan for its facilities. The assessment concluded there was a significant space shortfall and that facilities were beginning to deteriorate. In 2003, a building inventory conducted by Carter-Burgess Architects confirmed the poor condition of the existing Headquarters was becoming a significant issue. In 2006, the Police Department completed an internal facility report and master plan detailing the deficiencies in its facilities program and recommended a long range plan to replace the Headquarters building and leased facilities with new construction.

In 2010, Carter Goble and Associates completed a master facilities plan projecting the Police Department's growth and service through year 2030 to determine facility needs at five year intervals. The consultant's report and recommendations were finalized in March, 2012. In 2011, Carter Goble Associates also analyzed and prepared an architectural space program for 911 Emergency Communications, to include space needs projections through year 2020. City Council received a presentation in December, 2012 regarding the consultant's findings and recommendations. Community meetings were conducted May, 2013 regarding potential site options. July through September, 2013, additional meetings were conducted with community stakeholders regarding proposed site options, including DDI and NCCU. November through December, 2013, City Staff continued work on the site specific cost estimates, schedules and validation of land cost component for sites. These updates were presented to City Council during a special City Council meeting in March, 2014. City staff presented a site selection recommendation to City Council at the October 9, 2014 Work Session recommending the Main Street site for the new DPD/911 facilities.

Issues/Analysis

The Real Estate and Project Management Divisions of the General Services Department have worked with the Police Department in reviewing various options for relocation or redevelopment of a Police Headquarters site. Sites included in the final site selection process were:

- **East Main Street Site (Recommended Site)**
 - E. Main Street at N. Elizabeth (former Carpenter Chevrolet location)
4.5 acres (parcel IDs 102870, 102871, 102868, 102869, 102890)
Price - \$5,490,000
 - 102 Hood Street ("Not Just Wingz" Restaurant site)
.084 acres (parcel ID 102889)
Price - \$200,401.00
- **Chapel Hill Street Site**
505 W. Chapel Hill Street (existing Police HQ location)
4.0 acres (parcel ID 114577)
Appraised Value as of June, 2012 - \$5,100,000
- **Fayetteville Street Site**
Fayetteville Street at E. Umstead Street
19.0 acres (parcel IDs 119289, 119253, 119252)
Asking Price - \$5,300,000

GWC Properties:

There are thirteen businesses currently leasing space as tenants of GWC. Subsequent to the proposed acquisition, GWC will continue to manage the property until December 31, 2015. This will pose minimal disruption to existing businesses, ensure continuity and provide an opportunity for tenants to relocate their operations. As a fee for management of the property, GWC will receive 50% of the net operating income received from the leases. The City will receive the remaining 50% of net revenue. All tenant leases will expire on or before December 31, 2015.

The Option to Purchase contains the following terms and conditions:

- (1) The property has a total of ±4.439 acres
- (2) The purchase price is \$5,490,000.00
- (3) The Option expires January 9, 2015

The City has secured an appraisal of the property to be acquired. The appraised value is \$5,390,000.00.

W.T. Wilkerson Property:

There is an existing business tenant currently leasing space from W.T. Wilkerson. The existing lease expires March 31, 2015. The business will relocate prior to the City taking possession of the property on April 1, 2015.

The Option to Purchase contains the following terms and conditions:

- (1) The property has a total of .084 acres
- (2) The purchase price is \$200,401.00
- (3) The Option expires April 1, 2015

The City has secured an appraisal of the property to be acquired. The appraised value is \$80,000.00 for the land only. The appraisal does not include valuation for income produced by the property.

Alternatives

An alternative to acquisition of the above-referenced properties includes determining that Police Headquarters operations should remain at 505 W. Chapel Hill Street or further exploring additional locations.

Financial Impact

Expenditures Related to the Acquisition

\$5,490,000.00	Purchase price (GWC)
\$ 200,401.00	Purchase price (W.T. Wilkerson)
\$ 8,000.00	Estimated Closing Costs
\$5,698,401.00	Estimated Total Expenditures

SDBD Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Options to Purchase, Property Location Map