

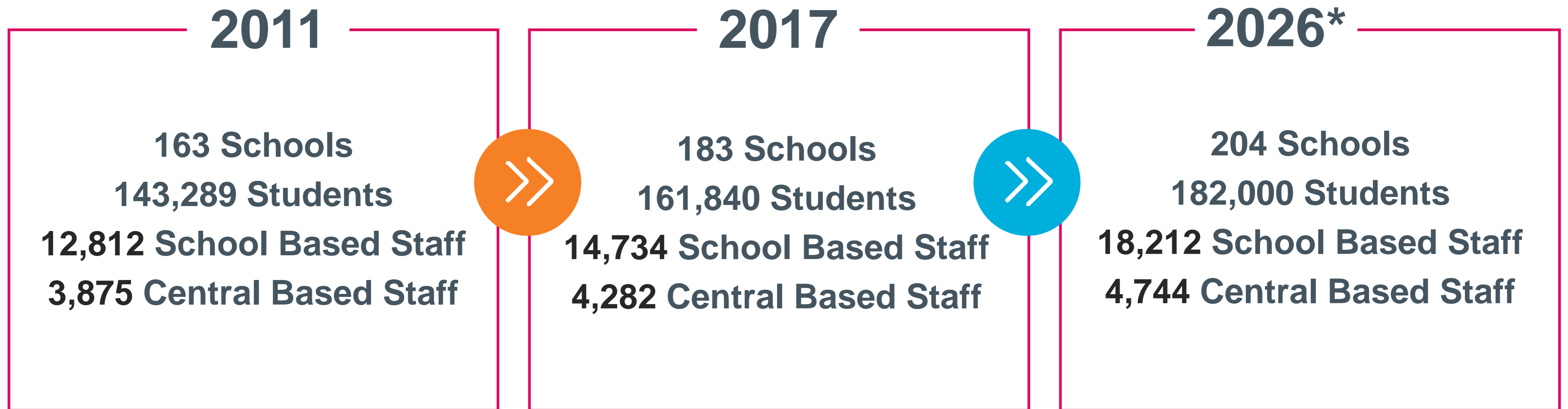


Wake County Board of Commissioners

REQUEST FOR APPROVAL OF FUNDING FOR BOARD OF EDUCATION LEASE OF OFFICE SPACE: CENTRAL WAKE COUNTY - CROSSROADS OFFICE PARK (First Reading)

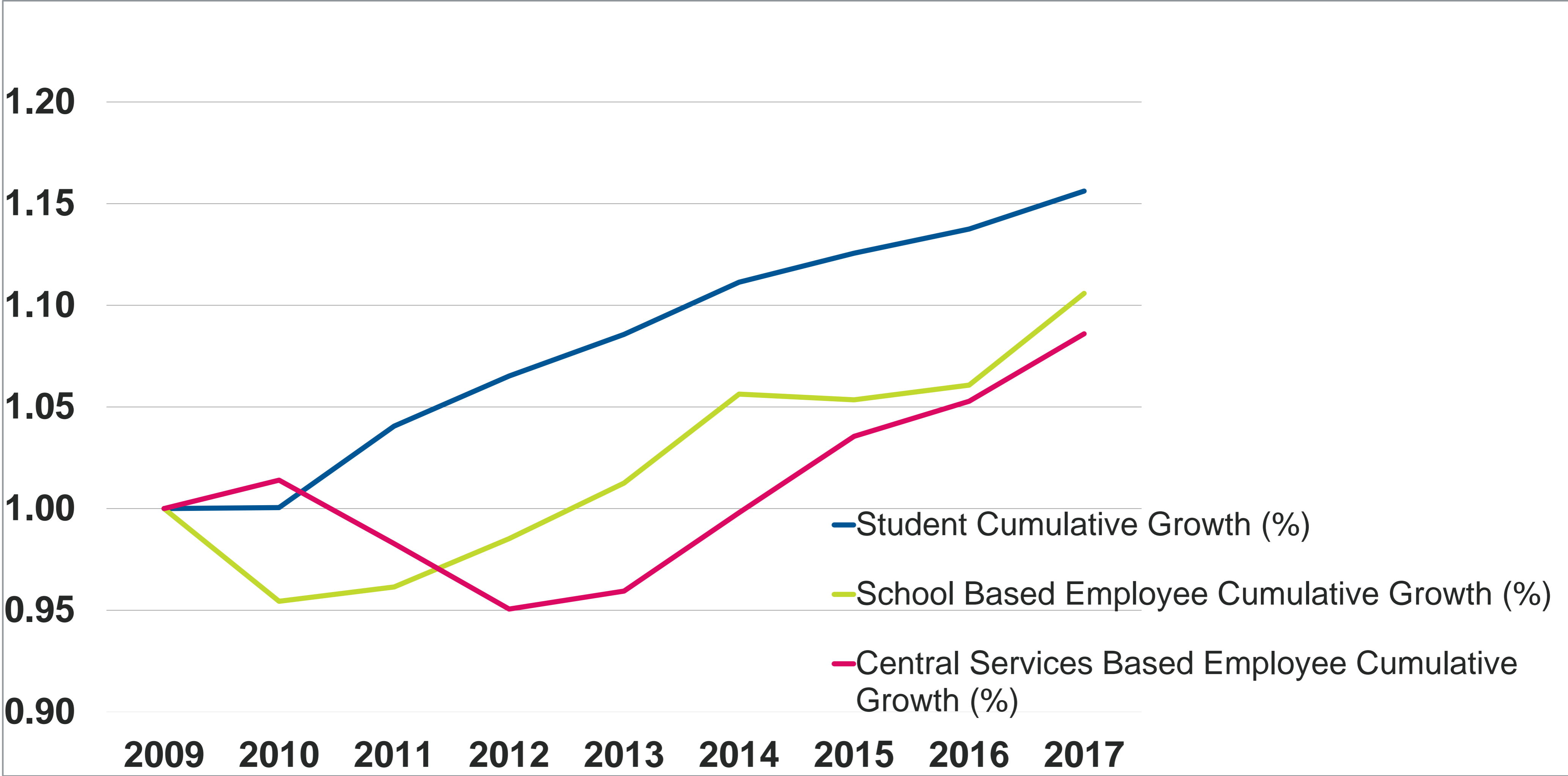
Betty L. Parker, Senior Director of Real Estate Services
Wake County Public School System
December 3, 2018

System Growth Projections

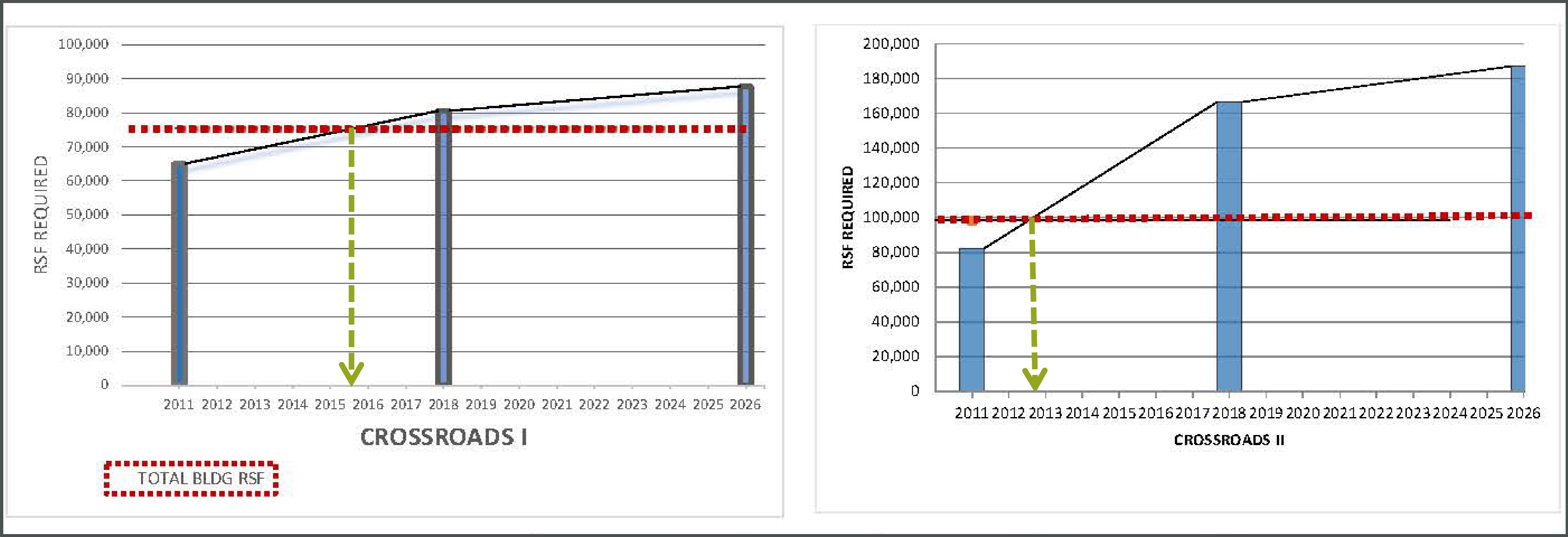


*Note: 2026 Staff Counts escalated 2017 totals at 2011-2017 average annual growth rate by category:
2011-2017 School Based Staff average annual growth rate: 2.14%
2011-2017 Central Based Staff average annual growth rate: 1.03%

Cumulative Student Growth vs Cumulative School Based Employee Growth and Central Based Employee Growth



Crossroads I & II Staff Growth vs. Crossroads I & II Capacity



*Note: Data gathered and analysis prepared by 310 Architecture
 2026 staff counts based on 2018 counts escalated by system wide Central Services staff annual average growth rates

Current Challenges – Crossroads I & II Central Services

Multiple location inefficiencies

Insufficient parking

Insufficient space to accommodate staff growth

Limited collaboration space

Limited space for Professional Development

Considerations Preceding Site Selection

- **Purpose/Function**
- **Current SF utilization**
- **Projected System/Staff growth**
- **Projected SF Needed**
- **Compatibility with Available Board Space**
- **Collocation Efficiencies**
- **Adjacency Opportunities**
- **Operational Cost Impacts**
- **Funding Source Identification**
- **Optimal Location Area(s)**
- **Survey of space on the market for lease**
- **Current Lease Terms & Opportunities**
- **Lease Vs. Build**

Administrative Office Space Consolidation Scenarios

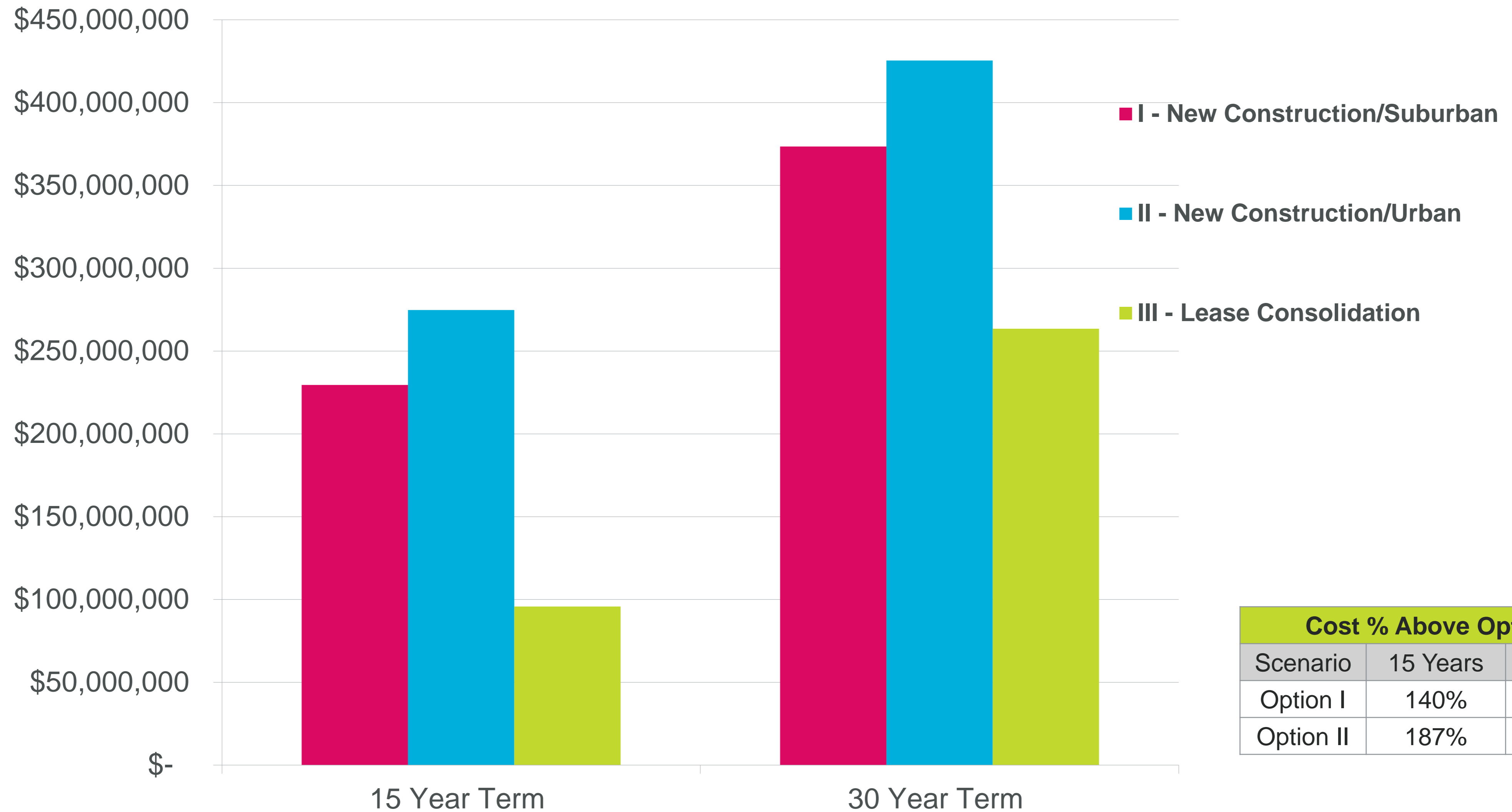
Analyzed over 15 year & 30 year periods

Option I. New Construction/Suburban (300,000 SF)

Option II. New Construction/Urban (300,000 SF)

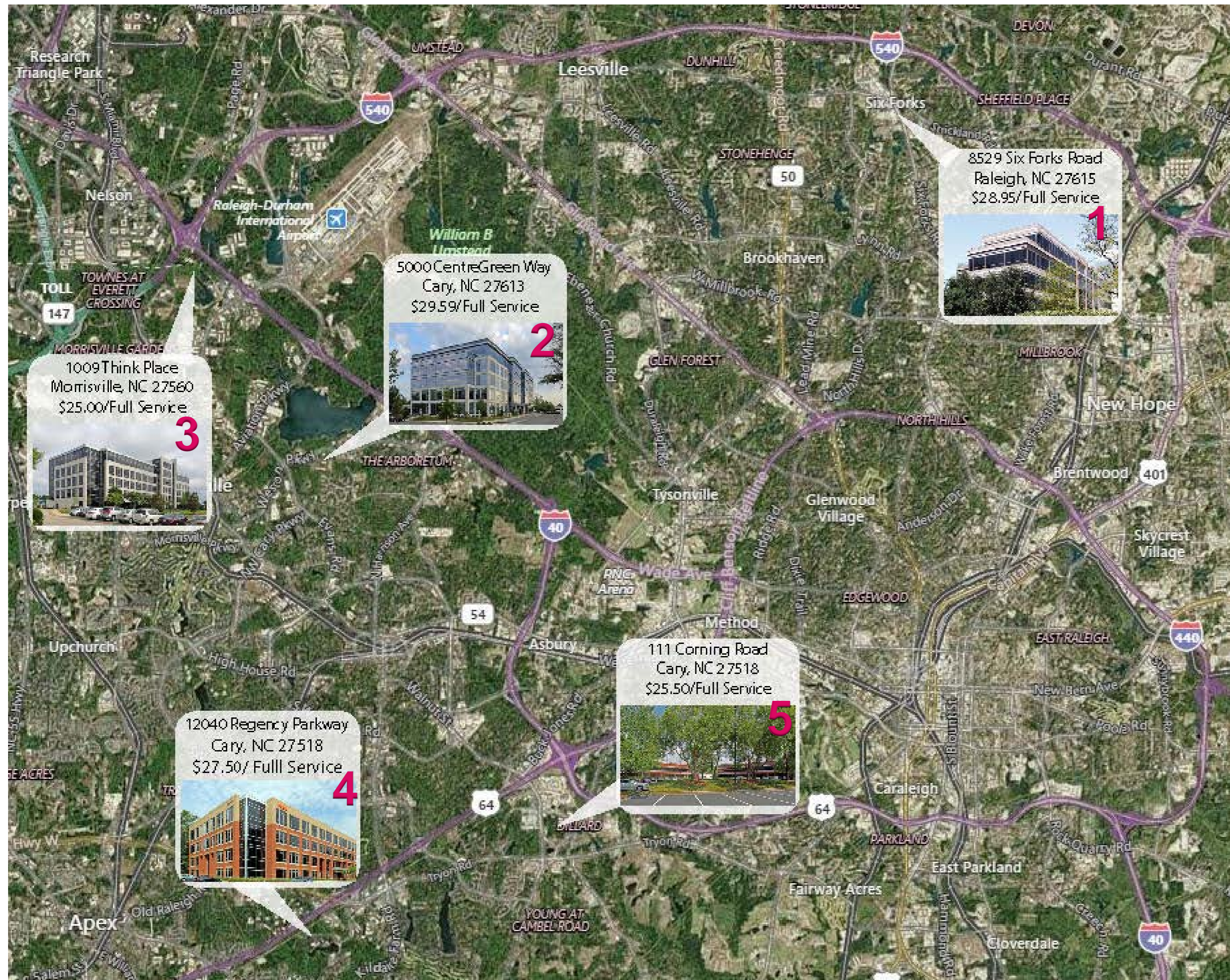
Option III. Lease Consolidation (250,000 SF in 15 Year Analysis;
increased to 300,000 SF after Year 15 in 30 Year Analysis)

Cost Comparisons of Scenario Options – 15 years & 30 years



Cost % Above Option III		
Scenario	15 Years	30 Years
Option I	140%	42%
Option II	187%	61%

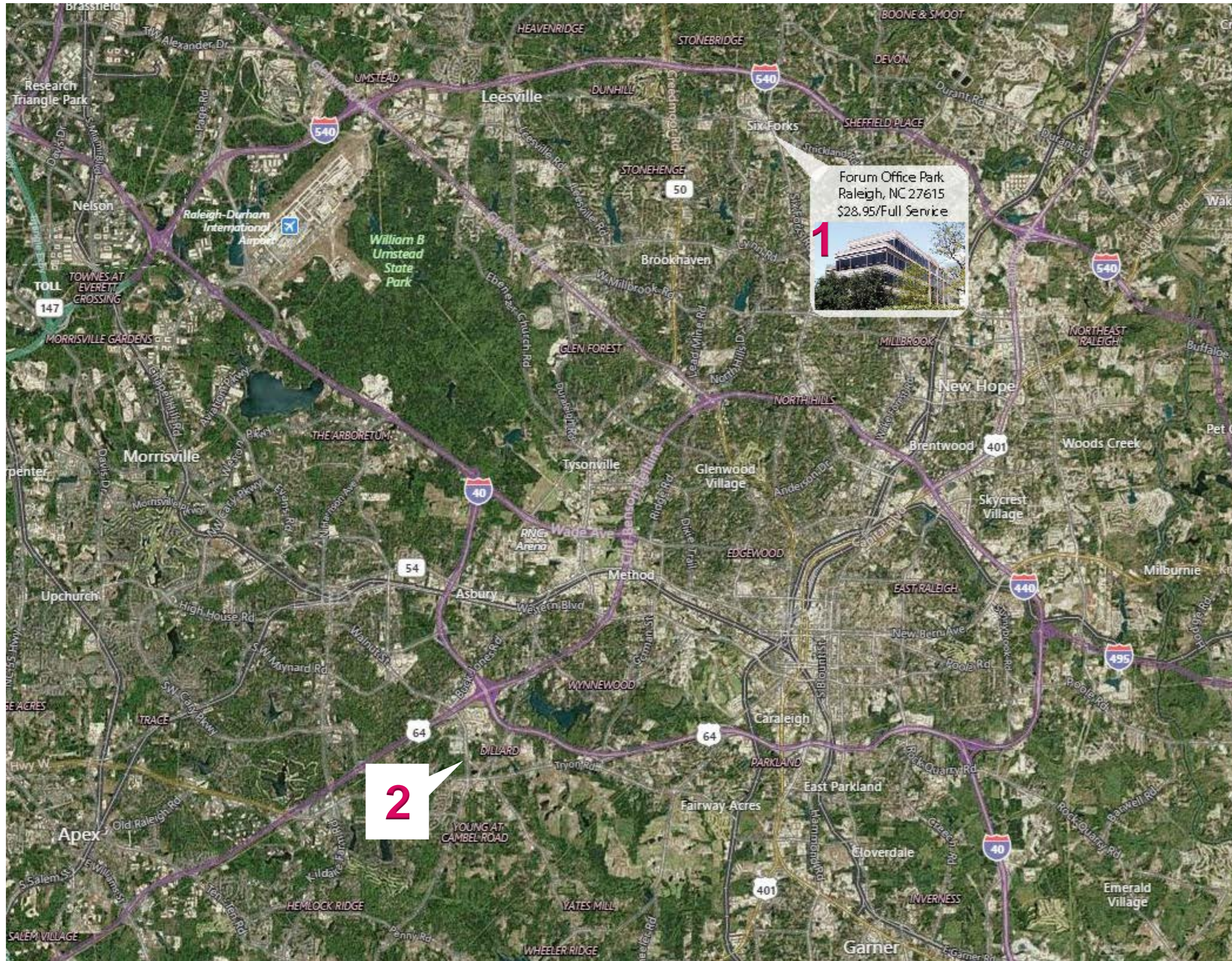
Available Office Space Survey: ±75,000 SF



Location	Asking Rate*	Distance To CR I & II
1. 8529 Six Forks Rd	\$28.95	13.9 mi.
2. 5000 Centre Green Way	\$29.59	10.2 mi.
3. 1009 Think Place**	\$25.00	13.1 mi.
4. 12040 Regency Pkwy	\$27.50	6.3 mi.
5. 111 Corning Rd (CR III)	\$25.50	0.25 mi.

*Note: Asking rates are Full Service Lease rates
 ** Estimated sublease rate. Direct rates are \$28.95+.

Available Office Space Survey: ±250,000 SF



Location	Asking Rate	Distance To CR I & II
1. Forum Office Park	\$28.95	14.0 mi.
2. Crossroads I, II & II	\$25.50	-

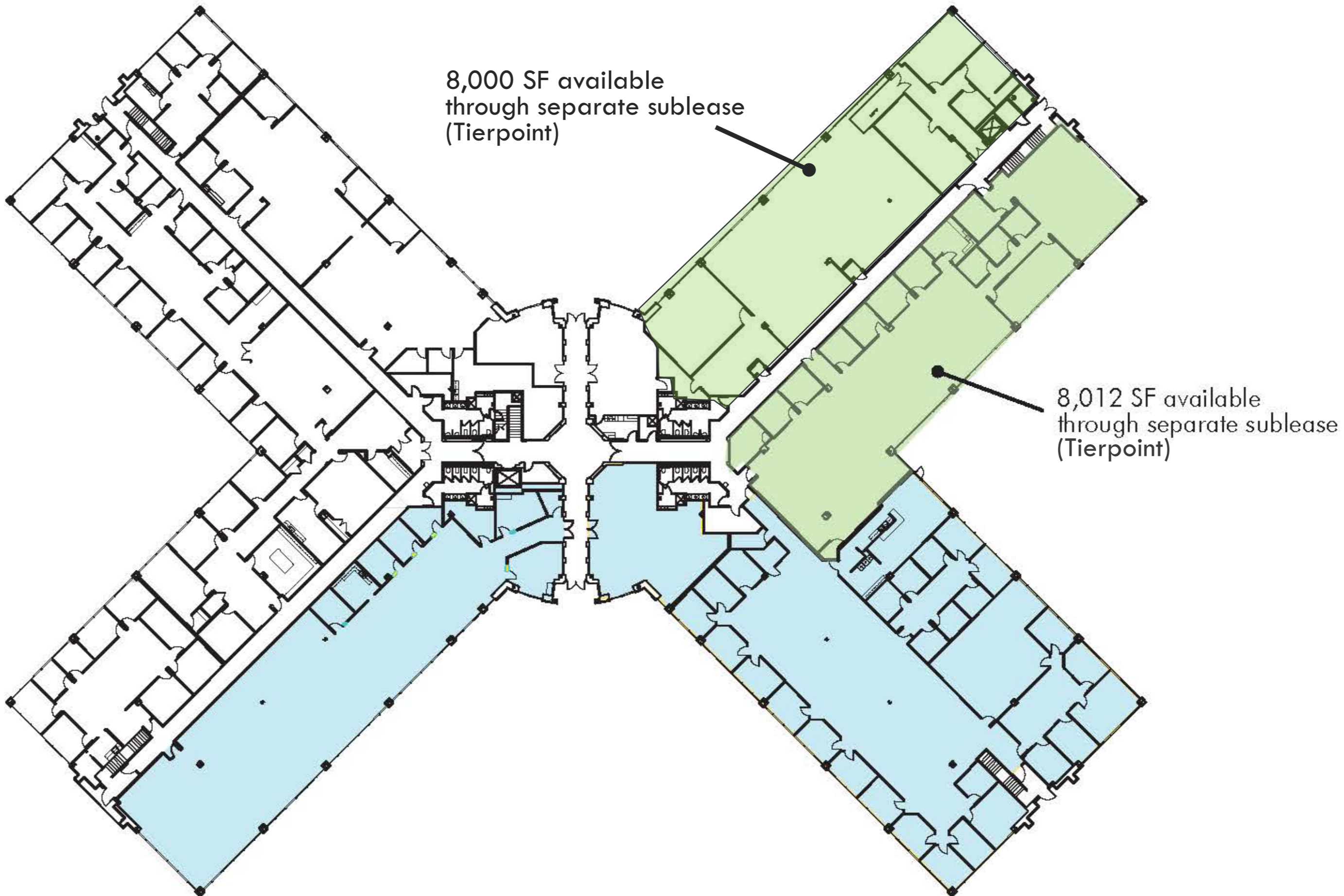
*Note: Asking rates are Full Service Lease rates

Crossroads III Site



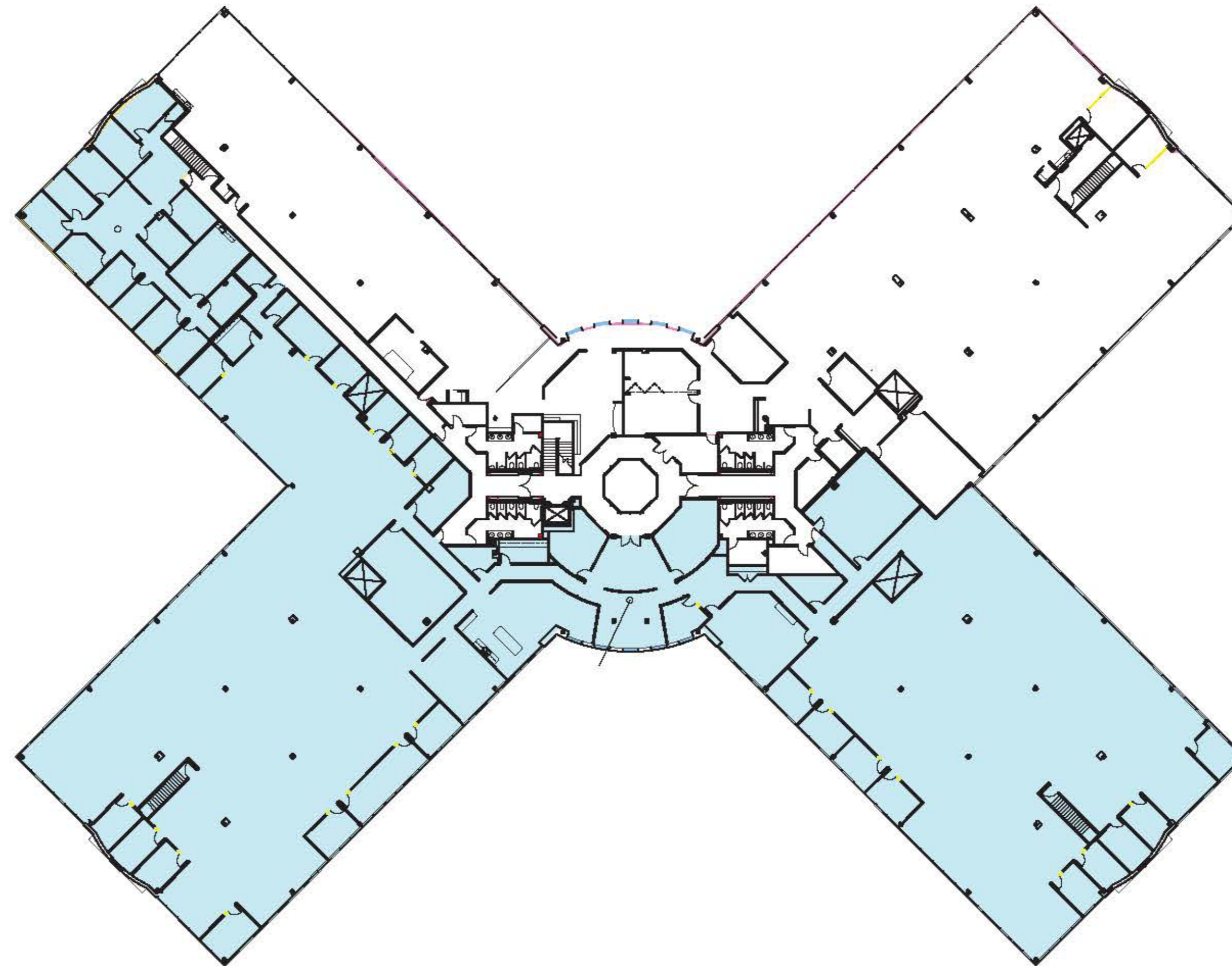
Crossroads III Available Space

SPACE FLOOR PLAN FIRST FLOOR

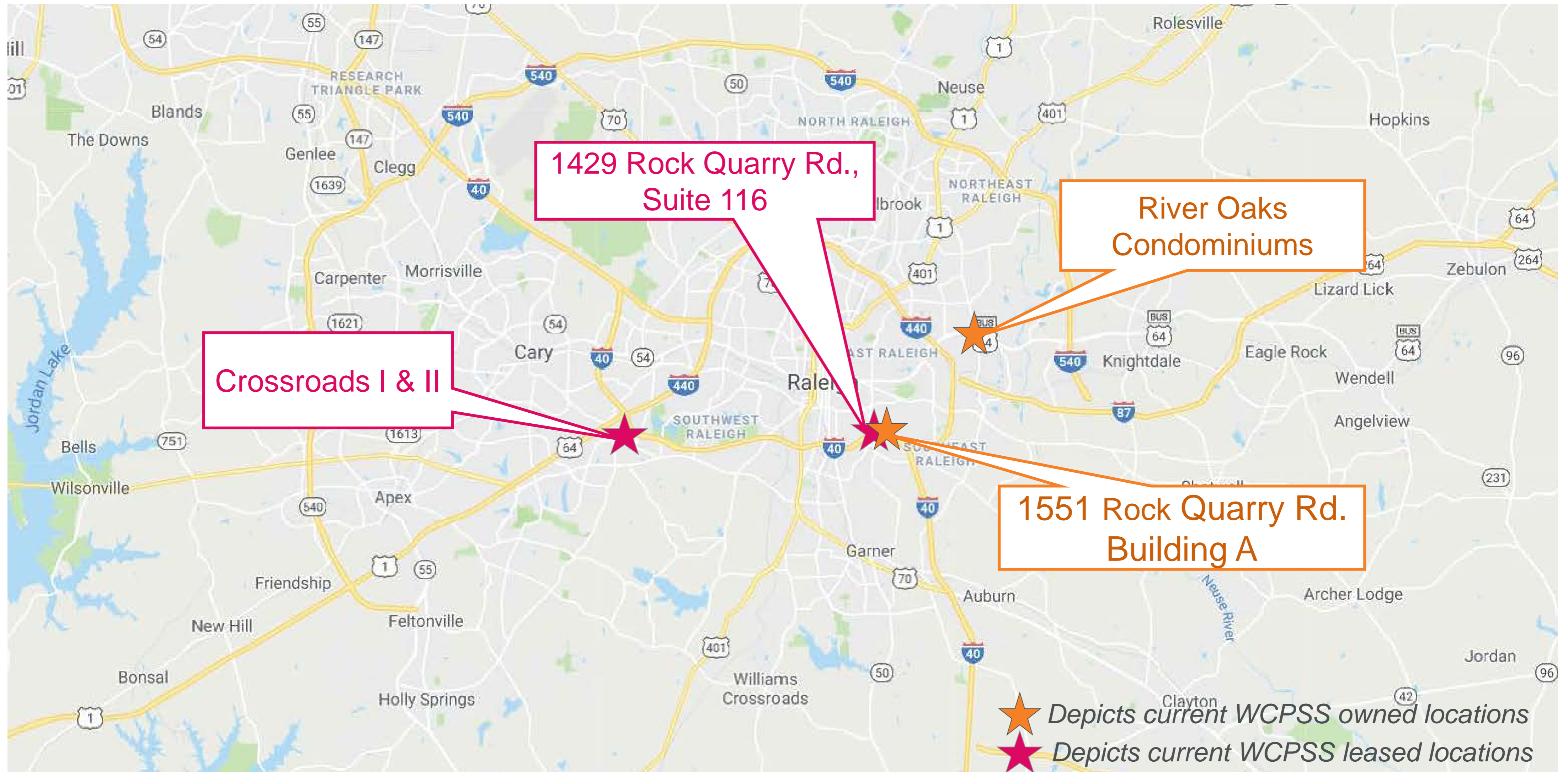


Crossroads III Available Space

SPACE FLOOR PLAN SECOND FLOOR



WCPSS Administrative Office Locations In Consideration



Proposed Lease Information

- **Purpose:** Consolidation/Expansion of Central Services Staff Operations Space
- **Landlord:** Raleigh Durham Office Partners, LLC, who acquired the site in 2018. The building was constructed in 2001.
- **Location:** Central Wake County in Crossroads Office Park adjacent to current Board/WCPSS Central Services Campus
- **Asset Description:** Expansion space of 75,864 SF in a 121,500 SF two story office building with surface parking.
- **Proposed Lease Term:** 15 year full service lease beginning 7/1/2019 with options to extend for up to two (2) eight year terms .

Proposed Key Lease Terms

- 75,864 SF in a 121,500 SF two story office building
- 15 year full service lease beginning 7/1/2019 with options to extend for up to two (2) eight year terms.
- \$23.75/SF annual rental rate with a 2.25% annual rent escalation for expansion space.
- Extends current lease term of 173,741 SF in Crossroads I & II to be co-terminus with the new lease (eight year extension), capturing future rents at current rates
- Right of First Offer for office space of 7,500 SF or greater when available in Crossroads III

Proposed Lease Concessions

Abatement (“Free Rent”)	\$4,130,323
Tenant Improvement Allowance	\$3,871,427
Design Allowance	\$ 37,440
Data Center Restoration Allowance	\$ 100,000
FF&E onsite (est.)	<u>\$1,000,000</u>
Total Concessions Value:	\$9,139,190

Proactive Realignment Addressing Growth will allow for:



Proposed Milestones

Activities	Dates
▪ BOE meeting: presentation/consideration of lease approval	Nov. 20, 2018
▪ 1st BOC meeting: presentation/consideration of funding approval	Dec. 3, 2018
▪ 2 nd BOC meeting: consideration of funding approval	Jan. 7, 2019
▪ NC LGC consideration of funding approval approval	Feb. 5, 2019
▪ Lease execution by BOE	Feb. 20, 2019
▪ Final Space Planning/Upfit specs development	Jan.- Feb. 2019
▪ Construction Drawings Permitting	Feb. - March 2019
▪ Beneficial Use Start	Feb. 2019
▪ Delivery of space for upfit (Tenant's planned vacation of premises)	March 1, 2019
▪ Upfit (Subject to Phasing)	March 1 - June 30, 2019
▪ Lease Expansion Commencement/Occupancy	July 1, 2019

End of First Reading Presentation

Questions?

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