

**Item Title:** Acquisition of a Building and 4.2319 Acres of Property in Central Wake County (2205 Walnut Street) (First Reading)

**Specific Action Requested:**

**That the Board of Commissioners receives this information from the Board of Education, so that upon answering of any outstanding questions this item will be placed on a future Agenda for consideration of approval of funding of the purchase price together with closing costs in an amount not to exceed \$5,047,981 pursuant to N.C.G.S 115C-426.**

**Item Summary:**

**Purpose:** The Board of Commissioners must approve funding for land acquisition by the Wake County Board of Education.

**Background:** On December 3, 2019, the Board of Education accepted the terms and conditions for the purchase of a 4.2319 acre parcel and improvements thereon located in the Central Wake County/Cary area from 2205 Walnut LLC for a total price of \$5,000,000, subject to approval of funding by the Board of Commissioners. On February 4, 2020, the Board of Education ratified and affirmed the terms and conditions of the contract. This property is needed to support the relocation of Wake STEM Early College High School. While the early college high school relationship and educational opportunities with NCSU will continue, the facilities currently provided by NCSU will cease to be available for school use from and after June 30, 2021.

**Board Goal:** This Board action supports routine County operations.

**Fiscal Impact:** Funding is available from the Land Acquisition Component and/or SNAP (Space Needs Analysis & Prioritization) Component of the Board of Education's Capital Improvement Plan Funds for the purchase price together with closing costs in an amount not to exceed \$5,047,981.

**Additional Information:**

**Need for Acquisition:**

The Board of Education utilizes ongoing data-driven processes to identify school site and educational support locations needed to address growth and crowding in the Wake County Public School System. Acquisition needs have been identified for relocation of WSECHS pursuant to a notice of expiration and non-renewal of the Memorandum of Understanding by and between NCSU and the Board of Education regarding the provision of space for school operations. Because of the necessity to support transportation of students between the high school and college campuses for classes, proximity to the

NCSU campus is critical. Given the notice of expiration and non-renewal timeline and time needed to design and upfit suitable space, the best opportunity for timely relocation requires adaptive reuse of an existing building with suitable parking. Acquisition of the subject parcel and existing commercial improvements will provide sufficient space to renovate and upfit to accommodate and support the WSECHS program, parking and related administration to meet identified needs and is within reasonable proximity to NCSU.

#### **Land Acquisition Criteria:**

The proposed acquisition consists of a 4.2319 acre parcel of land (PIN 0772-79-1815) together with an 30,016 SF building constructed in 1984 and renovated in 1990 and significant parking areas located at 2205 Walnut Street in the southeastern quadrant of its intersection with Dillard Drive in Cary. Primary access to the site is from Dillard Drive, and access to the area is provided via US-1/64 and I-40/440 with secondary road access provided by Walnut Street, Tryon Road, Jones-Franklin Road, and Holly Springs Road. The parcel is owned by 2205 Walnut Street, LLC, is located within Town of Cary and is zoned Office & Industrial. The subject property site location is depicted below:



#### **Other Due Diligence and Site Assessment:**

The site information obtained in due diligence includes a Boundary Survey, a Phase I Environmental Site Assessment, lead paint and asbestos study, geotechnical borings to evaluate asphalt conditions, a preliminary Feasibility Study, appraisal and site circulation and concept plan. WCPSS staff has also met with Town of Cary staff for collaborative discussions to review and discuss change of use within the zoning classification and other development considerations associated with the site location and intended uses. Pursuant to due diligence findings and as expected for a building of its age, some facility systems are nearing the end of their useful life, and will need to be repaired or replaced, along with the interior renovations necessary to accommodate the WSECHS program, and upgrades in fire/security/life safety systems necessary to comport with the change of

use from business occupancy to educational occupancy standards. Funding necessary to complete the renovations and upfit is available from the SNAP (Space Needs Analysis & Prioritization) Component of the Board of Education's Capital Improvement Plan Funds.

### Appraisal Information:

An appraisal for the subject property was prepared by Chris Morris, MAI, of Integra Realty Resources. Mr. Morris concludes that the market value of the land and improvements is \$5,280,000. The appraised value supports the purchase price. For comparison, purchase data for comparable sites central/western Wake County area is summarized below:

Land Acquisition Valuation Comparison					
	Appraised Value	Sales Price (Bargain Sale)	Building Size (SF)	Sales Price Over/(Under) Appraised Value	Appraised Value (Per SF)
<b>2205 Walnut Street LLC Parcel</b>	\$5,280,000	\$5,000,000	30,016	(\$280,000)	\$175.90
Comparable Land Site Sales in the Area	Date of Acquisition	Year Built	Building Size (SF)	Total Sales Price	Sales Price (Per Foot)
<b>300 Gateway Centre</b>	10/2019	1986	29,053	\$6,200,000	\$213.40
<b>1815 Kildaire Farm Road</b>	1/2019	1987	22,080	\$3,450,000	\$222.58
<b>1010 High House Road</b>	1/2019	1984	20,839	\$4,200,000	\$201.55
<b>5520 Dillard Drive</b>	5/2018	1997	101,704	\$22,200,000	\$226.86
<b>6501 Weston Parkway</b>	2/2018	1995	93,900	\$18,400,000	\$195.77
<b>9121 Anson Way</b>	1/2018	2006	30,020	\$5,550,000	\$193.90

### Utilities and Transportation Infrastructure:

The existing building and parking facilities was initially built for use as a hotel reservations center, and was later renovated for use by Miller Motte College which occupied the space until October 2019. As water and sewer services exist on site, no significant utility costs are expected to be incurred with the adaptive reuse as a facility for WSECHS.

Preliminary concept plans indicate that minor changes to current on-site circulation flows will be necessary to accommodate bus turning radii and vehicular queuing, but that existing driveways will be sufficient. On-site stub outs to adjacent boundaries on the eastern and southern sides to increase connectivity may be required to comply with Town ordinances and could benefit site circulation and emergency access. Road improvements near the site frontage on Dillard Drive and Walnut Street to accommodate turn lanes and safe bus and vehicular access to the site from adjacent State-maintained roads will likely be considered by the Town of Cary and/or the North Carolina Department of



Transportation. Since the intended use is for a K-12 educational purpose, any off-site road improvement costs are expected to be reimbursable pursuant to N.C.G.S. 160A-307.1 and 136-18(29a).

**Site Area Map:**



**Wake County Staff Comments:**

County staff has been involved in certain aspects of the site selection process and has reviewed the findings. Utilizing the site criteria necessary to support the WSECHS program, acquisition of the subject property and its adaptive reuse meets those criteria. Based on the information presented, County staff supports acquisition of this parcel for relocation of WSECHS.

**Attachments:**

1. Presentation
2. Central Wake County/Cary Area Contract and Precis
3. Appraisal
4. Survey