



Agenda Item Summary

File #: 24-00770

Agenda Date: 9/10/2024

Agenda Item Name:

Exercise of Option to Purchase Burkhardt Warehouse Property

Presenter:

Thomas Crosby, Asst County Manager 352-337-6205

Description:

Board consideration of Option Contract to Purchase Real Property between Alachua County and Burkhardt Distributing of Gainesville, Inc.

Recommended Action:

Approve the Option Contract and exercise the Option to Purchase the Burkhardt Warehouse; authorize the Chair to sign the Resolution designating the warehouse as a portion of the Loan Project; authorize the County Manager, or their designee, to sign the Notice of Exercise of Option, and any additional documents, including amendments to the Option Contract and escrow agreements, approved by the County Attorney, necessary to close and complete the transaction.

Prior Board Motions:

N/A

Fiscal Note:

Purchase Price of Property	\$10,835,000
Appraisal (Clayton, Roper & Marshall)	\$10,000
Appraisal (Pinel & Carpenter)	\$15,500
Architectural & Engineering Report (Paul Stressing Associates)	\$7,500
Phase-I Environmental Site Assessment (GSE Engineering)	\$3,686
Survey (EDA Consultants)	\$11,000
Legal and Title Insurance (Salter Feiber)	\$51,636.25
Recording Estimate	\$100
Total Cost of Acquisition	\$10,934,422.25

Due to changes in the project scope and timelines for the Series 2022 debt issuance, funds are now available to include the warehouse purchase in the list of authorized projects.

Strategic Guide:

All Other Mandatory and Discretionary Services

Background:

On May 16, 2024 Alachua County entered into an Option Contract With Burkhardt Distributing of Gainesville, Inc. to purchase the prior Budweiser distributorship property located at 6125 NW 18th Drive, Gainesville, FL 32653, within the Northwest Industrial Park. The purchase price of the property is \$10,835,000.

The Property fits into the long-term Capital Improvement Plan in solving warehouse space needs and departmental relocation. The building contains 61,203 sq ft of warehouse space and 12,680 sq ft of office space, consisting of open work area with cubicles, executive offices, conference rooms and an employee lounge area. There is also 2,500 sq ft vehicle maintenance building on the property. Facilities will relocate to the space and Growth Management will move into the existing Facilities building as part of Phase 1 of the CIP Plan. The Public Health Department, Fire Rescue, and Food Programs are in dire need of warehouse space and are the fundamental drivers of this acquisition. Other possible users are being considered, as well as the best way to manage the facility.

The property is a vacant one-story, air-conditioned warehouse and accessory uses consisting of 76,383 total square feet. The air conditioned warehouse portion of the property is 45,906 sq ft; the non-air conditioned warehouse portion of the property is 15,297 sq ft. The building is precast concrete tilt wall with a steel frame truss system. The building was built in two stages, the first, consisting of 52,671 sq ft was built in 2000 and the second stage, consisting of 23,712 sq ft was built in 2011.

The property is 10.12 acres in size. It is fully enclosed with a chain link fence and rolling gates. The zoning designation on the property is I1 (Limited Industrial). Utilities, including water, sewer, electric and gas, are supplied by Gainesville Regional Utilities. The property includes a receiving/loading area, enclosed truck drive through area, automobile and truck parking and a gated property entrance.

Alachua County staff has performed due diligence on the property and all improvements. The findings are as follows:

- Appraisals were performed by the firm of Clayton, Roper & Marshall and the firm of Pinel & Carpenter, Inc. The Clayton Roper appraisal values the property at \$11,100,000 and the Pinel Carpenter appraisal values the property at \$11,075,000 for an average appraised value of \$11,087,500, or \$252,500 above the purchase price.
- An Architecture & Engineering Report was prepared by Paul Stresing Associates, Inc. This included mechanical/HVAC, electrical, plumbing, fire alarm and fire protection systems. The report indicates that the buildings are in very good shape and well maintained. However, the report pointed out that 2 of the 4 HVAC units have exceeded their expected useful lifespan, a portion of the roof consisting of EPDM single ply has exceeded its expected useful lifespan and a portion of the paved area shows significant wear from heavy duty tractor trailer traffic. The Alachua County Facilities Department has reviewed the report and prepared a budget for corrections to items disclosed in the report.
- A Phase-I Environmental Site Assessment was prepared by GSE Engineering and Consulting, Inc. This assessment included on-site inspections, historical and regulatory information review, off site inspections and vapor encroachment screening. GSE concluded that the assessment revealed no evidence of recognized environmental conditions in connection with the property that would warrant further characterization. The Alachua County Environmental Protection Department reviewed the assessment and agrees with GSE's conclusion.
- Title work (attached) was prepared along with a survey (attached) of the property. In addition to the standard issues identified in the title work, there were several non-standard issues discovered to which the County timely objected. The Seller and County staff worked together to develop a plan to resolve these non-standard issues, which has been memorialized in the

attached *Agreement Regarding Resolution to Title Objections* (the "Title Objection Agreement") A summary of each non-standard title objecting and its proposed resolution are briefly discussed below:

- Non-Standard Issue #1 - GRU Blanket Utility Easement: GRU holds a blanket utility easement over the entire Property. Language contained in the blanket easement contemplates terminating the blanket easement in exchange for a corridor easement, but the current owner of the Property has not yet granted GRU a corridor easement and, therefore, GRU has not yet terminated its blanket easement. The Seller and County staff have been working with GRU to replace the blanket easement with a corridor easement. Pursuant to the Title Objection Agreement, the Seller will continue to work with GRU complete this effort prior to closing.
- Non-Standard Issue #2 - Lot Line Setbacks: The Property is comprised of 4 separate platted lots. The restrictive covenants and plat establish setback lines for each lot within which buildings cannot be located. As the warehouse was constructed in the middle of the property, it straddles multiple lot setback lines. A two-fold solution has been developed to resolve this issue and the next issue. First, the Seller will provide title insurance for this issue by purchasing for the County a Florida Form 9 Endorsement (ALTA 9.2-06 with Florida Modifications). While the Form 9 Endorsement does not cover the cost of defending a claim that the building violates setback lines, it does cover specific types of losses incurred by the County that may result from such a claim. The second method of resolution is for the County to replat the property post-closing to delete the setback requirements for specific lots. Pursuant to the Title Objection Agreement, \$8,000 of the sale proceeds will be set aside for the County to prosecute a replat of the Property. The County will have 12 months to complete the replat, after which any remaining portion of the \$8,000 will be returned to the Seller.
- Non-Standard Issue #3 - Platted Utility Easements: The Property contains several 20-foot-wide public utility easements created by the plat. The easements commence from the service road along the western boundary of the Property and extend eastward into and through most of the Property but terminate approximately 50 feet from the eastern boundary of the Property. Therefore, County staff is fairly certain that any utilities located within those easement, if any, are there to serve only the Property and not any off-site properties. As part of it due diligence, County staff initiated a 811 locators ticket to ascertain whether there are any utilities located within the utility easements. All utility companies except for AT&T have replied and confirmed that they do not have any utilities located within those easements. As discussed above, the parties have agreed to resolve this issue via a two-fold solution. First, the Seller will provide title insurance for this issue by purchasing for the County a Florida Form 9 Endorsement (ALTA 9.2-06 with Florida Modifications). While the Form 9 Endorsement does not cover the cost of defending a claim pertaining to the utility easements, it does cover specific types of losses incurred by the County that may result from such a claim. The second method of resolution is for the County to replat the property post-closing to delete or relocate the utility easements from the Property. Pursuant to the Title Objection Agreement, \$8,000 of the sale proceeds will be set aside for the County to prosecute a replat of the Property [please note that the Seller will set aside a total of \$8,000 for single replat that will address both Non-Standard Issue #2 and Non-Standard Issue #3]. The County will have 12 months to complete the replat, after which any remaining portion of the \$8,000 will be returned to the Seller.