

ROCK COUNTY, WISCONSIN



Board of Supervisors
51 South Main Street
Janesville, WI 53545
(608)757-5510
Fax (608)757-5511

**FINANCE COMMITTEE
THURSDAY, JULY 10, 2014 - 5:30 P.M.
JURY DELIBERATION ROOM – FOURTH FLOOR
ROCK COUNTY COURTHOUSE-EAST**

Agenda

1. Call to Order and Approval of Agenda
2. Citizen Participation, Communications and Announcements
3. Transfers and Appropriations
4.
 - A. Bills
 - B. Bills Over \$10,000
 - C. Encumbrances Over \$10,000
 - D. Pre-Approved Encumbrance Amendments
 - E. Approval of Bills for Other Departments
5. Resolution
 - A. Authorizing Purchase of the Rock County Job Center
6. Adjournment

**NOTE: Location,
Time & Date**

RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS

County Board Staff Committee
INITIATED BY



Phil Boutwell
DRAFTED BY

County Board Staff and
Human Services Board
SUBMITTED BY

July 1, 2014
DATE DRAFTED

Authorizing the Purchase of the Rock County Job Center

1 **WHEREAS**, Rock County has leased the 60,500 square foot building located at 1900 South Center
2 Avenue in Janesville since 1998 when Rock County Job Center began operations; and,
3

4 **WHEREAS**, Rock County spent approximately \$1.2 million of state funds to do leasehold improvements
5 prior to the opening of the Job Center in July 1998, and spent approximately \$255,000, of state funds in
6 2013 to renovate space for the new Aging and Disability Resource Center (ADRC) also located at 1900
7 South Center Avenue; and,
8

9 **WHEREAS**, the significant investment in leasehold improvements has meant that Rock County and its
10 Job Center partners who sub-lease space from the County benefit from a lease rate that is less than market
11 rate; and,
12

13 **WHEREAS**, Backyard Properties of Rock County, LLC purchased 1900 Center Avenue as well as 1820
14 Center Avenue and approximately 12 acres of land associated with those parcels from MPI/Janesville Inc.
15 in June, 2014; and,
16

17 **WHEREAS**, Backyard Properties as the new landlord assumed the existing Job Center lease that expires
18 on January 31, 2015; and,
19

20 **WHEREAS**, Backyard Properties gave the County notice that either it could renew the lease at market
21 rate or make an offer to purchase the building and approximately 5 acres of adjacent parking lot
22 associated with the building; and,
23

24 **WHEREAS**, the County Board Staff Committee authorized staff to conduct a facility condition report on
25 the property, to secure enough land associated with the building to meet City parking requirements and
26 negotiate a purchase offer for the land and building; and,
27

28 **WHEREAS**, an independent facility condition report conducted by Angus Young and Associates reveals
29 the building structure and systems are in sound condition with need for cosmetic repairs and ongoing
30 routine maintenance; and,
31

32 **WHEREAS**, Backyard Properties agrees to allow the County Surveyor to do a Certified Surveyor's Map
33 that carves out approximately 5 acres of land to give the Job Center/ADRC sufficient parking to meet the
34 City's parking ordinance; and,
35

36 **WHEREAS**, Backyard Properties has accepted the County's offer and is contingent upon County Board
37 approval; and,
38

39 **WHEREAS**, the purchase of the Job Center/ADRC property is a prudent financial decision that gives the
40 County long term stability to provide essential services to the public in a well-known and easily
41 accessible, convenient central location.
42

43 **NOW, THEREFORE, BE IT RESOLVED** that Rock County Board of Supervisors duly assembled
44 this ____ day of _____, 2014 does hereby agree to purchase the land and building from Backyard
45 Properties of Rock County LLC described in the accepted offer to purchase at 1900 South Center Avenue
46 for the price of \$1,918,906.25 and amend the budget as follows:

| | <u>A/C DESCRIPTION</u> | <u>BUDGET AT 06/01/2014</u> | <u>INCREASE (DECREASE)</u> | <u>AMENDED BUDGET</u> |
|----|-------------------------|---------------------------------|--------------------------------|---------------------------|
| 47 | | | | |
| 48 | <u>Source of Funds:</u> | | | |
| 49 | 18-1856-0000-49100 | \$ 0 | \$1,918,907 | \$1,918,907 |
| 50 | Notes Issued | | | |
| 51 | | | | |
| 52 | | | | |
| 53 | <u>Use of Funds:</u> | | | |
| 54 | 18-1856-0000-67171 | \$ 0 | \$1,918,907 | \$1,918,907 |
| 55 | Capital Assets | | | |
| 56 | | | | |

57 **BE IT FURTHER RESOLVED** that the County Board Chair and County Clerk are authorized to
 58 approve payment and to sign any documents necessary to execute the sale and closing on the property on
 59 or before December 31, 2014.

Respectfully submitted,

COUNTY BOARD STAFF COMMITTEE

J. Russell Podzilni, Chair

Sandy Kraft, Vice Chair

Eva Arnold

Henry Brill

Betty Jo Bussie

Mary Mawhinney

Louis Peer

Alan Sweeney

FINANCE COMMITTEE ENDORSEMENT

Reviewed and approved on a vote of

Mary Mawhinney, Chair

HUMAN SERVICES BOARD

Brian Knutson, Chair

Sally Jean Weaver-Landers, Vice Chair

Terry Fell

Linda Garrett

Billy Bob Grahn

Ashley Kleven

Kathy Schulz

Terry Thomas

Shirley Williams

FISCAL NOTE:


This resolution authorizes the purchase of the land and building at 1900 South Center Avenue. This resolution also amends the 2014 budget to provide appropriation authority for the purchase. The budget appropriation is to be funded by a future debt issue.



Sherry Oja
Finance Director

LEGAL NOTE:

The County Board is authorized to take this action pursuant to secs. 59.01 and 59.52(6), Wis. Stats. As an amendment to the adopted 2014 County Budget, this Resolution requires a 2/3 vote of the entire membership of the County Board pursuant to sec. 65.90(5)(a), Wis. Stats.


Eugene R. Dumas
Deputy Corporation Counsel

ADMINISTRATIVE NOTE:

Purchase of the Job Center property is in the County's best interest. As outlined in the Executive Summary it will be far less expensive in the long run even taking into account future repairs which may be needed.

Funding is proposed to come from deferred financing. Depending on other capital needs which may be considered in the 2015 Budget, some sales tax funding may be available to offset some of the cost of this purchase. The actual borrowing will not occur until 2015 so there will be time to make this determination.

Purchase of the Job Center property is recommended.



Craig Knutson
County Administrator

Executive Summary

Brief History of the Job Center

The State of Wisconsin implemented “Welfare to Work” or W-2 in 1995-97 Biennium, which was a state funded, county operated system to replace AFDC. The State also wished to expand the “Job Center” concept to Rock County, which was a one-stop location for all state/federal funded job seeking and training programs and was willing to put funding into the project.

In October, 1996 the local “Collaborative Planning Team” composed of BTC, Rock HSD, Private Industry Council, DVR, Forward Service Corporation, Wisconsin Job Service, Head Start and the AFL-CIO examined various sites in Rock County and recommended that the vacant K-Mart building on the south side of Janesville was the right size, centrally located building with easy access, and an affordable option to house the Job Center.

The County began lease negotiations with K-Mart in the summer of 1997. The County Board passed a resolution in October 1997 that awarded a construction contract for \$1.2 million to renovate the 60,500 square foot K-Mart building. In July 1998, the Job Center opened to the public.

In 2002, K-Mart sold 12 acres of land that included the Job Center located at 1900 Center Avenue as well as the commercial strip mall located at 1820 Center Avenue to MPI, a real-estate investment company. MPI assumed the lease with the County.

In early 2012, Rock County did a three year-extension of the triple net lease, which expires on January 31, 2015. At present, Rock County occupies about ½ of the building with its Economic Support Division, Long Term Support Division and ADRC. The remaining space is sub-let to Job Center partners.

Justification for the Purchase

In June, 2014 Backyard Properties of Rock County LLC purchased the 12 acres and buildings located at 1900 Center Avenue and 1820 Center Avenue from MPI. The new owner gave the County notice that it either could renew the lease at market rate or make an offer to purchase the Job Center building and sufficient land to meet the City’s parking ordinance.

The purchase of the Job Center/ADRC property is a prudent financial decision. The following page provides a 10 year comparison and square foot annual costs of the agreed upon purchase, the current lease, and Backyard Properties’ proposed market rate lease. The agreed upon purchase is clearly the best alternative.

Moving operations out of the Job Center is not a good alternative. The below market rate lease rate is in part due to the significant amount of leasehold improvement done with state funding. It is unlikely the County would find anything near the current lease rate, let alone the purchase price without having to do significant renovations, investment in technology and phone systems. The current location at 1900 Center Avenue is well known to the public, it has easy access and is centrally located in Rock County.

Job Center Purchase Analysis

Agreed upon purchase price

Purchase price of \$1,918,906 amortized over 15 years

| | | |
|----------------------------|------------------|------------------------|
| Annual amortization | 127,927 | |
| Additional costs: | | |
| Insurance | 990 | |
| Property Taxes | - | |
| Common Area Expenses | 31,176 | |
| Total Annual Cost: | 160,093 | = 2.65 total per sq ft |
| Total for Ten Years | 1,600,930 | * |

* Does not include cost of routine repairs which may be needed.

Current Lease:

| | | |
|---------------------------------|------------------|------------------------|
| 3.75 per sq ft until 1/31/15 | 226,875 | |
| Additional costs: | | |
| Insurance | 18,708 | |
| Property Taxes | 41,124 | |
| Common Area Expenses | 31,176 | |
| Total Annual Cost: | 317,883 | = 5.25 total per sq ft |
| If renewed for Ten Years | 3,178,830 | |

Hendricks Proposal #1 - 10 Year Lease

Increase to \$7.00 per square foot (86.7% increase over current)

| | | |
|----------------------------|------------------|------------------------|
| Lease: | 423,500 | |
| Additional costs: | | |
| Insurance | 18,708 | |
| Property Taxes | 41,124 | |
| Common Area Expenses | 31,176 | |
| Total Annual Cost: | 514,508 | = 8.50 total per sq ft |
| Total for Ten Years | 5,145,080 | |
