COON CREEK WATERSHED DISTRICT  
Request for Board Action

MEETING DATE: September 10, 2018  
AGENDA NUMBER: 20  
ITEM: Results of Office Building Market Search

AGENDA: Discussion

ACTION REQUESTED
Discuss results of the market search of currently available office buildings suitable as a District office.

BACKGROUND
At the August 13, 2018 meeting the Board directed and authorized staff to seek a commercial real estate broker to conduct a market analysis of available buildings and office space that could serve as the District headquarters.

On 8/14 & 15 District staff developed a Request for Services and contacted 5 realtors that advertised they work with commercial real estate and conducted market analysis. The RFP was sent to 3 of them on August 15.

Staff selected Marty Fischer for the following reasons:
   1. He is well known in the County and a respected realtor
   2. He responded quickly and understood the District’s position and need
   3. He was endorsed by Commissioner Gamache

On August 21 Fischer forwarded two reports from two different listing services totaling 9 buildings within the District that are 5,000 – 15,000 square feet. The buildings and their locations are shown below.

Building Summary
Fischer provided information on 9 buildings. The information sheets are attached. Locations and a summary of the buildings are provided below
<table>
<thead>
<tr>
<th>Building Location</th>
<th>City</th>
<th>Bldg Type</th>
<th>Construction Material</th>
<th>Year Built</th>
<th>Days on Market</th>
<th>Office (SF)</th>
<th>Storage/Warehouse House (SF)</th>
<th>Total Size (sf)</th>
<th>Drive Ins</th>
<th>Listed Cost</th>
<th>Price/Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Robinson Dr &amp; US 10</td>
<td>Coon Rapids</td>
<td>School</td>
<td>Reinforced Concrete</td>
<td>1985</td>
<td>718</td>
<td>6,000</td>
<td>5,000</td>
<td>11,000</td>
<td>0</td>
<td>2,850,000</td>
<td>$259.09</td>
</tr>
<tr>
<td>2 1347 159th Ave NE</td>
<td>Andover</td>
<td>Warehouse</td>
<td>Masonry</td>
<td>1988</td>
<td>3528</td>
<td>11,040</td>
<td>11,040</td>
<td>22,080</td>
<td>3</td>
<td>5,000,000</td>
<td>$86.05</td>
</tr>
<tr>
<td>3 10073 NE Baltimore St</td>
<td>Blaine</td>
<td>Manufacturing</td>
<td>Wood Frame</td>
<td>1992</td>
<td>7</td>
<td>13,740</td>
<td>13,740</td>
<td>27,480</td>
<td>1</td>
<td>11,000,000</td>
<td>$80.06</td>
</tr>
<tr>
<td>4 17808 Central Ave NE</td>
<td>Ham Lake</td>
<td>Manufacturing</td>
<td>Masonry</td>
<td>2002</td>
<td>151</td>
<td>12,486</td>
<td>12,486</td>
<td>24,972</td>
<td>3</td>
<td>7,850,000</td>
<td>$62.87</td>
</tr>
<tr>
<td>5 13326 Central Ave</td>
<td>Blaine</td>
<td>Manufacturing</td>
<td>Wood Frame</td>
<td>1988</td>
<td>405</td>
<td>7,944</td>
<td>7,944</td>
<td>15,888</td>
<td>3</td>
<td>7,150,000</td>
<td>$90.01</td>
</tr>
<tr>
<td>6 13562 Central Ave</td>
<td>Ham Lake</td>
<td>Warehouse</td>
<td>Metal</td>
<td>1961</td>
<td>768</td>
<td>9,760</td>
<td>9,760</td>
<td>19,520</td>
<td>2</td>
<td>450,000</td>
<td>$46.11</td>
</tr>
<tr>
<td>7 9272 Isanti St</td>
<td>Blaine</td>
<td>Warehouse</td>
<td>Metal</td>
<td>1997</td>
<td>9274</td>
<td>5,000</td>
<td>5,000</td>
<td>10,000</td>
<td>6</td>
<td>500,000</td>
<td>$100.00</td>
</tr>
<tr>
<td>8 9278 Isanti St</td>
<td>Blaine</td>
<td>Warehouse</td>
<td>Metal</td>
<td>1997</td>
<td>9276</td>
<td>6,000</td>
<td>6,000</td>
<td>12,000</td>
<td>6</td>
<td>600,000</td>
<td>$80.00</td>
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<tr>
<td>9 1080 NE Mankato St</td>
<td>Blaine</td>
<td>Manufacturing</td>
<td>Masonry</td>
<td>1996</td>
<td>55</td>
<td>1,640</td>
<td>8,800</td>
<td>10,440</td>
<td>3</td>
<td>800,000</td>
<td>$85.58</td>
</tr>
</tbody>
</table>
**ISSUES/CONCERNS**

**Commissioner Braastad’s Concerns**: On August 13 the Board and District received an email from Commissioner Braastad expressing 6 concerns

<table>
<thead>
<tr>
<th>Concern</th>
<th>Response/Status</th>
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</table>
| 1. The District should lay out a process to investigate all active listings in the District | The District Board has directed that be done. This report shows the results of that search.  
Note: This search is the fourth market search conducted. It is the second search conducted be a hired professional |
| 2. Cost-benefit of rent vs own, including maintenance costs | A full benefit/cost analysis will not provide the insights which are being sought and there is too much leeway for controversy on the interest rate and time frames used in the analysis.  
A more appropriate analysis would be a present value (PV) analysis which allows comparison of present and future costs in today’s dollars.  
Because we do not have the appraised value available at the time this report is being prepared a PV analysis cannot be completed. Should the appraisal be provided before the meeting the results can be shared at the meeting |
| 3. Appraisal’s for potential properties | An appraisal will be performed on any building that the District may seriously consider |
| 4. Plan and price estimates of potential buildout costs for potential options | Estimated buildout costs have not been done at this time but will be done as part of the selection process |
| 5. Space Needs Assessment | This information was provided to the Board at the August 13 meeting. |
| 6. Property Tax Implications | This will be an issue for the Board to consider. At this point we are just looking at availability and what might be suitable. |
PRIOR DECISIONS
na

OPTIONS
na

RECOMMENDATION
Discuss and provide direction to staff
Request for Quotes
To Conduct Office Space Market Analysis
Coon Creek Watershed District
Scope of Work

Project Contact
Tim Kelly, District Administrator
12301 Central Ave NE, Suite 100
Blaine, MN 55434
763-755-0975

Project and Service Description
The Coon Creek Watershed District is seeking new office space for its headquarters. State law requires that the District office be within the 107 square miles of the Watershed District. The District’s goal is to locate the Watershed District office in a location that enables staff and collaborators to effectively accomplish the District’s mission of managing ground water and surface water resources and serve the public.

The District currently:
1) Occupies approximately 3,300 square feet,
2) Employs 10 employees with the potential to expand to 12-15 over the next ten to 20 years
3) Owns three vehicles with the potential to add a small boat sometime in the next 5 – 10 years.

The District needs an analysis of available office space that could fit its operational needs.

The District is seeking a building, or office, that best fits the following criteria

1. Space Needs
   Office Space: 4,000 to 7,000 square feet
   Garage/Shop/Storage Space: 3,000 to 5,000 Square feet.

2. Location
   a. Must be within the District
   b. As centrally located to operations as possible (Map showing center of operations is included).

3. Estimated Cost Operating & Maintaining Building

4. Ability to change or alter floor plan to construct Board meeting room and offices
**Project Deadline**
Final Report is due noon Friday August 20, 2018

**Specific Deliverables**
Final report must directly address the following:

1) Name and address of available buildings
2) Year building was constructed
3) Sizes of existing
   a. Office space
   b. Garage/Shop/Storage Space
4) Ease/cost with which building could be remodeled
5) List price of building
6) Estimated annual cost of operating and maintaining building.
**Desired Timeline**

F 8/17/18: Receive quotes

F 8/24/18: Submit analysis to District Administrator

M 8/27/18: Report considered by District Board of Managers (presence not required)

**Request for Services**
The District is requesting quotes for conducting a market analysis of potential buildings that could serve as the District headquarters.

Quotes may be submitted by:
1) Email: tkelly@cooncreekwd.org
2) Written: 12301 Central Ave NE, Suite 100, Blaine, MN 55434

Quotes should be submitted by Friday August 17 by 2:00 PM

The District realizes this is an aggressive schedule and is hoping to address this matter at its August 27 Board of Managers meeting.

Quotes should include:
1) Contact information
2) Name and qualifications of person conducting the market analysis
3) Quote on the cost to conduct the analysis
4) Either a guarantee the analysis will be completed by noon August 17 or the soonest date thereafter it will be completed.

**Questions**
Call Tim Kelly 763-755-0975