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TO: Robert E. Guenzel,
County Administrator

FROM : Greg Dill, Director
Facilities Management

DATE: April 27, 2004

SUBJECT: Status of Saline Court Project

BACKGROUND:

The District Court has had an active presence in the City of Saline serving multiple Washtenaw County communities. By law, the district court shall sit at each city or incorporated village having a population of 3,250 or more, unless the County and City agree otherwise [MCL 600.8251]. In May 2002, the Court discontinued use of the Maple Road facility in the City of Saline due to its degraded condition.

A project team was established and initiated a search within the community to identify adequate space options. The search identified an ideally located site on the east boundary of the City. However, preliminary design found the two (2) floor split-plan unit to have inadequate space and features that would hamper security and court operations. Conversations with the property owner evolved into consideration of a new 8,000 to 9,000 square foot one (1) story building on the identified site. The search found no other existing space within the community that was suitable to meet the County's needs.

DISCUSSION:

The new building option is optimal. It provides adequate, cost-effective space that meets court facility and security standards and provides the opportunity to resolve this matter for the long term.

The site is the Wood Duck Office Complex. Developer Jim Chaconas and partners McKinley Properties have offered to build a new facility on their site and either lease or sell it to the County. The cost to purchase the property and building shell would be \$1,800,000. Interior fit up would be additional depending upon the design. Lease rates are \$14.50 triple net per square foot for 10 years with two 5 year renewal options. Interior fit up would be additional, again dependent on design, and this could be paid for up front by the county or amortized over the period of the lease. The county's obligation for maintenance and operating costs is consistent with either option. Assuming a 3% annual lease increase, the cost estimates for purchasing through a 15-year bond issue or leasing for 15 years are almost identical.

With two (2) courtrooms, the site would operate as a full-service court serving multiple Washtenaw County communities. Initially, it would be a part-time full-service facility open three (3) to four (4) days per week used by both Judges and Magistrates. Courtroom and records storage space is at a premium and the District Court envisions this evolving into eventual full-time use inclusive of space for judicial process improvements such as mediation. (The court is currently piloting required mediation for all small claims with the intention of expanding the practice to all civil actions.) The service capacity provided brings immediate relief for both scheduled and spin-off proceedings, badly needed records storage and a measured degree of flexibility for potential expansion. Anticipating future development of the Service Center site (i.e., Jail expansion), the Saline site will also have the capacity to *temporarily* house the District Court operations currently provided at the Service Center, should that become necessary.

The Saline City Administrator is apprised of the project and Chief of Police has been an active member of the project team. The County has their support for these options.

IMPACT ON BUDGET

If the county purchases the site and building, the total bond issue is projected to be \$1.8 million, with a total cost over 15 years of \$2,452,485. Assuming a 3% annual lease increase for 15 years, the total lease cost would be \$2,427,158. The bond or lease payments would be paid from the capital reserves. The operating and maintenance costs are estimated at approximately \$77,820 per year and will be absorbed within Facilities Management's budget.

Please review the attached costing estimates for both options for more information.

RECOMMENDATION

The recommendation is to move forward with the identified site in the Wood Duck Office Complex. Extensive research and analysis has been done within the community and it is identified that this site will meet our needs.

It is also recommended that the County purchase the property and building shell rather than lease. This option is the most cost effective given the comparable rates for the first 15 years and the addition of the building as an asset of the County once the bonds are paid off. The bond issue for this project would be combined with other capital projects to minimize financing costs and ensure the best interest rates.