

Minutes of Meeting
Downtown Campus Analysis
September 10, 2018
1:00 p.m.

The Kootenai County Board of Commissioners: Chairman Marc Eberlein, Commissioner Chris Fillios and Commissioner Bob Bingham met to discuss the following agenda item. Also present were Assessor Mike McDowell, Treasurer Steve Matheson, Chief Deputy Treasurer Laurie Thomas, Finance Director Dena Darrow, Buildings & Grounds (B&G) Director Shawn Riley, Civil Deputy Prosecuting Attorney Jamila Holmes, Grants Management Office (GMO)/Transit Program Manager Kimberli Riley, BOCC Communications Manager Nancy Jones, BOCC Senior Business Analyst Nanci Plouffe and Deputy Clerk Tina Ginorio. Also present were Steven Meyer from Parkwood Properties, Kootenai County Resident Leslie Duncan and Coeur d'Alene Press Reporter Brian Walker.

- A. Call to Order:** Chairman Marc Eberlein called the meeting to order at 1:05 p.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Business:**

Opening Remarks (Discussion)

Commissioner Chris Fillios informed those assembled the purpose of this meeting was to examine the potential value of the downtown campus where the Kootenai County Administrative Building and other offices are located. He said the Commissioners had been researching the possibility of relocating these offices. Commissioner Fillios introduced Mr. Steven Meyer, from Parkwood Properties, and said Mr. Meyer had looked at the various properties and made a rough estimate of their value.

Downtown Campus Market Analysis and Possible Relocation (Action)

Mr. Meyer provided the Commissioners with a worksheet showing the calculations he had made. He explained that the value of these buildings lies primarily in how much people would pay to use them or in the potential income to be collected from them. He said that the Present Value Evaluation of a property represents how much the right to receive a future stream of income from the property was worth. Mr. Meyer said this was also called the capitalization rate, or cap rate.

Mr. Meyer pointed out that the Administrative Campus offered many advantages if it became a residential property; it is close to education corridor, the downtown area, the Park and the Lake. He said these factors present no real advantage for office space.

He said he looked at each of the buildings and estimated the net rentable space, which was the space not taken up by corridors, bathrooms, HVAC systems and other things. In his worksheets, he estimated the entire property might be leased, at a conservative rate, for about \$1,112,200 per year. However, he explained this was not what the actual income from the property would be. He said about 5% had to be taken off for a

vacancy allowance and still more for operating expenses (landscaping, property taxes, utilities, etc.). He concluded that the County might be left with about \$306,302 as net operating income and that was the number that would drive the value of the property. Mr. Meyer said the question then would become how much capital an investor would be willing to give up in order to receive an income of \$306,302 per year.

Mr. Meyer cautioned that all of his calculations were estimates and there were many variables possible if the project proceeded. For example, he said, there might be substantial remodeling needed to suit tenants or buyers. He stated it would certainly cost more to replace the buildings than selling them would yield.

Chairman Eberlein agreed. He said that at a rough guess it would cost 22 million dollars for a new building and would require a bond for about 14 million dollars. He said he did not think that the public would be in favor of voting for that.

Buildings & Grounds (B&G) Director Shawn Riley asked if the best option would be to build additional office space on the Administrative Building Campus. He commented that the needs of the justice system were driving most of the need for additional space.

Mr. Meyer urged the Board to think in the long term, to project twenty years forward and try to determine what the County's needs for office space would be. He added that making long-term plans was complicated by the fact that Board Members changed regularly and with the new members might come new management styles and priorities.

The Commissioners thanked Mr. Meyer for his efforts on the County's behalf and concluded that other avenues will have to be explored before a solution to this problem is found.

D. Public Comment (Discussion):

This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing. There was no public comment.

E. Adjourn (Action)

Chairman Eberlein adjourned the meeting at 2:03 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

MARC EBERLEIN, CHAIRMAN

BY: _____
Tina Ginorio, Deputy Clerk
