

**Finance Outreach and Planning Committee  
December 10, 2019**

***Discussion Item Agenda***

**Purchase and Sale Agreement and Budget Amendment for the Acquisition of an Office Building located at 78 Sarasota Center Boulevard, Sarasota County, SWF Parcel No. 21-477-111**

*Purpose*

The purpose of this item is to request Governing Board approval for the acquisition and improvements and budget amendment associated with the replacement office building located at 78 Sarasota Center Boulevard in Sarasota County. The acquisition will replace the District's office on Fruitville Road in Sarasota which was sold November 1, 2019 for \$4,700,000. The purchase and sale agreement for the Fruitville Road property was approved by the District Governing board March 26, 2019. Maps of the proposed acquisition are included as an Exhibits 1 and 2 to this item.

*Background and History*

The District acquired the property for the Sarasota office on Fruitville Road in 2000 and constructed the improvements in 2001. It is located on a 4.6-acre site and has approximately 19,751 gross square feet of improvements. The facility has a land to building ratio of 10.15 to 1. A higher land to building ratio is necessary for the storage of District vehicles and equipment, together with employee and visitor parking areas. An office in this area is vital for service to our southern region.

Reorganization of the District from 2009 to 2014 resulted in a reduction of workforce. The Sarasota office on Fruitville Road exceeds the size requirements necessary for the southern region. The proposed acquisition of the office building at 78 Sarasota Center Boulevard meets both the District's land and building size requirements. The location of this property is approximately 2.2 miles to the east of the recently sold Sarasota office.

*Property Description*

The office building improvements located at 78 Sarasota Center Boulevard were constructed in 1987. The improvements are two-story concrete and steel construction having approximately 9,825 gross square feet of building area. The site is comprised of two lots, located at 78 and 88 Sarasota Center Boulevard, having a combined area of 2.13 acres. The overall land to building ratio for the property is 9.44 to 1. The property is zoned PID, Planned Industrial Development, by Sarasota County and located within the Sarasota International Trade Center.

The owner has accepted an offer from the District for \$1,450,000 to purchase the property. The property was acquired by its current owner in 2013 for \$1,315,000. The appraisal and inspection performed on the property is favorable both in terms of value and condition. No structural or environmental defects have been noted. Currently, the building is in need of maintenance and improvements to accommodate District use. These include but are not limited to: replacement of roof (energy efficient), replacement of exterior windows (energy efficient), replacement and repair of HVAC (energy efficient), patching and sealing of exterior split-face block, interior ceiling tiles, flooring, painting, ADA bathroom remodel, and general landscape and parking lot maintenance. Estimated total cost of these items is \$1,050,000. Total estimated cost of the building acquisition and improvements is \$2,500,000. This funding was not included in the fiscal year (FY) 2020 budget and requires a budget amendment. At the time of preparing the FY2020 budget, the

discreet terms and timing of the relocation of the Sarasota office were unknown. Without approval of the proposed budget amendment for the acquisition and improvements to the replacement Sarasota office, staff will have to be relocated to temporary facilities as other District sites are not located in a logistically feasible location and are at capacity.

*Appraisal and Valuation Summary*

For the valuation of the property the District obtained two independent appraisals with a review of each. The appraisals are dated March 1, 2019 and were prepared by Frank Catlett, M.A.I. and Ron Saba, M.A.I. Both appraisals were independently reviewed by Woodman Herr, M.A.I. The reports were determined to meet the necessary legal or District requirements and contain enough factual data to support the conclusions.

The appraisers considered the property’s location, physical characteristics, zoning, and legally permissible uses in the development of a value estimate. The highest and best use was determined to be continued use as an office building based on the physically possible, legally permissible, and financially feasible uses.

The appraisers utilized the Cost, Income, and Sales Comparison Approach (Market Approach) to determine the value of the property. The comparable sales and rentals presented as similar are in Sarasota and Manatee counties.

The appraisers applied either quantitative or qualitative adjustments to the comparable sales to reconcile differences related to market conditions (time), physical characteristics such as access and size, as well as the zoning and legally permissible uses. The respective appraisers’ values for the entire property are presented below. Each appraisal report is available upon request and the negotiations and value conclusions are summarized as follows:

<b>78 / 88 Sarasota Center</b>	<b>Frank Catlett Appraisal</b>	<b>Ron Saba Appraisal</b>	<b>Negotiated Price</b>
<b>Value</b>	\$1,640,000	\$1,587,000	\$1,450,000
<b>\$ Per Gross SF</b>	\$166.92	\$161.53	\$147.58

*Value Indications*

The overall average value of both appraisal indications is \$1,613,500 resulting in \$164.22 per gross square foot. The negotiated purchase price of \$1,450,000 is 90% percent of the average appraised value.

*Negotiated Transaction Terms*

The following is a summary of the terms negotiated between the District and the property owner:

- The seller agrees to deliver title free of all encumbrances objectionable to the District.
- A Phase I Environmental Site Assessment report has been obtained by the District and no environmental conditions were noted.
- A boundary survey, prepared to District requirements, has been obtained by the District and no encroachments were identified that would affect the use of the property.
- The seller is responsible for all tax assessments prorated through the date of closing.
- The existing tenant will vacate the building no later than July 31, 2020.

- The District will assume the current lease with the existing tenant. The lease is included as part of the purchase and sale agreement.

#### *Benefits/Costs*

The purchase of this property will provide sufficient space, right-size the District facilities, and reduce operational costs compared to those for the office located on Fruitville Road that was sold November 1, 2019 for \$4,700,000. The budget for the purchase and renovation of 78 Sarasota Center Boulevard is projected to be no more than \$2,500,000. The location of this property is approximately 2.2 miles east of the recently sold Sarasota office and will not create any hardships for both the customers and employees of the District.

#### *Funding*

The District's assigned fund balance from the Facilities Fund will be the source of funding for the \$2,500,000 budget amendment. Net proceeds from the sale of the Fruitville Road property, \$4,500,000, have been credited to the Facilities Fund resulting in an approximate \$2,000,000 net increase in fund balance. A budget amendment involves any action that increases or decreases total appropriated fund amounts in the budget. An exhibit to this item includes Resolution Number 19-18.

#### Staff Recommendation:

See Exhibits

- Accept the appraisals;
- Approve the Purchase and Sale Agreement and authorize the Executive Director or designee to execute on behalf of the District;
- Approve Resolution 19-18, First Amendment of the Fiscal Year 2020 Annual Service Budget, for acquisition and improvements of a replacement office building located at 78 Sarasota Center Boulevard together with a vacant lot located at 88 Sarasota Center Boulevard in Sarasota County to the Facilities Fund in the amount of \$2,500,000;
- Authorize staff to make minor changes or corrections to conform documents or correct errors; any substantive changes will be subject to Governing Board review and approval, and
- Authorize staff to execute any other documents necessary to complete the transaction in accordance with the approved terms.

Presenter: John Campbell, Management Services Director

cc: Brian Starford  
SWF Parcel File 21-477-111

**SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT**

**RESOLUTION NO. 19-18**

**FIRST AMENDMENT OF THE FISCAL YEAR 2020  
ANNUAL SERVICE BUDGET**

**WHEREAS**, the Governing Board of the Southwest Florida Water Management District (District), as required by Chapters 200 and 373, Florida Statutes (F.S.), as amended, and Chapter 61-691, Laws of Florida, approved Resolution No. 19-14 adopting the fiscal year (FY) 2020 total budget of \$202,665,002 on September 24, 2019; and

**WHEREAS**, the Governing Board reappropriated and incorporated into the final FY2020 budget funds committed under contract for goods and services which remained uncompleted as of September 30, 2019, funds carried forward as designated by the Governing Board as of September 30, 2019, and funds carried forward as designated by management in accordance with the Governing Board Fund Balance Policy as of September 30, 2019; totaling \$161,746,124, for a total original modified budget of \$364,411,126; and

**WHEREAS**, the Governing Board of the District is authorized to amend the budget pursuant to Section 373.536(4), F.S.; and

**WHEREAS**, the District proposes to amend its FY2020 budget by appropriating assigned fund balance for the acquisition and associated building improvements of a replacement office building located at 78 Sarasota Center Boulevard in Sarasota County in the amount of \$2,500,000 increasing the Facilities Fund's modified budget from \$3,418,162 to \$5,918,162.

**WHEREAS**, the District has complied with the notice requirement and all other requirements of Section 373.536(4), F.S.; and

**WHEREAS**, the District will post the adopted amendment on its official website within five days after its adoption in accordance with Section 189.016(7), F.S; and

**THEREFORE, BE IT RESOLVED**, by the Governing Board of the Southwest Florida Water Management District, effective upon approval by the Executive Office of the Governor, that the District's combined FY2020 modified budget is amended by an increase of \$2,500,000 from \$364,411,126 to \$366,911,126, as attached hereto as Exhibit "A".

**APPROVED and ADOPTED** in Brooksville, Hernando County, Florida on this tenth day of December 2019.

SOUTHWEST FLORIDA  
WATER MANAGEMENT DISTRICT

By: \_\_\_\_\_  
Mark Taylor, Chair

Attest:

\_\_\_\_\_  
Joel Schleicher, Secretary

Southwest Florida Water Management District  
Proposed Fiscal Year 2020 First Budget Amendment

FY2020 budget amendment to increase the Facilities Fund by \$2,500,000 for the acquisition and associated building improvements of a replacement office building located at 78 Sarasota Center Boulevard in Sarasota County.

The proposed budget amendment will not impact the District's millage rate or ad valorem property taxes.

	FY2020 Adopted Budget	Prior Year Encumbrances Re-appropriated for FY2020	FY2020 Original Modified Budget	Proposed First Budget Amendment	FY2020 Proposed Modified Budget As Amended December 10, 2019
<b>Revenues:</b>					
<b>General Fund</b>	\$178,921,317	\$157,722,409	\$336,643,726	\$0	\$336,643,726
<b>Special Revenue Funds</b>					
FDOT Mitigation	\$2,823,285	\$787,377	\$3,610,662	\$0	\$3,610,662
<b>Total Special Revenue Funds</b>	<b>\$2,823,285</b>	<b>\$787,377</b>	<b>\$3,610,662</b>	<b>\$0</b>	<b>\$3,610,662</b>
<b>Capital Projects Funds</b>					
Facilities Fund	\$830,400	\$2,587,762	\$3,418,162	\$2,500,000	\$5,918,162
Structures Fund	4,640,000	50,236	4,690,236	0	4,690,236
Florida Forever Fund	15,450,000	598,340	16,048,340	0	16,048,340
<b>Total Capital Projects Funds</b>	<b>\$20,920,400</b>	<b>\$3,236,338</b>	<b>\$24,156,738</b>	<b>\$2,500,000</b>	<b>\$26,656,738</b>
<b>Total Revenues</b>	<b>\$202,665,002</b>	<b>\$161,746,124</b>	<b>\$364,411,126</b>	<b>\$2,500,000</b>	<b>\$366,911,126</b>
<b>Expenditures:</b>					
<b>General Fund</b>	\$178,921,317	\$157,722,409	\$336,643,726	\$0	\$336,643,726
<b>Special Revenue Funds</b>					
FDOT Mitigation	\$2,823,285	\$787,377	\$3,610,662	\$0	\$3,610,662
<b>Total Special Revenue Funds</b>	<b>\$2,823,285</b>	<b>\$787,377</b>	<b>\$3,610,662</b>	<b>\$0</b>	<b>\$3,610,662</b>
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Structures Fund	4,640,000	50,236	4,690,236	0	4,690,236
Florida Forever Fund	15,450,000	598,340	16,048,340	0	16,048,340
<b>Total Capital Projects Funds</b>	<b>\$20,920,400</b>	<b>\$3,236,338</b>	<b>\$24,156,738</b>	<b>\$2,500,000</b>	<b>\$26,656,738</b>
<b>Total Expenditures</b>	<b>\$202,665,002</b>	<b>\$161,746,124</b>	<b>\$364,411,126</b>	<b>\$2,500,000</b>	<b>\$366,911,126</b>

**CERTIFICATE AS TO RESOLUTION NO. 19-17**

STATE OF FLORIDA  
COUNTY OF HERNANDO

We, the undersigned, hereby certify that we are, Chair and Secretary, respectively, of the Southwest Florida Water Management District, organized and existing under and by virtue of the Laws of the State of Florida, and having its office and place of business at 2379 Broad Street, Brooksville, Hernando County, Florida, and that, on the tenth day of December 2019, at a duly called and properly held hearing of the Governing Board of the Southwest Florida Water Management District, at the Brooksville Office, at 2379 Broad Street, Brooksville, Hernando County, Florida, at which hearing a majority of the members of the Governing Board were present in person or via communications media technology, the resolution, which is attached hereto and which this certificate is a part thereof, was adopted and incorporated in the minutes of that hearing.

Dated at Brooksville, Florida, this tenth day of December 2019.

SOUTHWEST FLORIDA  
WATER MANAGEMENT DISTRICT

By: \_\_\_\_\_  
Mark Taylor, Chair

Attest:

\_\_\_\_\_  
Joel Schleicher, Secretary

**ACKNOWLEDGMENT**

STATE OF FLORIDA  
COUNTY OF HERNANDO

The foregoing document was acknowledged before me this tenth day of December 2019, by Mark Taylor and Joel Schleicher, Chair and Secretary, respectively, of the Governing Board of the Southwest Florida Water Management District, a public corporation, on behalf of the corporation. They are personally known to me.

WITNESS my hand and official seal on this tenth day of December 2019.

\_\_\_\_\_  
Notary Public  
State of Florida at Large  
My Commission Expires: