



Snohomish County Council

Legislation Text

File #: 2021-0628, Version: 1

Executive/Council Action Form (ECAF)

ITEM TITLE:

Motion 21-287, authorize the County Executive to execute the Purchase and Sale agreement for \$6,630,000 with Bomarc Holdings, LLC for an office and warehouse building at Snohomish County Airport

DEPARTMENT: Airport

ORIGINATOR: Nickolis Landgraff

EXECUTIVE RECOMMENDATION: Approve

PURPOSE: To authorize the County Executive to execute the Purchase and Sale Agreement for \$6,630,000 with Bomarc Holdings, LLC for an office and warehouse building at Snohomish County Airport.

BACKGROUND:

- Snohomish County Airport staff requires a new facility to house all its administrative staff in one location. The Airport's current administration facilities was constructed in the 1950's and has reached the end of its useful life. In addition, the current facility is not large enough to accommodate all administrative staff which are currently divided between multiple locations. The Airport would like to consolidate all administrative staff into one central building.
- Airport staff have negotiated a purchase price of \$6.63M to purchase a 43,000sf office and warehouse building from an existing leasehold tenant Bomarc Holdings, LLC in the Bomarc Business Park. The County owns the land and, therefore, this purchase and sale agreement is for the improvements (building) only. The current lease for the land with the County will be terminated effective immediately.
- Two MAI certified appraisals were completed that determined the valuation of \$6.63M along with the removal of all buyer's broker fees.
- Airport shall renovate the facility at an estimated \$4M which is budgeted in FY2022. Previous cost estimates priced a new administration building at over two times the cost of renovating an existing building (approximately \$20-\$25M); therefore, the Airport is realizing significant cost savings through acquisition and renovation versus new construction.
- Airport administration shall occupy less than 50% of the facility and the remaining shall be leased out to produce additional revenues, estimated to produce an additional \$300,000-\$400,000 per year in rental income.
- The Airport has \$10.5 million for bonds issuance in FY2021's approved budget and would like to reallocate these funds to purchase the building. All of the original bonded projects, Inner Terminal Ramp and Air National Guard Acquisition, are funded in FY2022's budget request.
- Airport staff recommends the purchase of this building because it is in the best interest and long-term goal of the Airport to expand its portfolio of revenue producing properties as well as to streamline operations with a central administration building.

FISCAL IMPLICATIONS:

EXPEND: FUND, AGY, ORG, ACTY, OBJ, AU	CURRENT YR	2ND YR	1ST 6 YRS
410.5216806203 - Building Acquisition	\$6,630,000		\$6,630,000
TOTAL	\$6,630,000		\$6,630,000

REVENUE: FUND, AGY, ORG, REV, SOURCE	CURRENT YR	2ND YR	1ST 6 YRS
410.621680.0800 - Fund Balance	\$6,630,000		\$6,630,000
TOTAL	\$6,630,000		\$6,630,000

DEPARTMENT FISCAL IMPACT NOTES: The airport shall fund this through its fund balance and later be reimbursed during the County’s regularly scheduled bond issuance.

CONTRACT INFORMATION:

ORIGINAL	<input checked="" type="checkbox"/>	CONTRACT#	<u>PSA</u>	AMOUNT	<u>\$6,630,000</u>
AMENDMENT	<input type="checkbox"/>	CONTRACT#	<u></u>	AMOUNT	<u></u>

Contract Period

ORIGINAL	START	<u></u>	END	<u></u>
AMENDMENT	START	<u></u>	END	<u></u>

OTHER DEPARTMENTAL REVIEW/COMMENTS: Approved as to form by PA(Rebecca J. Guadamud)
Approved/Reviewed by Finance and Risk